AEW UK REIT plc

Interim Report and Financial Statements
for the six months ended 30 September 2021

Contents

Gold medal for
Financial Reporting 2020

Silver medal for
Sustainability Reporting 2020

Most Improved Award for
Sustainability Reporting 2020

Financial Highlights

- Net Asset Value ('NAV') of £174.29 million and of 110.01 pence per share ('pps') as at 30 September 2021 (31 March 2021: £157.08 million and 99.15 pps).
- Operating profit before fair value changes of £5.88 million for the period (six months ended 30 September 2020: £5.93 million).
- Profit Before Tax ('PBT')* of £23.55 million and earnings per share ('EPS') of 14.86 pps for the period (six months ended 30 September 2020: £5.72 million and 3.61 pps). PBT includes a £16.60 million gain arising from changes to the fair values of investment properties in the period (six months ended 30 September 2020: loss of £3.33 million). This change explains the significant rise in PBT for the period.
- EPRA Earnings Per Share ('EPRA EPS') for the period of 3.45 pps (six months ended 30 September 2020: 3.41 pps). See page 33 for the calculation of EPRA EPS.
- Total dividends of 4.00 pps declared in relation to the period (six months ended 30 September 2020: 4.00 pps).
- Shareholder Total Return for the period of 28.37% (six months ended 30 September 2020: 16.13%).
- The price of the Company's Ordinary Shares on the London Stock Exchange was 102.80 pps as at 30 September 2021 (31 March 2021: 83.20 pps).
- As at 30 September 2021, the Company had a balance of £50.50 million drawn down (31 March 2021: £39.50 million) of its £60.00 million (31 March 2021: £60.00 million) term credit facility with the Royal Bank of Scotland International Limited ('RBSi') and was geared to 28.97% of NAV (31 March 2021: 25.15%). The Company can draw £9.50 million of the remaining facility up to the maximum 35% Loan to NAV at drawdown (see note 13 on page 43 for further details).
- The Company held cash balances totalling £15.16 million as at 30 September 2021 (31 March 2021: £17.45 million).

Property Highlights

- As at 30 September 2021, the Company's property portfolio had a valuation of £206.69 million across 35 properties (31 March 2021: £179.00 million across 34 properties) as assessed by the valuer[1] and a historical cost of £197.69 million (31 March 2021: £173.28 million).
- The Company acquired two properties during the period for a total purchase price of £18.54 million, excluding acquisition costs (year ended 31 March 2021: one property for £5.40 million). Post period-end, in November 2021, the Company acquired a retail park asset in Coventry for a purchase price of £16.41 million, excluding acquisition costs.
- The Company made one disposal during the period, Langthwaite Industrial Estate, South Kirkby for gross sale proceeds of £10.84 million (year ended 31 March 2021: two properties for gross sale proceeds of £29.30 million). Post period-end, in October 2021, the Company disposed of Wella Warehouse, Basingstoke, for gross proceeds of £5.86 million.
- The portfolio had an EPRA vacancy rate** of 8.59% as at 30 September 2021 (31 March 2021: 8.96%). Excluding vacancy contributed by Bath Street, Glasgow, which was exchanged to be sold with the condition of vacant possession, the vacancy rate was 5.43% (31 March 2021: 5.58%).
- Rental income generated during the period was £7.87 million (six months ended 30 September 2020: £8.12 million).
- EPRA Net Initial Yield ('EPRA NIY')** of 6.45% as at 30 September 2021 (31 March 2021: 7.37%).
- Weighted Average Unexpired Lease Term ('WAULT') of 4.00 years to break and 6.20 years to expiry (31 March 2021: 4.43 years to break and 6.71 years to expiry).
- As at the date of this report, 87% of the rent due for the September 2021 quarter had been collected, 99% for the June 2021 quarter and 99% for the March 2021 quarter.

* See KPIs on pages 5 to 7 for definition of alternative performance measures.
** See glossary on pages 55 to 58 for definition of alternative performance measures.
[1] The valuation figure is reconciled to the fair value under IFRS in note 10.

Chairman's Statement

Overview

I am pleased to report the unaudited interim results of AEW UK REIT plc (the 'Company') for the six months ended 30 September 2021 (the 'period'). The Company held a diversified portfolio of 35 commercial investment properties located throughout the UK with a value of £206.69 million as at 30 September 2021.

The Company's NAV has performed well over the period, having increased by 10.96%. The valuation of the Company's property portfolio rose by 9.81% on a like-for-like basis over the period, chiefly driven by its industrial assets. The sales of Langthwaite Industrial Estate, South Kirkby for £10.84 million and Wella Warehouse, Basingstoke for £5.86 million post period end were undertaken at 1.9x and 1.7x the purchase prices, respectively. The resulting profits achieved on disposal were £2.25 million and £1.93 million above book values, respectively, providing a boost to the Company's NAV. The Company closed the period in a position to take advantage of attractive opportunities to reinvest as a result of its cash position and debt covenant headroom. The Company has maintained a conservative Loan to NAV ratio, which stood at 29.00% at 30 September 2021, and had a healthy cash balance of £15.16 million.

Following the disposal of the Corby and Solihull sites in the prior period, the Company reinvested the sales proceeds to make two acquisitions during the period. Arrow Point Retail Park in Shrewsbury was acquired in May 2021 for £8.35 million and is a fully-let, purpose-built retail park prominently located on a busy estate and providing a Net Initial Yield ('NIY') of 8.7%. The second, 15-33 Union Street, Bristol, is a prime retail site located on a busy pedestrian thoroughfare in Bristol city centre and was purchased for £10.19 million, equating to a low capital value of £161 per sq ft and reflecting a NIY of 8.0%. Both of these assets provide opportunity for value growth in the medium to long term, and also have strong and stable income streams from their tenancy profiles.

The ongoing remedial works in Blackpool, along with the vacancy costs at Glasgow where we have sold an asset conditional on obtaining vacant possession, have constrained the portfolio's overall EPRA EPS, which was 3.45 pence for the period, providing a dividend cover of 86.10%. Following the planned sale of Glasgow, currently anticipated in December 2021, and completion of the works at Blackpool in early 2022, we expect this cost overhead to fall, leading to an increase in the EPRA EPS. The Company has made one acquisition post period-end of a retail park in Coventry for a purchase price of £16.41 million. This presents opportunities to add value through active asset management by renewing current tenancies and securing new tenants, which will further add to the recent strong income return and NAV growth achieved by the Company. The acquisition is accretive to EPRA EPS and takes the Company close to full investment.

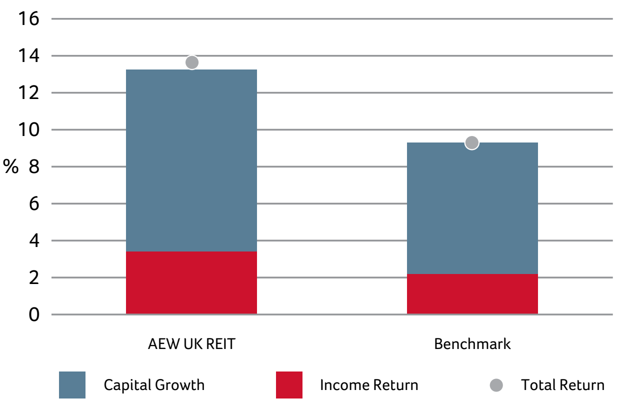
The Company continues to work with its tenants in order to manage the difficulties posed by the pandemic. To date, the tenancy profile of the Company has proved to be resilient, demonstrated by the Company's low underlying vacancy rate of 5.43%* by Estimated Rental Value ('ERV') as at 30 September 2021. Rent collection rates have remained high for the March and June 2021 quarters, being 99% for both and 87% has been collected to date for the September 2021 rent quarter. These collection rates are high in comparison with the averages seen in the wider market and we expect that ultimate rates of collection, following the expiry of longer-term payment plans, should result in collection rates in excess of 98%. There are a small number of tenants who continue to face challenges in the current environment, and in a small number of cases the Company has agreed a longer-term payment plan to recover rental income in full over an extended period. A prudent assessment has been made of the recoverability of the Company's outstanding debts and a provision has been made in the financial statements for potential debt write-offs.

The office park at Oxford continues to perform well with its transition to life sciences/medical use, a sector which is seeing particularly strong investor demand at present. Moreover, after a tumultuous period for the retail sector, we have seen valuations stabilise this period, with our valuations increasing by 1.36% on a like-for-like basis, particularly driven by our new retail warehousing holding in Shrewsbury. Stock selection and active asset management continue to be key features of the Company's strategy and drivers of performance. During the period, the Company completed a number of lettings and lease renewals, the most notable of which was two new lettings at our office holding in Bristol, both of which were 15% above ERV. These are noted in more detail on page 13 in the 'Asset Management' section of the Investment Manager's Report.

* Including vacancy contributed by Bath Street, Glasgow, which has been sold with the condition of vacant possession, the vacancy rate was 8.59%.

Chairman's Statement *(continued)*

Company Portfolio Performance vs. Benchmark for six months to 30 September 2021



Key:
Benchmark – MSCI/AREF UK PFI Balanced Funds Quarterly Property Index Benchmark

Source: MSCI 30 September 2021

The Company's share price was 102.80 pence per share as at 30 September 2021, representing a 6.56% discount to NAV (31 March 2021: 83.20 pence per share, representing a 16.1% discount to NAV). Subsequent to the period-end, the Company's share price has experienced additional growth, causing a further reduction in the discount to NAV.

Financial Results

	Six months ended 30 September 2021	Year ended 31 March 2021	Six months ended 30 September 2020
Operating Profit before fair value changes (£'000)	5,879	10,735	5,934
Operating Profit (£'000)	23,919	23,102	6,276
Profit before Tax (£'000)	23,547	22,172	5,724
Earnings Per Share (basic and diluted) (pence)*	14.86	13.98	3.61
EPRA Earnings Per Share (basic and diluted) (pence)*	3.45	6.19	3.41
Ongoing Charges (%)	1.31	1.36	1.31
Net Asset Value per share (pence)	110.01	99.15	92.73
EPRA Net Asset Value per share (pence)	109.94	99.11	92.70

* See note 8 of the Financial Statements for the corresponding calculations.

Chairman's Statement *(continued)*

Financing

The Company has a £60.00 million loan facility, of which it had drawn a balance of £50.50 million as at 30 September 2021 (31 March 2021: £60.00 million facility; £39.50 million drawn), producing a Loan to NAV ratio of 28.97% (31 March 2021: 25.15%).

The unexpired term of the facility was 2.1 years as at 30 September 2021 (31 March 2021: 2.6 years). The loan incurs interest at 3-month SONIA +1.4%, which equated to an all-in rate of 1.47% as at 30 September 2021 (31 March 2021: 3-month LIBOR + 1.4% equating to an all-in rate of 1.44%).

The Company is protected from a significant rise in interest rates as it has interest rate caps in place. Throughout the period and up to the date of this report, the Company had in effect interest rate caps on a notional value of £51.50 million of the loan, capped at 1.00%, which resulted in the loan balance being 102.0% hedged as at 30 September 2021.

As noted in the KPIs, the Company targets long-term gearing of 35% Loan to NAV, which is the maximum gearing on drawdown of the RBSi facility. The Board and Investment Manager continue to monitor the level of gearing and have the ability to adjust the target gearing according to the Company's circumstances and perceived risk levels.

The Company passed its Interest Cover Ratio ('ICR') tests for April, July and October 2021 with significant headroom.

Dividends

The Company has continued to deliver on its target of paying dividends of 8.00 pence per share per annum. During the period, the Company declared and paid two quarterly dividends of 2.00 pence per Ordinary Share, in line with its target. Dividends for the period were 86.00% covered by EPRA EPS.

It remains the Company's intention to continue to pay dividends in line with its dividend policy, and the existing portfolio and investment opportunities support this policy. However, the outlook remains unclear in the wake of the COVID-19 pandemic and in determining future dividend payments, regard will be had to the circumstances prevailing at the relevant time, as well as the Company's requirement, as a UK REIT, to distribute at least 90% of its distributable income annually.

Outlook

The easing of most of the remaining COVID-19 restrictions, combined with the continued rollout of the vaccination programme, has lifted most economists' outlook for the post COVID-19 rebound in the second half of 2021. In light of this, the property market has experienced a gradual recovery, with rent collection levels greatly improving, as cash flow pressures on tenants ease. During the period, the Company has displayed strong NAV performance, reflecting the geographical diversity of the portfolio, its circa 50% exposure to the industrial sector and the fact that many of its assets benefit from viable alternative use potential, limiting downside risk and volatility.

In the near term, the Board and Investment Manager will continue to focus on minimising the legacy impact of COVID-19 on its stakeholders and, as more attractive opportunities arise in the investment market, will aim to find suitable assets to build earnings back to a fully covered dividend. The developing economic conditions will be monitored closely and the Company's strategy adjusted accordingly. It is hoped that the start of 2022 will build upon the economic recovery of the second half of 2021, providing conditions to enable further growth of the Company.

