

# **AEW UK REIT plc**

Interim Report and Financial Statements  
for the six months ended 30 September 2024

# Contents

Financial Highlights	1
Property Highlights	1
Chairman’s Statement	2
Key Performance Indicators	5
Investment Manager’s Report	9
Principal Risks and Uncertainties	19
Interim Management Report and Directors’ Responsibility Statement	26
<b>Independent Review Report</b>	27
<b>Condensed Financial Statements</b>	
Condensed Statement of Comprehensive Income	28
Condensed Statement of Changes in Equity	29
Condensed Statement of Financial Position	30
Condensed Statement of Cash Flows	31
Notes to the Condensed Financial Statements	32
EPRA Unaudited Performance Measures	51
Company Information	59
Glossary	61



## Financial Highlights

- Net Asset Value ('NAV') of £172.76 million and of 109.05 pence per share ('pps') as at 30 September 2024 (31 March 2024: £162.75 million and 102.73 pps).
- NAV Total Return for the period of 10.05% (six months ended 30 September 2023: 4.30%).
- Operating profit before fair value changes of £8.90 million for the period (six months ended 30 September 2023: £6.63 million).
- Profit Before Tax ('PBT')\* of £16.64 million and earnings per share ('EPS') of 10.30 pps for the period (six months ended 30 September 2023: £7.16 million and 4.52 pps). PBT includes a £7.03 million gain arising from changes to the fair values of investment properties in the period (six months ended 30 September 2023: £0.16 million loss) and £1.48 million realised gains on disposal of investment properties (six months ended 30 September 2023: £1.65 million gains).
- EPRA Earnings Per Share ('EPRA EPS') for the period of 4.43 pps (six months ended 30 September 2023: 3.58 pps). See page 38 for the calculation of EPRA EPS.
- Total dividends\* of 4.00 pps declared in relation to the period (six months ended 30 September 2023: 4.00 pps).
- Shareholder Total Return\* for the period of 19.35% (six months ended 30 September 2023: 11.00%).
- The price of the Company's Ordinary Shares on the London Stock Exchange was 98.40 pps as at 30 September 2024 (31 March 2024: 85.80 pps).
- As at 30 September 2024, the Company had drawn £60.00 million (31 March 2024: £60.00 million) of its £60.00 million (31 March 2024: £60.00 million) loan facility with AgFe and was geared to 24.87% of GAV (31 March 2024: 28.97%). See note 13 on page 48 for further detail.
- The Company held cash balances totalling £14.47 million as at 30 September 2024 (31 March 2024: £11.40 million).

## Property Highlights

- As at 30 September 2024, the Company's property portfolio had a valuation of £215.64 million across 32 properties (31 March 2024: £210.69 million across 33 properties) as assessed by the valuer<sup>1</sup> and a historical cost of £207.96 million (31 March 2024: £214.66 million).
- The Company acquired no properties during the period (year ended 31 March 2024: two properties for a total purchase price of £21.52 million, excluding acquisition costs).
- The Company made one disposal during the period for gross sale proceeds of £6.30 million (year ended 31 March 2024: five properties for gross sale proceeds of £26.95 million).
- The portfolio had an EPRA vacancy rate\*\* of 6.77% as at 30 September 2024 (31 March 2024: 6.38%).
- Rental income generated during the period was £9.57 million (six months ended 30 September 2023: £9.43 million).
- EPRA Net Initial Yield ('EPRA NIY')\*\* of 8.13% as at 30 September 2024 (31 March 2024: 8.02%).
- Weighted Average Unexpired Lease Term ('WAULT')\* of 4.49 years to break and 5.90 years to expiry (31 March 2024: 4.27 years to break and 5.60 years to expiry).

\* See KPIs on pages 5 to 8 for definition of alternative performance measures.

\*\* See glossary on pages 61 to 64 for definition of alternative performance measures.

<sup>1</sup> The valuation figure is reconciled to the fair value under IFRS in note 11.

# Chairman's Statement

## Overview

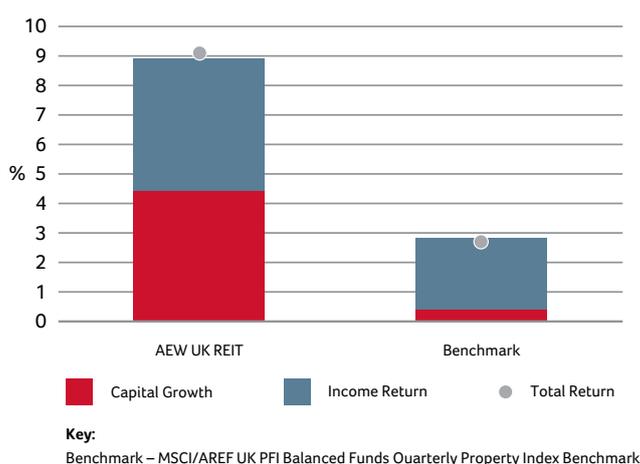
I open my first Chairman's Statement by thanking the former Chairman, Mark Burton, for his effective oversight of the Company since its inception, and to thank him on behalf of all stakeholders.

With the UK and US elections behind us, and the Bank of England implementing two rate cuts, there are plenty of political and economic events to digest, some of which will have a direct, or at least indirect, impact on UK commercial property in the short to medium term. There are always events to respond to, which is why good investment management anticipates and responds to these in an effective way.

The six-month period to September 2024 saw the economic and political pressures that have constrained the UK commercial real estate market begin to subside. The period commenced with April 2024 marking the end of an 11-month run of consecutive valuation declines at the property level. The MSCI/AREF UK PFI All Balanced Open-Ended Funds Quarterly Property Index ("the Index") delivered a modest total return of 2.7% for the period, driven almost entirely by an income return of 2.4%, which has been most evident in the retail warehousing and industrial sectors. This same theme has been amplified in the Company's portfolio, which delivered a strong income return of 4.5%. Despite the relatively muted economic backdrop, the Company's portfolio has delivered good capital growth of 4.4% during the same period, well exceeding the Index's average of 0.4%. Overall, the Company has delivered a total return of 9.1% for the period, significantly outperforming the benchmark.

The Company's underlying property performance has translated into a NAV total return of 10.1% during the period, compared to the peer group average of -1.3%. The Company's relative outperformance is testament to its value-focused strategy of investing in mispriced assets where income can be grown, and value created, through active asset management. This continues to be at the centre of the Company's investment philosophy.

### Company Portfolio Performance vs. Benchmark for six months to 30 September 2024



Source: MSCI 30 September 2024

As a result of improved shareholder sentiment towards the UK real estate sector, there has been a positive re-rating in the Company's share price. The Company's shares produced a shareholder total return of 19.4% for the period, strengthened by consistent payment of its two pence quarterly dividend, which was fully covered by EPRA EPS for both quarters. The Company's shares traded at an average discount to NAV of 12.8% during the period, compared to the UK diversified REIT peer group average of 29.6%. We expect that the Company's long-term track record of outperformance and robust strategy should continue to assist its share price recovery, and relative discount to NAV versus its peers, as market attitude continues to improve.

This has been a quiet period of transactional activity for the Company, with no acquisitions being made, and only one disposal completing during the first half of the year, being Oak Park Industrial Estate, Droitwich. This asset was sold for £6.30 million, delivering a circa 33% premium to the 31 March 2024 valuation. The sale price achieved for Droitwich is encouraging for the Company's other industrial holdings, where the average book value of £45 per sq. ft. and an average passing rent of £3.71 per sq. ft. at 30 September 2024 are relatively low. The Company's industrial portfolio, with a reversionary yield of 8.86%, versus an initial yield of 7.56%, is also well placed to benefit from the ongoing trend of rental growth in the sector.

A distinct strength of the Company's active asset management approach is that despite subdued transactional activity, symptomatic of wider commercial property investment market conditions, the Company has been able to produce strong capital and income growth by investing in the existing portfolio, rather than relying on disposals and acquisitions to deliver this.

## Chairman's Statement *(continued)*

Investing in the existing portfolio has meant that the first half of the financial year has been characterised by a number of significant lettings, most notably at the Company's retail warehousing assets, with the sector recording quarterly valuation increases of 5.34% and 8.87% in June and September, respectively. Prominent examples include lettings to The Salvation Army at Central Six Retail Park, Coventry; Tenpin at The Railway Centre, Dewsbury; and Farmfoods at Barnstaple Retail Park. These three lettings have increased the portfolio's annual contracted rent by £643,470 per annum, while also mitigating potential void property costs. These lettings contributed to the Company's excellent earnings growth during the period (2.17 pence for the September quarter, versus 1.88 pence for the March quarter), and have also been responsible for fuelling capital growth.

In accordance with the Company's strategy of delivering total return through active asset management, capital cash reserves of circa £11.2m at period-end have largely been allocated to further near-term asset management initiatives. These are expected to drive further capital and income growth in several of the portfolio's assets. Most of the cash reserves are being held in a high-interest rate deposit account to minimise the impact of cash drag.

### Financial Results

	Six months ended 30 September 2024	Six months ended 30 September 2023	Year ended 31 March 2024
Operating profit before fair value changes and gains on disposals (£'000)	8,904	6,627	13,363
Operating profit (£'000)	17,417	8,110	10,861
Profit before tax (£'000)	16,638	7,162	9,090
Earnings per share (basic and diluted) (pence)*	10.30	4.52	5.71
EPRA Earnings per share (basic and diluted) (pence)*	4.43	3.58	7.29
Ongoing Charges (%)	1.54	1.50	1.60
Net Asset Value per share (pence)*	109.05	106.00	102.73
EPRA Net Tangible Assets per share (pence)*	109.05	106.00	102.73

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

## Chairman's Statement *(continued)*

### **Awards**

I am delighted that the Company's market leading performance and practices have been recognised in three awards received 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 for the first time, a gold medal for standards of sustainability reporting, improving on the previously awarded silver medal. The Company also won the 'Listed Funds' category in the 2023 MSCI UK Property Investment Awards, an award given to the listed fund displaying the highest annualised three-year total property return for the three years to 31 December 2023.

These awards recognise the skill, hard work and dedication that is put into running the Company, particularly by the Company's Investment Manager, AEW.

### **Outlook**

The Board and Investment Manager are confident that the Company is well positioned to benefit from the recent improvement in sentiment towards the UK real estate sector. We are pleased to have delivered two successive quarters of fully covered dividends during the period, evidencing the effectiveness of the Company's active asset management approach in delivering strong rental income growth, while also managing costs.

We expect that the portfolio will continue to be resilient, despite a prolonged period of macroeconomic uncertainty. We continue to have conviction in the Company's investment strategy, especially in its ability to identify and execute cross-sector counter-cyclical moves, and translate them into sustainable shareholder value.

Earnings performance remains a focus for the coming quarters. Ongoing asset management initiatives at Union Street, Bristol, and Sarus Court, Runcorn, are expected to provide further support to income streams in the future. Value and earnings enhancement derived from capital recycling of lower yielding asset sales, or properties where asset management initiatives have concluded, into higher yielding assets, continues to be an opportunity for the Company, and will hopefully be supported by improving market conditions.

In the near term, the Board and Investment Manager will adopt a cautious approach towards managing the Company, while markets digest the recent UK and US elections, as well as the Autumn Budget. With two interest rate cuts actioned by the Bank of England this year, the outlook for commercial property values is broadly more positive than it was a year ago, and we will ensure that the Company is optimally positioned to capitalise on this for the benefit of its shareholders.

**Robin Archibald**  
**Chairman**

27 November 2024

## Key Performance Indicators

KPI AND DEFINITION	RELEVANCE TO STRATEGY	TARGET	PERFORMANCE
<p><b>1. EPRA NIY<sup>^</sup></b> 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.</p>	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%	<b>8.13%</b> at 30 September 2024 (31 March 2024: 8.02%).
<p><b>2. True Equivalent Yield<sup>^</sup></b> 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.</p>	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%	<b>8.81%</b> at 30 September 2024 (31 March 2024: 8.91%).
<p><b>3. Reversionary Yield<sup>^</sup></b> The expected return the property will provide once rack rented.</p>	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%	<b>8.64%</b> at 30 September 2024 (31 March 2024: 8.77%).
<p><b>4. WAULT to expiry<sup>^</sup></b> The average lease term remaining to expiry across the portfolio, weighted by contracted rent.</p>	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	<b>5.90 years</b> at 30 September 2024 (31 March 2024: 5.60 years).

