



AEW UK REIT plc  
Annual Report and  
Financial Statements

for the year ended 31 March 2026



AEW

— AEW UK REIT plc (“AEWU”) invests in and actively asset manages a value-focused portfolio of high-yielding commercial properties across the UK.

The Company has delivered market-leading property and NAV total returns, consistently outperforming both the MSCI UK property index and its UK diversified REIT peers.



WINNER  
SIX YEARS RUNNING  
  
UK PROPERTY TRUST  
AEW UK REIT plc



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# Strategic Report

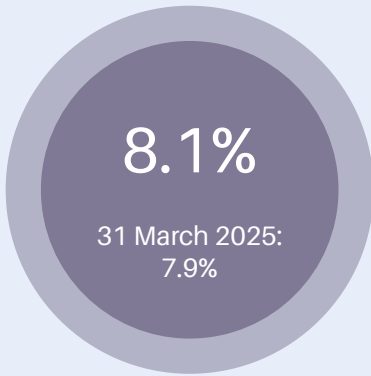




Hitchin, Bancroft

# Performance Summary

for the year ended 31 March 2026



**DIVIDEND  
YIELD<sup>^</sup>**



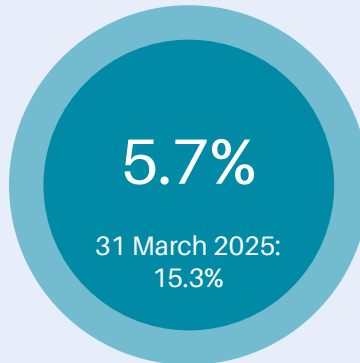
**DIVIDEND  
PAID<sup>^</sup>**



**EARNINGS  
DIVIDEND COVER<sup>^</sup>**



**IFRS NAV**



**NAV TOTAL  
RETURN<sup>^</sup>**

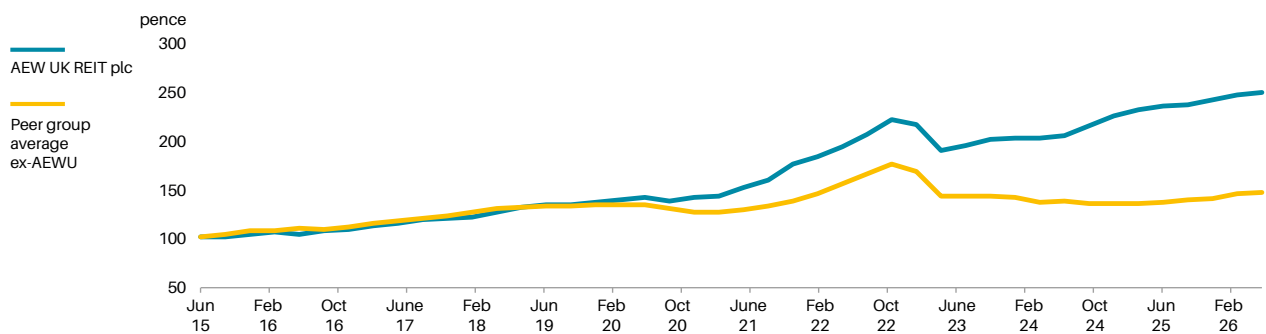


**SHAREHOLDER  
TOTAL RETURN<sup>^</sup>**

<sup>^</sup> Alternative performance measures are defined on pages 13 to 16.

## NAV TOTAL RETURN PERFORMANCE BETWEEN IPO AND 31 MARCH 2026

AEWU vs. Peer Group NAV Performance Total Return



AIC Peer Group



The Board and Investment Manager are pleased to report another year of positive performance, demonstrating the effectiveness of our strategy and continued commitment to enhancing shareholder value through active management. We delivered annual NAV growth of 5.69% despite a subdued property market backdrop, demonstrating our active strategy's resilience through the market cycle.

Our proactive style drove income and minimised void costs, while our tenant base exhibited robust occupational performance amid ongoing economic challenges.

We remain committed to delivering sustainable returns, as reflected in our quarterly dividend of 2.0 pence per share, paid consistently for 42 consecutive quarters, as part of a shareholder total return of 5.5% for the year.

# Strategy Commentary

AEWU invests in and actively asset manages a value-focused portfolio of high-yielding commercial properties across the UK.

The AEWU portfolio management team have proven their expertise in identifying these opportunities across market cycles over a 10-year period.

These mispriced opportunities present significant potential for income growth and value creation through active asset management, as evidenced by the Company's market leading returns. The Company capitalises on value opportunities that arise from pricing inefficiencies.

We believe that a true value strategy is best enacted without sector constraint. AEWU seeks value across the entire UK commercial property universe and analyses investment opportunities based on their individual merits.

## Investment Criteria

We typically target properties that meet the following criteria:

**Net Initial Yields:** We seek sustainable net initial yields at purchase ranging between 7-10%, in order to maintain a high level of income across the portfolio.

**Rental Growth Potential:** We focus on properties with low passing rents, which present opportunities for income growth.

**Value Investment Style:** We prioritise the acquisition of assets with low capital values at purchase when compared to their alternative use and vacant possession values. This provides optionality in business plans and protects capital throughout market cycles.

**Lot Size:** We typically invest in assets at purchase prices under £20 million as we find less competitive appetite in this lot size category leads to a greater propensity for mispricing.

**Strong Commercial Locations:** We focus on strong commercial locations, enabling us to leverage tenant demand and enhance the overall performance of our portfolio.

## Active Asset Management

Once acquired, we employ a proactive asset management strategy that focuses on:

**Growing Income Streams:** Enhancing rental income through a dynamic approach to lease events and expert knowledge of markets.

**Extending and Improving Tenant Leases:** Negotiating longer leases and improved terms to secure stable income.

**Adding Value through Planning:** Utilising the planning system to enhance property value.

**Refurbishing Properties:** Undertaking refurbishments where necessary to maintain competitiveness and enhance appeal of the property.

**Enhancing ESG Credentials:** Improving the environmental, social, and governance (ESG) standards of our properties.

**Sales:** Having executed an asset's business plan, we dispose of lower-yielding assets with limited near-term prospects for rental growth or further value enhancement, crystallising asset management gains and recycling proceeds into higher-yielding assets that enhance earnings and create new value-add opportunities.

## Outcomes of Our Strategy

This comprehensive approach enables us to achieve the following:

### Maximise Income

We have consistently paid a quarterly dividend of 2 pence per share since Q1 2016, currently delivering one of the highest dividend yields in the UK commercial property sector.

### Unlock Capital Upside

Annualised total property return of 9.6% over the five years ending 31 March 2026.

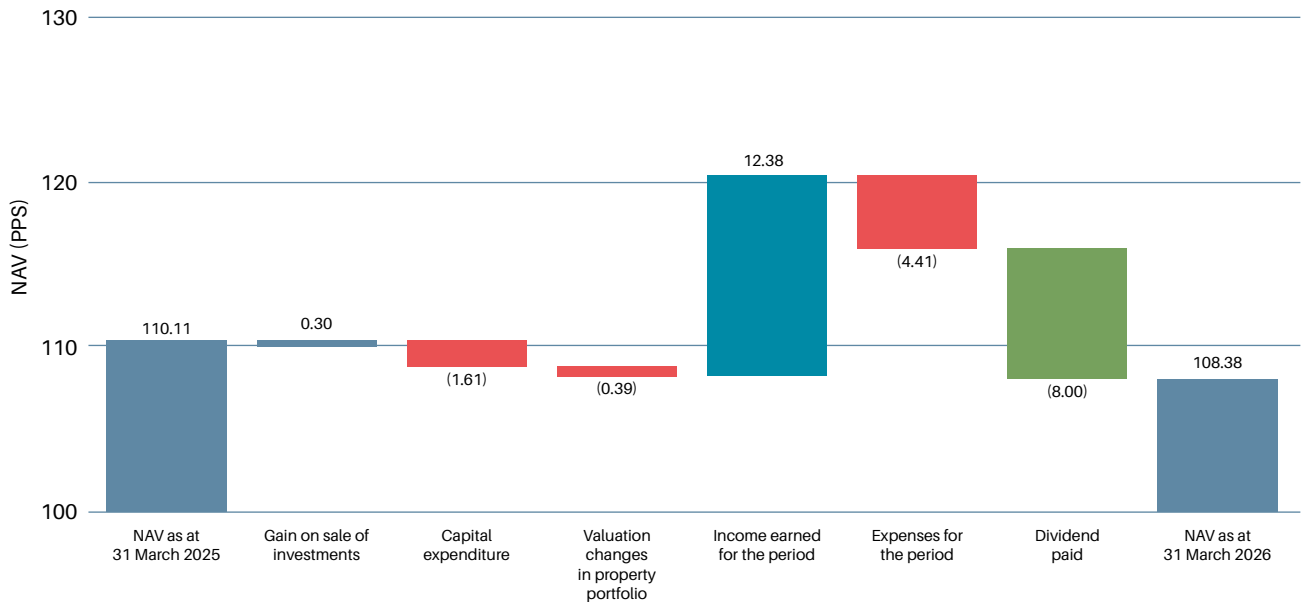
Outperformance of the MSCI benchmark by 5.9% over the same period.

Since inception, we have achieved an average sale price premium of 41% over purchase price from 21 asset sales, crystallising significant profits for shareholders.

At times, when the dividend is not fully covered by EPRA earnings, the Company supplements its net earnings using distributable reserves derived from capital profits on property disposals, thereby utilising a key feature of the closed-ended structure.

## ATTRIBUTION ANALYSIS OF FINANCIAL RESULTS

The Company's NAV as at March 2026 was £171.97m or 108.38 pps (31 March 2025: £174.44m or 110.11 pps). This represents a decrease of (1.73) pps or (1.57)% over the 12-month period, with the underlying movement in NAV set out in the chart below:



## FINANCING

As at 31 March 2026, the Company had a £60.00 million loan facility with AgFe, which expires in July 2027, the details of which are presented below:

	31 MARCH 2026	31 MARCH 2025
Facility	£60.00m	£60.00m
Drawn	£60.00m	£60.00m
Gearing (Loan to GAV)	25.21%	25.01%
Gearing (Loan to NAV)	34.89%	34.40%
Interest rate	2.959% fixed	2.959% fixed
Notional Value of Loan Balance Hedged	N/A	N/A
Shares in Issue*	158,774,746	158,774,746

\* including 100,000 treasury shares (2025: 350,000)



**Robin Archibald**  
Chairman

## OVERVIEW

I present the results for AEW UK REIT Plc for the year ended 31 March 2026, which marks the Company's eleventh year of operations since inception. Despite continued economic and political challenges globally and at home, the Company has continued to build a strong track record of outperformance, both in total return and income delivery.

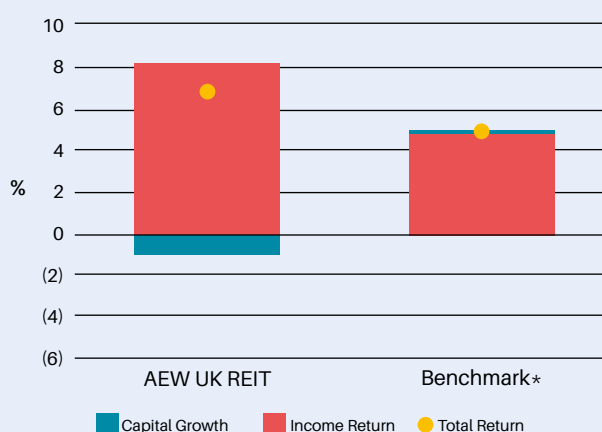
For the year ending 31 March 2026, the Company has maintained its quarterly dividend at 2.0p per share for the 42<sup>nd</sup> consecutive quarter, providing stable income for shareholders throughout changing market cycles and challenging market conditions. AEWU's property portfolio has delivered a strong track record of performance with an annualised 10 year total return of 9.1%, against the MSCI index at 4.4%, an outperformance of 4.7%. The Company is not sector or benchmark constrained and continues to be asset specific in its holdings and asset management initiatives, looking for income and capital opportunities rather than benchmark performance through allocation.

The consistency of the Company's performance highlights how its counter-cyclical investment strategy, combined with a proactive approach to asset management, can provide shareholders with market leading returns irrespective of economic conditions.

## Investment and share price performance

The Company's share price total return demonstrates solid performance for the year of 5.52% (2025: 28.7%), albeit reflecting a decline in pricing towards the end of the period, along with the rest of the market, due to heightened political tensions in the Middle East. The year end saw the Company's share price decline to 99.0p from previous highs of 110p at various points during the period. Despite this, the Company's share price continues to trade at a consistently narrower discount to NAV than its peers, with the current discount being 8.65% versus a peer group average of 27.0%, and with an average discount over the year of 3.5%. Since year end, the share price has recovered to 104p.

### AEW UK REIT plc Property Performance vs. Benchmark for 12 months to 31 March 2026



Source: MSCI 31 March 2026

\* the Benchmark refers to MSCI/AREF PFI Balanced Funds Quarterly Property Index

Whilst the IFRS NAV fell to £171.97m from £174.44m, the Company delivered a NAV total return of 5.69% (2025:15.3%). The Company achieved a property total return of 6.80% (2025: 14.8%), a result that continues the Company's consistent track record of out-performance against the MSCI index, which delivered a total return of 4.81% during the period.

The Board is considering certain relatively minor amendments to the Company's investment policy, which remain subject to regulatory review and, if progressed, will be put to shareholders for approval at the forthcoming Annual General Meeting. Further details will be included in the Notice of Annual General Meeting.

## Dividends

The Company has maintained its quarterly dividend of 2p per share throughout the year, marking the 42<sup>nd</sup> consecutive quarter of stable dividend payments, underlining the Board's commitment to providing a high and reliable level of income to shareholders.

The sustainability of this dividend remains a key focus of the Board and the Company's Investment Manager has shown significant expertise in maximising both income levels as well as the crystallisation of strong capital profits from sales, which can be used from time to time to support distributions to shareholders.

## Gearing

The Company has a fully-drawn debt facility of £60m, which is due to mature in July 2027, with a fixed interest rate of 2.959%, representing a 25.21% Loan to Gross Asset Value ratio. Loan covenants all have significant headroom.

Given the Company's upcoming loan maturity, the Investment Manager is working proactively to secure competitive terms for refinancing, well in advance of the maturity date, with positive discussions having been held with a number of lenders, including the incumbent. The use of gearing within the Company is monitored closely by Board and Manager alike, particularly at the current time. It is expected that this refinancing will not create materially different earnings performance than the Company has been able to achieve over the previous 10 years. As a prudent step post-year end, the Company entered into a forward interest rate cap, running from July 2027 through to July 2030, to limit the SONIA rate on the Company's future borrowings to a maximum of 4.064% over the three-year term. More information is provided on page 142.

## Portfolio

At year end, the Company held a diversified portfolio of 34 commercial properties spread geographically across the UK and across market sub-sectors. The average portfolio lot size was £6.3m, with occupancy of 92.6% from 131 tenants, as well as cash of £15.2m.

During the year, the Company part disposed of a single asset totalling £1.0m. Two purchases were made using proceeds from the £25.9m part sale of Coventry Central Six Retail Park that completed in the prior financial year.

The purchase of a high-street retail asset in Hitchin was completed in March 2025, with an attractive net initial yield of 8.3%. Deployment of the remainder of the disposal proceeds was completed with the acquisition of Freemans Leisure Park, Leicester, in June 2025 at an initial yield of 10.6%. The Company's Investment Manager continues to appraise high yielding opportunities in its investment pipeline that it considers could be accretive to the returns of the Company.

The part sale in Hitchin made during the year gives the Company the impressive record, since its inception, of 21 individual asset sales crystallised at an average premium to purchase price of 41% - the total realised return story.

## Governance

The Board operates under established delegated authorities to highly competent agents and maintains strong governance practices and oversight across all aspects of the Company's operations.

The Management Engagement Committee has undertaken a thorough review of the performance and fee arrangements of the Investment Manager. We remain satisfied that the Investment Manager has the appropriate skills, resources and performance track record to manage the portfolio in the best interests of shareholders, and the Board supports its continued appointment. We also commend the Investment Manager for promoting the Company's interests and engaging with existing and future investors on what the Board considers to be excellent investment positioning. We believe that this strategy can justify greater scale without compromising the Company's performance record, and potentially enhancing it through lower proportionate costs, wider liquidity and a broader investment universe.

Katrina Hart will not stand for re-election at the Company's AGM in September 2026, having served the Company and Board for the last nine years since her appointment in 2017. Her colleagues and the Investment Manager thank her for her positive contribution. The Board is well advanced, using an independent external consultant, in a search for Katrina's replacement, and we are confident of identifying a candidate who will bring appropriate and valuable expertise to the Company, as well as meeting governance guidelines on how the Board might be structured going forward.

The Nomination and Remuneration Committee has conducted its review of Board remuneration, based on Board size and composition, the demands of an alternative asset company such as AEWU and referencing its listed peer group. Noting the small and very engaged Board, the demands of an alternative asset company such as AEWU, and comparing and contrasting with the peer group, it has made a number of recommendations which are set out in the Directors' Remuneration Report on pages 73 to 79. These also take into account Board succession and the ability to attract and retain the correct balance of competence and diversity on the Board.

## Corporate Activity

Achieving an appropriate scale for AEWU's strategy is considered to be a key ongoing priority of the Board, with expected benefits to shareholders from growth including enhanced liquidity in the Company's shares, a lower operating cost ratio as well as an expanded portfolio of investment opportunities. These factors are considered important to ensure that the Company and its strategy remain relevant at a time of much corporate activity and competition in the UK-listed property sector.

The Board and the Investment Manager will seek to take advantage of appropriate growth opportunities for the Company where possible, including the potential issuance of new equity. The protection of existing shareholders' interests, including in earnings potential, will remain paramount in anything examined or proposed.

With the above principles in mind, the Board and its advisers considered a possible offer for the share capital of Alternative Income REIT (AIRE), and reached an in-principal agreement of terms with the AIRE Board and its advisers during the period under review.

It is of regret to the AEW UK REIT Board that this opportunity did not proceed to an agreed position. AIRE's portfolio was believed to be consistent with the assets and management style applied within AEWU. In particular, AIRE's assets' inflation-linked income stream was felt to be complementary to the strong rental growth prospects offered by the portfolio of AEWU. The Board will continue to monitor the AIRE situation and other corporate opportunities.

## Awards

During the year, the Company's performance and governance practices continued to be recognised through the receipt of four awards, underscoring the strength and consistency of its operational and financial results.

The Company received the Citywire Investment Trust Award in the 'UK Property' category for the sixth consecutive year. This award is presented to the investment company delivering the highest NAV total returns over an annualised three-year period. The Company also won the 'Property' category at the 2025 Quoted Data Awards and was Highly Commended in the 'Property' category at the Investment Week Awards, having previously won this category in two earlier years.

In addition, the Company was again recognised by the European Public Real Estate Association, receiving a gold award for the quality of its financial reporting for the sixth consecutive year, and, for the second time, a gold award for the standard of its sustainability reporting.

## Outlook

With average UK property values remaining close to their lowest level since the Company's IPO, the Investment Manager maintains a positive outlook and considers this an opportune moment to deploy capital. Drawing on its expertise in both stock selection and asset management, the Investment Manager believes that investments made in the near term have the potential to generate strong returns over the medium to long term. We are not in the business of speculating on geopolitics or global economics, but in managing around them as best as we can.

In the context of a somewhat uncertain economic environment and continued geopolitical risks, the principal objectives of the Board and Investment Manager are to maintain disciplined management of the portfolio for income and capital growth, and to support a robust rating and liquidity in the Company's shares in the secondary market. These objectives will guide our strategic focus for 2026 and the years ahead, as we continue our close collaboration with AEW aimed at maintaining our strong performance.

## Robin Archibald

Chairman of the Board

25 June 2026

**“We are very pleased by the award recognition over a number of years and would of course like to see this reflected in both how the Company is rated in the market as well as its ability to grow.”**



Freemens Leisure Park,  
Leicester

# Key Performance Indicators



## FINANCIAL KPIs

	NAV TOTAL RETURN <sup>1</sup>	PROPERTY TOTAL RETURN <sup>1</sup>	SHAREHOLDER TOTAL RETURN <sup>1</sup>	DIVIDEND PAID <sup>1</sup>
KPI AND DEFINITION	The percentage change in NAV, assuming that dividends paid to shareholders are reinvested at NAV to purchase additional ordinary shares.	The total property return is the combined income and capital return from the property portfolio for the year, as calculated by MSCI.	The percentage change in the share price assuming dividends are reinvested to purchase additional Ordinary Shares.	Dividends declared in relation to the year. The Company targets a dividend of 8.00 pence per Ordinary Share per annum. However, given the current general economic uncertainty, regard will be had to the circumstances prevailing at the relevant time in determining dividend payments.
PURPOSE AND RELEVANCE TO STRATEGY	This is a direct indicator of the value produced by the Company's financial performance.	This shows the success of the portfolio strategy without the impact of gearing and corporate costs.	This reflects the return for investors through share price movements and dividends received.	The dividend reflects the Company's ability to deliver a sustainable profit distribution for its shareholders.
TARGET	8.00%	8.00%	8.00%	8.00 pps
PERFORMANCE	<b>5.69% for the year ended 31 March 2026</b> (year ended 31 March 2025: 15.29%)	<b>6.80% for the year ended 31 March 2026</b> (year ended 31 March 2025: 14.80%)	<b>5.52% for the year ended 31 March 2026</b> (year ended 31 March 2025: 28.68%)	<b>8.00 pps for the year ended 31 March 2026</b> (year ended 31 March 2025: 8.00 pps)

<sup>1</sup> Alternative Performance Measures.

1 Refer to glossary for further details of the calculation.



DIVIDEND COVER	LEVERAGE (LOAN TO GAV) <sup>^</sup>	ONGOING CHARGES RATIO (OCR) <sup>^</sup>	
The ratio of the Company's EPRA earnings over the dividend paid to shareholders.	The proportion of the Company's total assets that are funded by borrowings.	Ongoing charges are those expenses which are likely to recur in the foreseeable future, and which relate to the operation of the Company, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs.	KPI AND DEFINITION
This metric indicates the ability of the Company to cover its dividend payments through earnings.	The Company intends to utilise borrowings to enhance returns. A target of 25% Loan to GAV is stated in the Company's Investment Guidelines.	The OCR provides a measure of total costs associated with managing and operating the Company, which includes the management fees and operating costs.	PURPOSE AND RELEVANCE TO STRATEGY
100%	25%	< 1.50%	TARGET
<b>99.8% for the year ended 31 March 2026</b> (year ended 31 March 2025 112.5%)	<b>25.21% at 31 March 2026</b> (31 March 2025: 25.01%)	<b>1.60% for the year ended 31 March 2026</b> (year ended 31 March 2025: 1.49%)	PERFORMANCE

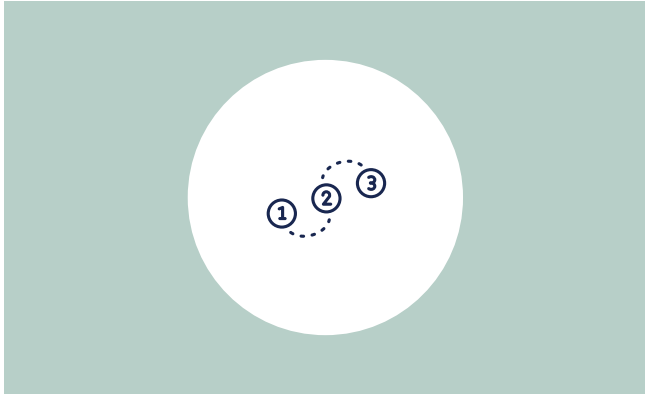
<sup>^</sup> Alternative Performance Measures



## PROPERTY KPIs

	NET INITIAL YIELD (NIY) %	REVERSIONARY YIELD (RY) % <sup>^</sup>	VACANT ESTIMATED RENTAL VALUE (ERV) <sup>^</sup>	WEIGHTED AVERAGE UNEXPIRED LEASE TERM (WAULT) <sup>^</sup>
KPI AND DEFINITION	What the initial net yield would be at a predetermined purchase price after taking account of all associated costs, e.g. void costs and rent-free periods.	The expected income return the property will provide assuming all lettable space is let at ERV.	The space in a property portfolio which is currently unlet, as a percentage of the total ERV of the portfolio.	The average lease term remaining to expiry across the portfolio, weighted by contracted rent.
PURPOSE AND RELEVANCE TO STRATEGY	The Company's EPRA NIY demonstrates the ability to generate income from its portfolio in the short term in order to meet its target dividend.	A Reversionary Yield profile shows a potentially sustainable income stream that can be used to meet dividends past the expiry of a property's current leasing arrangements.	The Company's aim is to minimise vacancy of the properties. A low level of structural vacancy provides an opportunity for the Company to capture rental uplifts and manage the mix of tenants within a property.	Assets with a shorter unexpired lease term are often mispriced. It is the Investment Manager's view that a shorter WAULT is useful for active asset management as it allows the Investment Manager to engage in direct negotiation with tenants rather than via rent-review mechanisms.
TARGET	7.50 - 10.00%	7.50 - 10.00%	< 10.00%	> 3 years
PERFORMANCE	<b>7.72% at 31 March 2026</b> (31 March 2025: 7.97%)	<b>8.87% at 31 March 2026</b> (31 March 2025: 8.76%)	<b>9.43% at 31 March 2026</b> (31 March 2025: 7.50%)	<b>5.69 years at 31 March 2026</b> (31 March 2025: 5.73 years)

<sup>^</sup> Alternative Performance Measures.



## EPRA KPIs

EPRA EARNINGS PER SHARE (EPS) <sup>^</sup>	EPRA NET TANGIBLE ASSETS PER SHARE (PENNY)	
Earnings from core operational activities. A key measure of a company's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings.	Measures the value of shareholders' equity in the business.	KPI AND DEFINITION
This reflects the Company's ability to generate earnings from the portfolio which underpins dividends.	This measures the growth of the business over time and the Company regards this as the most relevant net asset metric for the business.	PURPOSE AND RELEVANCE TO STRATEGY
8.00 pps	Increase year on year.	TARGET
<b>7.98 pps</b> <b>for the year ended</b> <b>31 March 2026</b>  (year ended 31 March 2025: 9.00 pps)	<b>108.38 pps</b> <b>at 31 March 2026</b>  (31 March 2025: 110.11 pps)	PERFORMANCE

<sup>^</sup> Alternative Performance Measures

This report provides Alternative Performance Measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards. We believe these APMs provide important information on our business. Further explanation of the EPRA related APMs and why we use them is set out in EPRA unaudited performance measures.

# Investment Manager's Report



**Laura Elkin**  
Portfolio Manager



**Henry Butt**  
Assistant Portfolio Manager  
and Lead Asset Manager

## **PROPERTY PERFORMANCE SUMMARY**

Despite the challenging backdrop, the Company delivered a property total return of 6.80% for the year, driven by a strong income return of 8.1%. This reflects the Investment Manager's income-focused strategy, where rents can be grown through active asset management. Although this performance is more muted than the previous year (2025: 14.8%), the portfolio continued to outperform the MSCI index, which returned 4.8% over the same period.

Whilst specific assets, particularly in the industrial and retail warehousing sectors, have seen notable valuation increases, overall gains have been constrained by valuation declines at assets where business plans are currently in progress. These include properties where tenants have vacated and refurbishment works are at an intermediate stage, particularly at Queens Square, Bristol, in the office sector.

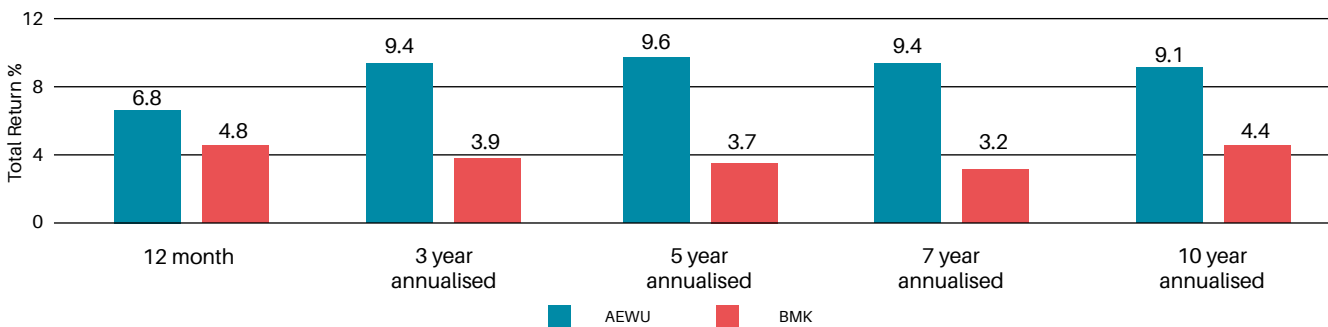
During the period, NCP (National Car Parks Limited), the main tenant at Tanner Row, York, entered administration which, despite its continued occupation of and rental payments for the multi-storey car park, resulted in a valuation decline. With asset management being an integral focus of the Company's strategy, we look forward to letting vacant space and bringing business plan initiatives to fruition. This includes Tanner Row, York where alternative uses and alternative operators are currently being explored.

During the year, we completed the acquisition of the Freemans Leisure Park, Leicester, returning the Company to full investment. We continue to monitor an attractively priced investment pipeline that meets the Company's investment criteria, ready to deploy capital as and when it becomes available. The pipeline is focused on assets offering sustainable net initial yields of generally 8-10%, with lot sizes below £20 million where there remains limited competition from other investors. In order to protect investors' capital over the long term, the Company continues to target assets with low capital values relative to alternative use and vacant possession values, and low passing rents with potential for growth.

## 10 YEAR PROPERTY PERFORMANCE SUMMARY

During the period, the Company passed through the 10 year anniversary of its Initial Public Offering allowing us to demonstrate a 10 year track record of property outperformance against the MSCI/AREF PFI Balanced Funds Quarterly Property Index. At portfolio level, AEWU's assets have delivered an annualised 10 year total return of 9.1%, demonstrating 10 year annualised outperformance of 4.7%.

### Property Total Return Vs. MSCI Benchmark



Source: MSCI 31 March 2026. Benchmark refers to MSCI/AREF UK PFI Balanced Funds Quarterly Index.



# Sector Summary and Outlook

## INDUSTRIAL AND WAREHOUSING

Investment and occupational market conditions remain resilient, continuing the themes seen in 2024, but requiring a more selective, income-focused approach.

Asset liquidity remains robust with investment volumes reaching £1.64 billion in the first quarter of 2026, 5% above the 10 year pre-pandemic average. This followed an exceptionally strong £4.81 billion in the last quarter of 2025 driven by large portfolio deals and REIT M&A. Investment demand is strongest for prime stock with yields now at 5.25% while assets that require some management face a narrower buyer pool but can still offer attractive yields. This is encouraging for the Company and may signal a return to buying in the sector, having more recently been net sellers of industrials, particularly in single-let assets where the greatest yield advantage is seen.

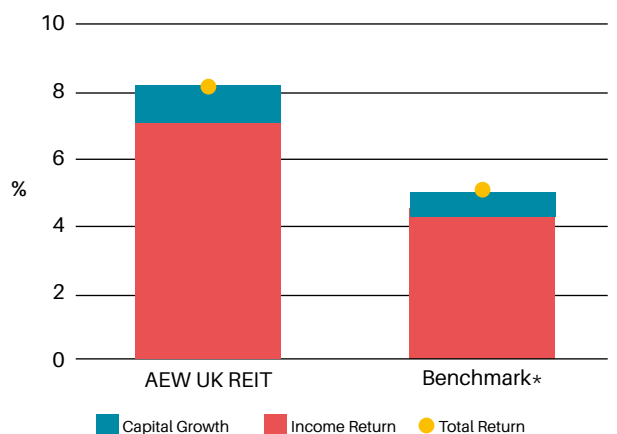
The occupational market also remains active with a clear shift towards mid box units, with the 50,000–250,000 sq. ft. size bands accounting for most space transacted during the period. This bodes well for the Company, given its average single let unit size of circa 110,000 sq. ft.

In early 2026, the industrial vacancy rate rose slightly to 8.3%, from 7.5% at the end of 2025. However, with speculative development under pressure from higher energy, material and financing costs, the pipeline of new build supply is expected to be constrained, helping to limit oversupply.

Rental growth expectations remain positive but are moderating from the stronger levels seen in 2024 and 2025. Average UK industrial rental growth is forecast to achieve 2.4% for 2026, down from 4.2% in 2025 and 5.5% in 2024, before easing further to 2.3% in 2027. Even so, constrained Grade A supply and rising build costs should continue to support rents for the best located space, reinforcing the sector's income driven appeal.

Despite several industrial disposals in recent years, the sector remains the largest single component of the Company's portfolio at 37.2%. The portfolio's outperformance of the benchmark in this sector during the period was driven by a high income return of 7.2% versus the benchmark's 4.3%. This was supported by successful asset management, including the settlement of ROM Group Limited's outstanding open market rent review at Brightside Lane, Sheffield, at £529,500 per annum – a 41.57% increase on the previous passing rent of £374,000 per annum. With a net initial yield of 6.83% and a reversionary yield of 9.53%, this sector of the portfolio is expected to continue to deliver strong income growth.

AEW UK REIT INDUSTRIAL PERFORMANCE VS. BENCHMARK



Source: MSCI Year to 31 March 2026

\* the Benchmark refers to MSCI/AREF PFI Balanced Funds Quarterly Property Index.

## HIGH STREET AND RETAIL WAREHOUSING

Retail warehousing investment volumes declined throughout the period with volumes in Q1 2026 being less than half the £896m recorded in Q1 2025. This primarily reflects a lack of available investment stock rather than weak investor demand, as landlords remain inclined to hold income and are therefore reluctant to bring assets to market. High Street investment volumes were £139.5m in Q1 2026, 28% lower than in Q4 2025; nonetheless, institutional investors are returning to the market, with prime High Street yields hardening by 25 bps in early 2026 to 6.25%.

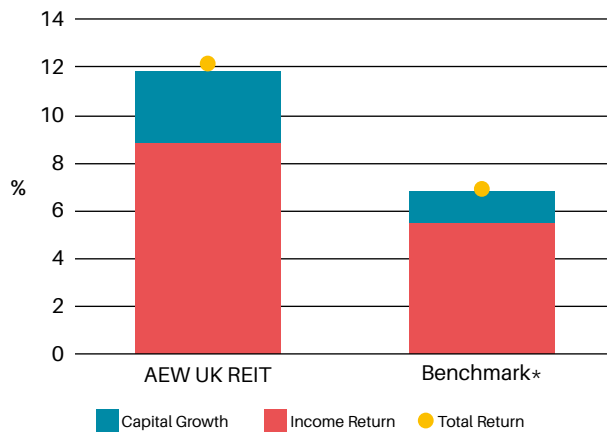
The retail warehousing vacancy rate fell to 4.8% at the end of 2025, surpassing the previous record low of 4.9% in 2017. Second hand space released through CVAs and administrations has largely been reabsorbed, with new demand comfortably exceeding any rationalisation or downsizing. High Street vacancy rates also improved over the period, falling by 50 bps year on year to 13.2%.

The main headwinds for the retail sector are rising energy prices, which are increasing operating costs and adding to inflationary pressures, alongside April's rise in the minimum wage and business rates revaluations (both effective after year-end). These factors are expected to further squeeze occupier margins although are set against a backdrop of rising UK retail sales.

Over the past few years, the Company has been buying retail assets counter cyclically, increasing its portfolio weighting from 25% at 31 March 2022 to 34.6% at 31 March 2026. This has enabled access to higher yields, supporting outperformance in the sector relative to the benchmark. The Company delivered strong total

returns of 12.1% from retail over the period, with capital returns largely driven by asset management activity at Barnstaple Retail Park, where a reversionary lease was completed with B&Q Limited, extending the lease to a 15-year term and increasing the income by £80,280 per annum. We remain confident that the existing retail assets in the portfolio will continue to perform strongly. We also continue to see an attractive pipeline of retail assets in the UK investment market, with our focus on strong locations underpinned by alternative use values and tenants known to trade profitably.

AEW UK REIT RETAIL  
PERFORMANCE VS. BENCHMARK



Source: MSCI Year to 31 March 2026

\* the Benchmark refers to MSCI/AREF PFI  
Balanced Funds Quarterly Property Index.



## OFFICES

Office investment volumes across the UK regional cities rose markedly during the period with £531m transacted in the first quarter of 2026, the highest quarterly total since Q2 2022. Momentum is expected to build through 2026, with around £740m under offer at the end of March and a further £800m being marketed. The buyer pool remains relatively narrow but is starting to expand and is expected to broaden further as overseas capital and UK institutional investors return.

Prime regional office yields were stable throughout 2025 but continue to offer a meaningful premium to risk-free benchmarks such as 10-year gilts. Relative to London, where prime yields have reached 5.25% in the City and 3.75% in the West End, regional pricing looks increasingly compelling.

Occupational markets had a robust conclusion to the period, starting 2026 with 1.2m sq ft of take up during Q1, the strongest first quarter since 2022. Demand was led by Financial and Professional Services, responsible for 31% of take up, followed by the Public Sector at 24%. Flight to quality remains a defining theme with Grade A space accounting for 63% of take up.

As at Q1 2026, the office occupational outlook was supported by a healthy 3.9m sq ft pipeline of active requirements. Overall vacancy levels remained static at approximately 13.5% in early 2026 as compared to 12 months prior. However, due to polarisation of tenant demand Grade A stock vacancy sits significantly lower at 3.4%, indicating strong competition for the best space. Development activity remains constrained, limiting new supply in the near term.

Against this backdrop, prime rents continue to grow. The average regional prime rent has reached £41.50 per sq ft, representing annual growth of 7%, with the strongest increases in Birmingham (18%), Leeds (17%) and Bristol (8%) where the Company holds its largest office asset.

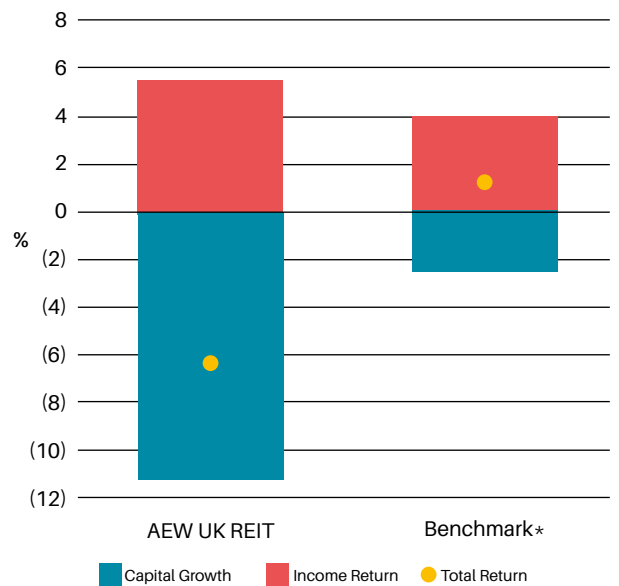
The Company has a low exposure to the office sector, representing just 10.78% of portfolio value across three assets, one of which includes retail and leisure at ground floor level. These assets have been selected for their strong locations, with investment values underpinned by alternative use potential.

Vacancy within the Company's office holdings is currently higher than usual, as asset management initiatives at Queen Square, Bristol, and Cambridge House, Bath progress. As a result, capital performance has been weak relative to the benchmark. However, income return has remained robust at 5.7%, outperforming the benchmark by 1.7%.



Bristol, Queen Square

### AEW UK REIT OFFICE PERFORMANCE VS. BENCHMARK



Source: MSCI Year to 31 March 2026

\* the Benchmark refers to MSCI/AREF PFI Balanced Funds Quarterly Property Index.



Dewsbury, The Railway Centre

## ALTERNATIVES

Despite the squeeze on discretionary spend, demand for the leisure sector has on the whole remained robust since the pandemic. Consumer spend on leisure has consistently outperformed long-term averages and statistics during the period demonstrate this well, with Barclaycard reporting an essential spending decline of 1.5% during 2025. At the same time, hospitality and leisure spending grew by 2.7% and restaurant spend by 1.6%.

Whilst in recent years leisure sub-sectors such as bowling and competitive social have stood out due to their robust performance this is now being seen across other leisure sectors, too. The cinema sector has shown resilience during 2023, 2024 and 2025 with annual sales comfortably exceeding £900m each year. More recently, cinema admission figures increased by 7% in Q1 2026 with 10% growth expected for the full year. Additionally, the gym sub-sector continues to demonstrate strong trade with visits to health clubs having risen by 10% during 2025 and showing growth in demand from all age groups.

The leisure market constitutes 14% of the Company's portfolio with tenant exposure to the following sub-sectors: cinema, gymnasium, restaurant, bowling, bingo and nightclub. One acquisition was made during the year as the Company acquired the Freemans Leisure Park in Leicester, for £11,150,000, reflecting an attractive net initial yield of 10.6%. Tenants are known to trade strongly from the location and leases provide a weighted average unexpired lease term of greater than eight years. AEW continue to see buying opportunity within the sector where properties felt to have a strong occupational outlook can be acquired often at double digit yields and at low capital values as compared to their alternative use.