Mark Burton
Chairman
16 November 2021

Key Performance Indicators

KPI AND DEFINITION	RELEVANCE TO STRATEGY	TARGET	PERFORMANCE
1. EPRA NIY A representation to investors of what their 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 Company's EPRA NIY demonstrates the ability to generate income from its portfolio in the short-term in order to meet its target dividend.	7.50 – 10.00%	**6.45%** at 30 September 2021 (31 March 2021: 7.37%).
2. True Equivalent Yield The average weighted return a property will produce according to the present income and ERV assumptions, assuming the income is received quarterly in advance.	The Company's True Equivalent Yield demonstrates the Company's ability to generate income, both from its existing leases and its ERVs, in order to meet its target dividend.	7.50 – 10.00%	**7.67%** at 30 September 2021 (31 March 2021: 8.15%).
3. Reversionary Yield The expected return the property will provide once rack rented.	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.	7.50 – 10.00%	**7.67%** at 30 September 2021 (31 March 2021: 8.18%).
4. WAULT to expiry The average lease term remaining to expiry across the portfolio, weighted by contracted rent.	The Investment Manager believes that current market conditions present an opportunity whereby assets with a shorter unexpired lease term are often mispriced. It is also the Investment Manager's view that a shorter WAULT is useful for active asset management, particularly in certain growth sectors such as warehousing, as it allows the Investment Manager to engage in direct negotiation with tenants rather than via rent-review mechanisms.	>3 years	**6.20 years** at 30 September 2021 (31 March 2021: 6.71 years).

Key Performance Indicators *(continued)*

KPI AND DEFINITION	RELEVANCE TO STRATEGY	TARGET	PERFORMANCE
5. WAULT to break The average lease term remaining to break, across the portfolio weighted by contracted rent.	The Investment Manager believes that current market conditions present an opportunity whereby assets with a shorter unexpired lease term are often mispriced. As such, it is in line with the Investment Manager's strategy to acquire properties with a WAULT that is generally shorter than the benchmark. It is also the Investment Manager's view that a shorter WAULT is useful for active asset management, particularly in certain growth sectors such as warehousing, as it allows the Investment Manager to engage in direct negotiation with tenants rather than via rent review mechanisms.	>3 years	**4.00 years** at 30 September 2021 (31 March 2021: 4.43 years).
6. NAV NAV is the value of an entity's assets minus the value of its liabilities.	Provides stakeholders with the most relevant information on the fair value of the assets and liabilities of the Company.	Increase year-on-year	**£174.29 million** at 30 September 2021 (31 March 2021: £157.08 million).
7. Leverage (Loan to NAV) The proportion of the Company's net assets that is funded by borrowings.	The Company has changed the measure of its Leverage KPI from 'Loan to Gross Asset Value ('GAV')' to 'Loan to NAV'. This is in line with the measure used in its banking covenants and so is considered to be more relevant to the Company's position. The target of 35% Loan to NAV, which is the gearing limit at drawdown under the RBSi facility, approximates to the previous target of 25% Loan to GAV, which is the measure used in the Company's Investment Guidelines. Gearing will continue to be monitored using both measures.	35%	**28.97%** at 30 September 2021 (31 March 2021: 25.15%).
8. Vacant ERV The space in the property portfolio which is currently unlet, as a percentage of the total ERV of the portfolio.	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.	<10.00%	**8.59%/5.43% excluding vacancy contributed by Glasgow*** at 30 September 2021 (31 March 2021: 8.96%/5.58% excluding vacancy contributed by Glasgow).

* Glasgow has exchanged to be sold with condition of vacant possession.

Key Performance Indicators *(continued)*

KPI AND DEFINITION	RELEVANCE TO STRATEGY	TARGET	PERFORMANCE
9. Dividend 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 COVID-19 situation, regard will be had to the circumstances prevailing at the relevant time in determining dividend payments.	The dividend reflects the Company's ability to deliver a sustainable income stream from its portfolio.	4.00 pps (six month period to 30 September)	**4.00 pps** for the six months to 30 September 2021. This supports an annualised target of 8.00 pps (six months to 30 September 2020: 4.00 pps).
10. Ongoing Charges The ratio of annualised administration and operating costs expressed as a percentage of average NAV throughout the period.	The Ongoing Charges ratio provides a measure of total costs associated with managing and operating the Company, which includes the management fees due to the Investment Manager. This measure is to provide investors with a clear picture of operational costs involved in running the Company.	<1.50%	**1.31%** for the six months to 30 September 2021 (six months to 30 September 2020: 1.31%).
11. Profit before tax ('PBT') PBT is a profitability measure which considers the Company's profit before the payment of income tax.	The PBT is an indication of the Company's financial performance for the period in which its strategy is exercised.	4.00 pps (six month period to 30 September)	**£23.55 million/ 14.86 pps** for the six months to 30 September 2021 (six months to 30 September 2020: £5.72 million/3.61 pps).
12. Shareholder Total Return The percentage change in the share price assuming dividends are reinvested to purchase additional Ordinary Shares.	This reflects the return seen by shareholders on their shareholdings through share price movements and dividends received.	8.00%	**28.37%** for the six months to 30 September 2021 (six months to 30 September 2020: 16.13%).
13. EPRA EPS 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. See note 8.	This reflects the Company's ability to generate earnings from the portfolio which underpins dividends.	4.00 pps (six month period to 30 September)	**3.45 pps** for the six months to 30 September 2021 (six months to 30 September 2020: 3.41 pps).

Investment Manager's Report

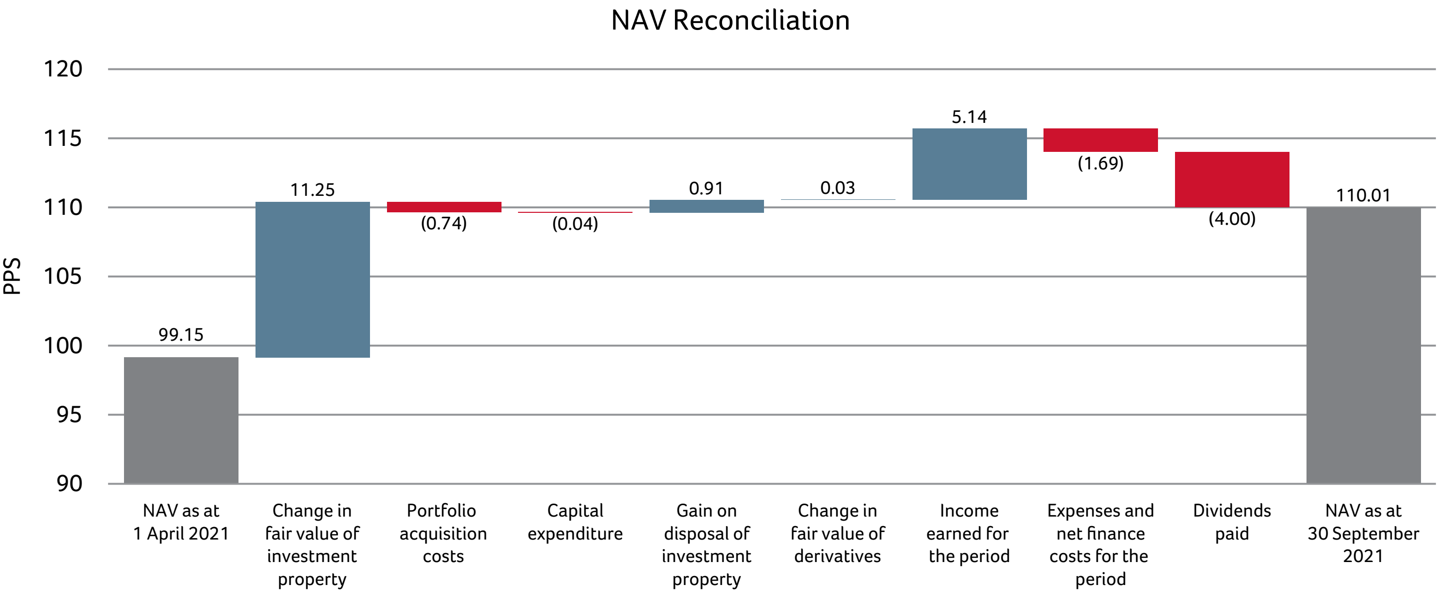
Economic Outlook

The easing of most of the remaining COVID-19 restrictions has increased market optimism in both the direct and indirect markets. Oxford Economics' latest forecasts published in mid-September 2021 indicate UK GDP growth will be 6.9% for the whole year, compared with the 9.8% contraction in 2020. However, the Bank of England signalled its concerns on inflation being well ahead of its target in mid-October 2021. Due to energy, labour and materials shortages UK inflation is expected to peak near 6% in early 2022. As a result, gilt markets are pricing in interest rate hikes starting in December 2021 followed by further increases in 2022. Despite these interest rate increases, Oxford Economics' latest forecast confirms the continued strong UK economic recovery with GDP growth of 6.7% expected in 2022.

Although the direct markets are still strongest in the industrial and warehouse sector, the next year is expected to be a year of recovery and growth where some parts of the retail and leisure sectors may be the beneficiaries. The Company is focusing on portfolio adjustments to take advantage of value opportunities, driven more by the specifics of the asset than the sector. This may see the Company realise profits through sales where it believes values have been optimised and where the funds can be recycled into assets with better growth potential going forwards. There is likely to be a slightly reduced weighting to business space and a rotation towards retail warehousing, leisure and a continued focus on assets with viable alternative use value. Assets whose current value is supported by long-term alternative use optionality, irrespective of current use, will be of increasing importance in our stock selection process. Moreover, recent changes to the Use Classes Order are likely to have a significant impact on portfolios in terms of broadening potential use. Finally, in line with market optimism and a period of post pandemic growth, rent collection rates have strongly improved and this trend is expected to continue.

Financial Results

The Company's NAV as at 30 September 2021 was £174.29 million or 110.01 pps (31 March 2021: £157.08 million or 99.15 pps). This is an increase of 10.86 pps or 10.96% over the period, with the underlying movement in NAV set out in the table below:



EPRA EPS for the period was 3.45 pence which, based on dividends paid of 4.00 pps, reflects a dividend cover of 86.00%. The increase in dividend cover compared to the prior six-month period has largely arisen due to improvements in rent collection levels, along with successful legal outcomes that have recovered significant arrears. Income across the tenancy profile has remained largely intact. Collection rates have reached 99% for both the March and June 2021 quarters respectively, with further payments expected to be received under longer-term payment plans. Of the outstanding arrears, £0.61 million has been provided for expected credit losses.

Investment Manager's Report *(continued)*

Financing

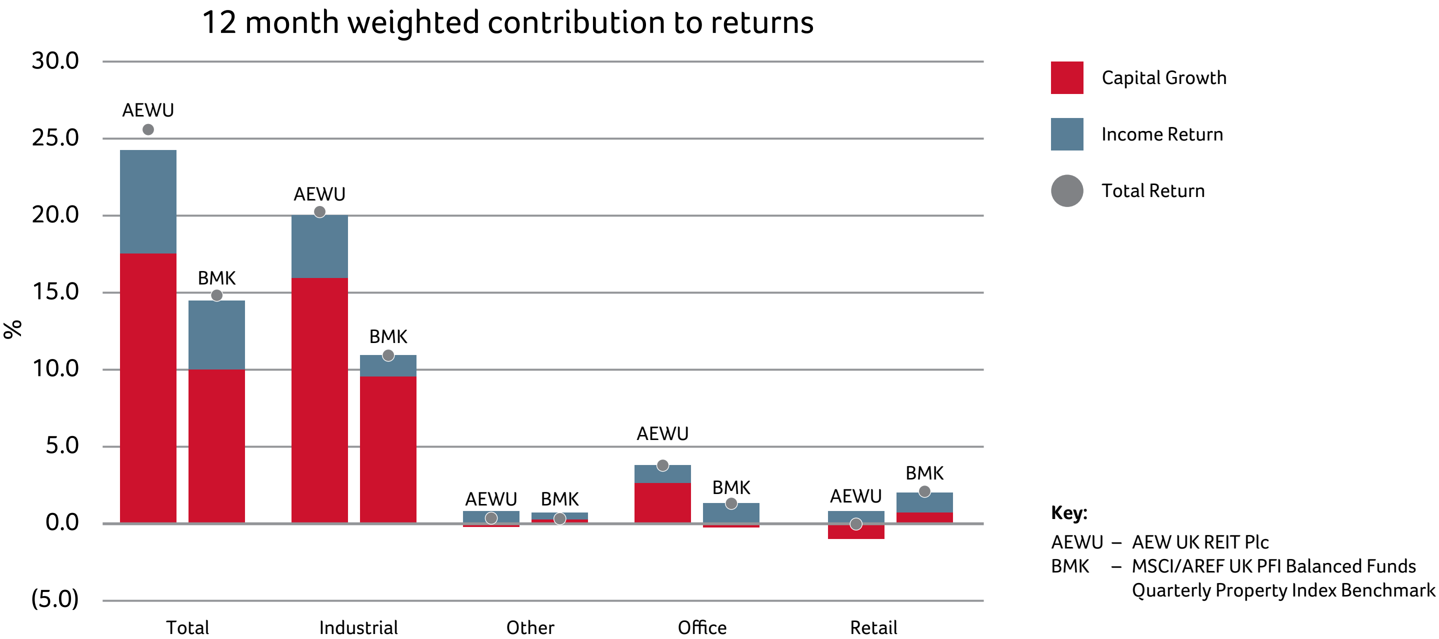
As at 30 September 2021, the Company has a £60.00 million loan facility with RBSi, in place until October 2023, the details of which are presented below:

	30 September 2021	31 March 2021
Facility	**£60.00 million**	£60.00 million
Drawn	**£50.50 million**	£39.50 million
Gearing (Loan to NAV)	**28.97%**	25.15%
Interest rate	**1.47% all-in (SONIA + 1.4%)**	1.44% all-in (LIBOR + 1.4%)
Notional Value of Loan Balance Hedged	**102.0%**	130.4%

Due to GBP LIBOR ending at the end of 2021, the Company transitioned to SONIA on 20 July 2021, with a credit adjustment spread of 0.0981%.