## Key Performance Indicators (continued)

KPI AND DEFINITION	RELEVANCE TO STRATEGY	TARGET	PERFORMANCE
<p><b>5. WAULT to break<sup>^</sup></b> The average lease term remaining to break, across the portfolio weighted by contracted rent.</p>	<p>The Investment Manager believes opportunities exist where 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.</p>	>3 years	<p><b>4.49 years</b> at 30 September 2024 (31 March 2024: 4.27 years).</p>
<p><b>6. NAV</b> NAV is the value of an entity's assets minus the value of its liabilities.</p>	<p>Provides stakeholders with the most relevant information on the fair value of the assets and liabilities of the Company.</p>	Increase year-on-year	<p><b>£172.76 million</b> at 30 September 2024 (31 March 2024: £162.75 million).</p>
<p><b>7. Leverage (Loan to GAV)<sup>^</sup></b> The proportion of the Company's gross assets that is funded by borrowings.</p>	<p>The Company aims to utilise borrowings to enhance returns. A target of 25% Loan to GAV is stated in the Company's Investment Guidelines.</p>	25%	<p><b>24.87%</b> at 30 September 2024 (31 March 2024: 28.97%).</p>
<p><b>8. Vacant ERV<sup>^</sup></b> The space in the property portfolio which is currently unlet, as a percentage of the total ERV of the portfolio.</p>	<p>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.</p>	<10.00%	<p><b>6.77%</b> at 30 September 2024 (31 March 2024: 6.38%)</p>

## Key Performance Indicators *(continued)*

KPI AND DEFINITION	RELEVANCE TO STRATEGY	TARGET	PERFORMANCE
<p><b>9. Dividend<sup>^</sup></b> Dividends declared in relation to the year. The Company targets a dividend of 8.00 pence per Ordinary Share per annum.</p> <p>However, given the current general economic uncertainty, regard will be had to the circumstances prevailing at the relevant time in determining dividend payments.</p>	<p>The dividend reflects the Company's ability to deliver a sustainable income stream and realised capital profits from its portfolio.</p>	<p>4.00 pps (six month period to 30 September)</p>	<p><b>4.00 pps</b> for the six months to 30 September 2024. This supports an annualised target of 8.00 pps (six months to 30 September 2023: 4.00 pps).</p>
<p><b>10. Ongoing Charges<sup>^</sup></b> The ratio of annualised administration and operating costs expressed as a percentage of average NAV throughout the period.</p>	<p>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.</p>	<p>&lt;1.50%</p>	<p><b>1.54%</b> for the six months to 30 September 2024 (six months to 30 September 2023: 1.50%).</p>
<p><b>11. Profit before tax ('PBT')</b> PBT is a profitability measure which considers the Company's profit before the payment of corporation tax.</p>	<p>The PBT is an indication of the Company's financial performance for the period in which its strategy is exercised.</p>	<p>4.00 pps (six month period to 30 September)</p>	<p><b>£16.64 million/ 10.50 pps</b> for the six months to 30 September 2024 (six months to 30 September 2023: £7.16 million/4.52 pps).</p>

## Key Performance Indicators *(continued)*

KPI AND DEFINITION	RELEVANCE TO STRATEGY	TARGET	PERFORMANCE
<p><b>12. Shareholder Total Return<sup>^</sup></b> The percentage change in the share price assuming dividends are reinvested to purchase additional Ordinary Shares.</p>	<p>This reflects the return seen by shareholders on their shareholdings through share price movements and dividends received and reinvested.</p>	<p>8.00% per annum</p>	<p><b>19.35%</b> for the six months to 30 September 2024 (six months to 30 September 2023: 11.00%).</p>
<p><b>13. EPRA EPS<sup>^</sup></b> 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.</p>	<p>This reflects the Company's ability to generate earnings from the portfolio which underpins dividends.</p>	<p>4.00 pps (six month period to 30 September)</p>	<p><b>4.43 pps</b> for the six months to 30 September 2024 (six months to 30 September 2023: 3.58 pps).</p>

<sup>^</sup> Alternative Performance Measure

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

# Investment Manager's Report

## Property Market Outlook

Despite uncertainty continuing in the wider economy, values in UK commercial property remained largely stable during the six months to 30 September 2024, with some yield tightening across all the retail sub-sectors, as well as industrials. There continues to be pricing discovery for offices, with most investors ruling the sector out of favour. There has been a noticeable increase in activity and improvement in investor sentiment post the general election. With the Bank of England making its first cuts to interest rates in August and November, and with the US election now behind us, investment volumes, and subsequently valuations, are expected to increase in H2 2024. There remains strong continued investor focus on rental growth and assets which satisfy ESG requirements. Positive rental growth across all market sectors should enhance UK property total returns going into 2025.

### Industrial

Investor confidence is returning and there is a renewed ability to successfully target and place capital in the sector. H1 2024 investment volumes totalled £4.3 billion and although below H1 2023, this represents a 32% improvement on H2 2023 and is higher than the 10-year pre-pandemic H1 average. This momentum is expected to continue into 2025, with investors buoyed by the stability of the occupational market and the rental growth story, which despite being more moderate than that enjoyed in recent years, is still forecast to be circa 3% per annum for 2025 (IPF Consensus Retail Growth Forecast, May 2024). We believe that the Company's industrial portfolio, with a low average passing rent of £3.71 per sq. ft. and a reversionary yield of 8.86% (initial yield of 7.56%), will be well placed to benefit. The Company completed its only sale during the period from the sector, being Oak Park Industrial Estate in Droitwich, for a 33% premium to the March 2024 valuation.

### Retail

Values in the retail sector, in particular out-of-town retail and food stores, fared well during the period, highlighting the continued divergence in performance between the high-street and shopping centres. The Company's retail warehousing sector recorded quarterly valuation uplifts in June and September of 5.34% and 8.87% respectively, principally driven by asset management gains. Despite the narrative suggesting an easing of consumer pressure and improving confidence, with inflation returning to more 'normalised' levels, increasing spending power did not translate into retail sales, which were disappointing. Improving occupational dynamics and growing confidence in fair and reflective pricing is driving investor sentiment, with this trend expected to continue into 2025. This bodes well for the Company, with 40% of the portfolio allocated to the retail sector. The period saw significant lettings at the Company's retail warehousing parks in Coventry, Dewsbury and Barnstaple, and high-street asset in Bristol, amounting to a combined total annual rent of £738,470. Two of these four lettings were to leisure operators (Tenpin and Roxy Lanes), illustrating the benefits of a more flexible planning system in facilitating a wider variety of uses in town and city centres.

### Offices

Across the national office market, transaction volumes totalled £337 million in Q2 2024. This was 5% below volumes in Q1 2024, 53% below Q2 2023, and for the second quarter running, represents the lowest quarterly volume recorded since 2009. Some entrepreneurial buyers are calling the bottom of the market, while most of the investor market continues to rule the sector out of favour. Occupational uncertainty remains across the sector, as businesses continue to transition to new working patterns. Tenants have also become more discerning, with occupiers now wishing to benefit from strong sustainability credentials as well as surrounding amenities and top-quality space. With the focus on a relatively narrow section of the market, competition has pushed prime rental values across many regional markets. Bristol, where the Company holds one office asset in Queen's Square, has seen year-on-year rental growth of 27%. This is encouraging, with the Company due to commence a refurbishment project of the reception and part of the offices in H2. Serviced office providers have been active in H1 2024, accounting for 10% of total take-up. Greater demand for short-term serviced space is chiefly being generated by occupiers deferring decisions while considering a longer-term occupational strategy.

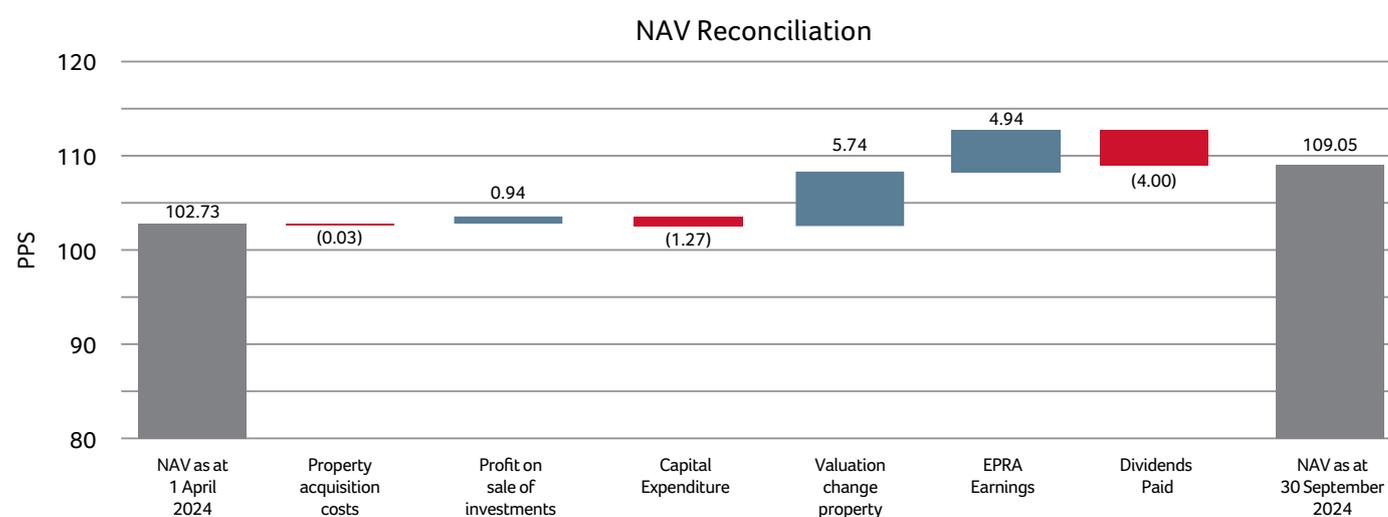
### Alternatives

Across the alternative sectors, visibility of performance in trading updates is key to investor demand. With hospitality and leisure spend stronger than retail according to Barclaycard data, it is unsurprising that we are seeing expansion within the sector. During the period, the Company completed two new leisure lettings at Dewsbury, where Tenpin took a 25-year lease, and Union Street, Bristol, where Roxy Lanes expanded its existing space into the first floor. The billing of three years of Hollywood Bowl's turnover rent, amounting to £276,120, at London East Leisure Park, Dagenham, is also testament to the current popularity of bowling and the corresponding attractiveness of bowling operators as tenants, with bowling being a market leader for experiential leisure spend in the post-Covid era. We find the leisure sector attractive on a selective basis, particularly for assets that offer a superior income return and occupy larger land holdings, or sites in urban areas that can often be underpinned by alternative use values, most likely residential.

## Investment Manager’s Report *(continued)*

### Financial Results

The Company’s NAV as at 30 September 2024 was £172.76 million or 109.05 pps (31 March 2024: £162.75 million or 102.73 pps). This represents an increase of 6.32 pps or 6.15% over the six-month period, with the underlying movement in NAV set out in the table below:



EPRA EPS for the period was 4.43 pence, which based on dividends paid of 4.00 pps, reflects a dividend cover of 110.75%. The increase in dividend cover compared to the prior six-month period has arisen due to the recognition of indemnity income (note 3), as well as the completion of numerous earnings-accretive asset management transactions, which have resulted in income generation and void cost mitigation.

The Company’s near-term focus continues to be progressing its pipeline of asset management initiatives which are expected to drive further capital and income growth in several of the portfolio’s assets.

## Investment Manager's Report *(continued)*

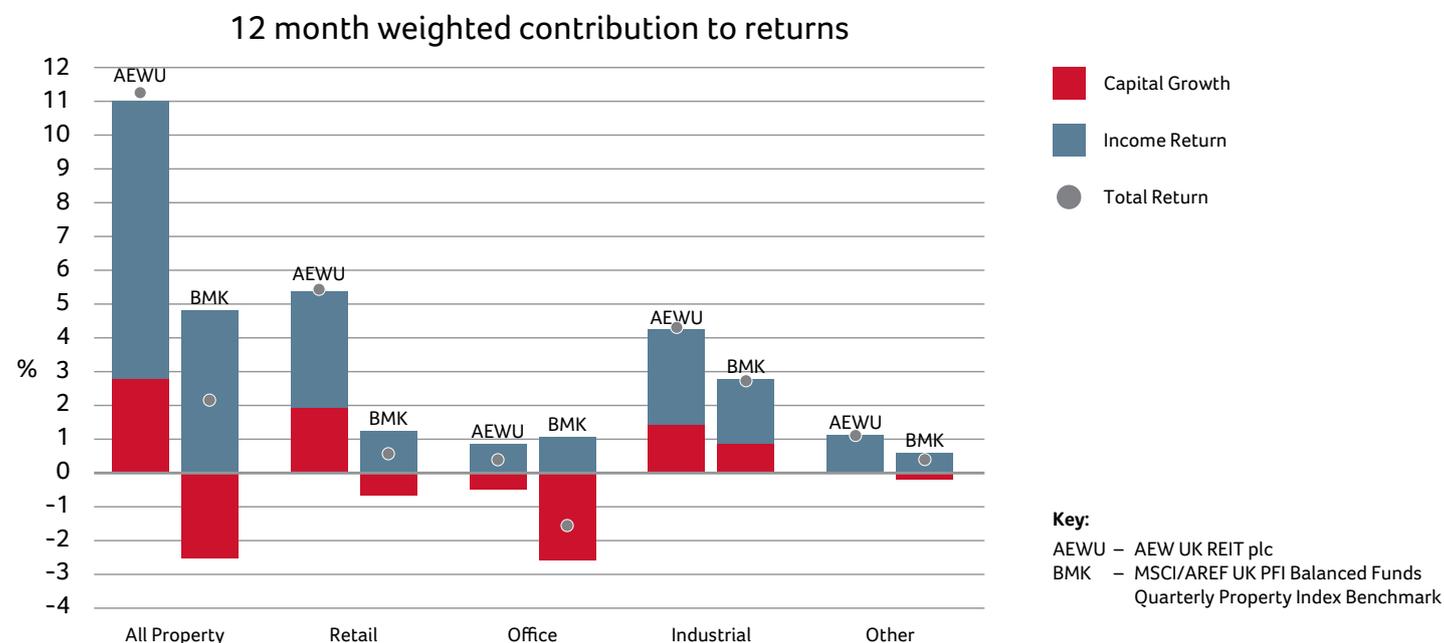
### Financing

As at 30 September 2024, 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 2024	31 March 2024
Facility	<b>£60.00 million</b>	£60.00 million
Drawn	<b>£60.00 million</b>	£60.00 million
Gearing (Loan to GAV)	<b>24.87%</b>	28.97%
Gearing (Loan to NAV)	<b>34.73%</b>	36.87%
Interest rate	<b>2.959% fixed</b>	2.959% fixed

### Property Portfolio

In the year to 30 September 2024, the Company outperformed the benchmark in total return terms across all property sectors, demonstrating the benefits of an actively managed portfolio. This was driven by capital growth outperformance in all sectors and income return outperformance in all sectors aside from offices.



