

AEW Global Advisors (Europe) Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

Company Registration No. 05406927 (England and Wales)



AEW Global Advisors (Europe) Limited

Company Information

| | |
|--------------------------|---|
| Directors | Robert Oosterkamp Richard Moreschi |
| Company number | 05406927 |
| Registered office | 33 Jermyn Street London SW1Y 6DN |
| Auditors | Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD |
| Bankers | Royal Bank of Scotland International Ltd 280 Bishopsgate London EC2M 4RB |

AEW Global Advisors (Europe) Limited

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AEW Global Advisors (Europe) Limited

Strategic Report

For the year ended 31 December 2020

The directors present the strategic report for the year ended 31 December 2020.

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 17 separate mandates which are the European sleeve of Global mandates or funds, European only accounts and a European Absolute Return Fund.

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. AUM have slightly decreased during the year resulting in a small decrease in turnover to £2.7m (2019: £2.8m). The administrative expenses of £3.4m (2019: £3.5m) slightly decreased in 2020 due to the reduced expenses allocated from the US parent company pursuant to the global transfer pricing policy and the absence of travel costs due to the COVID-19 pandemic, but was in part offset with the additional cost of a fourth member of staff who joined in January 2020. The modestly lower turnover along with the also modestly lower administrative expenses gave rise to a loss for the financial year of £0.73m (2019: loss of £0.56m). The company did not pay a dividend for the year ended 31 December 2020 (2019: £nil). Payment of dividends will be reviewed annually.

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

AEW Global Advisors (Europe) Limited

Strategic Report (Continued)

For the year ended 31 December 2020

Statement by the director relating to their statutory duties under section 172(1) of the Companies Act 2006

The directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its member, and in doing so have regard, amongst other matters, to the:

- Likely consequences of any decision in the long term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and the environment;
- Desirability of the company maintaining a reputation for high standards of business conduct;
- Need to act fairly as between members of the company.

The directors' regard to these matters is embedded in their decision-making process, through the company's business strategy, culture, governance framework, management information flows and stakeholder engagement processes. The company's business strategy is focused on achieving success for the company in the long term. In setting this strategy, the board takes into account the impact of relevant factors and stakeholder interests on the company's performance. The board also identifies principal risks facing the business and sets risk management objectives. The board promotes a culture of upholding the highest standards of business conduct and regulatory conduct. The board ensures these core values are communicated to the company's employees and embedded in the company's policies and procedures, employee induction and training programmes and its risk control and oversight framework. The board recognises that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long term values, and operate a sustainable business.

Stakeholders

The board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the company. The board regularly discuss issues concerning employees, clients, suppliers, community and environment, regulators and its shareholder, which it takes into account in its decision-making process. In addition to this, the board seeks to understand the interests and views of the company's stakeholders by engaging with them directly when required. The below summarises the key stakeholders and how we engage with each:

Employees

Our employees contribute to a positive working culture and healthy working environment. Employees are key to the success of our business. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual employees' potential within the business. We continually invest in employee development and wellbeing to create and encourage an inclusive culture within the organisation. Our employee appraisal programme encourages employee feedback and facilitates the opportunity for both employees and directors to set performance goals on an annual basis. Our culture invites different perspectives, new ideas and opportunities for growth. We work hard to ensure employees feel welcome and are valued and recognised for their hard work.

Clients

Clients are at the centre of our business. We aim to build lasting relationships with current and potential clients to understand their objectives and requirements. We are in regular contact with clients in order to meet their needs.

AEW Global Advisors (Europe) Limited

Strategic Report (Continued)

For the year ended 31 December 2020

Suppliers

We work with a wide range of suppliers and remain committed to being fair and transparent in our dealings with all of our suppliers. The company has procedures in place requiring due diligence of suppliers as to their internal governance, including for example, their anti-bribery and corruption practices, data protection policies and modern slavery matters. The company has systems and procedures in place to ensure suppliers are paid in a timely manner.

Regulators

Having a positive dialogue with our regulators means we can help them to understand our business model and strategy, our culture and our focus for doing the right thing for our clients. We aim to achieve a transparent relationship with our regulators, as well as providing an insight into any challenges we may face.

