



AEW UK Investment Management LLP REMUNERATION POLICY

Applicability and objectives: This policy explains AEW UK Investment Management LLP's remuneration policy and procedures.	
Owner:	Compliance Officer
Approved by:	Board
Review frequency:	Required to be reviewed at least annually
Version	V4.0

Version	Reviewer	Approved by	Date
V1.0	Philip Olmer	Management Committee	April 2015
V2.0	Edward North	Management Committee	June 2020
V3.0	Edward North	Head of HR & Head of Group Compliance	June 2021
V4.0	Edward North	Board	March 2023

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

CONTENTS

INTRODUCTION.....	3
Regulatory Context	3
PART I GENERAL PRINCIPLES OF THE REMUNERATION POLICY.....	4
I.1 Fixed and variable remuneration	4
I.2 Definition of performance	4
Managers.....	4
Investment strategy and fund managers	5
Control and risk functions	5
Business development functions.....	5
Support functions.....	5
All staff	5
Consideration of sustainability risks	5
PART II: COMPENSATION COMPONENTS.....	7
II.1 Fixed remuneration.....	7
II.2 Variable remuneration	7
Individual variable remuneration.....	7
Promotes.....	7
Mechanisms to retain key employees	8
Balance between fixed and variable remuneration.....	9
II.3 Conflicts of interest	9
PART III: ELEMENTS APPLICABLE TO THE IDENTIFIED POPULATION PURSUANT TO THE AIFM DIRECTIVE	10
III.1 AIFM Remuneration Code Staff (“Code Staff”)	10
III.2 Methodology.....	10
PART IV: REMUNERATION CODE RULES	11
PART v: GOVERNANCE	13
V.1 The Management Function	13
V.2 The Remuneration Committee	13
PART VI: DISCLOSURE	15

INTRODUCTION

This policy sets out the remuneration principles in force within AEW UK Investment Management LLP (“**AEW**” or the “**firm**”). It reflects AEW’s values and also establishes a compensation framework for employees in accordance with:

- The AIFM Directive (as implemented in SYSC 19B of the FCA Handbook).
- The Investment Firm Prudential Regulation (as implemented in SYSC 19G of the FCA Handbook).

REGULATORY CONTEXT

Staff will be rewarded according to their contribution to the growth of the company in a manner that encourages and motivates, with a view to acting, at all times, in the interest of investors and the company. The purpose of this policy is to describe the processes AEW follows to ensure that employees are compensated in an appropriate manner. This policy applies to all AEW staff.

AEW is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“**FCA**”) as a collective portfolio management investment firm (“**CPMI**”). A CPMI is an alternative investment fund manager (“**AIFM**”) which has a Part 4A permission for managing investments and as such, can carry out certain regulated activities beyond managing an alternative investment fund (“**AIF**”). As a consequence, AEW must adhere to the remuneration codes for AIFMs and CPMIs by always adopting the more stringent of the relevant provisions on a case-by-case basis (SYSC 19G.1.20).

For the purposes of SYSC 19G AEW is classified as a Small and Non-Interconnected Firm, which means it is subject to the ‘basic remuneration requirements’ set out in SYSC 19G.1.6. The firm monitors this classification annually in accordance with its “Capital Policy”.

PART I GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The policy is based on overriding general principles that enable AEW to comply at all times with applicable regulations and, in particular, promote alignment between the interests of employees and investors. These general principles are as follows:

- Application of the AEW Code of Conduct, including the consideration of any possible conflicts of interest.
- Promotion of sound and effective risk management to avoid any risk-taking that is not compatible with the risk profile and internal rules of the funds under management.
- Alignment with the economic strategy, objectives, values and interests of AEW, the vehicles it manages and investors of such funds.
- Ongoing consideration and monitoring of conflicts of interest.
- Equal pay for male and female workers for equal work or work of equal value.

1.1 FIXED AND VARIABLE REMUNERATION

This policy governs all elements of staff compensation including fixed remuneration and, where applicable, variable remuneration.