Source: MSCI 30 September 2024

## 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 2024

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	13	75.82	1,692,187	7.19	3.02	6.28	3.71	7.74	4.58	3.11	(0.22)	(6.96)
Retail												
Warehouse	5	53.68	444,973	1.41	6.53	4.55	10.22	4.55	10.23	2.33	0.41	21.35
Standard retail	6	31.82	243,960	10.80	3.50	3.27	13.39	3.36	13.76	1.53	(0.35)	(18.72)
Alternative	5	29.07	228,171	0.00	7.03	3.13	13.72	2.47	10.84	1.64	(0.19)	(12.18)
Office	3	25.25	125,318	15.63	2.25	2.06	16.49	2.75	21.92	0.96	(0.12)	(11.11)
<b>Portfolio</b>	<b>32</b>	<b>215.64</b>	<b>2,734,609</b>	<b>6.77</b>	<b>4.49</b>	<b>19.29</b>	<b>7.06</b>	<b>20.87</b>	<b>7.63</b>	<b>9.57</b>	<b>(0.47)</b>	<b>(4.90)</b>

### Summary by Geographical Area as at 30 September 2024

Geographical Area	Number of assets	Valuation (£m)	Area (sq ft)	Vacancy by ERV (%)	WAULT to break (years)	Gross passing rental income (£m)	Gross passing rental income (£psf)	ERV (£m)	ERV (£psf)	Rental income (£m)	Like-for-like rental growth* (£m)	Like-for-like rental growth* (%)
South West	7	57.50	635,587	15.31	3.47	4.97	7.82	6.28	9.88	2.48	(0.29)	(10.47)
West Midlands	4	43.83	416,451	1.80	4.76	3.59	8.62	3.56	8.54	2.05	0.19	11.24
Yorkshire and Humberside	7	34.84	570,563	3.79	5.49	3.25	5.70	3.68	6.46	1.41	(0.06)	(4.08)
Eastern	4	21.05	326,419	0.81	2.29	2.00	6.13	2.06	6.32	0.93	0.01	1.09
North West	3	18.65	235,268	13.11	4.89	1.36	5.78	1.77	7.50	0.66	(0.10)	(13.16)
Wales	2	14.97	319,010	0.00	8.48	1.27	4.00	1.36	4.27	0.61	(0.03)	(4.69)
Rest of London	1	11.00	102,400	0.00	8.28	1.09	10.63	0.78	7.66	0.69	(0.15)	(26.79)
South East	2	8.10	74,351	0.00	1.22	1.13	15.26	0.78	10.47	0.45	(0.01)	(2.17)
East Midlands	1	3.60	28,219	0.00	2.94	0.41	14.46	0.38	13.44	0.19	(0.03)	(13.64)
Scotland	1	2.10	26,341	0.00	3.64	0.22	8.26	0.22	8.26	0.10	-	-
<b>Portfolio</b>	<b>32</b>	<b>215.64</b>	<b>2,734,609</b>	<b>6.77</b>	<b>4.49</b>	<b>19.29</b>	<b>7.06</b>	<b>20.87</b>	<b>7.63</b>	<b>9.57</b>	<b>(0.47)</b>	<b>(4.90)</b>

\* like-for-like rental growth excludes turnover rents and is for the six months ended 30 September 2024.

Source: Knight Frank/AEW, 30 September 2024.

## Investment Manager's Report *(continued)*

### Individual Property Classifications

	<b>Property – Top 10</b>	<b>Sector</b>	<b>Region</b>	<b>Market Value Range (£m)</b>
1	Central Six Retail Park, Coventry	Retail warehouses	West Midlands	25.0 – 30.0
2	Gresford Industrial Estate, Wrexham	Industrial	Wales	10.0 – 15.0
3	Northgate House, Bath	Standard retail	South West	10.0 – 15.0
4	Cambridge House, Bath	Other offices	South West	10.0 – 15.0
5	London East Leisure Park, Dagenham	Other	Rest of London	10.0 – 15.0
6	40 Queen Square, Bristol	Other offices	South West	10.0 – 15.0
7	Tanner Row, York	Other	Yorkshire and Humberside	10.0 – 15.0
8	Arrow Point Retail Park, Shrewsbury	Retail warehouses	West Midlands	7.5 – 10.0
9	Apollo Business Park, Basildon	Industrial	Eastern	5.0 – 7.5
10	Barnstaple Retail Park, Barnstaple	Retail Warehouses	South West	5.0 – 7.5

The Company's top ten properties listed above comprise 54.5% of the total value of the portfolio.

	<b>Property</b>	<b>Sector</b>	<b>Region</b>	<b>Market Value Range (£m)</b>
11	Units 1001-1004, Sarus Court, Runcorn	Industrial	North West	5.0 – 7.5
12	15-33 Union Street, Bristol	Standard retail	South West	5.0 – 7.5
13	Storey's Bar Road, Peterborough	Industrial	Eastern	5.0 – 7.5
14	Cuerden Way, Preston	Retail warehouses	North West	5.0 – 7.5
15	Brockhurst Crescent, Walsall	Industrial	West Midlands	5.0 – 7.5
16	Westlands Distribution Park, Weston Super Mare	Industrial	South West	5.0 – 7.5
17	The Railway Centre, Dewsbury	Retail warehouses	Yorkshire and Humberside	5.0 – 7.5
18	Mangham Road, Rotherham	Industrial	Yorkshire and Humberside	5.0 – 7.5
19	Walkers Lane, St Helens	Industrial	North West	5.0 – 7.5
20	Diamond Business Park, Wakefield	Industrial	Yorkshire and Humberside	5.0 – 7.5
21	Next, Bromley	Standard retail	South East	5.0 – 7.5
22	710 Brightside Lane, Sheffield	Industrial	Yorkshire and Humberside	< 5.0
23	Odeon Cinema, Southend	Other	Eastern	< 5.0
24	Pearl House, Nottingham	Standard retail	East Midlands	< 5.0
25	Cedar House, Gloucester	Other offices	South West	< 5.0
26	Eagle Road, Redditch	Industrial	West Midlands	< 5.0
27	Pipps Hill Industrial Estate, Basildon	Industrial	Eastern	< 5.0
28	69-75 Above Bar Street, Southampton	Standard Retail	South East	< 5.0
29	Bridge House, Bradford	Industrial	Yorkshire and Humberside	< 5.0
30	JD Gyms, Glasgow	Other	Scotland	< 5.0
31	Pryzm, Cardiff	Other	Wales	< 5.0
32	11/15 Fargate, Sheffield	Standard Retail	Yorkshire and Humberside	< 5.0

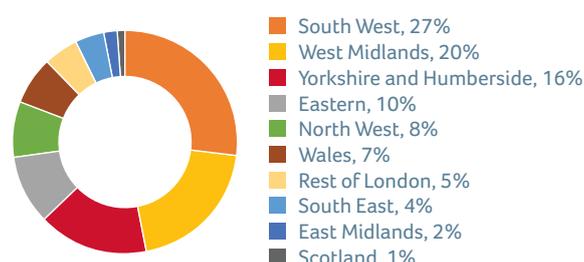
## Investment Manager's Report *(continued)*

Sector and Geographical Allocation by Market Value as at 30 September 2024

### Sector Allocation



### Geographical Allocation



Source: Knight Frank valuation report as at 30 September 2024.

### Top Ten Tenants

Tenant	Sector	Property	Passing Rental Income (£'000)	% of Portfolio Total Contracted Rental Income
1 Plastipak UK Limited	Industrial	Gresford Industrial Estate, Wrexham	975	5.1
2 NCP	Other	Tanner Row, York	733	3.8
3 Walstead Peterborough Limited	Industrial	Storey's Bar Road, Peterborough	725	3.8
4 Next	Retail	Next, Bromley	697	3.6
5 Matalan	Retail warehouse	Matalan, Preston	651	3.4
6 Mecca Bingo Ltd	Other	London East Leisure Park, Dagenham	584	3.0
7 Odeon Cinemas	Other	Odeon Cinema, Southend-on-sea	535	2.8
8 Poundland Ltd	Retail	Various	516	2.7
9 Bath Northgate House Centre Ltd	Retail	Northgate House, Bath	491	2.5
10 Senior Architectural Systems Ltd	Industrial	Mangham Road, Rotherham	410	2.1

The Company's top ten tenants, listed above, represent 32.8% of the total passing rental income of the portfolio.

Source: Knight Frank valuation report as at 30 September 2024.

## Investment Manager's Report (continued)

### Investment Update

**Acquisitions** – There were no acquisitions completed during the period.

**Disposals** – On 24 July 2024, the Company completed on the sale of Oak Park Industrial Estate for £6.30 million, reflecting a net initial yield of 7.95% and a capital value of £33 per sq ft. A sale at this price represents a circa 33% premium to the 31 March 2024 valuation.

Following three new lettings, which added £272,000 of annual rental income, the property was fully let. The business plan put in place for the property had been completed, and the decision was made to sell the asset as we believed that value over the medium term had been maximised.

The industrial estate was bought in December 2015 for £5,625,000, reflecting a 10.4% net initial yield and a capital value of £30 per sq ft. The estate was originally single let to Egbert H Taylor & Co Limited (trading as Taylor Bins), a strong tenant covenant with a WAULT to expiry of approximately seven years. The tenant has since downsized on the estate.

### Asset Management Update

**Barnstaple Retail Park, Barnstaple (retail warehouse)** – The Company completed a new letting of Unit 2, formerly let to Sports Direct, to Farmfoods Limited. Farmfoods have taken a 15-year lease, with a tenant break option at the expiry of the tenth year, at a rent equivalent to an ERV of £125,000 per annum (£13.00 per sq ft).

There will be an open market rent review at the end of the fifth and tenth years. No rent-free incentive was given, but the unit's externals were refurbished by the Company, with the cost anticipated to be recovered through a dilapidations settlement with the former tenant.

**Carr Coatings, Redditch (industrial)** – The Company settled Carrs Coatings Ltd's August 2024 annual uncapped RPI rent review at £304,809 per annum (£8.02 per sq ft), representing a £10,461 per annum (circa 3.6%) increase.

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

**Central Six Retail Park, Coventry (retail warehousing)** – The Company completed a lease with new tenant, Salvation Army Trading Company Ltd, for Unit 12.

The tenant entered a new lease expiring in November 2032, with a tenant only break option in year five, at a rent of £140,000 per annum (£13.97 per sq ft). The letting includes a nine-month rent-free incentive.

**London East Leisure Park, Dagenham (leisure)** – Following a protracted exchange of correspondence with The Original Bowling Company Limited (trading as Hollywood Bowl), three years of turnover rent has been billed for 2021, 2022 and 2023 equating to £276,120 (£92,040 per annum).

**Pearl House, Nottingham (retail)** – The company completed a lease renewal with MSR Newsgroup, whose lease expired in December 2023.

A five-year lease extension was agreed with no incentive at £14,000 per annum, versus an ERV of £12,250 per annum.

**Sarus Court, Runcorn (industrial)** – The Company completed a speculative refurbishment project of units 1001 and 1003, formerly let to CJ Services.

The works comprised roof improvements, respraying of external elevations, internal strip-out and decoration, and replacing M&E services to improve the EPC ratings to a B.

The cost of the works was £807,742, excluding professional fees. It is anticipated that the Company will crystallise significant rental growth from the previous rent following the units being re-let.

## Investment Manager's Report *(continued)*

**Storey's Bar, Peterborough (industrial)** – The Company settled Walstead Peterborough Limited's three-yearly RPI rent review (2% collar and 4% cap) at £724,861 per annum (£3.94 per sq ft), an £80,462 per annum (12.5%) increase on the previous passing rent of £644,399 per annum (£3.50 per sq ft).

Despite this notable uplift, the single-let industrial unit is still considered under-rented with an ERV greater than £4.00 per sq ft

**The Railway Centre, Dewsbury (retail warehouse)** – Having previously exchanged an agreement for lease with leisure operator, Tenpin Limited, to take a new 25-year lease of the former Mecca Bingo space, the Company completed the lease on 17 September.

The lease is guaranteed for the duration of the term by Tenpin Entertainment Limited, previously Ten Entertainment Group plc, which was acquired by US private equity firm, Trive Capital, in February 2024 for £287 million. The lease has a tenant break option in year 17.5, at a rent of £378,470 per annum (£13.59 per sq ft), with five-yearly compounded CPI reviews (1% collar and 3% cap).

At the time of Mecca Bingo vacating, the unit had an ERV of £8.00 per sq ft. A £1,565,000 capital contribution was given as a tenant incentive, with the Company carrying out £653,000 of landlord strip-out and enabling works (£368,000 net of the Mecca dilapidations settlement).

Tenpin comprises 53 venues across the UK and provides customers with a diverse range of activities including bowling, video arcades, escape rooms, karaoke, laser tag, pool, table tennis, and soft play. The quarterly valuation uplift was 59% following completion of the letting.

**Union Street, Bristol (retail)** – Having completed subdivision works to the former Wilko unit, separating the ground and basement levels from the first floor, the Company completed a new letting to Roxy Lanes (Bristol) Ltd (Roxy), who already occupy the second floor of the building.

Roxy entered into a new lease until 2036, conterminous with their existing lease of the second floor, with no tenant break options. The rent, which will be reviewed to RPI (1.50% collar and 4.0% cap, compounded annually) in 2026 and 2031, is £95,000 per annum (£10.55 per sq ft) and is guaranteed by Roxy Leisure Holdings Ltd.

Roxy was granted a 12-month rent free period and a £95,000 capital contribution as a letting incentive. The remaining ground and basement levels of the former Wilko continue to be marketed.

**Westlands Distribution Park, Weston-Super-Mare (industrial)** – The company completed a lease renewal with a gym operator, The Hench Fish Ltd, at Unit 3. A three-year lease extension was agreed with mutual break options in the first and second year. The new rent agreed is £15,500 per annum, an uplift of £5,500 per annum (55%) on the previous passing rent of £10,000 per annum.

## Investment Manager's Report *(continued)*

### **ESG Update**

The Company has maintained its two stars Global Real Estate Sustainability Benchmark ('GRESB') rating for 2024, as well as increasing its score from 67 to 68 (GRESB Peer Group Average-69). 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 landlord 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. This includes a current project to automate tenant data collection via online platforms such as Perse and Metrey, therefore reducing reliance on manual data collection.

Where the opportunity presents itself through a lease event, we endeavour 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.

Other key GRESB improvement opportunities to action for H2 2024 include expanding the Company's tenant and community engagement programs and measures, such as fit-out and refurbishment programs that are ESG-minded.

We continue to assess and strengthen our reporting and alignment against the framework set out by the TCFD with further disclosure provided in the 2024 annual report and accounts. We are pleased to report that the Company has improved its rating for EPRA Sustainability Best Practices Recommendations ('sBPR') for ESG disclosure and transparency from a silver rating to a gold rating.

