AEW UK REIT plc

Interim Report and Financial Statements
for the six months ended 30 September 2022

Contents

Gold medal for
Financial Reporting 2022

Silver medal for
Sustainability Reporting 2022

Financial Highlights

- Net Asset Value ('NAV') of £193.09 million and of 121.88 pence per share ('pps') as at 30 September 2022 (31 March 2022: £191.10 million and 120.63 pps).
- NAV Total Return for the period of 4.35% (six months ended 30 September 2021: 14.99%).
- Operating profit before fair value changes of £5.25 million for the period (six months ended 30 September 2021: £5.88 million).
- Profit Before Tax ('PBT')* of £8.32 million and earnings per share ('EPS') of 5.25 pps for the period (six months ended 30 September 2021: £23.55 million and 14.86 pps). PBT includes a £6.51 million loss arising from changes to the fair values of investment properties in the period (six months ended 30 September 2021: £16.60 million gain). This change explains the significant reduction in PBT for the period.
- EPRA Earnings Per Share ('EPRA EPS') for the period of 2.58 pps (six months ended 30 September 2021: 3.45 pps). See page 35 for the calculation of EPRA EPS.
- Total dividends of 4.00 pps declared in relation to the period (six months ended 30 September 2021: 4.00 pps).
- Shareholder Total Return for the period of -18.53% (six months ended 30 September 2021: 28.37%).
- The price of the Company's Ordinary Shares on the London Stock Exchange was 93.60 pps as at 30 September 2022 (31 March 2022: 119.80 pps).
- The Company secured a new £60.00 million, five-year term loan facility with AgFe, a leading independent asset manager specialising in debt-based investments. The loan is priced as a fixed rate loan with a total interest cost of 2.959%.
- As at 30 September 2022, the Company had a balance of £60.00 million drawn down (31 March 2022: £54.00 million) of its £60.00 million (31 March 2022: £60.00 million) loan facility with AgFe and was geared to 31.07% of NAV (31 March 2022: 28.26%). See note 14 on page 45 for further detail.
- The Company held cash balances totalling £38.91 million as at 30 September 2022 (31 March 2022: £6.77 million).

Property Highlights

- As at 30 September 2022, the Company's property portfolio had a valuation of £214.25 million across 35 properties (31 March 2022: £240.18 million across 36 properties) as assessed by the valuer[1] and a historical cost of £200.10 million (31 March 2022: £214.47 million).
- The Company acquired two properties during the period for a total purchase price of £7.30 million, excluding acquisition costs (year ended 31 March 2022: four properties for £38.23 million).
- The Company made three disposals during the period for gross sale proceeds of £40.01 million (year ended 31 March 2022: two properties for gross sale proceeds of £16.71 million).
- The portfolio had an EPRA vacancy rate** of 8.48% as at 30 September 2022 (31 March 2022: 10.69%).
- Rental income generated during the period was £8.41 million (six months ended 30 September 2021: £7.87 million).
- EPRA Net Initial Yield ('EPRA NIY')** of 7.04% as at 30 September 2022 (31 March 2022: 5.87%).
- Weighted Average Unexpired Lease Term ('WAULT') of 3.58 years to break and 5.66 years to expiry (31 March 2022: 3.94 years to break and 5.87 years to expiry).
- As at the date of this report, 92% of the rent due for the September 2022 quarter had been collected, 97% for the June 2022 quarter and 98% for the March 2022 quarter.

* See KPIs on pages 6 to 8 for definition of alternative performance measures.
** See glossary on pages 58 to 61 for definition of alternative performance measures.
[1] The valuation figure is reconciled to the fair value under IFRS in note 11.

Chairman's Statement

Overview

The Company reported a resilient NAV total return of 4.35% for the six-month period to 30 September 2022. Following a prolonged period of strong capital performance up to the end of June 2022, which saw the Company report a three-year annualised NAV total return of 17.7%, the value of the Company's assets fell marginally in the three months to September, reflecting broader pricing pressure in the UK commercial property market. This has been seen as a result of ongoing political and economic instability in the UK, where a sustained period of high inflation has been exacerbated by the sanctions-related energy crisis. With a backdrop of an uncertain political outlook, this has seen costs of borrowing increase rapidly since the start of 2022 and, after early valuation declines in prime assets lower down the yield spectrum, is now starting to impact across most asset classes.

As a result of this uncertainty, the shares of listed property companies have sold off almost indiscriminately over the period. The Company's own shares demonstrate this, having started the six-month period to 30 September trading at a discount to NAV of 0.68% and finished the period trading at a discount of 23.2%. This has led to a disappointing shareholder total return for the period of -18.5%, albeit the Company trades at the narrowest discount of its peer group in UK diversified REIT's. We hope that this, along with the Company's track record of outperformance and its robust positioning, will stand its shares in good stead once market sentiment recovers.

Current consensus forecasts show an expectation for the Bank of England base rate to peak at 4% in early 2023 and for it to remain at that level for more than a year. The Company took the prudent decision to complete a full refinancing of its loan in May 2022, leaving it defensively positioned to weather the current period of high interest rates. In May 2022, the Company was able to fix its cost of debt at 2.959% for the next five years, protecting it from the impact of rising interest rates on its cost of borrowing. There is also significant headroom on both the loan-to-value and debt yield covenants associated with the loan. Consequently, the outlook for the Company, from a debt financing perspective, is robust. We also believe that high yielding assets, such as those in the Company's portfolio, will be more resilient over the long term to the valuation impact of rising interest rates, albeit further near-term value decline is expected. With higher "starting" yields, the portfolio's current book values are closer to long term value fundamentals such as vacant possession values, alternative use values and replacement cost.

A particular performance highlight during the period was the sale of Eastpoint Business Park, Oxford, which completed during August 2022 for £29.0 million. The property was acquired in May 2015 for £8.2 million, providing a net initial yield of over 9%. The asset sale was realised following the culmination of a multi-year business plan, which included the signing of a 25-year lease in 2018 with specialist healthcare provider, Genesis Care. The lease provided for five-yearly compounded rental uplifts in line with RPI, which increased the asset's value by £2.0m. As a condition of this letting, the Investment Manager sought planning consent for change of use away from the asset's existing office use, setting a precedent for healthcare and life science use in the location. Since the signing of the existing lease, investor demand in the healthcare and life science sectors has increased considerably and this is reflected in the sale price, which crystallises significant profit. The asset delivered an IRR to the Company in excess of 22% during its hold period, with the sale price exceeding the valuation level immediately prior to the sale by 16%.

Another key sale during the period was the Company's asset at 225 Bath Street, Glasgow, for £9.3 million. The sale realises a long-term change of use strategy for the asset, for which contracts had been exchanged with a subsidiary company of IQ Student Accommodation in October 2020. Since that time, the purchaser achieved detailed planning consent for the redevelopment of a 527-unit student accommodation scheme at the site and the Investment Manager negotiated with tenants to bring the asset to vacancy. As such, the sale of the asset led to a reduction in the portfolio's vacancy level and will lead to a boost in earnings once capital from the sale is reinvested. The sale demonstrates the Investment Manager's ability to pursue an alternative use strategy due to weakened occupier market conditions in this location.

Assisted by these notable sales, the Company's office assets saw a total return of 24.0% during the period. The fact that these returns were achieved during a period when wider office sector performance was negative points to the effectiveness of the Company's investment strategy to drive counter-cyclical returns during periods of wider value decline due to its value investment fundamentals and active management style. The Investment Manager and the Board believe that the Company's ability to seek value opportunities unconstrained by sector is key to the maximisation of total return over the long term.

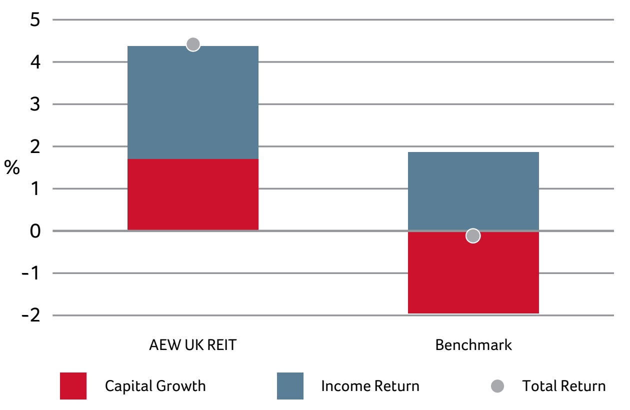
Chairman's Statement *(continued)*

The sales of Glasgow and Oxford during the period also form an important step towards the portfolio's planned return to full cover of its dividend. Despite dividend cover since IPO being in excess of 90%, earnings have been reduced in recent quarters, primarily as a result of vacancy in these assets that was required in order to maximise their sale values to alternative use developers. Together, the assets had been producing an income yield of circa 1.0% and therefore reinvested proceeds from the sales of assets producing net initial yields between 6.75% and 10% will be significantly accretive to the Company's earnings in future periods.

The Company completed two purchases during the period. In June 2022, the Company acquired the 6.04 acre Railway Station Retail Park in Dewsbury for a price of £4.7 million. The purchase price reflects a low capital value of £82 psf and provides an attractive net initial yield of 9.4%. The park is fully let and located in an area of low supply with a low average passing rent of £8.28 psf. The Investment Manager believes this provides strong potential for rental growth. During August 2022, the Company completed the purchase of a high yielding leisure asset in Glasgow for a price of £2.6 million, reflecting a low capital value of £99 per sq. ft. and a net initial yield of 7.4%. The site contains a vacant plot of land which may be suitable for redevelopment over the medium term, subject to planning.

We believe that balancing the Company's investment rate against expected pipeline opportunities will be beneficial to our shareholders' total return. The Company currently benefits from a high cash weighting, leaving it advantageously positioned to select assets from the increased number of investment opportunities that are expected to present in the near future. The Investment Manager is currently analysing a pipeline of investment opportunities, including those assets that the Company had placed under exclusivity over the summer, albeit these are being re-evaluated against current pricing. The focus of the Company's investment strategy remains to return to full investment and to full cover of its dividend over the medium term.

Company Portfolio Performance vs. Benchmark for six months to 30 September 2022



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

Source: MSCI 30 September 2022

Although the outlook from a capital markets perspective is one of increased volatility, we are not, at this point, seeing this reflected in the uptake by tenants of the portfolio's occupational space. Active asset management is a key driver of value and income resilience within AEWU and, during the period under review, the Investment Manager agreed terms with several key tenants to take space, the terms of which were agreed in line with the rental estimates of our expert independent valuer, Knight Frank. Several of these lettings have been in the portfolio's industrial assets, including the letting in Rotherham to Senior Architectural Systems Ltd which completed in September 2022. This letting will deliver a rental income to the Company 49% ahead of the level paid by the previous tenant and, in addition, income growth during the lease term is ensured by inflation-linked reviews. This activity highlights ongoing demand from industrial occupiers. AEWU's industrial holdings show an average passing rent of £3.37 per sq. ft. and are expected to continue to deliver growth over the long term from this low starting point.