Fixed remuneration rewards skills, professional experience and level of responsibility. It also takes market conditions into account.

Variable remuneration is based on an assessment of the following criteria:

- Performance of the firm and wider group.
- Where relevant, the performance of the funds under management.
- Individual performance.
- Professional conduct.

This assessment takes into account quantitative and qualitative factors, which may be established on an annual or multi-year basis. Non-financial criteria forms a significant part of the performance assessment process, can override financial criteria where this is appropriate, will where possible be measurable and include an assessment of an individual's adherence to AEW's regulatory requirements.

1.2 DEFINITION OF PERFORMANCE

The application of AEW's compensation policy is tied to an objective and transparent assessment of annual and multi-year performance based on pre-defined objectives. This ensures fair and selective treatment of employees. The assessment is performed jointly by the employee and their manager during the individual appraisal interview.

The contribution and performance of each employee is assessed in light of his or her functions, duties and level of responsibility. In this context, the remuneration policy makes a distinction between the following categories of staff:

Managers

A manager's performance is assessed against quantitative (e.g. financial performance) and qualitative (e.g. implementing corporate culture) criteria that takes account of an individual's

contribution to implementing the company's strategy as well as the ability to develop high-quality products.

Investment strategy and fund managers

Remuneration paid according to the performance of specific investment strategies is structured to align with investor interests. A performance assessment is carried out on the basis of objective quantitative criteria (where relevant), as well as qualitative criteria such as customer satisfaction. The quantitative criteria are intended to incentivise the realisation of investor objectives without exposing clients or AEW to undue risk. Where relevant, these quantitative criteria are calculated over a pre-defined period in line with the performance horizon of the funds under management.

Alongside performance criteria, further sustainability related measures must also be implemented for members of the fund management teams in order to ensure that environmental, social and governance objectives are adhered to.

Control and risk functions

The performance of control functions (risk and compliance) is determined independently of the business lines (and directly overseen by the AEW Board) whose operations they monitor and challenge. It takes into account qualitative criteria such as team or project management, the quality of reporting and the contribution to strategic and/or regulatory matters. The criteria are defined appropriately so as to avoid compromising the independence of these functions or the creation of conflicts of interest with the activities they control.

Business development functions

The performance of business development functions is assessed on their ability to support the development of the company, largely on the basis of fundraising and expansion of AEW's customer base, as well as qualitative criteria such as the promotion of AEW's expertise, or team management.

Support functions

The performance of support functions is assessed on their ability to support the company's strategic objectives. Annual performance is assessed according to the quality of recurring activity and/or the degree of participation in cross-functional, strategic or regulatory projects.

All staff

Performance assessments for all categories of staff include adherence to regulations and internal policies relating to risk management and compliance. All quantitative and qualitative objectives are defined and communicated to each individual at the beginning of the year, in line with AEW's strategic objectives. Objectives may be amended as necessary as the year progresses. All staff are required to confirm in writing annually that they have complied with the firm's policies, including specific attestations with respect to the remuneration code.

Consideration of sustainability risks

AEW's remuneration policy was reviewed to strengthen the promotion of sound and effective risk management with regard to sustainability risks. The aim was to ensure that AEW's remuneration practices do not encourage excessive sustainability risk-taking and that the allocation and vesting of variable remuneration is linked to risk-adjusted performance including those relating to sustainability.

This policy applies to all AEW employees who have one or more annual sustainability and ESG targets and whose variable remuneration award is linked to the achievement of these targets.

The specific sustainability objectives vary according to the employees' functions and the portfolios and asset classes in which they are involved. Depending on the populations concerned, they may relate to a performance threshold in GRESB assessments, a portfolio certification rate, compliance with a portfolio's ESG strategy and ESG investment criteria, achieving a % reduction in energy consumption, participation in sustainability training, contribution to sustainability assessments, etc. Compliance with these objectives is assessed by the manager, who also determines the level of variable remuneration to be allocated.

In the event of the materialisation of a major sustainability risk that would have a significant and lasting negative impact on the value of the portfolios under management, it is thus possible to reduce or even cancel the variable remuneration allocated.