### Sources:

Savills UK | Spotlight: UK Leisure - 2026

UK screen sector recovery signals a more sustainable growth model - Blick Rothenberg

Savills UK | The UK cinema sector

UK Health and Fitness Market Report 2026 reveals visits to health and fitness clubs up 10% and 18% of the population now members | ukactive [www.ons.gov.uk](http://www.ons.gov.uk)

Knight Frank Real Estate Navigator, Q1 2026

Elsewhere in the alternative sector, NCP, the tenant of the Company's Tanner Row car park in York, which represents 4.0% of the portfolio value, went into administration in March 2026, resulting in the property's valuation falling by 13.17% over the period. Despite this setback, the car park remains operational, and the Company continues to receive full rent payments. The strategically positioned 0.8 acre site in York's land-constrained city centre is expected to attract interest from alternative operators and offers potential for redevelopment given its prime location.

### AEW UK REIT ALTERNATIVES PERFORMANCE VS. BENCHMARK

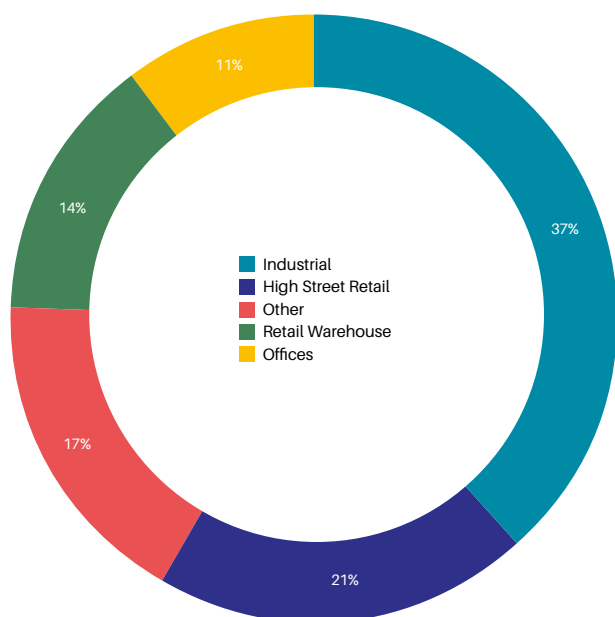


Source: MSCI Year to 31 March 2026

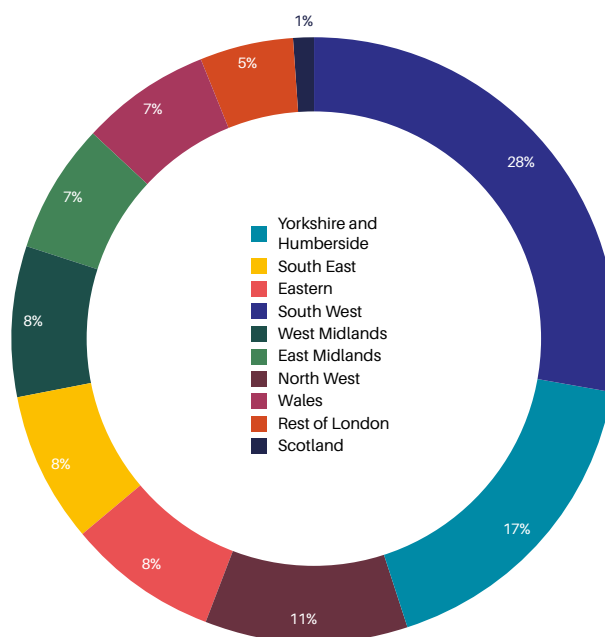
\* the Benchmark refers to MSCI/AREF PFI Balanced Funds Quarterly Property Index.

# Property Portfolio

## SECTOR WEIGHTING BY VALUATION - HIGH INDUSTRIAL WEIGHTING AND LOW EXPOSURE TO OFFICES



## GEOGRAPHIC WEIGHTING BY VALUATION - HIGHLY DIVERSIFIED ACROSS THE UK



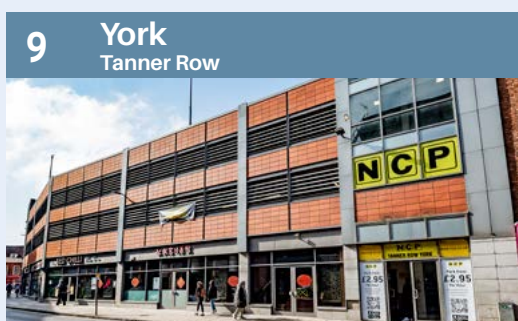
## LIKE-FOR-LIKE VALUATION MOVEMENT FOR THE YEAR

SECTOR	VALUATION 31 MARCH 2026		LIKE-FOR-LIKE VALUATION MOVEMENT FOR THE YEAR	
	VALUATION (£M)	% OF PORTFOLIO	LFL MOVEMENT (£M)	LFL MOVEMENT (%)
Industrial	80.11	37.18	1.51	1.92
Retail - High Street	44.35	20.59	0.55	1.63
Other	37.56	17.43	(2.39)	(8.25)
Retail - Warehouses	30.21	14.02	1.56	5.43
Office	23.22	10.78	(1.38)	(5.61)
<b>Total</b>	<b>215.45</b>	<b>100.00</b>	<b>(0.15)</b>	<b>(0.07)*</b>

\* This is the overall weighted average like-for-like valuation increase of the portfolio.

# — AEW UK REIT Top Ten Assets

At year-end, the portfolio's top 10 assets constituted 49.3% of the overall portfolio value. As detailed on the following pages, these are diversified across both sector and geography.



TOP 10 ASSETS

1

**Wrexham**  
Gresford Industrial Estate

SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Industrial	279,541	10.0-15.0

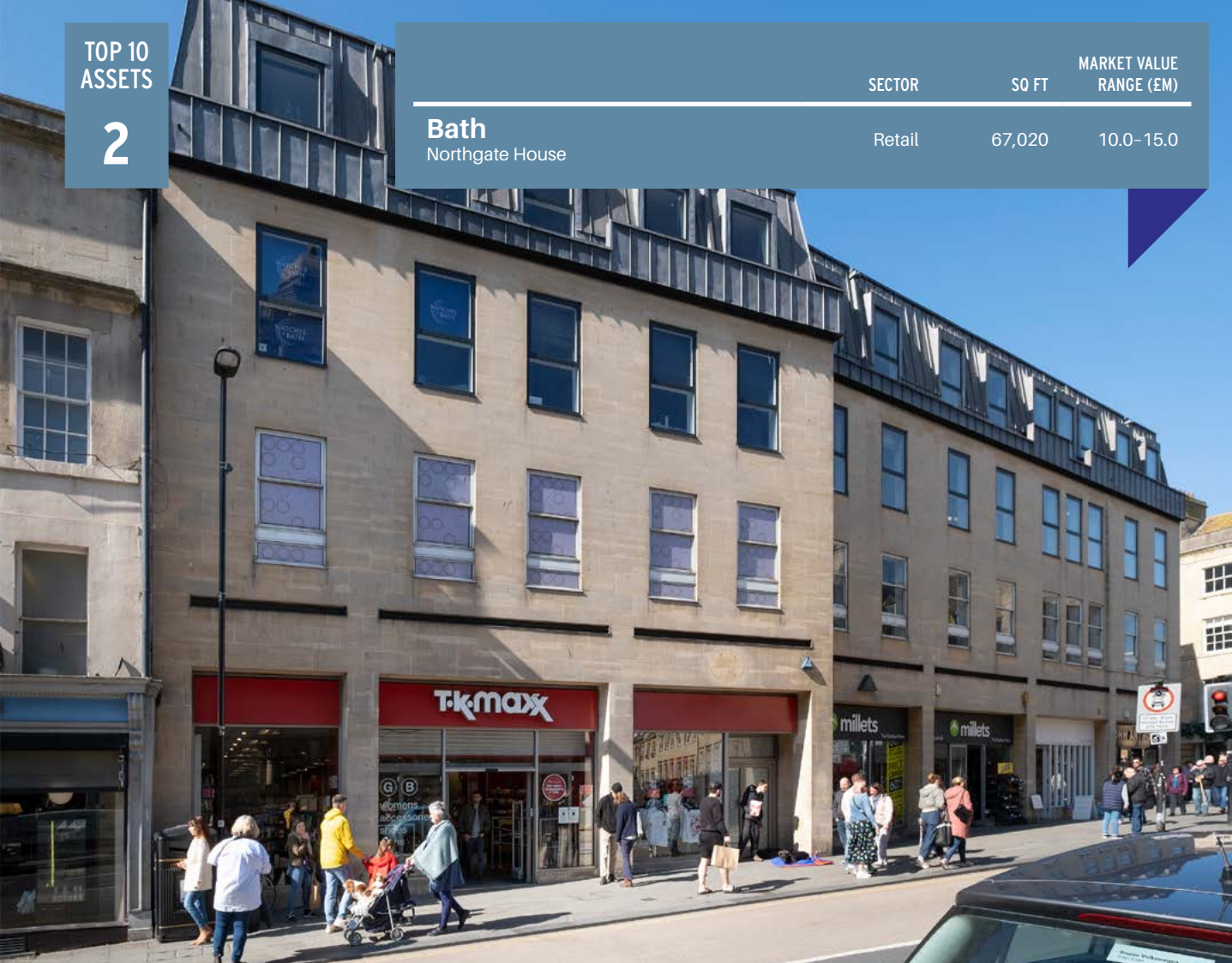


TOP 10 ASSETS

2

**Bath**  
Northgate House

SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Retail	67,020	10.0-15.0



Strategic Report

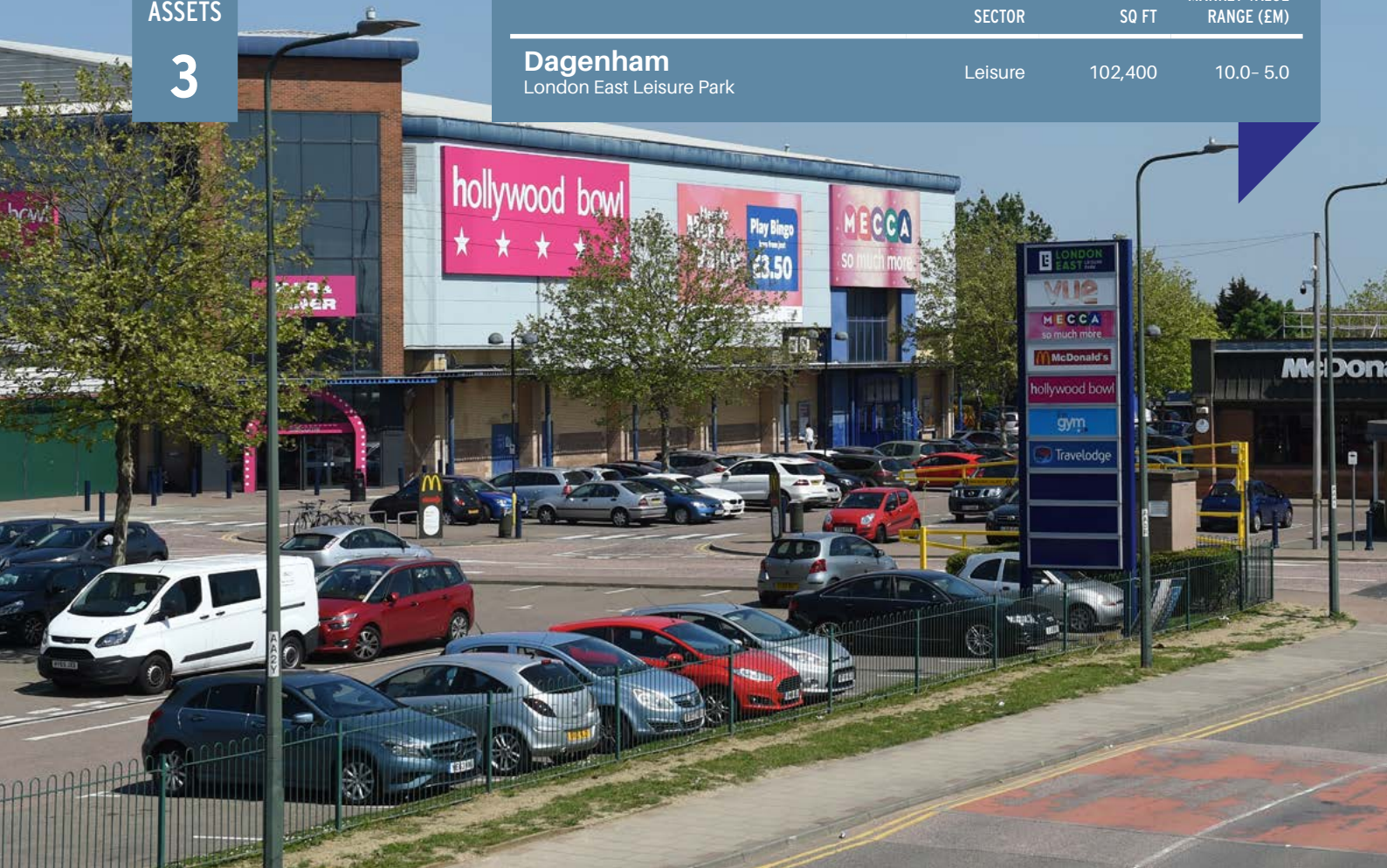
Governance

Financial Statements

Additional Information

TOP 10 ASSETS

3



SECTOR

SQ FT

MARKET VALUE RANGE (£M)

### Dagenham

London East Leisure Park

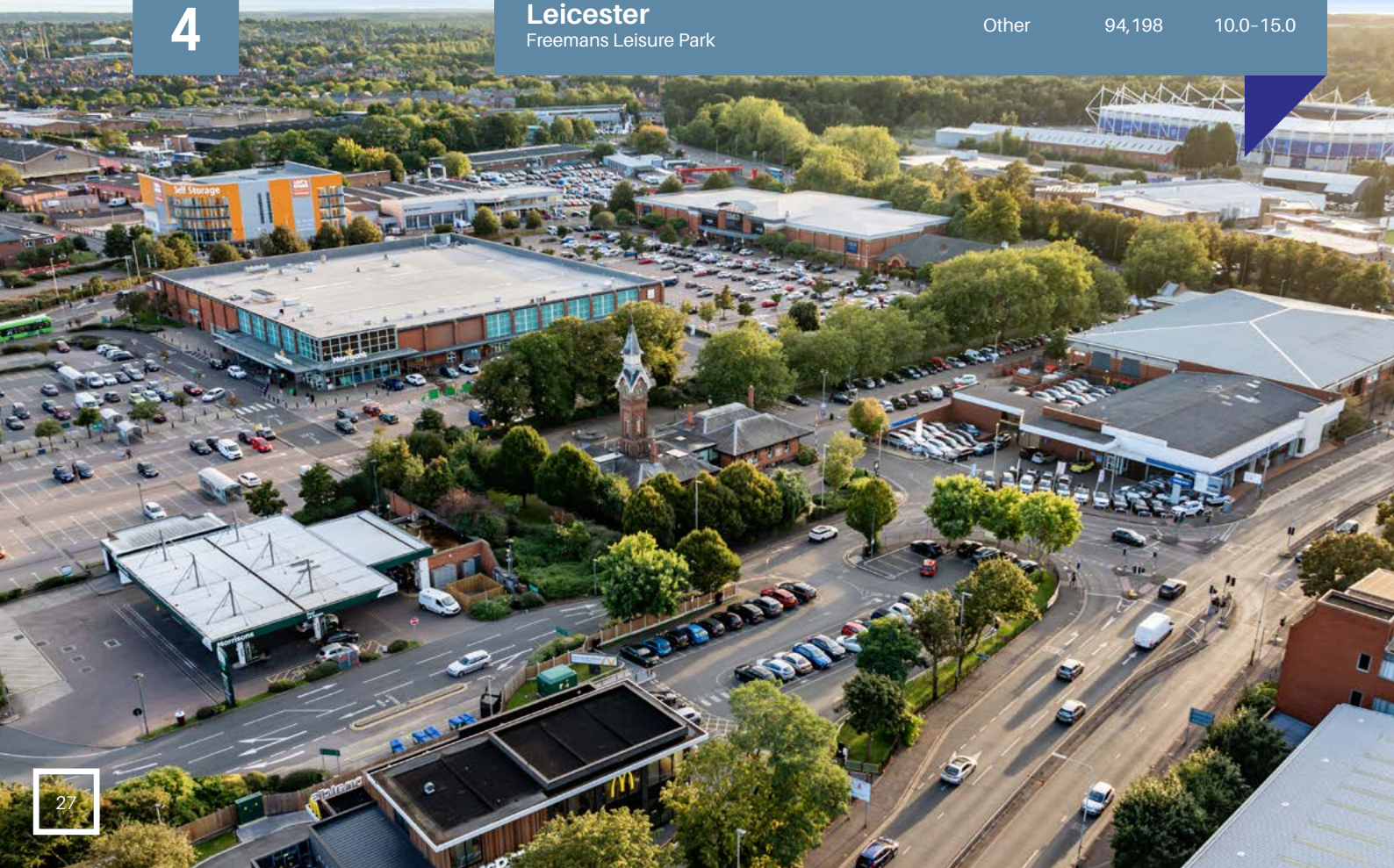
Leisure

102,400

10.0- 5.0

TOP 10 ASSETS

4



SECTOR

SQ FT

MARKET VALUE RANGE (£M)

### Leicester

Freemans Leisure Park

Other

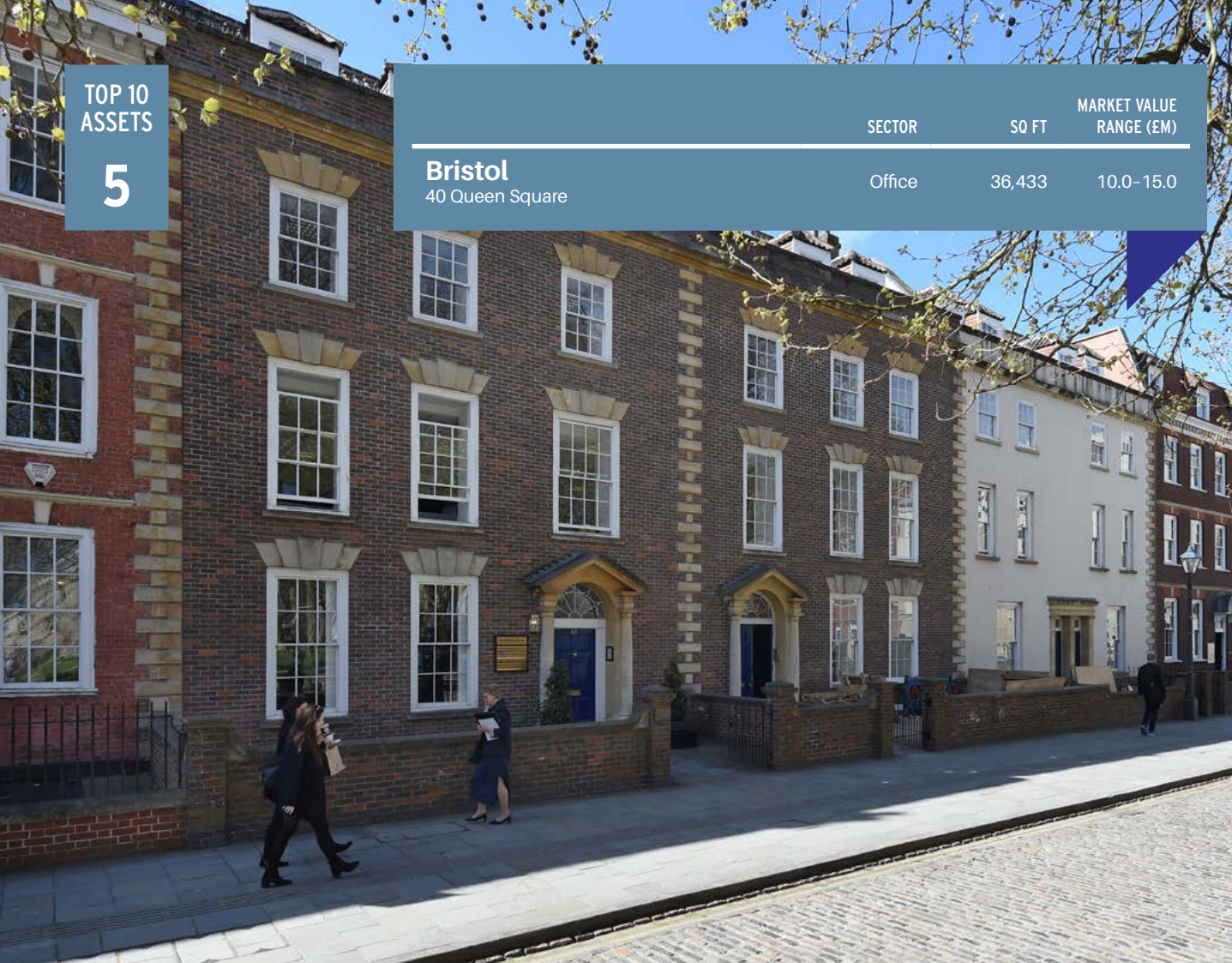
94,198

10.0-15.0



TOP 10 ASSETS

5

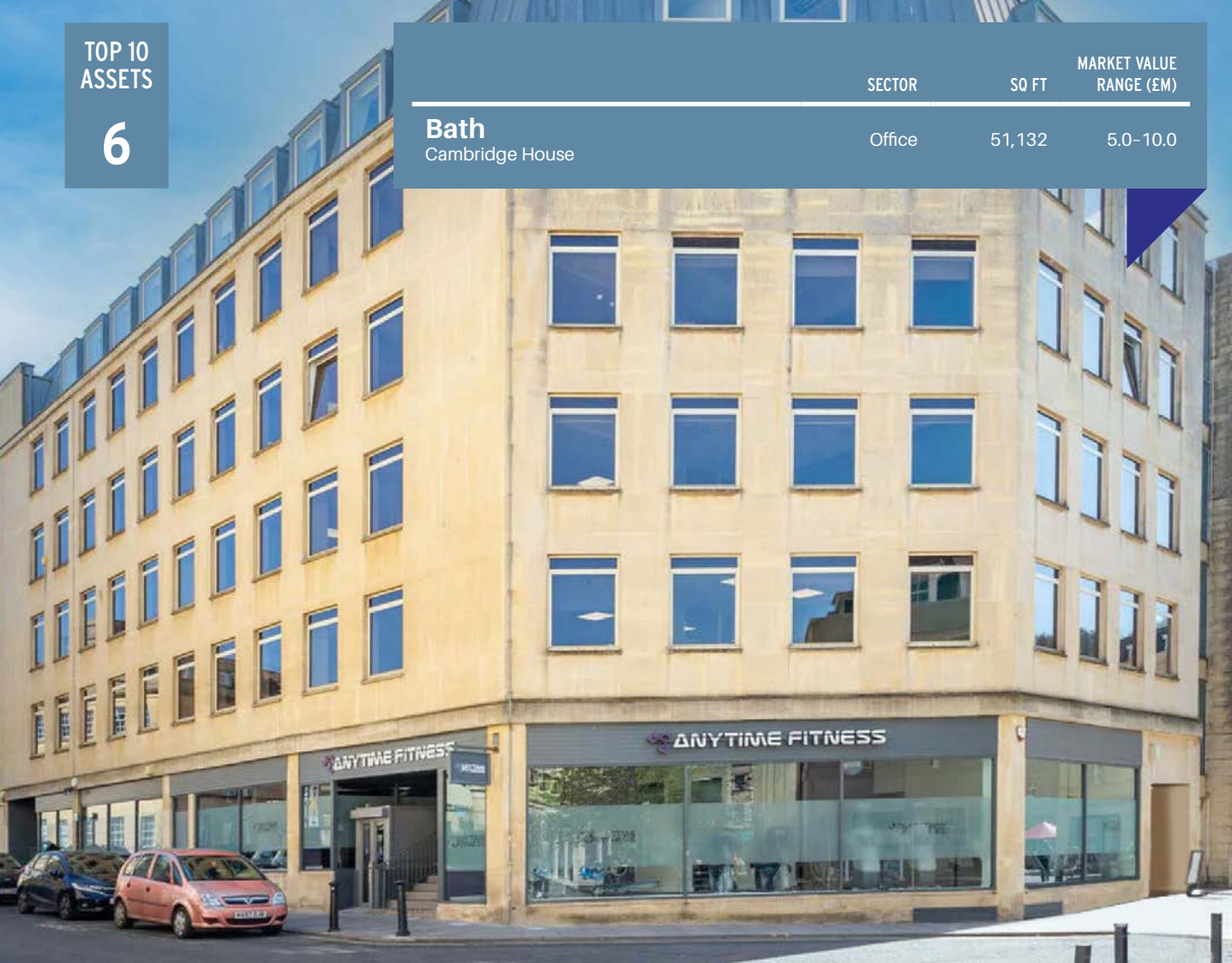


**Bristol**  
40 Queen Square

SECTOR	SQ FT	MARKET VALUE RANGE (€M)
Office	36,433	10.0-15.0

TOP 10 ASSETS

6



**Bath**  
Cambridge House

SECTOR	SQ FT	MARKET VALUE RANGE (€M)
Office	51,132	5.0-10.0

TOP 10 ASSETS

7

### Hitchin

Bancroft

SECTOR

SQ FT

MARKET VALUE RANGE (£M)

Retail

41,680

5.0-10.0



TOP 10 ASSETS

8

### Runcorn

Sarus Court, Cleaver House

SECTOR

SQ FT

MARKET VALUE RANGE (£M)

Industrial

82,379

5.0-10.0



TOP 10 ASSETS

9

**York**  
Tanner Row

SECTOR

SQ FT

MARKET VALUE RANGE (£M)

Other

18,599

5.0-10.0



TOP 10 ASSETS

10

**Barnstaple**  
Barnstaple Retail Park

SECTOR

SQ FT

MARKET VALUE RANGE (£M)

Retail Warehouse

51,021

5.0-10.0



# AEW UK REIT Property Portfolio

37%



## INDUSTRIAL

<b>Basidon</b>		
Apollo Business Park	Freehold	68,813 sq ft
<b>Basidon</b>		
1 Bentalls, Pippas Hill Industrial Estate	Freehold	32,932 sq ft
<b>Bradford</b>		
Knowles Lane	Freehold	45,859 sq ft
<b>Peterborough</b>		
Storey's Bar Road	Freehold	184,114 sq ft
<b>Redditch</b>		
Eagle Road, North Moons Industrial Estate	Freehold	37,992 sq ft
<b>Rotherham</b>		
Barbot Hall Industrial Estate	Freehold	81,979 sq ft
<b>Runcorn</b>		
Sarus Court	Freehold	82,379 sq ft
<b>Sheffield</b>		
Brightside Lane	Freehold	124,577 sq ft
<b>St Helens</b>		
Lea Green Industrial Estate	Freehold	93,588 sq ft
<b>Wakefield</b>		
Diamond Business Park	Freehold	174,945 sq ft
<b>Walsall</b>		
Brockhurst Crescent	Freehold	136,171 sq ft
<b>Weston-Super-Mare</b>		
Westlands Distribution Park	Freehold	323,353 sq ft
<b>Wrexham</b>		
Gresford Industrial Estate	Freehold	279,541 sq ft

17%



## OTHER

<b>Cardiff</b>		
Circuit Nightclub	Freehold	39,470 sq ft
<b>Dagenham</b>		
London East Leisure Park	Freehold	102,400 sq ft
<b>Glasgow</b>		
JD Gyms Glasgow	Freehold	26,341 sq ft
<b>Southend</b>		
Odeon Cinema	Leasehold	40,635 sq ft
<b>Leicester</b>		
Freemans Leisure Park	Freehold	94,198 sq ft
<b>York</b>		
Tanner Row	Freehold	18,599 sq ft

14%



## RETAIL WAREHOUSE

<b>Barnstaple</b>		
Barnstaple Retail Park	Freehold	51,021 sq ft
<b>Coventry</b>		
Central Six Retail Park	Mixed	15,935 sq ft
<b>Dewsbury</b>		
The Railway Centre	Freehold	56,973 sq ft
<b>Preston</b>		
Cuerden Way	Freehold	58,306 sq ft
<b>Shrewsbury</b>		
Arrow Point Retail Park	Freehold	94,891 sq ft

21%



## HIGH STREET RETAIL

<b>Bath</b>		
Northgate House	Leasehold	67,020 sq ft
<b>Bristol</b>		
Union Street	Leasehold	68,875 sq ft
<b>Bromley</b>		
Next	Leasehold	52,415 sq ft
<b>Hitchin</b>		
Bancroft	Freehold	41,680 sq ft
<b>Nottingham</b>		
Wheeler Gate	Freehold	28,394 sq ft
<b>Sheffield</b>		
Fargate	Freehold	5,495 sq ft
<b>Southampton</b>		
Above Bar Street	Freehold	21,936 sq ft

11%



## OFFICE

<b>Bath</b>		
Cambridge House	Freehold	51,132 sq ft
<b>Bristol</b>		
40 Queen Square	Leasehold	36,433 sq ft
<b>Gloucester</b>		
Cedar House	Freehold	37,753 sq ft

The Company made one acquisition during the year:

## Leicester, Freemans Leisure Park



In June 2025, the Company completed the purchase of an 8.4-acre freehold site in the centre of Leicester for £11,150,000. The purchase price reflects an attractive net initial yield of 10.6% and a capital value of £103 per sq. ft.

The property occupies a prominent position on an arterial route one mile south of Leicester city centre, close to the University of Leicester's student campus.

The property is fully let to a well-known group of national tenants including Odeon Cinemas Ltd, Mecca Bingo Ltd, Spirit Pub Company Ltd and Nando's Chickenland Ltd, providing a weighted average unexpired lease term to expiry of greater than eight years. The Property presents various short-to-medium term asset management opportunities, including rental growth prospects through upcoming rent reviews; the possibility of an EV charging letting; and appraising alternative uses, for areas of the site that have not already been developed.

The Company made one part-disposal during the year:

## Hitchin, 3-4 Portmill Lane



On 14 October 2025, the Company completed the sale of 3-4 Portmill Lane, a vacant office block, located behind the main retail parade on Bancroft in Hitchin. Competitive pricing was secured from a local owner-occupier at £1,000,000 (£191 per sq. ft.), significantly above the asset's September 2025 book value of circa £497,000 (£95 per sq. ft.).

The decision to sell was driven by the office's non-core location, with limited demand for occupational use, which did not align with the three retail frontages on Bancroft. Additionally, there was a risk of incurring vacant holding costs while exploring alternative uses for the property.

# Asset Management Update



The Company completed the following material asset management transactions during the year:

## Hitchin, Bancroft



The Company completed a five-year lease renewal with Next Holdings Limited at a rent of £150,000 per annum in return for six months rent free. The unit is located in the centre of Hitchin's high-street retail pitch. Hitchin is a busy market town located in Hertfordshire with an affluent catchment. The town is served by rail connections to both London and Cambridge, underpinning its attractiveness as a commuter location.

## Nottingham, Wheeler Gate



The Company completed a five-year lease renewal with Lakeland Limited (Lakeland). The annual rent starts at £82,500, increasing to £83,750 in year two and £85,000 in year three. From the fourth anniversary, the rent will be £90,000 per annum. Lakeland has a break option at the end of year three, contingent on a £18,750 penalty. No rent-free period was provided.

Costa Limited, whose lease expired in September 2025, paying a rent of £52,000 per annum, has renewed its lease at the same rent for a term of 10 years with a break on the anniversary of the sixth year. No incentive or rent-free period was granted to the tenant.

## Sheffield, Fargate



The Company completed a new lease to Boots Opticians Professional Services & Seven Hills Optical Ltd, trading as Boots Opticians. The tenant has entered a 10-year lease, with a tenant break option on the expiry of the fifth year, paying a rent of £62,500 per annum. There will be a five-yearly open market upwards-only rent review. The tenant has been granted a nine-month rent-free period. Following completion of the letting, the property is now fully let.

## Bristol, 40 Queen Square



The Company completed a lease renewal with Royal Bank of Canada (RBC), extending its lease, which expires on 16 June 2026, by a further two years. From 17 June, the rent will increase from £103,770 per annum (£30 per sq. ft.) to £130,000 per annum (£37.50 per sq. ft.). RBC has a tenant break option on the anniversary of the first year, subject to six months' notice. The aim of this short-term extension is to potentially facilitate a larger letting of approximately 6,000 sq. ft. to RBC in two years' time if more space is available in the building.

## Dagenham, London East Leisure Park



The Company settled a historic rent review with Mecca Bingo Limited (Mecca), dating back to 18 September 2022. The passing rent, for the purpose of the review, was reduced to £500,000 per annum, grown annually by RPI (2% collar and 4% cap). The agreed rent of £584,275 per annum is grown annually by RPI (2% collar and 4% cap), having previously been £625,000 per annum.

## Southend, Odeon



The Company completed a five-year reversionary lease to Odeon Cinemas Limited (Odeon), extending the lease term to 28 September 2032. In doing so, a Deed of Variation was entered into, decreasing Odeon's rent from £535,000 per annum (£13.16 per sq. ft.) to £400,000 per annum (£9.84 per sq. ft.) from 1 January 2026. No rent-free period or tenant incentive was provided. Despite the decrease in rent, the valuation increased by 2.31% for the period due to the longer unexpired lease term and sustainable level of rent.

## York, Tanner Row



On 16 March 2026 National Car Parks Limited (NCP) appointed joint administrators. The Company owns one property, Tanner Row in York, where NCP is a tenant, representing 78% of the annual rent currently received from this property. The car park continues to trade with the administrators paying rent monthly, now at a total running yield of 10.12% (31 March 2025: 8.51%) based on the asset's current valuation.

The Company is in the process of obtaining further information from the administrator, while also exploring interest from other operators, as well as alternative uses. The mixed-use property comprises an 0.8 acre site which is centrally located in York, servicing a wide range of customers. It is expected to be of particular occupational interest due to the land constrained nature of its location within the York city walls. At the time of purchase in March 2025, the price paid for the asset was assessed to be close to its value as a redevelopment site for alternative uses, highlighting the benefits of the Company's value investment approach. As at 31 March 2026, annual rental income due to the Company from NCP totalled £733,057 and represented 4.05% of AEWU's total contracted income (equivalent to approximately 0.12 pence per share per quarter).

## Barnstaple, Barnstaple Retail Park



The Company completed a reversionary lease with B&Q Limited (B&Q) for a duration of seven years and seven months, resulting in a new lease expiry of 31 December 2040 (15 years in total). As part of this agreement, B&Q also signed a Deed of Variation, increasing the rent from £348,000 per annum (£9.75 per sq. ft.) to £428,280 per annum (£12.00 per sq. ft.), reflecting an increase of £80,280 per annum. In return, the Company granted B&Q a six-month rent-free period, which started on 1 January 2026.

The Company completed a new lease to Wren Kitchens Limited, which has taken the former Poundland unit. Wren has signed a 10-year lease with a tenant break option on the expiry of the fifth year at a rent of £98,500 per annum (£17.25 per sq. ft.). On the expiry of the fifth year, the rent will be reviewed to the lower of open market or 2.5% per annum, compounded. Wren has been granted a 12-month rent-free period, with a further six months should it not exercise the break option.

## Dewsbury, The Railway Centre



After protracted negotiations, the Company completed a five-year lease renewal with SportsDirect.com Retail Limited, commencing on 31 December 2025, at an annual rent of £140,000 (£9.10 per sq. ft.). The previous passing rent was £122,544 per annum (£7.96 per sq. ft.), reflecting an increase of £17,456 per annum. Six months rent-free was given as an incentive.

The Company also completed a lease renewal with Fieldrose Limited (Fieldrose), trading as KFC, whose lease expired on 23 December 2023. Fieldrose has signed a 15-year lease, which includes a tenant break option at the end of the tenth year, at an annual rent of £86,000. No rent-free period or tenant incentive was given. Additionally, the outstanding rent review from December 2018 has been settled at £67,000 per annum. The previous passing rent was £64,250 per annum.

## Coventry, Central Six Retail Park (the Triangle Site)



Following the Company's freehold disposal of Units 1-11 for £26,250,000 in December 2024, the Freeholder (Friargate JV Projects Limited, known as Friargate) of the remaining site, known as the 'Triangle Site', which is still held on a long leasehold basis by the Company, has served notice to acquire the remaining site for a peppercorn. Friargate hold an option to acquire the Company's long leasehold interest of the Triangle Site which was granted in exchange for the Company's 2023 acquisition of the freehold interest in Units 1-11, which had previously been held by way of a long leasehold from Friargate.

In acquiring the freehold of Units 1-11, the liquidity of the asset was improved, as well as user restrictions removed, thus achieving the price of £26,250,000 which represented a 60% premium to the purchase price of the entire property, which was acquired in November 2021 for £16,411,000. The Triangle Site consists of three purpose-built retail warehousing units let to Salvation Army, Costa Ltd and TUI UK Retail Ltd, and a drive-thru restaurant let to Caspian Food Services Ltd, trading as Burger King, producing an annual rental income of £380,000 per annum.

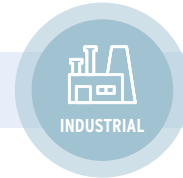
## Shrewsbury, Arrow Retail Park



The Company completed a new lease of Unit B to Summerhouse Solutions Limited (Summerhouse), trading as Summerhouse Interiors. Summerhouse has signed a five-year lease, which includes a tenant-only break option on the expiry of the third year, subject to a penalty of three months' rent. The annual rent is £32,000 (£6.96 per sq. ft.), and the letting includes an initial three-month rent-free incentive.

The Company completed a new lease of Unit C to Lifecycle Group Holdings Limited. The tenant has signed a 10-year lease, which includes a tenant-only break option on the expiry of the fifth year. The annual rent is £32,000 (£6.96 per sq. ft.), with no rent-free incentive being given.

## Sheffield, 710 Brightside Lane



The Company settled ROM Group Limited's outstanding open market rent review at £529,500 per annum (£4.25 per sq. ft.) representing a 41.57% increase on the previous passing rent of £374,000 per annum (£3.00 per sq. ft.).

## Redditch, Eagle Road, North Moons Industrial Estate



The Company settled Carrs Coatings Ltd's August 2025 annual uncapped RPI rent review at £319,519 per annum (£8.41 per sq. ft.), representing a £14,709 per annum (4.83%) increase.

The unit is single-let to Carrs Coatings Ltd until August 2028. The lease was entered into as a sale and leaseback in 2008 at an initial starting rent of £170,300 per annum (£4.50 per sq. ft.).

## Wakefield, Diamond Business Park



The Company completed a new lease of Unit 10 to Machtech Technology Ltd. The tenant entered into a five-year lease with a tenant only break option in 2.5 years, paying a rent of £46,890 per annum (£4.50 per sq. ft.) which is £0.50 per sq. ft. above ERV. No rent-free period or capital contribution was given as an incentive.

The Company has commenced the demolition of Diamond House, an obsolete 1970s purpose-built office block consisting of 27,098 sq. ft., at a cost of £229,807 (inclusive of fees and contingency). The office became fully vacant earlier this year with the last remaining tenant surrendering its lease to vacate early. Refurbishment or conversion to residential use were also considered, with demolition being the most viable route forward, with the cleared land creating a 1.8 acres industrial open storage letting opportunity with an ERV of £50,000 per acre, as well as eliminating approximately £79,000 per annum of landlord shortfall costs.

## Weston-super-Mare, Westlands Distribution Park



The Company completed a three-year lease renewal of Unit 4 with MCT Rehman Ltd at a rent of £95,000 per annum (£3.61 per sq. ft.), which increases to £100,000 per annum (£3.80 per sq. ft.) at the beginning of the second year, and £110,000 (£4.18 per sq. ft.) for the third year.

The Company has also completed a short-term lease renewal of Unit 2 with J N Baker Ltd, extending the term by an additional 12 months with a rolling tenant-only break option that allows for termination on one month's notice after the first three months of the term. The tenant will be paying a rent of £159,500 per annum (£2.28 per sq. ft.).

The Company has also completed a short-term lease of Units 2B and 2C with Colin Venn. The lease will be for a total term of one year with a rolling mutual break clause that allows termination at any time with one month's notice. The tenant will pay a rent of £6,000 per annum.

## Runcorn, Sarus Court



The Company completed a speculative refurbishment project of Unit 1002, formerly let to PS2 Print Ltd. The works comprised roof improvements, respraying of external elevations, internal strip-out and decoration, and replacing M&E services to improve the EPC ratings to a B. It is anticipated that the Company will crystallise significant rental growth from the previous rent following the unit being re-let.

As a result of these initiatives, the value of the property has increased by £2.3m during the financial year.