The Company has an Asset Sustainability Action Plan ('ASAP') initiative, tracking ESG initiatives across the portfolio on an asset-by-asset basis for targeted implementation of ESG improvements. In doing so, we ensure all possible sustainability initiatives are considered and implemented where physically and economically viable. As at 30 September 2024, 280 initiatives have been completed within the portfolio, with a further 100 actions planned or in progress. Current feasibility assessments include the installation of a wellbeing garden at 40 Queen Square and PV panels at London East Leisure Park.

Following a significant emissions reduction from assets within the portfolio during 2023 (-33.8% vs. the 2018 baseline), we took the decision to increase the reduction target from 15% to 40% by 2030, equating to a planned saving of roughly 76 extra tonnes of carbon. Emissions for the first half of 2024 reflect further progress, with a 12% reduction vs. the same period during 2023. All managed assets and units have been contracted to High Quality Green Tariffs, ensuring that electricity supply is from renewable sources and contributing to the continued reduction in emissions.

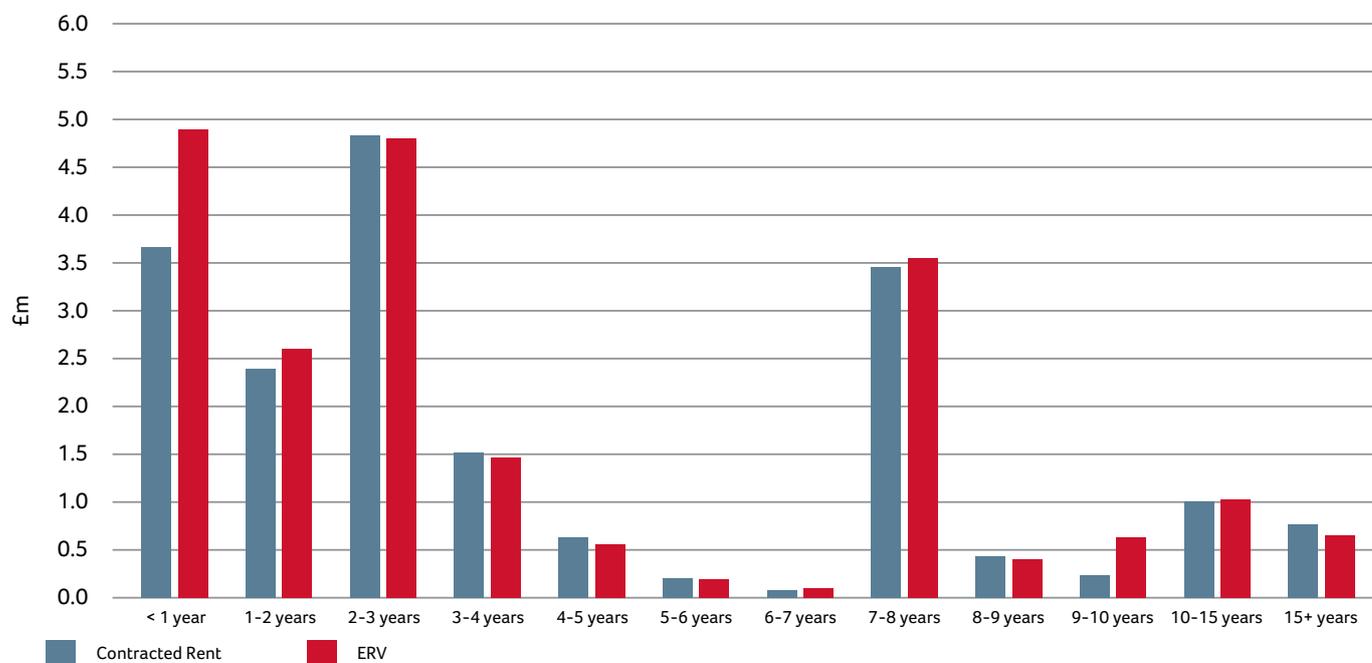
The Company is committed to ensuring compliance with MEES regulations which first came into effect from April 2018, when it became unlawful to grant new leases of commercial property with an EPC of below an 'E' rating. From 1 April 2023, existing leases certified with an 'F' or 'G' rating also became unlawful, even if the lease was granted prior to the MEES Regulations coming into effect. As at the end of the period, the Company had five units with draft EPC 'G' ratings, with the majority of the Company's assets (approximately 93% based on the portfolio's ERV) being MEES compliant. Three of these five G-rated units are anticipated to become vacant shortly, with their demolition planned in the medium term to enable open storage lettings. The remaining two units are currently vacant and are therefore not in breach of MEES. To mitigate future MEES risk, the Company will continue to undertake its gap analysis, identifying assets that fall below the MEES regulations, and will either need an improvement plan implemented to achieve an 'E' rating or better, or an exemption lodged, where applicable. The Company regards its relatively short WAULT (to break and expiry) as an opportunity to proactively engage with its existing tenants at lease events to improve the energy performance of its assets, as well as in the event of a vacancy.

## Investment Manager’s Report *(continued)*

We have recently completed the refurbishment of two industrial units at Sarus Court, Runcorn comprising approximately 30,000 sq. ft. together. The refurbishment works have comprised: removing the gas supply, installing new LED lighting throughout both units controlled by PIR sensors, installing split system air-conditioning units within the office accommodation and installing new electric panel heaters within the circulation and welfare facilities. The EPC scores for the two units prior to the refurbishment works being undertaken are C58 and D83. Following the works completing, the units have been reassessed with the EPC ratings improving to B34 and B47 respectively.

### Lease Expiry Profile

Lease Income to Break



Source: Knight Frank valuation report as at 30 September 2024.

Approximately £3.66 million of the Company’s current contracted income stream is subject to an expiry or break within the 12-month period commencing 1 October 2024. We will proactively manage these leases nearing expiry, looking to unlock capital upside, whether that be through lease regears/renewals, or through refurbishment/capex projects and new lettings.

### AEW UK INVESTMENT MANAGEMENT LLP

27 November 2024

## 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.

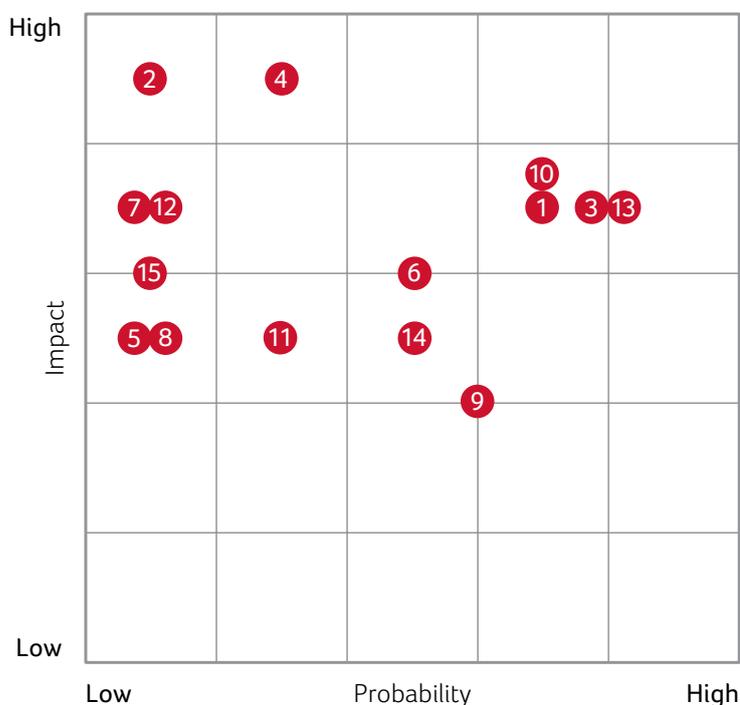
At least twice a year, the Board undertakes a formal risk review with the assistance of the Audit Committee, to assess the adequacy and effectiveness of the Investment Manager and other service providers' risk management and internal control processes. The Audit Committee is responsible for reviewing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

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

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

### Principal 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
<b>REAL ESTATE RISKS</b>		
<b>1. Property market</b>		
<p>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.</p> <p>These risks could have a material adverse effect on the ability of the Company to achieve its investment objective.</p>	<p>The Company has investment restrictions in place to invest and manage its assets with the objective of spreading and mitigating risk.</p> <p>Also, the Company's portfolio is diversified in terms of tenant mix, sector and geography, which further mitigates market risk.</p>	<p><b>Probability:</b> High</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No change</p>
<b>2. Property valuation</b>		
<p>Property and property-related assets are inherently difficult to value due to the individual nature of each property.</p> <p>There may be an adverse effect on the Company's profitability, NAV and the price of Ordinary Shares in cases where property valuations have been materially misstated.</p>	<p>The Company uses an independent external valuer (Knight Frank LLP) to value the properties at fair value in accordance with accepted RICS appraisal and valuation standards.</p>	<p><b>Probability:</b> Low</p> <p><b>Impact:</b> High</p> <p><b>Movement:</b> No change</p>
<b>3. Tenant default</b>		
<p>Failure by tenants to fulfil their rental obligations could affect the income that the properties earn and the ability of the Company to pay dividends to its shareholders.</p>	<p>Comprehensive due diligence is undertaken on all new tenants. Tenant covenant checks are carried out on all new tenants where a default would have a significant impact.</p> <p>The asset management team conducts ongoing monitoring and liaison with tenants to manage potential bad debt risk.</p>	<p><b>Probability:</b> High</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No change</p>
<b>4. Asset management initiatives</b>		
<p>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.</p>	<p>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.</p>	<p><b>Probability:</b> Low to Moderate</p> <p><b>Impact:</b> High</p> <p><b>Movement:</b> No change</p>

## Principal Risks and Uncertainties (continued)

### Principal risks and their potential impact

### How risk is managed

### Risk assessment

#### REAL ESTATE RISKS (continued)

##### 5. Due diligence

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

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

**Probability:** Low

**Impact:** Moderate

**Movement:** No change

##### 6. Fall in rental rates

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

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).

**Probability:** Moderate

**Impact:** Moderate to High

**Movement:** No change

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 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.

#### 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 interest cover ratio covenants.

The Company monitors the use of borrowings on an ongoing basis through weekly cash flow forecasting and quarterly risk monitoring to monitor financial covenants.

**Probability:** Low

**Impact:** Moderate to High

**Movement:** No change

It is acknowledged that significant headroom currently exists for both loan covenants.

The Investment Manager will maintain a close relationship with its loan finance provider, AgFe, to ensure continuing dialogue around covenants.

## Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
<b>BORROWING RISKS</b> <i>(continued)</i>		
<b>8. Availability and cost of debt</b>		
<p>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.</p>	<p>The Company maintains a good relationship with the lender providing the term credit facility.</p> <p>The Company monitors the projected usage and covenants of the credit facility on an ongoing basis.</p> <p>The Company actively monitors the loan term and engages in loan extension negotiations far in advance of expiry.</p>	<p><b>Probability:</b> Low</p> <p><b>Impact:</b> Moderate</p> <p><b>Movement:</b> No change</p>
<b>CORPORATE RISKS</b>		
<b>9. Dependence on the Investment Manager</b>		
<p>The Company has no employees and is reliant upon the performance of its Investment Manager and other third party service providers. Failure by the Investment Manager and/or any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company. The future ability of the Company to successfully pursue its investment objective and investment policy may, among other things, depend on the ability of the Investment Manager to retain its existing staff and/or to recruit individuals of similar experience and calibre.</p>	<p>The Investment Manager has endeavoured to ensure that the principal members of its management team are suitably incentivised.</p> <p>The performance of service providers in conjunction with their service level agreements is monitored via regular calls and face-to-face meetings and the use of key performance indicators, where relevant.</p>	<p><b>Probability:</b> Moderate to High</p> <p><b>Impact:</b> Moderate</p> <p><b>Movement:</b> No change</p>

## Principal Risks and Uncertainties *(continued)*

Principal risks and their potential impact	How risk is managed	Risk assessment
<b>CORPORATE RISKS</b> <i>(continued)</i>		
<b>10. Failure to meet objectives</b>		
<p>The Company may not meet its investment objective to deliver an attractive total return to shareholders from investing predominantly in a portfolio of smaller commercial properties in the United Kingdom.</p> <p>Poor relative total return performance may lead to an adverse reputational impact that affects the Company's ability to raise new capital.</p> <p>The Company may not pay its target dividend.</p>	<p>The Company has an investment policy to achieve a balanced portfolio with a diversified asset and tenant base. The Company also has investment restrictions in place to limit exposure to potential risk factors. The Investment Manager has extensive experience in navigating market volatility.</p>	<p><b>Probability:</b> High</p> <p><b>Impact:</b> Moderate to High</p> <p><b>Movement:</b> No change</p>
<b>11. Business interruption</b>		
<p>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.</p>	<p>The Investment Manager and other service providers' staff are capable of working remotely for an extended time period.</p> <p>The Investment Manager's and other service providers' IT systems are protected by anti-virus software and firewalls that are updated regularly.</p> <p>Fire protection and access security procedures exist at all the Company's managed properties, along with the offices of its Investment Manager and other service providers.</p>	<p><b>Probability:</b> Low to Moderate</p> <p><b>Impact:</b> Moderate</p> <p><b>Movement:</b> No change</p>

## 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 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:** No change

## 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. All assets have an Asset Sustainability Action Plan ('ASAP') initiative, which tracks environmental initiatives across the portfolio on an asset-by-asset basis for targeted, relevant and specific implementation of environmental improvements.

**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. This includes climate resilience assessments.

**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 4, the Investment Manager's Report on pages 9 to 18 and the Principal Risks and Uncertainties on pages 19 to 25.

## 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

**Robin Archibald**  
**Chairman**

27 November 2024

# 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 2024 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 2024 which comprises the Condensed Statement of Comprehensive Income, the Condensed Statement of Changes in Equity, the Condensed Statement of Financial Position, the Condensed Statement of Cash Flows and the related notes to the Condensed Financial Statements.