For staff identified as having an impact on the risk profile of the portfolios (risk takers), the grant and payment of variable remuneration are also spread, over a certain threshold, over several years, thus making it possible, in the event of the materialisation of a major sustainability risk that would have a significant and lasting negative impact on the value of the portfolios under management, to reduce or even cancel the vesting of variable remuneration already awarded and deferred.

The reduction or cancellation of variable remuneration granted (and/or deferred variable remuneration, if applicable) in the event of the materialisation of a major risk in terms of sustainability is proposed by the manager of the employee(s) concerned and then validated by AEW's Management Board, in conjunction with the control functions (Risk and Compliance Departments). These reductions or cancellations are finally submitted to the AEW Remuneration Committee for review on the basis of a proposal by management.

PART II: COMPENSATION COMPONENTS

The terms ‘compensation’ or ‘remuneration’ refer to all forms of payment or benefits paid by AEW or an AIF in return for professional services rendered by employees. Compensation includes the following components:

II.1 FIXED REMUNERATION

An employee’s fixed salary remunerates the skills, professional experience, level of responsibility and expertise expected for a function. Fixed salaries are reviewed annually by the AEW Board, with the support of the Human Resources department, based on the proposals made by managers. This annual review makes it possible to verify the consistency of compensation within AEW and its positioning relative to that of the market (based on the remuneration surveys in which the AEW Group participates in). A reappraisal outside of this periodic review is possible only in the event of promotion, professional mobility or exceptional individual situations.

II.2 VARIABLE REMUNERATION

Individual variable remuneration

AEW’s annual variable remuneration pool is set according to a documented procedure which takes account of the AEW Europe Group’s annual results (and overall financial condition with respect to capital and liquidity) but also based on qualitative elements such as the practices of competing companies, market conditions and any factors that may have temporarily influenced the performance of a business line.

Where individual variable remuneration is awarded, it is done so on a discretionary basis and as part of the annual compensation review. The level at which variable remuneration is set takes account of both individual and collective performance, measured at the level of the management company and AEW in Europe. The variable remuneration awarded to employees will be adjusted negatively or even cancelled in the event of inadequate risk and compliance management, or non-compliance with regulations and internal procedures.

In the event of a loss or a significant decline in its results, AEW may also decide to reduce or completely cancel the pool allocated to individual variable remuneration, as well as, where applicable, payments of deferred variable remuneration.

AEW may also decide to reduce or completely cancel the pool allocated to individual variable remuneration as well as, where applicable, payments of deferred variable remuneration where an event occurs which causes a major sustainability risk. i.e. an event or situation in the environmental, social or governance field that will have a significant and lasting negative impact on the value of the funds and / or products managed.

Bonuses or variable remuneration are not guaranteed except in the context of recruitment and then only in respect of the first year.

Promotes

Certain funds and mandates managed by AEW provide for the payment of performance fees, either on a contractual or carried interest basis. Such rewards are typically earned when the performance of a fund or mandate exceeds pre-agreed ‘hurdles’. A percentage of this performance fee may be allocated to key individuals at the inception of the fund or mandate. The employees concerned are informed of the terms applicable to these arrangements. If promotes are granted on a carried

interest basis (as opposed to genuine co-investment), the mechanism falls within the scope of the AIFM Directive and CPPI remuneration code.

“Golden parachute” type arrangements are prohibited. Payments relating to early termination of the employment contract are defined in accordance with the law (statutory and contractual pay) and the performance of the beneficiary, his or her activity as a member and the management company as a whole over the long term, and are designed so as not to reward failure.

Variable remuneration is not paid in the form of instruments or methods that facilitate the circumvention of the requirements established in the regulations.

Co-investment

Certain funds managed by the firm may employ co-investment arrangements where employees are provided loans by an AEW affiliate on commercial terms for the purpose of funding executive commitments. The intent behind this is to further align the interests of AEW, key personnel and investors. To the extent that co-investment returns do not comply with SYSC 19G.4.3, such amounts will also be treated as remuneration.