# Principal Risks and Uncertainties

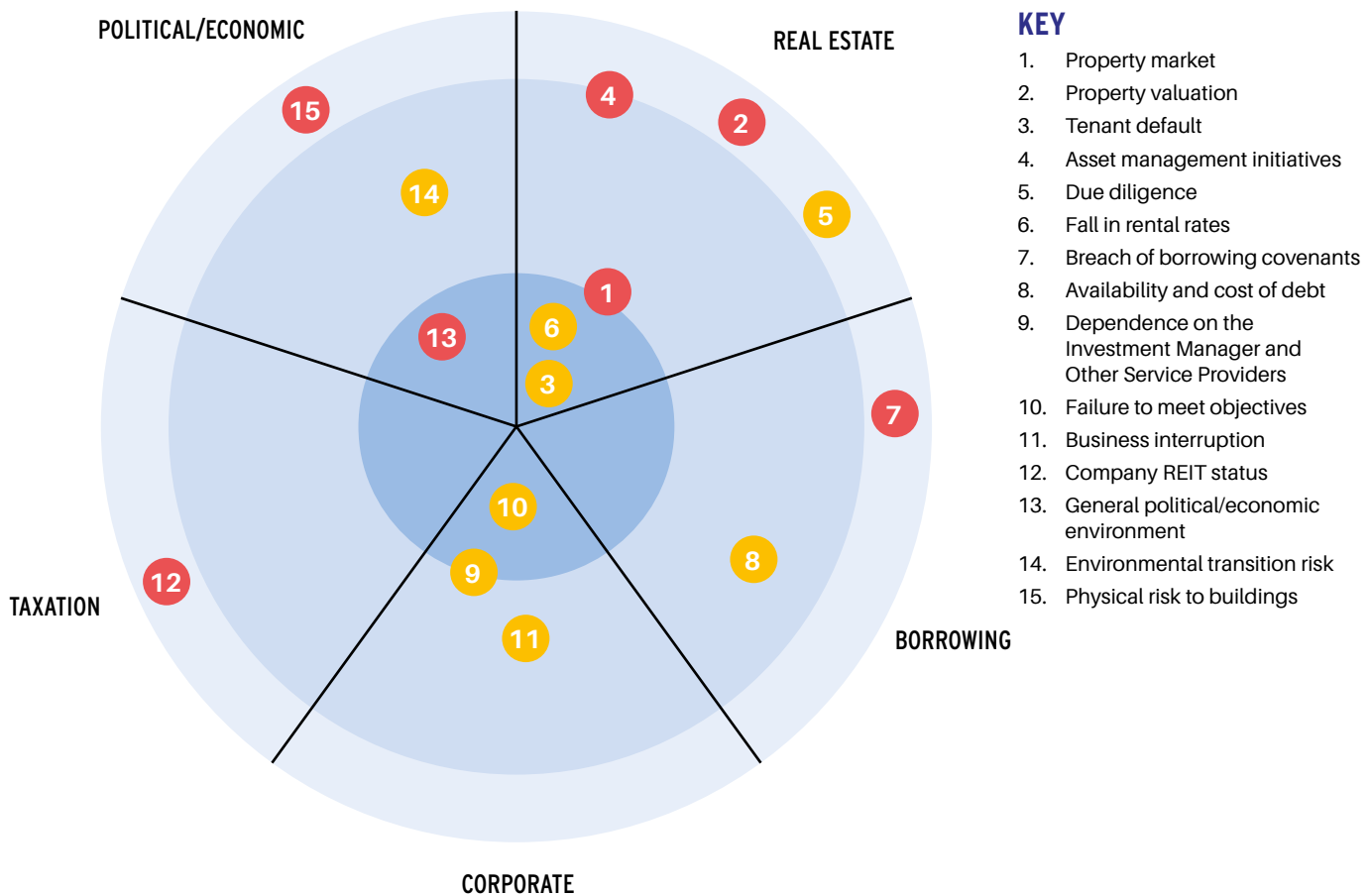
The Company's assets consist of UK commercial property. Its principal risks are therefore related to the commercial property market in general, but also to the particular circumstances of the individual properties and the tenants within the properties.

The Board has overall responsibility for reviewing the effectiveness of the system of risk management and internal control which is operated by the Investment Manager. The Company's ongoing risk management process is designed to identify, evaluate and mitigate the significant risks the Company faces.

At least twice a year, the Board undertakes a formal risk review through the Audit and Risk Committee, to assess the adequacy and effectiveness of the Investment Manager and other service providers' risk management and internal control processes. The Audit and Risk Committee is responsible for reviewing the principal and emerging risks facing the Company and, in liaison with the Investment Manager, advises the Board on these risks. Stated movements in the probability or impact of risks is in comparison to the prior year end.

The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

An analysis of the principal risks and uncertainties is set out below. The risks below do not purport to be exhaustive as some risks are not yet known and some risks are currently not deemed material but could turn out to be material in the future.



Principal risk impact      High ● Medium ● Low ●

Probability of risk      Low ● Moderate ● High ●

Risk changes      Increase ↑ Decrease ↓ No change →

The matrix above illustrates the Company's assessment of the impact and probability of the principal risks identified.

## REAL ESTATE RISKS

### 1. Property market



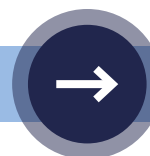
PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>Any property market recession or future deterioration in the property market could, inter alia,</p> <ul style="list-style-type: none"> <li>(i) cause the Company to realise its investments at lower valuations;</li> <li>(ii) delay the timings of the Company's realisations; and</li> <li>(iii) cause a deterioration in the rating of the Company's shares as a result of declining sentiment, thereby reducing shareholder return.</li> </ul> <p>These risks could have a material adverse effect on the ability of the Company to achieve its investment objective.</p>	<p>The Company has investment restrictions in place to invest and manage its assets with the objective of spreading and mitigating risk.</p> <p>The Investment Manager actively monitors net debt to mitigate the need for sub-optimal investment disposals.</p>	<p><b>Probability:</b> High</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No change</p>

### 2. Property valuation



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>Property and property-related assets are inherently difficult to value due to the individual nature of each property.</p> <p>There may be an adverse effect on the Company's profitability, NAV and the price of Ordinary Shares in cases where property valuations have been materially misstated.</p>	<p>The Company uses an independent external valuer to value the properties at fair value in accordance with accepted RICS appraisal and valuation standards.</p> <p>Property valuations are subject to an independent statutory audit on an annual basis.</p> <p>The Audit and Risk Committee Chair attends quarterly valuation meetings on a recurring basis.</p> <p>The company complies with the RICS recommendation on valuer rotation.</p>	<p><b>Probability:</b> Low</p> <p><b>Impact:</b> High</p> <p><b>Movement:</b> No change</p>

### 3. Tenant default



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>Failure by tenants to fulfil their rental obligations could affect the income that the properties earn and the ability of the Company to pay dividends to its shareholders.</p>	<p>Comprehensive due diligence is undertaken on all new tenants. Tenant covenant checks are carried out on all new tenants where a default would have a significant impact.</p> <p>The asset management team conducts ongoing monitoring and liaison with tenants to manage potential bad debt risk.</p> <p>Tenant concentration is also monitored on an ongoing basis to ensure that a single tenant failure would not significantly impact the Company's financial performance.</p>	<p><b>Probability:</b> High</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No change</p>

## 4. Asset management initiatives



### PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT

Asset management initiatives, such as refurbishment works, may prove to be more extensive, expensive and take longer than anticipated. Cost overruns may have a material adverse effect on the Company's profitability, the NAV and the share price.

### HOW RISK IS MANAGED

Costs incurred on asset management initiatives are closely monitored against budgets and reviewed in regular presentations to the Investment Management Committee of the Investment Manager.

### RISK ASSESSMENT

**Probability:**  
Low to Moderate

**Impact:**  
High

**Movement:**  
No change

## 5. Due diligence



### PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT

Due diligence may not identify all the risks and liabilities in respect of an acquisition (including any environmental, structural or operational defects) that may lead to a material adverse effect on the Company's profitability, the NAV and the price of the Company's Ordinary Shares.

### HOW RISK IS MANAGED

The Company's due diligence benefits from work (such as legal reports on title, property valuations, environmental and building surveys) outsourced to third parties who have expertise in their areas. Such third parties have professional indemnity cover in place.

### RISK ASSESSMENT

**Probability:**  
Low

**Impact:**  
Moderate

**Movement:**  
No change

## 6. Fall in rental rates



### PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT

Rental rates may be adversely affected by general UK economic conditions and other factors that depress rental rates, including local factors relating to particular properties/locations (such as increased competition).

Any fall in the rental rates for the Company's properties may have a material adverse effect on the Company's profitability, the NAV, the price of the Ordinary Shares, and the Company's ability to meet interest and capital repayments on any debt facilities.

### HOW RISK IS MANAGED

The Company builds a diversified property and tenant base with subsequent monitoring of concentration to individual occupiers and sectors (geographical and sector exposure).

The Investment Manager holds quarterly meetings with its Investment Strategy Committee and regularly meets the Board of Directors to assess whether any changes in the market present risks that should be addressed in the Company's strategy.

### RISK ASSESSMENT

**Probability:**  
Moderate

**Impact:**  
Moderate to High

**Movement:**  
No change

## BORROWING RISKS

### 7. Breach of borrowing covenants



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Material adverse changes in valuations and net income may lead to breaches in the Loan to Value ('LTV') and interest cover ratio covenants.	<p>The Company monitors the use of borrowings on an ongoing basis through weekly cash flow forecasting and quarterly risk monitoring to monitor financial covenants.</p> <p>Significant headroom currently exists for both loan covenants.</p> <p>The Investment Manager maintains a close relationship with its loan finance provider, AgFe, to ensure continuing dialogue around covenants.</p>	<p><b>Probability:</b> Low</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No change</p>

### 8. Availability and cost of debt



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
In tandem with any future growth of the Company, renewed and additional debt funding is considered. It is acknowledged that the current interest rate environment may constrain the financial viability of further debt funding and that renewal of debt may be on less favourable terms.	<p>The Company maintains a good relationship with the lender providing the term credit facility.</p> <p>The Company monitors the projected usage and covenants of the credit facility on an ongoing basis.</p> <p>Exposure to higher interest rates is mitigated by our hedging strategy, where the Company has entered into an Interest Rate Cap in May 2026. (Refer to Note 26 Post Balance Sheet Event.)</p>	<p><b>Probability:</b> Moderate</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> Increase in probability and impact</p>

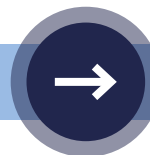
## CORPORATE RISKS

### 9. Dependence on the Investment Manager and Other Service Providers



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>The Company has no employees and is reliant upon the performance of its Investment Manager and other third party service providers. Failure by the Investment Manager and/or any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company. The future ability of the Company to successfully pursue its investment objective and investment policy may, among other things, depend on the ability of the Investment Manager to retain its existing staff and/or to recruit individuals of similar experience and calibre.</p>	<p>The Investment Manager has endeavoured to ensure that the principal members of its management team are suitably incentivised.</p> <p>The performance of service providers, in conjunction with their service level agreements, is monitored via regular calls and face-to-face meetings and the use of key performance indicators, where relevant.</p> <p>The Investment Manager encourages a team-based approach with the Board and its suppliers in order to promote an effective working culture.</p>	<p><b>Probability:</b> Moderate to High</p> <p><b>Impact:</b> Moderate</p> <p><b>Movement:</b> No change</p>

## 10. Failure to meet objectives



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>The Company may not meet its investment objective to deliver an attractive total return to shareholders from investing predominantly in a portfolio of smaller commercial properties in the United Kingdom.</p> <p>Poor relative total return performance may lead to an adverse reputational impact that affects the Company's ability to raise new capital or maintain an attractive rating in its shares.</p> <p>The Company may not pay its target dividend.</p>	<p>The Company has an investment policy to achieve a balanced portfolio with a diversified asset and tenant base. The Company also has investment restrictions in place to limit exposure to potential risk factors. The Investment Manager has extensive experience in navigating market volatility.</p> <p>The Company has the ability to pay dividends from current year revenue as well as revenue reserves and realised capital.</p>	<p><b>Probability:</b> High</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No change</p>

## 11. Business interruption



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>Cyber attacks on the Investment Manager's and/or other service providers' IT systems could lead to operational disruption, reputational damage, regulatory (including GDPR) or financial loss to the Company.</p>	<p>The Investment Manager's and other service providers' IT systems are protected by anti-virus software and firewalls that are updated regularly.</p> <p>The risk is mitigated by mandatory cyber security awareness training for all AEW staff.</p> <p>Mandatory callbacks for invoices payable to new suppliers or those with changing bank details are in place to prevent payment diversion scams.</p> <p>Fire protection and access security procedures exist at all the Company's managed properties, along with the offices of its Investment Manager and other service providers.</p>	<p><b>Probability:</b> Moderate</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> Increase in probability and impact</p>

## TAXATION RISKS

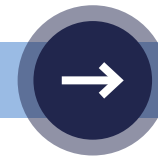
### 12. Company REIT status



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>The Company has a UK REIT status that provides a tax-efficient corporate structure. If the Company fails to remain a REIT for UK tax purposes, its profits and gains will be subject to UK corporation tax.</p> <p>Any change to the tax status or UK tax legislation could impact on the Company's ability to achieve its investment objectives and provide attractive returns to shareholders.</p>	<p>The Company monitors REIT compliance through the Investment Manager on acquisitions; the Administrator on asset and distribution levels; the Registrar and Broker on shareholdings; and the use of third-party tax advisers to monitor REIT compliance requirements.</p>	<p><b>Probability:</b> Low</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No change</p>

## POLITICAL/ECONOMIC RISKS

### 13. General political/economic environment



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>UK geopolitical and macroeconomic risks to the real estate and financial markets that affect the Company and the business of its tenants.</p> <p>These might damage consumer and investor sentiment as real income and wealth levels are challenged by these exogenous events.</p> <p>UK and geopolitical macroeconomic risk remain elevated. Risk of subdued economic growth, rising oil prices, sustained inflation and higher interest rates.</p>	<p>The Board considers the impact of political and macroeconomic events when reviewing strategy.</p>	<p><b>Probability:</b> High</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No change</p>

## 14. Environmental transition risk



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>Failure to identify and mitigate the transition risk for climate change could lead to the Company holding stranded assets and lead to a negative impact on its reputation. Failure by the Company to meet required regulatory standards could lead to increased stakeholder concern and negative feedback.</p>	<p>The Company has engaged specialist environmental consultants to advise the Board on compliance with regulatory requirements and adopting best practice where possible. All prospective acquisitions and asset management initiatives are influenced by environmental assessments undertaken by the Company, such as ensuring they are in conformance with the Minimum Energy Efficiency Standard ('MEES') Regulations. All assets have an Asset Sustainability Action Plan ('ASAP') initiative, which tracks environmental initiatives across the portfolio on an asset-by-asset basis for targeted, relevant and specific implementation of environmental improvements.</p>	<p><b>Probability:</b> Moderate</p> <p><b>Impact:</b> Moderate</p> <p><b>Movement:</b> No Change</p>

## 15. Physical risk to properties



PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
<p>The risk of physical damage to properties as a result of environmental factors such as flooding and natural fires. In the long-term, changes in climate and/or weather systems may mean properties become unviable to tenants.</p>	<p>The Company obtains environmental surveys for all acquisitions, which mitigate the short-term risk of climate-related damage to properties owned. The Investment Manager's asset management team perform regular site visits to the Company's properties in order to continually assess the physical risk posed to them. This includes climate resilience assessments.</p> <p>All properties are comprehensively insured for damage from the point of purchase contract exchange.</p>	<p><b>Probability:</b> Low</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No Change</p>

# — Alternative Investment Fund Manager ('AIFM')

AEW UK Investment Management LLP is authorised and regulated by the FCA as a full-scope AIFM and provides its services to the Company.

The Company has appointed Langham Hall UK Depositary LLP ('Langham Hall') to act as the depositary to the Company, responsible for cash monitoring, asset verification, and oversight of the Company.

## Information Disclosures under the AIFM Directive

Under the AIFM Directive, the Company is required to make disclosures in relation to its leverage under the prescribed methodology of the Directive.

### Leverage

The AIFM Directive prescribes two methods for evaluating leverage, namely the 'Gross Method' and the 'Commitment Method'. The Company's maximum and actual leverage levels are as per below:

LEVERAGE EXPOSURE	31 MARCH 2026		31 MARCH 2025	
	GROSS METHOD	COMMITMENT METHOD	GROSS METHOD	COMMITMENT METHOD
Maximum Limit	<b>140%</b>	<b>140%</b>	140%	140%
Actual	<b>126%</b>	<b>135%</b>	118%	134%

In accordance with the AIFM Directive, leverage is expressed as a percentage of the Company's exposure to its NAV and adjusted in line with the prescribed 'Gross' and 'Commitment' methods. The Gross method is representative of the sum of the Company's positions after deducting cash balances and without taking into account any hedging and netting arrangements. The Commitment method is representative of the sum of the Company's positions without deducting cash balances and taking into account any hedging and netting arrangements. For the purposes of evaluating the methods above, the Company's positions primarily reflect its current borrowings and NAV.

### Remuneration

The AIFM has adopted a Remuneration Policy which accords with the principles established by AIFMD. AIFMD Remuneration Code Staff includes the members of the AIFM's Management Committee, those performing Control Functions, Department Heads, Risk Takers and other members of staff that exert material influence on the AIFM's risk profile or the AIFs it manages.

Staff are remunerated in accordance with the key principles of the firm's remuneration policy, which include:

- promoting sound risk management;
- supporting sustainable business plans;
- remuneration being linked to non-financial criteria for Control Function staff;
- incentivising staff performance over longer periods of time;
- awarding guaranteed variable remuneration only in exceptional circumstances; and
- having an appropriate balance between fixed and variable remuneration.

As required under section 'Fund 3.3.5.R(5)' of the Investment Fund Sourcebook, the following information is provided in respect of remuneration paid by the AIFM to its staff for the year ended to 31 December 2025.

YEAR ENDED  
31 DECEMBER 2025

Total remuneration paid to employees during the financial year:	
a) remuneration, including, where relevant, any carried interest paid by the AIFM:	£12,741,236
b) the number of beneficiaries	74

The aggregate amount of remuneration of the AIFM Remuneration Code staff, broken down by:	
a) senior management	£5,789,584
b) members of staff	£6,951,652

	FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL REMUNERATION
Senior Management	£2,580,022	£3,209,562	£5,789,584
Staff	£4,856,574	£2,095,078	£6,951,652
<b>Total</b>	<b>£7,436,596</b>	<b>£5,304,640</b>	<b>£12,741,236</b>

Fixed remuneration comprises basic salaries and variable remuneration comprises bonuses.

## AEW UK Investment Management LLP

25 June 2026



Barnstaple, Barnstaple Retail Park

## S172 STATEMENT

The Directors' overarching duty is to promote the success of the Company for the benefit of its shareholders, having regard to the interests of its other stakeholders, as set out in section 172 of the Companies Act 2006 (the 'Act'). The Directors have considered each aspect of this section of the Act and consider that the information set out below is particularly relevant in the context of the Company's business as an externally managed investment company which does not have any employees and relies on the contracted services from its key agents and suppliers.

The table below sets out our key stakeholders, the nature of their relationship with the Company and the Board, their key interests and how the Board engages with those stakeholders.

Relationships with stakeholders are factored into Board discussions and decisions made by the Board take account of the impact on all stakeholders, in accordance with s172 of the Act.

STAKEHOLDER	INTERESTS	ENGAGEMENT
<b>Investors</b>		
<p>Our shareholders are impacted directly by the financial performance of the Company through dividends and share price movements.</p> <p>They also play an important role in monitoring the governance of the Company.</p>	<ul style="list-style-type: none"> <li>- Sustainable growth of the Company and achieving target returns</li> <li>- Good relationship with the Company and the Board</li> <li>- Effective structure and control framework</li> <li>- Impact of the Company on the wider community and environment</li> <li>- Reputation of the Company</li> </ul>	<ul style="list-style-type: none"> <li>- AGM, Annual and Interim Report, regulatory announcements</li> <li>- Quarterly update reports and other key information published on the website</li> <li>- Roadshows, meetings and presentations via the Investment Manager, and the Company's Broker and marketing agents</li> <li>- The Company's tenth anniversary event</li> <li>- Direct discussions with shareholders</li> </ul>
<b>Service providers</b>		
<p>Key functions of the Company are outsourced to third-party suppliers, including investment management, property management, administration, company secretarial, registrar, depository and legal services. It is important to develop strong long-term working relationships with these providers to enhance the efficiency of the Company's operations, as well as that of the providers themselves.</p>	<ul style="list-style-type: none"> <li>- Good relationship with the Company and Board</li> <li>- Fair contract terms and service-level agreements</li> <li>- Reputation of the Company</li> <li>- The Company's performance and long-term prospects</li> </ul>	<ul style="list-style-type: none"> <li>- Effective and regular communication</li> <li>- Service-level agreements</li> <li>- Formal tender processes where appropriate</li> <li>- Management Engagement Committee review annually</li> <li>- Direct engagement on personnel changes during the year to support continuity of service levels</li> <li>- Direct engagement on potential transactions and opportunities for growth</li> </ul>

**STAKEHOLDER****INTERESTS****ENGAGEMENT****Tenants**

The Company's strategy in relation to its individual assets will directly affect the tenants in occupation of those assets.

- Good communication and relationship with the Company as landlord
- Fair lease terms
- Long-term strategy for the asset in line with the objectives of the tenant's activities

- Site visits and face-to-face meetings through the Investment Manager
- Formal negotiations
- Ongoing communication through the property manager

**The wider community and environment**

The Company's physical real estate assets have a direct impact on their local communities depending on their primary use and on the environment through their emissions and energy usage.

- Impact of properties and their business plans on the local economy
- Impact of properties on the attractiveness and appeal of the local area
- Energy efficiency and greenhouse gas emissions

- Publication of Sustainability Disclosure Report and Greenhouse Gas Emissions Statement
- Global Real Estate Sustainability Benchmark ('GRESB') reporting
- Communication with local authorities via Investment Manager

**PRINCIPAL DECISIONS MADE BY THE BOARD**

The principal decisions made by the Board during the year are summarised below.

**Dividends**

The Board considered the Company's target dividend of 8.00 pps per annum and approved payment of it, continuing the Company's track record in paying dividends at this level.

**Issuance of shares from treasury**

The Board approved the issuance of shares from treasury in order to meet investor demand and to support growth in line with the Company's investment strategy. The Board considered the expected impact on existing shareholders, including dilution and ongoing charges, and ensured that shares were issued at a premium to NAV (net of costs) and within the authorities granted by shareholders. On 1 October and 5 December 2025, the Company sold from treasury 150,000 and 100,000 of its ordinary shares for cash at a price of 109.41 and 109.64 pence per ordinary share respectively.

**Debt and refinancing**

The Board reviewed the Company's debt facilities, including the loan maturing in July 2027, and considered the refinancing strategy in the context of market conditions, interest rates and the Company's investment and dividend objectives. The Board assessed a range of options and agreed to continue engagement with lenders to secure terms that support the Company's long-term strategy while maintaining appropriate covenant headroom. The Board also considered ways to mitigate potential future interest cost risk, and following the year end the Company entered into an interest rate cap in connection with the 2027 refinancing.

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**Oversight of Investment Manager and review of investment activities**

The Board is responsible for the ongoing review of investment activity and performance and the control and supervision of the Investment Manager. During the year, the following key investment activities were reviewed by the Board:

- The acquisition of Freemans Leisure Park, Leicester; and
- The part disposal of 3-4 Portmill Lane, Hitchin.

Further details of the property transactions can be found in the 'Property Portfolio' section of the Investment Manager's Report.

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**Corporate initiatives**

The Board and Investment Manager assessed the Company's ability to grow through a variety of initiatives, including capital raising and M&A opportunities.

During the year, the Board approved the Company entering advanced discussions regarding a possible all share offer to acquire Alternative Income REIT plc ("AIRE").

In March 2026, the Company announced that it was considering a possible offer, noting that there could be no certainty that an offer will be made or as to the terms on which any offer may proceed.

The Board considered this opportunity as part of its ongoing review of strategic options to support the Company's growth and deliver long-term value for shareholders. In doing so, it assessed the strategic rationale, potential benefits of increased scale and liquidity, and associated risks before agreeing to progress discussions subject to satisfactory due diligence and the terms being in the best interests of shareholders.

On 21 April 2026, the Company announced that although indicative heads of terms were reached at an early stage of the process, it was established during the course of due diligence that agreement on certain key matters could not be concluded and the Company confirmed it did not intend to make a formal offer for AIRE. Whilst this transaction did not progress, such opportunities continue to be reviewed.

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**Recruitment of a non-executive Director**

In light of the planned retirement of Mrs Hart in September 2026, the Board considered succession planning and the future composition of the Board, including the balance of skills, experience, gender and ethnic diversity. An external recruitment consultant was appointed to assist with identifying suitable candidates to support the Company's long-term strategy.

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Further information on the Company's engagement with stakeholders and its ESG policy can be found on pages 50 and 84.

**Approval**

The Strategic Report has been approved and signed on behalf of the Board by:

**Robin Archibald**

Chairman of the Board

25 June 2026

# Governance





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[Governance](#)

[Financial Statements](#)

[Additional Information](#)

Runcorn, Sarus Court

# Board of Directors



## **Robin Archibald**

non-executive Chairman of the Board,  
and Chairman of the Management  
Engagement Committee

Mr Archibald was formerly Head of Corporate Finance and Broking at Winterflood until April 2014 when he retired from his executive roles. He is a Chartered Accountant and worked as a Corporate Financier with a number of leading city firms, including SG Warburg Securities and NatWest Markets. Robin has concentrated for much of his career on advising and managing transactions in the UK-listed closed-ended funds sector. He was chair of Shires Income plc, Albion Technology and General Trust plc and former audit chair and senior independent director of Ediston Property Investment Company, Henderson European Trust and Capital Gearing Trust; roles he retired from in recent years. Mr Archibald also chairs two employee ownership trusts and acts as corporate finance consultant to a UK law firm.

Appointed: 1 October 2023



## **Mark Kirkland**

non-executive Director, and Chairman  
of the Audit and Risk Committee

Mr Kirkland qualified as a Chartered Accountant with PricewaterhouseCoopers in London and has extensive corporate experience gained over 25 years, having held several senior roles in both public and private companies. Mark's initial career was in corporate finance, predominately with UBS Limited. He has been CFO of several public and private companies and latterly was CEO of Delin Property, a pan-European logistics developer, investor and manager. He is currently a non-executive Director of Strix Group Holdings plc.

Appointed: 9 November 2022



### **Katrina Hart**

non-executive Director, and  
Chairman of the Nomination and  
Remuneration Committee

Mrs Hart spent her executive career in corporate finance and equity research advising, analysing and commenting on a broad range of businesses operating in the wealth and asset management sectors. During this period, she accumulated an in-depth understanding of the commercial dynamics and operational drivers of asset management and worked very closely with some of the most respected companies in the sector. Latterly, she was a highly rated financials analyst at HSBC, Bridgewell Group Plc and headed up the financials research team at Canaccord Genuity Inc.

Mrs Hart is Chairman of BlackRock Frontiers Investment Trust plc and JPMorgan UK Small Cap Growth and Income plc and a non-executive Director of Montanaro Asset Management Limited and Dunedin Income Growth Investment Trust plc. She was formerly a non-executive Director of Premier Miton Group Plc, Polar Capital Global Financials Trust plc and Keystone Positive Change Investment Trust plc. Mrs Hart will retire from the Board of AEWU in September 2026, having completed her nine year tenure.

Appointed: 5 June 2017



### **Liz Peace**

non-executive Director, and  
Senior Independent Director

Mrs Peace spent her early career in Government in the Ministry of Defence, eventually becoming a key player in the creation of QinetiQ plc in 2001. She then moved into the private sector, becoming Chief Executive of the British Property Federation where she played a significant role in the creation of the UK's Real Estate Investment Trust structure. She was awarded a CBE in 2008 for services to the property industry. Mrs Peace has a non-executive portfolio career primarily focused on real estate, including NED roles at Howard de Walden Estates Ltd, Greencore Homes Ltd, and the Royal Institution of Chartered Surveyors where she is the Senior Independent Governor. She is chair of the University of Cambridge Property Board and of Nuclear Waste Services, an operating company of the Nuclear Decommissioning Authority. She is chair of the Churches Conservation Trust, a secular organisation looking after 358 redundant Church of England churches. She is also an advisory board member of Lauder Teacher Associates.

Appointed: 1 October 2023

# — Corporate Governance Statement

This Corporate Governance Statement comprises pages 57 to 64 and forms part of the Directors' Report.

## **STATEMENT FROM THE CHAIRMAN OF THE BOARD**

The Company is committed to maintaining high standards of corporate governance and considers that reporting against the principles and recommendations of the AIC Code of Corporate Governance issued in 2024 (the 'AIC Code') provides better information to shareholders as it addresses all the principles set out in the UK Corporate Governance Code issued in 2024 (the 'UK Code'), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies, and is endorsed by the Financial Reporting Council (the 'FRC'). The Company is a member of the AIC. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code fully meet their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules. The AIC Code is available from the AIC website at [www.theaic.co.uk](http://www.theaic.co.uk). A copy of the UK Code can be obtained at [www.frc.org.uk](http://www.frc.org.uk).

The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate.

The UK Code includes provisions relating to:

- the role of the chief executive; and
- executive directors' remuneration.

For the reasons set out in the AIC Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed REIT. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board has reviewed the principles and recommendations of the AIC Code and considers that the Company has complied with these throughout the year.





Wrexham, Gresford Industrial Estate

## THE BOARD OF DIRECTORS

Under the leadership of the Chairman, the Board of Directors is collectively responsible for the long-term sustainable success of the Company. It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Directors are responsible for determining the Company's investment policy and investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and supervision of the Investment Manager.

The Board currently consists of four independent non-executive Directors. The Board seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, the Directors have substantial recent and relevant experience of the property sector, investment companies and financial and public company management, as well as experience of corporate transactions in the public company arena. Mrs Hart will retire from the Board at the 2026 AGM and succession planning for her replacement is underway. Further information can be found on pages 73 to 79.

The terms and conditions of the appointment of Directors are formalised in letters of appointment, copies of which are available for inspection from the Company's registered office. None of the Directors has a contract of service with the Company. On appointment, non-executive Directors undertake that they will have sufficient time to meet the expectations of the role. Directors are not entitled to any compensation for loss of office.

## Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. He promotes a culture of openness and debate and facilitates constructive Board relations and the effective contribution of all Directors. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information.

The Chairman was independent on appointment and is deemed by his fellow Board members to be independent in character and judgement and free of any conflicts of interest. He considers himself to have sufficient time to spend on the affairs of the Company and no conflicting activities.

The document setting out the responsibilities of the Chairman is available on the Company's website. The Board's policy is that the Chairman will serve for a maximum of nine years in order to be consistent with the requirement for regular Board refreshment.

## Board Operation

The Board has adopted a formal schedule of matters reserved for decision by the Board. These matters include:

- responsibility for the determination of the Company's investment objective and policy;
- overall responsibility for the Company's activities, including the review of investment activity, gearing, performance and supervision of the Investment Manager;
- approval of Annual and Half-Yearly Reports and Financial Statements and accounting policies, prospectuses, circulars and other shareholder communications;
- raising new capital and approval of financing facilities;
- approval of the valuation of the Company's portfolio of assets;
- approval of the periodic announcement of the NAV of the Company;
- Board appointments and removals; and
- appointment and removal of the Investment Manager, Auditor and the Company's other service providers.

## Board Meetings

The Company has four scheduled Board meetings a year, with additional meetings held to approve NAV announcements and dividends, and other meetings arranged as necessary. At each Board meeting, the Directors follow a formal agenda which is circulated in advance by the Company Secretary. The Administrator, Investment Manager and the Company Secretary regularly provide the Board with financial information, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes, and corporate governance best practice. A description of the Company's risk management and internal control systems is set out on page 63.

The Company's main functions are delegated to a number of service providers, each engaged under separate contracts. The management of the Company's portfolio is delegated to the Investment Manager, who manages the assets in accordance with the Company's investment objective and policy. At each Board meeting, representatives from the Investment Manager attend to present reports to the Directors covering the Company's current and future activities, portfolio of assets and its investment performance over the preceding period. The Board and the Investment Manager operate in a fully supportive, co-operative and open environment, and communication with the Board is maintained between scheduled meetings.



## Board Committees

The Company has three Committees: the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Management Engagement Committee. The Nomination and Remuneration Committee and the Management Engagement Committee were established in January 2025. Each Committee's delegated responsibilities are clearly defined in formal terms of reference, which are available on the Company's website.

### Audit and Risk Committee

The Audit and Risk Committee comprises all the non-executive Directors and is chaired by Mr Kirkland, who has recent and relevant financial experience. Given the size and nature of the Board, it is felt appropriate that all Directors are members of the Audit and Risk Committee. The Board is satisfied that the combined knowledge and experience of its members is such that the Committee discharges its responsibilities in an effective, informed and challenging manner. The Committee as a whole has competence relevant to the investment company sector. Further details about this Committee and its activities can be found on pages 65 to 70.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises all the non-executive Directors and is chaired by Mrs Hart. Upon Mrs Hart's retirement at the 2026 AGM, Mrs Peace will chair the Committee. Further details about this Committee and its activities can be found on pages 73 to 79.

### Management Engagement Committee ("MEC")

The MEC comprises all the non-executive Directors and is chaired by Mr Archibald. The Management Engagement Committee's activities included analysis of the services provided by all the key agents to the Company, including AEW, the costs of those services and how effective the agents were in performing their services. The services of the audit firm remains under the remit of the Audit and Risk Committee. The MEC reported to the Board that it was satisfied with the services provided by service providers and undertook a thorough review of the performance and fee arrangements of the Investment Manager. The Committee remains satisfied that the Investment Manager has the appropriate skills, resources and performance track record to manage the portfolio in the best interests of shareholders, and supports its continued appointment.

## SCHEDULED BOARD AND COMMITTEE MEETINGS ATTENDED

The table below sets out the number of scheduled Board and Committee meetings attended by each Director during the year ended 31 March 2026. The Board, or a committee thereof, met on a number of occasions during the year, formally and informally, for the purposes of discussing corporate initiatives and other issues affecting the Company such as succession planning.

	BOARD MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS		NOMINATION AND REMUNERATION COMMITTEE MEETINGS		MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS	
	NUMBER OF MEETINGS	NUMBER ATTENDED	NUMBER OF MEETINGS	NUMBER ATTENDED	NUMBER OF MEETINGS	NUMBER ATTENDED	NUMBER OF MEETINGS	NUMBER ATTENDED
Robin Archibald	4	4	2	2	1	1	1	1
Katrina Hart	4	4	2	2	1	1	1	1
Mark Kirkland	4	4	2	2	1	1	1	1
Liz Peace	4	4	2	2	1	1	1	1

## PERFORMANCE EVALUATION

The Board has a formal process to evaluate its performance annually through the Nomination and Remuneration Committee. The Chairman acts on the results of the evaluation by recognising the strengths and addressing any weaknesses of the Board, as appropriate. The evaluation of the Chairman is carried out by the other Directors of the Company, led by Mrs Peace as the Senior Independent Director. The evaluation covers:

- the performance of the Board and its Committees, including how Directors work together as a whole;
- the balance of diversity, skills, experience, independence and knowledge of the Directors; and
- identification of areas for improving Board performance as well as key priorities ahead.

The Board seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, it has substantial recent and relevant experience of investment trusts, the UK real estate sector, and financial and capital markets. The Board also considers matters relating to potential deals and acquisitions as part of its ongoing oversight of the Company's strategy and performance.

For purposes of succession planning, a skills matrix was developed to identify the skills and experience being sought. External input was gained from agents close to the Board in evaluating performance and succession needs.

## DIRECTORS' INDEPENDENCE

The Board considers and reviews the independence of each non-executive Director on an annual basis as part of the Directors' performance evaluation. In carrying out the review, consideration is given to factors such as their character, judgement, commitment and performance on the Board and its Committees. Following review, all Directors are considered to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of his or her independent judgement. The Nomination and Remuneration Committee leads the appointment process for any new Directors through the use of an independent search firm.

## DIVERSITY

### Board Diversity

The Board's policy on diversity is to ensure that the Directors on the Board have a broad range of experience, skills and knowledge, with diversity of thinking, background and perspective. Appointments to the Board are made on merit against objective criteria, having regard to the benefits of diversity and the current and future needs of the business and the other factors set out in the AIC Code.

Diversity, including, but not limited to, gender, social background, ethnicity, age, sexual orientation, disability and professional and industry-specific knowledge, is an important consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The Board notes the FCA rules on diversity and inclusion on company boards, namely, that from accounting periods starting on or after 1 April 2022:

- a. At least 40% of individuals on the Board to be women;
- a. At least one senior Board position to be held by a woman; and
- a. At least one individual on the Board to be from a minority ethnic background.

The Board has complied with two out of the three recommendations and will look to address the third as part of ongoing succession planning whilst recognising that maintaining a small, closely functioning Board is an important requisite of the Company given its size.

The Board continues to develop its succession planning in line with these recommendations. In accordance with Listing Rule 6 Annex 1, the tables below, in prescribed format, show the gender and ethnic background of the Directors at the date of this Report.

	NUMBER OF BOARD MEMBERS	PERCENTAGE ON THE BOARD	NUMBER OF SENIOR POSITIONS ON THE BOARD
Men	2	50%	1
Women	2	50%	1
Not specified/prefer not to say	-	-	-

	NUMBER OF BOARD MEMBERS	PERCENTAGE ON THE BOARD	NUMBER OF SENIOR POSITIONS ON THE BOARD
White British or other White (including minority white groups)	4	100%	2
Mixed/Multiple ethnic groups	-	-	-
Asian/Asian British	-	-	-
Black/African/Caribbean/Black British	-	-	-
Other ethnic group, including Arab	-	-	-
Not specified/prefer not to say	-	-	-

The data in the above tables was collected through self-reporting by the Directors.

Each Board member is also a Director of the Company's dormant subsidiary, AEW UK REIT 2015 Limited, which remained dormant in the year.



## **DIRECTOR INDUCTION AND TRAINING**

All Directors receive an induction on joining the Board and other relevant training as necessary. As the business environment changes, it is important to ensure the Directors' skills and knowledge are refreshed and updated regularly. Accordingly, the Company Secretary ensures that updates on corporate governance, regulatory and technical matters are provided to Directors at Board meetings. In this way, Directors keep their skills and knowledge relevant to enable them to continue to fulfil their duties effectively. Each Director has access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

## **DIRECTORS' CONFLICTS OF INTEREST**

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company's Articles of Association allow the Board to authorise such potential conflicts, and there is a procedure in place to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all relevant circumstances. A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at each meeting whether there has been any change to their position.

## **RE-ELECTION AND TENURE OF DIRECTORS**

The Board recognises the value of regular refreshment of its composition and remains committed to ensuring that it has the right mix of skills and experience that are aligned with the evolution and strategic plans of the Company, while maintaining its independence of character and judgement.

In accordance with the requirements of the AIC Code, the Board has adopted a policy whereby all Directors stand for annual re-election and no Director will serve for a period of more than nine years, unless there are specific reasons for a Board member to continue beyond nine years.

On the basis of the performance evaluation process, the Board considers that all Directors continue to be effective, committed to their roles and have sufficient time available to perform their duties. The Board therefore believes that it is in the best interests of shareholders that each of the Directors be re-elected, other than Mrs Hart, who is retiring after nine years of service on the Board.

## **SUCCESSION PLANNING**

The composition of the Board and succession planning are kept under review by the Board and formally reviewed annually as part of the Board evaluation process in order to ensure an orderly refreshment of the Board. Succession planning will remain an important focus for the coming year while the Board progresses plans for its next refresh ahead of Mrs Hart's retirement at the 2026 AGM, including the development of a candidate specification, to ensure appointments continue to be made on merit, with the skills and experience required to complement the Board, while having due regard to diversity. An external recruitment consultant has been appointed to help with the succession process and to identify potential candidates who fit with the specifications and skills required to complement the Board.

## **CULTURE**

The Directors are aware that establishing and maintaining a healthy and constructive culture amongst the Board and in its interaction with the Investment Manager, other service providers, shareholders and other stakeholders will support the delivery of the Company's purpose, values and investment strategy. The Board seeks to promote a culture of openness, transparency and integrity through ongoing dialogue and engagement with its stakeholders, principally the Investment Manager, as well as providing constructive challenge where required.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board regularly through Board meetings and in particular during the annual evaluation process.

The Board seeks to appoint the best possible service providers and evaluates their services on a regular basis as described on page 84. The Board considers the culture of the Investment Manager and other service providers, including their policies, practices and behaviour, through regular reporting from these stakeholders and in particular during the annual review of the performance and continuing appointment of all service providers by the Management Engagement Committee.

## **INTERNAL CONTROL REVIEW**

The Board is responsible for the systems of internal controls relating to the Company, including the reliability of the financial reporting process, and for reviewing the systems' effectiveness. The Directors have reviewed and considered the guidance supplied by the FRC on risk management, internal control and related finance and business reporting, and an ongoing process is in place for identifying, evaluating and managing the principal and emerging risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of this report.

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable, and that the assets of the Company are safeguarded.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the period and up to the date of approval of the Annual Report and Financial Statements. There were no matters arising from this review that required further investigation, and no significant failings or weaknesses were identified.