Other key lettings during the period took place at Arrow Point, Shrewsbury, where a 10-year lease renewal was completed with Charlie's Stores at a level 46% higher than ERV. At Queen Square, Bristol, a renewal to Konica Minolta at £40 per sq. ft. set a new high rental tone for the building.

Chairman's Statement *(continued)*

Financial Results

	Six months ended 30 September 2022	Six months ended 30 September 2021	Year ended 31 March 2022
Operating Profit before fair value changes (£'000)	5,253	5,879	11,752
Operating Profit (£'000)	9,576	23,919	46,913
Profit before Tax (£'000)	8,322	23,547	46,695
Earnings Per Share (basic and diluted) (pence)*	5.25	14.86	29.47
EPRA Earnings Per Share (basic and diluted) (pence)*	2.58	3.45	6.79
Ongoing Charges (%)	1.33	1.31	1.35
Net Asset Value per share (pence)	121.88	110.01	120.63
EPRA (NTA) Net Asset Value per share (pence)	121.88	109.94	120.10

* see note 9 of the Financial Statements for the corresponding calculations. See the Invesment Manager's Report for further explanation of performance in the period.

Awards

I am delighted that the Company's market leading performance and practices have been recognised in two awards gained during the period. The Company has once again been awarded by EPRA, the European Public Real Estate Association, a gold medal for its high standard of financial reporting and a silver medal for standards of sustainability reporting. Post period-end, the Company has won the Citywire investment trust award in the 'UK Property' category, an award given to the trust displaying the highest NAV returns over a three-year period. AEWU won this award in both 2020 and 2021 so we are very pleased to receive it for a third consecutive year. The Company has also been nominated for 'Best REIT' at the AJ Bell Shares Magazine awards, voted for by readers of the publication. We are delighted that these awards and nominations recognise the hard work and dedication that is put into running the Company by both my colleagues on the Board and the Company's Investment Manager, AEW.

Environmental, Social, Governance + Resilience ('ESG+R')

AEW, as Investment Manager of the Company, has committed to abide by the UN Principles for Responsible Investment (PRI), where these are consistent with operating guidelines, as outlined in its Socially Responsible Investment Policy. As a result, during the period, the Company and the Investment Manager has taken further steps to integrate ESG+R considerations into its investment, asset management and operations process. This has seen the continuous development of a number of initiatives, including asset sustainability action plans across all portfolio assets to inform and drive ESG+R agendas, the re-assessment of EPC's to prepare for upcoming regulation in relation to Minimum Energy Efficiency Standards and the integration of increased ESG+R considerations into the Company's investment process. As Investment Manager of the Company, AEW will continue to refine and improve its ESG+R policy in line with new legislation and requirements, such as the Task Force on Climate-related Financial Disclosures ('TCFD') and in line with industry best practices as they evolve.

During 2018, AEW established sustainability targets across its managed portfolio. The managed portfolio comprises service charged assets and vacant accommodation, which are those assets at which the Company has control over utilities. These targets include the reduction of Scope 1 and 2 greenhouse gas emissions and waste disposal. Since this time, overall energy usage has reduced by 15%, emissions have been reduced by 19%, and waste transferred to landfill has also been reduced to zero within the managed portfolio. We would like to thank the Company's very committed managing agents, Mapp, for their assistance in achieving these improvements.

GRESB is a global real estate benchmark that assesses Environmental, Social and Governance performance. AEWU achieved two stars in its seventh submission year, improving on its 2021 score to achieve an overall score of 67 out of 100 against a peer group average of 65. Much of the GRESB score relates to data coverage and due to the high percentage of assets in the AEWU portfolio with tenant-procured utilities, the Company does not score as well as peers with a smaller holding of single-let assets.

Chairman's Statement *(continued)*

Succession Planning

Both Bim Sandhu and I have been Directors since the Company's IPO in June 2015. In seeking to comply with best corporate governance practice, we both intend to resign by 2024. In order to stagger our departures, we have determined that Bim, who chairs the Audit Committee, will resign at the AGM in September 2023 and I will resign at the AGM in 2024. The Board has also determined that our successors should have sufficient time to familiarise themselves with the Company before they formally take over our respective roles. With that in mind, in July 2022 the Board appointed Trust Associates, a firm specialising in recruiting NEDs for the investment trust sector, to produce a short list of eight candidates who would be suitable for the role of Audit Chairman. Four of the candidates were interviewed by the Board in October 2022 and were invited to a separate meeting with the Investment Manager. Following this extensive search, I am delighted to welcome to the Board Mark Kirkland, who was appointed as Non-Executive Director and Audit Committee Chairman designate with effect from 9 November 2022 and will take over from Bim at the AGM in September 2023. Mark brings extensive corporate experience gained over 30 years, having held numerous senior roles in public and private companies. Mark's initial career was in corporate finance, predominately with UBS Limited. He has been CFO of numerous public and private companies and latterly was CEO of Delin Property, a pan-European logistics developer, investor and manager. He is currently a NED and Audit Committee Chairman of Strix Group plc, and an Advisor to DP World. We will begin the process of finding my successor in mid-2023.

Outlook

The Board and Investment Manager believe that the Company is as defensively positioned as possible against the current challenging backdrop. Whilst further near-term value decline is expected, the Company's fixed cost of debt and book values which are closer to long term value fundamentals, such as alternative use values and replacement cost, provide a robust outlook for the portfolio over the long term. The portfolio's current high weighting to cash and value investment style leave it well placed to benefit from upcoming investment opportunities. The strategy's approach, being unconstrained by sector, and its active management style of the portfolio provide a strong basis for counter-cyclical performance. In addition, we are seeing resilience in occupational demand from the Company's tenants.

Investing the current capital available for deployment will be a key focus of the Company's Investment Manager over the coming months. The Investment Manager expects that value investment opportunities will be increasing in number over this period across all real estate sectors. Following full investment of capital available for deployment, the Company's earnings are expected to return to full cover of its 8p annual dividend, which has now been paid for 28 consecutive quarters.

In the near term, the Board and Investment Manager will continue to take a prudent approach towards the management of the Company, given the ongoing economic uncertainty. Economic conditions will be monitored closely and it is hoped that the UK's new Prime Minister, Rishi Sunak, will be able to restore an element of stability to the UK's financial markets.

Mark Burton
Chairman

15 November 2022

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%	**7.04%** at 30 September 2022 (31 March 2022: 5.87%).
2. True Equivalent Yield The average weighted return a property will produce according to the present income and estimated rental value ('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%	**7.98%** at 30 September 2022 (31 March 2022: 7.55%).
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%	**7.90%** at 30 September 2022 (31 March 2022: 7.64%).
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	**5.66 years** at 30 September 2022 (31 March 2022: 5.78 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, as it allows the Investment Manager to engage in direct negotiation with tenants rather than via rent review mechanisms.	>3 years	**3.58 years** at 30 September 2022 (31 March 2022: 3.94 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	**£193.09 million** at 30 September 2022 (31 March 2022: £191.10 million).
7. Leverage (Loan to NAV) The proportion of the Company's net assets that is funded by borrowings.	Historically, the Company changed the measure of its Leverage KPI from 'Loan to Gross Asset Value ('GAV')' to 'Loan to NAV'. The target of 35% Loan to NAV 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%	**31.07%** at 30 September 2022 (31 March 2022: 28.26%).
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%	**8.48%** at 30 September 2022 (31 March 2022: 10.69%/5.42% excluding vacancy contributed by Glasgow*).

* Bath Street, Glasgow was sold on 22 August 2022, with a condition of vacant possession, prior to which this impacted the vacant ERV.

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 general economic uncertainty, 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 2022. This supports an annualised target of 8.00 pps (six months to 30 September 2021: 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. The Investment Manager presents this measure to provide investors with a clear picture of operational costs involved in running the Company.	<1.50%	**1.33%** for the six months to 30 September 2022 (six months to 30 September 2021: 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)	**£8.32 million/5.25 pps** for the six months to 30 September 2022 (six months to 30 September 2021: £23.55 million/ 14.86 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% per annum	**-18.53%** for the six months to 30 September 2022 (six months to 30 September 2021: 28.37%).
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 9.	This reflects the Company's ability to generate earnings from the portfolio which underpins dividends.	4.00 pps (six month period to 30 September)	**2.58 pps** for the six months to 30 September 2022 (six months to 30 September 2021: 3.45 pps).