Discretionary pension contributions

The firm may on an exceptional basis make discretionary pension contributions to an individual and where this is the case it will be treated as variable remuneration.

Distributions to AEW corporate members

AEW is a limited liability partnership and has two corporate members that are subsidiaries of the AEW Europe group. Any distributions of profit are made in accordance with SYSC 19G.4.4(1)(a) and are therefore not considered remuneration.

Mechanisms to retain key employees

AEW may at its discretion allocate a proportion of the variable remuneration pool in the form of a long term incentive plan (“LTIP”). The LTIP is applied to individual variable remuneration above certain thresholds to be determined each year by the Remuneration Committee of the AEW Group.

Any amounts awarded under the LTIP will be in the form of cash indexed to the average performance, calculated over a rolling three-year period, of a basket of funds managed by the AEW Europe Group. The funds will comprise all the assets measured by MSCI as well as assets within a number of retail funds managed by AEW Ciloger. The funds selected will be designed to ensure a representation of funds managed across the AEW Europe Group.

Amounts allocated under the LTIP will vest in equal tranches over a minimum period of 3 years, thereby aligning employee variable remuneration with the performance of AEW and the vehicles it manages. Payments will only be made to those individuals who are employed by AEW as they are subject to their terms of employment that set rigid standards of behaviour so that the risk level of AEW and/or the products managed by it are not impacted. These tranches may need to be refunded in full or in part if subsequent adjustments to the risk levels are identified.

Balance between fixed and variable remuneration

AEW ensures that there is an appropriate balance between the fixed and variable remuneration. In particular, the fixed component will represent a sufficiently high proportion of the overall compensation so that decisions on variable remuneration have maximum flexibility, including the ability not to pay it at all. All individual situations for which the variable remuneration corresponds to more than two times the fixed level of remuneration, which can be explained by market practice and/or the level of responsibilities, performance and exceptional behaviour, are documented by the Human Resources Department as part of the annual compensation review.

II.3 CONFLICTS OF INTEREST

The management of conflicts of interest is a core component of AEW's remuneration and professional ethics framework. The firm identifies the following aspects of its control environment as underpinning its adherence to regulatory requirements and best practice:

- **Disclosure:** Individuals are trained to identify conflicts of interest and required to disclose them. A record is maintained of individual conflicts of interest. All employees are required to provide an annual attestation of their compliance with the firm's policies and procedures.
- **Monitoring:** The firm is subject to an annual compliance monitoring programme with specific attention given to conflicts of interest and remuneration.
- **Independence:** Decisions regarding variable remuneration are subject to scrutiny by various committees as set out in Part V of this policy. Reporting lines of control functions are structured to comply with AIFMD and decisions regarding their remuneration are overseen directly by the Board.

PART III: ELEMENTS APPLICABLE TO THE IDENTIFIED POPULATION PURSUANT TO THE AIFM DIRECTIVE

III.1 AIFM REMUNERATION CODE STAFF (“CODE STAFF”)

In accordance with AIFM Directive, AEW’s Code Staff includes the following categories of staff:

- Senior management (members of the Management Committee or Board).
- Risk-takers*.
- Persons leading a control function (risk and compliance).
- Staff responsible for heading:
 - Portfolio management of an AIF.
 - Administration.
 - Marketing.
 - Human resources.

Code Staff also includes any employee:

- Who, in view of their overall compensation, is in the same compensation bracket as the senior management and risk-takers.
- Whose professional activities have a significant impact on the risk profile of AEW and/or the AIFs managed by it. These persons are identified according to their professional activity, their level of responsibility or their total compensation level.

*Risk takers are defined as employees whose professional activities - either individually or collectively - exert material influence on AEW’s risk profile or on an AIF that it manages.

III.2 METHODOLOGY

Each year, before the annual compensation review, the Human Resources department determines the scope of AEW’s Code Staff in conjunction with the Compliance department. Further assessments will be carried out after the recruitment of senior managers or potential risk takers, significant reorganisation, where individual responsibilities are materially varied or where AEW delegates either the portfolio or risk management functions in relation to an AIF that it manages.