## **INTERNAL CONTROL ASSESSMENT PROCESS**

Robust risk assessments and reviews of internal controls are undertaken regularly in the context of the Company's overall investment objective. The Board has overall responsibility for the Company's system of risk management and internal controls and for reviewing their effectiveness, supported by the Audit and Risk Committee. These processes are designed to manage, rather than eliminate, the risks inherent in the Company's activities.

The Board notes the new AIC Code provision 34 relating to internal controls, which reflects Provision 29 of the UK Corporate Governance Code 2024, which is not effective until periods beginning on or after 1 January 2026.



This expects the Board to describe how it has monitored and reviewed the effectiveness of the Company's risk management and internal control framework and to make a declaration on the effectiveness of the Company's material controls (including financial, operational, reporting and compliance controls) as at the balance sheet date. The Board has performed an assessment of its readiness to adopt Provision 34 when applicable. Given the Company's externally managed structure and the outsourcing of day-to-day activities, the Board's assessment focuses on the design and operating effectiveness of controls operated by key service providers, together with the Board's own oversight processes, reporting and assurance received during the year.

The following are the key internal controls which the Company has in place:

- a risk register has been maintained against which identified and emerging risks, as well as the controls in place to mitigate those risks, can be monitored. The risks of any failure of internal controls are identified in the risk matrix, which is regularly reviewed by the Board through the Audit and Risk Committee and the impact of such risks is also assessed. This forms part of an ongoing process for the identification, evaluation and management of risks. The principal and emerging risks and uncertainties identified from the risk matrix can be found in the Strategic Report on pages 40 to 47;
- a procedure to monitor the compliance status of the Company to ensure that it can continue to be approved as a REIT including the appointment two years ago of a specialist tax adviser to monitor compliance;
- the Investment Manager and the Administrator prepare forecasts and management accounts which allow the Board and the Audit and Risk Committee to assess performance and prospects, including the Company's financial position, liquidity and outlook;

- the controls employed by the Investment Manager and other third-party service providers, as evidenced by their ISAE 3402 or equivalent reports, are periodically reviewed by the Audit and Risk Committee, and there are agreed and defined investment criteria, specified levels of authority and exposure limits in relation to investments, leverage and payments. Responsibilities for investment management, administration and custody are appropriately segregated, and these arrangements are designed to support the safeguarding of the Company's assets;
- ensuring that the Company and its agents have competent and experienced individuals in place to identify issues and resolve them with integrity, if and when they arise; and
- the ISAE3402 reports issued by the Investment Manager and property manager contain I.T. related controls over access to systems and data. Furthermore, the Fund Administrator issues a dedicated Type 1 ISAE3402 report that covers I.T.

Over and above the ongoing process, as part of the year-end reporting process, the Board and the Audit and Risk Committee receive letters of comfort from the Investment Manager, Company Secretary, Administrator and Registrar regarding their internal controls, accompanied by their ISAE 3402, or equivalent reports, if available. These confirmations supplement the regular information received by the Board during the year. Following the review of these submissions from service providers, the Board and the Audit and Risk Committee has determined that the effectiveness of the systems of internal control was satisfactory, and that no significant failings were identified during the year. Where an error or omission is identified it is put into context and the internal controls are examined to identify how the issue arose and controls amended to avoid the issues recurring in the future.

## **AGM**

The Company's AGM will take place on 9 September 2026. The notice of this meeting and details of the resolutions to be put to the AGM are contained in the circular sent to shareholders; and will be available on the Company's website.

The Directors recommend that shareholders vote in favour of all the resolutions being proposed, as they intend to do in connection with their own shareholdings.

# — Report of the Audit and Risk Committee



**Mark Kirkland**

Chairman of the Audit and Risk Committee

I am pleased to present the Report of the Audit and Risk Committee for the year ended 31 March 2026.

The Audit and Risk Committee (the “Committee”) comprises all Directors of the Company. The Directors have reviewed Mr Archibald’s ongoing membership of the Committee given that he is Chairman of the Board. Mr Archibald was independent on his appointment as Chairman of the Board and provides a significant contribution to the Committee as a chartered accountant and experienced former audit chair on other investment companies, including a REIT; as such, the Directors believe it is important for him to continue to be a member of the Committee. The Committee as a whole has competence relevant to the sector in which the Company operates.

## MEETINGS

The Committee met formally twice during the year and once following the year-end. Details of the composition of the Committee are set out in the Corporate Governance Statement on page 57 along with details on how the Committee's evaluation process was conducted. There was also regular engagement throughout the year on individual matters as well as input to the quarterly net asset value announcements.

## ROLE OF THE AUDIT AND RISK COMMITTEE

The Committee's terms of reference outlining its duties can be found on the Company's website. The Committee assists the Board in discharging its responsibilities concerning:

- financial reporting;
- going concern and viability;
- internal controls and risk management systems;
- principal risks and uncertainties;
- compliance, whistleblowing and fraud;
- external audit; and
- valuation.

This includes:

- monitoring the integrity of the financial statements of the Company, including its Annual and Half-Yearly Reports, and reviewing significant financial reporting issues and judgements which they contain;
- reviewing the content of the Annual Report and Financial Statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, prospects, business model and strategy;
- keeping under review the adequacy and effectiveness of the Company's risk management systems, reviewing the principal and emerging risks facing the Company; and reviewing and approving the statements to be included in the Annual Report concerning internal controls and risk management;
- reviewing the scope and effectiveness of the audit process undertaken by the Auditor;
- conducting the tender process and making recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor and approving its remuneration and terms of engagement;
- reviewing and monitoring the Auditor's independence, objectivity and effectiveness; and
- reviewing any non-audit services to be provided by the Auditor and monitoring the level of fees payable in that respect.

## MATTERS CONSIDERED DURING THE YEAR

The Committee receives reports from external advisers and from the Investment Manager, as required, to enable it to discharge its duties.

The main activities undertaken during the year, and to the date of this Annual Report, were that the Committee:

- reviewed the internal controls and risk management systems of the Company and its third-party service providers;
- kept under close review the risk environment to identify any significant emerging risks to be addressed;
- participated in the tender process for the identification and appointment of the Company's new independent valuer, CBRE;
- reviewed the reporting environment for the Company to help refresh Key Performance Indicators, Risk Factors and Alternative Performance Measures;
- considered refinancing risk in respect of the Company's debt facilities and ways of mitigating cost risk for the refinance in 2027;
- agreed the plan and fees with the Auditor in respect of the statutory audit of the Annual Report for the year ended 31 March 2026, including the principal areas of focus;
- received and discussed with the Auditor its report on the results of the review of the year-end audit;
- reviewed the Annual and Half-Yearly Reports and recommended these to the Board for approval;
- reviewed the performance and effectiveness of the Auditor and considered its fees;
- reviewed the non-audit services provided by the Auditor and the associated fees incurred;
- reviewed CBRE's valuation of investment properties;
- reviewed the sign off procedures for quarterly net asset value announcements; and
- reviewed service providers' procedures in relation to compliance, whistleblowing, anti bribery and fraud prevention, and the assurance reports provided in respect of those controls.

## SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT AND RISK COMMITTEE

### Valuation of Investment Properties

The Committee determined that the key area of risk in relation to the financial statements of the Company was the valuation of the investment properties. The 34 properties in the portfolio as at 31 March 2026 were externally valued by qualified independent valuers, CBRE, using the internationally accepted Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards, and whilst comparable market transactions provide valuation evidence, there are assumptions which involve significant levels of judgement.

The Committee considered the quarterly and year-end valuations of the Company's portfolio, which were discussed with the Investment Manager and the Auditor during the audit of the financial statements. The Committee also considered the robustness of valuation methodologies, capital expenditure assumptions and the independence and competence of the external valuers.

### Internal Controls

The Committee carefully considers the internal control systems by regularly monitoring the services and controls of its third-party service providers.

The Committee reviewed and, where appropriate, updated the risk matrix during the year to take account of principal and emerging risks. It received reports on compliance from the Investment Manager and the Company's other service providers and no significant matters of concern were identified.

### Internal Audit

The Company does not have an internal audit function. During the year, the Committee reviewed whether an internal audit function would be of value and concluded that this would provide minimal additional comfort at considerable extra cost to the Company. In reaching this conclusion, the Committee took into account the Company's externally managed structure and reliance on third-party service providers who have their own internal audit procedures. While the Committee believes that the existing system of monitoring and reporting by third parties remains appropriate and adequate, it will actively continue, on an annual basis, to consider possible areas within the Company's control environment which may need to be reviewed in detail.

### Maintenance of REIT Status

The Committee monitored the compliance status of the Company and considered the requirements for the maintenance of REIT status, including all applicable tax legislation. The external review of REIT obligations was provided by a separate accounting firm, Grant Thornton, continued throughout the financial year. During the year, the Committee received assurance in respect of REIT compliance, including the calculation of Property Income Distributions (PIDs).



Dewsbury, The Railway Centre

## Going Concern and Long-term Viability of the Company

The Committee considered the Company's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments. Consequently, the financial statements have been prepared on a going-concern basis. The Committee also considered the longer-term viability statement covering five years, and the underlying factors and assumptions which contributed to the Committee deciding that this was an appropriate length of time to consider the Company's long-term viability. This included a specific examination of long-term debt arrangements in place, and those which might be in place in the future, including refinancing risk and the requirement for ongoing monitoring of debt market conditions.

The Committee and the Board monitored the Company's debt facilities during the year, including the loan maturing in 2027, and considered the refinancing strategy in the context of market conditions, interest rates and the Company's investment and dividend objectives.

Following the year-end, the Company entered into an interest rate cap in connection with the 2027 refinancing.

The Directors assessed a range of options and agreed to continue engagement with lenders to secure terms that support the Company's long term strategy while maintaining appropriate covenant headroom.

The Company's going concern statement and the viability statement can be found on pages 82 and 83.

## AUDIT FEES AND NON-AUDIT SERVICES

The Committee has sole responsibility for agreeing the audit fee in consultation with the Investment Manager, based on the scope of the audit. During the year, the Committee agreed that BDO LLP ("BDO") would not undertake an interim review of the half-yearly report. The total audit fees for the year ended 31 March 2026 can be found in note 5 to the Financial statements. During the year ended 31 March 2026, the Committee reviewed the policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the FRC. All non-audit services are reviewed by the Committee, which makes recommendations to the Board for the provision of each non-audit service and ensures that the statutory auditor is not engaged to perform work that is prohibited under UK law.

The Auditor is permitted to provide non-audit related services where the work involved is closely related to the work performed in the audit. These include:

- reviews of interim financial information;
- reporting on internal financial controls when required by law or regulation;
- reporting required by law or regulation to be provided by the Auditor; and
- prospectus/capital markets reporting.

The policy was reviewed and its application monitored by the Committee during the year, and it was agreed that the policy remained appropriate for the Company.

	YEAR ENDED 31 MARCH 2026	YEAR ENDED 31 MARCH 2025
<b>Audit</b>	<b>£234,000</b>	£237,000
Statutory audit of Annual Report and Financial Statements	<b>£211,000</b>	£197,700
Under accrual from prior year	<b>£23,000</b>	£39,300
<b>Non-audit</b>	-	£36,000
ISRE (UK) 2410 (interim review fee)*	-	£36,000
<b>Total fees paid to BDO LLP</b>	<b>£234,000</b>	<b>£273,000</b>
<b>Percentage of total fees attributed to non-audit services</b>	-	<b>13%</b>

\* No non-audit services were undertaken by BDO in the current year.

## INDEPENDENCE AND OBJECTIVITY OF THE AUDITOR

It is the Committee's responsibility to monitor annually the performance, objectivity and independence of the Auditor. In evaluating BDO's performance, the Committee examined five main criteria - robustness of the audit process, independence and objectivity, quality of delivery, quality of people and service, and value added advice.

Having carried out the above review, the Committee was satisfied with the Auditor's performance.

## FRC AUDIT QUALITY REVIEW

The Financial Reporting Council's audit quality review (AQR) selected BDO LLP's (BDO) audit of the Company's financial statements for the year ended 31 March 2025 as part of its annual inspection of the audit firms.

The FRC has provided a copy of their confidential report to the Chair of the Audit and Risk Committee, which has been reviewed and discussed by the Committee with BDO. The report did not give rise to concern on any historic work.

BDO worked during the audit for the year ended 31 March 2026 to embed the points raised by the FRC. The Committee is satisfied that the comments raised by the AQR have been incorporated into the work carried out by the external auditor and the audit continues to be effective.

## EXTERNAL AUDIT PROCESS

The Committee reviews the effectiveness of the external audit carried out by the Auditor on an annual basis. The Committee meets with the Auditor at the planning stage before the audit and after the audit at the reporting stage. The Auditor provides a planning report in advance of the annual audit and a report on the completion of the annual audit. The Committee has an opportunity to question and challenge the Auditor in respect of each of these reports.

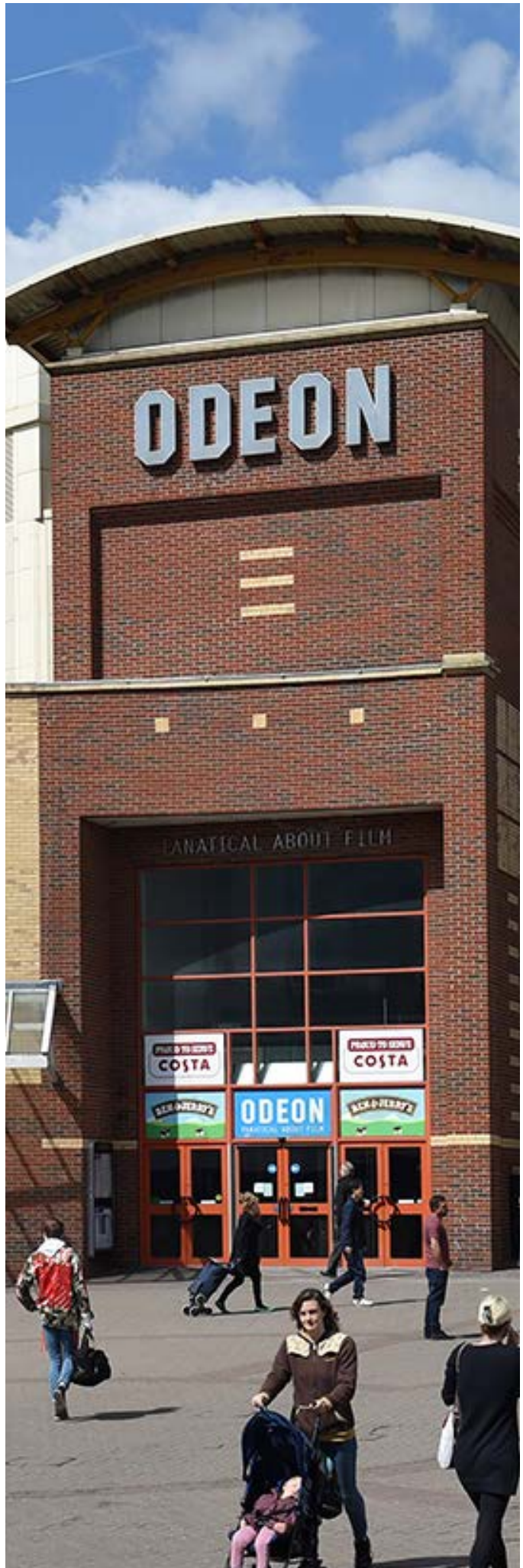
The Chairman of the Committee maintains regular contact with the audit partner throughout the year. In addition, at least once a year, the Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Investment Manager. After each audit, the Committee reviews the audit process and considers its effectiveness. The review of the 2026 audit concluded that the audit process worked well, and no significant issues were identified specifically in relation to the Company.

We consider that the audit team assigned to the Company by BDO has a good understanding of the Company's business, which enables it to produce a detailed, high-quality, in-depth audit and permits the team to scrutinise and challenge the Company's financial procedures and significant judgements. We asked the Auditor to explain the key audit risks and how these have been addressed. We also considered BDO's internal quality control procedures and transparency report and found them to be sufficient. Overall, the Committee is satisfied that the audit process is transparent and of good quality and that the Auditor has met the agreed audit plan.

### **Mark Kirkland**

Chairman of the Audit and Risk Committee

25 June 2026



# Directors' Remuneration Policy

The Directors' remuneration policy is put to a binding shareholder vote at least once every three years. It was last approved by shareholders at the AGM in 2023. Accordingly, the remuneration policy will be put to shareholders at the forthcoming AGM. It is intended to take effect from the conclusion of that meeting and continue until the 2029 AGM. The remuneration policy, which is unchanged from the existing policy, is set out below.

### Remuneration Policy

The Company follows the recommendation of the AIC Code that non-executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Board's policy is that the remuneration of non-executive Directors should reflect the experience they bring to the Board and be determined from time to time at the Board's discretion with reference to comparable organisations and appointments.

All Directors are non-executive, appointed under the terms of Letters of Appointment, and none have a service contract. The Company has no employees. The non-executive Directors of the Company are entitled to such rates of annual fees as the Board at its discretion shall from time to time determine, subject to the aggregate annual fees not exceeding £400,000, and reimbursement of reasonable fees and expenses incurred by them in the performance of their duties. In line with the majority of investment companies, no component of any Director's remuneration is subject to performance factors. There are no provisions in the Directors' Letters of Appointment for recovery or withholding of fees or expenses. Annual fees are pro-rated where a change takes place during a financial period and the fees for any new Director appointed will be in accordance with this Remuneration Policy. The Board may agree to the payment of reasonable additional remuneration for the performance of any special duties or services outside the ordinary duties of a Director. However, to date the Board has not made such a payment.

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Directors' Remuneration Policy and in the annual review of Directors' fees. The Board also seeks input from the Investment Manager and the Company's corporate broker before implementing any changes.

Details of fees paid during the year and proposed for the current financial year are included in the Directors' Remuneration Report on pages 73 to 79.

# — Directors' Remuneration Report



**Katrina Hart**

Chairman of the Nomination and Remuneration Committee

This report is prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and in accordance with the UK Listing Rules of the FCA and the Companies Act 2006. An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting (“AGM”).

The law requires the Company’s Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor’s opinion is included in their report on pages 102 to 110.

## STATEMENT FROM THE CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2026, which has been prepared by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee (the "Committee") comprises all Directors of the Company and all members of the Committee are independent Non-Executive Directors. Given the size of the Board and its non-executive nature, the Directors have determined that it is appropriate for a single committee to discharge the responsibilities typically delegated to separate nomination and remuneration committees.

The Committee met formally once during the year under review, with numerous ad hoc meetings held to support the decisions taken. The Committee is chaired by Mrs Hart. Upon her retirement at the 2026 AGM, the Committee will be chaired by Mrs Peace.

## ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

The Committee's terms of reference outlining its duties can be found on the Company's website: <https://www.aewukreit.com/investors/documents>. The Committee assists the Board in discharging its responsibilities in relation to Board composition, succession planning and appointments. In particular, the Committee:

- reviews the size, structure and composition of the Board and its committees and recommends any changes;
- leads the process for Board appointments and succession planning for the Chair, committee chairs and other Directors;
- keeps under review Directors' independence and considers any actual or potential conflicts of interest, and the balance of skills, experience, sector knowledge and diversity (including diversity of background, experience and perspective) on the Board;
- oversees the annual Board and committee evaluation process;
- keeps the Committee's terms of reference under review and considers Director re-election matters for the AGM;
- reviews remuneration trends across the Company's peer group;
- reviews the Remuneration Policy; and
- considers Directors' fees.

## MATTERS CONSIDERED DURING THE YEAR

The main activities undertaken during the year, and to the date of this Annual Report, were that the Committee:

- reviewed the structure, size and composition of the Board, including the balance of skills, knowledge, experience, independence and diversity, and considered the time commitments required of Directors, noting that diversity is considered alongside the Board skills matrix and succession planning;
- considered succession planning, including expected tenure and succession for the Committee Chair and other Directors, and reviewed the succession planning document and Board skills matrix maintained by the Company Secretary. Succession planning was a key focus towards the end of the year in light of Mrs Hart's upcoming retirement at the 2026 AGM. Since the period-end, the Committee has engaged an independent external search consultant, Trust Associates, to run a formal process for her replacement. This process is ongoing and it is anticipated that a new Director will be appointed by September 2026;
- reviewed Directors' independence and any actual or potential conflicts of interest, including consideration of external appointments and the time commitment required to perform the role effectively;
- agreed the format for an internal questionnaire-based annual Board and committee evaluation;
- considered the merits of an externally facilitated Board and committee evaluation;
- reviewed the Directors' Remuneration Policy, which remains unchanged;
- examined remuneration trends across the Company's peer group;
- considered the Directors' fees, how they might be structured and amended in line with reasonable expectations of roles and responsibilities;
- reviewed the Directors' expenses policy;
- reviewed the Committee's terms of reference and recommended any updates to the Board as appropriate;
- considered Directors' nomination for re-election at the AGM and approved the nominations being made; and
- considered and agreed the appointment of Liz Peace to replace Katrina Hart when she retires from the Board.

## DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 MARCH 2026 (AUDITED)

The following table outlines the directors fees for the year ended 31 March 2026, and sets out the annual percentage change in Directors' Fees for the previous four years to 31 March 2026

NAME OF DIRECTOR	% CHANGE IN DIRECTORS' FEES						
	31/03/2026	31/03/2025	31/03/2024	31/03/2023	2025 TO 2026	2024 TO 2025	2023 TO 2024
Robin Archibald*	<b>£50,000</b>	£34,508	£15,000	-	44.89	130.05	N/A
Mark Kirkland	<b>£40,000</b>	£35,000	£32,500	£10,894	14.29	7.69	198.33
Katrina Hart	<b>£34,000</b>	£30,000	£30,000	£27,500	13.33	0.00	9.09
Liz Peace*	<b>£34,000</b>	£30,000	£15,000	-	13.33	N/A	N/A
Mark Burton**	-	£16,126	£38,000	£35,000	N/A	(57.56)	8.57
Bim Sandhu ***	-	-	£17,500	£32,500	N/A	N/A	(46.15)
<b>Total Directors' remuneration</b>	<b>£158,000</b>	<b>£145,634</b>	<b>£148,000</b>	<b>£105,894</b>	<b>8.49</b>	<b>(1.60)</b>	<b>39.76</b>

Due to the fact that Directors have retired or joined the Board at different points during the financial year, some figures reflect pay for less than 12 months. This has the impact of distorting some of the absolute figures shown above as well as the per cent changes.

\* appointed on 1 October 2023.

\*\* retired on 4 September 2024.

\*\*\* retired on 30 September 2023.

Robin Archibald, who operates between Edinburgh and London in his various roles, incurred travel expenses which were reimbursed of £1,114. Liz Peace incurred travel expenses which were reimbursed of £304. Total expenses claimed £1,418 (2025: £818).

The Company's Articles of Association permit the provision of pensions or similar benefits for Directors. However, no pension schemes or similar arrangements have been established, and no Director is entitled to any pension or similar benefits. Directors are not entitled to compensation for loss of office, nor are they entitled to any other monetary payment or assets of the Company. Accordingly, the Single Total Figure table above does not include columns for these items or their monetary equivalents.

There are no additional fees to disclose since the Company has no employees or executive directors. The figures detailed in the Directors' Remuneration Report pertain solely to Director remuneration, with no variable elements payable to the Directors.

The Company is committed to ongoing dialogue with shareholders. Any views expressed by shareholders regarding the fees paid to Directors will be taken into consideration by the Board when reviewing the Directors' remuneration policy and during the annual review of Directors' remuneration.

## FEE REVIEW

During the year, the Committee conducted a thorough review of the Directors' fees in accordance with the Remuneration Policy and the circumstances of the Company. This review considered the Company's performance, the demands placed on the Directors' skills and time, and the fees paid to non-executive Directors in the Company's listed peer group. The review also took account of the size and overall cost of the Board relative to peers. Following consultations with Panmure Liberum (the Company's broker) and MUFU Corporate Governance Limited (the Company Secretary), it was agreed that, effective 1 April 2026, fees would be adjusted as follows:

- the base remuneration for all non-executive Directors would be increased from £32,000 to £33,000.
- an additional £33,000 would be added to the base remuneration for the Chairman of the Board (2025: £16,000).
- an additional £10,000 (2025: £8,000) would be added to the base remuneration for the Chairman of the Audit and Risk Committee.

- an additional £2,500 (2025: £2,000) would be added to the base remuneration for those Directors taking on the role of the Chairman of the Nomination and Remuneration Committee, the Chairman of the Management Engagement Committee and the role of the Senior Independent Director. Mr Archibald agreed to continue in the role of Chair of the Management Engagement Committee, but will look to relinquish it if succession planning permits. Further information is set out in the table below:

	2025/26 £	2026/27 £	CHANGE IN RATE FOR 2026/27 £
Base Non-Executive Director fee	32,000	<b>33,000</b>	<b>1,000</b>
Increment for chairing Management Engagement Committee, Nomination and Remuneration Committee or being Senior Independent Director	2,000	<b>2,500</b>	<b>500</b>
Increment for chairing Audit and Risk Committee	8,000	<b>10,000</b>	<b>2,000</b>
Increment for chairing Main Board	16,000	<b>33,000</b>	<b>17,000</b>

DIRECTOR	2026 BASE £	2026 ADDITIONAL FEES £	2026 TOTAL £	2025 TOTAL £	% CHANGE IN TOTALS
<b>Robin Archibald</b> Chairman of the Board and Management Engagement Committee	33,000	35,500	68,500	50,000	37.0%
<b>Mark Kirkland</b> Chairman of the Audit and Risk Committee	33,000	10,000	43,000	40,000	7.5%
<b>Liz Peace</b> Senior Independent Director **	33,000	2,500	35,500	34,000	4.4%
<b>Katrina Hart</b> Chair of the Nomination and Remuneration **	33,000	2,500	35,500	34,000	4.4%
<b>Total paid / payable</b>	<b>132,000</b>	<b>50,500</b>	<b>182,500</b>	<b>158,000</b>	<b>15.5%</b>

\*\* Part year adjustments to be made for Katrina Hart and Liz Peace when Katrina Hart retires in September 2026 and Liz Peace assumes the role of Chair of the Nomination and Remuneration Committee. The figures above show the full-year equivalent impact before those part-year adjustments.

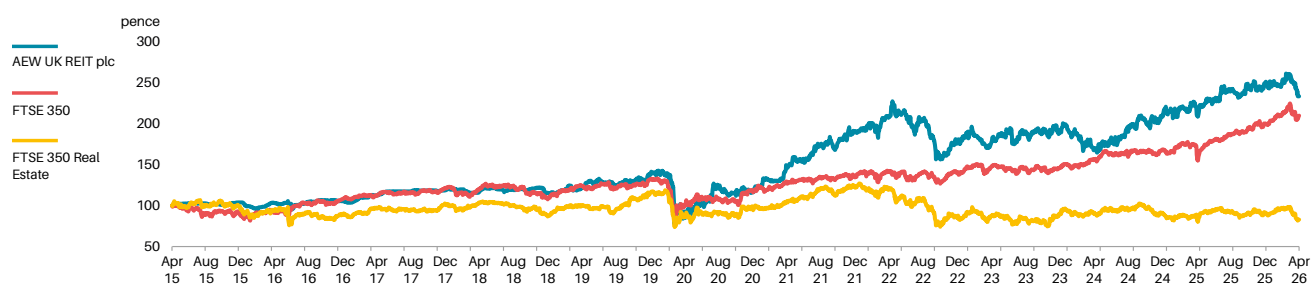
With effect from 1 April 2026, the total aggregate fees for the Board have increased from £158,000 to £182,500, representing a rise of 15.5%, of which the majority relates specifically to the Chairman of the Board. Following an extensive review, the Committee agreed that this role should command a far higher premium over the base fee than had historically been the case. Not only was the incremental workload of the Chair becoming increasingly onerous in light of structural challenges across the investment company sector, it was noted that the proxy voting agencies allocated double points to the Chair role when assessing Directors' capacity. As such, the prevailing differential was deemed anomalous, with the ensuing risk this posed to both Board continuity and succession planning.

In addition, the Board's review of remuneration across the Company's peer group highlighted that its own compensation had fallen materially out of kilter. A benchmarking exercise revealed a wide range of pay across the wider REIT sector, with only one company paying Directors less than the Company. Across our five closest peers, the average base fee during the most recent reporting period was £43,600, while Chairs were paid an average of £76,340. Total spend on directors' fees averaged £239,560. It was deemed necessary to address this divergence in view of the need to attract suitable talent in the forthcoming recruitment process and to reflect more accurately the demands of the role. The Board is satisfied that the changes comply with the Directors' Remuneration Policy and that they will require no more than inflationary adjustment going forward.

## PERFORMANCE OF THE COMPANY

The chart below compares the share price total return to shareholders (assuming all dividends are reinvested) with the total return on the FTSE 350 and FTSE 350 Real Estate indices since the inception of the Company. These indices have been chosen as they are considered to be an appropriate benchmark against which to assess the relative performance of the Company.

Cumulative Share Price Total Return



Source: Bloomberg

## VOTING AT AGM

The Directors' remuneration report for the year ended 31 March 2025 and the Directors' remuneration policy were approved by shareholders at the AGM held on 4 September 2025 and 14 September 2023 respectively. The results taken on a poll were as follows:

REMUNERATION REPORT 2025	NUMBER OF VOTES CAST	PERCENTAGE OF VOTES CAST
For	35,848,989	99.19%
Against	292,129	0.81 %
Total votes cast	36,141,118	-
Number of votes withheld	217,285	-
REMUNERATION POLICY 2023		
For	41,540,759	99.17
Against	346,954	0.83
Total votes cast	41,887,713	-
Number of votes withheld	80,941	-



Bromley, Next



Nottingham, Wheeler Gate

## RELATIVE IMPORTANCE OF SPEND ON PAY

The table below sets out, in respect of the year ended 31 March 2026:

- the remuneration paid to the Directors;
- the management fee and expenses, which have been included to give shareholders a greater understanding of the relative importance of spend on pay; and
- distributions to shareholders by way of dividends.

	YEAR ENDED 31 MARCH 2026	YEAR ENDED 31 MARCH 2025	CHANGE
Directors' fees	£158,000	£145,634	£12,366
Management fee and expenses	£1,456,765	£1,379,245	£77,520
Dividends paid*	£12,681,980	£12,673,980	£8,000

Note: the items listed in the table above are as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 s.20, except for the management fee and expenses, which has been included because the Directors believe that they will help shareholders' understanding of the relative importance of the spend on pay. The figures for these measures are the same as those shown in note 5 to the financial statements.

\* The dividend has increased during year to 31 March 2026 due to the Company issuing shares from treasury.

## STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

Neither the Company's Articles of Association nor the Directors' Letters of Appointment require a Director to own shares in the Company. The interests of the Directors and their persons closely associated in the equity of the Company as of 31 March 2026 are shown in the table below:

DIRECTOR	NUMBER OF ORDINARY SHARES		% OF TOTAL VOTING RIGHTS	
	2026	2025	2026	2025
Robin Archibald	26,834	22,329	0.01	0.01
Katrina Hart	19,145	19,145	0.01	0.01
Liz Peace	15,666	15,666	0.01	0.01
Mark Kirkland	-	-	-	-

The Directors were restricted from investing for a significant part of the year under review by numerous closed periods in relation to corporate transactions. The Company has not been informed of any changes to the above interests between 31 March 2026 and the date of this report.

### Approval

The Directors' Remuneration Report has been approved by the Board of Directors and signed on its behalf by:

**Katrina Hart**  
Chairman of the Nomination and Remuneration Committee

25 June 2026



Freemans Leisure Park,  
Leicester

# — Directors' Report

The Directors' Report, prepared in accordance with the requirements of the Companies Act 2006 and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules, comprises pages 81 to 88 and incorporates the Corporate Governance Statement on pages 57 to 64.

## **DIVIDENDS**

The Company pays dividends every quarter.

The interim dividends paid by the Company are set out in note 11 of the financial statements. No final dividend is being proposed.

## **DIRECTORS**

The Directors of the Company are listed on pages 55 and 56. All served throughout the year under review.

## **INVESTMENT OBJECTIVE AND POLICY**

### **Investment Objective**

The investment objective is to deliver an attractive total return to Shareholders from investing predominantly in a portfolio of smaller commercial properties in the United Kingdom.

### **Investment Policy**

In order to achieve its investment objective the Company invests in freehold and leasehold properties across the whole spectrum of the commercial property sector (office properties, retail warehouses, high street retail and industrial/warehouse properties) to achieve a balanced portfolio with a diversified tenant base. The Company intends to acquire smaller commercial properties.

Within the scope of restrictions set out below (under the heading "Investment Restrictions") the Company may invest up to 10 per cent. of its Net Asset Value (at the time of investment) in the AEW UK Core Property Fund and up to 10 per cent. of its Net Asset Value (measured at the commencement of the project) in development opportunities, with the intention of holding any completed development as an investment.

The AEW UK Core Property Fund is a property authorised investment fund managed by the Investment Manager which has a similar investment policy to that of the Company. Any investment by the Company into the AEW UK Core Property Fund will not be subject to management fees or performance fees otherwise charged to investors in the AEW UK Core Property Fund by the Investment Manager.

### **Investment restrictions**

The Company will invest and manage its assets with the objective of spreading risk through the following investment restrictions:

- the value of no single property, at the time of investment, will represent more than 15 per cent. of Gross Asset Value;

- the Company may commit up to a maximum of 10 per cent. of its Net Asset Value (measured at the commencement of the relevant project) to development activities;
- the value of properties, measured at the time of each investment, in any one of the following sectors: office properties, retail warehouses, high street retail and industrial/warehouse properties will not exceed 50 per cent. of Gross Asset Value. The 50 per cent. sector limit may be increased to 60 per cent. as part of the Investment Manager's efficient portfolio management whereby the Investment Manager determines it appropriate to pursue an attractive investment opportunity which would cause the 50 per cent. sector limit to be exceeded on a short-term basis pending a repositioning of the portfolio through a sale of assets or other means;
- investment in unoccupied and non-income producing assets will, at the time of investment, not exceed 20 per cent. of Net Asset Value;
- the Company may commit up to a maximum of 10 per cent. of its Net Asset Value (at the time of investment) in the AEW UK Core Property Fund;
- the Company will not invest in other closed-ended investment companies; and
- if the Company invests in derivatives for the purposes of efficient portfolio and cash management, the total notional value of the derivatives at the time of investment will not exceed, in aggregate, 35 per cent. of Gross Asset Value.

The Directors currently intend, at all times, to conduct the affairs of the Company so as to enable the Group to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).

The Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk

and in accordance with its published investment policy and will not, at any time, conduct any trading activity which is significant in the context of the business of the Company as a whole.

In the event of a breach of the investment policy and investment restrictions set out above, the Directors upon becoming aware of such breach will consider whether the breach is material, and if it is, notification will be made to a Regulatory Information Service.

Any material change to the investment policy or investment restrictions of the Company may only be made with the prior approval of Shareholders.

The Board is considering certain relatively minor amendments to the Company's investment policy, which remain subject to regulatory review and, if progressed, will be put to shareholders for approval at the forthcoming Annual General Meeting. Further details will be included in the Notice of Annual General Meeting.

## **POWER OF DIRECTORS**

The Directors' powers are determined by UK legislation and the Company's Articles of Association. The Articles of Association may be amended by a special resolution of the members. The Directors may exercise all of the Company's powers, provided that the Articles of Association or applicable legislation do not stipulate that any such powers must be exercised by the members.

## **INDEMNITY PROVISIONS**

Save for such indemnity provisions in the Company's Articles of Association, there are no qualifying third party indemnity provisions in force. The Board has agreed to a procedure by which Directors may seek independent professional advice, if necessary, and at the Company's expense. The Company has also arranged for appropriate provision of Directors' and Officers' Liability Insurance.

## **GOING CONCERN**

The Directors assessed the Company's ability to continue as a going concern, which takes into consideration current economic uncertainty, as well as the Company's cashflows, financial position, liquidity and borrowing facilities.

As at 31 March 2026, the Company had £15.17 million of unrestricted cash at bank. The Company's loan is held with AgFe and is a £60.00m facility with a five-year term, the fixed term ending in July 2027. This is priced as a fixed rate loan with a total interest cost of 2.959% and associated 10% projected debt yield and 60% loan to value ("LTV") covenants. The Company reported an LTV of 28.12% at year-end. This provides room for a £113.40 million fall in portfolio valuation before breaching the 60% hard LTV covenant. Moreover, based on the £60.00 million of debt drawn as at year-end, the Company had a projected debt yield of 29.80%, comfortably in excess of the 10% covenant.

The Board has commenced its debt refinancing plan. As part of this, the Board has considered terms from several lenders to secure refinancing for the Company. The Board has reasonable expectation that the Company can refinance its debt by July 2027 on terms acceptable to the Board.

The Company benefits from a secure, diversified income stream from a tenancy profile which is not overly reliant on any one tenant or sector, which reduces risk. The Directors also noted that:

- The Company's rent collection has been strong, with 95% of contracted rent either having been collected, or payment plans agreed, for the March 2026 quarter.

- Based on the contracted rent as at 31 March 2026, a reduction of 66.00% in net rental income could be accommodated before breaching the debt yield covenant in the Company's re-financed debt arrangements.
- Based on the property valuation at 31 March 2026, the Company had room for a £113.40 million fall in portfolio valuation before breaching the maximum LTV hard covenant in the Company's re-financed debt arrangements.
- The Company's cash flow can also be significantly managed through the adjustment of dividend payments, to the extent that this does not breach the REIT regime requirements for distributions.

Taking this into consideration, the Directors have reviewed a number of scenarios over 12 months from the date of approval of these financial statements, including a worst-case plausible downside scenario which makes the following assumptions:

- a reduction in net rental income of 30%;
- no new lettings or renewals, other than those where terms have already been agreed;
- a 20% fall in property valuations; and
- no new acquisitions or disposals.

In the above scenario, the Company is forecast to generate a positive cash flow before dividend payments, however it would generate a cash flow much lower than its target dividend of 8 pps per annum. Moreover, the Company is forecast to pass the debt yield covenant during the 12-month period with a minimum projected yield of 20%, compared with the limit of 10%, assuming that no repayments of the facility were to be made.

Given the Company's substantial headroom against its borrowing covenants, the Directors believe that the Company is well placed to manage its financing and business risks.

In the event that refinancing could not be achieved on acceptable terms, the Company always has the option of the orderly disposal of selected properties which are of sufficient scale and quality to generate proceeds to repay the borrowing facility.

The Directors are confident that the Company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore the financial statements have been prepared on a going concern basis.

## **VIABILITY STATEMENT**

The Directors have assessed the prospects of the Company over a period longer than the 12 months required by the 'Going Concern' provisions. The Board has considered the nature of the Company's assets, liabilities and associated cash flows, and has determined that five years up to 31 March 2031 is the maximum timescale over which the performance of the Company can be forecast with a fair degree of accuracy and so is an appropriate period over which to assess the Company's viability. Considerations in support of the assessment of the Company's viability over a five-year period include:

- the Company's property portfolio has a WAULT of 5.69 years to expiry, representing a secure income stream for the period under consideration;
- the Company benefits from a portfolio which is diversified in terms of sector and location, mitigating the risk of tenant default during the period; and
- most leases contain a five-year rent review pattern and therefore an assessment over five years allows the Directors to assess the impact of the portfolio's reversion arising from rent reviews.

In assessing the Company's viability, the Board has carried out a thorough review of the Company's business model, including future performance, refinancing, REIT compliance, liquidity, dividend cover and banking covenant tests over a five-year period.

The business model is subject to annual sensitivity analysis, which involves flexing a number of key assumptions underlying the forecasts both individually and in aggregate for normal and stressed conditions. The five-year review also considers the likelihood of financing facilities being renewed as required.

The following scenarios were tested, both individually and collectively, in an attempt to represent a severe but plausible scenario:

- a reduction in net rental income of 30%;
- a 20% fall in portfolio valuation;
- increased periods of vacancy; and
- a higher interest rate upon refinancing.

The Board has commenced its debt refinancing plan. As part of this, the Board has considered terms from several lenders to secure refinancing for the Company. The Board has reasonable expectation that the Company can refinance its debt by July 2027 on terms acceptable to the Board.

Based on the result of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

## **SUBSIDIARY COMPANY**

Details of the Company's dormant subsidiary, AEW UK REIT 2015 Limited, can be found in note 19 to the financial statements.



## **MANAGEMENT ARRANGEMENTS**

AEW UK Investment Management LLP is the Company's Investment Manager and has been appointed as the AIFM. Under the terms of the Investment Management Agreement, the Investment Manager is responsible for the day-to-day discretionary management of the Company's investments subject to the investment objective and policy of the Company and the overall supervision of the Directors.

The Investment Manager is entitled to receive a quarterly management fee in respect of its services, calculated at the rate of one-quarter of 0.9% of the prevailing NAV (excluding uninvested proceeds from fundraisings). There is no performance fee. The Investment Management Agreement may be terminated by the Company or the Investment Manager, giving 12 months' written notice.

## **CONTINUING APPOINTMENT OF THE INVESTMENT MANAGER**

The Board has reviewed the appropriateness of the continuing appointment of the Investment Manager, ensuring the terms and conditions of the Investment Management Agreement align with the investment policy and investment objective of the Company. It is satisfied that the terms of the Investment Management Agreement remain fair and competitive, and in the best interests of shareholders.

