

AEW Global Advisors (Europe) Limited

Annual Report and Financial Statements

For the year ended 31 December 2023

Company Registration No. 05406927 (England and Wales)

AEW Global Advisors (Europe) Limited

Company Information

Directors	Robert Oosterkamp Richard Moreschi
Company number	05406927
Registered office	3rd Floor 21 New Row London WC2N 4LA
Auditors	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP
Bankers	Royal Bank of Scotland International Ltd 280 Bishopsgate London EC2M 4RB

AEW Global Advisors (Europe) Limited

Contents

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	13
Statement of cash flows	12
Notes to the financial statements	14 - 23

AEW Global Advisors (Europe) Limited

Strategic Report

For the year ended 31 December 2023

The directors present the strategic report for the year ended 31 December 2023.

Review of the business

An important goal of the business is to achieve attractive investment returns for its clients. Since inception the company has achieved an investment result which is on average a few percentage points per annum higher than the investment universe measured by 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. For the absolute return strategy the firm aims to achieve long term positive investment returns in different market environments, this has been achieved since inception. Future investment strategy will remain consistent which should result in continued investment trend performance. AEW Global Advisors (Europe) Limited manages 19 separate mandates which are the European sleeve of Global mandates or funds, European only accounts and the European Absolute Return strategy.

The board are satisfied with the company's performance during the year. AUM figures increased to £736.5m (2022: £493.0m) resulting in an increase in investment management fees to £2.96m (2022: £2.93m). Performance fees of £3.52m (2022: £nil) were also achieved. This increase in revenue resulted in profits for the financial year of £1.87m (2022: loss of £0.81m) and, at the balance sheet date, the company had net assets of £4.69m.

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 are discussed below:

Allocation of responsibilities and control environment

The risk exists that there are weaknesses in the control environment. These risks are mitigated through the application of limits and controls and a monitoring process at operational level. An assessment of systems and controls is undertaken by the US parent, AEW Capital Management LP. ("AEWCM"), annually and includes a risk assessment of the firm.

Quality and integrity of personnel

The risk exists that the firm could lose key personnel reducing the quality of the team in place. This risk is mitigated by the monitoring of staff turnover ratios to ensure this does not rise above the industry average. Employee engagement is also conducted to reduce risk of staff turnover.

Compliance controls

The risk is that regulatory sanctions will be incurred or that the Capital Adequacy Ratio will fall below the firms minimum acceptable tolerance. This risk is mitigated by regular business practices reviews, breach analysis and maintenance of complaints logs. Key Risk Indicator analysis is also reported to Board of Directors and AEWCM, the parent company.

IT Systems

The risk exists of unauthorised access and data corruption. To mitigate this all computers are password protected whilst only some authorised users are able to effect changes to the information on the computer.

AEW Global Advisors (Europe) Limited

Strategic Report (Continued)

For the year ended 31 December 2023

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 figures have increased during the year to £736.5m (2022: £493.0m) resulting in a small increase in investment management fees to £2.96m (2022: £2.93m) as a result of new client AUM inflows occurring during late 2023. Performance fees of £3.52m (2022: £nil) were also achieved from out-performance on certain products. The administrative expenses of £4.35m (2022: £3.74m) increased in 2023 primarily due to increased employee remuneration related to the performance fees received in the year. The overall increase in turnover generated profits for the financial year of £1.87m (2022: loss of £0.81m). The company did not pay a dividend for the year ended 31 December 2023 (2022: £nil). Payment of dividends will be reviewed annually.

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

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:

AEW Global Advisors (Europe) Limited

Strategic Report (Continued)

For the year ended 31 December 2023

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.

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.

Current Investment Environment

High volatility in inflation and interest rates as a result of this had an impact on European real estate values and especially the listed real estate sector in Europe. Inflationary pressures seem to be moderating resulting in an improved outlook for the sector.

On behalf of the board

Robert Oosterkamp
Director
24 April 2024

AEW Global Advisors (Europe) Limited

Directors' Report

For the year ended 31 December 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

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').

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Robert Oosterkamp
Richard Moreschi

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 policy 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 and review of financial performance

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.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

AEW Global Advisors (Europe) Limited

Directors' Report (Continued)

For the year ended 31 December 2023

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.

IFPR Disclosures

The company is regulated by the Financial Conduct Authority ("FCA") in the UK and is subject to minimum capital requirements imposed by the Regulator and the Investment Firms Prudential Regime ("IFPR"). The IFPR is the FCA's new prudential regime for MiFID investment firms, which came into force on 1 January 2022.

Details of the company's unaudited IFPR disclosures as required under MiFIDPRU 8 can be found at the following website: www.aew.com/legal.

On behalf of the board

Robert Oosterkamp
Director

24 April 2024

AEW Global Advisors (Europe) Limited

Directors' Responsibilities Statement

For the year ended 31 December 2023

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 2023 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 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 2023 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.

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 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

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.

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.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 so that we might state to the company's members those matters we are required to state to them in an auditor's 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.