## Basis for conclusion

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

27 November 2024

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

# Condensed Financial Statements

## Condensed Statement of Comprehensive Income

for the six months ended 30 September 2024

	Notes	Period from 1 April 2024 to 30 September 2024 (unaudited) £'000	Period from 1 April 2023 to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
<b>Income</b>				
Rental and other property income	3	10,913	11,243	24,345
Property operating expenses	4	(2,023)	(2,879)	(6,861)
Impairment release/(loss) on trade receivables	12	469	(304)	(1,208)
Other income	3	1,056	–	–
<b>Net rental and other income</b>		<b>10,415</b>	<b>8,060</b>	<b>16,276</b>
Other operating expenses	5	(1,511)	(1,433)	(2,913)
<b>Operating profit before fair value changes and gains on disposals</b>		<b>8,904</b>	<b>6,627</b>	<b>13,363</b>
Change in fair value of investment properties	11	7,031	(163)	(4,350)
Realised gains on disposal of investment properties	11	1,482	1,646	1,848
<b>Operating profit</b>		<b>17,417</b>	<b>8,110</b>	<b>10,861</b>
Change in fair value of financial assets through profit and loss		–	(6)	(12)
Finance income	6	194	26	177
Finance expense	7	(973)	(968)	(1,936)
<b>Profit before tax</b>		<b>16,638</b>	<b>7,162</b>	<b>9,090</b>
Taxation	8	(313)	–	(42)
<b>Profit after tax</b>		<b>16,325</b>	<b>7,162</b>	<b>9,048</b>
Other comprehensive income		–	–	–
<b>Total comprehensive profit for the period</b>		<b>16,325</b>	<b>7,162</b>	<b>9,048</b>
<b>Earnings per share (pence) (basic and diluted)</b>	9	<b>10.30</b>	<b>4.52</b>	<b>5.71</b>

The notes on pages 32 to 50 form an integral part of these condensed financial statements.

# Condensed Financial Statements

## Condensed Statement of Changes in Equity

for the six months ended 30 September 2024

For the period 1 April 2024 to 30 September 2024 (unaudited)	Notes	Share capital £'000	Share premium account £'000	Capital reserve and retained earnings* £'000	Treasury shares £'000	Total capital and reserves attributable to owners of the Company £'000
<b>Balance as at 1 April 2024</b>		<b>1,587</b>	<b>56,578</b>	<b>104,852</b>	<b>(265)</b>	<b>162,752</b>
Total comprehensive income		–	–	16,325	–	16,325
Other distribution		–	–	21	–	21
Dividends paid	10	–	–	(6,337)	–	(6,337)
<b>Balance as at 30 September 2024</b>		<b>1,587</b>	<b>56,578</b>	<b>114,861</b>	<b>(265)</b>	<b>172,761</b>
						Total capital and reserves attributable to owners of the Company £'000
For the period 1 April 2023 to 30 September 2023 (unaudited)	Notes	Share capital £'000	Share premium account £'000	Capital reserve and retained earnings* £'000	Treasury shares £'000	Total capital and reserves attributable to owners of the Company £'000
<b>Balance as at 1 April 2023</b>		<b>1,587</b>	<b>56,578</b>	<b>109,201</b>	<b>(265)</b>	<b>167,101</b>
Total comprehensive income		–	–	7,162	–	7,162
Dividends paid	10	–	–	(6,337)	–	(6,337)
<b>Balance as at 30 September 2023</b>		<b>1,587</b>	<b>56,578</b>	<b>110,026</b>	<b>(265)</b>	<b>167,926</b>
						Total capital and reserves attributable to owners of the Company £'000
For the year ended 31 March 2024 (audited)	Notes	Share capital £'000	Share premium account £'000	Capital reserve and retained earnings* £'000	Treasury shares £'000	Total capital and reserves attributable to owners of the Company £'000
<b>Balance at 1 April 2023</b>		<b>1,587</b>	<b>56,578</b>	<b>109,201</b>	<b>(265)</b>	<b>167,101</b>
Total comprehensive income		–	–	9,048	–	9,048
Other distribution		–	–	(723)	–	(723)
Dividends paid	10	–	–	(12,674)	–	(12,674)
<b>Balance as at 31 March 2023</b>		<b>1,587</b>	<b>56,578</b>	<b>104,852</b>	<b>(265)</b>	<b>162,752</b>

\* 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 32 to 50 form an integral part of these condensed financial statements.

# Condensed Financial Statements

## Condensed Statement of Financial Position

as at 30 September 2024

	Notes	As at 30 September 2024 (unaudited) £'000	As at 30 September 2023 (unaudited) £'000	As at 31 March 2024 (audited) £'000
<b>Assets</b>				
<b>Non-Current Assets</b>				
Investment property	11	186,638	210,305	181,040
Receivables and prepayments	12	3,991	3,213	3,267
		<b>190,629</b>	<b>213,518</b>	<b>184,307</b>
<b>Current Assets</b>				
Investment property held for sale	11	24,793	5,934	26,086
Receivables and prepayments	12	11,387	9,798	10,625
Cash and cash equivalents		14,471	6,442	11,397
Other financial assets held at fair value		–	6	–
		<b>50,651</b>	<b>22,180</b>	<b>48,108</b>
<b>Total assets</b>		<b>241,280</b>	<b>235,698</b>	<b>232,415</b>
<b>Non-Current Liabilities</b>				
Interest bearing loans and borrowings	13	(59,719)	(59,609)	(59,663)
Lease obligations	15	(174)	(174)	(174)
		<b>(59,893)</b>	<b>(59,783)</b>	<b>(59,837)</b>
<b>Current Liabilities</b>				
Payables and accrued expenses	14	(8,613)	(7,976)	(9,813)
Lease obligations	15	(13)	(13)	(13)
		<b>(8,626)</b>	<b>(7,989)</b>	<b>(9,826)</b>
<b>Total Liabilities</b>		<b>(68,519)</b>	<b>(67,772)</b>	<b>(69,663)</b>
<b>Net Assets</b>		<b>172,761</b>	<b>167,926</b>	<b>162,752</b>
<b>Equity</b>				
Share capital		1,587	1,587	1,587
Treasury shares		(265)	(265)	(265)
Share premium account		56,578	56,578	56,578
Capital reserve and retained earnings		114,861	110,026	104,852
<b>Total capital and reserves attributable to equity holders of the Company</b>		<b>172,761</b>	<b>167,926</b>	<b>162,752</b>
<b>Net Asset Value per share (pence)</b>	9	<b>109.05</b>	<b>106.00</b>	<b>102.73</b>
<b>EPRA Net Tangible Assets per share (pence)</b>	9	<b>109.05</b>	<b>106.00</b>	<b>102.73</b>

The condensed financial statements on pages 28 to 50 were approved by the Board of Directors on 27 November 2024 and were signed on its behalf by:

**Robin Archibald**  
Chairman

AEW UK REIT plc  
Company number: 09522515

The notes on pages 32 to 50 form an integral part of these condensed financial statements.

# Condensed Financial Statements

## Condensed Statement of Cash Flows

for the six months ended 30 September 2024

	Period from 1 April 2024 to 30 September 2024 (unaudited) £'000	Period from 1 April 2023 to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
<b>Cash flows from operating activities</b>			
Profit before tax	16,638	7,162	9,090
<b>Adjustment for:</b>			
Finance income	(194)	(26)	(177)
Finance costs	973	968	1,936
Loss from change in fair value of other financial assets	–	6	12
(Gain)/loss from change in fair value of investment property	(7,031)	163	4,350
Realised gains on disposal of investment properties	(1,482)	(1,646)	(1,848)
Increase in other receivables and prepayments	(1,504)	(4,481)	(3,458)
(Decrease)/increase in other payables and accrued expenses	(1,432)	1,034	1,821
<b>Net cash generated from operating activities</b>	<b>5,968</b>	<b>3,180</b>	<b>11,726</b>
<b>Cash flows from investing activities</b>			
Purchase of and additions to investment properties	(2,024)	(24,552)	(25,135)
Disposal of investment properties	6,250	20,716	24,528
Finance income	194	26	177
<b>Net cash generated from/(used in) investing activities</b>	<b>4,420</b>	<b>(3,810)</b>	<b>(430)</b>
<b>Cash flows from financing activities</b>			
Paid on sale of interest rate cap	–	(6)	–
Finance costs	(964)	(900)	(1,823)
Dividends paid	(6,350)	(6,337)	(12,391)
<b>Net cash flow used in financing activities</b>	<b>(7,314)</b>	<b>(7,243)</b>	<b>(14,214)</b>
Net increase/(decrease) in cash and cash equivalents	3,074	(7,873)	(2,918)
Cash and cash equivalents at start of the period/year	11,397	14,315	14,315
<b>Cash and cash equivalents at end of the period/year</b>	<b>14,471</b>	<b>6,442</b>	<b>11,397</b>

The notes on pages 32 to 50 form an integral part of these condensed financial statements.

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 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 2024. 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 2024 and the comparative information for the year ended 31 March 2024 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 2024 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 27 November 2024. 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 2023 and year ended 31 March 2024 and as at 30 September 2023 and 31 March 2024.

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 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16; and
- Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 2. Accounting policies *(continued)*

### 2.1 Basis of preparation *(continued)*

#### **New standards, amendments and interpretations** *(continued)*

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 2025 or later. The Company has not early adopted any of these new or amended standards, which include:

- Amendments to IAS 21 – Lack of Exchangeability;
- IFRS 18 – Presentation and Disclosures in Financial Statements; and
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures.

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

### 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. Further detail in respect to the fair valuations of investment property is included within Note 11.

### 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 current economic uncertainty, as well as the Company's cashflows, financial position, liquidity and borrowing facilities.

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 2. Accounting policies (continued)

### 2.4 Going concern (continued)

At period end, the Company had £14.47 million of cash at bank. The Company's existing AgFe loan is a £60.00 million facility with a five-year term, expiring in May 2027. This is priced as a fixed rate loan with a total interest cost of 2.959% and associated 10% projected debt yield and 60% loan to value covenants.

In October 2024, the Company made its loan covenant reporting submission to AgFe, based on the September 2024 Knight Frank valuation, reporting a loan to value of 31.18% and a debt yield of 27.93%. 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 2024 quarter.
- Based on the contracted rent as at 30 September 2024, a reduction of 64.20% 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 2024, the Company had room for a £92.42 million (48%) fall in property valuation before reaching the LTV covenant in the Company's refinanced debt arrangements.
- 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.

The forecasts also show compliance with borrowing covenants in the foreseeable future.

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

### 2.5 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied within the Company's Annual Report and Financial Statements for the year ended 31 March 2024 except for the changes as detailed in note 2.1.

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 3. Rental and other income

	Period from 1 April 2024 to 30 September 2024 (unaudited) £'000	Period from 1 April 2023 to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Rental income	9,565	9,433	19,888
Service charge income	661	898	2,899
Insurance income	611	564	1,171
Dilapidation income received	68	285	323
Other property income	8	8	9
Lease surrender income	–	55	55
<b>Total Rental and other property income</b>	<b>10,913</b>	<b>11,243</b>	<b>24,345</b>
Other income*	1,056	–	–
<b>Total rental and other income</b>	<b>11,969</b>	<b>11,243</b>	<b>24,345</b>

\* As detailed in the March 2024 Annual Report, the Company identified in the prior year that certain historic dividends had been declared as ordinary dividends when they should have been declared as Property Income Distributions ("PIDs"). The Investment Manager had (without admission of liability) agreed to fully indemnify the Company for any losses it incurred as a result of rectifying this, thereby ensuring that the Company's NAV would not ultimately be impacted. This indemnification was provided in return for an assignment of any claims the Company has against other parties. The indemnity income has been recognised in the period as a result of the indemnity agreement being finalised and signed.

## 4. Property operating expenses

	Period from 1 April 2024 to 30 September 2024 (unaudited) £'000	Period from 1 April 2023 to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Recoverable service charge expense	661	898	2,899
Recoverable insurance expense	611	564	1,171
Non-recoverable service charge expense	502	326	989
Other property expenses	249	1,091	1,802
<b>Total property operating expenses</b>	<b>2,023</b>	<b>2,879</b>	<b>6,861</b>

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 5. Other operating expenses

	Period from 1 April 2024 to 30 September 2024 (unaudited) £'000	Period from 1 April 2023 to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Investment management fee	729	680	1,391
Operating costs	542	578	1,134
Audit remuneration	120	67	192
Directors remuneration	84	74	162
ISRE 2410 review (interim review fee)	36	34	34
<b>Total other operating expenses</b>	<b>1,511</b>	<b>1,433</b>	<b>2,913</b>

## 6. Finance income

	Period from 1 April 2024 to 30 September 2024 (unaudited) £'000	Period from 1 April 2023 to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Income receivable from cash and short-term deposits	194	26	177
<b>Total</b>	<b>194</b>	<b>26</b>	<b>177</b>

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 7. Finance expense

	Period from 1 April 2024 to 30 September 2024 (unaudited) £'000	Period from 1 April 2023 to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Interest payable on loan borrowings	890	890	1,780
Amortisation of loan arrangement fee	64	63	127
Other loan expenses	12	–	–
Bank charges	1	1	1
	<u>967</u>	<u>954</u>	<u>1,908</u>
Interest expense on lease liabilities	6	14	28
<b>Total</b>	<b><u>973</u></b>	<b><u>968</u></b>	<b><u>1,936</u></b>

## 8. Taxation

	Period from 1 April 2024 to 30 September 2024 (unaudited) £'000	Period from 1 April 2023 to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
<b>Tax charge comprises:</b>			
Corporation tax payable	<b>313</b>	–	<b>42</b>
<b>Analysis of charge in the period</b>			
Profit before tax	16,638	7,162	9,090
Theoretical tax at UK corporation tax standard rate of 25.00% (30 September 2023: 25.00%; 31 March 2024: 25.00%)	4,159	1,791	2,273
Adjusted for:			
Exempt REIT income	(2,031)	(1,420)	(2,898)
Non taxable investment (gains)/losses	(2,128)	(371)	625
Corporation tax payable	313	–	42
<b>Total</b>	<b><u>313</u></b>	<b><u>–</u></b>	<b><u>42</u></b>

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 9. Earnings per share and NAV per share

	Period from 1 April 2024 to 30 September 2024 (unaudited)	Period from 1 April 2023 to 30 September 2023 (unaudited)	Year ended 31 March 2024 (audited)
<b>Earnings per share:</b>			
Total comprehensive income (£'000)	16,325	7,162	9,048
Weighted average number of shares	158,424,746	158,424,746	158,424,746
<b>Earnings per share (basic and diluted) (pence)</b>	<b>10.30</b>	<b>4.52</b>	<b>5.71</b>
<b>EPRA earnings per share:</b>			
Total comprehensive income (£'000)	16,325	7,162	9,048
<b>Adjustment to total comprehensive income:</b>			
Change in fair value of investment property (£'000)	(7,031)	163	4,350
Realised gain on disposal of investment property (£'000)	(1,482)	(1,646)	(1,848)
Other income	(1,056)	–	–
Corporation tax charge on other income	264	–	–
Total EPRA earnings (£'000)	7,020	5,679	11,550
<b>EPRA earnings per share (basic and diluted) (pence)</b>	<b>4.43</b>	<b>3.58</b>	<b>7.29</b>
<b>NAV per share:</b>			
Net assets (£'000)	172,761	167,926	162,752
Ordinary Shares	158,424,746	158,424,746	158,424,746
<b>NAV per share (pence)</b>	<b>109.05</b>	<b>106.00</b>	<b>102.73</b>

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.