In the opinion of the Directors, the continuing appointment of the Investment Manager is in the interests of shareholders as a whole. The Investment Manager has and continues to manage the Company's portfolio and continues to apply the Company's investment policy and investment level.

## **REVIEW OF SERVICE PROVIDERS**

The Management Engagement Committee and the Board reviews the ongoing performance and the continuing appointment of all service providers of the Company on an annual basis. Any variation required to the terms of all service providers' agreements is also considered.

A review of all service providers was undertaken during the year by the Management Engagement Committee, which concluded that the services provided to the Company were satisfactory and that their continued appointments were in the best interests of shareholders.

## **FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies can be found in note 22 to the financial statements.

## **SOCIAL, COMMUNITY AND EMPLOYEE RESPONSIBILITY**

The Company is an externally managed REIT and has no direct employees. The management of the portfolio has been delegated to the Investment Manager who provides the employees that support the Company. All other functions of the Company have also been outsourced and as the Company has no employees, there is no further reporting in respect of these provisions.

The Investment Manager is an equal opportunities employer who respects and seeks to empower each individual and the diverse cultures, perspective, skills and experiences within its workforce. For further information on the Investment Manager's principles in relation to people including diversity, gender pay, employee satisfaction surveys, wellbeing and retention, please refer to the ESG link within the Corporate Responsibility area at [www.aewukreit.com](http://www.aewukreit.com).

The Company is not required to produce a statement on slavery and human trafficking pursuant to the Modern Slavery Act 2015 as it does not satisfy all the relevant triggers under that Act that require such a statement. The Company does, however, closely monitor the policies of its suppliers to ensure that proper provisions are in place.

AEW UK Investment Management LLP, the Investment Manager to the Company, is part of the Natixis Group, whose statement on Slavery and Human Trafficking has been published in accordance with the Modern Slavery Act 2015.

<https://natixis.groupebpce.com/wp-content/uploads/2024/06/Modern-Slavery-Act-statement-2025-final-version.pdf>

## SHARE CAPITAL

### Share Issues

At the Company's AGM held on 4 September 2025, the Company was granted the authority to allot Ordinary Shares up to an aggregate nominal amount of £158,424.74 on a non pre-emptive basis, being 10% of the issued share capital, excluding shares held in treasury. The Company was also granted authority to allot further Ordinary Shares up to an aggregate nominal amount of £158,424.74 on a non pre-emptive basis. No Ordinary Shares have been allotted under either authority during the year and both authorities will expire at the conclusion of the 2026 AGM. On 1 October and 5 December 2025, the Company sold from treasury a total of 250,000 Ordinary Shares for cash at a price of 109.41 and 109.64 pence per share, respectively. Following these transactions, the Company's issued share capital was 158,774,746 Ordinary Shares, comprising 158,674,746 Ordinary Shares in circulation and 100,000 Ordinary Shares in treasury, which do not carry any voting rights.

A resolution to renew the Company's authority to allot Ordinary Shares up to an aggregate nominal amount of £528,915.82 (representing approximately one-third of the Company's issued Ordinary Share capital excluding treasury shares), will be put to shareholders at the 2026 AGM.

As at 31 March 2026, and the date of this report, the Company had 158,774,746 Ordinary Shares in issue, of which 100,000 (2025: 350,000) were held in treasury and therefore the total voting rights attaching to Ordinary Shares are 158,674,746.

### Purchase of Own Shares

At the Company's AGM on 4 September 2025, the Company was granted authority to purchase up to 23,747,869 Ordinary Shares (being 14.99% of the Company's Ordinary Shares in issue). No shares have been bought back under this authority during the year, which expires at the conclusion of the Company's 2026 AGM, excluding shares held in treasury. A resolution to renew the Company's authority to purchase (either for cancellation or for placing into treasury) up to 23,785,334 Ordinary Shares (being 14.99% of the issued Ordinary Share capital (excluding treasury shares) as at the date of this report), will be put to shareholders at the 2026 AGM. Any purchase will be made in the market and prices will be in accordance with the terms laid out in the Notice of AGM (enclosed separately and available on the Company's website).

The authority will be used where the Directors consider it to be in the best interests of shareholders.

## RIGHTS ATTACHED TO ORDINARY SHARES

### Income Entitlement

The profits of the Company (including accumulated revenue reserves) available for distribution and resolved to be distributed shall be distributed in proportion to the amount paid up per share by way of quarterly interim and, where applicable, special or final dividends among the holders of Ordinary Shares.

### Capital Entitlement

After meeting the liabilities of the Company on a winding-up, the surplus assets shall be paid to the holders of different classes of members and distributed among such holders rateably according to the amounts paid up or credited as paid up on their shares.

### Voting Entitlement

Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary Share held. The Notice of AGM and Form of Proxy stipulate the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote their Ordinary Shares on matters in which they have an interest, there are no restrictions on the voting rights of Ordinary Shares.

There are no restrictions concerning the transfer of securities in the Company or on voting rights:

- no special rights with regard to control attached to securities; no agreements between holders of securities regarding restrictions on the transfer of securities or voting rights known to the Company; and
- no agreements which the Company is party to that might affect its control following a successful takeover bid.

### Requirements of the Listing Rules

Listing Rule 6.6.4 requires the Company to include specified information required by Listing Rule 6.6.1 to be set out in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 6.6.1.

## SUBSTANTIAL SHAREHOLDINGS

As at 31 March 2026, the Company had been notified under the Disclosure and Transparency Rule ("DTR") 5 of the following significant holdings of voting rights in its Ordinary Shares. These holdings may have changed since notification, however, notification of any change is not required until the next applicable threshold is crossed. The Company has not been notified of any changes to the below interests between 31 March 2026 and the date of this report.

SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	% OF TOTAL VOTING RIGHTS
Momentum Global Investment Management Limited	7,856,028	5.0
TrinityBridge Limited	7,836,451	4.9
Schroders plc	7,643,485	4.8
Investec Wealth & Investment Limited	4,813,400	3.0
Natwest Group Plc	4,747,598	3.0

It is the Company's understanding that of the notified holdings listed above, only TrinityBridge Limited continues to hold more than 3.0% of the Company's Ordinary Shares, (currently 3.46% based on the Company's own analysis).

In addition to the above notified holdings under DTR 5, the Company completes its own analysis of significant holdings of voting rights and is aware that a significant proportion of the Company's Ordinary Shares are owned by retail investors via platforms. In accordance with this analysis, which differs significantly to the above, the Company notes the following additional holders of Ordinary Shares at 31 March 2026.

SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	% OF TOTAL VOTING RIGHTS
Hargreaves Lansdown	36,622,741	23.07
Interactive Investor	25,678,745	16.17
A J Bell Securities	11,993,540	7.55
Halifax Share Dealing	5,169,312	3.26

## RELATED PARTY TRANSACTIONS

Related party transactions during the year ended 31 March 2026 can be found in note 24 to the financial statements.

## POST BALANCE SHEET EVENTS

Post balance sheet events can be found in note 26 to the financial statements.

## STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

So far as each Director is aware, there is no relevant audit information, which would be needed by the Company's Auditor in connection with preparing its audit report (on pages 102 to 110), of which the Auditor is not aware; and each Director, in accordance with section 418(2) of the Companies Act 2006, has taken all reasonable steps that they ought to have taken as a Director to make themselves aware of any such information and to ensure that the Auditor is aware of such information.

## AUDITOR

BDO LLP has expressed its willingness to continue as the Company's Auditor. As outlined in the Report of the Audit and Risk Committee on page 66, resolutions proposing the Auditor's re-appointment and to authorise the Audit and Risk Committee to determine its remuneration will be proposed at the forthcoming AGM.

## HOW WE ENGAGE WITH STAKEHOLDERS

### Investors

The Investment Manager maintains an open dialogue with shareholders and analysts. All feedback is provided to the Board on a regular basis.

The Company provides investors with regular updates on its business activity and financial performance. Quarterly factsheets are available, along with Annual/Half Year accounts and London Stock Exchange RNS announcements, on the Company's website [www.aewukreit.com](http://www.aewukreit.com).

Shareholders are encouraged to contact the Investment Manager to raise any matters of concern and to attend the AGM, where possible, to meet and discuss the Company's operations with the Board.

The Chairman is available to meet with shareholders to understand their views on governance and the Company's performance, should they wish to do so. With assistance from the Investment Manager, during the year, the Chairman sought meetings with shareholders who wished to meet with him.

### Shareholder engagement and investor meetings

During the year, the Company held 20 meetings with approximately 36 potential and existing shareholders, attended by the Investment Manager alongside either Panmure Liberum or Capital Access Group. The Company also hosted a Capital Markets Day at the Investment Manager's offices to mark its tenth anniversary and 10-year track record. In addition, on a quarterly basis, the Company engaged with retail investors through live online presentations hosted on the Investor Meet Company platform.

### 2026 AGM

The Company's AGM will take place on 9 September 2026. The notice of this meeting and details of the resolutions to be put to the AGM are contained in the circular sent to shareholders with this report and are available on the Company's website. The voting results of the AGM will be published on the Company's website [www.aewukreit.com](http://www.aewukreit.com).

### Tenants

The Investment Manager, more specifically the Asset Management team, maintains an ongoing dialogue with tenants either directly or through its appointed property manager. The property manager issues an annual satisfaction survey to all tenants, which provides qualitative feedback on their relationship with the property manager and Investment Manager.

## MIFID II

As an externally managed REIT with a listing as a closed-ended investment fund under Chapter 11 of the FCA's Listing Rules, the PRIIPS (Packaged Retail and Insurance-based Investment Products) regulation applies to the Company. The Company is required to publish a Key Information Document ('KID') that is updated on a semi-annual basis on the Company's website [www.aewukreit.com](http://www.aewukreit.com).

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

The Investment Manager is committed to creating long-term value for shareholders and adhere to a Socially Responsible Investment ('SRI') Policy that can be found on AEW's corporate website [www.aew.com/socially-responsible-investment](http://www.aew.com/socially-responsible-investment).

We believe that both occupiers and investors will continue to focus on how ESG issues are managed. This is expected to impact building obsolescence, lettable, rates of lease renewals and ultimately the rental and capital values for individual assets. In recognition of this, the Board believes in open disclosure of ESG performance, including through participation in the annual Global Real Estate Sustainability Benchmark ('GRESB') survey.

GRESB is the dominant global standard for assessing ESG performance for real estate funds and companies. GRESB requires the Company to report against a wide array of ESG matters and highlights areas for improvement and opportunities for growth.

The Company uses the annual outcome from GRESB as a benchmark to assess its own sustainability performance. The Company was awarded two stars from GRESB for 2025, improving its score from 68 to 77 (peer group average 68).

A large portion of the GRESB score relates to data coverage. Due to the high percentage of single-let assets with tenant procured utilities, the Company does not score as well as funds with a larger holding of managed multi-let assets.

## Within GRESB, the Company is benchmarked against two dimensions:

### 1. Management

relating to strategy and leadership management, policies, risk management and stakeholder engagement completed at an entity level. The Company achieved a score of 29 out of 30. This section is dependent on fund level policies and initiatives which are directly applicable to the Company (e.g. Environmental, Governance and Employee Policies).

### 2. Performance

relating to the measurement of the fund's asset portfolio performance. The Company achieved a score of 48 out of 70. This score is representative of the fund composition as the Performance dimension is heavily influenced by the level of control landlords have across issues such as energy management, service charge budgets and access to environmental data.

The Investment Manager is in the process of submitting the Company's GRESB assessment for the year from 1 April 2025 to 31 March 2026 and expects to receive the results of the assessment in September 2026.

The Company is committed to improving its transparency of ESG performance and has adopted the European Public Real Estate Association ('EPRA') Best Practice Recommendations on Sustainability Reporting 2017.

The progress that the Company has made on ESG issues has been recognised externally, most notably by being awarded the EPRA Sustainability Best Practice Recommendations Gold Award.

Further information on the Company's engagement with stakeholders can be found on pages 50 to 52 and the full ESG disclosures for the Company, including Streamlined Energy and Carbon Reporting disclosures, can be found in the EPRA Sustainability Performance Measures on pages 150 to 163.

Our fiduciary duty to shareholders will always come first in all investment decision-making. The Investment Manager offers clients long-term value-based real estate investment solutions. This is delivered via stock selection and asset management of UK commercial real estate. It is the Investment Manager's belief that this financial objective can be achieved simultaneously with a constructive engagement on environmental and social concerns.

The Board believes environmentally responsible fund management means being active, on the ground every day. As such, the Company operates an Environmental Management System ('EMS') which is designed to be aligned with ISO4001, to integrate sustainability objectives into the overall business strategy. Our property managers, MAPP, also apply their own internal EMS to all managed assets across the portfolio. All members of the Investment Manager's team have a sustainability objective within their annual performance objectives.

### Greenhouse Gas Emissions

Refer to the EPRA Sustainability Performance Measures on pages 150 to 163 for Greenhouse Gas Emissions disclosures.

The Directors' Report has been approved by the Board of Directors and signed on its behalf by:

**Robin Archibald**  
Chairman of the Board

25 June 2026



# Taskforce on Climate-Related Financial Disclosures

The Board and the Investment Manager recognise the importance of understanding the risks and opportunities presented by climate change, including the potential impact on its business and the value of investments under its management. The following disclosures are intended to provide information in a manner consistent with the TCFD. Accordingly, the disclosures are organised thematically, addressing Governance, Strategy, Risk Management, Metrics and Targets. In future reporting periods, the Board and the Investment Manager will seek to incorporate TCFD sector-specific recommendations.

This is the Company's fifth year of voluntary reporting against the TCFD framework; we remain committed to further improvements, in terms of both the quality of disclosures and degree of alignment with the TCFD recommendations. In future reporting periods the Board and the Investment Manager expect that the Company's TCFD framework will demonstrate continued refinement of climate-related assessments, as well as integrating more sophisticated and comprehensive risk management practices within day-to-day operations.



Barnstaple, Barnstaple Retail Park

# 1. GOVERNANCE

## Board oversight of climate-related risks and opportunities

The Board is ultimately responsible to stakeholders for the Company’s activities and for oversight of climate-related risks and opportunities. The Board receives quarterly updates from the Investment Manager regarding climate-related issues, activities and initiatives, and progress reports against climate-related goals and targets.

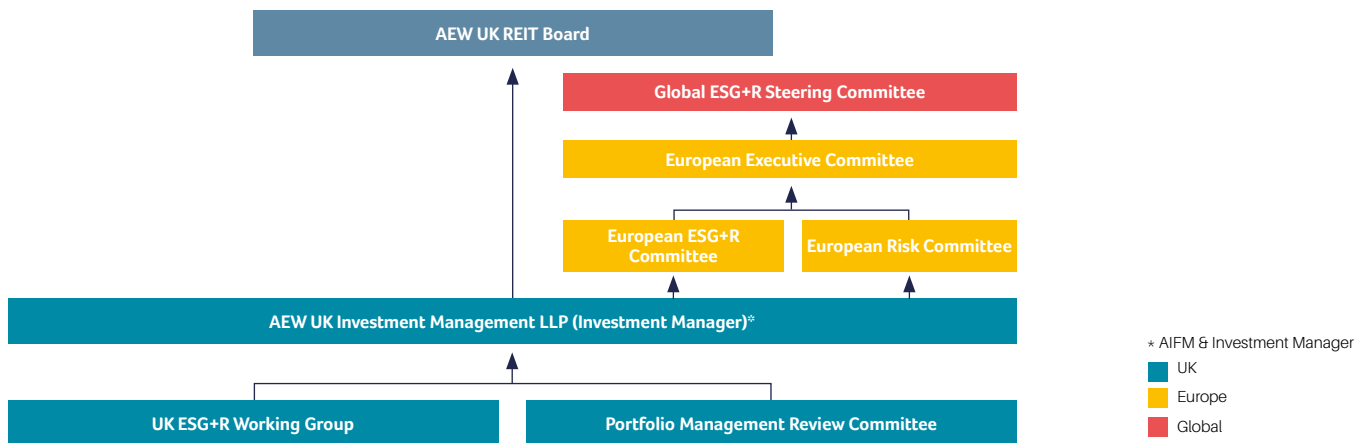
As part of the Audit and Risk Committee’s review of ongoing performance and continuing appointment of key service providers, consideration is given to key service providers’ ESG credentials and expertise. The Audit and Risk Committee remains responsible for reviewing and approving the content of the Company’s TCFD disclosure. Following Mark Kirkland’s appointment as non-Executive Director on 9 November 2022, the Board nominated him as the Board’s “ESG Champion”. The ESG Champion regularly meets with the Investment Manager to discuss ESG issues including climate-related risks and opportunities facing the Company and will reports back to the wider Board as necessary.

The knowledge of the Board on ESG-related matters continues to be enhanced through interaction with the Investment Manager and training.

## THE INVESTMENT MANAGER’S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

### AEW Global Governance:

AEW’s approach to Environmental, Social, Governance and Resilience issues (“ESG+R”), which includes climate-related risks and opportunities, is integrated into its broader governance practices. AEW’s governance relies on a committee structure where responsibility for oversight of AEW’s operations has been delegated to senior management teams that meet on a regular and formalised basis. The organisation chart below illustrates how the AEW Group integrates climate-related considerations at a UK, European and global level.



The Global ESG+R Steering Committee and its subcommittee structure play a central role in assessing and managing climate-related risks and opportunities for AEW, both at the enterprise level and within investment activities.

## European Governance:

AEW's European Executive Committee ("ExCom") is ultimately responsible for climate-related risks at the European level and delegates to a number of sub-committees including:

- **European ESG+R Committee ("ESG+R Com")** - responsible for delivering the sustainability strategy in Europe, the coherence of policies relating to climate risks and the implementation of climate risk policy. ESG+R Com meets every two months.
- **European Risk Committee ("ERC")** - the principal European-wide risk management forum, where all sustainability risks can be considered according to an established framework. ERC meets quarterly.

## UK Governance (Investment Manager Board's oversight of climate-related risks and opportunities)

The Investment Manager's Board is responsible for assessing climate-related risks and opportunities for the Investment Manager and its fund mandates. The Investment Manager Board includes senior level executives as well as two independent non-executive directors.

At each meeting the Investment Manager's Board receives updates on the firm's activities, initiatives and progress against climate-related goals from sub-committees and working groups including:

- **Portfolio Management Review Committee ("PMRC")** - this is the principal UK-focused risk management forum, where all sustainability risks can be considered according to an established framework, and climate related issues and risks are reviewed.
- **UK ESG+R Working Group ("WG")** - which oversees ESG+R projects and management of climate-related risks and opportunities in the UK, to ensure risk management objectives are met and aligned with the overall risk management framework.

The Investment Manager's Board undertakes regular training on ESG-related matters including TCFD and climate resilience assessment to support its understanding of climate change and other ESG risks and opportunities.

The Investment Manager's approach to the governance and management of environmental impacts is outlined within its Climate Adaptation Policy.

The Investment Manager is responsible for monitoring trends and developments in climate related issues. The Investment Manager reports quarterly to the Company's Board on ESG matters.

## 2. STRATEGY

### Strategy - disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material

The Investment Manager anticipates that investors and valuers will increasingly factor climate-related risks into market pricing if transition and physical risks are not appropriately managed. We will, therefore, increasingly assess climate-related impacts on liquidity and market pricing as a consequence of environmental obsolescence and depreciation. The Investment Manager assesses climate-related risks and opportunities against short term (three years or less), medium term (three to seven years) and long term (over seven years) time horizons to align with the proposed changes to Minimum Energy Efficiency Standards (MEES).

In accordance with TCFD, the Investment Manager identifies the two principal categories of risks associated with climate change as:

- **Transition Risk** - associated with the transition to a low carbon economy e.g. policy, legal, technological and market changes to address mitigation and adaptation requirements.
- **Physical Risk** - this includes acute (event-driven e.g. more severe floods) and chronic (longer-term shifts such as sustained higher temperatures causing chronic heatwaves) risks.

Climate-related risks and opportunities the organisation has identified over the short, medium and long term:

RISKS	SPECIFIC RISK	POTENTIAL FINANCIAL IMPACT	STRATEGY	TIME HORIZON
<b>Policy and Legal - EPC Compliance</b>	<p>The Minimum Energy Efficiency Standards Regulations ("MEES") require a minimum Energy Performance Certificate ("EPC") rating of E since 2023, C by 2028 and B by 2030.</p> <p>MEES would prevent the Company from leasing non-compliant space, potentially resulting in an asset becoming 'stranded' or requiring significant capital expenditure.</p>	<p>Loss of revenue for unlettable space or lower rental income.</p> <p>Impact on valuation.</p> <p>Increase in capital expenditure to meet minimum requirements.</p> <p>Non-compliance fines are potentially significant.</p>	<p>Risk monitoring of EPC ratings across the portfolio, contributing to the development of Asset Sustainability Action Plans ("ASAPs") quantifying capital expenditure requirements or the existence of relevant MEES exemptions.</p>	Short to medium term risk
<b>Policy and Legal - Carbon Pricing</b>	<p>Costs could increase as carbon pricing is factored into construction and operating costs (from embodied carbon and costs of carbon intensive energy for occupiers).</p>	<p>Direct costs associated with emissions pricing.</p> <p>Increased capex costs during construction and refurbishment.</p>	<p>Develop calculation of carbon footprint for the portfolio and implement action plan to reduce GHG emissions.</p>	Medium to long term
<b>Market - Occupier</b>	<p>Occupiers may vacate assets that are unable to meet their energy efficiency or greenhouse gas ("GHG") emission tolerance.</p>	<p>Increased void costs.</p> <p>Increased capital expenditure.</p> <p>Impact on valuation.</p>	<p>Occupier engagement to ascertain occupier's commitment to transition to low carbon economy and net zero targets.</p> <p>EPC management, asset sustainability action plans (ASAPs) to improve resilience and energy efficiency of assets.</p>	Medium term
<b>Market - Energy Costs</b>	<p>High energy and utility consumption may increase exposure to energy price fluctuations exacerbated by climate change.</p>	<p>Potential impact on service charge affordability for tenants.</p>	<p>Occupier engagement particularly for assets with energy-intensive use.</p> <p>Engage regularly with occupiers to identify low carbon solutions which may reduce energy consumption, costs and improve energy performance.</p> <p>Pilot on-site renewable energy generation and storage project with selected tenants.</p>	Short to medium term

RISKS	SPECIFIC RISK	POTENTIAL FINANCIAL IMPACT	STRATEGY	TIME HORIZON
<b>Market - Investors</b>	<p>Investors and valuers may price less energy efficient assets more conservatively to reflect the potential cost and risks.</p> <p>Existing and prospective Company investors may attach onerous conditions on the Investment Manager and Company to meet their own standards, regulations and requirements.</p>	<p>Impact on valuation.</p> <p>Impact on the Company's ability to raise new or retain existing capital.</p>	<p>Continual review of asset business plans with consideration to lease expiry, EPC ratings and opportunity to implement energy efficiency solutions.</p> <p>AEW will assess the additional costs and benefits of climate-related initiatives with respect to liquidity and pricing.</p> <p>Focus on investor engagement, develop improved communication and presentation of ESG strategy.</p> <p>The Company will assess further the pathway to net zero and will report this to investors in future reporting periods.</p>	Medium term
<b>Technology - Lower Emissions</b>	<p>UK Government requirement to transition to lower GHG emissions technology (e.g. from natural gas boilers to low-carbon heating technologies such as air and ground source heat pumps).</p>	<p>Potential material capital expenditure to meet requirements.</p>	<p>AEW will continue to assess the additional costs of climate-related issues compared to any assessment of reduced liquidity and market pricing due to environmental obsolescence and depreciation.</p> <p>EPC management and asset sustainability action plans to improve resilience and energy efficiency over time.</p>	Medium term
<b>Reputational - Occupiers and Investors</b>	<p>Fall in demand from tenants for properties with inefficient building performance or concern over the Company's reputation with regard to climate risks.</p> <p>Increased stakeholder concern and poor investor relations.</p>	<p>Potential risk of stranded assets, leading to reduced valuation.</p> <p>Impact on the Company's ability to raise new or retain existing capital.</p>	<p>Focus on key stakeholder engagement, develop improved communication and presentation of ESG strategy (and the effective delivery of it).</p>	Medium term
<b>Acute (floods, windstorms, cold weather, heatwaves)</b>	<p>Increased frequency and intensity of extreme weather events leading to property damage, increased maintenance and repair costs.</p> <p>Requirement for protection measures, e.g. flood protection and drainage measures.</p>	<p>Cost of maintaining and repairing assets.</p> <p>Increased insurance costs.</p> <p>Impact on valuation and potential inability to sell or lease property.</p>	<p>Undertake asset-level climate resilience audits and develop pre-investment due diligence process to identify vulnerable investments.</p>	Short to medium term

RISKS	SPECIFIC RISK	POTENTIAL FINANCIAL IMPACT	STRATEGY	TIME HORIZON
<b>Chronic (sustained higher or lower temperatures)</b>	Rising temperatures leading to increased utility costs and investment in cooling equipment and solutions. Reduced thermal comfort of occupiers resulting in lack of demand from potential occupiers.	Potential impact on service charge affordability for tenants. Cost of installing cooling and heating equipment and solutions. Loss of revenue for unlettable space or lower rental income. Impact on valuation.	Incorporate climate change scenarios within investment framework that are suitable for real estate investment strategies.	Medium to long term
<b>Chronic (rising sea levels and water stress)</b>	Risk of sustained flooding and requirement for protection measures – e.g. flood mitigation and drainage projects. Risk asset becomes stranded.	Cost of installing, maintaining and repairing assets. Increased insurance costs or asset becoming uninsurable. Loss of revenue for unlettable space or lower rental income. Impact on valuation.	Incorporate climate change scenarios within investment framework that are suitable for real estate investment strategies.	Medium to long term
<b>Resource Efficiency</b>	Reduce energy and water use. Reduce carbon emissions and improve energy efficient buildings e.g. installation of LED lighting. Improve occupier resilience and efficiency alongside comfort and well-being.	Potential material capital expenditure. Reduce operating expenditure through efficiency gains. Reduce GHG emissions and possible future carbon taxes.	To commission EPC+ reports on selected assets, energy efficiency audits and net zero pathway assessments on selected assets. Where appropriate, prepare larger buildings to become subject to public disclosure framework.	Short to medium term
<b>Energy Source</b>	Investment in lower emissions sources of energy and use of new technologies. Investment in on-site renewable energy generation and storage e.g. installation of solar PV and batteries.	Potential material capital expenditure. Additional revenue through sale of renewable energy to customers and the grid. Protect against energy cost volatility for our tenants. Cost of improvement.	Deploy where possible on-site renewable energy generation and storage assets in partnership with tenants. In the short term this will include pilot projects with tenants prior to undertaking feasibility studies on other assets.	Short to medium term
<b>Products and Services</b>	Improve building amenities (e.g. EV charging, install LED lights).	Improve the marketability of a property including rental value and valuation.	Continued review and development of ASAPs. Engagement with tenants to understand their requirements.	Short to medium term
<b>Resilience</b>	The development of net zero carbon assets could future-proof the portfolio against tightening regulation e.g. MEES standards.	Increased market value of properties through resilience planning.	To consider further the potential pathway to net zero. Consider adopting net zero target and pathway.	Medium to long term

## Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning

Having identified relevant risks and opportunities, the Board and the Investment Manager describe below how these influences are incorporated into strategic and financial planning. With respect to its business activities, the Investment Manager is seeking to improve investment, asset management and risk monitoring processes to avoid transition and physical risks having unforeseen impacts on real estate portfolios. During the period, our UK efforts were focused principally on transition risk related to MEES/EPC compliance and adapting to the physical risks of climate disruption.

With respect to the latter, climate risks are now systematically integrated into AEW UK's investment process. We have incorporated a comprehensive ESG+R acquisition assessment into our due diligence process for reviewing and evaluating the potential risks and opportunities of our assets. Material ESG+R due diligence findings, if any, will be referred back to the Investment Management Committee ("IMC") for further consideration.

With the exception of MEES, where an EPC provides a measurable data point, our approach in assessing the potential impact of climate-related risks and opportunities remains qualitative. We aim to enhance our assessment for future reporting periods to be more quantitative as more data and information becomes available. We assess climate resilience with a climatologist and are undertaking climate resilience audits on selected assets where potential material risks are present. The resilience audit findings will be used to assess the potential impact of the risk and cost to reduce the vulnerabilities of identified buildings.

Determining the impact of climate-related risks and opportunities on the business, strategy and financial planning will be an iterative process over future reporting periods. We will utilise the findings of ongoing projects and assessments, EPC improvement plans and climate resilience audits to quantify impacts on specific assets and to inform our qualitative assessment of physical and transition risk and opportunities.

Climate-related opportunities are considered to be principally connected with resource efficiency, energy sourcing, property services and resilience. The Investment Manager is tasked with developing these opportunities through ongoing asset management initiatives and assessment of opportunities through Asset Sustainability Action Plans.

### **Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario**

The ESG+R Com considered various climate scenarios and determined AEW’s approach is currently to consider the high emissions scenario of ‘Business as Usual’ Representative Concentration Pathway (“RCP”) 8.5 and assess portfolio resilience on this basis. The RCP 8.5 scenario refers to the concentration of carbon that delivers global warming at an average of 8.5 watts per square meter across the planet.

The RCP 8.5 pathway delivers a temperature increase of about 4.3°C by 2100, relative to pre-industrial temperatures. It should be noted that this is not aligned with the TCFD requirement to at least model the impact of a 2 degree Celsius or lower scenario as we have focused our efforts on the higher risk scenario which has the greater potential impact on the portfolio.

AEW has worked with the Climate Company to qualitatively assess the climatic risks exposure of all portfolio assets on an urban micro-scale for the next two decades. The assessment includes qualitative assessment against various climate driven event thresholds.

Certain assets within the portfolio exceeded one or more of the thresholds. We have selected a sample of assets to subject to further climate resilience audits and to develop action plans and quantify costs, if appropriate, to reduce their vulnerability. The results of these audits will be used in future reporting periods to inform AEW and the Board of potential vulnerability of the portfolio and potential costs.

## **3. RISK MANAGEMENT**

### **Describe the organisation’s processes for identifying and assessing climate-related risks**

AEW brings a disciplined, holistic approach to risk monitoring and control. Our risk management process is designed to identify, evaluate, manage and mitigate (rather than eliminate) the significant risks we face. The Investment Manager maintains a risk register which includes the principal climate-related risks of:

- (i) Transition risks associated with the transition to a low or ultra-low economy; and
- (ii) Physical risks associated with tangible impacts of climate change.

The ESG+R Com allocates responsibility to individual members for specific climate risks and resilience matters, including physical risks, regulatory risk, market risk, insurance risk and reputational and liability risk. Members assess risks at the European level through pilot studies and work with third-party specialists. The UK Risk Manager works closely with members of the ESG+R Com and the European SRI team to identify relevant risks and determine appropriate strategies to assess the risk UK real estate assets are exposed to.

The Portfolio Manager is supported by the Risk Manager and UK ESG Working Group in the management of climate-related risks.

## Describe the organisation's processes for managing climate-related risks

The Investment Manager's IMC approves all acquisitions and any material climate-related due diligence findings, if any, will be referred back to the IMC for further consideration. The PMRC considers portfolio-level assessments of environmental and energy issues and evaluates these assessments and climate-related risks as part of the bi-annual review of the Company. Any material findings are escalated at the local level to the Investment Manager's UK Board and the Company's Board. The Company's Board and the Investment Manager's Board needs to be informed of all material risks and issues so as to be in a position to approve the appropriate course of action to ensure that these risks are mitigated. Where a particular climate-related risk is deemed to have a potentially material adverse impact then this would be further escalated to AEW's ERC, ESG+R Com and ExCom as well as the Company's Board.

## Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

AEW recognises the importance of identifying, assessing and managing climate-related risks. Indeed, as an FCA-authorised Alternative Investment Fund Manager, it is a core regulatory requirement to engage meaningfully with risks. Risk assessment is therefore a vital aspect of AEW's investment operating model and it takes place on a continuous basis.

Climate-related risk is integrated into AEW's risk management process; this includes monitoring and reporting to the AEW UK Board, European Committees and participation in the wider Enterprise Compliance Programme operated by its parent company Natixis Investment Managers. This programme seeks to foster a comprehensive risk management and control environment to limit operational and non-compliance risk, as follows:

- First level of control where risk management controls are integrated into the operating processes of the Investment Manager and formalised in clearly defined and documented procedures which are reviewed by a number of committees.
- Second level of control carried out by the compliance department through the permanent control programme.
- Third level of control carried out by the annual internal audit programme undertaken with Natixis Investment Manager's internal audit department and their independent external consultants.
- Fourth level of control carried out through audits undertaken by Natixis and the BPCE Group's internal audit teams together with independent external consultants.

The Board considers climate change a principal risk to the Company and assesses transition and physical risk as part of the Board's formal risk review with the assistance of the Audit and Risk Committee.

## 4. METRICS AND TARGETS

A core requirement of TCFD is to establish and develop suitable metrics and targets.

Our focus is on:

- Climate opportunity projects at selected assets.
- Continuing to develop our assessment of the potential impact of the identified climate-related risks and opportunities on the Fund's business operations, strategy and financial performance.
- Continued enhancement of risk assessment as improved data and metrics enable us to move from qualitative to quantitative assessment over time.

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

The table below summarises key metrics and targets used to assess climate-related risks and opportunities.

METRIC CATEGORY	METRIC	PREVIOUS TARGET	2026 DATA	CURRENT TARGET
<b>GHG emissions</b>	Absolute Scope 1 GHG Emissions	40% reduction in Scope 1 GHG emissions within the Managed Portfolio by 2030 as compared to the 2018 baseline	133 tonnes	40% reduction in absolute Scope 1 GHG emissions within the Managed Portfolio by 2030 as compared to the 2018 baseline
	Absolute Scope 2 GHG Emissions	40% reduction in Scope 2 GHG emissions within the Managed Portfolio as compared to the 2018 baseline	353 tonnes	40% reduction in absolute Scope 2 GHG emissions within the Managed Portfolio by 2030 as compared to the 2018 baseline
<b>Renewable energy</b>	Percentage of landlord-controlled assets with renewable electricity supplies	100% (with exception of new acquisitions during first 12 months of ownership)	100%	100% (with exception of new acquisitions during first 12 months of ownership)
<b>Transition risk</b>	Percentage of assets with EPC A-C (by ERV)	N/A	67%	100% EPC to at least C grade by 2027 and to B by 2030 (unless exempt)
<b>Physical risks</b>	Percentage of assets with climate resilience assessment	100%	100% for existing Portfolio completed	100%
	Number of assets with a net zero assessment pathway	6	N/A	Assets to be selected for net zero assessment pathway during 2026/27
<b>Climate-related opportunities</b>	On-site renewable energy generation and storage projects	N/A	2	1 asset selected subject to additional feasibility and tenant engagement during 2026/27

As a Real Estate Investment Trust, the majority of the Company's emissions arise through assets that are owned and leased. At multi-let properties, the Company (in its capacity as landlord) has control and influence over the whole building and/or shared services (including refrigerant leakage), external lighting and void spaces. The position with FRI leases is significantly different, as described in the GHG disclosure section.

These metrics, however, will evolve over time as for example, in relation to Scope 3 GHG emissions, given a landlord has limited operational control, the Investment Manager will initially focus on improving data collection. Over time the Company, via the Investment Manager, will actively engage with tenants to reduce their GHG emissions, with improvement plans aiming to increase a building's operational performance, reduction in energy usage and feasibility of on-site renewable energy generation or storage.

The PMRC and the UK ESG Working Group and subcommittees monitor progress against targets.

### **Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas emissions and the related risk**

Emissions sources listed on page 152 relate to the managed portfolio only and the following sources of energy consumption within each sector:

- **Office:** whole building
- **Retail, High Street:** whole building, tenant space and common areas
- **Retail, Warehouse:** tenant space and external lighting
- **Leisure:** external lighting, tenant space and common areas
- **Industrial:** tenant space, common areas and external lighting

### **Emissions outside of operational control:**

The Company was not responsible for emission from gas and/or electricity use at any other owned asset or for head office operations. The Company is not directly responsible for any GHG emissions/energy usage at single let/FRI assets nor at multi-let assets where the tenant is counterparty to the energy contract. As these emissions are outside of the Company's direct control, they form part of the wider value chain (i.e. 'Scope 3') emission, which are not monitored at present.

### **Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets**

The Company has reviewed the existing targets and is in the process of setting new targets in consultation with its external advisors. Targets are reviewed at least annually and will be amended where appropriate as our management of climate related risks and opportunities evolves over future reporting periods.

Targets are reported in the table on page 99, where no targets had previously been set this is reported as N/A.

# — Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Company's financial statements in accordance with UK adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Financial statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, prospects, business model and strategy.

## WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that this Annual Report and Financial Statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This Statement of Responsibilities was approved by the Board and signed on its behalf by:

**Robin Archibald**  
Chairman

25 June 2026

# Independent Auditor's Report to the Members of AEW UK REIT plc



## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2026 and of the Company's profit and the Company's cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AEW UK REIT plc (the 'Company') for the year ended 31 March 2026 which comprise of the following:

- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Financial Position
- Statement of Cash Flows
- Notes 1 to 26 to the Financial Statements, including material accounting policy information

The financial reporting framework that has been applied in the preparation is applicable law and UK adopted international accounting standards.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- using our knowledge of the Company and its market sector together with the current economic environment to assess the Directors' identification of the inherent risks to the Company's business and how these might impact the Company's ability to remain a going concern for the going concern period, being the period to 30 June 2027, which is at least 12 months from when the financial statements are authorised for issue;
- obtaining an understanding of the Directors' process for assessing going concern including an understanding of the key assumptions used;
- obtaining the Directors' going concern assessment;
- assessing the Company's forecast cash flows with reference to budgeted and historic performance and challenging forecast assumptions in comparison to the current performance of the Company;
- testing the inputs into the forecasts for reasonableness based on historic performance and corroboration to contractual agreements, where available;
- agreeing the Company's available borrowing facilities and the related covenants to supporting financing documentation;
- obtaining covenant calculations and forecast calculations to test for any potential future covenant breaches. We also considered covenant compliance headroom for sensitivity to both future changes in property valuations and the Company's future financial performance;
- analysing the Directors' stress testing calculations and challenging the assumptions made using our knowledge of the business and of the current economic climate, to assess the reasonableness of the downside scenarios selected;
- considering board minutes, and evidence obtained through the audit and challenging the Directors on the identification of any contradictory information in the forecasts and the resultant impact to the going concern assessment; and
- reviewing the disclosures in the financial statements relating to going concern to check that the disclosures are consistent with the circumstances.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## OVERVIEW

### KEY AUDIT MATTERS

	2026	2025
Valuation of investment properties	✓	✓

### MATERIALITY

Company financial statements as a whole  
£2.40m (2025: £2.41m) based on 1% (2025: 1%) of total assets

## AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, the applicable financial reporting framework and the Company's system of internal control. We identified and assessed the risks of material misstatement of the Company financial statements. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Company's financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

### How climate change affected the scope of our audit

The Company has determined that climate change does not currently have a material impact on its operations. Our work on the assessment of potential impacts of climate-related risks on the Company's operations and financial statements included:

- enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- our own qualitative risk assessment taking into consideration the sector in which the Company operates and how climate change affects the investment property sector; and
- review of the minutes of Board and Audit and Risk Committee meeting and other papers related to climate change to determine if there were any climate related matters affecting the financial statements which we were not already aware of, and evaluating the impact of these, if any.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment and in management's judgements and estimates in relation to the valuation of the Company's investment properties.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters that were materially affected by climate-related risks.

The management disclosures on pages 89 to 101 form part of the "Other Information", rather than the audited financial statements. Our responsibilities in relation to these disclosures are described in the relevant section of this report and our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained from the audit or otherwise appear to be materially misstated.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Valuation of investment properties</b></p> <p>Refer to the notes to the financial statements on material accounting judgements and estimates in respect of the significant assumptions and the material accounting policies note for relevant accounting policy information in relation to valuation of investment properties.</p> <p>Refer to note 12 to the financial statements in relation to the carrying value of investment properties.</p>	<p>Our audit procedures included the following:</p> <p><b>Company's controls relating to the valuation of investment properties</b></p> <p>We reviewed and evaluated the design, implementation and appropriateness of the Company's controls relating to the valuation of investment properties, including the processes by which the Company ensures that complete and accurate data is provided to the Valuer, as well as management's review of the valuation outputs. In doing so, we performed a walkthrough of the relevant controls by obtaining support for the design and implementation of the controls.</p> <p><b>Assessment of the Valuer and relevance of their work</b></p> <p>We obtained and reviewed the valuation report prepared by the Valuer and with the assistance of our in house RICS qualified real estate valuation experts, discussed with the Valuer the basis of the valuations, including the valuation methods and assumptions used. We confirmed that the valuations had been prepared in accordance with applicable valuation guidelines and the requirements of the applicable accounting standards, including International Accounting Standard 40 Investment Property ('IAS 40') and International Financial Reporting Standard 13 Fair Value Measurement ('IFRS 13'), and were therefore appropriate for determining the carrying values of investment properties in the Company's financial statements.</p> <p>We assessed the qualifications, competency, independence and objectivity of the Valuer. We reviewed their terms of engagement for any unusual arrangements, limitations in the scope of their work or evidence of management bias. We also considered if there was any evidence of management bias or whether the Directors could have influenced the Valuer's decisions over the significant judgements or estimates.</p> <p><b>Data provided to the Valuer</b></p> <p>We validated the underlying data provided to the Valuer by management. This data included inputs such as passing rent and lease term, which we agreed on a sample basis to the executed lease agreements.</p>

**KEY AUDIT MATTER**
**HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER**

There is also a risk of fraud in relation to the valuation of the property portfolio where the Directors may unduly influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation or other performance or financial targets or to meet market expectations.