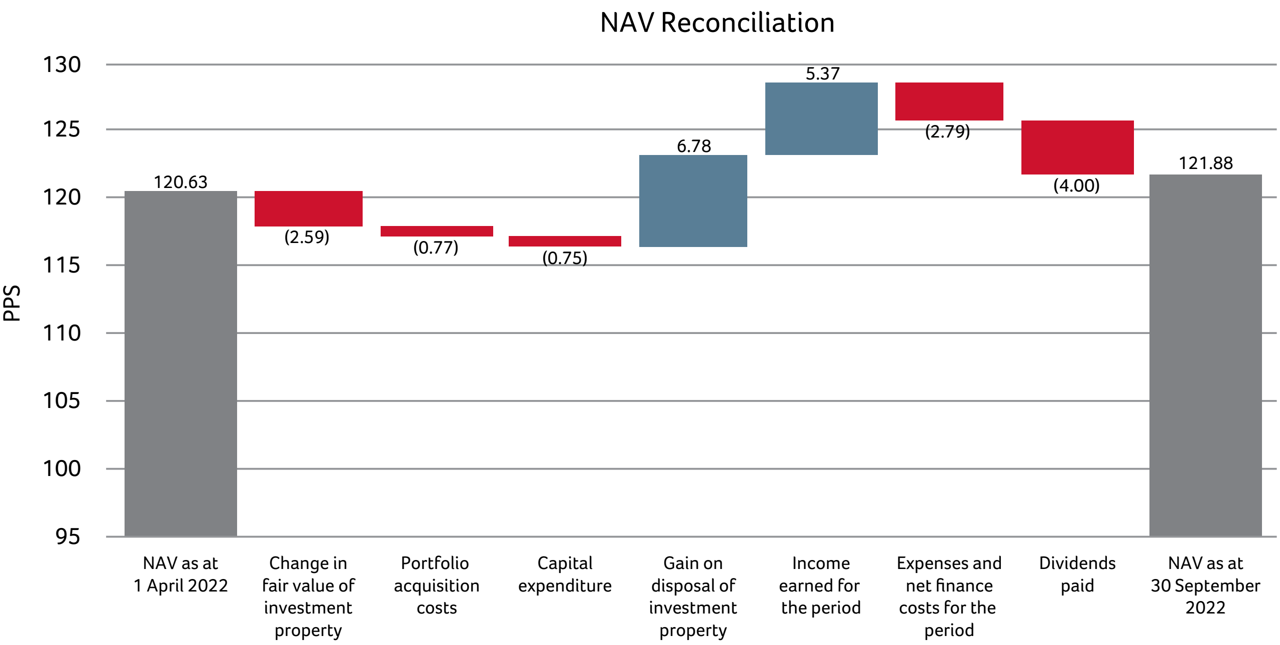
Investment Manager's Report

Economic Outlook

In common with most of Europe, the UK's macroeconomic outlook has been impacted by the conflict in Ukraine. With winter approaching, the sanctions-related energy crisis has pushed already high inflation to a record new high of above 10% in October 2022. This has put further pressure on the Bank of England to raise base rates. However, the outlook for inflation has become more uncertain following the fiscal U-turns announced by the new Chancellor in the third week of October 2022. On the one hand, a much tighter fiscal stance points to lower inflation in the medium-term. On the other, the curtailment of the cap on energy bills could push inflation up sharply in the spring of 2023. As of mid-October 2022, Oxford Economics projects the Bank of England base rate to peak at 4% in early 2023 and for it to remain at that level for more than a year. As these government policies and rate hikes will impact on mortgage interest rates, house prices and consumer spending, Oxford Economics forecasts, as of mid October 2022, that GDP growth will be adjusted downward to 4.5% for the full year of 2022. More importantly, they project a fall of 0.5% in 2023 before returning to modest 1.8% growth in 2024. Investors and lenders will need to adjust to the slower economic growth and increased costs of debt as they might impact on both their acquisition or lending strategies and any loans coming up for refinancing.

Financial Results

The Company's NAV as at 30 September 2022 was £193.09 million or 121.88 pps (31 March 2022: £191.10 million or 120.63 pps). This represents an increase of 1.25 pps or 1.04% over the six-month period, with the underlying movement in NAV set out in the table below:



EPRA EPS for the period was 2.58 pence which, based on dividends paid of 4.00 pps, reflects a dividend cover of 64.50%. The decrease in dividend cover compared to the prior six-month period has largely arisen due to the Company completing a number of key sales, leaving it with a high cash weighting and a resulting loss of rental income in the short term. Earnings have been further depressed by one-off costs associated with refurbishment works being undertaken at Queen Square, Bristol and Mangham Road, Rotherham, which will both be accretive to the Company's earnings in the medium to long term. A high cash weighting leaves the Company advantageously positioned to select assets from the increased number of investment opportunities that are expected to present in the near term. The focus of the Company's investment strategy remains to return to full investment and full dividend cover. Income across the tenancy profile has remained intact. Collection rates have reached 99% for both the March and June 2022 quarters respectively, with further payments expected to be received under longer-term payment plans. Of the outstanding arrears, the Company has made a £0.59 million expected credit loss provision, given the deteriorating economic outlook. The Company will continue to pursue all outstanding arrears.

Investment Manager's Report *(continued)*

Financing

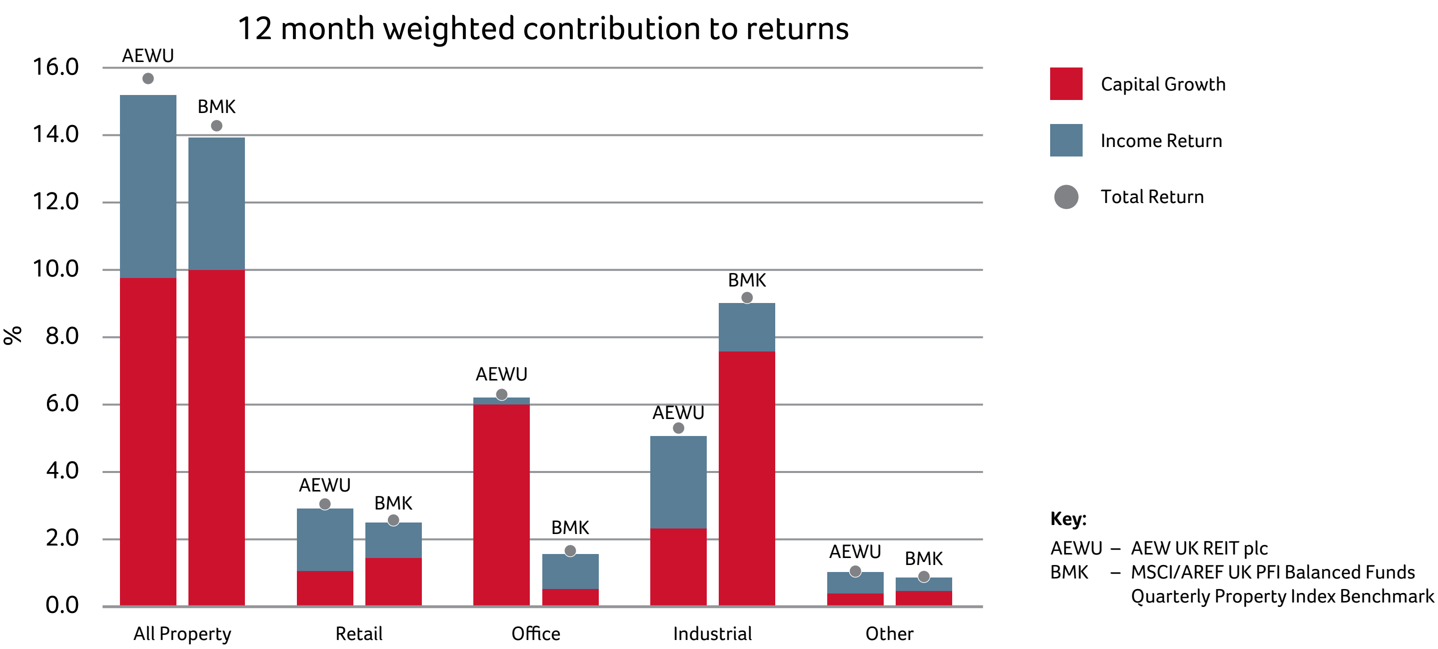
During the period, the decision was taken to complete the refinancing of the portfolio, as announced in May 2022. The Company has secured a new £60.00 million, five-year term loan facility with AgFe, a leading independent asset manager specialising in debt-based investments. The loan is priced as a fixed rate loan with a total interest cost of 2.959%. The existing RBSi loan facility, which was priced at a floating rate according to SONIA, was due to mature in October 2023 and has been repaid in full by the new loan facility. Simultaneous to the funding, the Company's interest rate cap was sold for proceeds of £743,000. In the current inflationary environment, the Company considered it prudent to fix the loan and interest, rather than run the risk of further interest rate rises nearer renewal. The Company intends to utilise borrowings to enhance returns over the next five years.

As at 30 September 2022, the Company has a £60.00 million loan Facility with AgFe, in place until May 2027, the details of which are presented below:

	30 September 2022	31 March 2022
Facility	**£60.00 million**	£60.00 million
Drawn	**£60.00 million**	£54.00 million
Gearing (Loan to NAV)	**31.07%**	28.26%
Interest rate	**2.959% fixed**	2.20% variable (SONIA + 1.4%)
Notional Value of Loan Balance Hedged	**N/A**	95%

Property Portfolio

During the period, the Company completed three disposals, being: Eastpoint Business Park, Oxford, for a price of £29.00 million; Bath Street, Glasgow, for a price of £9.30 million; and Moorside Road, Swinton, for a price of £1.71 million. The Company made two acquisitions during the period, being: Dewsbury Railway Station Retail Park, which was acquired in June 2022 for £4.70 million, and JD Gyms, Glasgow, which was purchased in August 2022 for a price of £2.60 million.



Source: MSCI 30 September 2022

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 2022

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	18	113.32	2,340,264	9.52	3.76	7.89	3.37	9.32	3.98	3.72	0.09	2.51
Retail warehouses	4	39.70	425,337	7.10	3.09	3.37	7.92	3.96	9.30	1.73	(0.14)	(20.59)
Standard retail	6	24.70	237,792	4.88	3.77	2.57	10.81	2.33	9.78	1.36	(0.03)	(2.16)
Alternatives	4	19.78	178,165	0.00	7.05	2.01	11.30	1.85	10.38	0.90	(0.04)	(5.19)
Offices	3	16.75	91,903	21.16	2.28	1.17	12.72	1.56	17.01	0.70	(0.10)	(14.93)
Portfolio	**35**	**214.25**	**3,273,461**	**8.48**	**3.58**	**17.01**	**5.20**	**19.02**	**5.81**	**8.41**	**(0.22)**	**(3.10)**

Summary by Geographical Area as at 30 September 2022

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* %
West Midlands	5	42.22	598,405	8.40	3.76	3.52	5.88	4.09	6.84	1.87	(0.11)	(11.70)
Yorkshire and Humberside	8	42.17	931,491	3.23	2.87	3.26	3.50	3.90	4.19	1.26	(0.01)	(0.89)
South West	5	40.23	517,232	15.62	3.04	2.83	5.48	3.58	6.92	1.47	(0.05)	(3.29)
Eastern	5	24.82	344,339	0.76	1.84	2.11	6.14	2.20	6.38	1.02	0.07	7.37
Wales	3	22.48	415,607	27.55	10.48	1.28	3.07	1.84	4.43	0.78	(0.04)	(5.88)
North West	3	16.18	277,347	0.00	2.36	1.44	5.19	1.30	4.71	0.67	(0.03)	(4.55)
Rest of London	1	9.90	71,720	0.00	9.15	0.98	13.61	0.75	10.45	0.47	(0.03)	(6.00)
South East	3	9.70	62,760	7.84	3.07	0.98	15.62	0.77	12.20	0.64	(0.01)	(1.92)
East Midlands	1	3.95	28,219	0.00	4.17	0.41	14.56	0.38	13.38	0.20	(0.01)	(3.29)
Scotland	1	2.60	26,341	0.00	5.43	0.20	7.71	0.21	7.97	0.03	–	–
Portfolio	**35**	**214.25**	**3,273,461**	**8.48**	**3.58**	**17.01**	**5.20**	**19.02**	**5.81**	**8.41**	**(0.22)**	**(3.10)**

* like-for-like rental growth is for the six months ended 30 September 2022.