Property Portfolio

During the period, the Company disposed of Langthwaite Industrial Estate, South Kirkby, for net proceeds of £10.84 million. The Company made two acquisitions during the period, being: Arrow Point Retail Park in Shrewsbury, which was acquired in May 2021 for £8.35 million, and 15-33 Union Street, Bristol, which was purchased in June 2021 for a price of £10.19 million.



Source: MSCI 30 September 2021

Investment Manager's Report *(continued)*

The following tables illustrate the composition of the portfolio in relation to its properties, tenants and income streams:

Summary by Sector as at 30 September 2021

Sector	Number of assets	Valuation (£m)	Area (sq ft)	Vacancy by ERV (%)	WAULT to break (years)	Gross passing rental income (£m)	Gross passing rental income (£psf)	ERV (£m)	ERV (£psf)	Rental income (£m)	Like-for like rental growth* (£m)	Like-for like rental growth* %
Industrial	20	114.72	2,428,590	6.45	3.73	8.04	3.31	9.28	3.82	4.20	0.10	2.42
Offices	5	39.95	251,812	18.73	3.12	2.19	8.71	3.62	14.38	1.16	0.02	1.83
Standard retail	6	24.62	237,792	10.35	4.60	2.65	11.13	2.36	9.92	1.21	(0.02)	(1.76)
Retail warehouses	2	14.85	145,912	0.00	1.95	1.32	9.07	1.21	8.29	0.57	(0.02)	(6.93)
Alternatives	2	12.55	112,355	0.00	6.85	1.50	13.31	1.23	10.99	0.73	(0.04)	(5.01)
Portfolio	**35**	**206.69**	**3,176,461**	**8.59**	**4.00**	**15.70**	**4.94**	**17.70**	**5.57**	**7.87**	**0.04**	**0.57**

Summary by Geographical Area as at 30 September 2021

Geographical Area	Number of assets	Valuation (£m)	Area (sq ft)	Vacancy by ERV (%)	WAULT to break (years)	Gross passing rental income (£m)	Gross passing rental income (£psf)	ERV (£m)	ERV (£psf)	Rental income (£m)	Like-for like rental growth* (£m)	Like-for like rental growth* %
South West	5	37.69	517,232	12.65	2.85	2.70	5.21	3.40	6.57	1.21	(0.03)	(3.08)
Yorkshire and Humberside	7	34.10	796,951	4.51	2.59	2.43	3.05	3.10	3.89	1.41	(0.20)	(12.34)
South East	5	30.32	195,545	3.94	3.99	2.03	10.40	2.19	11.19	1.13	(0.01)	(0.41)
Eastern	5	23.85	344,339	10.23	2.29	1.84	5.33	2.06	5.98	0.91	0.21	29.68
West Midlands	4	23.22	458,613	3.42	3.46	1.90	4.14	1.83	4.00	0.85	(0.02)	(2.71)
Wales	2	18.55	376,138	0.00	7.58	1.25	3.31	1.43	3.82	0.64	(0.03)	(4.97)
North West	4	18.28	302,061	0.00	4.44	1.56	5.18	1.40	4.64	0.78	0.16	25.32
Rest of London	1	9.25	71,720	0.00	10.12	0.96	13.40	0.75	10.45	0.47	(0.02)	(4.87)
Scotland	1	7.50	85,643	51.1	1.38	0.64	7.49	1.16	13.54	0.27	(0.01)	(2.92)
East Midlands	1	3.93	28,219	0.00	5.16	0.39	13.82	0.38	13.38	0.20	(0.01)	(2.96)
Portfolio	**35**	**206.69**	**3,176,461**	**8.59**	**4.00**	**15.70**	**4.94**	**17.70**	**5.57**	**7.87**	**0.04**	**0.57**

* like-for-like rental growth is for the six months ended 30 September 2021.

Source: Knight Frank/AEW, 30 September 2021.

Investment Manager's Report *(continued)*

Individual Property Classifications

	Property	Sector	Region	Market Value Range (£m)
1	Eastpoint Business Park, Oxford	Offices	South East	15.0–20.0
2	Gresford Industrial Estate, Wrexham	Industrial	Wales	10.0–15.0
3	40 Queen Square, Bristol	Offices	South West	10.0–15.0
4	15-33 Union Street, Bristol	Standard retail	South West	10.0–15.0
5	Lockwood Court, Leeds	Industrial	Yorkshire and Humberside	7.5–10.0
6	London East Leisure Park, Dagenham	Other	Rest of London	7.5–10.0
7	Arrow Point Retail Park, Shrewsbury	Retail warehouses	West Midlands	7.5–10.0
8	Storey's Bar Road, Peterborough	Industrial	Eastern	7.5–10.0
9	Sarus Court, Runcorn	Industrial	North West	7.5–10.0
10	225 Bath Street, Glasgow	Offices	Scotland	7.5–10.0

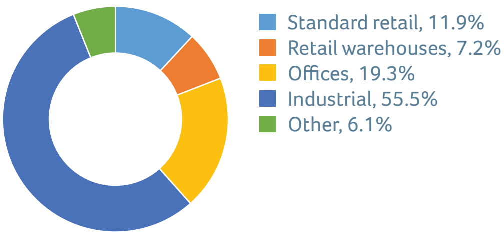
The Company's top ten properties listed above comprise 49.2% of the total value of the portfolio.

	Property	Sector	Region	Market Value Range (£m)
11	Euroway Trading Estate, Bradford	Industrial	Yorkshire and Humberside	5.0–7.5
12	Apollo Business Park, Basildon	Industrial	Eastern	5.0-7.5
13	Brockhurst Crescent, Walsall	Industrial	West Midlands	5.0–7.5
14	Westlands Distribution Park, Weston Super Mare	Industrial	South West	5.0–7.5
15	Barnstaple Retail Park, Barnstaple	Retail warehouses	South West	5.0–7.5
16	Walkers Lane, St Helens	Industrial	North West	5.0–7.5
17	Deeside Industrial Park, Deeside	Industrial	Wales	5.0–7.5
18	Diamond Business Park, Wakefield	Industrial	Yorkshire and Humberside	5.0–7.5
19	Wella Warehouse, Basingstoke	Industrial	South East	5.0–7.5
20	Oak Park, Droitwich	Industrial	West Midlands	<5.0
21	Mangham Road, Rotherham	Industrial	Yorkshire and Humberside	<5.0
22	Pearl House, Nottingham	Standard retail	East Midlands	<5.0
23	710 Brightside Lane, Sheffield	Industrial	Yorkshire and Humberside	<5.0
24	Hall Industrial Estate, Basildon	Industrial	Eastern	<5.0
25	Cedar House, Gloucester	Offices	South West	<5.0
26	75 Above Bar Street, Southampton	Standard retail	South East	<5.0
27	Eagle Road, Redditch	Industrial	West Midlands	<5.0
28	Odeon Cinema, Southend	Other	Eastern	<5.0
29	Commercial Road, Portsmouth	Standard retail	South East	<5.0
30	Clarke Road, Milton Keynes	Industrial	South East	<5.0
31	Bridge House, Bradford	Industrial	Yorkshire and Humberside	<5.0
32	Pricebusters Building, Blackpool	Standard retail	North West	<5.0
33	Vantage Point, Hemel Hempstead	Offices	Eastern	<5.0
34	Moorside Road, Swinton	Industrial	North West	<5.0
35	11/15 Fargate, Sheffield	Standard retail	Yorkshire and Humberside	<5.0

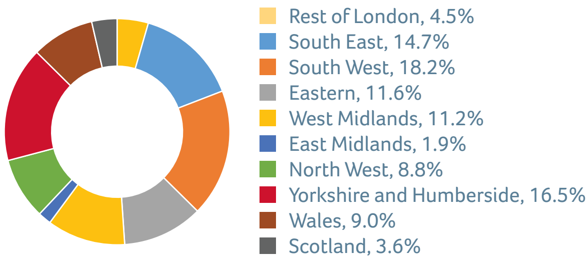
Investment Manager's Report *(continued)*

Sector and Geographical Allocation by Market Value as at 30 September 2021

Sector Allocation



Geographical Allocation



Source: Knight Frank valuation report as at 30 September 2021.

Top Ten Tenants

	Tenant	Sector	Property	Passing Rental Income (£'000)	% of Portfolio Total Contracted Rental Income
1	Plastipak UK Ltd	Industrial	Gresford Industrial Estate, Wrexham	883	5.6
2	Wyndeham Group	Industrial	Wyndeham, Peterborough	644	4.1
3	Mecca Bingo Ltd	Leisure	London East Leisure Park, Dagenham	625	4.0
4	Harrogate Spring Water Limited	Industrial	Lockwood Court, Leeds	603	3.8
5	Odeon Cinemas	Leisure	Odeon Cinema, Southend-on-Sea	535	3.4
6	Wilko Retail Limited	Retail	15-33 Union Street, Bristol	481	3.1
7	Advanced Supply Chain (BFD) Ltd	Industrial	Euroway Trading Estate, Bradford	467	3.0
8	HFC Prestige Manufacturing Limited	Industrial	Cranbourne House, Basingstoke	460	2.9
9	Charlies Stores	Retail	Arrow Point Retail Park, Shrewsbury	440	2.8
10	Poundland Limited	Retail	Pricebusters Building, Blackpool	414	2.6

The Company's top ten tenants, listed above, represent 35.4% of the total passing rental income of the portfolio.

Source: Knight Frank valuation report as at 30 September 2021.

Investment Manager's Report *(continued)*

Asset Management

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

Acquisitions – Arrow Point Retail Park in Shrewsbury was acquired in May 2021 for £8.35 million and is a fully-let, purpose-built retail park prominently located on a busy commercial estate, providing a NIY of 8.7%. The second acquisition, 15-33 Union Street, Bristol, is a retail/leisure site located on a busy pedestrian thoroughfare in Bristol city centre and provides a NIY of 8.0%. Both of these assets provide opportunity for value growth in the medium to long term as well as strong and stable income streams from their tenancy profiles.

Disposals – Sales of Langthwaite Industrial Estate, South Kirkby for £10.84 million and Wella Warehouse, Basingstoke for £5.86 million have now been completed, with the latter completing post period end. The sales prices achieved were 31% and 35% ahead of their March 2021 valuations, and also 1.9x and 1.7x their purchase prices, respectively.

Arrow Point Retail Park, Shrewsbury – We have extended British Heart Foundation's unexpired term to break by moving their November 2021 break option out to December 2024 in return for four months' rent free. The majority of the rent free was used to write off rent arrears predating the Company's ownership. British Heart Foundation's lease expires in November 2028.

Diamond Business Park, Wakefield – We have completed a new five year ex-Act lease at £41,866 per annum/£3.75 per sq ft on Unit 14, which reflects a rent 25% above the March 2021 ERV. The tenant has provided a rent deposit equivalent to six months' rent. Six months' rent free was given as an incentive.

40 Queen Square, Bristol – We have completed a new five year ex-Act lease to Brewin Dolphin at £103,770 per annum/£30 per sq ft versus the previous passing rent of £22 per sq ft and the March 2021 ERV of £26 per sq ft. A 12 month rent free incentive was given. We have now also completed a lease renewal to Candide Limited until February 2025 at the same rent of £30 psf (£116,970 per annum). The previous passing rent was £22.81 per sq ft and only 1.5 months' rent free incentive was given. These lettings at £30 psf have produced an increase in the property's valuation of £1.05 million (9.9%) over the past six months.

Vantage Point, Hemel Hempstead – We have completed a new five year ex-Act lease (tenant break option at the end of year three) to Netronix Integration Limited at a rent of £33,683 per annum/£14.50 per sq ft, which is £3 per sq ft above ERV. Four months' rent free incentive was given, with a further two months should the tenant not exercise their tenant break option at the end of the third year.

Above Bar Street, Southampton – We have exchanged on a new straight five year ex-Act lease to Shoe Zone at a gross rent of £80,000 per annum, subject to approximately £40,000 landlord works. 12 months' rent free incentive was given.

Sarus Court, Runcorn – We have completed a ten year lease renewal with NTT United Kingdom Limited (Dimension Data) at £5.75 per sq ft (£64,066.50 per annum) versus the previous passing rent of £5.25 per sq ft. There is a tenant break option in December 2025. Five months' rent free incentive was given. The valuation of this asset has increased by £1.05 million (15.3%) over the past six months to £7.9 million.