Community and The Environment

Considering the impact of our actions as a business on the wider interests of society is an important part of being a responsible business. As investors, our decisions can have a wider impact and we take our stewardship responsibilities seriously. We see ourselves as part of the communities in which we live and work, and seek to actively contribute, and actively engaging with them is an important part of who we are.

COVID-19

The development and spread of COVID-19 has had a significant impact on economies and resulted in severe restrictions of movement of people across the world. The resulting adverse impact on global commercial activity from the COVID-19 pandemic has contributed to significant volatility in financial markets. AEW Global Advisors (Europe) invests on behalf of our clients in European listed real estate companies. A part of the market has been heavily impacted by COVID-19, like retail and office companies which resulted in significant declines of share prices. But a part of the market has had more limited impact from the virus, like logistics and residential, resulting in increasing share-prices. Overall the European listed real estate market declined by 5% in British Pounds for the full year in 2020 which had, from that aspect, a negative effect on the profitability of the company. The outlook is improving with the roll out of vaccinations which is expected also to have a positive impact on the outlook for the investment universe of the company and its profitability.

On behalf of the board



.....
Robert Oosterkamp
Director
17 February 2021

AEW Global Advisors (Europe) Limited

Directors' Report

For the year ended 31 December 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of the provision of investment management services. 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 | (Resigned 12 February 2020) |
| Jeffrey Furber | (Resigned 12 February 2020) |
| Robert Oosterkamp | |
| Seth Berger | (Resigned 12 February 2020) |
| Richard Moreschi | |

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. 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 days' 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.

Auditor

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

Statement of disclosure to auditor

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 2020

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: www.aew.com/legal.

On behalf of the board



.....
Robert Oosterkamp

Director

Date: 17 February 2021

AEW Global Advisors (Europe) Limited

Directors' Responsibilities Statement

For the year ended 31 December 2020

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 Auditor's Report

To the Members of AEW Global Advisors (Europe) Limited

Opinion

We have audited the financial statements of AEW Global Advisors (Europe) Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

AEW Global Advisors (Europe) Limited

Independent Auditor's Report (Continued)

To the Members of AEW Global Advisors (Europe) Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

AEW Global Advisors (Europe) Limited

Independent Auditor's Report (Continued)

To the Members of AEW Global Advisors (Europe) Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are [the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation]
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

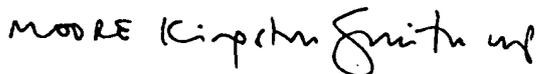
AEW Global Advisors (Europe) Limited

Independent Auditor's Report (Continued)

To the Members of AEW Global Advisors (Europe) Limited

Use of our report

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



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

22 February 2021

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

AEW Global Advisors (Europe) Limited

Statement of Comprehensive Income For the year ended 31 December 2020

| | | 2020 | 2019 |
|--|--------------|-------------|-------------|
| | Notes | £ | £ |
| Turnover | 2 | 2,662,439 | 2,845,241 |
| Administrative expenses | | (3,394,114) | (3,511,534) |
| Operating loss | 4 | (731,675) | (666,293) |
| Interest receivable and similar income | 7 | 955 | - |
| Loss before taxation | | (730,720) | (666,293) |
| Taxation | 8 | (309) | 106,623 |
| Loss for the financial year | | (731,029) | (559,670) |

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 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|------------------|----------------|--------------------|------------------|
| Current assets | | | | | |
| Debtors | 10 | 654,685 | | 783,297 | |
| Cash at bank and in hand | | 1,032,849 | | 2,166,179 | |
| | | <u>1,687,534</u> | | <u>2,949,476</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(702,389)</u> | | <u>(1,233,302)</u> | |
| Net current assets | | | <u>985,145</u> | | <u>1,716,174</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | 200,000 | | 200,000 | |
| Profit and loss reserves | | 785,145 | | 1,516,174 | |
| | | <u>985,145</u> | | <u>1,716,174</u> | |
| Total equity | | | <u>985,145</u> | | <u>1,716,174</u> |