Source: Knight Frank/AEW, 30 September 2022.

Investment Manager’s Report *(continued)*

Individual Property Classifications

	Property	Sector	Region	Market Value Range (£m)
1	Central Six Retail Park, Coventry	Retail warehouses	West Midlands	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	10.0 – 15.0
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	Apollo Business Park, Basildon	Industrial	Eastern	7.5 – 10.0
9	Storey’s Bar Road, Peterborough	Industrial	Eastern	7.5 – 10.0
10	Units 1001-1004 Sarus Court	Industrial	North West	7.5 – 10.0

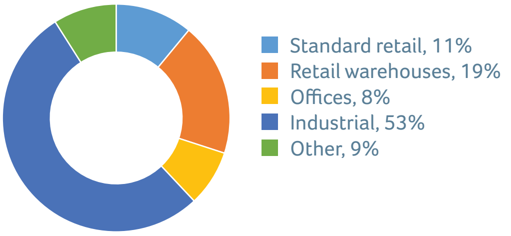
The Company’s top ten properties listed above comprise 50.0% of the total value of the portfolio.

	Property	Sector	Region	Market Value Range (£m)
11	Westlands Distribution Park, Weston Super Mare	Industrial	South West	5.0 – 7.5
12	Euroway Trading Estate, Bradford	Industrial	Yorkshire and Humberside	5.0 – 7.5
13	Barnstaple Retail Park, Barnstaple	Retail warehouses	South West	5.0 – 7.5
14	Brockhurst Crescent, Walsall	Industrial	West Midlands	5.0 – 7.5
15	Diamond Business Park, Wakefield	Industrial	Yorkshire and Humberside	5.0 – 7.5
16	Deeside Industrial Park, Deeside	Industrial	Wales	5.0 – 7.5
17	Walkers Lane, St Helens	Industrial	North West	5.0 – 7.5
18	Mangham Road, Rotherham	Industrial	Yorkshire and Humberside	5.0 – 7.5
19	710 Brightside Lane, Sheffield	Industrial	Yorkshire and Humberside	< 5.0
20	The Railway Centre, Dewsbury	Retail warehouses	Yorkshire and Humberside	< 5.0
21	Oak Park, Droitwich	Industrial	West Midlands	< 5.0
22	Pipps Hall Industrial Estate, Basildon	Industrial	Eastern	< 5.0
23	Pearl House, Nottingham	Standard retail	East Midlands	< 5.0
24	Odeon Cinema, Southend	Other	Eastern	< 5.0
25	PRYZM, Cardiff	Other	Wales	< 5.0
26	Eagle Road, Redditch	Industrial	West Midlands	< 5.0
27	Cedar House, Gloucester	Offices	South West	< 5.0
28	69-75 Above Bar Street, Southampton	Standard retail	South East	< 5.0
29	Commercial Road, Portsmouth	Standard retail	South East	< 5.0
30	Bridge House, Bradford	Industrial	Yorkshire and Humberside	< 5.0
31	Clarke Road, Milton Keynes	Industrial	South East	< 5.0
32	Pricebusters Building, Blackpool	Standard retail	North West	< 5.0
33	JD Gyms, Glasgow	Other	Scotland	< 5.0
34	Vantage Point, Hemel Hempstead	Offices	Eastern	< 5.0
35	11/15 Fargate, Sheffield	Standard retail	Yorkshire and Humberside	< 5.0

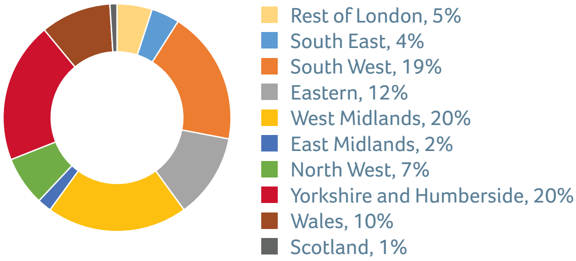
Investment Manager's Report *(continued)*

Sector and Geographical Allocation by Market Value as at 30 September 2022

Sector Allocation



Geographical Allocation



Source: Knight Frank valuation report as at 30 September 2022.

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	975	5.7
2	Wyndeham Group	Industrial	Wyndeham, Peterborough	644	3.8
3	Mecca Bingo Ltd	Leisure	London East Leisure Park, Dagenham	625	3.7
4	Harrogate Spring Water Limited	Industrial	Lockwood Court, Leeds	603	3.5
5	Odeon Cinemas	Leisure	Odeon Cinema, Southend-on-Sea	535	3.1
6	Wilko Retail Limited	Retail	15-33 Union Street, Bristol	481	2.8
7	Advanced Supply Chain (BFD) Ltd	Industrial	Euroway Trading Estate, Bradford	467	2.7
8	Poundland Limited	Retail	Pearl House, Nottingham	414	2.4
9	Senior Architectural Systems Ltd	Industrial	Mangham Road, Rotherham	410	2.4
10	Kvernerland Group UK Ltd	Industrial	Walkers Lane, St Helens	389	2.3

The Company's top ten tenants, listed above, represent 32.6% of the total passing rental income of the portfolio.

Source: Knight Frank valuation report as at 30 September 2022.

Investment Manager's Report *(continued)*

Asset Management

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

Acquisitions – The Railway Centre, Dewsbury, was acquired in June 2022 for £4.70 million and is a 6.04-acre railway station retail park, occupying a prominent location on the edge of the town centre within an established retail and leisure area. The asset provides an attractive net initial yield of 9.4%. The second acquisition, JD Gyms, Glasgow, is a high yielding leisure asset, providing a NIY of 7.4% and a low capital value of £99 per sq. ft. Both of these assets provide strong and stable income streams from their tenancy profiles.

Disposals – Sales of Moorside Road, Swinton for £1.71 million; Eastpoint Business Park, Oxford, for £29.00 million; and Bath Street, Glasgow, for £9.30 million. The Swinton and Oxford sales prices produced IRRs in excess of 13% and 22%, respectively. The sale of Glasgow realised a long-term change of use strategy where full vacant possession of the building was achieved. Following its sale, the occupancy rate for the remaining portfolio increased by circa 4%, all else being equal. Reinvestment of the sales proceeds is expected to provide a significant boost to the Company's earnings, due to both higher levels of anticipated income and lower running costs.

Arrow Point, Shrewsbury – During May 2022, the Company completed the renewal of Charlie's Stores' lease on a straight 10-year term at a rent of £385,000 per annum reflecting £11 psf, versus an ERV of £7.50 psf. Charlie's Stores is the scheme's anchor tenant, so this is an important letting for the property. Only nine months' rent-free incentive was given.

40 Queen Square, Bristol – The Company completed an agreement for lease with existing tenant Konica Minolta Marketing Services Ltd on the third floor. The tenant will enter into a new ten-year lease with a five-year tenant break option at a rent of £218,840 per annum, reflecting a new high rental tone for the building of £40 per sq. ft. The letting is subject to landlord refurbishment works including roof, lift and reception upgrades at a cost of £1.07 million plus 11 months' rent-free incentive. Landlord works commenced during the period and are due to complete before the end of the year.

Commercial Road, Portsmouth – During May 2022 the Company completed a new 15-year lease to Kokoro UK Limited, a Japanese-Korean restaurant. The agreed rent is £52,500 per annum versus an ERV of £45,750 per annum. The tenant has the benefit of a 12-month rent free period and a tenant only break option at the end of the tenth year.

Diamond Business Park, Wakefield – During June 2022, the Company completed a new letting of Units 8 and 9 to Wow Interiors, an existing tenant on the estate already occupying Unit 7. Wow have taken a new six-year lease with a tenant break option at the end of the third year. The commencing rent of £3 psf will increase to £3.50 psf in years 2 and 3, and subsequently £3.75 psf from year 4 onwards. In doing so, the Company has also completed a lease re-gear on Unit 7, removing Wow's 2022 tenant break option and agreeing a three-year reversionary lease with a tenant break option mirroring Units 8 and 9.

Mangham Road, Rotherham – The Company has completed a new ten-year ex-Act lease to Senior Architectural Systems Ltd at a rent of £410,000 per annum, reflecting a rent of £5 per sq. ft. This shows a significant uplift to the rent paid by previous tenant, Hydro Components, at £275,000 per annum. The lease provides for five-yearly rent reviews to the higher of open market rent or RPI, with collar and cap at 2% & 4% per annum, respectively. There was no rent-free incentive granted to the tenant, however the landlord undertook works to upgrade the building at a cost of £964,700. These works were completed during the period and are expected to improve the asset's energy efficiency. The tenant benefits from a break option at the end of year five.

Bank Hay Street, Blackpool – Repair works at the property which commenced in 2020 have now reached practical completion. The total cost of these works amounted to circa £2.40 million, of which approximately £800,000 is expected to be recovered from tenants. The recoverable elements of this expenditure have been raised within the service charge budget and all tenants are up to date with payments.

Vacancy – The portfolio's overall vacancy level is 8.48%.

Investment Manager's Report *(continued)*

ESG Update

The Company has maintained its two stars Global Real Estate Sustainability Benchmark ('GRESB') rating for 2022 and improved its score to 67 (GRESB Peer Group Average 65). 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. Green clauses seek to improve data coverage by ensuring tenants provide regular and appropriate utility consumption data.

We continue to assess and strengthen our reporting and alignment against the Framework set out by the TCFD with further disclosure to be provided in the 2023 annual report and accounts. We are pleased to report that 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 a number of initiatives across our portfolio, including 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 £2.91 million of the Company's current contracted income stream is subject to an expiry or break within the 12-month period commencing 1 October 2022. 26.68% (£776,757) 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 2022.

AEW UK Investment Management LLP

15 November 2022

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.