The valuation of investment properties was therefore considered to be a key audit matter.

**Assumptions and estimates used by the Valuer**

With assistance from our internal valuation experts, our procedures included the following:

- We developed yield expectations for each property using available independent industry data, reports and comparable transactions in the market around the year end;
- We attended meetings with the Valuer and management and discussed the assumptions used and the valuation movement in the year;
- Where the valuation yields or movements year-on-year were outside of our expected ranges, together with our valuation experts we challenged management's Valuer on their rationale for the yields applied;
- We corroborated the Valuer's explanations where relevant, including agreeing to third-party documentation and/or market comparisons. Our valuation experts assisted us in assessing whether explanations provided were appropriate and in line with market knowledge;
- We evaluated the other key valuation assumption, being the estimated (market) rental values, considering factors such as the location and specifics of each property and recent letting data;
- We checked the data provided to the Valuer by the Company to determine whether it was consistent with the information that we audited;
- We assessed the accuracy, appropriateness and sufficiency of the disclosures in the financial statements in accordance with relevant standards including IAS 40 and IFRS 13.

**Key observations**

Based on our audit procedures performed, we consider the assumptions applied by the Directors in the valuation were reasonable and the methodology applied was appropriate.

**OUR APPLICATION OF MATERIALITY**

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	COMPANY FINANCIAL STATEMENTS 2026	COMPANY FINANCIAL STATEMENTS 2025
<b>MATERIALITY</b>	£2.40 million	£2.41 million
<b>BASIS FOR DETERMINING MATERIALITY</b>	1% of total assets (FY2025: 1% of total assets)	
<b>RATIONALE FOR THE BENCHMARK APPLIED</b>	We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be the principal considerations for the users of the financial statements in assessing the financial performance of the Company.	
<b>PERFORMANCE MATERIALITY</b>	£1.50 million	£1.81 million
<b>BASIS FOR DETERMINING PERFORMANCE MATERIALITY</b>	62.5% of materiality (FY2025: 75% of materiality)	
<b>RATIONALE FOR THE PERCENTAGE APPLIED FOR PERFORMANCE MATERIALITY</b>	The level of performance materiality applied was set after having considered a number of factors including our assessment of the Company's overall control environment and the expected total value of known and likely misstatements and the level of transactions in the year.	

### Specific materiality

We also determined that for other account balances and classes of transactions that impact the calculation of European Public Real Estate Association ("EPRA") earnings, a misstatement of less than materiality for the financial statements, specific materiality, could influence the economic decisions of users. We consider EPRA earnings to be a key performance measure of the Company. EPRA earnings excludes the impact of the change in fair value of investment properties, profit on disposal of investment properties and change in the fair value of interest rate derivatives. As a result, we determined materiality for these items to be £0.63m (2025: 0.71m), based on 5% of EPRA earnings (2025: 5% of EPRA earnings). We further applied a performance materiality level of 62.5% (2025: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

### Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £120,000 (2025: £120,000) and for those items impacting the calculation of EPRA earnings £31,000 (2025: £35,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

### OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the 'Annual Report and Financial Statements' other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## CORPORATE GOVERNANCE STATEMENT

The UK Listing Rules sourcebook requires us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

<b>GOING CONCERN AND LONGER-TERM VIABILITY</b>	<ul style="list-style-type: none"> <li>- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 82;</li> <li>- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 83; and</li> <li>- The Directors' statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities set out on page 83.</li> </ul>
<b>OTHER CODE PROVISIONS</b>	<ul style="list-style-type: none"> <li>- Directors' statement on fair, balanced and understandable set out on page 101;</li> <li>- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 40 to 47;</li> <li>- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 63 and 64; and</li> <li>- The section describing the work of the audit and risk committee set out on pages 65 to 70.</li> </ul>

## OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<b>STRATEGIC REPORT AND DIRECTORS' REPORT</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li> <li>- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.</p>
<b>DIRECTORS' REMUNERATION</b>	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<b>MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION</b>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>- the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or</li> <li>- certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>- we have not received all the information and explanations we require for our audit.</li> </ul>

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### Non-compliance with laws and regulations

Based on:

- our understanding of the Company and the industry in which it operates;
- discussion with management and those charged with governance;

- obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be UK adopted international accounting standards, UK company law, UK tax legislation (including the REIT regime requirements) and the UK Listing Rules, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

Our procedures in response to the above included:

- enquires of management and the Directors whether there were any litigations or claims;
- a review of legal expenditure accounts to understand the nature of expenditure incurred;
- review of Board and committee meeting minutes and enquiries of management and the Directors regarding any known or suspected instances of non-compliance with laws or regulations;
- in order to address the risk of non-compliance with the REIT regime, considering a report from the Company's external adviser, detailing the actions that the Company has undertaken to ensure compliance. This paper was reviewed, and the assumptions challenged, with the assistance of our own internal tax experts;
- agreeing financial statement disclosures to underlying supporting documentation.

### Irregularities including fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry of management and the Directors regarding any known or suspected instances of fraud;
- obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the inputs to the valuation of investment properties, the manipulation of revenue recognition through unusual journal postings and management override of controls.

Our procedures in response to the above included:

- addressing the risk of management override of controls and manipulation of revenue recognition through unusual journal postings by:
  - testing a sample of journal entries throughout the year which met defined risk criteria (including those specifically relating to revenue), as well as a testing a sample of the residual journal population, by agreeing to supporting documentation;
  - evaluating whether there was evidence of bias by management or the Directors that represented a risk of material misstatement due to fraud; and
  - assessing significant estimates made by management for bias on key audit matters.

Our responses to the valuation of investment properties risk are set out in the key audit matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS**

We were appointed by the Members on 8 September 2021 to audit the financial statements for the year ended 31 March 2022.

Our total uninterrupted period of engagement is five years, covering the years ended 31 March 2022 to 31 March 2026.

Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

## **USE OF OUR REPORT**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.15R - 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R - DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R - DTR 4.1.18R.

### **Richard Levy (Senior Statutory Auditor)**

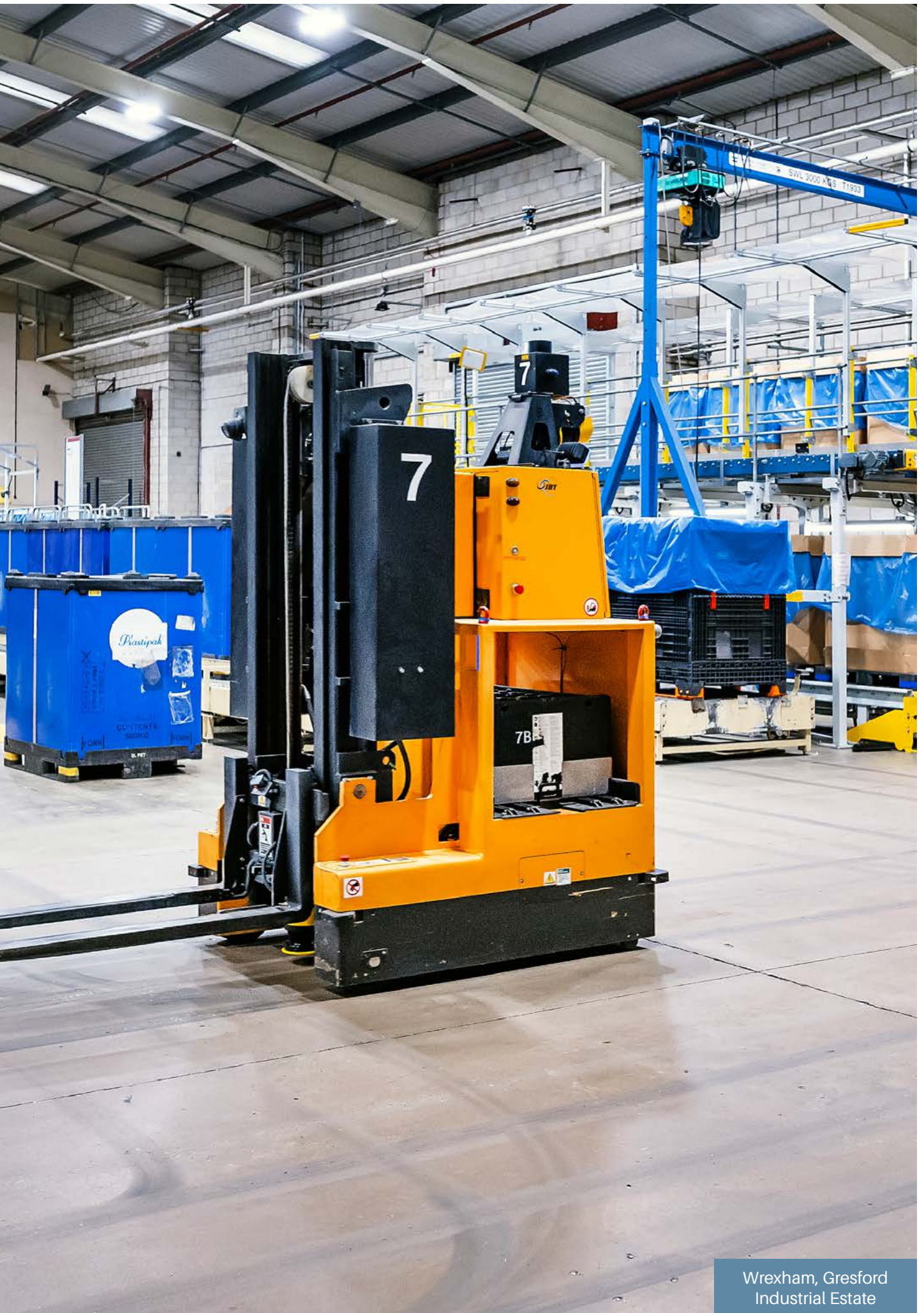
For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

25 June 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Financial Statements





Strategic Report

Governance

Financial Statements

Additional Information

Wrexham, Gresford  
Industrial Estate

# Statement of Comprehensive Income

for the year ended 31 March 2026

	NOTES	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
<b>Income</b>			
Rental and other property income	3	<b>22,953</b>	22,677
Property operating expenses	4	<b>(5,546)</b>	(5,818)
Impairment (release)/charge on trade receivables		<b>(397)</b>	430
Other Income	3	-	1,082
<b>Net rental and other income</b>		<b>17,010</b>	18,371
Other operating expenses	5 & 6	<b>(2,865)</b>	(2,785)
<b>Operating profit before fair value changes</b>		<b>14,145</b>	15,586
Change in fair value of investment properties	12	<b>(3,171)</b>	6,861
Realised gains on disposal of investment properties	12	<b>454</b>	3,230
<b>Operating profit</b>		<b>11,428</b>	25,677
Finance income	7	<b>404</b>	624
Finance expense	8	<b>(1,919)</b>	(1,931)
<b>Profit before tax</b>		<b>9,913</b>	24,370
Taxation credit/(charge)	9	<b>20</b>	(26)
<b>Profit after tax</b>		<b>9,933</b>	24,344
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>9,933</b>	24,344
<b>Earnings per share (pence per share) (basic and diluted)</b>	<b>10</b>	<b>6.27</b>	15.37

The notes on pages 117 to 142 form an integral part of these financial statements.

# Statement of Changes in Equity

for the year ended 31 March 2026



FOR THE YEAR ENDED 31 MARCH 2026	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	CAPITAL RESERVE AND RETAINED EARNINGS* £'000	BUYBACK RESERVE £'000	TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY £'000
<b>Balance at 1 April 2025</b>		<b>1,587</b>	<b>56,578</b>	<b>116,543</b>	<b>(265)</b>	<b>174,443</b>
Profit for the year and total comprehensive income		-	-	9,933	-	9,933
Treasury share sale		-	84	-	188	272
Dividends paid	11	-	-	(12,682)	-	(12,682)
<b>Balance at 31 March 2026</b>		<b>1,587</b>	<b>56,662</b>	<b>113,794</b>	<b>(77)</b>	<b>171,966</b>

FOR THE YEAR ENDED 31 MARCH 2025	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	CAPITAL RESERVE AND RETAINED EARNINGS* £'000	BUYBACK RESERVE £'000	TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY £'000
<b>Balance at 1 April 2024</b>		<b>1,587</b>	<b>56,578</b>	<b>104,852</b>	<b>(265)</b>	<b>162,752</b>
Profit for the year and total comprehensive income		-	-	24,344	-	24,344
Other distribution		-	-	21	-	21
Dividends paid	11	-	-	(12,674)	-	(12,674)
<b>Balance at 31 March 2025</b>		<b>1,587</b>	<b>56,578</b>	<b>116,543</b>	<b>(265)</b>	<b>174,443</b>

\* Part of the capital reserve has arisen from the cancellation of part of the Company's share premium account and is a distributable reserve subject to realised profits.

The notes on pages 117 to 142 form an integral part of these financial statements.

# Statement of Financial Position

## as at 31 March 2026

	NOTES	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	12	202,404	200,429
Receivables and prepayments	13	4,007	3,956
		<b>206,411</b>	<b>204,385</b>
<b>Current assets</b>			
Investment property held for sale	12	9,222	-
Receivables and prepayments	13	9,173	9,281
Cash and cash equivalents		15,168	25,993
Restricted cash	14	-	1,790
		<b>33,563</b>	<b>37,064</b>
<b>Total assets</b>		<b>239,974</b>	<b>241,449</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	15	(59,882)	(59,773)
Lease obligations	17	(174)	(174)
		<b>(60,056)</b>	<b>(59,947)</b>
<b>Current liabilities</b>			
Payables and accrued expenses	16	(7,939)	(7,046)
Lease obligations	17	(13)	(13)
		<b>(7,952)</b>	<b>(7,059)</b>
<b>Total liabilities</b>		<b>(68,008)</b>	<b>(67,006)</b>
<b>Net assets</b>		<b>171,966</b>	<b>174,443</b>
<b>Equity</b>			
Share capital	20	1,587	1,587
Buyback reserve	20	(77)	(265)
Share premium account	21	56,662	56,578
Capital reserve and retained earnings		113,794	116,543
<b>Total capital and reserves attributable to equity holders of the Company</b>		<b>171,966</b>	<b>174,443</b>
<b>Net Asset Value per share (pps)</b>	10	<b>108.38</b>	110.11
<b>EPRA Net Tangible Assets per share (pps)</b>	10	<b>108.38</b>	110.11

The financial statements were approved by the Board of Directors on 25 June 2026 and were signed on its behalf by:

### Robin Archibald

Chairman

AEW UK REIT plc (Company number: 09522515)

The notes on pages 117 to 142 form an integral part of these financial statements.

# Statement of Cash Flows

## for the year ended 31 March 2026



	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
<b>Cash flows from operating activities</b>		
Profit before tax	9,913	24,370
<b>Adjustment for non cash and other working capital:</b>		
Finance income	(404)	(624)
Finance costs	1,919	1,931
Loss/(gain) from change in fair value of investment property	3,171	(6,861)
Realised gains on disposal of investment properties	(454)	(3,230)
Increase in other receivables and prepayments	(209)	(3,162)
Decrease/(increase) in restricted cash	1,790	(1,790)
Increase/(decrease) in other payables and accrued expenses	640	(1,988)
Tax paid	(48)	-
<b>Net cash flow generated from operating activities</b>	<b>16,318</b>	<b>8,646</b>
<b>Cash flows from investing activities</b>		
Purchase of and additions to investment properties	(14,284)	(13,335)
Disposal of investment properties	950	33,941
Finance income	404	624
<b>Net cash generated (used in)/from investing activities</b>	<b>(12,930)</b>	<b>21,230</b>
<b>Cash flows generated from financing activities</b>		
Sale of Treasury shares	272	-
Tax paid*	-	(782)
Finance costs	(1,800)	(1,807)
Dividends paid	(12,685)	(12,691)
<b>Net cash flow used in from financing activities</b>	<b>(14,213)</b>	<b>(15,280)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(10,825)</b>	<b>14,596</b>
<b>Cash and cash equivalents at start of the year</b>	<b>25,993</b>	<b>11,397</b>
<b>Cash and cash equivalents at end of the year</b>	<b>15,168</b>	<b>25,993</b>

\* Withholding tax paid on distributions.

The notes on pages 117 to 142 form an integral part of these financial statements.

# Notes to the Financial Statements

## for the year ended 31 March 2026

### **1. CORPORATE INFORMATION**

AEW UK REIT plc (the 'Company') is a closed ended Real Estate Investment Trust ('REIT') incorporated on 1 April 2015 and domiciled in the UK. The registered office of the Company is 19<sup>th</sup> Floor, 51 Lime Street, London EC3M 7DQ.

The Company's Ordinary Shares were listed on the Official List of the FCA and admitted to trading on the Main Market of the London Stock Exchange on 12 May 2015.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 3 to 52.

### **2. ACCOUNTING POLICIES**

#### **2.1 Basis of preparation**

These financial statements are prepared and approved by the Directors in accordance with UK adopted international accounting standards (IFRS - UK).

These financial statements have been prepared under the historical cost convention, except for investment property that have been measured at fair value.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The Company is exempt by virtue of Section 402 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information solely about the Company as an individual undertaking.

#### **New standards, amendments, and interpretations**

The following amendments to existing standards, which are required for the Company's accounting period beginning on 1 April 2025, have been considered and applied:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' provides clarification upon treatment for transactions in a foreign currency that is not exchangeable into another currency at the measurement date.

There were no material effects from the adoption of the above-mentioned amendments to IFRS - UK effective in the period. They have no significant impact on the Company as they are either not relevant to the Company's activities or require accounting that is already consistent with the Company's current accounting policies.

There are a number of new standards and amendments to existing standards, which have been published and are mandatory for the Company's accounting periods beginning on, or after, 1 April 2026. The Company is not adopting these standards early.

The following are the most relevant to the Company:

- IFRS - UK 19 Subsidiaries without Public Accountability: Disclosures. This reduces disclosure requirements that an eligible subsidiary entity is permitted to apply instead of the disclosure requirements in other IFRS - UK Accounting Standards.
- Amendments to IFRS - UK 9 Financial Instruments and IFRS - UK 7 Financial Instruments: Disclosures. The amendments provide clarity on the date of recognition and derecognition of certain financial instruments and amends/ updates the disclosure required for some financial instruments.
- Annual Improvements to IFRS - UK Accounting Standards Volume 11 contains amendments to five standards, IFRS - UK 1, IFRS - UK 7, IFRS - UK 9, IFRS - UK 10 and IAS 7 as a result of the IASB's annual improvements project. The aim of which is to improve consistency across the standards.
- IFRS - UK 18 Presentation and Disclosures in Financial Statements. This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1. While IFRS - UK 18 does not affect recognition or measurement, it will significantly impact presentation and disclosure, including, but not limited to profit or loss categorisation, aggregation/disaggregation, labelling and management-defined performance measures.

The Directors have yet to assess the full outcome of these new standards, amendments and interpretations; however, with the exception of IFRS - UK 18, these other new standards, amendments and interpretations are not expected to have a significant impact on the Company's financial statements.

The potential changes to presentation and disclosure requirements as a result of IFRS - UK 18 is currently being assessed and will be finalised closer to the date of initial application.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 Material accounting judgements and estimates

The preparation of financial statements in accordance with IFRS – UK requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

There are not considered to be any judgements which have a significant effect on the amounts recognised in the financial statements, however, there is an estimate that will have a significant effect on the amounts recognised in the financial statements:

#### i) Valuation of investment property

The Company's investment property is held at fair value as determined by the independent external valuer on the basis of fair value in accordance with the internationally accepted RICS Appraisal and Valuation Standards. Details of the considerations made in respect of the estimation are further detailed in note 12.

### 2.3 Segmental information

The Board of Directors retains overall control of the Company, but the Investment Manager (AEW UK Investment Management LLP) has certain authorities and fulfils the function of allocating resource to, and assessing the performance of the Company's operating segments and is therefore considered to be the Chief Operating Decision Maker ('CODM'). In accordance with IFRS – UK 8, the Company considers each of its properties to be an individual operating segment. The CODM allocates resources, and reviews the performance of, the Company's portfolio on a property-by-property basis and discrete financial information is available for each individual property.

These operating segments have similar economic characteristics and, as such, are aggregated into one reporting segment, being investment in property and property-related investments in the UK.

### 2.4 Going concern

The Directors assessed the Company's ability to continue as a going concern, which takes into consideration current economic uncertainty, as well as the Company's cashflows, financial position, liquidity and borrowing facilities.

As at 31 March 2026, the Company had £15.17 million of unrestricted cash at bank.

The Company benefits from a secure, diversified income stream from a tenancy profile which is not overly reliant on any one tenant or sector, which reduces risk. The Directors also noted that:

- The Company's rent collection has been strong, with 95% of contracted rent either having been collected, or payment plans agreed, for the March 2026 quarter.
- Based on the contracted rent as at 31 March 2026, a reduction of 66.00% in net rental income could be accommodated before breaching the debt yield covenant in the Company's re-financed debt arrangements.
- Based on the property valuation at 31 March 2026, the Company had room for a £113.40 million fall in portfolio valuation before breaching the maximum LTV hard covenant in the Company's re-financed debt arrangements.
- The Company's cash flow can also be significantly managed through the adjustment of dividend payments, to the extent that this does not breach the REIT regime requirements for distributions.

Taking this into consideration, the Directors have reviewed a number of scenarios over 12 months from the date of approval of these financial statements, including a worst-case plausible downside scenario which makes the following assumptions:

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Going concern (continued)

- a reduction in net rental income of 30%;
- no new lettings or renewals, other than those where terms have already been agreed;
- a 20% fall in property valuations; and
- no new acquisitions or disposals.

In the above scenario, the Company is forecast to generate a positive cash flow before dividend payments, however it would generate a cash flow much lower than its target dividend of 8 pps per annum. Moreover, the Company is forecast to pass the debt yield covenant during the 12-month period with a minimum projected yield of 20%, compared with the limit of 10%, assuming that no repayments of the facility were to be made.

Given the Company's substantial headroom against its borrowing covenants, the Directors believe that the Company is well placed to manage its financing and business risks.

The Company's loan is held with AgFe and is a £60.00m facility with a five-year term, the fixed term ending in July 2027. This is priced as a fixed rate loan with a total interest cost of 2.959% and associated 10% projected debt yield and 60% loan to value ("LTV") covenants. The Company reported an LTV of 28.12% at year-end. This provides room for a £113.40 million fall in portfolio valuation before breaching the 60% hard LTV covenant. Moreover, based on the £60.00 million of debt drawn as at year-end, the Company had a projected debt yield of 29.80%, comfortably in excess of the 10% covenant.

The Board has commenced its debt refinancing plan. As part of this, the Board has considered terms from several lenders to secure refinancing for the Company. The Board has reasonable expectation that the Company can refinance its debt by July 2027 on terms acceptable to the Board.

In the event that refinancing could not be achieved on acceptable terms, the Company always has the option of the orderly disposal of selected properties which are of sufficient scale and quality to generate proceeds to repay the borrowing facility.

The Directors are confident that the Company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore the financial statements have been prepared on a going concern basis.

### 2.5 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### a) Presentation currency

These financial statements are presented in Sterling, which is the functional and presentational currency of the Company. The functional currency of the Company is principally determined by the primary economic environment in which it operates. The Company did not enter into any transactions in foreign currencies during the year.

#### b) Revenue recognition

##### i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the lease term. A rental adjustment is recognised from the rent review date in relation to unsettled rent reviews, whereby changes are recognised from the effective date of the modification when the terms are agreed.

Lease incentives, including rent-free periods and payment to tenants, are also allocated to the Statement of Comprehensive Income on a straight-line basis over the lease term. The value of resulting accrued rental income is deducted from the valuation as provided by the valuer to arrive at the carrying value of the investment property.

A modification to an operating lease in the form of a new lease incentive is accounted for as a new lease from the effective date of the modification. Any lease incentive existing on a modified lease will then be spread evenly over the new remaining life of the lease.

Contingent rental income is calculated based off tenant reported actual turnover and is recognised when the amounts are confirmed and a rental demand is then raised.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises.

Service charge income receivable under operating leases is charged based on budgeted service charge expenditure for a given property over a given service charge year. This income is recognised on a straight-line basis over the service charge year and any balance credits or charges on reconciliation following the end of the service charge year are recognised at the time they arise. Service charge expenses are recognised in the same period as the service charge income to ensure that income and expenditure are matched.

Service charge insurance income relates to a service cost re-charge of insurance costs incurred to the lease holder and is recognised in the accounting period in which the services are rendered.

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.5 Summary of material accounting policies (continued)**

#### **ii) Deferred income**

Deferred income is any rental income that has been invoiced to the tenant but relates to future periods. It is reported as a current liability in the Statement of Financial Position.

#### **c) Financing income and expenses**

Financing income comprises interest receivable on funds invested. Financing expenses comprise interest and other costs incurred in connection with the borrowing of funds. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### **d) Investment property**

Property is classified as investment property when it is held to earn rentals or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs recognise transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in profit or loss.

Investment properties are valued by the independent external valuer on the basis of a full valuation with physical inspection at least once a year, in accordance with the current issue of RICS Valuation – Professional Standards (the 'Red Book').

The determination of the fair value is based upon the income capitalisation approach. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and estimated rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details, capital values of fixtures and fittings, environmental matter and the overall repair and condition of the property.

For the purposes of these financial statements, the assessed fair value is:

- reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives; and
- increased by the carrying amount of leasehold obligations.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected after its disposal or withdrawal.

The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

Any gains or losses on the retirement or disposal of investment property are recognised in the profit or loss in the year of retirement or disposal.

#### **e) Investments in subsidiaries**

AEW UK REIT 2015 Limited is the subsidiary of the Company. The subsidiary was dormant during the current and previous reporting period. The investment in the subsidiary is stated at cost less impairment and shown in note 19.

The Company has taken advantage of the exemption as permitted by Section 402 of the Companies Act 2006, therefore the subsidiary is not consolidated as its inclusion is not material for the purposes of giving a true and fair view.

#### **f) Investment property held for sale**

Investment property is classified as held for sale when it is being actively marketed at year-end and it is highly probable that the carrying amount will be recovered principally through a sale transaction within 12 months.

Investment property classified as held for sale is included within current assets within the Statement of Financial Position and measured at fair value.

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.5 Summary of material accounting policies (continued)**

#### **g) Cash and cash equivalents**

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and short-term deposits with an original maturity of three months or less.

#### **h) Restricted cash**

Restricted cash is restricted as to withdrawal or usage and the Company does not have ready access to until specific conditions are met.

#### **i) Receivables**

Rent and other receivables are initially recognised at fair value and subsequently at amortised cost. Impairment provisions are recognised based upon an expected credit loss model. The Company has made an assessment of expected credit losses at each period end, using the simplified approach where a lifetime expected loss allowance is recognised over the expected life of the financial instrument. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Expected credit losses are assessed based on the Company's historical credit loss experience, adjusted for factors which are specific to the tenant and current and forecast economic conditions in general. If confirmation is received that a trade receivable will not be collected, the carrying value of the asset will be written off against the associated impairment provision.

#### **j) Capital prepayments**

Capital prepayments are made for the purpose of acquiring future property assets and held as receivables within the Statement of Financial Position. When the asset is acquired, the prepayments are capitalised as a cost of purchase. Where a purchase is not successful, these costs are expensed within profit or loss as abortive costs in the period.

#### **k) Other payables and accrued expenses**

Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost.

#### **l) Interest bearing loans and borrowings**

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs are amortised over the lifetime of the facilities through profit or loss.

When the lifetime of a floating rate facility is extended, and this is considered to be a non-substantial modification, the effective interest rate is revised to reflect changes in market rates of interest.

#### **m) Dividend payable to shareholders**

Equity dividends are recognised when they become legally payable.

#### **n) Share issue costs**

The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity.

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.5 Summary of material accounting policies (continued)**

#### **o) Leases**

Leases where the Company is lessee are capitalised at the lease commencement, at present value of the minimum lease payments, using the Company's incremental borrowing rate as the discount rate, and held as both a right-of-use asset and a liability within the Statement of Financial Position.

#### **p) Taxes**

Corporation tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

As a REIT, the Company is exempt from corporation tax on the profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates applicable in the period.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the period end date.

#### **q) European Public Real Estate Association**

The Company has adopted European Public Real Estate Association ('EPRA') best practice recommendations, which it expects to broaden the range of potential institutional investors able to invest in the Company's Ordinary Shares. For the year to 31 March 2026, audited EPS and NAV calculations under EPRA's methodology are included in note 10 and further unaudited measures are included on pages 150 to 163.

#### **r) Capital and reserves**

##### **Share capital**

Share capital is the nominal amount of the Company's Ordinary Shares in issue.

##### **Buyback reserve**

Buyback reserve represents the cost of the Company's Ordinary Shares reacquired by the Company including directly attributable transaction costs. This reserve is not distributable.

##### **Share premium**

Share premium relates to amounts subscribed for share capital in excess of nominal value less associated issue costs of the subscriptions.

##### **Capital reserve**

The capital reserve represents the cancelled share premium less dividends paid from this reserve, and includes realised gains and losses on the disposal of investment properties and unrealised gains and losses arising from movements in the fair value of investment properties held at the reporting date. This is a distributable reserve.

##### **Retained earnings**

Retained earnings represent the profits of the Company less dividends paid from revenue profits to date. Unrealised gains on the revaluation of investment properties contained within this reserve are not distributable until they crystallise on the sale of the investment property. The cumulative unrealised loss contained within this reserve at 31 March 2026 is £3.78 million (31 March 2025: cumulative unrealised loss of £0.61 million).

### 3. RENTAL AND OTHER INCOME

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Rental income	18,917	18,328
Service charge income	2,336	2,436
Insurance income	1,377	1,194
Turnover rents	181	526
Dilapidation income received	125	180
Other property income	17	13
Total rental and other property income	22,953	22,677
Other income*	-	1,082
<b>Total rental and other income</b>	<b>22,953</b>	<b>23,759</b>

\* Indemnity income received from the Investment Manager, as detailed in the March 2024 Annual Report.

All rental and other income is derived from within the UK. No single tenant accounts for more than 10% of rental income.

### 4. PROPERTY OPERATING EXPENSES

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Recoverable service charge expense	2,336	2,436
Other property expenses	1,517	1,191
Recoverable insurance expense	1,377	1,194
Non-recoverable service charge expense	316	997
<b>Total property operating expenses</b>	<b>5,546</b>	<b>5,818</b>

## 5. OTHER OPERATING EXPENSES

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Investment management fee	1,457	1,379
Operating costs	995	973
Audit remuneration	234	273
Directors' remuneration (see note 6)	179	160
<b>Total other operating expenses</b>	<b>2,865</b>	<b>2,785</b>

Details on how the investment management fees are calculated are disclosed in note 24.

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
<b>Audit</b>		
Statutory audit of Annual Report and Financial Statements	211	198
Under accrual from prior year	23	39
	<b>234</b>	<b>237</b>
<b>Non-audit</b>		
ISRE (UK) 2410 review (interim review fee)	-	36
	-	36
<b>Total fees paid to BDO LLP</b>	<b>234</b>	<b>273</b>
<b>Percentage of total fees attributed to non-audit services</b>	<b>0%</b>	<b>13%</b>

## 6. DIRECTORS' REMUNERATION

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Directors' remuneration	158	146
Tax and social security	21	14
<b>Total remuneration</b>	<b>179</b>	<b>160</b>

A summary of the Directors' remuneration is set out in the Directors' Remuneration Report on page 75.

AEW UK Investment Management LLP and the Directors are considered to be key management personnel.

## 7. FINANCE INCOME

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Income receivable from cash and short-term deposits	404	624
<b>Total</b>	<b>404</b>	<b>624</b>

## 8. FINANCE EXPENSES

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Interest payable on loan borrowings	1,776	1,776
Amortisation of loan arrangement fee	127	127
Interest expense on lease liabilities	14	14
Bank charges	2	2
Other loan expenses	-	12
<b>Total</b>	<b>1,919</b>	<b>1,931</b>

## 9. TAXATION

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
<b>Tax charge comprises:</b>		
Corporation tax on interest allocated to the residual business	-	68
Prior year over accrual	(20)	(42)
<b>Total tax (credit)/charge</b>	<b>(20)</b>	<b>26</b>
<b>Analysis of tax (credit)/charge in the year</b>		
Profit before tax	9,913	24,370
Theoretical tax at UK corporation tax standard rate of 25.00% (31 March 2025: 25.00%)	2,478	6,093
Adjusted for:		
Exempt REIT income	(3,157)	(3,570)
Non taxable investment losses/(gains)	679	(2,523)
Corporation tax payable	-	68
Prior year over accrual	(20)	(42)
<b>Total tax (credit)/charge</b>	<b>(20)</b>	<b>26</b>

### Factors that may affect future tax charges

Due to the Company's status as a REIT and the intention to continue meeting the conditions required to obtain approval as a REIT in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

## 10. EARNINGS PER SHARE AND NAV PER SHARE

	YEAR ENDED 31 MARCH 2026	YEAR ENDED 31 MARCH 2025
<b>Earnings per share:</b>		
Total comprehensive income (£'000)	9,933	24,344
Weighted average number of shares	158,531,595	158,424,746
<b>Earnings per share (basic and diluted) (pence)</b>	6.27	15.37
<b>EPRA earnings per share:</b>		
Total comprehensive income (£'000)	9,933	24,344
<b>Adjustment to total comprehensive income:</b>		
Change in fair value of investment properties (£'000)	3,171	(6,861)
Realised gain on disposal of investment properties (£'000)	(454)	(3,230)
<b>Total EPRA Earnings (£'000)</b>	12,650	14,253
<b>EPRA earnings per share (basic and diluted) (pence)</b>	7.98	9.00
Net assets (£'000)	171,966	174,443
Ordinary Shares in issue	158,674,746	158,424,746
<b>NAV per share (pence)</b>	108.38	110.11

Earnings per share ('EPS') amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

## 10. EARNINGS PER SHARE AND NAV PER SHARE (CONTINUED)

AS AT 31 MARCH 2026	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS - UK NAV attributable to shareholders	171,966	171,966	171,966
Real estate transfer tax and other purchasers' costs <sup>1</sup>	-	14,651	-
Adjustment for the fair value of bank borrowings	-	-	(1,881)
<b>At 31 March 2026</b>	<b>171,966</b>	<b>186,617</b>	<b>170,085</b>
Number of ordinary shares (million)	158,674,746	158,674,746	158,674,746
<b>NAV per share (pence)</b>	<b>108.38</b>	<b>117.61</b>	<b>107.19</b>

AS AT 31 MARCH 2025	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS - UK NAV attributable to shareholders	174,443	174,443	174,443
Real estate transfer tax and other purchasers' costs <sup>1</sup>	-	13,500	-
Adjustment for the fair value of bank borrowings	-	-	(2,927)
<b>At 31 March 2025</b>	<b>174,443</b>	<b>187,943</b>	<b>171,516</b>
Number of ordinary shares (million)	158,424,746	158,424,746	158,424,746
<b>NAV per share (pence)</b>	<b>110.11</b>	<b>118.63</b>	<b>108.26</b>

<sup>1</sup> EPRA Net Tangible Assets ('EPRA NTA') and EPRA Net Disposal Value ('EPRA NDV') as calculated using property values in line with IFRS - UK, where values are net of Real Estate Transfer Tax ('RETT') and other purchasers' costs. RETT and other purchasers' costs are added back when calculating EPRA Net Reinstatement Value ('EPRA NRV') and have been estimated at 6.8% (31 March 2025: 6.6%) of the net valuation provided by CBRE (31 March 2025: Knight Frank).

## 11. DIVIDENDS PAID

DIVIDENDS PAID DURING THE YEAR	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Represents four interim dividends of 2.00 pps each	<b>12,682</b>	12,674
DIVIDENDS RELATING TO THE YEAR	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Represents four interim dividends of 2.00 pps each	<b>12,687</b>	12,674

Dividends paid during the period relate to Ordinary Shares only. The Statement of Cash Flows for dividends paid excludes £263,000 withholding tax which is payable as at 31 March 2026 (31 March 2025: £266,000).

## 12. INVESTMENT PROPERTY

### 12.a) Investment property

	31 MARCH 2026			31 MARCH 2025		
	INVESTMENT PROPERTY FREEHOLD £'000	INVESTMENT PROPERTY LEASEHOLD £'000	TOTAL £'000	INVESTMENT PROPERTY FREEHOLD £'000	INVESTMENT PROPERTY LEASEHOLD £'000	TOTAL £'000
<b>UK investment property</b>						
As at beginning of the year	168,495	36,050	204,545	154,340	56,350	210,690
Purchases in the year	12,031	-	12,031	10,533	-	10,533
Capital expenditure in the year	1,052	1,518	2,570	1,918	884	2,802
Disposals in the year	(497)	-	(497)	(4,750)	(22,143)	(26,893)
Revaluation of investment property	(421)	(2,778)	(3,199)	6,454	959	7,413
<b>Valuation provided by valuer*</b>	<b>180,660</b>	<b>34,790</b>	<b>215,450</b>	168,495	36,050	204,545
Adjustment to carrying value for lease incentive debtor			(4,011)			(4,303)
Adjustment for lease obligations**			187			187
<b>Total investment property</b>			<b>211,626</b>			200,429
<b>Classified as:</b>						
Investment property held for sale***			9,222			-
Investment property			202,404			200,429
			<b>211,626</b>			200,429
<b>Change in fair value of investment property</b>						
Change in fair value before adjustments for lease incentives			(3,199)			7,413
Adjustment for movement in the year:						
in value of lease incentive debtor			28			(552)
			<b>(3,171)</b>			6,861
<b>Gains on disposal of the investment property</b>						
Net proceeds from disposals of investment property during the year****			951			30,123
Fair value at the beginning of period			(497)			(26,893)
<b>Realised gain on disposal of investment property held for sale</b>			<b>454</b>			3,230

\* 31 March 2026 valuation provided by CBRE (31 March 2025: Knight Frank).

\*\* Adjustment in respect of minimum payment under head leases separately included as a liability within the Statement of Financial Position.

\*\*\* Barnstaple Retail Park and Cardiff, Circuit Nightclub have been classified as held for sale as at 31 March 2026.

\*\*\*\* Net proceeds include no deductions for topped up rents and rent-free periods (31 March 2025: £1,642,000).

## 12. INVESTMENT PROPERTY (CONTINUED)

### 12.a) Investment property (continued)

#### Valuation of investment property

Valuation of investment property is performed by CBRE, an accredited external independent valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued.

The valuation of the Company's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards (incorporating the International Valuation Standards).

The determination of the fair value is based upon the income capitalisation approach. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and estimated rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details, capital values of fixtures and fittings, environmental matter and the overall repair and condition of the property.

### 12.b) Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy for investments:

	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1) £'000	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) £'000	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) £'000	TOTAL £'000
<b>Assets measured at fair value</b>				
<b>31 March 2026</b>				
Investment property and investment property held for sale	-	-	211,626	211,626
<b>31 March 2025</b>				
Investment property	-	-	200,429	200,429

#### Explanation of the fair value hierarchy:

Level 1 – Quoted prices for an identical instrument in active markets;

Level 2 – Prices of recent transactions for identical instruments and valuation techniques using observable market data; and

Level 3 – Valuation techniques using non-observable data.

There have been no transfers between Level 1 and Level 2 during either year, nor have there been any transfers in or out of Level 3.

## 12. INVESTMENT PROPERTY (CONTINUED)

### 12.b) Fair value measurement hierarchy (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolio of investment property are:

#### 1) ERV

#### 2) Equivalent yield

Increases/(decreases) in the ERV (per sq ft per annum) in isolation would result in a higher/(lower) fair value measurement. Increases/(decreases) in the discount rate/yield in isolation would result in a lower/(higher) fair value measurement.