In September 2024, the European Public Real Estate Association's Best Practices Recommendations Guidelines were updated, effective for periods started on or after 1 October 2024. The main changes refer to the calculation of the EPRA Earnings, to which two different adjustment categories have been added: adjustments related to the funding structure and adjustments related to non-operating and exceptional items.

The Company has elected to early adopted the guidance. There has been no need to amend the comparative information to reflect the change in guidance.

An adjustment to the EPRA earnings to reflect the other income, disclosed in Note 3 and corporation tax due in respect of this other income, has been made for the current period, due to this being non-recurring in nature.

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

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

<b>As at 30 September 2024</b>	<b>EPRA NTA £'000</b>	<b>EPRA NRV £'000</b>	<b>EPRA NDV £'000</b>
IFRS NAV attributable to shareholders	172,761	172,761	172,761
Real estate transfer tax <sup>1</sup>	–	14,232	–
Adjustment for the fair value of bank borrowings	–	–	(3,625)
<b>At 30 September 2024</b>	<b>172,761</b>	<b>186,993</b>	<b>169,136</b>
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746
<b>NAV per share</b>	<b>109.05p</b>	<b>118.03p</b>	<b>106.76p</b>
	<b>EPRA NTA £'000</b>	<b>EPRA NRV £'000</b>	<b>EPRA NDV £'000</b>
<b>As at 30 September 2023</b>			
IFRS NAV attributable to shareholders	167,926	167,926	167,926
Real estate transfer tax <sup>1</sup>	–	14,478	–
Adjustment for the fair value of bank borrowings	–	–	(6,100)
<b>At 30 September 2023</b>	<b>167,926</b>	<b>182,404</b>	<b>161,826</b>
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746
<b>NAV per share</b>	<b>106.00p</b>	<b>115.14p</b>	<b>102.15p</b>

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.

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

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

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

	Current measures		
	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
<b>As at 31 March 2024</b>			
IFRS NAV attributable to shareholders	162,752	162,752	162,752
Real estate transfer tax and other purchasers' costs <sup>1</sup>	–	13,906	–
Adjustment for the fair value of bank borrowings	–	–	(4,641)
<b>At 31 March 2024</b>	<b>162,752</b>	<b>176,658</b>	<b>158,111</b>
Number of Ordinary Shares	158,424,746	158,424,746	158,424,726
<b>NAV per share</b>	<b>102.73p</b>	<b>111.51p</b>	<b>99.80p</b>

<sup>1</sup> EPRA Net Tangible Assets ('EPRA NTA') and EPRA Net Disposal Value ('EPRA NDV') as calculated using property values in line with IFRS, 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

	Period from 1 April 2024 to 30 September 2024 £'000	Period from 1 April 2023 to 30 September 2023 £'000	Year ended 31 March 2024 £'000
<b>Dividends paid during the period</b>			
Represents two/two/four interim dividends of 2.00 pps each	<b>6,337</b>	6,337	12,674
<b>Dividends relating to the period</b>			
Represents two/two/four interim dividends of 2.00 pps each	<b>6,337</b>	6,337	12,674

Dividends paid relate to Ordinary Shares. The Statement of Cash Flows for dividends paid includes £283,000 withholding tax paid which was payable at 31 March 2024 and excludes £270,000 withholding tax which is payable at 30 September 2024.

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 11. Investments

### 11.a) Investment property

	Period from 1 April 2024 to 30 September 2024 (unaudited)			Period from 1 April 2023 to 30 September 2023 (unaudited)	Year ended 31 March 2024 (audited)
	Investment properties freehold £'000	Investment properties leasehold £'000	Total £'000	Total £'000	Total £'000
<b>UK Investment property</b>					
As at beginning of period	154,340	56,350	210,690	213,825	213,825
Purchases in the period	–	–	–	23,183	22,984
Capital expenditure in the period	1,414	610	2,024	1,369	2,151
Disposals in the period	(4,750)	–	(4,750)	(18,790)	(24,300)
Revaluation of investment property	4,331	3,340	7,671	(227)	(3,970)
<b>Valuation provided by Knight Frank</b>	<b>155,335</b>	<b>60,300</b>	<b>215,635</b>	<b>219,360</b>	<b>210,690</b>
Adjustment to carrying value for lease incentive debtor			(4,391)	(3,308)	(3,751)
Adjustment for lease obligations*			187	187	187
<b>Total Investment property</b>			<b>211,431</b>	<b>216,239</b>	<b>207,126</b>
<b>Classified as:</b>					
Investment property held for sale**			24,793	5,934	26,086
Investment property			186,638	210,305	181,040
			<b>211,431</b>	<b>216,239</b>	<b>207,126</b>
<b>Change in fair value of investment property</b>					
Change in fair value before adjustments for lease incentives			7,671	(227)	(3,970)
Adjustment for movement in the period: in value of lease incentive debtor			(640)	64	(380)
			<b>7,031</b>	<b>(163)</b>	<b>(4,350)</b>
<b>Gains realised on disposal of investment property</b>					
Net proceeds from disposals of investment property during the period***			6,232	20,435	26,148
Fair value at beginning of period			(4,750)	(18,789)	(24,300)
<b>Gains realised on disposal of investment property</b>			<b>1,482</b>	<b>1,646</b>	<b>1,848</b>

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

\*\* Central Six Retail Park, Coventry has been classified as held for sale as at 30 September 2024.

\*\*\* Net proceeds include deductions for topped up rents and rent free periods of £19,000 (30 September 2023: £279,000, 31 March 2024: £555,000).

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 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:

<b>Assets measured at fair value</b>	<b>Quoted prices in active markets (Level 1) £'000</b>	<b>Significant observable inputs (Level 2) £'000</b>	<b>Significant unobservable inputs* (Level 3) £'000</b>	<b>Total £'000</b>
<b>30 September 2024</b>				
Investment property	–	–	211,431	211,431
<b>30 September 2023</b>				
Investment property	–	–	216,239	216,239
<b>31 March 2024</b>				
Investment property	–	–	207,126	207,126

\* Includes assets held for sale.

#### Explanation of the fair value hierarchy:

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

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

Level 3 – Valuation techniques using non-observable data.

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 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:

Sector	Fair Value		Significant Unobservable Inputs		
	£'000	ERV range (per sq ft per annum)	Weighted Average ERV (per sq ft per annum)	Equivalent Yield range	Weighted Average Equivalent Yield
<b>As at 30 September 2024</b>					
Industrial	75,825	£0.00 – £41.00	£4.58	6.82% – 10.93%	7.61%
Retail	85,490	£0.00 – £85.00	£11.48	6.85% – 11.12%	8.31%
Office	25,250	£8.50 – £39.98	£21.92	8.61% – 8.98%	8.80%
Alternatives	29,070	£0.00 – £41.04	£10.84	7.68% – 9.66%	8.52%
Portfolio*	215,635	£0.00 – £85.00	£7.63	6.82% – 11.12%	8.37%
<b>As at 30 September 2023</b>					
Industrial	78,330	£0.50 – £10.00	£4.10	6.35% – 10.87%	8.16%
Retail	84,410	£4.00 – £85.00	£9.86	6.87% – 11.14%	8.50%
Office	26,250	£8.50 – £40.00	£21.75	8.22% – 8.73%	8.50%
Alternatives	30,370	£8.00 – £41.00	£13.95	7.63% – 10.68%	8.79%
Portfolio*	219,360	£0.50 – £85.00	£7.06	6.35% – 11.14%	8.40%

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 11. Investments (continued)

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

As at 31 March 2024

Industrial	78,720	£0.50 – £10.00	£4.24	6.81% – 10.94%	8.23%
Retail	78,500	£4.00 – £85.00	£11.21	6.93% – 11.34%	8.57%
Office	25,050	£8.50 – £40.00	£21.79	8.57% – 8.92%	8.76%
Alternatives	28,420	£4.50 – £41.00	£12.53	7.60% – 9.77%	8.51%
<b>Portfolio*</b>	<b>210,690</b>	<b>£0.50 – £85.00</b>	<b>£7.23</b>	<b>6.81% – 11.34%</b>	<b>8.45%</b>

\* Fair value per Knight Frank LLP.

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

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property and investments held at the end of the reporting period.

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

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
<b>Sensitivity Analysis</b>		+5%	-5%	+5%	-5%
<b>30 September 2024</b>	<b>215,635</b>	<b>224,460</b>	<b>206,878</b>	<b>204,730</b>	<b>227,675</b>
30 September 2023	219,360	228,371	211,077	208,926	231,305
31 March 2024	210,690	219,442	202,048	199,884	222,599

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 11. Investments (continued)

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

	Fair value £'000	Change in ERV £'000		Change in equivalent yield £'000	
<b>Sensitivity Analysis</b>		+10%	-10%	+10%	-10%
<b>30 September 2024</b>	<b>215,635</b>	<b>233,300</b>	<b>198,157</b>	<b>194,828</b>	<b>241,066</b>
30 September 2023	219,360	237,196	202,709	199,272	244,369
31 March 2024	210,690	228,232	193,461	190,083	235,859

	Fair value £'000	Change in ERV £'000		Change in equivalent yield £'000	
<b>Sensitivity Analysis</b>		+15%	-15%	+15%	-15%
<b>30 September 2024</b>	<b>215,635</b>	<b>242,253</b>	<b>189,504</b>	<b>185,791</b>	<b>256,036</b>
30 September 2023	219,360	246,050	194,364	190,464	258,977
31 March 2024	210,690	237,129	184,959	181,139	250,684

## 12. Receivables and prepayments

### – Non Current

	30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
<b>Receivables</b>			
Lease incentive debtor	3,991	3,213	3,267
<b>Total</b>	<b>3,991</b>	<b>3,213</b>	<b>3,267</b>

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 12. Receivables and prepayments (continued)

### – Current

	<b>30 September 2024 (unaudited) £'000</b>	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
<b>Receivables</b>			
Rent agent float account	4,624	3,663	2,505
Other receivables	2,052	974	989
Rent receivable	1,310	2,571	1,956
Recoverable service charge receivable	1,299	1,671	1,427
Recoverable insurance receivable	684	519	1,408
Completion proceeds due on sale of property	–	–	2,175
Allowance for expected credit losses	(445)	(1,273)	(2,177)
	<b>9,524</b>	<b>8,125</b>	<b>8,283</b>
Lease incentive debtor*	400	95	484
	<b>9,924</b>	<b>8,220</b>	<b>8,767</b>
<b>Prepayments</b>			
Property related prepayments	1,388	1,529	1,818
Other prepayments	75	49	40
	<b>1,463</b>	<b>1,578</b>	<b>1,858</b>
<b>Total</b>	<b>11,387</b>	<b>9,798</b>	<b>10,625</b>

\* Lease incentive asset amounting to £3,308,000 as at 30 September 2023 was previously classified as a current asset rather than allocated between current and non-current assets in line with their expected recovery.

The comparatives have been represented accordingly to present the allocation between current and non-current assets. As such, £3,213,000 of these amounts are classified as non-current assets and £95,000 as current assets as at 30 September 2023. There is no effect on the profit or net assets.

The aged debtor analysis of receivables is as follows:

	<b>30 September 2024 (unaudited) £'000</b>	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Less than three months due	8,964	7,371	7,797
Between three and six months due	560	755	486
<b>Total</b>	<b>9,524</b>	<b>8,126</b>	<b>8,283</b>

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 12. Receivables and prepayments (continued)

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 credit loss provision as at 30 September 2024 was £445,000 (31 March 2024 was £2,177,000). 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 follow:

	<b>30 September 2024 (unaudited) £'000</b>	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Opening provision for impairment of trade receivables	2,177	969	969
(Decrease)/increase during the period/year	(350)	422	1,552
Unused amounts reversed	(119)	(34)	(13)
Movement in provision for impairment during the period/year	(469)	388	1,539
Receivable written off during the period/year as uncollectible*	(1,263)	(84)	(331)
<b>At the end of the period/year</b>	<b>445</b>	<b>1,273</b>	<b>2,177</b>

\* The majority of this balance in the current period is due to the receivables owing from tenants, Wilko and CJ Services, being written off following them entering administration and the leases being disclaimed as a result.