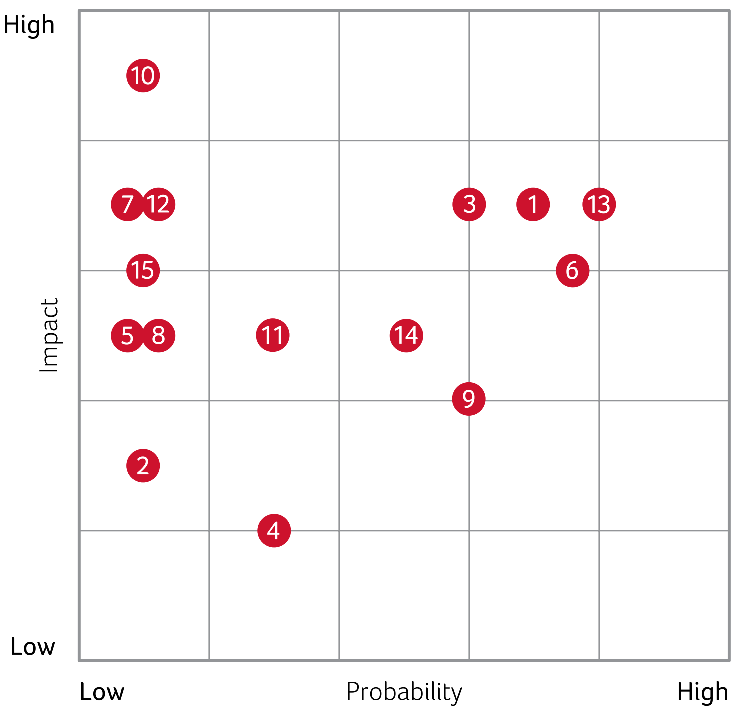
The Board has overall responsibility for reviewing the effectiveness of the system of risk management and internal control which is operated by the Investment Manager. The Company's ongoing risk management process is designed to identify, evaluate, and mitigate the significant risks the Company faces.

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 Audit Committee is responsible for reviewing the principal and emerging risks facing the Company and, in liaison with the Investment Manager, advises the Board on these risks.

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

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

Principal 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. Availability and cost of debt
9. Dependence on Manager and other third party service providers
10. Failure to meet objectives
11. Business interruption
12. Company REIT status
13. General political and economic risks
14. Environmental transition risk
15. Physical risk to buildings

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:** High **Impact:** Moderate to High **Movement:** Increase
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:** No change
3. Tenant default		
Failure by tenants to fulfil their rental obligations could affect the income that the properties earn and the ability of the Company to pay dividends to its shareholders.	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. The asset management team conducts ongoing monitoring and liaison with tenants to manage potential bad debt risk.	**Probability:** High **Impact:** Moderate to High **Movement:** Increase
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 draws 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 10 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:** High **Impact:** Moderate to High **Movement:** Increase
BORROWING RISKS		
7. Breach of borrowing covenants		
Material adverse changes in valuations and net income may lead to breaches in the Loan to Value ('LTV') and debt yield 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. During the period, the Company refinanced into a term credit facility with AgFe, which is subject to less stringent covenants than the previous facility held with RBSi. It is acknowledged that significant headroom currently exists for both these covenants. The Investment Manager will maintain a close relationship with its new loan finance provider, AgFe, to ensure continuing dialogue around covenants.	**Probability:** Low **Impact:** Moderate to High **Movement:** Decrease

Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
BORROWING RISKS *(continued)*		
8. Availability and cost of debt In tandem with any future growth of the Company, additional debt funding would be considered. It is acknowledged that the current interest rate environment may constrain the availability and financial viability of further debt funding.	During the period, the Company elected to undertake a refinancing which concluded in May 2022. The refinanced loan is held with AgFe and is a £60.00m facility with a five-year term, which was fully drawn at period end. The Company maintains a good relationship with the lender 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:** Low **Impact:** Moderate **Movement:** Decrease
CORPORATE RISKS		
9. Dependence on the Investment Manager The Company has no employees and is reliant upon the performance of its Investment Manager and other third party service providers. Failure by the Investment Manager and/or any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company. The future ability of the Company to successfully pursue its investment objective and investment policy may, among other things, depend on the ability of the Investment Manager to retain its existing staff and/or to recruit individuals of similar experience and calibre.	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

Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
CORPORATE RISKS *(continued)*		
10. Failure 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 may not pay its target dividend.	The Company has an investment policy to achieve a balanced portfolio with a diversified asset and tenant base. The Company also has investment restrictions in place to limit exposure to potential risk factors. The Investment Manager has extensive experience in navigating market volatility, as was most recently evidenced during the COVID-19 pandemic.	**Probability:** High **Impact:** Moderate to High **Movement:** Increase
11. 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:** No change

Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
TAXATION RISKS		
12. 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		
13. General political/ economic environment 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 Ukraine war in 2022. In addition, the current inflationary environment continues to drive-up energy and commodity prices. This might further damage consumer and investor sentiment as real income and wealth levels are reduced.	The Board considers the impact of political and macroeconomic events when reviewing strategy.	**Probability:** High **Impact:** Moderate to High **Movement:** Increase

Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
POLITICAL/ECONOMIC RISKS *(continued)*		
14. 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 environmental initiatives across the portfolio on an asset-by-asset basis for targeted, relevant and specific implementation of environmental improvements.	**Probability:** Moderate **Impact:** Moderate **Movement:** No Change
15. 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 Company's properties in order to continually assess the physical risk posed to them.	**Probability:** Low **Impact:** Moderate to High **Movement:** No Change

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 5, the Investment Manager's Report on pages 9 to 16 and the Principal Risks and Uncertainties on pages 17 to 23.

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

15 November 2022

Independent Review Report to AEW UK REIT plc

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 half-yearly financial report for the six months ended 30 September 2022 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.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 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.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). 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.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with International Accounting Standards as adopted by the UK. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the company to cease to continue as a going concern.

Responsibilities of Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of 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, UK

15 November 2022

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 2022

	Notes	**Period from 1 April 2022 to 30 September 2022 (unaudited) £'000**	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Income				
Rental and other income	3	9,418	8,630	19,911
Property operating expenses	4	(3,015)	(1,760)	(5,739)
Impairment release on trade receivables		161	188	9
Net rental and other income		**6,564**	**7,058**	**14,181**
Other operating expenses	5	(1,311)	(1,179)	(2,429)
Operating profit before fair value changes		**5,253**	**5,879**	**11,752**
Change in fair value of investment properties	11	(6,507)	16,596	32,317
Realised gains on disposal of investment properties	11	10,830	1,444	2,844
Operating profit		**9,576**	**23,919**	**46,913**
Realised loss on disposal of interest rate derivatives	13	(88)	–	–
Change in fair value of financial assets through profit and loss	6	28	51	770
Finance expense	7	(1,194)	(423)	(988)
Profit before tax		**8,322**	**23,547**	**46,695**
Taxation	8	–	–	–
Profit after tax		**8,322**	**23,547**	**46,695**
Other comprehensive income		–	–	–
Total comprehensive income for the period		**8,322**	**23,547**	**46,695**
Earnings per share (pence) (basic and diluted)	9	**5.25**	**14.86**	**29.47**

The notes on pages 30 to 47 form an integral part of these condensed financial statements.

Condensed Statement of Changes in Equity

for the six months ended 30 September 2022

For the period 1 April 2022 to 30 September 2022 (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 2022		**1,587**	**56,578**	**133,200**	**(265)**	**191,100**
Total comprehensive income		–	–	8,322	–	8,322
Dividends paid	10	–	–	(6,337)	–	(6,337)
Balance as at 30 September 2022		**1,587**	**56,578**	**135,185**	**(265)**	**193,085**

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	10	–	–	(6,337)	–	(6,337)
Balance as at 30 September 2021		**1,587**	**56,578**	**116,389**	**(265)**	**174,289**

For the year ended 31 March 2022 (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 2021		**1,587**	**56,578**	**99,179**	**(265)**	**157,079**
Total comprehensive income		–	–	46,695	–	46,695
Dividends paid	10	–	–	(12,674)	–	(12,674)
Balance as at 31 March 2022		**1,587**	**56,578**	**133,200**	**(265)**	**191,100**

* 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 30 to 47 form an integral part of these condensed financial statements.

Financial Statements

Condensed Statement of Financial Position

as at 30 September 2022

	Notes	**As at 30 September 2022 (unaudited) £'000**	As at 30 September 2021 (unaudited) £'000	As at 31 March 2022 (audited) £'000
Assets				
Non-Current Assets				
Investment property	11	211,665	191,336	211,710
		211,665	**191,336**	**211,710**
Current Assets				
Investment property held for sale	11	–	12,931	25,414
Receivables and prepayments	12	9,860	10,198	7,584
Cash and cash equivalents		38,912	15,159	6,769
Other financial assets held at fair value	13	81	112	831
		48,853	**38,400**	**40,598**
Total assets		**260,518**	**229,736**	**252,308**
Non-Current Liabilities				
Interest bearing loans and borrowings	14	(59,505)	(50,171)	(53,757)
Lease obligations	16	(174)	(635)	(174)
		(59,679)	**(50,806)**	**(53,931)**
Current Liabilities				
Payables and accrued expenses	15	(7,741)	(4,593)	(7,264)
Lease obligations	16	(13)	(48)	(13)
		(7,754)	**(4,641)**	**(7,277)**
Total Liabilities		**(67,433)**	**(55,447)**	**(61,208)**
Net Assets		**193,085**	**174,289**	**191,100**
Equity				
Share capital		1,587	1,587	1,587
Buyback reserve		(265)	(265)	(265)
Share premium account		56,578	56,578	56,578
Capital reserve and retained earnings		135,185	116,389	133,200
Total capital and reserves attributable to equity holders of the Company		**193,085**	**174,289**	**191,100**
Net Asset Value per share (pence)	9	**121.88**	**110.01**	**120.63**
EPRA Net Tangible Assets per share (pence)	9	**121.88**	**109.94**	**120.10**

The financial statements on pages 26 to 47 were approved by the Board of Directors on 15 November 2022 and were signed on its behalf by:

Mark Burton
Chairman
AEW UK REIT plc
Company number: 09522515

The notes on pages 30 to 47 form an integral part of these condensed financial statements.