The significant unobservable inputs used in the fair value measurement, categorised within Level 3 of the fair value hierarchy of the portfolio of investment property are as follows:

SECTOR	FAIR VALUE £'000	SIGNIFICANT UNOBSERVABLE INPUTS			
		ERV RANGE (PER SQ FT PER ANNUM)	WEIGHTED AVERAGE ERV (PER SQ FT PER ANNUM)	EQUIVALENT YIELD RANGE	WEIGHTED AVERAGE EQUIVALENT YIELD RANGE
<b>As at 31 March 2026</b>					
Industrial	80,110	£3.64 - £10.50	£4.87	6.81% - 10.26%	7.74%
Retail	74,560	£6.90 - £21.38	£11.87	7.20% - 11.64%	8.33%
Other	37,560	£4.43 - £43.39	£11.16	8.63% - 13.99%	9.58%
Office	23,220	£8.77 - £35.79	£23.87	8.99% - 9.53%	9.37%
<b>Portfolio*</b>	<b>215,450</b>	<b>£3.64 - £43.39</b>	<b>£7.99</b>	<b>6.81% - 13.99%</b>	<b>8.44%</b>
<b>As at 31 March 2025</b>					
Industrial	78,600	£0.50 - £10.00	£4.60	6.83% - 10.94%	8.14%
Retail	72,450	£4.00 - £94.00	£11.74	7.09% - 10.88%	8.61%
Other	28,895	£8.50 - £42.43	£10.86	7.54% - 9.58%	8.43%
Office	24,600	£8.50 - £40.00	£21.93	8.60% - 8.99%	8.81%
<b>Portfolio**</b>	<b>204,545</b>	<b>£0.50 - £94.00</b>	<b>£7.57</b>	<b>6.83% - 10.94%</b>	<b>8.42%</b>

\* Valuation per CBRE.

\*\* Valuation per Knight Frank LLP.

Where possible, sensitivity of the fair values of Level 3 assets are tested to changes in unobservable inputs against reasonable alternatives.

All gains and losses recorded in the statement of comprehensive income for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting year, prior to adjustment for rent-free debtor and rent guarantee debtor, where applicable.

## 12. INVESTMENT PROPERTY (CONTINUED)

### 12.b) Fair value measurement hierarchy (continued)

	CHANGE IN ERV		CHANGE IN EQUIVALENT YIELD	
	£'000	£'000	£'000	£'000
<b>Sensitivity analysis</b>	+5%	-5%	+5%	-5%
<b>31 March 2026</b>				
<b>Resulting fair value of investment property</b>	<b>221,877</b>	<b>203,714</b>	<b>201,298</b>	<b>225,416</b>
31 March 2025				
Resulting fair value of investment property	213,044	196,182	194,227	215,985

	CHANGE IN ERV		CHANGE IN EQUIVALENT YIELD	
	£'000	£'000	£'000	£'000
<b>Sensitivity analysis</b>	+10%	-10%	+10%	-10%
<b>31 March 2026</b>				
<b>Resulting fair value of investment property</b>	<b>231,203</b>	<b>194,705</b>	<b>190,892</b>	<b>239,494</b>
31 March 2025				
Resulting fair value of investment property	221,537	187,827	184,841	228,686

	CHANGE IN ERV		CHANGE IN EQUIVALENT YIELD	
	£'000	£'000	£'000	£'000
<b>Sensitivity analysis</b>	+15%	-15%	+15%	-15%
<b>31 March 2026</b>				
<b>Resulting fair value of investment property</b>	<b>240,534</b>	<b>185,761</b>	<b>181,396</b>	<b>255,233</b>
31 March 2025				
Resulting fair value of investment property	230,146	179,541	176,276	242,887

Given the current volatility in the property market, the above levels of sensitivity of unobservable inputs are considered to demonstrate plausible scenarios in the near future and a reasonable resulting range of movement in valuation.

### 12.c) Real estate risk

The Company has considered the risks specific to its investment property within note 22.2 Financing Management.

## 13. RECEIVABLES AND PREPAYMENTS

### Non Current

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
<b>Receivables</b>		
Lease incentive debtor	4,007	3,956
<b>Total</b>	<b>4,007</b>	<b>3,956</b>

### Current

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
<b>Receivables</b>		
Rent agent float account	5,755	5,635
Rent receivable	1,173	1,287
Recoverable service charge receivable	781	1,156
Tenant deposits receivable	432	-
Other receivables	283	251
Recoverable insurance receivable	129	166
Restricted cash	-	350
Allowance for expected credit losses	(396)	(459)
	<b>8,157</b>	<b>8,386</b>
Lease incentive debtor	4	347
	<b>8,161</b>	<b>8,733</b>
Property related prepayments	815	495
Other prepayments	197	53
	<b>1,012</b>	<b>548</b>
<b>Total</b>	<b>9,173</b>	<b>9,281</b>

The lease incentive debtor recognised from rent smoothing adjustments are not considered to be financial assets as the amounts are not yet contractually due. As such, the requirements of IFRS - UK 9 (including the expected credit loss assessment) are not applicable to these balances. The credit risk associated with the tenant is considered in the determination of the fair value of the related property.

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

## 13. RECEIVABLES AND PREPAYMENTS (CONTINUED)

### Current (continued)

The aged debtor analysis of receivables is as follows:

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
Less than three months	7,040	6,610
Between three and six months	1,117	1,776
<b>Total</b>	<b>8,157</b>	<b>8,386</b>

The Company applies the IFRS - UK 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are assessed on an individual tenant-by-tenant basis. The risk of credit loss applied to each tenant is assessed based on information including, but not limited to: external credit ratings; financial statements; press information; previous experience of losses or late payment; discussions with the property manager and the tenant.

The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the year-end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The expected credit loss provision as at 31 March 2026 was £0.40 million (31 March 2025: £0.46 million). No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
Opening provision for impairment of trade receivables	459	2,177
Increase/(decrease) during the year	411	(338)
Unused amounts reversed	(14)	(92)
Movement in provision for impairment during the year	397	(430)
Prior year receivable written off during the year as uncollectible	(460)	(1,288)
	(63)	(1,718)
<b>At the end of the year</b>	<b>396</b>	<b>459</b>

## 14. RESTRICTED CASH

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
Restricted cash	-	1,790
	-	1,790

## 15. INTEREST BEARING LOANS AND BORROWINGS

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
At the beginning of the period	60,000	60,000
Bank borrowings drawn in the period	-	-
Bank borrowings repaid in the period	-	-
<b>Interest bearing loans and borrowings</b>	<b>60,000</b>	60,000
Unamortised loan arrangement fees	(118)	(227)
<b>At the end of the year</b>	<b>59,882</b>	59,773
Repayable between two and five years	60,000	60,000
Undrawn facility at the end of the period	-	-
<b>Total facility</b>	<b>60,000</b>	60,000

The Company has a £60.00m credit facility with AgFe, a leading independent asset manager specialising in debt-based investments. As of 31 March 2026 the Company had utilised £60.00m (31 March 2025: £60.00m). The loan is a fixed rate loan with a total interest cost of 2.959% and has a five year term maturing in July 2027.

The Company has a target gearing of 35% Loan to NAV. As at 31 March 2026, the Company's gearing was 34.89% Loan to NAV (31 March 2025: 34.40%).

Borrowing costs associated with the credit facility are shown as finance costs in note 8 to these financial statements.

	31 MARCH 2026	31 MARCH 2025
Facility	£60.00m	£60.00m
Drawn	£60.00m	£60.00m
Loan at fair value	£58.12m	£57.07m
Gearing (Loan to GAV)	25.21%	25.01%
Gearing (Loan to NAV)	34.89%	34.40%
Interest rate	2.959% fixed	2.959% fixed
Notional Value of Loan Balance Hedged	N/A	N/A

## 15. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

### Reconciliation to cash flows from financing activities

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
Balance at beginning of year	59,773	59,663
<b>Changes from financing cash flows</b>		
Interest paid	(1,800)	(1,810)
<b>Total changes from financing cash flows</b>	<b>(1,800)</b>	<b>(1,810)</b>
<b>Other changes</b>		
Amortisation of loan arrangement fees	126	127
Interest expense	1,775	1,776
Other loan expenses	-	12
Changes in loan interest payable	8	5
<b>Total other changes</b>	<b>1,909</b>	<b>1,920</b>
<b>Balance at the end of the year</b>	<b>59,882</b>	<b>59,773</b>

## 16. PAYABLES AND ACCRUED EXPENSES

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
Deferred income	4,136	3,991
Other creditors	1,530	1,423
Accruals	1,422	1,257
Tenant deposits payable	432	-
Recoverable service charge payable	390	266
Recoverable insurance payable	29	109
<b>Total</b>	<b>7,939</b>	<b>7,046</b>

## 17. LEASE OBLIGATIONS AS LESSEE

Leases as lessee are capitalised at the lease's commencement at the present value of the minimum lease payments. The present value of the corresponding rental obligations are included as liabilities.

The following table analyses the minimum lease payments under non-cancellable leases:

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
Current	13	13
Non Current	174	174
<b>Total</b>	<b>187</b>	<b>187</b>

## 18. OPERATING LEASES

### Operating lease commitments - as lessor

The Company has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have a remaining term of between zero and 23 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2026 are as follows:

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
Within one year	16,665	16,205
After one year but not more than two years	12,008	13,369
After two years but not more than three years	9,786	9,138
After three years but not more than four years	8,520	6,859
After four years but not more than five years	7,066	6,272
More than five years	17,407	21,708
<b>Total</b>	<b>71,452</b>	<b>73,551</b>

During the year ended 31 March 2026, there were contingent rents totalling £181,000 (year ended 31 March 2025: £526,000) recognised as income.

## 19. INVESTMENT IN SUBSIDIARY

The Company has a wholly-owned subsidiary, AEW UK REIT 2015 Limited:

NAME AND COMPANY NUMBER	COUNTRY OF REGISTRATION AND INCORPORATION	PRINCIPAL ACTIVITY	ORDINARY SHARES HELD
AEW UK REIT 2015 Limited (Company number 09524699)	England and Wales	Dormant	100%

AEW UK REIT 2015 Limited is a subsidiary of the Company incorporated in the UK on 2 April 2015. At 31 March 2026, the Company held one share, being 100% of the issued share capital. AEW UK REIT 2015 Limited is dormant and the cost of the subsidiary is £0.01 (31 March 2025: £0.01). The registered office of AEW UK REIT 2015 Limited is 19<sup>th</sup> Floor, 51 Lime Street, London EC3M 7DQ.

## 20. ISSUED SHARE CAPITAL

	31 MARCH 2026		31 MARCH 2025	
	£'000	NUMBER OF ORDINARY SHARES	£'000	NUMBER OF ORDINARY SHARES
<b>Ordinary Shares (nominal value £0.01 per share) authorised, issued and fully paid</b>				
At the beginning of the year	1,587	158,774,746	1,587	158,774,746
<b>At the end of the year</b>	<b>1,587</b>	<b>158,774,746</b>	1,587	158,774,746
<b>Treasury Shares</b>				
At the beginning of the year	(265)	350,000	(265)	350,000
Sold during the year*	188	(250,000)	-	-
<b>At the end of the year</b>	<b>(77)</b>	<b>100,000</b>	(265)	350,000
<b>Total Ordinary Share capital excluding treasury shares</b>	<b>1,587</b>	<b>158,674,746</b>	1,587	158,424,746

The allotted, called up and fully paid shares at 31 March 2026 consisted of 158,674,746 Ordinary Shares.

\* During the year ended 31 March 2026, 250,000 shares were sold from treasury for proceeds of £272,000.

## 21. SHARE PREMIUM ACCOUNT

	31 MARCH 2026 £'000	31 MARCH 2025 £'000
The share premium relates to amounts subscribed for share capital in excess of nominal value:		
Balance at the beginning of the year	56,578	56,578
Premium on Treasury shares sold	84	-
<b>Balance at the end of the year</b>	<b>56,662</b>	56,578

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 22.1 Financial assets and liabilities

The Company's principal financial assets and liabilities are those derived from its operations: receivables and prepayments, cash and cash equivalents and payables and accrued expenses. The Company's other principal financial liabilities are interest bearing loans and borrowings, the main purpose of which is to finance the acquisition and development of the Company's property portfolio.

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements.

	31 MARCH 2026		31 MARCH 2025	
	BOOK VALUE £'000	FAIR VALUE £'000	BOOK VALUE £'000	FAIR VALUE £'000
<b>Financial assets</b>				
Receivables <sup>1</sup>	8,157	8,157	8,386	8,386
Cash and cash equivalents	15,168	15,168	25,993	25,993
<b>Financial liabilities</b>				
Interest bearing loans and borrowings	59,882	58,119	59,773	57,073
Payables and accrued expenses <sup>2</sup>	3,278	3,278	2,530	2,530
Lease obligations	187	187	187	187

<sup>1</sup> Excludes lease incentive debtor and prepayments.

<sup>2</sup> Excludes tax, VAT liabilities and deferred income.

All other financial assets and financial liabilities are measured at amortised cost. All financial instruments were designated in their current categories upon initial recognition.

Fair value measurement hierarchy has not been applied to those classes of asset and liability stated above which are not measured at fair value in the financial statements. The difference between the fair value and book value of these items is not considered to be material.

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 22.2 Financing management

The Company's activities expose it to a variety of financial risks: market risk, real estate risk, credit risk and liquidity risk.

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The principal risks facing the Company in the management of its portfolio are as follows:

#### Market price risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Company that are affected by market risk are principally the Company's cash balances and bank borrowings.

The Company entered into a fixed rate 5 year loan with AgFe in May 2022, with a total interest cost of 2.959% mitigating the market risk associated with bank borrowings. The fixed term is ending in July 2027.

#### Real estate risk

Real estate risk is the risk that future values of investments in direct property and related property investments will fluctuate due to changes in market prices. To manage market price risk, the Company diversifies its portfolio geographically in the United Kingdom and across property sectors.

The disciplined approach to the purchase, sale and asset management ensures that the value is maintained to its maximum potential. Prior to any property acquisition or sale, detailed research is undertaken to assess expected future cash flow. The Investment Management Committee of the Investment Manager meets twice monthly and reserves the ultimate decision with regards to investment purchases or sales. In order to monitor property valuation fluctuations, the Investment Manager meets with the independent external valuer on a regular basis. The valuer provides a property portfolio valuation quarterly, so any movements in the value can be accounted for in a timely manner and reflected in the NAV every quarter.

Property investments are illiquid assets and can be difficult to sell, especially if local market conditions are poor. Illiquidity may also result from the absence of an established market for investments, as well as legal or contractual restrictions on resale of such investments. In addition, property valuation is inherently subjective due to the individual characteristics of each property, and thus, coupled with illiquidity in the markets, makes the valuation in the investment property difficult and inexact.

No assurances can be given that the valuations of properties will be reflected in the actual sale prices even where such sales occur shortly after the relevant valuation date.

There can be no certainty regarding the future performance of any of the properties acquired for the Company. The value of any property can go down as well as up. Property and property-related assets are inherently subjective as regards value due to the individual nature of each property. As a result, valuations are subject to uncertainty.

Real property investments are subject to varying degrees of risk. The yields available from investments in real estate depend on the amount of income generated and expenses incurred from such investments.

There are additional risks in vacant, part vacant, redevelopment and refurbishment situations, although these are not prospective investments for the Company.

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 22.3 Credit risk

Credit risk is the risk that the counterparty (to a financial instrument) or tenant (of a property) will cause a financial loss to the Company by failing to meet a commitment it has entered into with the Company.

It is the Company's policy to enter into financial instruments with reputable counterparties. All cash deposits are placed with approved counterparties, The Royal Bank of Scotland International Limited which has an A3 long term credit rating and MUFG Corporate Markets Treasury Limited which has an A1 long term credit rating.

In respect of property investments, in the event of a default by a tenant, the Company will suffer a rental shortfall and additional costs concerning re-letting the property. The Investment Manager monitors tenant arrears in order to anticipate and minimise the impact of defaults by occupational tenants.

The table below shows the Company's exposure to credit risk:

	AS AT 31 MARCH 2026 £'000	AS AT 31 MARCH 2025 £'000
Receivables (excluding incentives and prepayments)	8,157	8,386
Cash and cash equivalents	15,168	25,593
<b>Total</b>	<b>23,325</b>	<b>33,979</b>

### Liquidity risk

Liquidity risk arises from the Company's management of working capital, the finance charges and principal repayments on its borrowings. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due, as the majority of the Company's assets are investment properties and therefore not readily realisable. The Company's objective is to ensure it has sufficient available funds for its operations and to fund its capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows by management.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	ON DEMAND £'000	< 3 MONTHS £'000	3-12 MONTHS £'000	1-5 YEARS £'000	> 5 YEARS £'000	TOTAL £'000
<b>31 MARCH 2026</b>						
Interest bearing loans and borrowings	-	443	1,333	60,199	-	61,975
Payables and accrued expenses	-	3,278	-	-	-	3,278
Lease obligation	-	-	14	56	1,694	1,764
	-	3,721	1,347	60,255	1,694	67,017

	ON DEMAND £'000	< 3 MONTHS £'000	3-12 MONTHS £'000	1-5 YEARS £'000	> 5 YEARS £'000	TOTAL £'000
<b>31 MARCH 2025</b>						
Interest bearing loans and borrowings	-	443	1,333	61,974	-	63,750
Payables and accrued expenses	-	2,530	-	-	-	2,530
Lease obligation	-	-	14	56	1,708	1,778
	-	2,973	1,347	62,030	1,708	68,058

## **23. CAPITAL MANAGEMENT**

The primary objectives of the Company's capital management are to ensure that it continues to qualify for UK REIT status and complies with its banking covenants.

To enhance returns over the medium term, the Company utilises borrowings on a limited recourse basis for each investment or all or part of the total portfolio. The Company's policy is to target a borrowing level of 35.00% Loan to NAV.

Alongside the Company's borrowing policy, the Directors intend, at all times, to conduct the affairs of the Company so as to enable the Company to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder). The REIT status compliance requirements include: 90% distribution test, interest cover ratio and 75% assets test, all of which the Company remained compliant with in this reporting year.

The monitoring of the Company's level of borrowing is performed primarily using a Loan to Value ratio and is reported to the lender on a quarterly basis against the financial covenants of the facility. At the year-end, the Company had a Loan to Value ratio of 28.12% (31 March 2025: 33.87%).

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. During the year under review, the Company did not breach any of its loan covenants, nor did it default on any of its other obligations under its loan agreements.

## **24. TRANSACTIONS WITH RELATED PARTIES**

As defined by IAS 24 Related Parties Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

For the year ended 31 March 2026, AEW UK Investment Management LLP and the Directors are considered to be key management personnel. Details of amounts paid to Directors for their services can be found within note 6, Directors' remuneration and the Director's remuneration report on page 71. During the year the Directors who served in the year received £4,932 gross in dividend payments (31 March 2025: £3,498).

AEW UK Investment Management LLP is the Company's Investment Manager and has been appointed as AIFM. Under the terms of the Investment Management Agreement, the Investment Manager is responsible for the day-to-day discretionary management of the Company's investments subject to the investment objective and investment policy of the Company and the overall supervision of the Directors.

The Investment Manager is entitled to receive a quarterly management fee in respect of its services calculated at the rate of one-quarter of 0.9% of the prevailing NAV (excluding uninvested proceeds from fundraisings).

During the year, the Company incurred £1,456,765 (31 March 2025: £1,379,246) in respect of investment management fees and expenses, of which £357,625 (31 March 2025: £335,510) was outstanding as at 31 March 2026.

## **25. SEGMENTAL INFORMATION**

The Board of Directors retains overall control of the Company but the Investment Manager (AEW UK Investment Management LLP) has certain authorities and fulfils the function of allocating resource to, and assessing the performance of the Company's operating segments and is therefore considered to be the Chief Operating Decision Maker ('CODM'). In accordance with IFRS - UK 8, the Company considers each of its properties to be an individual operating segment. The CODM allocates resources, and reviews the performance of, the Company's portfolio on a property-by-property basis and discrete financial information is available for each individual property.

These operating segments have similar economic characteristics and, as such, are aggregated into one reporting segment, being investment in property and property-related investments in the UK.

## **26. EVENTS AFTER REPORTING DATE**

### **Dividend**

On 19 April 2026, the Board declared its fourth interim dividend of 2.00 pps in respect of the period from 1 January 2026 to 31 March 2026. This was paid on 28 May 2026, to shareholders on the register as at 1 May 2026. The ex-dividend date was 30 April 2026.

### **Decision Not to Proceed with Offer for Alternative Income REIT plc**

Subsequent to the reporting period, on 21 April 2026 the Company announced that it has decided not to proceed with its potential offer for Alternative Income REIT plc ("AIRE"), as previously indicated in an announcement made on 24 March 2026. Although initial heads of terms were reached at an early stage, due diligence established that agreement on certain key matters could not be concluded. Accordingly, the Company did not make a firm offer for AIRE. The Board considers this outcome regrettable, noting that a combination could have potentially served the interests of both sets of shareholders. Consequently, the Company and any parties acting in concert with it are restricted from making a further offer for AIRE for a period of six months, except under specific circumstances outlined in the Code (such as with AIRE's agreement, announcement of a third-party offer, or a material change in circumstances).

### **Interest Rate Cap Acquired Ahead of 2027 Refinancing**

Subsequent to the reporting period on 28 May 2026, the Company acquired an interest rate cap for a one-off premium of £638,000. This prudent measure is designed to mitigate the risk of rising interest rates, when its fixed rate debt facility with AgFe expires on 20 July 2027. The interest rate cap will run from 20 July 2027 to 20 July 2030 and will cover £30.0 million of borrowings, equivalent to 50% of the Company's current debt, limiting the SONIA rate to a maximum of 4.064% per annum. This is expected to protect the Company's future earnings and distributions against adverse rate movements on the capped portion, while allowing the Company to benefit if SONIA remains below 4.064%.

### **Property Sale**

On 11 June 2026, the company exchanged on the sale of the Circuit Nightclub, Cardiff at auction for £1.475m, ahead of its guide price of £1.075m. The sale is due to complete on 9 July 2026.

# Additional Information





Bath, Northgate House



Strategic Report

Governance

Financial Statements

Additional Information

# EPRA Unaudited Performance Measures

EPRA disclosures are widely used across the listed property sector and, as such, have been presented below to aid comparison with other companies in this sector.

Detailed below is a summary table showing the EPRA performance measures of the Company.

All EPRA performance measures have been calculated in line with EPRA Best Practices Recommendations Guidelines which can be found at [www.epra.com](http://www.epra.com).

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
<b>1. EPRA Earnings</b> Earnings for operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	£12.65 million/7.98 pps EPRA earnings for year to 31 March 2026 (31 March 2025: £14.25 million/9.00 pps)
<b>2. EPRA Net Tangible Assets ('NTA')</b> Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.		£171.97 million/108.38 pps EPRA NTA as at 31 March 2026 (31 March 2025: £174.44 million/110.11 pps)
<b>3. EPRA Net Reinstatement Value ('NRV')</b> Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS - UK financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	£186.62 million/117.61 pps EPRA NRV as at 31 March 2026 (31 March 2025: £187.94 million/118.63 pps)
<b>4. EPRA Net Disposal Value ('NDV')</b> Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.		£170.09 million/107.19 pps EPRA NDV as at 31 March 2026 (31 March 2025: £171.52 million/108.26 pps)
<b>5. EPRA Net Initial Yield ('NIY')</b> Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations.  This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	7.72% EPRA NIY as at 31 March 2026 (31 March 2025: 7.97%)
<b>6. EPRA 'Topped-Up' NIY</b> This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	A comparable measure for portfolio valuations.  This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	7.99% EPRA 'Topped-Up' NIY as at 31 March 2026 (31 March 2025: 8.19%)

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
<b>7. EPRA Vacancy Rate</b> Estimated Market Rental Value ('ERV') of vacant space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	9.43% EPRA Vacancy Rate as at 31 March 2026 (31 March 2025: 7.50%)
<b>8. EPRA Cost Ratio</b> Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	26.34% EPRA Cost Ratio (including direct vacancy costs) as at 31 March 2026 (31 March 2025: 24.05%)  18.98% EPRA Cost Ratio (excluding direct vacancy costs) as at 31 March 2026 (31 March 2025: 12.90%)
<b>9. EPRA Capital Expenditure</b> Capitalised expenditure for the financial period.	A key disclosure to understand the property-related expenditure that have been capitalised from the investments made during the year.	£14.60 million for the year ended 31 March 2026 (31 March 2025: £13.34 million)
<b>10. EPRA Like-for-like Rental (Reduction)/Growth</b> Like-for-like net rental growth compares the growth of net rental income of the portfolio that has been consistently in operation, and not under development during the two full preceding periods that are described.	A key disclosure that indicates a company's performance from one year to another.	£0.18 million/1.05% for the year ended 31 March 2026 (31 March 2025: £(0.24) million/(1.58)%)
<b>11. EPRA Loan to Value</b> Debt divided by market value of the property.	A key (shareholder-gearing) metric to determine the percentage of debt compared to the appraised value of properties.	20.31% for the year ended 31 March 2026 (31 March 2025: 15.29%)

## CALCULATION OF EPRA NTA, EPRA NRV AND EPRA NDV

The Company considers EPRA NTA to be the most relevant NAV measure for the Company and we are now reporting this as our primary NAV measure, replacing our previously reported EPRA NAV and EPRA NNAV per share metrics. EPRA NTA excludes the cumulative fair value adjustments for debt-related derivatives which are unlikely to be realised.

AS AT 31 MARCH 2026	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS - UK NAV attributable to shareholders	171,966	171,966	171,966
Real estate transfer tax and other purchasers costs <sup>1</sup>	-	14,651	-
Adjustment for the fair value of bank borrowings	-	-	(1,881)
<b>At 31 March 2026</b>	<b>171,966</b>	<b>186,617</b>	<b>170,085</b>
Number of ordinary shares ('000)	158,674,746	158,674,746	158,674,746
<b>NAV per share (pence)</b>	<b>108.38</b>	<b>117.61</b>	<b>107.19</b>

AS AT 31 MARCH 2025	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS - UK NAV attributable to shareholders	174,443	174,443	174,443
Real estate transfer tax and other purchasers' costs <sup>1</sup>	-	13,500	-
Adjustment for the fair value of bank borrowings	-	-	(2,927)
<b>At 31 March 2025</b>	<b>174,443</b>	<b>187,943</b>	<b>171,516</b>
Number of Ordinary Shares ('000)	158,424,746	158,424,746	158,424,746
<b>NAV per share (pence)</b>	<b>110.11</b>	<b>118.63</b>	<b>108.26</b>

<sup>1</sup> EPRA NTA and EPRA NDV are calculated using property values in line with IFRS - UK, where values are net of Real Estate Transfer Tax (RETT) and other purchasers' costs. RETT and other purchasers' costs are added back when calculating EPRA NRV, and have been estimated at 6.8% of the net valuation provided by CBRE (31 March 2025: 6.6%).

## CALCULATION OF EPRA NET INITIAL YIELD ('NIY') AND EPRA 'TOPPED-UP' NIY

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Investment property - wholly-owned	215,450	204,545
Allowance for estimated purchasers' costs at 6.8% (2025: 6.6%)	14,651	13,500
<b>Grossed-up completed property portfolio valuation (B)</b>	<b>230,101</b>	<b>218,045</b>
Annualised cash passing rental income	17,998	17,861
Property outgoings	(245)	(475)
<b>Annualised net rents (A)</b>	<b>17,753</b>	<b>17,386</b>
Rent from expiry of rent-free periods and fixed uplifts*	609	466
<b>'Topped-up' net annualised rent (C)</b>	<b>18,362</b>	<b>17,852</b>
<b>EPRA NIY (A/B)</b>	<b>7.72%</b>	<b>7.97%</b>
<b>EPRA 'topped-up' NIY (C/B)</b>	<b>7.98%</b>	<b>8.19%</b>

\* Rent-free periods expire by September 2026.

## EPRA NIY BASIS OF CALCULATION

EPRA NIY is calculated as the annualised net rent, divided by the grossed-up value of the completed property portfolio valuation.

The valuation of the grossed-up completed property portfolio is determined by the Company's external valuers as at 31 March 2026, plus an allowance for estimated purchaser's costs. Estimated purchaser's costs are determined by the relevant stamp duty liability, plus an estimate by our valuers of agent and legal fees on notional acquisition. The net rent deduction allowed for property outgoings is based on the Company's valuers' assumptions on future recurring non-recoverable revenue expenditure.

In calculating the EPRA 'topped-up' NIY, the annualised net rent is increased by the total contracted rent from expiry of rent-free periods and future contracted rental uplifts.

## CALCULATION OF EPRA VACANCY RATE

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Annualised potential rental value of vacant premises (A)	1,616	1,498
Annualised potential rental value for the complete property portfolio (B)	21,375	19,974
EPRA Vacancy Rate (A/B)	7.56%	7.50%

## CALCULATION OF EPRA COST RATIOS

	YEAR ENDED 31 MARCH 2026 £'000	YEAR ENDED 31 MARCH 2025 £'000
Administrative/operating expense per IFRS - UK income statement	5,095	4,543
Less: ground rent costs	(87)	(11)
<b>EPRA costs (including direct vacancy costs) (A)</b>	<b>5,008</b>	<b>4,532</b>
Direct vacancy costs (see Glossary on page 166 for further details)	(1,399)	(2,101)
<b>EPRA costs (excluding direct vacancy costs) (B)</b>	<b>3,609</b>	<b>2,431</b>
Gross rental income less ground rent costs (C)	19,011	18,843
<b>Gross Rental Income (C)</b>	<b>19,011</b>	<b>18,843</b>
<b>EPRA Cost Ratio (including direct vacancy costs) (A/C)</b>	<b>26.34%</b>	<b>24.05%</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs) (B/C)</b>	<b>18.98%</b>	<b>12.90%</b>

The Company has not capitalised any overhead or operating expenses in the accounting years disclosed above.

Only costs directly associated with the purchase or construction of properties as well as all subsequent value-enhancing capital expenditure are capitalised.

## LIKE-FOR-LIKE RENTAL GROWTH

The table below sets out the like-for-like for rental growth of the portfolio, by sector, in accordance with EPRA Best Practices Recommendations.

SECTOR	RENTAL INCOME FROM LIKE-FOR-LIKE PORTFOLIO 2026 £M	RENTAL INCOME FROM LIKE-FOR-LIKE PORTFOLIO 2025 £M	LIKE-FOR-LIKE RENTAL GROWTH £M	LIKE-FOR-LIKE RENTAL GROWTH %
Other	2.90	3.07	(0.17)	(5.44)
High Street Retail	3.40	3.33	0.07	2.21
Industrial	6.20	6.04	0.16	2.60
Office	2.03	2.00	0.03	1.55
Retail Warehouse	2.51	2.42	0.09	3.80
<b>Total</b>	<b>17.04</b>	<b>16.86</b>	<b>0.18</b>	<b>1.05</b>

The like-for-like rental growth is based on changes in rental income for those properties which have been held for the duration of both the current and comparative reporting. This represents a portfolio valuation, as assessed by the valuer of £194.55 million (31 March 2025: £194.70 million).

## CAPITAL EXPENDITURE

The table below sets out the capital expenditure of the portfolio in accordance with EPRA Best Practice Recommendations.

SECTOR	2026 £'000	2025 £'000
Acquisitions	12,031	10,533
Investment properties - no incremental lettable space	2,570	2,802
<b>Total purchases and capital expenditure</b>	<b>14,601</b>	<b>13,335</b>

## EPRA LOAN TO VALUE

The table below sets out the loan to net value in accordance with EPRA Best Practice Recommendations:

EPRA LOAN-TO-VALUE	31 MARCH 2026 £'000	31 MARCH 2025 £'000
Borrowings from financial institutions	60,000	60,000
Cash and cash equivalents	(15,168)	(25,993)
Restricted cash	-	(1,790)
<b>EPRA Net debt (A)</b>	<b>44,832</b>	<b>32,217</b>
Investment properties at fair value	215,450	204,545
Net receivables	5,241	6,191
<b>Total property value (B)</b>	<b>220,691</b>	<b>210,736</b>
<b>EPRA LTV (A/B)</b>	<b>20.31%</b>	<b>15.29%</b>
<b>Net receivables comprises</b>		
Receivables and prepayments	13,180	13,237
Payables and accrued expenses	(7,939)	(7,046)
<b>Total</b>	<b>5,241</b>	<b>6,191</b>

# EPRA Sustainability Performance Measures (unaudited)

The Company has chosen to disclose sustainability information where material in accordance with EPRA Sustainability Best Practice Recommendations (4<sup>th</sup> Edition).

EPRA use the following 28 performance measures as indicated, by code, in the table below:

CODE	PERFORMANCE MEASURE
<b>ENVIRONMENTAL</b>	
Elec-Abs	Total electricity consumption
Elec-LfL	Like-for-like total electricity consumption
DH&C-Abs	Total district heating & cooling consumption
DH&C-LfL	Like-for-like district heating & cooling consumption
Fuels-Abs	Total fuel consumption
Fuels-LfL	Like-for-like total fuel consumption
Energy-LfL	Building energy intensity
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions
GHG-Int	Greenhouse gas (GHG) emissions intensity from buildings
Water-Abs	Total water consumption
Water-LfL	Like-for-like total water consumption
Water-Int	Building water intensity
Waste-Abs	Total weight of waste by disposal route
Waste-LfL	Life-for-like total weight of waste by disposal route
Cert-Tot	Type and number of sustainably certified assets
<b>SOCIAL</b>	
Diversity-Emp	Employee gender diversity
Diversity-Pay	Gender pay ratio
Emp-Training	Employee training and development
Emp-Dev	Employee performance appraisals
Emp-Turnover	New hires and turnover
H&S-Emp	Employee Health & Safety
H&S-Asset	Asset Health & Safety assessments
H&S-Comp	Asset Health & Safety compliance
Comty-Eng	Community engagement, impact assessment and development programs
<b>GOVERNANCE</b>	
Gov Board	Composition of the highest governance body
Gov Selec	Process for nominating and selecting the highest governance body
Gov Col	Process for managing conflicts of interest



## SUSTAINABILITY PERFORMANCE MEASURES (ENVIRONMENTAL)

The Company has chosen to report GHG emissions using the 'Operational Control' approach for its reporting boundary (as opposed to financial control' or 'equity share'). 'Operational control' has been selected as the reporting boundary as this reflects the portion of the portfolio where the Company can influence operational procedures and, ultimately, sustainability performance. The operational control approach is the most commonly applied within the industry. This boundary includes owned assets where the Company, acting as the landlord, is directly responsible for electricity and/or gas supplies and/or has control of air conditioning equipment.

The following sources of emissions have been considered as part of this review:

### Scope 1

- Direct emissions from controlled gas boilers (converted from kWh usage)
- Fugitive emissions from air conditioning systems under landlord control (converted from kg refrigerant releases). The Company's property manager, Mapp, have confirmed that no fugitive emission (through refrigerant gases) were reported in 2025/26
- Business travel through company owned vehicles (not relevant as the Company does not own any vehicles)

### Scope 2

- Indirect emissions from electricity purchased by the Company and consumed within real estate assets owned by the Company (converted from kWh usage)
- Greenhouse Gas (GHG) emissions from electricity (Scope 2) are reported according to the 'location-based' approach

As a property company, the majority of the Company's emissions arise through assets that are owned and leased. At multi-let properties, the Company, acting as the landlord, has control and influence over the whole building and/or shared services (including refrigerant leakage), external lighting and void spaces. In this reporting year, the Company was responsible for Scope 1 and/or Scope 2 emissions at the following assets:

ASSET NAME	SECTOR	SCOPE 1 - GAS	SCOPE 2 - ELECTRICITY	INCLUDED IN LIKE-FOR-LIKE
11/15 Fargate	Retail	Yes	Yes	No
15-33 Union Street, Bristol	Retail	Yes	Yes	No
25 George Hudson Street	Other	Yes	Yes	No
40 Queen Square	Office	No	Yes	Yes
69-75 Above Bar Street	Retail	Yes	Yes	No
Apollo Business Park	Industrial	No	Yes	No
Barnstaple Retail Park	Retail	Yes	Yes	No
Cambridge House	Other	Yes	Yes	No
Cedar House	Office	Yes	Yes	No
Central Six Retail Park	Retail	No	Yes	No
Diamond Business Park	Industrial	Yes	Yes	Yes
Freemans Leisure Park	Leisure	No	Yes	No
Hitchin High Street	Retail	No	Yes	No
London East Leisure 1	Leisure	Yes	Yes	Yes
Northgate House	Other	Yes	Yes	No
Pearl House	Retail	Yes	Yes	No
Railway Station Centre	Retail	No	Yes	No
Units A-H Arrowpoint Retail Park, Brixton Way, Shrewsbury Shropshire	Retail	Yes	Yes	No
Westlands Distribution Park	Industrial	Yes	Yes	Yes

Emission sources listed in the above table relate to the managed portfolio only and the following sources of energy consumption within each sector:

- Office; Whole building and common areas
- Retail; Whole building, tenant space and common areas
- Leisure; External lighting, tenant space and common areas
- Industrial; Tenant space, common areas and external lighting
- Other; Common areas, shared services

## EMISSIONS OUTSIDE OF OPERATIONAL CONTROL

The Company was not responsible for emissions from gas and/or electricity use at any other owned asset or for head office operations.

The Company is not directly responsible for any GHG emissions/energy usage at single let/FRI assets nor at multi-let assets where the tenant is counterparty to the energy contract. As these emissions are outside of our direct control, they form part of our wider value chain (i.e. 'Scope 3') emissions, which are not monitored at present.

## WATER CONSUMPTION AND WASTE PRODUCTION

Alongside GHG emissions/energy usage, the Company has chosen to report water and waste consumption of assets where the Company, acting as the landlord, is directly responsible for them.

ASSET NAME	SECTOR	WATER	WASTE
11/15 Fargate	Retail	No	No
15-33 Union Street, Bristol	Retail	Yes	No
25 George Hudson Street	Other	No	No
40 Queen Square	Office	Yes	Yes
69-75 Above Bar Street	Retail	Yes	Yes
Apollo Business Park	Industrial	No	No
Barnstaple Retail Park	Retail	Yes	No
Cambridge House	Other	Yes	No
Cedar House	Office	Yes	No
Central Six Retail Park	Retail	No	Yes
Diamond Business Park	Industrial	Yes	Yes
Freemans Leisure Park	Leisure	No	No
Hitchin High Street	Retail	No	No
London East Leisure 1	Leisure	Yes	No
Northgate House	Other	No	No
Pearl House	Retail	No	No
Railway Station Centre	Retail	Yes	No
Units A-H Arrowpoint Retail Park, Brixton Way, Shrewsbury Shropshire	Retail	No	No
Westlands Distribution Park	Industrial	Yes	No

## Intensity Ratios

In addition to reporting relevant absolute GHG emissions (per scope and per sector), the Company has chosen to report intensity ratios, where appropriate.

The denominator determined to be most relevant to the business is metres squared of the area served by the meter. The intensity ratio is expressed as kilograms carbon dioxide equivalent per metre square (of area served by the meter) per year, or, kg CO<sub>2</sub>e/m<sup>2</sup>/yr.

Like-for-like intensity ratios have only been determined on relevant emissions, where each of the following conditions is met:

- An asset was in ownership for 24 months from 1st April 2024 to 31st March 2026
- No major renovation or refurbishment has taken place i.e. affecting more than 50% of the building by area or number of occupants
- At least 12 months data is available at meter level in both years

Assets excluded from the like-for-like analysis include:

- 11/15 Fargate
- 15-33 Union Street, Bristol
- 25 George Hudson Street
- 69-75 Above Bar Street
- Apollo Business Park
- Barnstaple Retail Park
- Cambridge House
- Cedar House
- Central Six Retail Park
- Freemans Leisure Park
- Hitchin High Street
- Northgate House
- Pearl House
- Railway Station Centre
- Units A-H Arrowpoint Retail Park, Brixton Way, Shrewsbury Shropshire

Assets disposed during the 2024/2025 reporting period and are therefore excluded from any 2025/2026 absolute and like-for-like data, but are included in 2024/2025 absolute figures:

- No assets were disposed in 2025.

## Company Targets

GHG Reporting Guidelines recommend establishing a target as a matter of good practice. Energy targets are typically measured via changes to kWh usage and/or greenhouse gas emissions (in the form of carbon dioxide equivalent) compared to a baseline. Energy targets help:

- Support identification of asset improvement opportunities
- Drive improvements in operational efficiency (and potentially lower costs)
- Futureproof asset against increased legislation and 'brown discounting' (on sale)
- Support overall good asset management
- Support GRESB

The Company has established absolute targets for energy, greenhouse gas emissions and waste covering the whole portfolio based on a 2018 baseline. The targets are outlined below:

- Energy consumption: 40% reduction in absolute energy by 2030 based on the 2018 baseline
- GHG emissions: 40% reduction in absolute energy by 2030 based on the 2018 baseline
- Waste: 100% waste diverted from landfill was achieved by 2020. The fund aims to maintain this target

Environmental information in this report has been provided by EVORA Global, retained sustainability and energy management consultants to the Investment Manager.

EVORA's consultant statement is included below:

EVORA Global Limited has been appointed by the Company to collate and report energy consumption data, greenhouse gas (GHG) emissions, water and waste data presented within this report.

## METHODOLOGY

Utility data is reported to EVORA by the Company's property manager (MAPP) based on invoiced data. EVORA, acting on behalf of AEW, has collected electricity and gas from the National Database via Perse and Electralink.

EVORA checked the Sustainability Performance Data using our proprietary software tool SIERA. In summary, the following steps were applied:

**Step 1:** Confirmation of asset set up (data coverage and responsibility for procurement)

**Step 2:** Input of asset characteristics and utility data (e.g. energy kWh)

**Step 3:** Initial data reliability checks were performed in the SIERA tool to identify:

- Consumption / tonnage data gaps
- Periods of overlapping consumption/tonnage data
- Significant consumption/tonnage variance between comparable periods

**Step 4:** Check of data and results utilising the inbuilt function of SIERA with specialist EVORA consultant review.

Like-for-like analysis was used to assess, review and quantify year-on year performance changes. Variances of +/- 10% were identified and reviewed by EVORA consultants.