Vacancy – The portfolio's overall vacancy level is 8.59%. Excluding vacancy contributed by the asset at 225 Bath Street, Glasgow, the vacancy level is 5.43%. This asset has now been exchanged for sale for alternative use redevelopment as student accommodation. As a condition of the sale agreement, full vacancy must be achieved before the sale can be completed. Completion of the sale is expected in Q4 2021 – Q1 2022. The purchaser has submitted a planning application and is awaiting confirmation on a committee date. Regarding achieving vacant possession, only one tenant remains in the building having recently exchanged on the variation of W.A. Fairhurst's lease, bringing their occupation to an end on 31 January 2022, in exchange for an £800,000 surrender premium, plus nine months' rent free from 28 February 2021 to 1 December 2021.

Investment Manager's Report *(continued)*

Environmental, Social and Governance ('ESG') Update

The Company has maintained its two stars Global Real Estate Sustainability Benchmark ('GRESB') rating for 2021 and maintained its score of 65 (GRESB Average 72). A large portion of the GRESB score relates to performance data coverage where, due to the high percentage of single-let assets with tenant procured utilities, the Company does not score as well as funds with a smaller holding of single-let assets and a higher proportion of multi-let assets where the owner is responsible for the utilities and can therefore gather the relevant data.

We continue to implement our plan to improve overall data coverage and data collection for all utilities through increased tenant engagement at our single-let assets and by installing automated meter readers ('AMR') across the portfolio. So far, we are in the process of installing AMRs in all of our multi-let properties. We are also in discussions with the tenants of our top 10 single-let FRI assets (in terms of floor area) regarding the installation of AMR.

We endeavour, where the opportunity presents itself through a lease event, to include green clauses in leases, covenanting landlord and tenant to collaborate over the environmental performance of the property.

We continue to assess and strengthen our reporting and alignment against the framework set out by the Taskforce on Climate-Related Financial Disclosures ('TCFD') with further disclosure and update to be provided in the 2022 annual report and accounts. We are pleased to report the Company has maintained its EPRA Silver rating for sBPR for ESG disclosure and transparency.

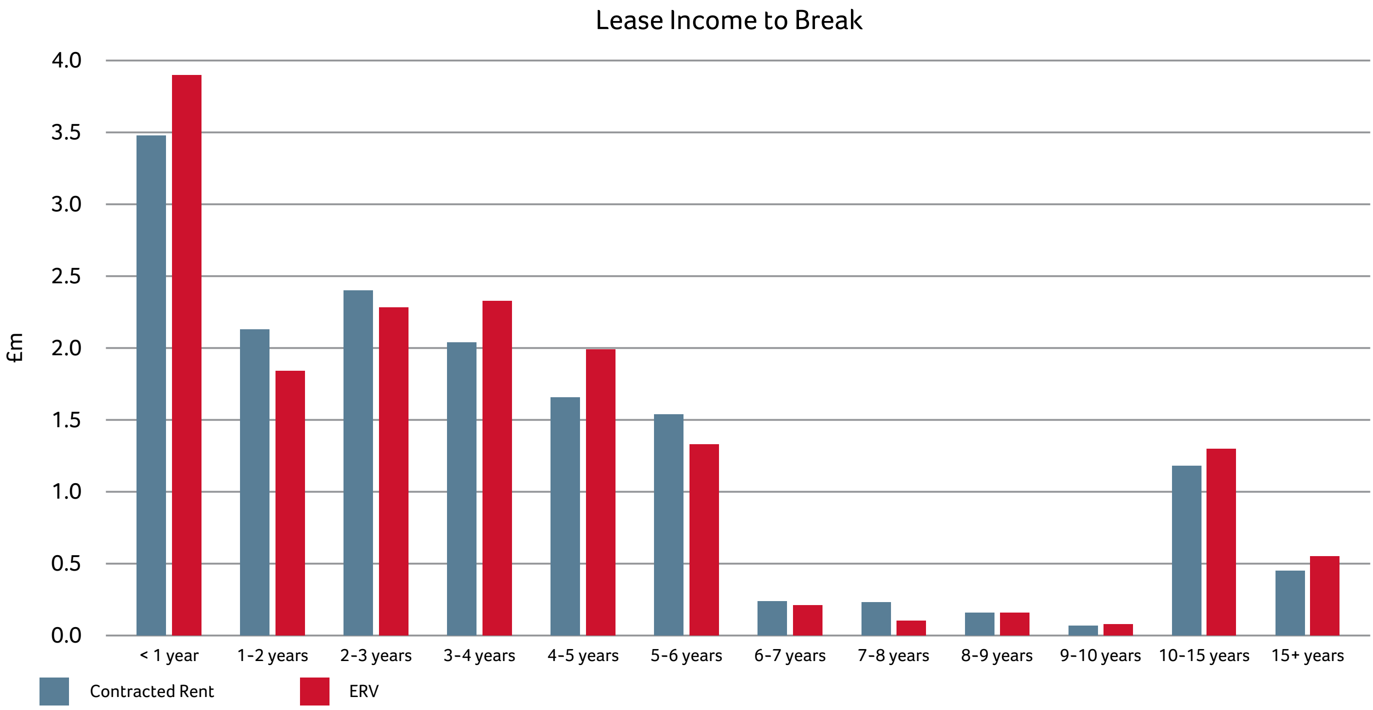
We have an Asset Sustainability Action Plan ('ASAP') initiative, tracking ESG initiatives across the portfolio on an asset by asset basis for targeted/relevant and specific implementation of ESG improvements. In doing so, all managed assets and units have recently been contracted to High Quality Green Tariffs, ensuring that electricity supply is from renewable sources. All void/vacant unit supplies have also been transferred to High Quality Green Tariffs.

All managed assets will be moved to 'Green Gas' supplies in 2022.

We are underway with implementing initiatives such as a new landscaping/biodiversity programme at our retail warehouse in Barnstaple, replacing the existing plants and shrubs with a greater diversity of appropriate species which in turn will attract a wider variety of insects and wildlife to the property.

Investment Manager's Report *(continued)*

Lease Expiry Profile



Approximately £3.48 million of the Company's current contracted income stream is subject to an expiry or break within the 12 month period commencing 1 October 2021. 12.87% (£447,984) of this income (Indigo Lighthouse Solutions and WA Fairhurst) is attributable to our office holding in Glasgow, which has exchanged for sale. A further 9.38% (£326,668) of this income relates to a property where we expect the tenants to stay, renewing their leases. 18.31% (£637,238) of this income is in the industrial sector, where we anticipate strong occupier demand, low incentives and reversionary rents. Regarding the remainder, we will proactively manage, looking to unlock capital upside, whether that be through lease regears/renewals, or through refurbishment/capex projects and new lettings.

Source: Knight Frank valuation report as at 30 September 2021.

AEW UK Investment Management LLP

16 November 2021

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.

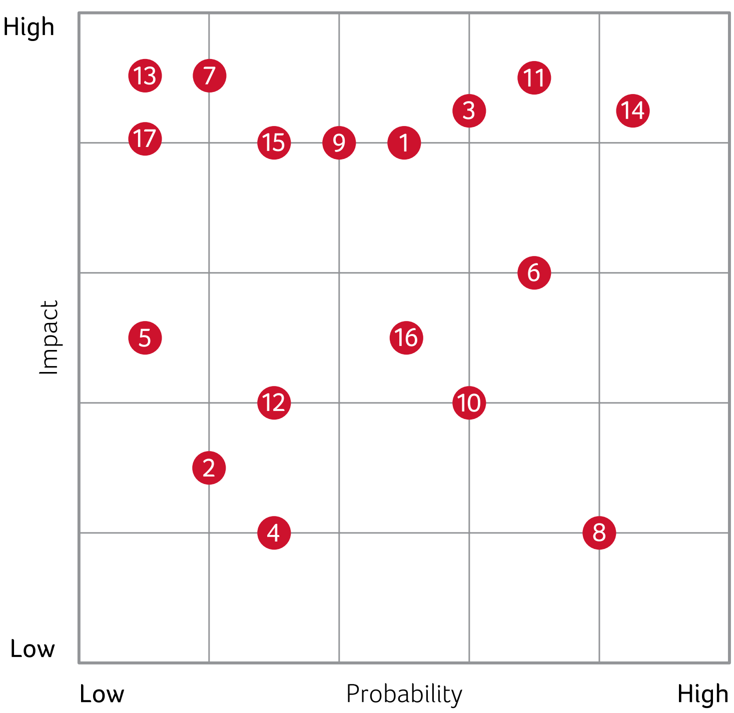
The Board has overall responsibility for reviewing the effectiveness of the system of risk management and internal control which is operated by the Investment Manager. The Company's ongoing risk management process is designed to identify, evaluate and mitigate the significant risks the Company faces.

At least twice a year, the Board undertakes a formal risk review with the assistance of the Audit Committee, to assess the adequacy and effectiveness of the Investment Manager and other service providers' risk management and internal control processes.

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. Changes to the principal risks since the date of the Annual Report and Financial Statements for the year ended 31 March 2021 are indicated on pages 17 to 21.

Principal Risks



Key

1. Property market
2. Property valuation
3. Tenant default
4. Asset management initiatives
5. Due diligence
6. Fall in rental rates
7. Breach of borrowing covenants
8. Interest rate rises
9. Availability and cost of debt
10. Dependence on Investment Manager and other third party service providers
11. Ability to meet objectives
12. Business interruption
13. Company REIT status
14. General political and economic risk
15. COVID-19
16. Environmental transition risk
17. Physical risk to properties

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

Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
REAL ESTATE RISKS		
1. Property market Any property market recession or future deterioration in the property market could, inter alia, (i) cause the Company to realise its investments at lower valuations; and (ii) delay the timings of the Company's realisations. These risks could have a material adverse effect on the ability of the Company to achieve its investment objective.	The Company has investment restrictions in place to invest and manage its assets with the objective of spreading and mitigating risk.	**Probability:** Moderate **Impact:** Moderate to High **Movement:** Decrease
2. Property valuation Property and property-related assets are inherently difficult to value due to the individual nature of each property. There may be an adverse effect on the Company's profitability, the NAV and the price of Ordinary Shares in cases where properties are sold whose valuations have previously been materially overstated.	The Company uses an independent external valuer (Knight Frank LLP) to value the properties at fair value in accordance with accepted RICS appraisal and valuation standards.	**Probability:** Low **Impact:** Low to Moderate **Movement:** Decrease
3. Tenant default Failure by tenants to fulfill their rental obligations could affect the income that the properties earn and the ability of the Company to pay dividends to its shareholders.	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. Asset management team conducts ongoing monitoring and liaison with tenants to manage potential bad debt risk.	**Probability:** Moderate **Impact:** Moderate to High **Movement:** Decrease
4. Asset management initiatives 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.	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.	**Probability:** Low to Moderate **Impact:** Low to Moderate **Movement:** No change

Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
REAL ESTATE RISKS *(continued)*		
5. Due diligence 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.	The Company's due diligence relies on 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.	**Probability:** Low **Impact:** Moderate **Movement:** No change
6. Fall in rental rates 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.	The Company builds a diversified property and tenant base with subsequent monitoring of concentration to individual occupiers (top ten tenants) 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.	**Probability:** Moderate to High **Impact:** Moderate to High **Movement:** No change
BORROWING RISKS		
7. Breach of borrowing covenants The Company has entered into a term credit facility with RBSi. Material adverse changes in valuations and net income may lead to breaches in the Loan to Value ('LTV') and interest cover ratio covenants.	The Company monitors the use of borrowings on an ongoing basis through weekly cash flow forecasting and quarterly risk monitoring to monitor financial covenants.	**Probability:** Low to Moderate **Impact:** Moderate to High **Movement:** Decrease
8. Interest rate rises The Company's borrowings through a term credit facility are subject to interest rate risk through changing SONIA rates. Any increases in SONIA rates may have an adverse effect on the Company's ability to pay dividends.	The Company uses interest rate caps on a significant notional value of the loan to mitigate the adverse impact of possible interest rate rises. The Investment Manager and Board of Directors monitor the level of hedging and interest rate movements to ensure that the risk is managed appropriately.	**Probability:** Moderate to High **Impact:** Low to Moderate **Movement:** No change

Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
BORROWING RISKS *(continued)*		
9. Availability and cost of debt The term credit facility expires in October 2023. In the event that RBSi does not renew the facility, the Company may need to sell assets to repay the outstanding loan. Any increase in the financing costs of the facility on renewal would adversely impact on the Company's profitability.	The Company maintains a good relationship with the bank providing the term credit facility. The Company monitors the projected usage and covenants of the credit facility on a quarterly basis. The Company actively monitors the loan term and engages in loan extension negotiations far in advance of expiry.	**Probability:** Moderate **Impact:** Moderate to High **Movement:** Increase
CORPORATE RISKS		
10. Dependence on Investment Manager and other third party service providers The Company has no employees and is reliant upon the performance of its Investment Manager and 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.	The Investment Manager has endeavoured to ensure that the principal members of its management team are suitably incentivised. 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.	**Probability:** Moderate to High **Impact:** Moderate **Movement:** No change
11. Ability to meet objectives 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. Poor relative total return performance may lead to an adverse reputational impact that affects the Company's ability to raise new capital.	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. These factors mitigate the risk of fluctuations in returns.	**Probability:** Moderate to High **Impact:** Moderate to High **Movement:** Decrease

Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
CORPORATE RISKS *(continued)*		
12. Business interruption Cyber-attacks on the Investment Manager's and/or other service providers' IT systems, could lead to disruption, reputational damage, regulatory (including GDPR) or financial loss to the Company.	The Investment Manager and other service providers' staff are capable of working remotely for an extended time period. The Investment Manager's and other service providers' IT systems are protected by anti-virus software and firewalls that are updated regularly. 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.	**Probability:** Low to Moderate **Impact:** Moderate **Movement:** Increase
TAXATION RISKS		
13. Company REIT status 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. 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.	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.	**Probability:** Low **Impact:** Moderate to High **Movement:** No change
POLITICAL/ECONOMIC RISKS		
14. General political and economic risks Political and macroeconomic events present risks to the real estate and financial markets that affect the Company and the business of its tenants. The level of uncertainty that such events bring has been highlighted in recent times, most pertinently the effects of the UK's exit from the EU in January 2021.	The Board considers the impact of political and macroeconomic events when reviewing strategy. The UK's exit from the EU is not considered to generate any risks specific to the Company and is not considered to have any material effect on the financial statements.	**Probability:** Moderate to High **Impact:** Moderate to High **Movement:** No change

Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
POLITICAL/ECONOMIC RISKS *(continued)*		
15. COVID-19		
The economic disruption arising from the COVID-19 virus could impact rental income receipts from tenants, the ability to access funding at competitive rates, maintain the Company's dividend policy and its adherence to the HMRC REIT regime, particularly if the UK government restrictions are in place for a prolonged period.	The Investment Manager is in close contact with tenants. The Investment Manager has put in place social distancing measures as advised by the UK government. The Investment Manager has maintained a close relationship with RBSi to ensure continuing dialogue around covenants.	**Probability:** Low to Moderate **Impact:** Moderate to High **Movement:** Decrease
ENVIRONMENTAL RISKS		
16. Environmental transition risk		
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.	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. An Asset Sustainability Action Plan ('ASAP') initiative has been introduced by the Company, which tracks ESG initiatives across the portfolio on an asset-by-asset basis for targeted, relevant and specific implementation of ESG improvements.	**Probability:** Moderate **Impact:** Moderate **Movement:** Increase
17. Physical risk to properties		
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.	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 Group's properties in order to continually assess the physical risk posed to them.	**Probability:** Low **Impact:** Moderate to High **Movement:** Increase

Interim Management Report and Directors' Responsibility Statement

Interim Management Report

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal risks and uncertainties for the remaining six months of the financial year are set out in the Chairman's Statement on pages 2 to 4, the Investment Manager's Report on pages 8 to 15 and the Principal Risks and Uncertainties on pages 16 to 21.

Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK;
- the interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Mark Burton
Chairman

16 November 2021

Independent Review Report to AEW UK REIT plc

Introduction

We have been engaged by the Company to review the condensed set of Financial Statements in the Interim Report and Financial Statements for the six months ended 30 September 2021 which comprises the Condensed Statement of Comprehensive Income, Condensed Statement of Changes in Equity, Condensed Statement of Financial Position, Condensed Statement of Cash Flows and related notes.

We have read the other information contained in the Interim Report and Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The Interim Report and Financial Statements is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the Interim Report and Financial Statements in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this Interim Report and Financial Statements has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the Interim Report and Financial Statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the Interim Report and Financial Statements for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London
United Kingdom

16 November 2021

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

Financial Statements

Condensed Statement of Comprehensive Income

for the six months ended 30 September 2021

	Notes	**Period from 1 April 2021 to 30 September 2021 (unaudited) £'000**	Period from 1 April 2020 to 30 September 2020 (unaudited) £'000	Year ended 31 March 2021 (audited) £'000
Income				
Rental and other income	3	8,630	8,838	17,491
Property operating expenses	4	(1,760)	(1,777)	(3,754)
Impairment loss on trade receivables		188	(156)	(944)
Net rental and other income		**7,058**	**6,905**	**12,793**
Other operating expenses	5	(1,179)	(971)	(2,058)
Operating profit before fair value changes		**5,879**	**5,934**	**10,735**
Change in fair value of investment properties	10	16,596	(3,328)	5,324
Realised gains on disposal of investment properties	10	2,273	3,670	7,043
Realised loss on disposal of investment property held for sale	10	(829)	–	–
Operating profit		**23,919**	**6,276**	**23,102**
Finance expense	6	(372)	(552)	(930)
Profit before tax		**23,547**	**5,724**	**22,172**
Taxation	7	–	–	–
Profit after tax		**23,547**	**5,724**	**22,172**
Other comprehensive income		–	–	–
Total comprehensive income for the period		**23,547**	**5,724**	**22,172**
Earnings per share (pence) (basic and diluted)	8	**14.86**	**3.61**	**13.98**

The notes on pages 28 to 45 form an integral part of these condensed financial statements.

Financial Statements

Condensed Statement of Changes in Equity

for the six months ended 30 September 2021

For the period 1 April 2021 to 30 September 2021 (unaudited)	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
Balance as at 1 April 2021		**1,587**	**56,578**	**99,179**	**(265)**	**157,079**
Total comprehensive income		–	–	23,547	–	23,547
Dividends paid	9	–	–	(6,337)	–	(6,337)
Balance as at 30 September 2021		**1,587**	**56,578**	**116,389**	**(265)**	**174,289**

For the period 1 April 2020 to 30 September 2020 (unaudited)	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
Balance as at 1 April 2020		**1,587**	**56,578**	**89,698**	**–**	**147,863**
Total comprehensive income		–	–	5,724	–	5,724
Dividends paid	9	–	–	(6,351)	–	(6,351)
Balance as at 30 September 2020		**1,587**	**56,578**	**89,071**	**–**	**147,236**

For the year ended 31 March 2021 (audited)	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
Balance at 1 April 2020		**1,587**	**56,578**	**89,698**	**–**	**147,863**
Total comprehensive income		–	–	22,172	–	22,172
Ordinary shares bought back		–	–	–	(263)	(263)
Share buyback costs		–	–	–	(2)	(2)
Dividends paid	9	–	–	(12,691)	–	(12,691)
Balance as at 31 March 2021		**1,587**	**56,578**	**99,179**	**(265)**	**157,079**

* The capital reserve has arisen from the cancellation of part of the Company's share premium account and is a distributable reserve.

The notes on pages 28 to 45 form an integral part of these condensed financial statements.

Financial Statements

Condensed Statement of Financial Position

as at 30 September 2021

	Notes	As at 30 September 2021 (unaudited) £'000	As at 30 September 2020 (unaudited) £'000	As at 31 March 2021 (audited) £'000
Assets				
Non-Current Assets				
Investment property	10	191,336	160,601	169,092
		191,336	**160,601**	**169,092**
Current Assets				
Investment property held for sale	10	12,931	8,212	7,251
Receivables and prepayments	11	10,198	9,063	6,977
Cash and cash equivalents		15,159	13,357	17,450
Other financial assets held at fair value	12	112	49	61
		38,400	**30,681**	**31,739**
Total assets		**229,736**	**191,282**	**200,831**
Non-Current Liabilities				
Interest bearing loans and borrowings	13	(50,171)	(39,082)	(39,131)
Lease obligations	15	(635)	(635)	(635)
		(50,806)	**(39,717)**	**(39,766)**
Current Liabilities				
Payables and accrued expenses	14	(4,593)	(4,281)	(3,938)
Lease obligations	15	(48)	(48)	(48)
		(4,641)	**(4,329)**	**(3,986)**
Total Liabilities		**(55,447)**	**(44,046)**	**(43,752)**
Net Assets		**174,289**	**147,236**	**157,079**
Equity				
Share capital		1,587	1,587	1,587
Buyback reserve		(265)	–	(265)
Share premium account		56,578	56,578	56,578
Capital reserve and retained earnings		116,389	89,071	99,179
Total capital and reserves attributable to equity holders of the Company		**174,289**	**147,236**	**157,079**
Net Asset Value per share (pence)	8	**110.01**	**92.73**	**99.15**
EPRA Net Tangible Assets per share (pence)	8	**109.94**	**92.70**	**99.11**

The financial statements on pages 24 to 45 were approved by the Board of Directors on 16 November 2021 and were signed on its behalf by:

Mark Burton
Chairman
AEW UK REIT plc
Company number: 09522515

The notes on pages 28 to 45 form an integral part of these condensed financial statements.

Financial Statements

Condensed Statement of Cash Flows

for the six months ended 30 September 2021

	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Period from 1 April 2020 to 30 September 2020 (unaudited) £'000	Year ended 31 March 2021 (audited) £'000
Cash flows from operating activities			
Profit before tax	23,547	5,724	22,172
Adjustment for:			
Finance expenses	372	552	930
(Gain)/loss from change in fair value of investment property	(16,596)	3,328	(5,324)
Realised gains on disposal of investment property	(2,273)	(3,670)	(7,043)
Realised loss on disposal of investment property held for sale	829	–	–
(Increase)/decrease in other receivables and prepayments	(3,419)	(1,573)	374
Increase/(decrease) in other payables and accrued expenses	537	(463)	(647)
Net cash generated from operating activities	**2,997**	**3,898**	**10,462**
Cash flows from investing activities			
Purchase of and additions to investment property	(19,539)	(106)	(5,983)
Disposal of investment property	10,796	18,676	29,049
Costs in respect of investment property held for sale	(829)	–	–
Net cash (used in)/generated from investing activities	**(9,572)**	**18,570**	**23,066**
Cash flows from financing activities			
Share buyback cash paid	–	–	(263)
Share buyback costs	–	–	(2)
Loan drawdown/(repayment)	11,000	(12,000)	(12,000)
Arrangement loan facility fee paid	–	(13)	(13)
Premium for interest rate caps	–	(63)	(63)
Finance costs	(379)	(557)	(919)
Dividends paid	(6,337)	(6,351)	(12,691)
Net cash flow generated from/(used in) financing activities	**4,284**	**(18,984)**	**(25,951)**
Net (decrease)/increase in cash and cash equivalents	(2,291)	3,484	7,577
Cash and cash equivalents at start of the period/year	17,450	9,873	9,873
Cash and cash equivalents at end of the period/year	**15,159**	**13,357**	**17,450**

The notes on pages 28 to 45 form an integral part of these condensed financial statements.

Notes to the Condensed Financial Statements
for the six months ended 30 September 2021

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.

2. Accounting policies

2.1 Basis of preparation

These interim condensed unaudited financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK, and should be read in conjunction with the Company's last financial statements for the year ended 31 March 2021. These condensed unaudited financial statements do not include all information required for a complete set of financial statements proposed in accordance with IFRS as adopted by the UK ('IFRS'). However, selected explanatory notes have been included to explain events and transactions that are significant in understanding changes in the Company's financial position and performance since the last financial statements.

The financial information contained in this Interim Report and Financial Statements for the six months ended 30 September 2021 and the comparative information for the year ended 31 March 2021 does not constitute statutory accounts as defined in sections 435(1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 March 2021 have been delivered to the Registrar of Companies. The Auditor reported on those accounts. Its report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

A review of the interim financial information has been performed by the Auditor of the Company for issue on 16 November 2021. The comparative figures disclosed in the condensed unaudited financial statements and related notes have been presented for both the six month period ended 30 September 2020 and year ended 31 March 2021 and as at 30 September 2020 and 31 March 2021.

These condensed unaudited financial statements have been prepared under the historical-cost convention, except for investment property and interest rate derivatives that have been measured at fair value. The condensed unaudited 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 Company has considered and applied the following new standards and amendments to existing standards which are required for the accounting period beginning on 1 April 2021:

- Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021; and
- Interest Rate Bench Reform – Phase 2 (Amendments to various standards: IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement, IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases').

The Company has applied the new standards and there has been no significant impact on the financial statements.

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 2022 or later. The Company has not early adopted any of these new or amended standards.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

2. Accounting policies *(continued)*

2.2 Significant accounting judgements and estimates

The preparation of financial statements in accordance with IAS 34 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.

i) Valuation of investment property

The Company's investment property is held at fair value as determined by the independent valuer on the basis of fair value in accordance with the internationally accepted Royal Institution of Chartered Surveyors ('RICS') Appraisal and Valuation Standards.

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 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 the uncertainty surrounding the outbreak of COVID-19, as well as the Company's cash flows, financial position, liquidity and borrowing facilities.

In that assessment the Directors' considered that the Company benefits from a diversified income stream from numerous tenants and sectors, which reduces risk. They also noted that:

- The Company's rent collection has been strong, with 99% of contracted rent collected for the March and June 2021 quarters. At least 87% of contracted rent has either been collected, or payment plans agreed, for the September 2021 quarter. Based on the contracted rent as at 30 September 2021, a reduction of 66% in total rents could be accommodated before breaching the ICR covenant in the Company's debt arrangements;
- Based on the property valuation at 30 September 2021, the Company had room for a £62.10 million fall in NAV before reaching the maximum LTV covenant in the Company's debt arrangements. If certain conditions are met, such as providing security, a further £20.40 million fall in NAV could be accommodated.