Financial Statements

Condensed Statement of Cash Flows

for the six months ended 30 September 2022

	Period from 1 April 2022 to 30 September 2022 (unaudited) £'000	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Cash flows from operating activities			
Profit before tax	8,322	23,547	46,695
Adjustment for:			
Finance expenses	1,194	423	988
Gain from change in fair value of financial assets	(28)	(51)	(770)
Loss/(gain) from change in fair value of investment property	6,507	(16,596)	(32,317)
Realised gains on disposal of investment properties	(10,830)	(2,273)	(3,673)
Realised loss on disposal of interest rate derivative	88	–	–
Increase in other receivables and prepayments	(2,927)	(3,419)	(768)
Increase in other payables and accrued expenses	979	537	2,170
Net cash generated from operating activities	**3,305**	**2,168**	**12,325**
Cash flows from investing activities			
Purchase of and additions to investment properties	(8,827)	(19,539)	(41,437)
Purchase of financial assets	(81)	–	–
Disposal of investment properties	39,324	10,796	16,446
Net cash generated/(used in) from investing activities	**30,416**	**(8,743)**	**(24,991)**
Cash flows from financing activities			
Net loan drawdown	6,000	11,000	14,500
Arrangement loan facility fee paid	(499)	–	(46)
Collateral (paid)/received	(870)	–	870
Received on sale of interest rate cap	771	–	–
Finance costs	(364)	(379)	(772)
Dividends paid	(6,616)	(6,337)	(12,539)
Amounts paid on finance lease	–	–	(28)
Net cash flow generated (used in)/from financing activities	**(1,578)**	**4,284**	**1,985**
Net increase/(decrease) in cash and cash equivalents	32,143	(2,291)	(10,681)
Cash and cash equivalents at start of the period/year	6,769	17,450	17,450
Cash and cash equivalents at end of the period/year	**38,912**	**15,159**	**6,769**

The notes on pages 30 to 47 form an integral part of these condensed financial statements.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

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 2022. These condensed unaudited financial statements do not include all information required for a complete set of financial statements proposed in accordance with International Accounting Standards as adopted by the UK. 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 2022 and the comparative information for the year ended 31 March 2022 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 2022 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 15 November 2022. 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 2021 and year ended 31 March 2022 and as at 30 September 2021 and 31 March 2022.

These condensed unaudited financial statements have been prepared under the historical-cost convention, except for investment property, interest rate derivatives and other financial assets 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 2022:

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- Amendments to IFRS 9 Financial Instruments; and
- Amendments to IFRS 3 Business Combinations

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 2023 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 2022

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 associated with the Ukraine war and current inflation levels, as well as the Company's cashflows, financial position, liquidity and borrowing facilities.

The Company's existing RBSi loan facility in place at the 31 March 2022 year-end was due to mature in October 2023 and therefore, the Company elected to undertake a re-financing which concluded in May 2022. The re-financed loan is held with AgFe and is a £60.00 million facility with a five-year term. This is priced as a fixed rate loan with a total interest cost of 2.959% and associated 10% projected debt yield and 55% loan to value covenants.

In October 2022, the Company made its first loan covenant reporting submission to AgFe, reporting a loan to value of 29% and a debt yield of 27%. There was significant headroom on both covenants.

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

- The Company's rent collection has been strong, with 96% of contracted rent either having been collected, or payment plans agreed, for the September 2022 quarter.
- Based on the contracted rent as at 30 September 2022, a reduction of 61% in net rental income could be accommodated before breaching the debt yield covenant in the Company's refinanced debt arrangements.
- Based on the property valuation at 30 September 2022, the Company had room for a £114.25 million (53%) fall in property valuation before reaching the hard LTV covenant in the Company's refinanced debt arrangements.

Notes to the Condensed Financial Statements
for the six months ended 30 September 2022

2. Accounting policies *(continued)*

2.4 Going concern *(continued)*

- 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 from the date of approval of these financial statements, including a worst-case plausible downside scenario which makes the following assumptions:

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

In the above scenario, the Company is forecasted to generate a positive cash flow before dividend payments.

Given the Company's substantial headroom against its borrowing covenants, the Directors believe that the Company is well placed to manage its financing and business risks, including those associated with the Ukraine war and current inflation. The Directors are confident that the Company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore the financial statements have been prepared on a going concern basis.

2.5 Summary of 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 2022 except for the changes as detailed in note 2.1.

3. Revenue

	Period from 1 April 2022 to 30 September 2022 (unaudited) £'000	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Rental income	8,410	7,866	15,920
Insurance income	543	–	924
Service charge income	374	485	1,768
Other property income	46	7	57
Lease surrender income	45	–	139
Dilapidation income received	–	272	1,103
Total rental and other income	**9,418**	**8,630**	**19,911**

Notes to the Condensed Financial Statements
for the six months ended 30 September 2022

4. Property operating expenses

	Period from 1 April 2022 to 30 September 2022 (unaudited) £'000	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Other property expenses	1,748	631	1,816
Non-recoverable service charge expense	350	644	1,231
Recoverable service charge expense	374	485	1,768
Recoverable insurance expense	543	–	924
Total property operating expenses	**3,015**	**1,760**	**5,739**

5. Other operating expenses

	Period from 1 April 2022 to 30 September 2022 (unaudited) £'000	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Investment management fee	836	732	1,555
Operating costs	350	289	628
Directors remuneration	48	48	100
Audit remuneration	46	82	120
ISRE 2410 review (interim review fee)	31	28	26
Total other operating expenses	**1,311**	**1,179**	**2,429**

6. Change in fair value of other financial assets

	Period from 1 April 2022 to 30 September 2022 (unaudited) £'000	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Change in fair value of other financial assets	28	–	–
Change in fair value of interest rate derivatives	–	51	770
Total	**28**	**51**	**770**

Notes to the Condensed Financial Statements
for the six months ended 30 September 2022

7. Finance expense

	Period from 1 April 2022 to 30 September 2022 (unaudited) £'000	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Interest payable on loan borrowings	883	344	754
Amortisation of loan arrangement fee	292	41	126
Commitment fee payable on loan borrowings	4	38	58
Bank charges	1	–	1
	1,180	423	939
Interest expense on lease liabilities	14	–	49
Total	**1,194**	**423**	**988**

8. Taxation

	Period from 1 April 2022 to 30 September 2022 (unaudited) £'000	Period from 1 April 2021 to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Analysis of charge in the period			
Profit before tax	8,322	23,547	46,695
Theoretical tax at UK corporation tax standard rate of 19.00% (30 September 2021: 19.00%; 31 March 2022: 19.00%)	1,581	4,474	8,872
Adjusted for:			
Exempt REIT income	(760)	(1,046)	(2,210)
Non taxable investment gains	(821)	(3,428)	(6,662)
Total	**–**	**–**	**–**

Notes to the Condensed Financial Statements
for the six months ended 30 September 2022

9. Earnings per share and NAV per share

	Period from 1 April 2022 to 30 September 2022 (unaudited)	Period from 1 April 2021 to 30 September 2021 (unaudited)	Year ended 31 March 2022 (audited)
Earnings per share:			
Total comprehensive income (£'000)	8,322	23,547	46,695
Weighted average number of shares	158,424,746	158,424,746	158,424,746
Earnings per share (basic and diluted) (pence)	**5.25**	**14.86**	**29.47**
EPRA earnings per share:			
Total comprehensive income (£'000)	8,322	23,547	46,695
Adjustment to total comprehensive income:			
Change in fair value of investment property (£'000)	6,507	(16,596)	(32,317)
Realised gain on disposal of investment property (£'000)	(10,830)	(2,273)	(3,673)
Realised loss on disposal of investment property held for sale (£'000)	–	829	829
Realised loss on disposal of interest rate derivatives (£'000)	88	–	–
Change in fair value of interest rate derivatives (£'000)	–	(51)	(770)
Total EPRA earnings (£'000)	4,087	5,456	10,764
EPRA earnings per share (basic and diluted) (pence)	**2.58**	**3.45**	**6.79**
NAV per share:			
Net assets (£'000)	193,085	174,289	191,100
Ordinary Shares	158,424,746	158,424,746	158,424,746
NAV per share (pence)	**121.88**	**110.01**	**120.63**

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.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

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

As at 30 September 2022	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	193,085	193,085	193,085	193,085	193,085
Real estate transfer tax[1]	–	14,141	–	–	–
Adjustment for the fair value of bank borrowings	–	–	(7,187)	–	(7,187)
At 30 September 2022	193,085	207,226	185,898	193,085	185,898
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746	158,424,746	158,424,746
NAV per share	**121.88p**	**130.80p**	**117.34p**	**121.88p**	**117.34p**

As at 30 September 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	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**

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') as 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.

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

	Current measures			Previous measures	
As at 31 March 2022	**EPRA NTA £'000**	**EPRA NRV £'000**	**EPRA NDV £'000**	**EPRA NAV £'000**	**EPRA NNNAV £'000**
IFRS NAV attributable to shareholders	191,100	191,100	191,100	191,100	191,100
Mark-to-market adjustment of derivatives	(831)	(831)	–	(831)	–
Real estate transfer tax[1]	–	15,852	–	–	–
At 31 March 2022	190,269	206,121	191,100	190,269	191,100
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746	158,424,746	158,424,746
NAV per share	**120.10p**	**130.11p**	**120.63p**	**120.10p**	**120.63p**

[1] EPRA Net Tangible Assets ('EPRA NTA') and EPRA Net Disposal Value ('EPRA NDV') as 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.

10. Dividends paid

Dividends paid during the period	**Period from 1 April 2022 to 30 September 2022 £'000**	Period from 1 April 2021 to 30 September 2021 £'000	Year ended 31 March 2022 £'000
Represents two/two/four interim dividends of 2.00 pps each	**6,337**	6,337	12,674

Dividends relating to the period	**Period from 1 April 2022 to 30 September 2022 £'000**	Period from 1 April 2021 to 30 September 2021 £'000	Year ended 31 March 2022 £'000
Represents two/two/four interim dividends of 2.00 pps each	**6,337**	6,337	12,674

Dividends paid relate to Ordinary Shares.

Notes to the Condensed Financial Statements
for the six months ended 30 September 2022

11. Investments

11.a) Investment property

	Period from 1 April 2022 to 30 September 2022 (unaudited)			Period from 1 April 2021 to 30 September 2021 (unaudited)	Year ended 31 March 2022 (audited)
	Investment properties freehold £'000	**Investment properties leasehold £'000**	**Total £'000**	Total £'000	Total £'000
UK Investment property					
As at beginning of period	196,500	43,675	240,175	179,000	179,000
Purchases and capital expenditure in the period	8,369	541	8,910	19,536	41,547
Disposals in the period	(27,862)	–	(27,862)	(8,208)	(12,587)
Revaluation of investment property	(7,607)	634	(6,973)	16,362	32,215
Valuation provided by Knight Frank	**169,400**	**44,850**	**214,250**	**206,690**	**240,175**
Adjustment to carrying value for lease incentive debtor			(2,772)	(3,106)	(3,238)
Adjustment for lease obligations*			187	683	187
Total Investment property			**211,665**	**204,267**	**237,124**
Classified as:					
Investment property held for sale			-	12,931	25,414
Investment property			211,665	191,336	211,710
			211,665	**204,267**	**237,124**
Change in fair value of investment property					
Change in fair value before adjustments for lease incentives			(6,973)	16,362	32,215
Adjustment for movement in the period:					
in value of lease incentive debtor			466	234	102
			(6,507)	**16,596**	**32,317**
Gains realised on disposal of investment property					
Net proceeds from disposals of investment property during the period**			1,648	10,481	16,260
Fair value at beginning of period			(1,850)	(8,208)	(12,587)
Realised gain/(loss) on disposal of investment property held for sale			11,032	(829)	(829)
Gains realised on disposal of investment property			**10,830**	**1,444**	**2,844**

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

** Net proceeds include deductions for topped up rents and rent free periods of £30,000 (31 March 2022: £207,000)

11. Investments *(continued)*

11.a) Investment property *(continued)*

Valuation of investment property

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

11.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 2022				
Investment property	**–**	**–**	**211,665**	**211,665**
30 September 2021				
Investment property	–	–	204,267	204,267
31 March 2022				
Investment property	–	–	237,124	237,124

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.