The Code Staff of AEW is validated by the General Management of AEW and then presented to the AEW and Natixis Remuneration Committee. The identification process and list of Code Staff is documented and stored by the Human Resources department. Code Staff are informed of their status.

PART IV: REMUNERATION CODE RULES

The AIFM Directive and guidance published by the FCA in its paper dated January 2014 General Guidance on the AIFM Remuneration Code (SYSC 19B) provide for the application of proportionality, which may lead under certain conditions to AIFMs disapplying the ‘pay-out process rules’ as they are known in the UK. The pay-out process rules relate to (i) remuneration deferral (ii) retention of units or shares and (iii) performance adjustment. AEW has chosen to disapply the pay-out process rules for reasons that include:

- Size and complexity (AUM, employees, range of products, organisation). The value of AIFs that AEW manages does not exceed £1 billion.
- It is not a listed company.
- In the course of its business activities it does not materially expose the firm’s balance sheet.
- All investment decisions are made by committees.
- It manages products that are intended for medium to long-term investment (not speculation).

Accordingly, AEW is exempted from the requirements to defer variable remuneration and pay a proportion of the variable remuneration in the form of instruments. The decision justifying the use of the principle of proportionality is reviewed annually and takes account of analysis performed by New Bridge Street (AON Hewitt Group) in September 2015. The FCA guidance applicable to the 2015 assessment, as well as the criteria considered in this analysis, are still valid. In the event of a material change in one of these criteria, an update of the analysis will be performed.

In the event that the conditions for applying proportionality no longer apply then in accordance with applicable regulations the variable remuneration of Code Staff, when it exceeds a certain threshold (currently £500,000 of which 33% is variable remuneration), will be partly deferred and partly allocated in the form of a financial instrument vested on a pro rata basis over a minimum period of 3 years.

The proportion of variable remuneration which is deferred over 3 years increases in line with the amount of variable remuneration awarded and can reach 60% for the significantly high levels of compensation.

The thresholds applicable to deferred variable remuneration are subject to amendment of regulations and changes to AEW’s internal policies. In this case, the new thresholds must be approved by AEW’s General Management and AEW Remuneration Committee.

In addition, a minimum of 50% of the variable remuneration is awarded in the form of a cash instrument indexed to the average annual performance calculated over a rolling three-year period of an overall basket of funds and real estate assets managed by AEW, as specified above in the section entitled “Mechanisms to retain key employees”.

Payment of deferred variable remuneration is also dependent on continued employment with AEW, financial performance and the absence of behaviour that may have a detrimental impact on the risk level of AEW and/or the products under management.

Deferred remuneration payments are also subject to the fulfilment of obligations relating to risk and compliance. Failure to fulfil these obligations may result in a partial reduction or non-payment of the deferred remuneration. Payments may subsequently need to be refunded in full or in part to reflect events or risks that have arisen.

The terms and conditions related to the calculation, valuation, awarding, vesting and payment of deferred variable remuneration in the equivalent of a financial instrument are detailed in AEW's Long Term Incentive Plan (LTIP).

Employees eligible for deferred variable compensation are prohibited from using individual hedging or insurance strategies throughout the vesting period.

PART V: GOVERNANCE

The general and specific principles of the remuneration policy are defined and formalised by AEW's Human Resources Department. In addition, AEW's Risk, Compliance and Internal Control Department plays an active role in the development, continuous monitoring and evaluation of the policy. The control functions are therefore involved in determining the overall strategy applicable to AEW with a view to promoting the development of effective risk management. As such, they help to determine the scope of Code Staff. They are also responsible for assessing the impact of the variable remuneration structure on the risk profile of the fund managers.

V.1 THE MANAGEMENT FUNCTION

The ultimate responsibility for the implementation of this policy is attached to the Board of AEW. The Board approves its remuneration policy independently and at least annually reviews whether it has been implemented. They are responsible for the approval of and compliance with the policy and to ensure it promotes effective risk management. They monitor its implementation and approve any significant exemptions and subsequent modifications. In this respect, they take into account the contributions of all competent functions in the firms, in particular the human resources, risk management and compliance departments.

