

AEW Global Advisors (Europe) Limited

Annual Report and Financial Statements

For the year ended 31 December 2016



Company Registration No. 05406927 (England and Wales)

AEW Global Advisors (Europe) Limited

Company Information

Directors

James Finnegan
Jeffrey Furber
Robert Oosterkamp
Linda Danyluk

Company number

05406927

Registered office

33 Jermyn Street
London
SW1Y 6DN

Auditors

Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

National Westminster Bank plc
94 Moorgate
London
EC2M 6XT

AEW Global Advisors (Europe) Limited

Contents

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditors' report	5 - 6
Profit and Loss Account	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 18

AEW Global Advisors (Europe) Limited

Strategic Report

For the year ended 31 December 2016

The directors present the strategic report and financial statements for the year ended 31 December 2016.

Review of the business

Since inception the company has achieved an investment result which is on average around 2% per annum higher than the benchmark, the FTSE EPRA/NAREIT Developed Europe Index. This result has been achieved with a lower risk than the benchmark as the volatility of these returns has been lower than the benchmark. Future investment strategy will remain consistent which should result in continued investment trend performance. AEW Global Advisors (Europe) Limited manages more than 15 separate mandates which are the European sleeve of a Global mandate or European only accounts:

Principal risk and uncertainties

The directors have overall responsibility for identifying, evaluating and managing major business risks. They regularly assess the business risks exposure and control including compliance assessments and determine any appropriate action required.

Principal business risks reviewed include allocation of responsibilities and control environment, financial control, quality and integrity of personnel, compliance controls and IT systems.

Analysis based on Key Performance Indicators and future developments

The board monitors the progress of the company on a monthly basis by reference to the following key performance indicators:

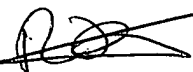
1. Revenue
2. Profit
3. Assets Under Management (AUM)

The board are satisfied with the company's performance during the year, although AUM have slightly decreased during the year resulting in a small reduction in turnover to £2.5m (2015: £2.75m). The administrative expenses increased in 2016 due to expenses allocated from the US parent company pursuant to the adoption of a global transfer pricing policy £2.0m (2015: £1.82m) resulting in decrease profit after tax of £0.41m (2015: £0.74m).

The company continues to pay regular dividends. Dividends payable for the year ended 31 December £0.5m (2015: £1.0m) and this is expected to continue in future years.

The directors are optimistic about the future growth of the business and profitability.

On behalf of the board



Robert Oosterkamp

Director

22/2/17

AEW Global Advisors (Europe) Limited

Directors' Report

For the year ended 31 December 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of the provision of investment management services with respect to publically traded real estate securities. The company is authorised and regulated by the Financial Conduct Authority ('FCA').

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

James Finnegan
Jeffrey Furber
Robert Oosterkamp
Linda Danyluk

Results and dividends

The results for the year are set out on page 7.

An interim ordinary dividend was paid amounting to £500,000. The directors do not recommend payment of a final dividend.

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 1 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Future developments

The company has chosen to include this information in the Strategic Report in accordance with section 414C of the Companies Act 2006.

Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AEW Global Advisors (Europe) Limited

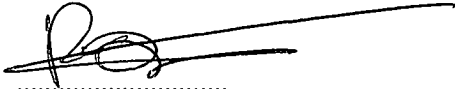
Directors' Report (Continued)

For the year ended 31 December 2016

Pillar 3 Disclosures

Details of the company's unaudited Pillar 3 disclosures, required under section 11 of the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU), can be found at the following website: <http://www.pillar3.eu/aew1200502>

On behalf of the board



.....
Robert Oosterkamp

Director

22/2/17.....

AEW Global Advisors (Europe) Limited

Directors' Responsibilities Statement

For the year ended 31 December 2016

The directors are responsible for preparing the Directors Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AEW Global Advisors (Europe) Limited

Independent Auditors' Report

To the Members of AEW Global Advisors (Europe) Limited

We have audited the financial statements of AEW Global Advisors (Europe) Limited for the year ended 31 December 2016 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AEW Global Advisors (Europe) Limited

Independent Auditors' Report (Continued)

To the Members of AEW Global Advisors (Europe) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Thomas Moore (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

Chartered Accountants
Statutory Auditor

27 February 2017

Devonshire House
60 Goswell Road
London
EC1M 7AD

AEW Global Advisors (Europe) Limited

Profit and Loss Account

For the year ended 31 December 2016

		2016	2015
	Notes	£	£
Turnover	3	2,541,855	2,748,429
Administrative expenses		(2,034,256)	(1,820,967)
Operating profit	4	507,599	927,462
Interest receivable and similar income	7	602	3,927
Profit before taxation		508,201	931,389
Taxation	8	(101,640)	(188,846)
Profit for the financial year		406,561	742,543
Total comprehensive income for the year		406,561	742,543

The profit and loss account has been prepared on the basis that all operations are continuing operations.