2. Accounting policies *(continued)*

2.4 Going concern *(continued)*

Finally, the Directors' note that the Company's cash flow can also be significantly managed through the adjustment of dividend payments.

Taking this into consideration, the Directors have reviewed a number of scenarios over 12 months, including a severe but plausible downside scenario which makes the following assumptions:

- A reduction in rental income of 30%;
- No new lettings or renewals, other than those where terms have already been agreed; and
- A 10% fall in property valuations.

Given the Company's financial position and headroom on covenants, the Directors do not consider that there are any material uncertainties in relation to the Company's ability to meets its liabilities as they fall due and continue in operation for a period of 12 months from the date of approval of these financial statements. They therefore consider the going concern basis adopted in the preparation of the interim financial statements is appropriate.

2.5 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied within the Company's Annual Report and Financial Statements for the year ended 31 March 2021 except for the changes as detailed in note 2.1.

3. Revenue

	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Period from 1 April 2020 to 30 September 2020 (unaudited) £'000	Year ended 31 March 2021 (audited) £'000
Rental income	7,866	8,124	15,714
Service charge income	485	674	1,535
Dilapidation income received	272	40	197
Other property income	7	–	–
Surrender premium received	–	–	45
Total rental and other income	**8,630**	**8,838**	**17,491**

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

4. Property operating expenses

	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Period from 1 April 2020 to 30 September 2020 (unaudited) £'000	Year ended 31 March 2021 (audited) £'000
Non-recoverable service charge expense	644*	601	1,166
Recoverable service charge expense	485	674	1,535
Other property expenses	631	502	1,053
Total property operating expenses	**1,760**	**1,777**	**3,754**

* Of the c. £644,000 non-recoverable service charge expenditure (30 September 2020: £601,000) c. £552,000 relates to Bank Hey Street, Blackpool (30 September 2020: £394,000) which includes costs relating to the remedial works as detailed in the Investment Manager's Report.

5. Other operating expenses

	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Period from 1 April 2020 to 30 September 2020 (unaudited) £'000	Year ended 31 March 2021 (audited) £'000
Investment management fee	732	579	1,229
Operating costs	289	289	594
Audit fee	82	30	110
ISRE 2410 review (interim review fee)	28	25	25
Director's remuneration	48	48	100
Total other operating expenses	**1,179**	**971**	**2,058**

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

6. Finance expense

	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Period from 1 April 2020 to 30 September 2020 (unaudited) £'000	Year ended 31 March 2021 (audited) £'000
Interest payable on loan borrowings	344	438	722
Amortisation of loan arrangement fee	41	49	97
Commitment fee payable on loan borrowings	38	37	95
	423	524	914
Change in fair value of interest rate derivatives	(51)	28	16
Total	**372**	**552**	**930**

7. Taxation

	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Period from 1 April 2020 to 30 September 2020 (unaudited) £'000	Year ended 31 March 2021 (audited) £'000
Analysis of charge in the period			
Profit before tax	23,547	5,724	22,172
Theoretical tax at UK corporation tax standard rate of 19% (30 September 2020: 19%; 31 March 2021: 19%)	4,474	1,088	4,213
Adjusted for:			
Exempt REIT income	(1,046)	(1,023)	(1,863)
Non taxable investment gains	(3,428)	(65)	(2,350)
Total	**–**	**–**	**–**

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

8. Earnings per share and NAV per share

	Period from 1 April 2021 to 30 September 2021 (unaudited)	Period from 1 April 2020 to 30 September 2020 (unaudited)	Year ended 31 March 2021 (audited)
Earnings per share:			
Total comprehensive income (£'000)	23,547	5,724	22,172
Weighted average number of shares	158,424,746	158,774,746	158,620,910
Earnings per share (basic and diluted) (pence)	**14.86**	**3.61**	**13.98**
EPRA earnings per share:			
Total comprehensive income (£'000)	23,547	5,724	22,172
Adjustment to total comprehensive income:			
Change in fair value of investment property (£'000)	(16,596)	3,328	(5,324)
Realised gain on disposal of investment property (£'000)	(2,273)	(3,670)	(7,043)
Realised loss on disposal of investment property held for sale	829	–	–
Change in fair value of interest rate derivatives (£'000)	(51)	28	16
Total EPRA earnings (£'000)	5,456	5,410	9,821
EPRA earnings per share (basic and diluted) (pence)	**3.45**	**3.41**	**6.19**
NAV per share:			
Net assets (£'000)	174,289	147,236	157,079
Ordinary Shares	158,424,746	158,774,746	158,424,746
NAV per share (pence)	**110.01**	**92.73**	**99.15**

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

8. Earnings per share and NAV per share *(continued)*

As at 30 September 2021	Current measures EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000	Previous measures EPRA NAV £'000	EPRA NNNAV £'000
IFRS NAV attributable to shareholders	174,289	174,289	174,289	174,289	174,289
Mark-to-market adjustment of derivatives	(112)	(112)	–	(112)	–
Real estate transfer tax[1]	–	13,642	–	–	–
At 30 September 2021	174,177	187,819	174,289	174,177	174,289
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746	158,424,746	158,424,746
NAV per share	**109.94p**	**118.55p**	**110.01p**	**109.94p**	**110.01p**

As at 30 September 2020	Current measures EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000	Previous measures EPRA NAV £'000	EPRA NNNAV £'000
IFRS NAV attributable to shareholders	147,236	147,236	147,236	147,236	147,236
Mark-to-market adjustment of derivatives	(49)	(49)	–	(49)	–
Real estate transfer tax and other purchasers' costs[1]	–	11,309	–	–	–
At 30 September 2020	147,187	158,496	147,236	147,187	147,236
Number of Ordinary Shares	158,774,746	158,774,746	158,774,746	158,774,746	158,774,746
NAV per share	**92.70p**	**99.82p**	**92.73p**	**92.70p**	**92.73p**

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

[1] EPRA Net Tangible Assets ('EPRA NTA') and EPRA Net Disposal Value ('EPRA NDV') are calculated using property values in line with IFRS, 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 6.6% of the net valuation provided by Knight Frank.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

8. Earnings per share and NAV per share *(continued)*

As at 31 March 2021	Current measures EPRA NTA £'000	Current measures EPRA NRV £'000	Current measures EPRA NDV £'000	Previous measures EPRA NAV £'000	Previous measures EPRA NNNAV £'000
IFRS NAV attributable to shareholders	157,079	157,079	157,079	157,079	157,079
Mark-to-market adjustment of derivatives	(61)	(61)	–	(61)	–
Real estate transfer tax and other purchasers' costs[1]	–	11,814	–	–	–
At 31 March 2021	157,018	168,832	157,079	157,018	157,079
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746	158,424,746	158,424,746
NAV per share	**99.11p**	**106.57p**	**99.15p**	**99.11p**	**99.15p**

[1] EPRA NTA and EPRA NDV are calculated using property values in line with IFRS, where values are net of RETT and other purchasers' costs. RETT and other purchasers' costs are added back when calculating EPRA NRV and have been estimated at 6.6% of the net valuation provided by Knight Frank.

9. Dividends paid

Dividends paid during the period	**Period from 1 April 2021 to 30 September 2021 £'000**	Period from 1 April 2020 to 30 September 2020 £'000	Year ended 31 March 2021 £'000
Represents two/two/four interim dividends of 2.00 pps each	**6,337**	6,351	12,691

Dividends relating to the period	**Period from 1 April 2021 to 30 September 2021 £'000**	Period from 1 April 2020 to 30 September 2020 £'000	Year ended 31 March 2021 £'000
Represents two/two/four interim dividends of 2.00 pps each	**6,337**	6,351	12,684

Dividends paid relate to Ordinary Shares.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

10. Investments

10.a) Investment property

	Period from 1 April 2021 to 30 September 2021 (unaudited) Investment properties freehold £'000	Investment properties leasehold £'000	Total £'000	Period from 1 April 2020 to 30 September 2020 (unaudited) Total £'000	Year ended 31 March 2021 (audited) Total £'000
UK Investment property					
As at beginning of period	160,750	18,250	179,000	189,300	189,300
Purchases and capital expenditure in the period	8,948	10,588	19,536	106	5,983
Disposals in the period	(8,208)	–	(8,208)	(15,006)	(22,006)
Revaluation of investment property	15,060	1,302	16,362	(3,045)	5,723
Valuation provided by Knight Frank	**176,550**	**30,140**	**206,690**	**171,355**	**179,000**
Adjustment to carrying value for lease incentive debtor			(3,106)	(3,225)	(3,340)
Adjustment for lease obligations*			683	683	683
Total Investment property			**204,267**	**168,813**	**176,343**
Classified as:					
Investment property held for sale**			12,931	8,212	7,251
Investment property			191,336	160,601	169,092
			204,267	**168,813**	**176,343**
Change in fair value of investment property					
Change in fair value before adjustments for lease incentives			16,362	(3,045)	5,723
Adjustment for movement in the period:					
in value of lease incentive debtor			234	(283)	(399)
			16,596	**(3,328)**	**5,324**
Gains realised on disposal of investment property					
Net proceeds from disposals of investment property during the period			10,481	18,676	29,049
Fair value at beginning of period			(8,208)	(15,006)	(22,006)
Gains realised on disposal of investment property			**2,273**	**3,670**	**7,043**
Realised loss on disposal of investment property held for sale			**(829)**	**–**	**–**

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

** 225 Bath Street, Glasgow and Wella Warehouse, Basingstoke, have been classified as held-for-sale as at 30 September 2021. Contracts to sell 225 Bath Street were exchanged in October 2020 and its expected that the transaction will be completed within the next 12 months. Contracts to sell Wella Warehouse were exchanged in August 2021, with the transaction completed post period-end, in October 2021.

10. Investments *(continued)*

10.a) Investment property *(continued)*

Valuation of investment property

Valuation of investment property is performed by Knight Frank LLP, an accredited external 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.

10.b) Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy for non-current assets:

Assets measured at fair value	Quoted prices in active markets (Level 1) £'000	Significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
30 September 2021				
Investment property	**–**	**–**	**204,267**	**204,267**
30 September 2020				
Investment property	–	–	168,813	168,813
31 March 2021				
Investment property	–	–	176,343	176,343

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.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

10. Investments *(continued)*

10.b) Fair value measurement hierarchy *(continued)*

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

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 portfolios of investment properties 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:

Class	Fair value £'000	Valuation technique	Significant unobservable inputs	Range
30 September 2021				
Investment property*	206,690	Income capitalisation	ERV Equivalent yield	£0.50 – £75.00 5.00% – 10.89%
30 September 2020				
Investment property*	171,355	Income capitalisation	ERV Equivalent yield	£0.50 – £95.00 6.23% – 10.48%
31 March 2021				
Investment property*	179,000	Income capitalisation	ERV Equivalent yield	£0.50 – £75.00 5.76% – 10.37%

* Fair value per Knight Frank LLP.

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

Gains and losses recorded in profit or loss 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 and investments held at the end of the reporting period.

With regards to both investment property and investments, gains and losses for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, prior to adjustment for rent free debtor and rent guarantee debtor, where applicable, are recorded in profit and loss.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

10. Investments *(continued)*

10.b) Fair value measurement hierarchy *(continued)*

The tables below set out a sensitivity analysis for each of the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of investment property.

	Fair value	Change in ERV		Change in equivalent yield	
	£'000	£'000	£'000	£'000	£'000
Sensitivity Analysis		**+5%**	**-5%**	**+5%**	**-5%**
30 September 2021	**206,690**	**216,848**	**197,385**	**195,342**	**213,527**
30 September 2020	171,355	176,434	161,957	163,582	179,481
31 March 2021	179,000	183,818	168,394	170,487	187,847

	Fair value	Change in ERV		Change in equivalent yield	
	£'000	£'000	£'000	£'000	£'000
Sensitivity Analysis		**+10%**	**-10%**	**+10%**	**-10%**
30 September 2021	**206,690**	**228,192**	**188,975**	**186,439**	**222,802**
30 September 2020	171,355	183,940	154,933	156,710	188,744
31 March 2021	179,000	191,699	160,864	162,986	197,965

	Fair value	Change in ERV		Change in equivalent yield	
	£'000	£'000	£'000	£'000	£'000
Sensitivity Analysis		**+15%**	**-15%**	**+15%**	**-15%**
30 September 2021	**206,690**	**240,861**	**181,295**	**177,574**	**232,104**
30 September 2020	171,355	191,497	147,893	150,433	199,087
31 March 2021	179,000	199,642	153,345	156,136	209,264

Notes to the Condensed Financial Statements
for the six months ended 30 September 2021

11. Receivables and prepayments

	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000	31 March 2021 (audited) £'000
Receivables			
Rent debtor	3,566	3,469	3,252
Allowance for expected credit losses	(607)	(207)	(995)
Rent agent float account	2,212	2,056	724
Other receivables	1,593	368	627
Dilapidations receivables	–	69	–
	6,764	5,755	3,608
Lease incentive debtor	3,106	3,225	3,340
	9,870	**8,980**	**6,948**
Property related prepayments	296	29	4
Other prepayments	32	54	25
	328	83	29
Total	**10,198**	**9,063**	**6,977**

The aged debtor analysis of receivables is as follows:

	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000	31 March 2021 (audited) £'000
Less than three months due	6,251	4,206	3,416
Between three and six months due	513	1,549	192
Total	**6,764**	**5,755**	**3,608**

Expected credit losses have been assessed on receivables balances 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.