The financial statements were approved by the board of directors and authorised for issue on 17 February 2021 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 2020

| | Share capital | Profit and loss reserves | Total |
|--|------------------|--------------------------------|-----------|
| | £ | £ | £ |
| Balance at 1 January 2019 | 200,000 | 2,075,844 | 2,275,844 |
| Year ended 31 December 2019: | | | |
| Loss and total comprehensive income for the year | - | (559,670) | (559,670) |
| Balance at 31 December 2019 | 200,000 | 1,516,174 | 1,716,174 |
| Year ended 31 December 2020: | | | |
| Loss and total comprehensive income for the year | - | (731,029) | (731,029) |
| Balance at 31 December 2020 | 200,000 | 785,145 | 985,145 |

AEW Global Advisors (Europe) Limited

Statement of Cash Flows

For the year ended 31 December 2020

| | | 2020 | | 2019 | |
|---|-------|--------------------|---|------------------|---|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash absorbed by operations | 16 | (1,254,545) | | (80,684) | |
| Income taxes refunded/(paid) | | 120,260 | | (57,584) | |
| | | | | | |
| Net cash outflow from operating activities | | (1,134,285) | | (138,268) | |
| Investing activities | | | | | |
| Interest received | | 955 | | - | |
| | | | | | |
| Net decrease in cash and cash equivalents | | (1,133,330) | | (138,268) | |
| Cash and cash equivalents at beginning of year | | 2,166,179 | | 2,304,447 | |
| | | | | | |
| Cash and cash equivalents at end of year | | 1,032,849 | | 2,166,179 | |

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements

For the year ended 31 December 2020

1 Accounting policies

Company information

AEW Global Advisors (Europe) Limited is a private 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 balance sheet date of 31 December 2020, the company made a loss for the year of £731,029, and had net assets at that date of £985,145. The company's losses were increased from the prior year as a result of the impact of the coronavirus pandemic. The development and spread of COVID-19 has had a significant impact on economies and resulted in severe restrictions of movement of people across the world. The resulting adverse impact on global commercial activity from the COVID-19 pandemic has contributed to significant volatility in financial markets. AEW Global Advisors (Europe) invests on behalf of its clients in European listed real estate companies. A part of the market has been heavily impacted by COVID-19, like retail and office companies which resulted in significant decreases in investment values. Certain sectors of the market have experienced a more limited impact from the virus, such as logistics and residential, resulting in increasing share prices. Overall the European listed real estate market declined by 5% in British Pounds for the full year in 2020 which had, from that aspect, a negative effect on the profitability of the company.

As the vaccinations continue to roll out the directors expect it to have a positive impact on the real estate market and subsequently increase the revenues and profitability of the company. The forecasts suggest that the company has sufficient working capital to enable it to continue to trade and meet its liabilities as they fall due for at least the next twelve months from the date of approval of the financial statements. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis.

1.3 Turnover

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

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

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

Basic financial assets, which include 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. Financial assets classified as receivable within one year are not amortised.

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.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

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 creditors, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

1 Accounting policies

(Continued)

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.

2 Turnover and other revenue

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

| | 2020 | 2019 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Investment management fees | 2,662,439 | 2,845,241 |
| | <u> </u> | <u> </u> |
| | 2020 | 2019 |
| | £ | £ |
| Other significant revenue | | |
| Interest income | 955 | - |
| | <u> </u> | <u> </u> |
| | 2020 | 2019 |
| | £ | £ |
| Turnover analysed by geographical market | | |
| United States of America | 2,662,439 | 2,845,241 |
| | <u> </u> | <u> </u> |

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

3 Critical accounting estimates and judgements

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

4 Operating loss

| | 2020 | 2019 |
|---|--------|-------|
| | £ | £ |
| Operating loss for the year is stated after charging: | | |
| Fees payable to the company's auditor for the audit of the company's financial statements | 11,000 | 9,425 |

5 Employees

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

| | 2020 | 2019 |
|------------------------------|--------|--------|
| | Number | Number |
| Financial and administration | 4 | 3 |