AEW Global Advisors (Europe) Limited

Balance Sheet

As at 31 December 2016

	Notes	2016 £	£	2015 £	£
Current assets					
Debtors	11	598,169		601,016	
Cash at bank and in hand		1,522,332		1,872,467	
		<u>2,120,501</u>		<u>2,473,483</u>	
Creditors: amounts falling due within one year	13	(599,612)		(859,155)	
Net current assets		<u>1,520,889</u>		<u>1,614,328</u>	
Capital and reserves					
Called up share capital	14	200,000		200,000	
Profit and loss reserves		1,320,889		1,414,328	
Total equity		<u>1,520,889</u>		<u>1,614,328</u>	

The financial statements were approved by the board of directors and authorised for issue on 22/2/2017 and are signed on its behalf by:



Robert Oosterkamp
Director

Company Registration No. 05406927

AEW Global Advisors (Europe) Limited

Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital	Retained earnings	Total
Balance at 1 January 2015	200,000	1,671,785	1,871,785
Profit and total comprehensive income for the year 2014	-	742,543	742,543
Dividends	-	(1,000,000)	(1,000,000)
Balance at 31 December 2015	<u>200,000</u>	<u>1,414,328</u>	<u>1,614,328</u>
Profit and total comprehensive income for the year 2015	-	406,561	406,561
Dividends	-	(500,000)	(500,000)
Balance at 31 December 2016	<u><u>200,000</u></u>	<u><u>1,320,889</u></u>	<u><u>1,520,889</u></u>

AEW Global Advisors (Europe) Limited

Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	16	247,378		1,577,904	
Income taxes paid		(98,115)		(332,811)	
Net cash inflow from operating activities		<u>149,263</u>		<u>1,245,093</u>	
Investing activities					
Interest received		<u>602</u>		<u>3,927</u>	
Net cash generated from investing activities			602		3,927
Financing activities					
Dividends paid		<u>(500,000)</u>		<u>(1,000,000)</u>	
Net cash used in financing activities			(500,000)		(1,000,000)
Net (decrease)/increase in cash and cash equivalents			(350,135)		249,020
Cash and cash equivalents at beginning of year		<u>1,872,467</u>		<u>1,623,447</u>	
Cash and cash equivalents at end of year		<u><u>1,522,332</u></u>		<u><u>1,872,467</u></u>	

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements

For the year ended 31 December 2016

1 Accounting policies

Company information

AEW Global Advisors (Europe) Limited is a company limited by shares incorporated in England and Wales. The registered office is 33 Jermyn Street, London, SW1Y 6DN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents fees receivable for investment management services provided net of VAT.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.5 Financial Instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

2 Critical accounting estimates and judgements

The directors consider that there are no critical accounting estimates and judgements made in preparing these financial statements.

3 Turnover

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Investment management fees	2,541,855	2,748,429

	2016 £	2015 £
Other significant revenue		
Interest income	602	3,927

Turnover analysed by geographical market

	2016 £	2015 £
United States of America	2,541,855	2,748,429

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	7,813	6,000

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Financial and administration	3	3

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

5 Employees

(Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	888,139	947,185
Social security costs	119,347	122,504
Pension costs	65,659	52,628
	<u>1,073,145</u>	<u>1,122,317</u>

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	520,610	587,898
Company pension contributions to defined contribution schemes	41,815	29,690
	<u>562,425</u>	<u>617,588</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	520,610	587,898
Company pension contributions to defined contribution schemes	41,815	29,690
	<u>562,425</u>	<u>617,588</u>

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	602	3,927
	<u>602</u>	<u>3,927</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	602	3,927
	<u>602</u>	<u>3,927</u>

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

8	Taxation	2016 £	2015 £
	Current tax		
	UK corporation tax on profits for the current period	101,640	188,846
	Total current tax	101,640	188,846
	Total tax charge	101,640	188,846

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation on continued operations	508,201	931,389
<i>Profit on ordinary activities before taxation multiplied by standard rate of corporation tax of 20% (2015 - 20.25%)</i>	101,640	188,574
Tax effect of expenses that are not deductible in determining taxable profit	-	59
Provision adjustments	(73)	213
Other adjustments	73	-
	-	272
Tax expense for the year	101,640	188,846

9	Dividends	2016 per share	2015 per share	2016 £	2015 £
	Amounts recognised as distributions to equity holders:				
	Ordinary shares of £1 each				
	Interim paid	2.50	5.00	500,000	1,000,000

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

10 Financial instruments	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	593,750	597,696
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	299,987	551,912
	<u> </u>	<u> </u>
11 Debtors	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	563,384	568,951
Other debtors	3,348	1,961
Prepayments and accrued income	31,437	30,104
	<u> </u>	<u> </u>
	598,169	601,016
	<u> </u>	<u> </u>

Trade debtors disclosed above are measured at amortised cost.

12 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £65,659 (2015 - £52,628).

13 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	5,390	121
Amounts due to fellow group undertakings	-	504,074
Corporation tax payable	44,563	41,038
Other taxation and social security	255,062	266,205
Other creditors	4,256	4,623
Accruals and deferred income	290,341	43,094
	<u> </u>	<u> </u>
	599,612	859,155
	<u> </u>	<u> </u>

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

14 Share capital	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
200,000 Ordinary shares of £1 each	200,000	200,000

15 Controlling party

The company's immediate parent entity is AEW Capital Management LP, registered in the United States of America. The ultimate controlling party is Natixis Global Asset Management LP ("Natixis"), registered in France.

Natixis is the parent undertaking of the largest and smallest group of undertakings of which the company is a member and for which group financial statements are prepared. The group financial statements may be obtained from the Finance Director, AEW Global Advisors (Europe) Limited, 33 Jermyn Street, London, SW1Y 6DN.

16 Cash generated from operations

	2016	2015
	£	£
Profit for the year after tax	406,561	742,543
Adjustments for:		
Taxation charged	101,640	188,846
Investment income	(602)	(3,927)
Operating profit	(507,599)	(927,462)
Movements in working capital:		
Decrease in debtors	2,847	89,105
(Decrease)/increase in creditors	(263,068)	561,337
Cash generated from operations	247,378	1,577,904