V.2 THE REMUNERATION COMMITTEE

Owing to its size and complexity, AEW does not have and is not required to have its own remuneration committee. The compensation process of AEW is largely governed at the level of the holding company, AEW Europe SA, the ultimate shareholder of AEW, and its remuneration committee.

This remuneration committee was established and operates in accordance with AIFMD in terms of both its composition and the performance of its duties. It comprises members who do not hold executive positions and who are considered independent. These members have appropriate and sufficient professional expertise and experience regarding risk management and control activities, in particular as regards the mechanism for aligning the compensation structure with the risk profile of the management company.

The Remuneration Committee's duties include the following:

- Recommending to and assisting the supervisory function with the development and implementation of the firm's compensation policy.
- Helping the supervisory function to monitor the set-up and operation of the firm's compensation system.
- Assessing the mechanisms adopted to ensure that the compensation system properly takes into account all categories of risk, liquidity and assets under management.
- Assessing the compatibility of the compensation policy with the economic strategy, objectives, values and interests of AEW and the products under management and those of the investors.

The constitution of the Remuneration Committee sets out its composition, duties and operating procedures. This constitution covers the following specific matters:

- The general and specific principles of the remuneration system.
- Compliance with the law and internal procedures.
- Summary of remuneration levels.
- Identification of Code Staff.
- Highest levels of compensation.
- The need for AEW Europe SA's Board of Directors to approve remuneration decisions.

The above elements are collated and then presented to the General Management of Natixis IM which will then submit that data to the General Management of Natixis for approval. The Remuneration Committee of Natixis will then conduct a final review at which point it will be signed off by the Natixis Board of Directors.

The Remuneration Committee of Natixis is established and acts in accordance with all applicable regulations both in its composition, (the independence and expertise of its members) and in its exercise of its duties. The majority of its members, including the Chairman, do not participate in any executive functions with the AEW Group or the Natixis Group and are therefore completely independent.

The compensation of the heads of risk and compliance within AEW are assessed according to the achievement of the objectives linked to their functions, independent of the performance of the business areas they control. Remuneration levels are also subject to independent review by the heads of risk and compliance at Natixis IM. They are also submitted to the Natixis Remuneration Committee.

The general and specific principles of the compensation policy are communicated internally to all employees. The entire review, validation and communication process takes place each year. It includes any regulatory and contextual changes and is carried out in accordance with Natixis' remuneration policy. Further AEW complies with all of its obligations with regards to any external advertising.

Lastly, the entire remuneration policy of AEW is subject to a centralised annual review that is independently carried out by the Natixis IM Internal Audit Department.

PART VI: DISCLOSURE

As a MIFIDPRU SNI firm AEW will make the following annual website disclosures. These are in addition to disclosures required to be made in AIF annual reports under AIFMD.

Qualitative disclosures

A summary of:

- its approach to remuneration for all staff;
- the objectives of its financial incentives;
- the decision-making procedures and governance surrounding the development of the remuneration policies and practices the firm is required to adopt in accordance with the MIFIDPRU Remuneration Code (including e.g. applicable details of any external consultants to develop the remuneration policies).

The summary must provide:

- an understanding of the risk profile of the firm and/or the assets it manages; and
- an overview of the incentives created by the remuneration policies and practices (8.6.5); and
- include as a minimum:
 - the different components of remuneration, together with the categorisation of those remuneration components as fixed or variable;
 - a summary of the financial and non-financial performance criteria used for the assessment of the performance of the firm, business units and individuals.

Quantitative disclosures

In respect of the financial year to which the disclosure relates the total amount of remuneration awarded to all staff, split between fixed and variable remuneration.

2022 MIFIDPRU 8.6.7 Disclosures

Fixed	2,557,579.97
Variable	1,366,979.34
Total	3,924,559.31