11. Investments *(continued)*

11.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) Estimated Rental Value ('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:

	Fair Value	Significant Unobservable Inputs	
Sector	**£'000**	**ERV range (per sq ft per annum)**	**Equivalent Yield range**
As at 30 September 2022			
Industrial	113,325	£0.50 – £10.00	5.36% – 9.72%
Retail	64,400	£4.65 – £75.00	7.06% – 10.68%
Office	19,775	£8.00 – £29.60	7.48% – 10.51%
Alternatives	16,750	£8.50 – £35.00	6.75% – 9.28%
Portfolio*	214,250	£0.50 – £75.00	5.36% – 10.68%
As at 30 September 2021			
Industrial	114,725	£0.50 – £10.00	5.00% – 9.70%
Retail	39,465	£4.65 – £75.00	7.18% – 10.48%
Office	12,550	£8.50 – £29.60	7.89% – 10.89%
Alternatives	39,950	£8.50 – £30.00	5.38% – 10.13%
Portfolio*	206,690	£0.50 – £75.00	5.00% – 10.89%
As at 31 March 2022			
Industrial	120,750	£0.50 – £10.00	4.49% – 9.53%
Retail	59,225	£4.65 – £75.00	7.16% – 10.65%
Office	16,925	£8.50 – £29.60	7.30% – 10.43%
Alternatives	43,275	£8.50 – £30.00	4.78% – 9.62%
Portfolio*	240,175	£0.50 – £75.00	4.49% – 10.65%

* Fair value per Knight Frank LLP.

Notes to the Condensed Financial Statements
for the six months ended 30 September 2022

11. Investments *(continued)*

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

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.

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 2022	**214,250**	**223,347**	**205,086**	**205,121**	**223,920**
30 September 2021	206,690	216,848	197,385	195,342	213,527
31 March 2022	240,175	250,408	230,258	230,818	250,477

	Fair value	Change in ERV		Change in equivalent yield	
	£'000	£'000	£'000	£'000	£'000
Sensitivity Analysis		**+10%**	**-10%**	**+10%**	**-10%**
30 September 2022	**214,250**	**232,643**	**196,152**	**196,998**	**234,879**
30 September 2021	206,690	228,192	188,975	186,439	222,802
31 March 2022	240,175	260,668	220,355	222,326	261,938

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

11. Investments *(continued)*

	Fair value £'000	Change in ERV £'000	Change in ERV £'000	Change in equivalent yield £'000	Change in equivalent yield £'000
Sensitivity Analysis		**+15%**	**-15%**	**+15%**	**-15%**
30 September 2022	**214,250**	**241,942**	**187,236**	**189,581**	**247,120**
30 September 2021	206,690	240,861	181,295	177,574	232,104
31 March 2022	240,175	270,943	210,468	214,571	274,743

12. Receivables and prepayments

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Receivables			
Rent receivable	2,704	3,566	1,716
Allowance for expected credit losses	(594)	(607)	(756)
Rent agent float account	2,008	2,212	1,227
Other receivables	785	1,593	1,087
Recoverable service charge receivable	794	–	660
Recoverable insurance receivable	435	–	287
	6,132	6,764	4,221
Lease incentive debtor	2,772	3,106	3,238
	8,904	**9,870**	**7,459**
Property related prepayments	907	296	52
Other prepayments	49	32	73
	956	328	125
Total	**9,860**	**10,198**	**7,584**

Notes to the Condensed Financial Statements
for the six months ended 30 September 2022

12. Receivables and prepayments *(continued)*

The aged debtor analysis of receivables is as follows:

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Less than three months due	4,969	6,251	3,379
Between three and six months due	1,163	513	842
Total	**6,132**	**6,764**	**4,221**

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

The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the year-end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The expected credit loss provision as at 30 September 2022 was £0.6 million (31 March 2022 was £0.8 million). No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

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

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
At the beginning of the period	756	995	995
Remeasurement of loss allowance	(162)	(388)	(239)
At the end of the period	**594**	**607**	**756**

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

13. Other financial assets at fair value

	30 September 2022	30 September 2021	31 March 2022
Interest rate cap	–	112	831
Other financial assets at FVTPL	81	–	–
	81	**112**	**831**

The Company entered into a five year fixed rate loan with AgFe during the period. As part of this the interest rate cap was sold for £743,000 with a realised accounting loss of £88,000 (30 September 2021: £nil).

Fair Value hierarchy

The following table provides the fair value measurement hierarchy for the other financial assets.

	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 2022	**–**	**–**	**81**	**81**
30 September 2021	–	112	–	112
31 March 2022	–	831	–	831

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.

14. Interest bearing loans and borrowings

	Bank borrowings drawn		
	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
At the beginning of the period	54,000	39,500	39,500
Bank borrowings drawn in the period	60,000	11,000	14,500
Bank borrowings repaid in the period	(54,000)	–	–
Interest bearing loans and borrowings	**60,000**	**50,500**	**54,000**
Unamortised loan arrangement fees	(495)	(329)	(243)
At the end of the period	**59,505**	**50,171**	**53,757**
Repayable between two and five years	60,000	50,500	54,000
Bank borrowings available but undrawn in the period	–	9,500	6,000
Total facility available	**60,000**	**60,000**	**60,000**

The Company entered into a £60.00 million credit facility with AgFe, a leading independent asset manager specialising in debt-based investments in May 2022. As of 30 September 2022 the Company had utilised £60.00 million. The loan is a fixed rate loan with a total interest cost of 2.959% and has a 5 year term.

As at 31 March 2022, the Company had a £60.00 million credit facility with RBSi which was due to mature in October 2023, this has been fully repaid. £54.00 million was utilised at 31 March 2022. The loan with RBSi was settled via receipt of funds from AgFe, which resulted in a net £6.00 million payment being made to the Company.

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 2022, the Company's gearing was 31.07% Loan to NAV (31 March 2022: 28.26%).

Borrowing costs associated with the credit facility are shown as finance costs in note 7 to these financial statements.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

15. Payables and accrued expenses

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Deferred income	3,411	2,990	2,924
Other creditors	2,708	768	2,206
Accruals	1,285	835	1,474
Recoverable service charge payable	313	–	660
Recoverable insurance payable	24	–	–
Total	**7,741**	**4,593**	**7,264**

16. 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 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Current	13	48	13
Non Current	174	635	174
Lease liabilities included in the Statement of Financial Position at 30 September 2022	**187**	**683**	**187**

17. 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.

Notes to the Condensed Financial Statements
for the six months ended 30 September 2022

18. 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 2022, 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 2022 to 30 September 2022, the Company incurred £835,533 (six months ended 30 September 2021: £732,204) of investment management fees and expenses of which £386,599 was outstanding at 30 September 2022 (31 March 2022: £422,282).

19. Contingent liability

The Company may from time to time be involved in legal or arbitration proceedings incidental to its operations.

A former tenant is claiming damages from the Company arising from refurbishment work undertaken at one of the Company's properties. No formal proceedings have commenced and the Company is robustly defending the claim. The Company continues to pursue resolution of the matter with the claimant and does not expect any settlement payment to exceed £0.2 million.

20. Events after reporting date

Dividend

On 20 October 2022, the Board declared its second interim dividend of 2.00 pps in respect of the period from 1 July 2022 to 30 September 2022. The dividend payment will be made on 28 November 2022 to shareholders on the register as at 28 October 2022. The ex-dividend date was 27 October 2022.

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 current earnings.	£4.09 million/2.58 pps EPRA earnings for the six month period ended 30 September 2022 (six month period ended 30 September 2021: £5.46 million/3.45 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.	£193.09 million/121.88 pps EPRA NTA as at 30 September 2022 (At 31 March 2022: £190.27 million/ 120.10 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	£207.23 million/130.80 pps EPRA NRV as at 30 September 2022 (At 31 March 2022: £206.12 million/ 130.11 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	£185.90 million/117.34 pps EPRA NDV as at 30 September 2022 (As at 31 March 2022: £191.10 million/ 120.63 pps)
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.	7.04% EPRA NIY as at 30 September 2022 (At 31 March 2022: 5.87%)
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.	7.43% EPRA 'Topped-Up' NIY as at 30 September 2022 (At 31 March 2022: 6.58%)

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.	8.48% EPRA vacancy as at 30 September 2022 (At 31 March 2022: 10.69%)
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.	36.67% EPRA Cost Ratio (including direct vacancy costs) as at 30 September 2022 (At 30 September 2021: 28.53%) 24.12% EPRA Cost ratio (excluding direct vacancy costs) as at 30 September 2022 (At 30 September 2021: 14.80%)
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.	£8.91 million for the period ended 30 September 2022 (31 March 2022: £41.55 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.	-£0.22million/-3.10% for the period ended 30 September 2022 (31 March 2022: -£0.54 million/-3.91%)
11. EPRA Loan to Value Debt divided by the market value of property.	A measure to assess the gearing of shareholder equity of a real estate company	9.75% for the period ended 30 September 2022 (31 March 2022: 19.64%)

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 2022	**EPRA NTA £'000**	**EPRA NRV £'000**	**EPRA NDV £'000**	**EPRA NAV £'000**	**EPRA NNNAV £'000**
IFRS NAV attributable to shareholders	193,085	193,085	193,085	193,085	193,085
Real estate transfer tax[1]	–	14,141	–	–	–
Adjustment for the fair value of bank borrowings	–	–	(7,187)	–	(7,187)
At 30 September 2022	193,085	207,226	185,898	193,085	185,898
Number of Ordinary Shares (million)	158,424,746	158,424,746	158,424,746	158,424,746	158,424,746
NAV per share	**121.88p**	**130.80p**	**117.34p**	**121.88p**	**117.34p**

	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 (million)	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**

[1] EPRA Net Tangible Assets ('EPRA NTA') and EPRA Net Disposal Value ('EPRA NDV') as 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.