This assessment identified a number of receivables balances due from tenants known to be in financial difficulty or having already entered into a Company Voluntary Arrangement ('CVA') or administration. In these instances, a provision against the full balance of the receivable has been applied.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

11. Receivables and prepayments *(continued)*

The assessment also identified receivables balances subject to dispute by tenants who are financially stable but unwilling to pay. The recoverability of these balances was subject to a decision by the Court, and as such, an assessment of the probability of a positive decision was made in reassessing the expected cash flows in relation to these balances and other receivables. Post period-end, these balances were recovered in full.

The below table presents the exposure to these classes of identified credit risk and the associated provision made against the receivables balances:

	Receivables £'000	**Rate %**	**Provision 30 September 2021 £'000**	**Provision 30 September 2020 £'000**	**Provision 31 March 2021 £'000**
Identified financial difficulties	177	100	177	207	415
Subject to Court ruling	717	60	430	–	580
No identified financial difficulties	9,583	–	–	–	–
Total	**10,477**		**607**	**207**	**995**

12. Interest rate derivatives

	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000	31 March 2021 (audited) £'000
At the beginning of the period	61	14	14
Changes in fair value of interest rate derivatives	51	(28)	(16)
Interest rate cap premium paid	–	63	63
At the end of the period	**112**	**49**	**61**

The Company is protected from a significant rise in interest rates as it currently has interest rate caps in effect which cap the interest rate at 1.00% on a notional value of £51.50 million. As a result, the loan was 102% hedged as at 30 September 2021 (31 March 2021: 130%).

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

12. Interest rate derivatives *(continued)*

Fair Value hierarchy

The following table provides the fair value measurement hierarchy for interest rate derivatives:

Assets measured at fair value

Valuation date	Quoted prices in active markets (Level 1) £'000	Significant observable input (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
30 September 2021	**–**	**112**	**–**	**112**
30 September 2020	–	49	–	49
31 March 2021	–	61	–	61

The fair value of these contracts is recorded in the Condensed Statement of Financial Position as at the period end.

There have been no transfers between Level 1 and Level 2 during the period, nor have there been any transfers between Level 2 and Level 3 during the period.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2021

13. Interest bearing loans and borrowings

	Bank borrowings drawn		
	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000	31 March 2021 (audited) £'000
At the beginning of the period	39,500	51,500	51,500
Bank borrowings drawn in the period	11,000	–	–
Bank borrowings repaid in the period	–	(12,000)	(12,000)
Interest bearing loans and borrowings	**50,500**	**39,500**	**39,500**
Unamortised loan arrangement fees	(329)	(418)	(369)
At the end of the period	**50,171**	**39,082**	**39,131**
Repayable between two and five years	50,500	39,500	39,500
Bank borrowings available but undrawn in the period	9,500	20,500	20,500
Total facility available	**60,000**	**60,000**	**60,000**

The Company has a £60.00 million (31 March 2021: £60.00 million) credit facility with RBSi of which £50.50 million (31 March 2021: £39.50 million) has been utilised as at 30 September 2021.

The Company has a target gearing of 35% Loan to NAV, which is the maximum gearing on drawdown under the terms of the facility. As at 30 September 2021, the Company's gearing was 28.97% Loan to NAV (31 March 2021: 25.15%).

Borrowing costs associated with the credit facility are shown as finance costs in note 6 to these financial statements.

14. Payables and accrued expenses

	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000	31 March 2021 (audited) £'000
Deferred income	2,990	2,835	2,567
Accruals	835	991	783
Other creditors	768	455	588
Total	**4,593**	**4,281**	**3,938**

Notes to the Condensed Financial Statements
for the six months ended 30 September 2021

15. Lease obligation 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 present value of the minimum lease payments under non-cancellable finance leases:

	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000	31 March 2021 (audited) £'000
Current	48	48	48
Non Current	635	635	635
Lease liabilities included in the Statement of Financial Position at 30 September 2021	**683**	**683**	**683**

16. Issued share capital

There was no change to the issued share capital during the period. The number of ordinary shares allotted, called up and fully paid remains 158,774,746 of £0.01 each, of which 350,000 ordinary shares are held in treasury.

17. Transactions with related parties

As defined by IAS 24 Related Party 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 six months ended 30 September 2021, the Directors of the Company are considered to be the key management personnel. Directors' remuneration is disclosed in note 5.

The Company is party to an Investment Management Agreement with the Investment Manager, pursuant to which the Company has appointed the Investment Manager to provide investment management services relating to the respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction of the Board of Directors.

Under the Investment Management Agreement, the Investment Manager receives a quarterly management fee which is calculated and accrued monthly at a rate equivalent to 0.9% per annum of NAV (excluding uninvested proceeds from fundraising).

During the period from 1 April 2021 to 30 September 2021, the Company incurred £732,204 (six months ended 30 September 2020: £578,821) of investment management fees and expenses of which £362,931 was outstanding at 30 September 2021 (31 March 2021: £315,825).

18. Events after reporting date

Dividend

On 21 October 2021, the Board declared its second interim dividend of 2.00 pps in respect of the period from 1 July 2021 to 30 September 2021. The dividend payment will be made on 19 November 2021 to shareholders on the register as at 29 October 2021. The ex-dividend date was 28 October 2021.

Property Sales

The Company completed the sale of Wella Warehouse on 15 October 2021 for gross proceeds of £5.86 million.

Property Acquisition

On 5 November 2021, the Company acquired Central Six Retail Park in Coventry for a purchase price of £16.41 million.

EPRA Performance Measures

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.

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
1. EPRA Earnings Earnings from 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.	£5.46 million/3.45 pps EPRA earnings for the six month period ended 30 September 2021 (six month period ended 30 September 2020: £5.41 million/3.41 pps)
2. EPRA Net Tangible Assets ('NTA') Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS 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.	£174.18 million/109.94 pps EPRA NTA as at 30 September 2021 (At 31 March 2021: £157.02 million/ 99.11 pps)
3. EPRA Net Reinstatement Value ('NRV') Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	See above	£187.82 million/118.55 pps EPRA NRV as at 30 September 2021 (At 31 March 2021: £168.83 million/ 106.57 pps)
4. EPRA Net Disposal Value ('NDV') 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.	See above	£174.29 million/110.01 pps EPRA NDV as at 30 September 2021 (As at 31 March 2021: £157.08 million/99.15pps)
5. EPRA Net Initial Yield ('NIY') 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.	6.69% EPRA NIY as at 30 September 2021 (At 31 March 2021: 7.37%)
6. EPRA 'Topped-Up' NIY 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.	7.07% EPRA 'Topped-Up' NIY as at 30 September 2021 (At 31 March 2021: 8.12%)

EPRA Performance Measures *(continued)*

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
7. EPRA Vacancy Estimated Market Rental Value ('EMRV') of vacant space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	8.59%/5.43% excluding vacancy rate contributed by Glasgow* EPRA vacancy as at 30 September 2021 (At 31 March 2021: 8.96%/5.58% excluding vacancy contributed by Glasgow)
8. EPRA Cost Ratio 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.	28.53% EPRA Cost Ratio (including direct vacancy costs) as at 30 September 2021 (At 30 September 2020: 27.15%) 14.80% EPRA Cost ratio (excluding direct vacancy costs) as at 30 September 2021 (At 30 September 2020: 16.70%)
9. EPRA Capital Expenditure Property which has been held at both the current and comparative balance sheet dates for which there has been no significant development.	A measure used to illustrate change in comparable capital values.	£19.54 million for the period ended 30 September 2021 (31 March 2021: £5.98 million)
10. EPRA Like-for-like Rental Growth Net income generated by assets which were held by the Company throughout both the current and comparable periods which there has been no significant development which materially impacts upon income.	A measure used to illustrate change in comparable income values.	£0.04 million/0.57% for the period ended 30 September 2021 (31 March 2021: (£1.08 million)/(6.80%))

* Glasgow has exchanged to be sold with the condition of vacant possession.

EPRA Performance Measures *(continued)*

Calculation of EPRA NTA, EPRA NRV and EPRA NDV

In October 2019, EPRA issued new Best Practice Recommendations for financial guidelines on its definitions of NAV measures: 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 NNNAV per share metrics. EPRA NTA excludes the cumulative fair value adjustments for debt-related derivatives which are unlikely to be realised.

	Current measures			Previous measures	
As at 30 September 2021	**EPRA NTA £'000**	**EPRA NRV £'000**	**EPRA NDV £'000**	**EPRA NAV £'000**	**EPRA NNNAV £'000**
IFRS NAV attributable to shareholders	174,289	174,289	174,289	174,289	174,289
Mark-to-market adjustment of derivatives	(112)	(112)	–	(112)	–
Real estate transfer tax and other purchasers' costs[1]	–	13,642	–	–	–
At 30 September 2021	174,177	187,819	174,289	174,177	174,289
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746	158,424,746	158,424,746
NAV per share	**109.94p**	**118.55p**	**110.01p**	**109.94p**	**110.01p**

	Current measures			Previous measures	
As at 30 September 2020	**EPRA NTA £'000**	**EPRA NRV £'000**	**EPRA NDV £'000**	**EPRA NAV £'000**	**EPRA NNNAV £'000**
IFRS NAV attributable to shareholders	147,236	147,236	147,236	147,236	147,236
Mark-to-market adjustment of derivatives	(49)	(49)	–	(49)	–
Real estate transfer tax and other purchasers' costs[1]	–	11,309	–	–	–
At 30 September 2020	147,187	158,496	147,236	147,187	147,236
Number of Ordinary Shares	158,774,746	158,774,746	158,774,746	158,774,746	158,774,746
NAV per share	**92.70p**	**99.82p**	**92.73p**	**92.70p**	**92.73p**

[1] EPRA NTA and EPRA NDV are calculated using property values in line with IFRS, 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 6.6% of the net valuation provided by Knight Frank.

EPRA Performance Measures *(continued)*

As at 31 March 2021	Current measures EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000	Previous measures EPRA NAV £'000	EPRA NNNAV £'000
IFRS NAV attributable to shareholders	157,079	157,079	157,079	157,079	157,079
Mark-to-market adjustment of derivatives	(61)	(61)	–	(61)	–
Real estate transfer tax and other purchasers' costs[1]	–	11,814	–	–	–
At 31 March 2021	157,018	168,832	157,079	157,018	157,079
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746	158,424,746	158,424,746
NAV per share	**99.11p**	**106.57p**	**99.15p**	**99.11p**	**99.15p**

[1] EPRA NTA and EPRA NDV are calculated using property values in line with IFRS, where values are net of RETT and other purchasers' costs. RETT and other purchasers' costs are added back when calculating EPRA NRV and have been estimated at 6.6% of the net valuation provided by Knight Frank.

EPRA Performance Measures *(continued)*

Calculation of EPRA NIY and 'topped-up' NIY

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Investment property – wholly-owned	206,690	171,355	179,000
Allowance for estimated purchasers' costs at 6.6%	13,642	11,652	11,814
Grossed-up completed property portfolio valuation (B)	**220,332**	**183,007**	**190,814**
Annualised cash passing rental income	15,699	14,144	15,051
Property outgoings	(958)	(955)	(993)
Annualised net rents (A)	**14,741**	**13,189**	**14,058**
Add: notional rent expiration of rent free periods or other lease incentives*	846	2,169	1,439
'Topped-up' net annualised rent (C)	**15,587**	**15,358**	**15,497**
EPRA NIY (A/B)	**6.69%**	**7.21%**	**7.37%**
EPRA 'topped-up' NIY (C/B)	**7.07%**	**8.39%**	**8.12%**

* Rent-free periods expire by June 2022.

EPRA NIY basis of calculation

EPRA NIY is calculated as the annualised net rent, divided by the gross value of the completed property portfolio.

The valuation of grossed up completed property portfolio is determined by our external valuers as at 30 September 2021, plus an allowance for estimated purchasers' costs. Estimated purchasers' 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 our 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.

EPRA Performance Measures *(continued)*

Calculation of EPRA Vacancy Rate

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Annualised potential rental value of vacant premises (A)	1,521	1,330	1,482
Annualised potential rental value for the completed property portfolio (B)	17,704	16,211	16,538
EPRA Vacancy Rate (A/B)	**8.59%**	**8.21%**	**8.96%**

Calculation of EPRA Cost Ratios

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Administrative/operating expense per IFRS income statement	2,267	2,230	5,221
Less: ground rent costs	(33)	(33)	(66)
EPRA costs (including direct vacancy costs) (A)	**2,234**	**2,197**	**5,155**
Direct vacancy costs	(1,075)	(846)	(1,622)
EPRA costs (excluding direct vacancy costs) (B)	**1,159**	**1,351**	**3,533**
Gross Rental Income less ground rent costs – per IFRS	7,833	8,091	15,648
Gross rental income less ground rent costs (C)	**7,833**	**8,091**	**15,648**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**28.53%**	**27.15%**	**32.94%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**14.80%**	**16.70%**	**22.58%**

The Company has not capitalised any overhead or operating expenses in the accounting period disclosed above.