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 13. Interest bearing loans and borrowings

	Bank borrowings drawn		
	30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
At the beginning of the period	60,000	60,000	60,000
Bank borrowings drawn in the period	–	–	–
Bank borrowings repaid in the period	–	–	–
<b>Interest bearing loans and borrowings</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
Unamortised loan arrangement fees	(281)	(391)	(337)
<b>At the end of the period</b>	<b>59,719</b>	<b>59,609</b>	<b>59,663</b>
Repayable between two and five years	60,000	60,000	60,000
Bank borrowings available but undrawn in the period	–	–	–
<b>Total facility available</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>

The Company has a £60.00 million (31 March 2024: £60.00 million) credit facility with AgFe, a leading independent asset manager specialising in debt-based investments. As of 30 September 2024, the Company had utilised £60.00 million (31 March 2024: £60.00 million). The loan is a fixed rate loan with a total interest cost of 2.959% and has a 5 year term, maturing in May 2027.

The Company has a target gearing of 25% Loan to GAV. As at 30 September 2024, the Company's gearing was 24.87% Loan to NAV (31 March 2024: 28.97%).

At 30 September 2024 the fair value of the loan was £56,375,000 (30 September 2023: £53,900,000, 31 March 2024: £55,359,000).

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 2024

## 14. Payables and accrued expenses

	<b>30 September 2024 (unaudited) £'000</b>	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Deferred income	4,887	4,662	5,403
Other creditors	2,221	930	2,070
Accruals	1,389	1,433	1,199
Recoverable service charge payable	85	435	278
Recoverable insurance payable	31	516	863
<b>Total</b>	<b>8,613</b>	<b>7,976</b>	<b>9,813</b>

## 15. Lease obligation as lessee

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

The following table analyses the present value of the minimum lease payments under non-cancellable finance leases:

	<b>30 September 2024 (unaudited) £'000</b>	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Current	13	13	13
Non Current	174	174	174
<b>Lease liabilities included in the Statement of Financial Position at 30 September 2024</b>	<b>187</b>	<b>187</b>	<b>187</b>

# Notes to the Condensed Financial Statements

for the six months ended 30 September 2024

## 16. Issued share capital

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

## 17. Transactions with related parties

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

For the six months ended 30 September 2024, 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 2024 to 30 September 2024, the Company incurred £729,000 (six months ended 30 September 2023: £680,000) of investment management fees and expenses, of which £366,000 was outstanding at 30 September 2024 (31 March 2024: £340,000).

During the period, the Company recognised £1.06 million of indemnity income owing from its Investment Manager. As at period end, the indemnity income had not been cash settled and is therefore also recognised in other receivables (note 12). Further detail can be found in note 3.

## 18. Events after reporting date

### Dividend

On 24 October 2024, the Board declared its second interim dividend of 2.00 pps in respect of the period from 1 July 2024 to 30 September 2024. The dividend payment will be made on 29 November 2024 to shareholders on the register as at 1 November 2024. The ex-dividend date was 31 October 2024.

# EPRA Unaudited 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](http://www.epra.com).

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
<p><b>1. EPRA Earnings</b> Earnings from operational activities.</p>	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.	£7.02 million/4.43 pps EPRA earnings for the six month period ended 30 September 2024 (six month period ended 30 September 2023: £5.68 million/3.58 pps)
<p><b>2. EPRA Net Tangible Assets ('NTA')</b> Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.</p>	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.	£172.76 million/109.05 pps EPRA NTA as at 30 September 2024 (At 31 March 2024: £162.75 million/102.73 pps)
<p><b>3. EPRA Net Reinstatement Value ('NRV')</b> Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.</p>	See above	£186.99 million/118.03 pps EPRA NRV as at 30 September 2024 (At 31 March 2024: £176.66 million/111.51 pps)
<p><b>4. EPRA Net Disposal Value ('NDV')</b> Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.</p>	See above	£169.14 million/106.76 pps EPRA NDV as at 30 September 2024 (At 31 March 2024: £158.11 million/99.80 pps)
<p><b>5. EPRA Net Initial Yield ('NIY')</b> Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.</p>	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.	8.13% EPRA NIY as at 30 September 2024 (At 31 March 2024: 8.02%)
<p><b>6. EPRA 'Topped-Up' NIY</b> This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).</p>	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.	8.36% EPRA 'Topped-Up' NIY as at 30 September 2024 (At 31 March 2024: 8.30%)

## EPRA Unaudited Performance Measures *(continued)*

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
<p><b>7. EPRA Vacancy</b> Estimated Market Rental Value ('EMRV') of vacant space divided by ERV of the whole portfolio.</p>	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	6.77% EPRA vacancy as at 30 September 2024 (At 31 March 2024: 6.38%)
<p><b>8. EPRA Cost Ratio</b> Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.</p>	A key measure to enable meaningful measurement of the changes in a company's operating costs.	19.04% EPRA Cost Ratio (including direct vacancy costs) as at 30 September 2024 (At 30 September 2023: 33.25%)  7.97% EPRA Cost ratio (excluding direct vacancy costs) as at 30 September 2024 (At 30 September 2023: 26.36%)
<p><b>9. EPRA Capital Expenditure</b> Property which has been held at both the current and comparative balance sheet dates for which there has been no significant development.</p>	A measure used to illustrate change in comparable capital values.	£2.03 million for the period ended 30 September 2024 (31 March 2024: £25.13 million)
<p><b>10. EPRA Like-for-like Rental Growth</b> 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.</p>	A measure used to illustrate change in comparable income values.	£(0.47) million/(4.90)% for the period ended 30 September 2024 (31 March 2024: £0.48 million/3.39%)
<p><b>11. EPRA Loan to Value</b> Debt divided by the market value of property.</p>	A measure to assess the gearing of shareholder equity of a real estate company	20.47% for the period ended 30 September 2024 (31 March 2024: 22.63%)

# EPRA Unaudited Performance Measures *(continued)*

## Calculation of EPRA NTA, EPRA NRV and EPRA NDV

In line with the European Public Real Estate Association (“EPRA”) published Best Practice Recommendations (“BPR”) for financial disclosures by public real estate companies, the Company presents three measures of net asset value: EPRA net disposal value (“NDV”), EPRA net reinstatement value (“NRV”) and EPRA net tangible assets (“NTA”).

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.

	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
<b>As at 30 September 2024</b>			
IFRS NAV attributable to shareholders	172,761	172,761	172,761
Real estate transfer tax <sup>1</sup>	–	14,232	–
Adjustment for the fair value of bank borrowings	–	–	(3,625)
<b>At 30 September 2024</b>	<b>172,761</b>	<b>186,993</b>	<b>169,136</b>
Number of Ordinary Shares (million)	158,424,746	158,424,746	158,424,746
<b>NAV per share</b>	<b>109.05p</b>	<b>118.03p</b>	<b>106.76p</b>
<b>As at 30 September 2023</b>			
IFRS NAV attributable to shareholders	167,926	167,926	167,926
Real estate transfer tax <sup>1</sup>	–	14,478	–
Adjustment for the fair value of bank borrowings	–	–	(6,100)
<b>At 30 September 2023</b>	<b>167,926</b>	<b>182,404</b>	<b>161,826</b>
Number of Ordinary Shares (million)	158,424,746	158,424,746	158,424,746
<b>NAV per share</b>	<b>106.00p</b>	<b>115.14p</b>	<b>102.15p</b>

<sup>1</sup> EPRA Net Tangible Assets ('EPRA NTA') and EPRA Net Disposal Value ('EPRA NDV') as calculated using property values in line with IFRS, 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 Unaudited Performance Measures *(continued)*

<b>As at 31 March 2024</b>	<b>EPRA NTA £'000</b>	<b>EPRA NRV £'000</b>	<b>EPRA NDV £'000</b>
IFRS NAV attributable to shareholders	162,752	162,752	162,752
Real estate transfer tax and other purchasers' costs <sup>1</sup>	–	13,906	–
Adjustment for the fair value of bank borrowings	–	–	(4,641)
<b>At 31 March 2024</b>	<b>162,752</b>	<b>176,658</b>	<b>158,111</b>
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746
<b>NAV per share</b>	<b>102.73p</b>	<b>111.51p</b>	<b>99.80p</b>

<sup>1</sup> 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 Unaudited Performance Measures *(continued)*

## Calculation of EPRA NIY and 'topped-up' NIY

	<b>30 September 2024 £'000</b>	30 September 2023 £'000	31 March 2024 £'000
Investment property – wholly-owned	215,635	219,360	210,690
Allowance for estimated purchasers' costs at 6.6%	14,232	14,478	13,906
<b>Grossed-up completed property portfolio valuation (B)</b>	<b>229,867</b>	<b>233,838</b>	<b>224,596</b>
Annualised cash passing rental income	19,295	19,149	18,694
Property outgoings	(614)	(790)	(674)
<b>Annualised net rents (A)</b>	<b>18,681</b>	<b>18,359</b>	<b>18,020</b>
Rent from expiry of rent-free periods and fixed uplifts*	532	439	612
<b>'Topped-up' net annualised rent (C)</b>	<b>19,213</b>	<b>18,798</b>	<b>18,632</b>
<b>EPRA NIY (A/B)</b>	<b>8.13%</b>	<b>7.85%</b>	<b>8.02%</b>
<b>EPRA 'topped-up' NIY (C/B)</b>	<b>8.36%</b>	<b>8.04%</b>	<b>8.30%</b>

\* Rent-free periods expire by January 2025.

## 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 2024, 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 Unaudited Performance Measures *(continued)*

## Calculation of EPRA Vacancy Rate

	<b>30 September 2024 £'000</b>	30 September 2023 £'000	31 March 2024 £'000
Annualised potential rental value of vacant premises (A)	1,413	1,499	1,334
Annualised potential rental value for the completed property portfolio (B)	<u>20,872</u>	<u>21,486</u>	<u>20,912</u>
<b>EPRA Vacancy Rate (A/B)</b>	<b>6.77%</b>	<b>6.98%</b>	<b>6.38%</b>

## Calculation of EPRA Cost Ratios

	<b>30 September 2024 £'000</b>	30 September 2023 £'000	31 March 2024 £'000
Administrative/operating expense per IFRS income statement	1,843	3,154	6,912
Less: ground rent costs	<u>(27)</u>	<u>(27)</u>	<u>(56)</u>
<b>EPRA costs (including direct vacancy costs) (A)</b>	<b>1,816</b>	<b>3,127</b>	<b>6,856</b>
Direct vacancy costs	<u>(1,056)</u>	<u>(648)</u>	<u>(1,567)</u>
<b>EPRA costs (excluding direct vacancy costs) (B)</b>	<b>760</b>	<b>2,479</b>	<b>5,289</b>
Gross Rental Income less ground rent costs – per IFRS	<u>9,538</u>	<u>9,405</u>	<u>19,832</u>
<b>Gross rental income less ground rent costs (C)</b>	<b>9,538</b>	<b>9,405</b>	<b>19,832</b>
<b>EPRA Cost Ratio (including direct vacancy costs) (A/C)</b>	<b>19.04%</b>	<b>33.25%</b>	<b>34.57%</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs) (B/C)</b>	<b>7.97%</b>	<b>26.36%</b>	<b>26.67%</b>

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 Unaudited 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 2024 to 30 September 2024 £m	Rental income from like-for- like portfolio for period 1 October 2023 to 31 March 2024 £m	Like-for like rental growth £m	Like-for-like rental growth %
Industrial	2.94	3.16	(0.22)	(6.96)
Retail warehouses	2.33	1.92	0.41	21.35
Alternatives	1.37	1.56	(0.19)	(12.18)
Standard retail	1.52	1.87	(0.35)	(18.72)
Offices	0.96	1.08	(0.12)	(11.11)
<b>Total</b>	<b>9.12</b>	<b>9.59</b>	<b>(0.47)</b>	<b>(4.90)</b>

The like-for-like rental growth is based on changes in rental income, excluding turnover rents, 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 £215.64 million (31 March 2024: £205.94 million).

## Capital Expenditure

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

Sector	30 September 2024 £'000	30 September 2023 £'000	31 March 2024 £'000
Acquisitions	–	23,183	23,214
Investment properties – no incremental lettable space	2,024	1,369	1,921
<b>Total purchases and capital expenditure</b>	<b>2,024</b>	<b>24,552</b>	<b>25,135</b>

# EPRA Unaudited Performance Measures *(continued)*

## EPRA Loan to Value

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

	<b>30 September 2024 £'000</b>	30 September 2023 £'000	31 March 2024 £'000
Borrowings from financial institutions	60,000	60,000	60,000
Cash and cash equivalents	(14,471)	(6,442)	(11,397)
<b>EPRA Net debt (A)</b>	<b>45,529</b>	<b>53,558</b>	<b>48,603</b>
Investment properties at fair value	215,635	219,360	210,690
Net receivables	6,765	5,035	4,079
<b>Total property value (B)</b>	<b>222,400</b>	<b>224,395</b>	<b>214,769</b>
<b>EPRA LTV (A/B)</b>	<b>20.47%</b>	<b>23.87%</b>	<b>22.63%</b>
<b>Net receivables comprises</b>			
Receivables and prepayments	15,378	13,011	13,892
Payables and accrued expenses	(8,613)	(7,976)	(9,813)
<b>Total</b>	<b>6,765</b>	<b>5,035</b>	<b>4,079</b>

# 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: [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk).

Changes of name and/or address must be notified in writing to the Registrar, at the address shown on page 60. You can check your shareholding and find practical help on transferring shares or updating your details at [www.signalshares.com](http://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](http://www.aewukreit.com).