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

24 April 2024

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

AEW Global Advisors (Europe) Limited

Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 £	2022 £
Turnover	2	6,481,494	2,932,677
Administrative expenses		(4,345,489)	(3,744,920)
Profit/(loss) before taxation		2,136,005	(812,243)
Tax on profit/(loss)	7	(264,404)	-
Profit/(loss) for the financial year		1,871,601	(812,243)

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 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		13,457		-
Current assets					
Debtors	9	4,290,726		720,192	
Cash at bank and in hand		2,585,511		3,067,494	
		<u>6,876,237</u>		<u>3,787,686</u>	
Creditors: amounts falling due within one year	11	<u>(2,194,606)</u>		<u>(964,199)</u>	
Net current assets			4,681,631		2,823,487
Net assets			<u>4,695,088</u>		<u>2,823,487</u>
Capital and reserves					
Called up share capital	12	2,200,000		2,200,000	
Profit and loss reserves		<u>2,495,088</u>		<u>623,487</u>	
Total equity			<u>4,695,088</u>		<u>2,823,487</u>

The financial statements were approved by the board of directors and authorised for issue on 24 April 2024 and are signed on its behalf by:

Robert Oosterkamp
Director

Company Registration No. 05406927

AEW Global Advisors (Europe) Limited

Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	17		(468,526)		1,403,008
Investing activities					
Purchase of tangible fixed assets		(13,457)		-	
Net cash used in investing activities			(13,457)		-
Net (decrease)/increase in cash and cash equivalents			(481,983)		1,403,008
Cash and cash equivalents at beginning of year			3,067,494		1,664,486
Cash and cash equivalents at end of year			2,585,511		3,067,494

AEW Global Advisors (Europe) Limited

Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2022	2,200,000	1,435,730	3,635,730
Year ended 31 December 2022:			
Loss and total comprehensive income for the year	-	(812,243)	(812,243)
Balance at 31 December 2022	2,200,000	623,487	2,823,487
Year ended 31 December 2023:			
Profit and total comprehensive income for the year	-	1,871,601	1,871,601
Balance at 31 December 2023	2,200,000	2,495,088	4,695,088

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements

For the year ended 31 December 2023

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 3rd Floor, 21 New Row, London, WC2N 4LA.

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 2023, the company had net assets of £4,695,088 and a profit for the year of £1,871,601. 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 and a significant surplus on its regulatory capital requirement. The company also has written assurances of ongoing financial support from the wider group. 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 and performance fees net of VAT as applicable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	7 years straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.6 Cash and cash equivalents

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

1.7 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.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

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 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.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

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.

1.8 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 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.

1.10 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.

1.11 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 2023

2 Turnover

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

	2023 £	2022 £
Turnover analysed by class of business		
Investment management fees	2,964,235	2,932,677
Performance fees	3,517,259	-
	<u>6,481,494</u>	<u>2,932,677</u>
Turnover analysed by geographical market		
United States of America	<u>6,481,494</u>	<u>2,932,677</u>

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 profit/(loss)

	2023 £	2022 £
Operating profit/(loss) for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	<u>21,000</u>	<u>17,000</u>

5 Employees

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

	2023 Number	2022 Number
Finance and administration	<u>3</u>	<u>3</u>

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

5 Employees

(Continued)

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	2,356,385	1,752,085
Social security costs	321,375	234,826
Pension costs	25,500	20,876
	<u>2,703,260</u>	<u>2,007,787</u>

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	544,721	920,970
Company pension contributions to defined contribution schemes	8,500	4,005
	<u>553,221</u>	<u>924,975</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 1).

Remuneration disclosed above relates exclusively to the highest paid director.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

7 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	264,404	-

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

	2023 £	2022 £
Profit/(loss) before taxation	2,136,005	(812,243)
<i>Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)</i>	502,388	(154,326)
Tax effect of expenses that are not deductible in determining taxable profit	445	-
Tax effect of utilisation of tax losses not previously recognised	(238,429)	-
Unutilised tax losses carried forward	-	154,326
Taxation charge for the year	264,404	-

8 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2023	-
Additions	13,457
At 31 December 2023	13,457
Depreciation and impairment	
At 1 January 2023 and 31 December 2023	-
Carrying amount	
At 31 December 2023	13,457
At 31 December 2022	-

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

9 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Amounts owed by group undertakings	4,227,121	690,762
Other debtors	10,860	18,749
Prepayments and accrued income	32,208	10,681
	<u>4,270,189</u>	<u>720,192</u>
Amounts falling due after more than one year:		
Other debtors	<u>20,537</u>	<u>-</u>
Total debtors	<u>4,290,726</u>	<u>720,192</u>

10 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>25,500</u>	<u>20,876</u>

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.

11 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	399	3,090
Amounts due to fellow group undertakings	-	319,560
Corporation tax payable	264,404	-
Other taxation and social security	282,039	615,869
Other creditors	2,500	1,000
Accruals and deferred income	1,645,264	24,680
	<u>2,194,606</u>	<u>964,199</u>

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

12 Share capital	2023 £	2022 £
Ordinary share capital Issued and fully paid 2,200,000 Ordinary shares of £1 each	2,200,000	2,200,000

13 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	65,040	-
Between two and five years	126,467	-
	191,507	-

14 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £	2022 £
Acquisition of tangible fixed assets	10,388	-

15 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.

16 Ultimate 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 Mèndes-France, 75013 Paris, France.

AEW Global Advisors (Europe) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

17 Cash (absorbed by)/generated from operations

	2023 £	2022 £
Profit/(loss) for the year after tax	1,871,601	(812,243)
Adjustments for:		
Taxation charged	264,404	-
Movements in working capital:		
(Increase)/decrease in debtors	(3,570,534)	3,236,788
Increase/(decrease) in creditors	966,003	(1,021,537)
Cash (absorbed by)/generated from operations	(468,526)	1,403,008

18 Analysis of changes in net funds

	1 January 2023 £	Cash flows £	31 December 2023 £
Cash at bank and in hand	3,067,494	(481,983)	2,585,511

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.