EPRA Performance Measures *(continued)*

As at 31 March 2022	Current measures EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000	Previous measures EPRA NAV £'000	EPRA NNNAV £'000
IFRS NAV attributable to shareholders	191,100	191,100	191,100	191,100	191,100
Mark-to-market adjustment of derivatives	(831)	(831)	–	(831)	–
Real estate transfer tax and other purchasers' costs[1]	–	15,852	–	–	–
At 31 March 2022	190,269	206,121	191,100	190,269	191,100
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746	158,424,746	158,424,746
NAV per share	**120.10p**	**130.11p**	**120.63p**	**120.10p**	**120.63p**

[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 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Investment property – wholly-owned	214,250	206,690	240,175
Allowance for estimated purchasers' costs at 6.6%	14,141	13,642	15,852
Grossed-up completed property portfolio valuation (B)	**228,391**	**220,332**	**256,027**
Annualised cash passing rental income	17,030	15,699	16,871
Property outgoings	(952)	(958)	(1,818)
Annualised net rents (A)	**16,078**	**14,741**	**15,053**
Rent from expiry of rent-free periods and fixed uplifts*	896	846	1,812
'Topped-up' net annualised rent (C)	**16,974**	**15,587**	**16,865**
EPRA NIY (A/B)	**7.04%**	**6.69%**	**5.87%**
EPRA 'topped-up' NIY (C/B)	**7.43%**	**7.07%**	**6.58%**

* Rent-free periods expire by September 2024.

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 2022, 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 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Annualised potential rental value of vacant premises (A)	1,613	1,521	2,161
Annualised potential rental value for the completed property portfolio (B)	19,019	17,704	20,215
EPRA Vacancy Rate (A/B)	**8.48%**	**8.59%**	**10.69%**

Calculation of EPRA Cost Ratios

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Administrative/operating expense per IFRS income statement	3,248	2,267	5,368
Less: ground rent costs	(259)	(33)	(15)
EPRA costs (including direct vacancy costs) (A)	**2,989**	**2,234**	**5,353**
Direct vacancy costs	(1,023)	(1,075)	(2,456)
EPRA costs (excluding direct vacancy costs) (B)	**1,966**	**1,159**	**2,897**
Gross Rental Income less ground rent costs – per IFRS	8,151	7,833	15,955
Gross rental income less ground rent costs (C)	**8,151**	**7,833**	**15,955**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**36.67%**	**28.53%**	**33.55%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**24.12%**	**14.80%**	**18.16%**

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 2022 to 30 September 2022 £m**	Rental income from like-for-like portfolio for period 1 October 2021 to 31 March 2022 £m	Like-for like rental growth £m	Like-for-like rental growth %
Industrial	3.68	3.59	0.09	2.51
Standard retail	1.36	1.39	(0.03)	(2.16)
Alternatives	0.73	0.77	(0.04)	(5.19)
Office	0.57	0.67	(0.10)	(14.93)
Retail warehouses	0.54	0.68	(0.14)	(20.59)
Total	**6.88**	**7.10**	**(0.22)**	**(3.10)**

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 £184.73 million (31 March 2022: £190.80 million).

Capital Expenditure

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

Sector	**30 September 2022 £'000**	30 September 2021 £'000	31 March 2022 £'000
Acquisitions	7,723	19,468	40,770
Investment properties – no incremental lettable space	1,187	68	777
Total purchases and capital expenditure	**8,910**	**19,536**	**41,547**

EPRA Performance Measures *(continued)*

EPRA Loan to Value

The table below sets out the loan to net value in accordance with EPRA Best Practice Recommendations:

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Borrowings from financial institutions	60,000	50,500	54,000
Cash and cash equivalents	(38,912)	(15,159)	(6,769)
EPRA Net debt (A)	**21,088**	**35,341**	**47,231**
Investment properties at fair value	214,250	206,690	240,175
Net receivables	2,119	5,605	320
Total property value (B)	**216,369**	**212,295**	**240,495**
EPRA LTV (A/B)	**9.75%**	**16.65%**	**19.64%**

Net receivables comprises			
Receivables and prepayments	9,860	10,198	7,584
Payables and accrued expenses	(7,741)	(4,593)	(7,264)
Total	**2,119**	**5,605**	**320**

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 57. 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 2023	Year end
June 2023	Announcement of annual results
September 2023	Annual General Meeting
30 September 2023	Half-year end
November 2023	Announcement of interim results

Dividends

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

	£
Interim dividend for the period 1 April 2022 to 30 June 2022 (payment made on 31 August 2022)	3,168,495
Interim dividend for the period 1 July 2022 to 30 September 2022 (payment to be made on 28 November 2022)	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)
Mark Kirkland (Non-executive Director and Chairman designate of the Audit Committee)
Katrina Hart (Non-executive Director)

Registered Office
6th Floor
65 Gresham Street
London
EC2V 7NQ

Investment Manager and AIFM
AEW UK Investment Management LLP
33 Jermyn Street
London
SW1Y 6DN

Tel: 020 7016 4880
Website: www.aewuk.co.uk

Property Manager
Mapp
180 Great Portland Street
London
W1W 5QZ

Corporate Broker
Liberum
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9LY

Legal Adviser
Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU

Company Website
www.aewukreit.com

Depositary
Langham Hall UK LLP
8th Floor
1 Fleet Place
London
EC4M 7RA

Administrator
Link Alternative Fund Administrators Limited
Beaufort House
51 New North Road
Exeter
EX4 4EP

Company Secretary
Link Company Matters Limited
6th Floor
65 Gresham Street
London
EC2V 7NQ

Registrar
Link Group
10th Floor
Central Square
28 Wellington Street
Leeds
LS1 4DL

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Valuer
Knight Frank LLP
55 Baker Street
London
W1U 8AN

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 Loan to Value ('EPRA LTV')	The ratio of net debt (including net payables) divided by the market value of property (including net receivables).
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.

Glossary *(continued)*

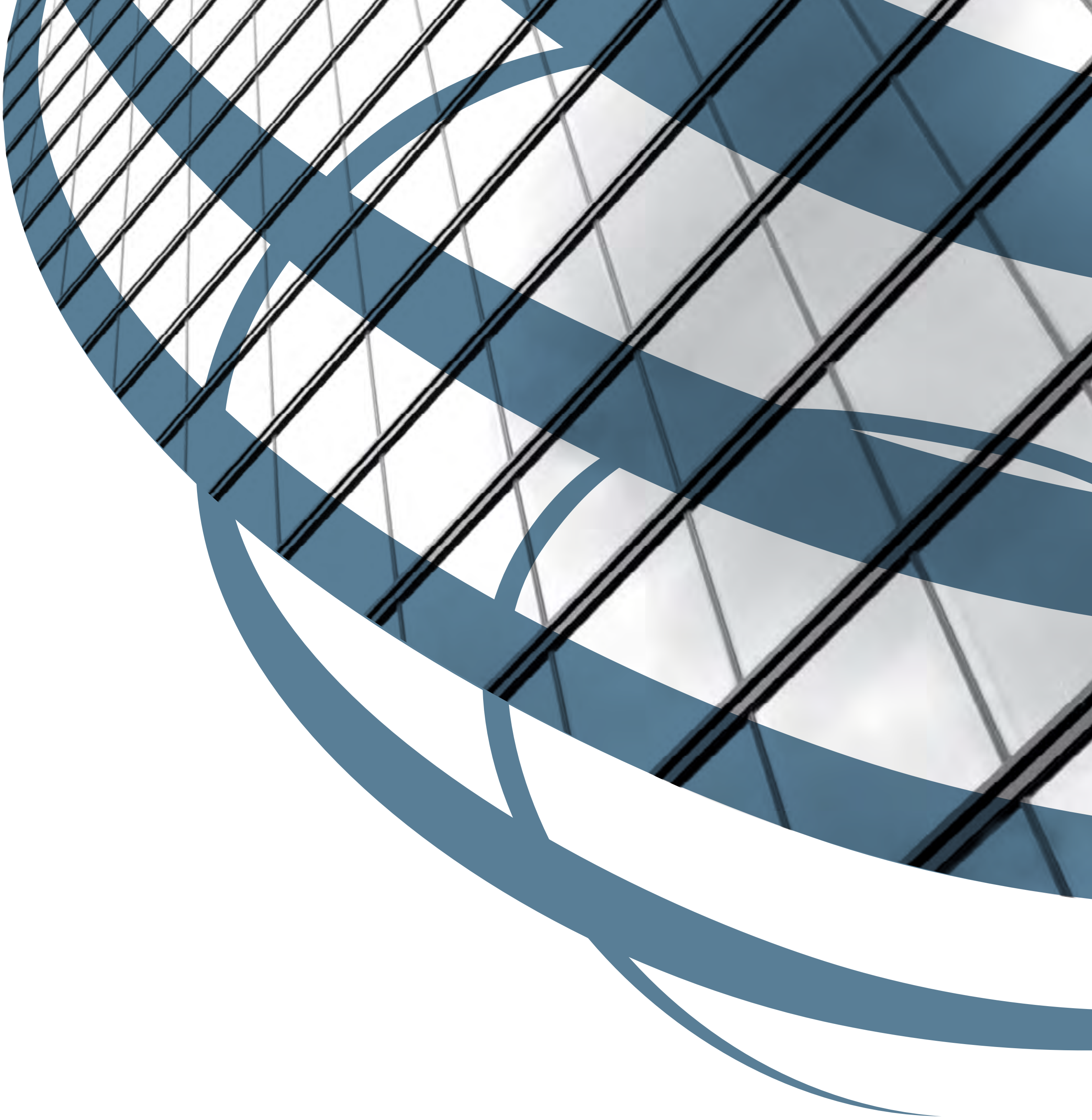
EPRA Net Tangible Asset ('EPRA NTA')	NAV adjusted to assume that entities buy and sell their assets, thereby crystallising certain levels of unavoidable deferred tax.
EPRA Topped-Up Net Initial Yield	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (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.
FVTPL	Fair value through profit or loss
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.

Glossary *(continued)*

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.
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 Operating Income ('NOI')	The Company's gross operating income minus its operating expenses.
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.

Glossary *(continued)*

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.
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.



AEW Offices:

United Kingdom
33 Jermyn Street
London
SW1Y 6DN

+44 20 7016 4880
www.aewuk.co.uk

France
Elements Building
43 Avenue Pierre Mendès
75013 Paris
France

+33 1 78 40 92 00
www.aew.com

United States of America
Two Seaport Lane
Boston MA 02210
United States

+1 617 261 9334
www.aew.com