## Provisional Financial Calendar

31 March 2025	Year end
June 2025	Announcement of annual results
September 2025	Annual General Meeting
30 September 2025	Half-year end
November 2025	Announcement of interim results

## Dividends

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

	<b>£</b>
Interim dividend for the period 1 April 2024 to 30 June 2024 (payment made on 31 August 2024)	3,168,495
Interim dividend for the period 1 July 2024 to 30 September 2024 (payment to be made on 29 November 2024)	3,168,495
<b>Total</b>	<b>6,336,990</b>

## 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**

Robin Archibald (Non-executive Chairman)  
Mark Kirkland (Non-executive Director and Chairman of the Audit Committee)  
Katrina Hart (Non-executive Director)  
Liz Peace (Non-executive Director)

## **Registered Office**

Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## **Investment Manager and AIFM**

AEW UK Investment Management LLP  
Level 42  
6-8 Bishopsgate  
London  
EC2N 4BQ

Tel: 020 7016 4880  
Website: [www.aewuk.co.uk](http://www.aewuk.co.uk)

## **Property Manager**

Mapp  
180 Great Portland Street  
London  
W1W 5QZ

## **Corporate Broker**

Panmure Liberum Limited  
Ropemaker Place  
25 Ropemaker Street  
London  
EC2Y 9LY

## **Legal Adviser**

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

## **Company Website**

[www.aewukreit.com](http://www.aewukreit.com)

## **Depositary**

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

## **Administrator**

Waystone Administration Solutions (UK) Limited  
Broadwalk House  
Southernhay West  
Exeter  
EX1 1TS

## **Company Secretary**

Link Company Matters Limited  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## **Registrar**

Link Group  
Central Square  
29 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

<b>AIC</b>	Association of Investment Companies. This is the trade body for closed-ended Investment companies ( <a href="http://www.theaic.co.uk">www.theaic.co.uk</a> ).
<b>AIC Code</b>	The AIC Code of Corporate Governance, as published in February 2019. A framework of best practice guidance for investment companies.
<b>AIFMD</b>	Alternative Investment Fund Managers Directive.
<b>AIFM</b>	Alternative Investment Fund Manager. The entity that provides portfolio management and risk management services to the Company and which ensures the Company complies with the AIFMD. The Company's AIFM is AEW UK Investment Management LLP.
<b>AIF</b>	Alternative Investment Fund. Alternative Investment Funds are funds that are not regulated at EU level by the UCITS Directive.
<b>Company</b>	AEW UK REIT plc.
<b>Company Secretary</b>	Link Company Matters Limited.
<b>Company website</b>	<a href="http://www.aewukreit.com">www.aewukreit.com</a>
<b>Contracted rent</b>	The annualised rent adjusting for the inclusion of rent subject to rent-free periods.
<b>Covenant strength</b>	The strength of a tenant's financial status and its ability to perform the covenants in the lease.
<b>Direct vacancy costs</b>	Property expenses that are directly related to the property including the following: rates/property taxes; service charge; insurance premiums; carbon tax; any other costs directly billed to the unit.
<b>DTR</b>	Disclosure Guidance and Transparency Rules, issued by the FCA.
<b>Earnings Per Share ('EPS')</b>	Profit for the period attributable to equity shareholders divided by the weighted average number of Ordinary Shares in issue during the period.
<b>EPC</b>	Energy Performance Certificate.
<b>EPRA</b>	European Public Real Estate Association, the industry body representing listed companies in the real estate sector.
<b>EPRA cost ratio (including direct vacancy costs)</b>	The ratio of net overheads and operating expenses against gross rental income (with both amounts excluding ground rents payable). Net overheads and operating expenses relate to all administrative and operating expenses.
<b>EPRA cost ratio (excluding direct vacancy costs)</b>	The ratio calculated above, but with direct vacancy costs removed from net overheads and operating expenses balance.
<b>EPRA Earnings Per Share</b>	Recurring earnings from core operational activities. A key measure of a company's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings.
<b>EPRA Loan to Value ('EPRA LTV')</b>	The ratio of net debt (including net payables) divided by the market value of property operating (including net receivables).
<b>EPRA NAV</b>	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business.
<b>EPRA NNAV</b>	EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.
<b>EPRA Net Initial Yield ('EPRA NIY')</b>	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the fair value of the property, increased with (estimated) purchasers' costs.

## Glossary (continued)

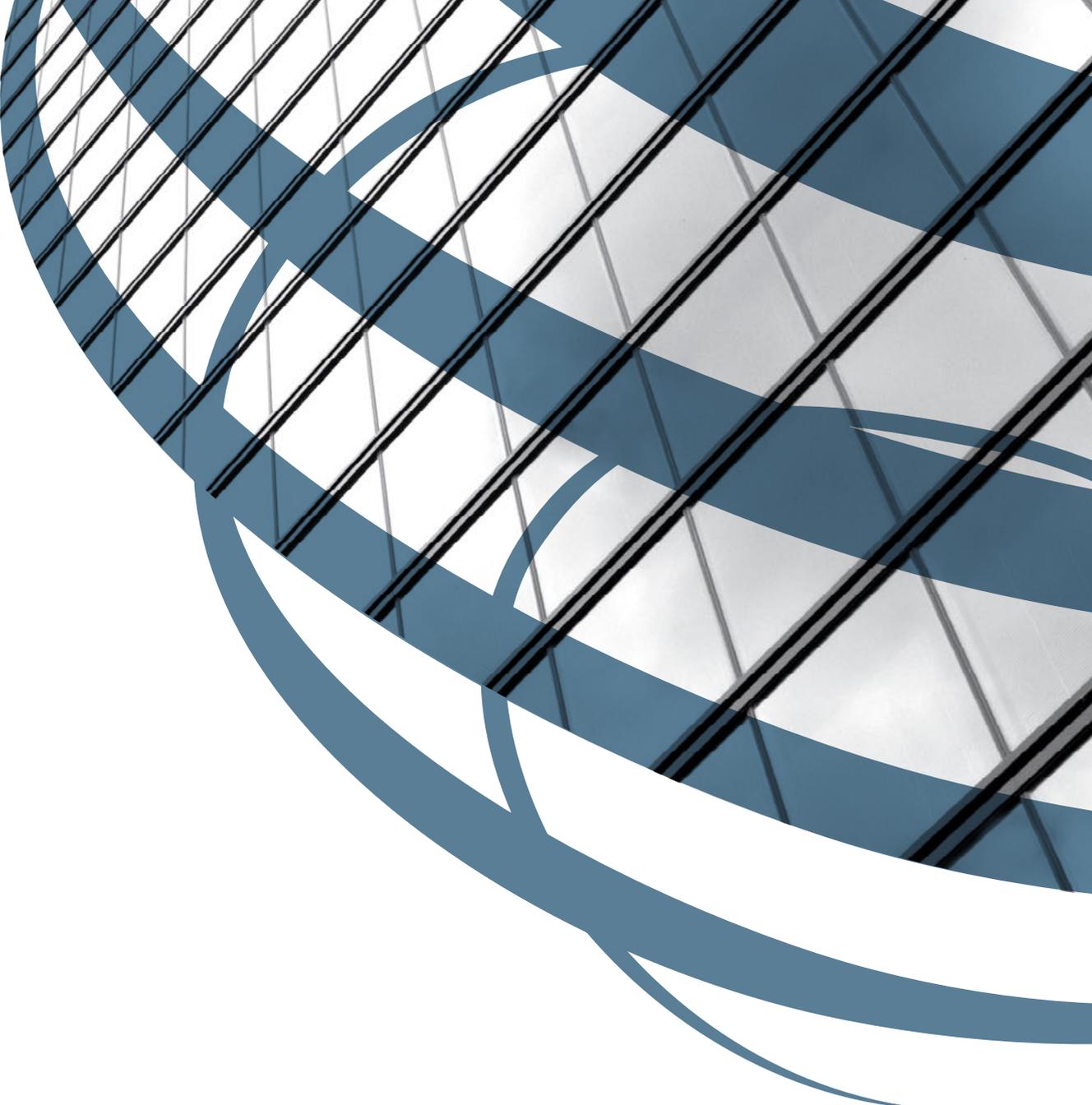
<b>EPRA Net Disposal Value ('EPRA NDV')</b>	This measure represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.
<b>EPRA Net Reinstatement Value ('EPRA NRV')</b>	NAV adjusted to assume that entities never sell assets and aims to represent the value required to rebuild the entity.
<b>EPRA Net Tangible Asset ('EPRA NTA')</b>	NAV adjusted to assume that entities buy and sell their assets, thereby crystallising certain levels of unavoidable deferred tax.
<b>EPRA Topped-Up Net Initial Yield</b>	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
<b>EPRA Vacancy Rate</b>	Estimated Rental Value ('ERV') of vacant space as a percentage of the ERV of the whole portfolio.
<b>Equivalent Yield</b>	The internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review or lease expiry. No future growth is allowed for.
<b>Estimated Rental Value ('ERV')</b>	The external valuers' opinion as to the open market rent which, on the date of the valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.
<b>External Valuer</b>	An independent external valuer of a property. The Company's external valuer is Knight Frank LLP.
<b>Fair Value</b>	The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where parties had each acted knowledgeably, prudently and without compulsion.
<b>Fair value movement</b>	An accounting adjustment to change the book value of an asset or liability to its fair value.
<b>FCA</b>	The Financial Conduct Authority.
<b>FRI lease</b>	A lease which imposes full repairing and insuring obligations on the tenant, relieving the landlord from all liability for the cost of insurance and repairs.
<b>GRESB</b>	Global Real Estate Sustainability Benchmark
<b>Gross Asset Value</b>	The aggregate value of the total assets of the Company as determined in accordance with IFRS.
<b>Gross passing rental income</b>	The rent receivable from the portfolio's leases at a particular reporting date. Allows the user to assess the cash receipts the Company is entitled to receive.
<b>Group BPCE</b>	Ultimate owner of AEW.
<b>IASB</b>	International Accounting Standards Board.
<b>IFRS</b>	UK adopted International Accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRSs').
<b>Investment Manager</b>	The Company's Investment Manager is AEW UK Investment Management LLP.
<b>IPD</b>	Investment Property Databank. An organisation supplying independent market indices and portfolio benchmarks to the property industry.
<b>IPO</b>	The admission to trading on the London Stock Exchange's Main Market of the share capital of the Company and listing of Ordinary Shares to the premium segment of the Official List of the FCA, on 12 May 2015.
<b>Lease incentives</b>	Incentives offered to occupiers to enter into a lease. Typically this will be an initial rent-free period, or a cash contribution to fit-out. Under accounting rules, the value of the lease incentive is amortised through the Statement of Comprehensive Income on a straight-line basis until the lease expiry.
<b>Lease surrender</b>	An agreement whereby the landlord and tenant bring a lease to an end other than by contractual expiry or the exercise of a break option. This will frequently involve the negotiation of a surrender premium by one party to the other.

## Glossary (continued)

<i>Like-for-like</i>	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.
<i>Loan to NAV</i>	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.
<i>Loan to GAV (also Gross Loan to GAV)</i>	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.
<i>Loan-to-Value ('LTV')</i>	The value of outstanding loans and borrowings (before adjustments for issue costs) expressed as a percentage of the combined valuation of the property portfolio (as provided by the external valuer) and the fair value of other investments.
<i>Net Asset Value ('NAV')</i>	Net Asset Value is the equity attributable to shareholders calculated under IFRS.
<i>NAV per share</i>	Equity shareholders, funds divided by the number of Ordinary Shares in issue. This measure allows a comparison with the Company's share price to determine whether the Company's shares are trading at a premium or discount to its NAV calculated under IFRS.
<i>NAV total return</i>	The percentage change in NAV, assuming that dividends paid to shareholders are reinvested at NAV to purchase additional Ordinary Shares.
<i>Net equivalent yield</i>	Calculated by the Company's External Valuers, net equivalent yield is the internal rate of return from an investment property, based on the gross outlays for the purchase of a property (including purchase costs), reflecting reversions to current market rent and items as voids and non-recoverable expenditure but ignoring future changes in capital value. The calculation assumes rent is received annually in arrears.
<i>Net initial yield ('NIY')</i>	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.
<i>Net Loan to GAV</i>	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.
<i>Net Operating Income ('NOI')</i>	The Company's gross operating income minus its operating expenses.
<i>Net rental income</i>	Rental income receivable in the period after payment of ground rents and net property outgoings.
<i>Non-PID</i>	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.
<i>Ongoing charges</i>	A measure, expressed as a percentage of NAV, of the regular, recurring costs of running an investment company which is calculated in line with AIC methodology.
<i>Ordinary Shares</i>	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.
<i>Over-rented</i>	Space where the passing rent is above the ERV.
<i>Passing rent</i>	The gross rent, less any ground rent payable under head leases.
<i>PID</i>	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)

<i>Projected debt yield</i>	Measure of risk, calculated by dividing the projected 12 month net operating income by the outstanding principal balance of the debt secured by the Company.
<i>Property Portfolio</i>	The collection of rental properties owned by the Company.
<i>Rack-rented</i>	Space where passing rent is the same as the ERV.
<i>REIT</i>	A Real Estate Investment Trust. A company which complies with Part 12 of the Corporation tax Act 2010. Subject to the relevant UK REIT criteria being met continually, the profits from the property business of a REIT, arising from both income and capital gains, are exempt from corporation tax.
<i>RETT</i>	Real Estate Transfer Tax. The tax payable by the buyer on the purchase of a property. The RETT payable is calculated at a rate depending on the consideration paid for the property.
<i>Reversion</i>	Increase in rent estimated by the Company's external valuer, where the passing rent is below the ERV.
<i>Reversionary yield</i>	The anticipated yield, which the initial yield will rise (or fall) to once the rent reaches the ERV.
<i>sBPR</i>	The EPRA Sustainability Best Practices Recommendations
<i>Share price</i>	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.
<i>Shareholder total return</i>	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.
<i>SONIA</i>	Sterling Overnight Index Average.
<i>Total returns</i>	The returns to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the share price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or net assets.
<i>Under-rented</i>	Space where the passing rent is below the ERV.
<i>UK Corporate Governance Code</i>	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.
<i>Voids</i>	The amount of rent relating to properties which are unoccupied and generating no rental income. Stated as a percentage of ERV.
<i>Weighted Average Unexpired Lease Term ('WAULT')</i>	The average lease term remaining for first break, or expiry, across the portfolio weighted by contracted rental income.
<i>Yield compression</i>	Occurs when the net equivalent yield of a property decreases, measured in basis points.



**AEW Offices:**

United Kingdom  
Level 42  
6-8 Bishopsgate  
London  
EC2N 4BQ

+44 20 7016 4880  
[www.aewuk.co.uk](http://www.aewuk.co.uk)

---

France  
Elements Building  
43 Avenue Pierre Mendès  
75013 Paris  
France

+33 1 78 40 92 00  
[www.aew.com](http://www.aew.com)

---

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

+1 617 261 9334  
[www.aew.com](http://www.aew.com)

---