Only costs directly associated with the purchase or construction of properties as well as all subsequent value-enhancing capital expenditure are capitalised.

EPRA Performance Measures *(continued)*

Like-for-like rental growth

The table below sets out the like-for-like rental growth of the portfolio, by sector, in accordance with EPRA Best Practices Recommendations.

Sector	**Rental income from like-for-like portfolio for period 1 April 2021 to 30 September 2021 £m**	Rental income from like-for-like portfolio for period 1 October 2020 to 31 March 2021 £m	Like-for like rental growth £m	Like-for-like rental growth %
Industrial	4.20	4.10	0.10	2.42
Office	1.15	1.13	0.02	1.83
Alternatives	0.73	0.77	(0.04)	(5.01)
Standard retail	1.02	1.04	(0.02)	(1.76)
Retail warehouses	0.29	0.31	(0.02)	(6.93)
Total	**7.39**	**7.35**	**0.04**	**0.57**

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 £187.50 million (31 March 2021: £179.00 million).

Capital Expenditure

The table below sets out the capital expenditure of the portfolio in accordance with EPRA Best Practice Recommendations.

Sector	**30 September 2021 £'000**	30 September 2020 £'000	31 March 2021 £'000
Acquisitions	19,468	–	5,778
Investment properties – no incremental lettable space	68	106	205
Total purchases and capital expenditure	**19,536**	**106**	**5,983**

Company Information

Shareholder Enquiries

The register for the Ordinary Shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on +44 (0)371 664 0391 or email: enquiries@linkgroup.co.uk.

Changes of name and/or address must be notified in writing to the Registrar, at the address shown on page 54. You can check your shareholding and find practical help on transferring shares or updating your details at **www.signalshares.com**. Shareholders eligible to receive dividend payments gross of tax may also download declaration forms from that website.

Share Information

Ordinary £0.01 Shares (excluding treasury shares)	158,424,746
SEDOL Number	BWD2415
ISIN Number	GB00BWD24154
Ticker/TIDM	AEWU

The Company's Ordinary Shares are traded on the Main Market of the London Stock Exchange.

Annual and Interim Reports

Copies of the Annual and Interim Reports are available from the Company's website: www.aewukreit.com.

Provisional Financial Calendar

31 March 2022	Year end
June 2022	Announcement of annual results
September 2022	Annual General Meeting
30 September 2022	Half-year end
November 2022	Announcement of interim results

Dividends

The following table summarises the dividends declared in relation to the period:

	£
Interim dividend for the period 1 April 2021 to 30 June 2021 (payment made on 31 August 2021)	3,168,495
Interim dividend for the period 1 July 2021 to 30 September 2021 (payment to be made on 19 November 2021)	3,168,495
Total	6,336,990

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.

Company Information *(continued)*

Independent Directors
Mark Burton (Non-executive Chairman)
Bimaljit ('Bim') Sandhu (Non-executive Director and Chairman of the Audit Committee)
Katrina Hart (Non-executive Director)

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Auditor
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Valuer
Knight Frank LLP
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Glossary

AIC	Association of Investment Companies. This is the trade body for Closed-ended Investment Companies (www.theaic.co.uk).
AIFMD	Alternative Investment Fund Managers Directive.
AIFM	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.
Company	AEW UK REIT plc.
Company Secretary	Link Company Matters Limited.
Company Website	www.aewukreit.com
Contracted rent	The annualised rent adjusting for the inclusion of rent subject to rent-free periods.
Covenant strength	The strength of a tenant's financial status and its ability to perform the covenants in the lease.
DTR	Disclosure Guidance and Transparency Rules, issued by the FCA.
Direct vacancy costs	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.
Earnings Per Share ('EPS')	Profit for the period attributable to equity shareholders divided by the weighted average number of Ordinary Shares in issue during the period.
EPC	Energy Performance Certificate.
EPRA	European Public Real Estate Association, the industry body representing listed companies in the real estate sector.
EPRA cost ratio (including direct vacancy costs)	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.
EPRA cost ratio (excluding direct vacancy costs)	The ratio calculated above, but with direct vacancy costs removed from net overheads and operating expenses balance.
EPRA Earnings Per Share ('EPRA EPS')	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.
EPRA NAV	NAV 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.
EPRA NNNAV	EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.
EPRA Net Initial Yield ('EPRA NIY')	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 the property, increased with (estimated) purchasers' costs.
EPRA Net Disposal Value ('EPRA NDV')	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.
EPRA Net Reinstatement Value ('EPRA NRV')	NAV adjusted to assume that entities never sell assets and aims to represent the value required to rebuild the entity.
EPRA Net Tangible Asset ('EPRA NTA')	NAV adjusted to assume that entities buy and sell their assets, thereby crystallising certain levels of unavoidable deferred tax.

Glossary *(continued)*

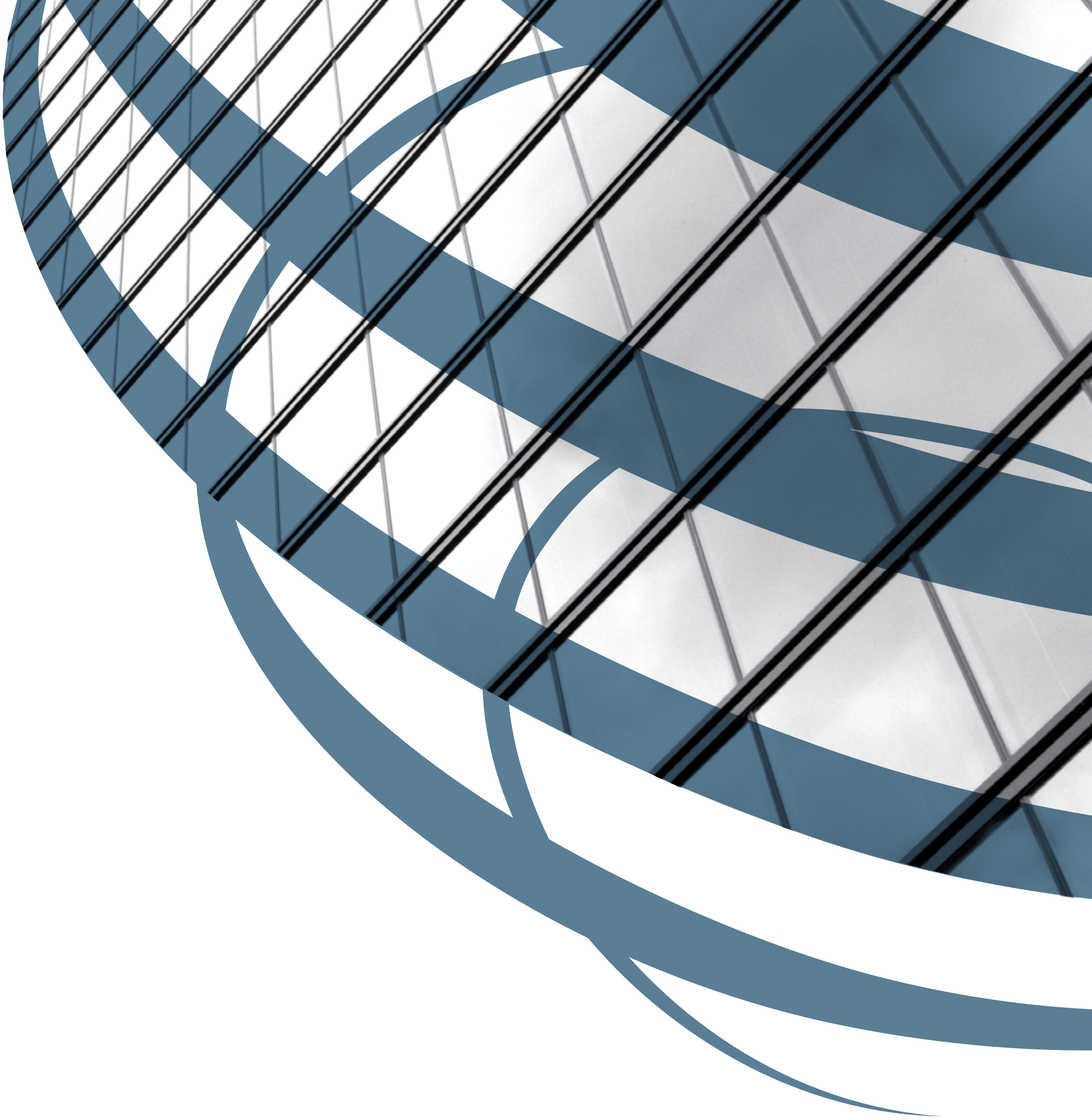
EPRA Topped-Up Net Initial Yield	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
EPRA Vacancy Rate	Estimated Rental Value ('ERV') of vacant space as a percentage of the ERV of the whole portfolio.
Equivalent Yield	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.
ESG	Environmental, Social and Governance.
Estimated Rental Value ('ERV')	The external valuer's 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.
External Valuer	An independent external valuer of a property. The Company's External Valuer is Knight Frank LLP.
Fair value	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.
Fair value movement	An accounting adjustment to change the book value of an asset or liability to its fair value.
FCA	The Financial Conduct Authority.
FRI lease	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.
Gross Asset Value	The aggregate value of the total assets of the Company as determined in accordance with IFRS.
Gross passing rental income	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.
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs").
Investment Manager	The Company's Investment Manager is AEW UK Investment Management LLP.
IPD	Investment Property Databank. An organisation supplying independent market indices and portfolio benchmarks to the property industry.
IPO	The admission to trading on the London Stock Exchange's Main Market of the share capital of the Company and admission of Ordinary Shares to the premium listing segment of the Official List on 12 May 2015.
Lease incentives	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.
Lease Surrender	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.
LIBOR	The London Interbank Offered Rate, a globally accepted key benchmark interest rate that indicates borrowing between banks.
Like-for-like	The like-for-like valuation movement compares the valuation (as provided by the external valuer and before adjustments for lease incentives) of properties at the end of the period in question with the valuation at the start of the period. This measure only compares movements for those properties which were held at both the start and end of the period, so excludes the effects of acquisitions and disposals.

Glossary *(continued)*

Loan to GAV (also Gross Loan to GAV)	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 investments. Allows the user to assess the Company's gearing and is relevant, as this is the measure used under the Company's Investment Guidelines.
Loan to NAV	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 the Company's borrowing covenant.
Loan to Value ('LTV')	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 valuer) and the fair value of other investments.
Net Asset Value ('NAV')	Net Asset Value is the equity attributable to shareholders calculated under IFRS.
NAV per share	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 Net Asset Value calculated under IFRS.
NAV Total Return	The percentage change in NAV from the start of a period to the end of a period, assuming that dividends paid to shareholders are reinvested at NAV.
Net equivalent yield	Calculated by the Company's external valuers, 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.
Net Initial Yield ('NIY')	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.
Net Loan to GAV	Measure of gearing calculated as follows: (l-c)/v, where "l" is the loan balance drawn, "c" is the Company's cash and cash equivalents and "v" is the combined value of the Company's investment property portfolio (as assessed by the valuer) and the Company's investments. Allows the user to assess the potential effect on gearing of using the Company's cash to repay a portion of its loan balance.
Net rental income	Rental income receivable in the period after payment of ground rents and net property outgoings.
Non-PID	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.
Ongoing charges	A measure, expressed as a percentage of the NAV, of the regular, recurring costs of running an investment company which is calculated in line with AIC methodology.
Ordinary Shares	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.
Over-rented	Space where the passing rent is above the ERV.
Passing rent	The gross rent, less any ground rent payable under head leases.
PID	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.
Rack-rented	Space where passing rent is the same as the ERV.
REIT	A Real Estate Investment Trust. A company which complies with Part 12 of the Corporation tax Act 2010. Subject to the continuing relevant UK REIT criteria being met, the profits from the property business of a REIT, arising from both income and capital gains, are exempt from corporation tax.

Glossary *(continued)*

RETT	Real Estate Transfer Tax. The tax payable by the buyer on the purchase of property. The RETT payable is calculated at a rate depending on the consideration paid for the property.
Reversion	Increase in rent estimated by the Company's External Valuers, where the passing rent is below the ERV.
Reversionary yield	The anticipated yield, which the initial yield will rise (or fall) to once the rent reaches the ERV.
Share price	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.
Shareholder Total Return	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.
SONIA	Sterling Overnight Index Average, an interest rate benchmark.
Total returns	The returns to shareholders calculated on a per share basis by adding dividend paid in the period to the increase or decrease in the Share Price of NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.
Under-rented	Space where the passing rent is below the ERV.
UK Corporate Governance Code	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.
Voids	The amount of rent relating to properties which are unoccupied and generating no rental income. Stated as a percentage of ERV.
Weighted Average Unexpired Lease Term ('WAULT')	The average lease term remaining for first break, or expiry, across the portfolio weighted by contracted rental income (including rent-frees).
Yield compression	Occurs when the net equivalent yield of a property decreases, measured in basis points.



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