Their aggregate remuneration comprised:

| | 2020 | 2019 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,607,757 | 1,508,345 |
| Social security costs | 217,382 | 204,940 |
| Pension costs | 36,517 | 32,408 |
| | <u>1,861,656</u> | <u>1,745,693</u> |

6 Directors' remuneration

| | 2020 | 2019 |
|---|----------------|------------------|
| | £ | £ |
| Remuneration for qualifying services | 885,272 | 1,024,774 |
| Company pension contributions to defined contribution schemes | 5,001 | 10,000 |
| | <u>890,273</u> | <u>1,034,774</u> |

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

6 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

Remuneration disclosed above are exclusively related to the highest paid director.

| 7 Interest receivable and similar income | 2020 | 2019 |
|--|------------|----------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 955 | - |
| | <u>955</u> | <u>-</u> |

Investment income includes the following:

| | | |
|--|------------|----------|
| Interest on financial assets not measured at fair value through profit or loss | 955 | - |
| | <u>955</u> | <u>-</u> |

| 8 Taxation | 2020 | 2019 |
|--|------------|------------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 309 | (106,623) |
| | <u>309</u> | <u>(106,623)</u> |

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2020 | 2019 |
|---|------------------|------------------|
| | £ | £ |
| Loss before taxation | (730,720) | (666,293) |
| | <u>(730,720)</u> | <u>(666,293)</u> |
| <i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)</i> | (138,837) | (126,596) |
| Unutilised tax losses carried forward | 138,869 | 20,467 |
| Under/(over) provided in prior years | 309 | - |
| Provision adjustments | (32) | (494) |
| | <u>309</u> | <u>(106,623)</u> |
| Taxation charge/(credit) for the year | <u>309</u> | <u>(106,623)</u> |

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

| 9 Financial instruments | 2020 | 2019 |
|---|-------------|-------------|
| | £ | £ |
| Carrying amount of financial assets | | |
| Instruments measured at fair value through profit or loss | 637,040 | 647,814 |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 217,519 | 703,157 |

| 10 Debtors | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Corporation tax recoverable | - | 120,569 |
| Amounts due from group undertakings | 605,016 | 609,390 |
| Other debtors | 2,858 | 13,829 |
| Prepayments and accrued income | 46,811 | 39,509 |
| | <u>654,685</u> | <u>783,297</u> |

Trade debtors disclosed above are measured at amortised cost.

| 11 Retirement benefit schemes | 2020 | 2019 |
|---|-------------|-------------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 36,517 | 32,408 |

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.

| 12 Creditors: amounts falling due within one year | 2020 | 2019 |
|--|----------------|------------------|
| | £ | £ |
| Trade creditors | - | 3,880 |
| Amounts due to fellow group undertakings | 128,809 | 594,604 |
| Other taxation and social security | 484,870 | 530,145 |
| Other creditors | 2,534 | 2,701 |
| Accruals and deferred income | 86,176 | 101,972 |
| | <u>702,389</u> | <u>1,233,302</u> |

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2020

| 13 Share capital | 2020 | 2019 |
|---|-------------|-------------|
| | £ | £ |
| Ordinary share capital Issued and fully paid | | |
| 200,000 Ordinary shares of £1 each | 200,000 | 200,000 |

14 Related party transactions

The company has taken advantage of exemption available in FRS Section 33.1A not to disclose transactions with any fellow wholly owned group companies.

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 Groupe BPCE, registered in France.

The group financial statements may be obtained from the Finance Director, Groupe BPCE, 30 Avenue Pierre Méndes-France, 75013 Paris, France.

16 Cash generated from operations

| | 2020 | 2019 |
|--------------------------------------|--------------------|-----------------|
| | £ | £ |
| Loss for the year after tax | (731,029) | (559,670) |
| Adjustments for: | | |
| Taxation charged/(credited) | 309 | (106,623) |
| Investment income | (955) | - |
| Movements in working capital: | | |
| Decrease in debtors | 8,043 | 125,789 |
| (Decrease)/increase in creditors | (530,913) | 459,820 |
| Cash absorbed by operations | <u>(1,254,545)</u> | <u>(80,684)</u> |