## ABOUT EVORA

EVORA is an independent, pan-European sustainability consultancy and software provider, specialising in the commercial real estate sector.

### Jamie Anderson

Consultant, EVORA Global Ltd

25 June 2026

## ELECTRICITY CONSUMPTION (ELEC-ABS, ELEC-LFL)

The table below sets out the like-for-like landlord obtained energy consumption from the Company's managed portfolio by sector.

The Company does not have any responsibility over any managed assets that consume energy from district heating or district cooling sources. Therefore, the EPRA sBPR DH&C-Abs indicator is not applicable and not presented in this report.

	UNIT	INDICATOR	ABSOLUTE 2024/2025	ABSOLUTE 2025/2026	LIKE-FOR-LIKE 2024/2025	LIKE-FOR-LIKE 2025/2026	% CHANGE
Office	MWh	Total landlord-obtained electricity	366.5	355.4	249.2	238.2	-4.44%
	%	Proportion of landlord obtained electricity from renewable sources	68%	100%	-	-	0%
Retail	MWh	Total landlord-obtained electricity	227.0	153.8	0.0	0.0	0.00%
	%	Proportion of landlord obtained electricity from renewable sources	31%	100%	-	-	-
Logistics	MWh	Total landlord-obtained electricity	1416.7	1245.0	588.3	579.6	-1.5%
	%	Proportion of landlord obtained electricity from renewable sources	81%	100%	-	-	-
Leisure	MWh	Total landlord-obtained electricity	67.1	57.2	11.7	12.5	7.4%
	%	Proportion of landlord obtained electricity from renewable sources	53%	100%	-	-	-
Other	MWh	Total landlord-obtained electricity	315.3	176.1	0.0	0.0	0.0%
	%	Proportion of landlord obtained electricity from renewable sources	46%	100%	-	-	-
<b>Total</b>	<b>MWh</b>	<b>Total landlord-obtained electricity</b>	<b>2,392.5</b>	<b>1,987.5</b>	<b>849.2</b>	<b>830.3</b>	<b>-2.2%</b>
	<b>%</b>	<b>Proportion of landlord obtained electricity from renewable sources</b>	<b>69%</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>

	UNIT	INDICATOR	2024/2025	2025/2026
<b>Total</b>	<b>%</b>	<b>Solar Photovoltaic</b>	<b>7%</b>	<b>7%</b>
	<b>%</b>	<b>Wind turbine</b>	<b>30%</b>	<b>30%</b>
	<b>%</b>	<b>Nuclear</b>	<b>12%</b>	<b>12%</b>
	<b>%</b>	<b>Hydroelectric technology</b>	<b>2%</b>	<b>2%</b>
	<b>%</b>	<b>Coal</b>	<b>0%</b>	<b>0%</b>

For 2024/2025, 27.1% of data was estimated, and for 2025/2026 18.9% of data was estimated.

## FUEL CONSUMPTION (FUELS-ABS, FUELS-LFL)

The table below sets out the absolute, like-for-like and intensity of the GHG emissions per sector and for the Company overall.

	UNIT	INDICATOR	ABSOLUTE 2024/2025	ABSOLUTE 2025/2026	LIKE-FOR-LIKE 2024/2025	LIKE-FOR-LIKE 2025/2026	% CHANGE
Office	MWh	Total landlord-obtained fuels	40.2	40.2	0.0	0.0	0%
	%	Natural Gas	100%	100%	-	-	-
Retail	MWh	Total landlord-obtained fuels	110.0	0.0	0.0	0.0	0.0%
	%	Natural Gas	100%	100%	-	-	-
Logistics	MWh	Total landlord-obtained fuels	724.2	547.4	724.2	547.4	-24.4%
	%	Natural Gas	100%	100%	-	-	-
Leisure	MWh	Total landlord-obtained fuels	55.2	55.2	0.0	0.0	0.0%
	%	Natural Gas	100%	100%	-	-	-
Other	MWh	Total landlord-obtained fuels	116.2	101.6	0.0	0.0	0.0%
	%	Natural Gas	100%	100%	-	-	-
<b>Total</b>	<b>MWh</b>	<b>Total landlord-obtained fuels</b>	<b>1045.9</b>	<b>744.4</b>	<b>724.2</b>	<b>547.4</b>	<b>-24.4%</b>
	<b>%</b>	<b>Natural Gas</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>

100% of landlord procured fuels are sourced from Natural Gas. The company does not consume, for example, bioenergy such as wood pellets or bio-propane. For 2024/2025, 20.21% of data was estimated, and for 2025/2026 26.35% of data was estimated.

Absolute fuel disclosures account for 10 assets. 1 asset is included in L4L analysis.

## ENERGY INTENSITY (ENERGY-INT)

The table below sets out the landlord obtained energy intensity from the Company's managed portfolio by sector.

	UNIT	INDICATOR	2024/2025	2025/2026
Office	kWh/m <sup>2</sup> /year	Landlord-obtained energy	44.4	43.2
Retail	kWh/m <sup>2</sup> /year	Landlord-obtained energy	21.6	9.8
Logistics	kWh/m <sup>2</sup> /year	Landlord-obtained energy	82.2	68.8
Leisure	kWh/m <sup>2</sup> /year	Landlord-obtained energy	14.7	6.6
Other	kWh/m <sup>2</sup> /year	Landlord-obtained energy	90.8	58.4
<b>Total</b>	<b>kWh/m<sup>2</sup>/year</b>	<b>Landlord-obtained energy</b>	<b>53.8</b>	<b>37.6</b>

## GREENHOUSE GAS EMISSIONS (GHG-DIR-ABS; GHG-INDIR-ABS; GHG-INT)

The table below sets out the absolute, like-for-like and intensity of the GHG emissions per sector and for the Company overall.

	UNIT	INDICATOR	2024/2025	2025/2026
Office	tCO <sub>2</sub> e	Total Direct Scope 1	7.4	7.4
		Total Indirect Scope 2 Location based	72.7	62.9
		Total Indirect Scope 2 Market based	0.0	0.0
Retail	tCO <sub>2</sub> e	Total Direct Scope 1	20.1	0.00
		Total Indirect Scope 2 Location based	45.56	27.23
		Total Indirect Scope 2 Market based	4.40	0.00
Logistics	tCO <sub>2</sub> e	Total Direct Scope 1	132.5	100.2
		Total Indirect Scope 2 Location based	280.8	220.4
		Total Indirect Scope 2 Market based	13.2	0.0
Leisure	tCO <sub>2</sub> e	Total Direct Scope 1	10.1	10.1
		Total Indirect Scope 2 Location based	13.3	10.1
		Total Indirect Scope 2 Market based	0.0	0.0
Other	tCO <sub>2</sub> e	Total Direct Scope 1	21.3	18.6
		Total Indirect Scope 2 Location based	63.7	31.2
		Total Indirect Scope 2 Market based	1.4	0.0
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>Total Direct Scope 1</b>	<b>191.3</b>	<b>136.2</b>
		<b>Total Indirect Scope 2 Location based</b>	<b>476.11</b>	<b>351.79</b>
		<b>Total Indirect Scope 2 Market based</b>	<b>19.0</b>	<b>0.00</b>

The proportion of location based emissions estimated was 4.01% in 2024/2025, and 0.91% in 2025/2026. Scope 3 emissions have not been reported.

Absolute emissions disclosures account for 19 assets. 18 assets are included in L4L analysis.

### Emissions Factors

- All energy consumption and GHG emissions reported occurred at the Company's assets all of which are located in the UK.
- The Company's GHG emissions are calculated according to the principles of the Greenhouse Gas (GHG) Protocol Corporate Standard.
  - The Company's Greenhouse Gas Emissions are reported as tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), which includes the following emissions covered by the GHG Protocol (where relevant and available greenhouse gas emissions factors allow): carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), hydrofluorocarbons ('HFCs'), nitrous oxide (N<sub>2</sub>O), perfluorocarbons ('PFCs'), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).
  - GHG emissions from electricity (Scope 2) are reported according to the 'location-based' approach which accounts for grid-based emissions and according to the 'market-based' approach which accounts for contractual arrangements to procure renewable energy.
- The Company has contracts in place to procure electricity from renewable sources, and as a result there the Company produces 0 tCO<sub>2</sub>e Market-based emissions.

	UNIT	INDICATOR	2024/2025	2025/2026
Office	kgCO <sub>2</sub> e/ m <sup>2</sup> / year	GHG emission intensity	8.7	7.7
Retail	kgCO <sub>2</sub> e/ m <sup>2</sup> / year	GHG emission intensity	1.6	0.7
Logistics	kgCO <sub>2</sub> e/ m <sup>2</sup> / year	GHG emission intensity	7.3	5.6
Leisure	kgCO <sub>2</sub> e/ m <sup>2</sup> / year	GHG emission intensity	2.8	1.2
Other	kgCO <sub>2</sub> e/ m <sup>2</sup> / year	GHG emission intensity	6.9	4.0
<b>Total</b>	<b>kgCO<sub>2</sub>e/ m<sup>2</sup>/ year</b>	<b>GHG emission intensity</b>	<b>4.5</b>	<b>3.1</b>

The following greenhouse gas emissions conversion factors and sources have been applied:

UTILITY	YEAR	GHG EMISSIONS FACTOR PER KWH	SOURCE
Electricity	2024	0.20705	UK Government GHG Conversion Factors for Company Reporting
Gas	2024	0.18296	UK Government GHG Conversion Factors for Company Reporting
Electricity	2025	0.17700	UK Government GHG Conversion Factors for Company Reporting
Gas	2025	0.18296	UK Government GHG Conversion Factors for Company Reporting

## WATER (WATER-ABS; WATER-LFL; WATER-INT)

The table below sets out the absolute, like-for-like and intensity value water consumption from the Company's managed portfolio by sector. No assets met the criteria for like-for-like analysis.

	UNIT	INDICATOR	ABSOLUTE 2024/2025	ABSOLUTE 2025/2026	LIKE-FOR-LIKE 2024/2025	LIKE-FOR-LIKE 2025/2026	% CHANGE
Office	m <sup>3</sup> /year	Total landlord-obtained water	1337.9	1655.6	0	0	0%
Retail	m <sup>3</sup> /year	Total landlord-obtained water	11585.1	14222.3	0	0	0%
Logistics	m <sup>3</sup> /year	Total landlord-obtained water	30657.83	25500.42	0	0	0%
Leisure	m <sup>3</sup> /year	Total landlord-obtained water	82.21	388.14	0	0	0%
Other	m <sup>3</sup> /year	Total landlord-obtained water	2796.48	2738.03	0	0	0%
<b>Total</b>	<b>m<sup>3</sup>/year</b>	<b>Total landlord-obtained water</b>	<b>46459.52</b>	<b>44504.51</b>	<b>0</b>	<b>0</b>	<b>0%</b>

All water procured by AEW is procured via municipal water supplies or other public or private utilities. To the best of the Company's knowledge, no water is procured or recorded from surface water, sourced from wetlands, rivers, lakes, and oceans, from ground Water, from rainwater collection, or from waste water from another organisation.

	UNIT	INDICATOR	ABSOLUTE 2024/2025	ABSOLUTE 2025/2026	LIKE-FOR-LIKE 2024/2025	LIKE-FOR-LIKE 2025/2026	% CHANGE
Office	m <sup>3</sup> /m <sup>2</sup> /year	Water intensity	0.15	0.18	0	0	0%
Retail	m <sup>3</sup> /m <sup>2</sup> /year	Water intensity	0.38	0.46	0	0	0%
Logistics	m <sup>3</sup> /m <sup>2</sup> /year	Water intensity	0.61	0.51	0	0	0%
Leisure	m <sup>3</sup> /m <sup>2</sup> /year	Water intensity	0.01	0.02	0	0	0%
Other	m <sup>3</sup> /m <sup>2</sup> /year	Water intensity	0.23	0.22	0	0	0%
<b>Total</b>	<b>m<sup>3</sup>/m<sup>2</sup>/year</b>	<b>Water intensity</b>	<b>0.36</b>	<b>0.32</b>	<b>0</b>	<b>0</b>	<b>0%</b>

The proportion of water estimated was 49.11% in 2024/2025, and 67.77% in 2025/2026. .

## WASTE (WASTE-ABS; WASTE-LFL)

The table below sets out the waste managed (absolute waste production and like-for-like) by the Company by disposal route and by sector. Absolute waste production figures are estimated using a bespoke waste estimation tool that takes bin size and number of collections to calculate the amount of waste produced. The waste estimation tool has been externally validated and is accepted as evidence for GRESB submissions. This does not include waste disposal services procured directly by tenants. Whilst zero waste is sent directly to landfill, a residual component of the 'recycled' and 'incineration with energy recovery' waste streams may end up in landfill.

	UNIT	INDICATOR	ABSOLUTE 2024/2025	ABSOLUTE 2025/2026	LIKE-FOR-LIKE 2024/2025	LIKE-FOR-LIKE 2025/2026	% CHANGE
Office	Tonnes	Hazardous	0.0	0.0	0.0	0.0	0.0%
		Non-Hazardous	37.5	13.2	37.5	13.2	-64.7%
		Recycled	34.4	3.6	34.4	3.6	-89.5%
		Landfill	0.1	0.2	0.1	0.2	205.6%
		Incineration	3.0	9.1	3.0	9.1	205.6%
Retail	Tonnes	Hazardous	0	0	0	0	0%
		Non-Hazardous	728.34	52.23	728.34	52.23	-93%
		Recycled	588.25	42.14	588.25	42.14	-93%
		Landfill	13.86	5.61	13.86	5.61	-60%
		Incineration	125.15	4.19	125.15	4.19	-97%
Logistics	Tonnes	Hazardous	0	0	0	0	0%
		Non-Hazardous	929.38	0.00	929.38	0.00	-100%
		Recycled	929.38	0.00	929.38	0.00	-100%
		Landfill	0.00	0.00	0.00	0.00	0%
		Incineration	0.00	0.00	0.00	0.00	0%
Leisure	Tonnes	Hazardous	0	0	0	0	0%
		Non-Hazardous	119.64	18.26	119.64	18.24	-85%
		Recycled	32.37	14.42	32.37	14.41	-55%
		Landfill	0.00	0.00	0.00	0.00	0%
		Incineration	87.28	3.84	87.28	3.83	-96%
Other	Tonnes	Hazardous	0	0	0	0	0%
		Non-Hazardous	107.00	0.72	107.00	0.72	-99%
		Recycled	62.41	0.00	62.41	0.00	-100%
		Landfill	0.00	0.00	0.00	0.00	0%
		Incineration	44.59	0.72	44.59	0.72	-98%
Total	Tonnes	Hazardous	0	0	0	0	0%
		Non-Hazardous	1921.90	84.46	1921.90	84.44	-96%
		Recycled	1646.78	60.15	1646.78	60.14	-96%
		Landfill	13.93	5.84	13.93	5.84	-58%
		Incineration	260.01	17.87	260.01	17.86	-93%

We present property energy, greenhouse gas ("GHG"), water and waste data on both an absolute ("abs") and life-for-like ("Lfl") basis, covering assets in our UK based portfolio.

Our organisational boundary for environmental disclosure is based on the principle of operational control, and therefore includes all property assets where we are responsible for the procurement of energy, water and waste services.

A total of 19 assets in the portfolio reported GHG emissions for the 2025/2026 reporting period (year ended 31 March 2025: 18 assets). 8 assets reported water consumption for the 2025/2026 reporting period, and 8 assets reported waste services (year ended 31 March 2025: 16 assets).

AEW has set a target to reduce absolute Scope 1 GHG emissions by 40% within the Managed Portfolio by 2030 as compared to the 2018 baseline. Additionally, a target has been set to reduce absolute Scope 2 GHG emissions by 40% within the Managed Portfolio by 2030 as compared to the 2018 baseline. This target is inclusive of the decarbonisation of the UK electricity grid over recent years.

The reporting scope for electricity consumption covers 100% of the portfolio on a floor area basis (Gross Internal Area) across 2024/2025 and 2025/2026. Scope 1 GHG emissions were reported for 100% of the portfolio, and Scope 2 GHG emissions were reported for 100% of the portfolio.

During the reporting year, the company procured 2,731.9 MWh (year ended 31 March 2024: 3,438.3MWh) of like-for-like energy for use across the managed portfolio, which is 21% less like-for-like energy use than the prior year.

The Scope 1 and 2 GHG emissions for the year totalled 487.9 tCO<sub>2</sub>e (2025: 667.4 tCO<sub>2</sub>e). The absolute Scope 1 and 2 decreased by 37% from 2024/2025 to 2025/2026.

During the period, the total reported waste amounted to 84.5 tonnes (year ended 31 March 2025: 1,921.9 tonnes), of which 5.8 tonnes (year ended 31 March 2025: 13.9) was sent directly to landfill.

## **SUSTAINABILITY CERTIFICATION (CERT-TOT): GREEN BUILDING CERTIFICATES**

The Company has chosen not to pursue certification of any of its assets under measures such as BREEAM (the Building Research Establishment Environmental Assessment Methodology) or Green building certification. This decision will be reviewed periodically on an ongoing basis in the course of the Company's usual asset management activity.

## **SUSTAINABILITY CERTIFICATION (CERT-TOT): ENERGY PERFORMANCE CERTIFICATES**

The Minimum Energy Efficiency Standards (MEES) Regulations stem from the Energy Act 2011, which has made it unlawful from April 2018 to let or renew leases at non-domestic properties in England & Wales with an Energy Performance Certificate (EPC) rating lower than an E, subject to certain exemptions.

The table below sets out the EPC rating by Estimated Rental Value (ERV). An A rating reflects the most efficient rating with a G being the least efficient. 67% (by ERV) of the assets within the Companies portfolio have efficient A-C EPC ratings. This represents an decrease of 2% vs. the previous reporting period.

ENERGY PERFORMANCE CERTIFICATE RATING	PORTFOLIO BY ERV (%)	
	2025/26	2024/25
A-C	67%	69%
D	26%	21%
E	7%	8%
F	-	-
G	-	-
Exempt	-	2%
No EPC/Expired	-	-
Coverage	100%	100%

## **SUSTAINABILITY PERFORMANCE MEASURES (SOCIAL)**

EPRA's Sustainability Best Practices Recommendations Guidelines 2017 ("EPRA's Guidelines") include Social and Governance reporting measures to be disclosed for the entity i.e. the Company. The Company is an externally managed real estate investment trust and has no direct employees. A number of these Social Performance measures relate to entity employees and therefore these measures are not relevant for reporting at the entity level. The Investment Manager to the Company, AEW UK Investment Management LLP has responsibility for the employees that support the Company. The Company aims to comply with EPRA's Guidelines and therefore has included Social and Governance Performance Measure disclosures in this report.

## **EMPLOYEE GENDER DIVERSITY (DIVERSITY-EMP)**

As of 31 March 2026, the Company's Board comprised four members: two (50%) female and two (50%) male.

For further information on the Investment Manager's employee gender diversity please refer to the ESG link within the Corporate Responsibility area at [www.aewukreit.com](http://www.aewukreit.com)<sup>1</sup>.

## **GENDER PAY RATIO (DIVERSITY-PAY)**

The remuneration of the Company Board is set out on page 75 of this Annual Report.

For further information on the Investment Manager's gender pay ratio please refer to the ESG link within the Corporate Responsibility area at [www.aewukreit.com](http://www.aewukreit.com)<sup>1</sup>.

## **TRAINING AND DEVELOPMENT (EMP-TRAINING)**

Please refer to the Director Induction and Training section in the Corporate Governance Statement (page 62) for details on training for the Company's Board members.

The Investment Manager requires employees to complete mandatory internal training and encourage all staff with professional qualifications to maintain the training requirements of their respective professional body.

All employees of the Investment Manager that work on the Company's activities hold professional qualifications and have completed the relevant CPD for their respective professional bodies.

The Investment Manager also provides training to its employees to ensure that they understand and abide by the Anti-Bribery, Insider Trading and GDPR regulations.

## **EMPLOYEE PERFORMANCE APPRAISALS (EMP-DEV)**

The Investment Manager's performance appraisal process requires annual performance objective setting and reviews for all staff.

For further information on the Investment Manager's performance appraisal statistics please refer to the ESG link within the Corporate Responsibility area at [www.aewukreit.com](http://www.aewukreit.com)<sup>1</sup>.

The Investment Manager confirms that performance appraisals were completed for 100% of staff relevant to the Company in 2025.

## **EMPLOYEE TURNOVER AND RETENTION (EMP-TURNOVER)**

For further information on the Investment Manager's employee turnover and retention please refer to the ESG link within the Corporate Responsibility area at [www.aewukreit.com](http://www.aewukreit.com)<sup>1</sup>.

There has been one change in the Investment Manager's staff that work on the Companies activities during the year.

## **EMPLOYEE HEALTH AND SAFETY (H&S-EMP)**

For further information on the Investment Manager's employee health and safety (being the absenteeism rate) please refer to the ESG link within the Corporate Responsibility area at [www.aewukreit.com](http://www.aewukreit.com)<sup>1</sup>.

## **ASSET HEALTH AND SAFETY ASSESSMENTS (H&S-ASSET)**

All sites were inspected by MAPP's during the reporting period and further Health and Safety audits were carried out at those sites that are multi-let.

<sup>1</sup> For direct link use: <https://www.aewukreit.com/~media/Files/A/AEW-UK-Reit/documents/aew-esg-flyer.pdf>

## **ASSET HEALTH AND SAFETY COMPLIANCE (H&S-COMP)**

No incidents of non-compliance with regulations/and or voluntary codes were identified during the reporting period.

## **COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS AND DEVELOPMENT PROGRAMMES (COMTY-ENG)**

The Company, in conjunction with Mapp, participated in the KidsOut Charity 'Giving Tree' initiative. This initiative aims to provide children living in local refuge homes with a present to open on Christmas Day. To facilitate this, decorative tags with a child's name, age and suggested gift are placed on Christmas Trees in the receptions of participating offices throughout the Company's portfolio. Tenants of the offices can then use the details given on the tags to make a donation (£5-£10) to the KidsOut charity.

## **SUSTAINABILITY PERFORMANCE MEASURES (GOVERNANCE)** **COMPOSITION OF THE HIGHEST GOVERNANCE BODY (GOV-BOARD)**

The Board of the Company comprised four non-executive independent Directors (no executive board members) as at 31 March 2026.

- The average tenure of the four Directors to 31 March 2026 is 4 years and 3 months (31 March 2025 average tenure of four Directors is 3 years and 3 months);
- One Director on the Board possesses specific competencies relating to environmental and social topics. More information is outlined on page 91 (31 March 2025: one Director).

## **PROCESS FOR NOMINATING AND SELECTING THE HIGHEST GOVERNANCE BODY (GOV-SELECT)**

The Company has established a Nomination and Remuneration Committee, which is responsible for board appraisal, succession planning, and determining the remuneration policy for the Directors and the Chairman. The Committee ensures that the remuneration framework supports the Company's strategic objectives and promotes its long-term sustainable success.

The Committee also reviews and makes recommendations on the composition of the Board to maintain an appropriate balance of skills, experience, and diversity – including gender – and to support the progressive refreshment of the Board.

Prior to the appointment of any new Director, the Committee prepares a detailed description of the role and the capabilities required. While the Committee is committed to selecting the most suitable candidate for each role, it also recognises the importance of promoting diversity. The Board values a broad range of experience, knowledge, professional skills, and personal qualities, alongside the independence necessary to provide effective oversight of the Company's affairs.

## **PROCESS FOR MANAGING CONFLICTS OF INTEREST (GOV-COL)**

The Company maintains a Conflicts of Interest register that is managed by the Company Secretary and is reviewed at each quarterly Board meeting.

Please refer to the Director's Conflicts of interest section in the Corporate Governance Statement (page 62) for further details.

## TARGETS AND PROGRESS

During the period we set the following long-term targets to support our strategic ESG objectives. Each year these will be reviewed, with progress being regularly reported to the Board by the Investment Manager.

AREA OF FOCUS	TARGET	METRIC OF MEASURE	YEAR	PROGRESS
<b>Health and Safety</b>	To ensure all incidents are resolved within the required timeframe.	Number of incidents per year.	Yearly	MAPP track all instances via 'risk wise' with priority 1 issues being closed immediately.
<b>Wellbeing</b>	To promote health and wellbeing initiatives across all managed assets.	100% of managed assets to have a health and wellbeing tracker in year 1.	Yearly	Wellbeing tracker in place.
<b>Social Value</b>	To develop a tenant and community engagement programme.	Number of managed assets to have community engagement programmes per year.	Yearly	AEW initiatives working towards giving up to 2 working days for community engagement for each AEW staff member.
<b>ESG Disclosure and Transparency</b>	To achieve a Gold award for disclosure in line with EPRA SBPR.	Gold Rating EPRA.	Yearly	Achieved a gold rating in 2025.
	To continuously improve the GRESB rating year on year.	GRESB star rating and score.	Yearly	Achieved two stars in 2025 GRESB assessment and improved score from 68 in 2025 to 77 in 2026.
	To strengthen alignment with the TCFD recommendations.	Align with TCFD recommendations.	2024	Updated in this Annual Report in alignment with TCFD recommendations. See pages 89 to 100.
<b>Managing environmental impacts</b>	To develop sustainability action plans for all managed assets.	100% of all managed assets to have a sustainability action plan.	Yearly	Completed for all existing assets and new assets within six months of acquisition.
	To maintain renewable electricity for all landlord-controlled areas.	100% of all procured electricity to be from renewable sources.	Yearly	Achieved, all suppliers providing electricity from renewable sources.
	Energy consumption: To achieve a 40% reduction in absolute energy by 2030 based on the 2018 baseline.	40% reduction	2030	See page 155.
	GHG emissions: To achieve a 40% reduction in absolute energy by 2030 based on the 2018 baseline.	40% reduction	2030	See page 157.
	To improve the recycling rates on all managed assets.	Sum of waste recycled as opposed to incinerated with energy recovery.	Yearly	71% of waste is recycled for tenant controlled buildings.
	To maintain zero waste to landfill on all waste managed.	100% of waste diverted from landfill on all waste managed assets.	Yearly	Currently 100%.
	To ensure there are no properties in the portfolio with an EPC below an E rating.	All non-compliant EPCs to be improved to a minimum E rating.	Yearly	See page 160.

## Share Register Enquiries

The register for the Ordinary Shares is maintained by MUFG Corporate Markets. In the event of queries regarding your holding, please contact the Registrar on +44 (0)371 664 0391 or email: [shareholderenquiries@cm.mpms.mufg.com](mailto:shareholderenquiries@cm.mpms.mufg.com).

Changes of name and/or address must be notified in writing to the Registrar at the address shown on page 165. You can check your shareholding and find practical help on transferring shares or updating your details at <https://uk.investorcentre.mpms.mufg.com>. Shareholders eligible to receive dividend payments gross of tax may also download declaration forms from that website.

## Share Information

Total Voting Rights	158,674,746
SEDOL Number	BWD2415
ISIN Number	GB00BWD24154
Ticker/TIDM	AEWU

## Share Price

The Company's Ordinary Shares are traded on the Main Market of the London Stock Exchange, which now operates under the FCA's listing category of a closed-ended investment fund.

## Frequency of NAV publication:

The Company's NAV is released to the London Stock Exchange on a quarterly basis and is published on the Company's website.

## Annual and Half-Yearly Reports

Copies of the Annual and Half-Yearly Reports are available from the Company's website.

## Financial Calendar

9 September 2026	Annual General Meeting
30 September 2026	Half-year end
December 2026	Announcement of half-yearly results
31 March 2027	Year-end
June 2027	Announcement of annual results

## Dividends

The following table summarises the amounts distributed to equity shareholders in respect of the period:

	£
Interim dividend for the period 1 April 2025 to 30 June 2025 (payment made on 29 August 2025)	3,168,495
Interim dividend for the period 1 July 2025 to 30 September 2025 (payment made on 28 November 2025)	3,171,495
Interim dividend for the period 1 October 2025 to 31 December 2025 (payment made on 4 March 2026)	3,173,495
Interim dividend for the period 1 January 2026 to 31 March 2026 (payment made on 28 May 2026)	3,173,495
<b>Total</b>	<b>12,686,980</b>

### Directors

**Robin Archibald** (Non-executive Chairman of the Board and Chairman of the Management Engagement Committee)

**Katrina Hart** (Non-executive Director and Chairman of the Nomination and Remuneration Committee)

**Mark Kirkland** (Non-executive Director and Chairman of the Audit and Risk Committee)

**Liz Peace** (Non-executive Director and Senior Independent Director)

### Registered Office

19<sup>th</sup> Floor  
51 Lime Street  
London EC3M 7DQ

### Company Website

[www.aewukreit.com](http://www.aewukreit.com)

### Investment Manager and AIFM

AEW UK Investment Management LLP  
8 Bishopsgate  
London EC2N 4BQ

Tel: 020 7016 4801

Website: [www.aew.com](http://www.aew.com)

### Property Manager

MAPP (Property Management) Limited  
180 Great Portland Street  
London W1W 5QZ

### Corporate Broker

Panmure Liberum Limited  
Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9LY

### Legal Adviser

Gowling WLG (UK) LLP  
4 More London Riverside  
London SE1 2AU

### Depositary

Langham Hall UK Depositary LLP  
Broadwalk House  
5 Appold Street  
Broadgate  
London EC2A 2DA

### Administrator

Waystone Administration Solutions (UK) Limited  
Central Square  
29 Wellington Street  
Leeds LS1 4DL

### Company Secretary

MUFG Corporate Governance Limited  
Central Square  
29 Wellington Street  
Leeds LS1 4DL

### Registrar

MUFG Corporate Markets IR Limited  
Central Square  
29 Wellington Street  
Leeds LS1 4DL

### Auditor

BDO LLP  
55 Baker Street  
London W1U 7EU

### Valuer

CBRE Limited ('CBRE')  
Henrietta House  
Henrietta Place  
London W1G 0NB

### Copies of the Annual Report and Financial Statements

Upon request, printed copies of the Annual Report will be sent to shareholders shortly, and will be available on the Company's website.

### National Storage Mechanism

A copy of the Annual Report and Financial Statements will be submitted shortly to the National Storage Mechanism ('NSM') and will be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

<b>AIC</b>	Association of Investment Companies. This is the trade body for closed-ended investment companies ( <a href="http://www.theaic.co.uk">www.theaic.co.uk</a> ).
<b>AIC Code</b>	The AIC Code of Corporate Governance, as published in January 2024. A framework of best practice guidance for investment companies.
<b>AIFMD</b>	Alternative Investment Fund Managers Directive.
<b>AIFM</b>	Alternative Investment Fund Manager. The entity that provides portfolio management and risk management services to the Company and which ensures the Company complies with the AIFMD. The Company's AIFM is AEW UK Investment Management LLP.
<b>AIF</b>	Alternative Investment Fund. Alternative Investment Funds are funds that are not regulated at EU level by the UCITS Directive.
<b>Company</b>	AEW UK REIT plc.
<b>Company Secretary</b>	MUFG Corporate Governance Limited
<b>Company website</b>	<a href="http://www.aewukreit.com">www.aewukreit.com</a>
<b>Contracted rent</b>	The annualised rent, adjusting for the inclusion of rent subject to rent-free periods.
<b>Direct vacancy costs</b>	Property expenses that are directly related to the property including the following: rates/property taxes; service charge; insurance premiums; carbon tax; any other costs directly billed to the unit.
<b>DTR</b>	Disclosure Guidance and Transparency Rules, issued by the FCA.
<b>Earnings Dividend cover</b>	The Company's ability to pay dividends to Shareholders based on net earnings.
<b>Earnings Per Share ('EPS')</b>	Profit for the period attributable to equity shareholders divided by the weighted average number of Ordinary Shares in issue during the period.
<b>EPC</b>	Energy Performance Certificate.
<b>EPRA</b>	European Public Real Estate Association, the industry body representing listed companies in the real estate sector.
<b>EPRA cost ratio (including direct vacancy costs)</b>	The ratio of net overheads and operating expenses against gross rental income (with both amounts) excluding ground rents payable. Net overheads and operating expenses relate to all administrative and operating expenses.
<b>EPRA cost ratio (excluding direct vacancy costs)</b>	The ratio calculated above, but with direct vacancy costs removed from net overheads and operating) expenses balance.
<b>EPRA Earnings Per Share</b>	Recurring earnings from core operational activities. A key measure of a company's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings.
<b>EPRA Loan to Value ('EPRA LTV')</b>	Net debt divided by the fair value of property (including net receivables).
<b>EPRA NAV</b>	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business.
<b>EPRA Net Initial Yield ('EPRA NIY')</b>	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the fair value of investment property, increased with (estimated) purchasers' costs.
<b>EPRA Net Disposal Value ('EPRA NDV')</b>	This measure represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.
<b>EPRA Net Reinstatement Value ('EPRA NRV')</b>	NAV adjusted to assume that entities never sell assets and aims to represent the value required to rebuild the entity.

<b>EPRA Net Tangible Asset ('EPRA NTA')</b>	NAV adjusted to assume that entities buy and sell their assets, thereby crystallising certain levels of unavoidable deferred tax.
<b>EPRA Topped-Up Net Initial Yield</b>	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
<b>EPRA Vacancy Rate</b>	Estimated Rental Value ('ERV') of vacant space as a percentage of the ERV of the whole portfolio.
<b>Equivalent Yield</b>	The internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review or lease expiry. No future growth is allowed for.
<b>ESG</b>	Environmental Social and Governance
<b>Estimated Rental Value ('ERV')</b>	The external valuers' opinion as to the open market rent which, on the date of the valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.
<b>External Valuer</b>	An independent external valuer of a property. The Company's external valuer is CBRE, having previously been Knight Frank LLP.
<b>Fair Value</b>	The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where parties had each acted knowledgeably, prudently and without compulsion.
<b>FCA</b>	The Financial Conduct Authority.
<b>FRI lease</b>	A lease which imposes full repairing and insuring obligations on the tenant, relieving the landlord from all liability for the cost of insurance and repairs.
<b>Gearing</b>	The ratio of the loan balance to the value of the Company's investment property.
<b>GRESB</b>	Global Real Estate Sustainability Benchmark.
<b>Gross Asset Value</b>	The aggregate value of the total assets of the Company as determined in accordance with IFRS - UK.
<b>Gross passing rental income</b>	The rent receivable from the portfolio's leases at a particular reporting date. Allows the user to assess the cash receipts the Company is entitled to receive.
<b>IFRS - UK</b>	UK adopted International accounting standards in accordance with the requirements of the Companies Act 2006.
<b>Income Return</b>	The net income receivable (net of property-level non-recoverable outgoings) during the period, expressed as a percentage of the capital employed, as calculated by MSCI.
<b>Investment Manager</b>	The Company's Investment Manager, is AEW UK Investment Management LLP.
<b>IPO</b>	The admission to trading on the London Stock Exchange's Main Market of the share capital of the Company and listing of Ordinary Shares to the premium segment of the Official List of the FCA, on 12 May 2015.
<b>Lease incentives</b>	Incentives offered to occupiers to enter into a lease. Typically, this will be an initial rent-free period, or a cash contribution to fit-out. Under accounting rules, the value of the lease incentive is amortised through the Statement of Comprehensive Income on a straight-line basis until the lease expiry.
<b>Lease surrender</b>	An agreement whereby the landlord and tenant bring a lease to an end other than by contractual expiry or the exercise of a break option. This will frequently involve the negotiation of a surrender premium by one party to the other.
<b>Like-for-like</b>	A comparison of movements for properties which were held at both the start and end of the period, so excludes the effects of acquisitions and disposals.
<b>Loan to NAV</b>	The loan balance drawn expressed as a percentage of the Company's Net Asset Value. Allows the user to assess the Company's gearing and is relevant, as this is the measure tested by the Company's borrowing covenant.

<b>Loan to GAV (also Gross Loan to GAV)</b>	The loan balance drawn expressed as a percentage of the combined value of the Company's investment property portfolio (as assessed by the valuer) and the Company's other assets. Allows the user to assess the Company's gearing and is relevant, as this is the measure used under the Company's Investment Guidelines.
<b>Loan-to-Value ('LTV')</b>	The value of outstanding loans and borrowings (before adjustments for issue costs) expressed as a percentage of the combined valuation of the property portfolio (as provided by the external valuer).
<b>MEES</b>	Minimum Energy Efficiency Standards.
<b>Net Asset Value ('NAV')</b>	Net Asset Value is the equity attributable to shareholders calculated under IFRS - UK.
<b>NAV per share</b>	Equity shareholders, funds divided by the number of Ordinary Shares in issue. This measure allows a comparison with the Company's share price to determine whether the Company's shares are trading at a premium or discount to its NAV calculated under IFRS - UK.
<b>NAV total return</b>	The NAV movement and dividends (pence per share) paid during a period, expressed as a percentage of the opening NAV for the period. Calculated as follows: $(b - a + d)/a$ , where "a" is the opening NAV, "b" is the closing NAV and "d" is dividends per share.
<b>Net equivalent yield</b>	Calculated by the Company's External Valuers, net equivalent yield is the internal rate of return from an investment property, based on the gross outlays for the purchase of a property (including purchase costs), reflecting reversions to current market rent and items as voids and non-recoverable expenditure but ignoring future changes in capital value. The calculation assumes rent is received annually in arrears.
<b>Net initial yield ('NIY')</b>	The initial net rental income from a property at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase.
<b>Net Operating Income ('NOI')</b>	The Company's gross operating income minus its operating expenses.
<b>Net rental income</b>	Rental income receivable in the period after payment of ground rents and net property outgoings.
<b>Non-PID</b>	Non-Property Income Distribution. The dividend received by a shareholder of the Company arising from any source other than profits and gains of the Tax Exempt Business of the Company.
<b>Ongoing Charges Ratio ('OCR')</b>	A measure, expressed as a percentage of NAV, of the regular, recurring costs of running an investment company which is calculated in line with AIC methodology.
<b>Ordinary Shares</b>	Ordinary Shares of £0.01 each in the capital of the Company. Ordinary Shares are the main type of equity capital issued by conventional Investment Companies. Shareholders are entitled to their share of both income, in the form of dividends paid by the Company, and any capital growth.
<b>Over-rented</b>	A lease where the passing rent is above the ERV.
<b>Passing rent</b>	The gross rent, less any ground rent payable under head leases.
<b>PID</b>	Property Income Distribution. A dividend received by a shareholder of the Company in respect of profits and gains of the tax exempt business of the Company.
<b>Projected debt yield</b>	Measure of risk, calculated by dividing the projected 12 month net operating income by the outstanding principal balance of the debt secured by the Company.
<b>Property Total Return</b>	The combined income and capital return from the property portfolio for the year, as calculated by MSCI.
<b>Rack-rented</b>	A lease where passing rent is the same as the ERV.

<b>REIT</b>	A Real Estate Investment Trust. A company which complies with Part 12 of the Corporation tax Act 2010. Subject to the relevant UK REIT criteria being met continually, the profits from the property business of a REIT, arising from both income and capital gains, are exempt from corporation tax.
<b>RETT</b>	Real Estate Transfer Tax. The tax payable by the buyer on the purchase of a property. The RETT payable is calculated at a rate depending on the consideration paid for the property.
<b>Reversion</b>	Increase in rent estimated by the Company's external valuer, where the passing rent is below the ERV.
<b>Reversionary yield</b>	The anticipated yield, which the initial yield will rise (or fall) to once the rent reaches the ERV.
<b>Share price</b>	The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are quoted on the Main Market of the London Stock Exchange.
<b>Shareholder total return</b>	The share price movement and dividends (pence per share) received during a period, expressed as a percentage of the opening share price for the period. Calculated as follows: $(b - a + d)/a$ , where "a" is the opening share price, "b" is the closing share price and "d" is dividends per share.
<b>SRI</b>	Socially Responsible Investment.
<b>Total returns</b>	The returns to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the share price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or net assets.
<b>Under-rented</b>	Space where the passing rent is below the ERV.
<b>UK Corporate Governance Code</b>	A code issued by the Financial Reporting Council which sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. All companies with a premium listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts.
<b>Vacant ERV</b>	Estimated Rental Value of a property that is currently unoccupied or vacant.
<b>Void costs</b>	Expenses incurred by the Company during periods when their rental property is vacant.
<b>Voids</b>	Properties which are unoccupied and generating no rental income.
<b>Weighted Average Unexpired Lease Term ('WAULT')</b>	The average lease term remaining expiry, across the portfolio, weighted by contracted rent.
<b>Yield compression</b>	Occurs when the net equivalent yield of a property decreases, measured in basis points.

## **AEW Offices**

### **United Kingdom**

8 Bishopsgate  
London  
EC2N 4BQ

+44 20 7016 4801

[www.aew.com](http://www.aew.com)

### **France**

22 rue du Docteur Lancereaux  
75008 Paris  
France

+33 1 78 40 92 00

[www.aew.com](http://www.aew.com)

### **United States of America**

Two Seaport Lane  
Boston MA 02210  
United States

+1 617 261 9334

[www.aew.com](http://www.aew.com)