

Open-ended fund with a diversified, multi sector portfolio of commercial property assets throughout the UK. AEW UK Core Plus Property Fund aims to achieve superior investment returns through relatively high income returns, strong stock selection and active management of all assets.



UK Property Investment Awards WINNER 2020

KEY STATISTICS

£335.5m

Fund size
(Net Asset Value)

3.2%

Annualised
distribution yield

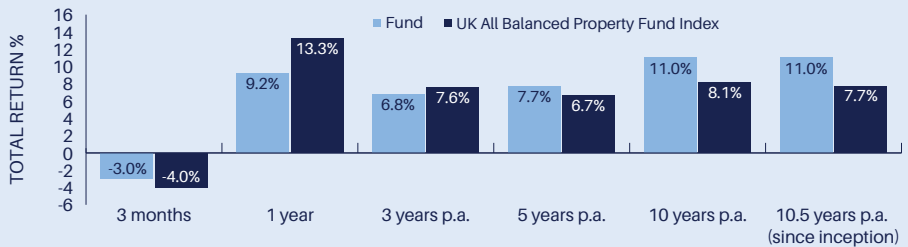
55

Number of properties

5.7 years

WAVLT to expiry

PERFORMANCE



UK All Balanced Property Fund Index - MSCI/AREF UK Quarterly Property Fund Index - to 30 September 2022. Past performance is not a guide to future performance.

MARKET AND FUND UPDATE

The rapid rise in the costs of debt over the summer, culminating with the Truss budget, has stopped the booming property market, of this spring, dead in its tracks, with the strong yield compression rapidly going into reverse. That said, the commodity price upswing seems to be running out of steam. Maybe we will also see greater prudence under Sunak feeding through to the Gilt market. Potentially, investors' worst fears won't come to pass and, whilst inflation and interest rates might not totally fall off the agenda, reactions may be less dramatic.

With our Core Plus Fund, we are happy to have diversified our investor base during the summer with around £84m of secondary market trades. The Fund has a debt facility in place that is, in essence, unused and gives us liquidity for future market opportunities.

Finally, as this downturn takes its toll on both "bond proxys" and "business space", we are underweight in both, following, in part, from our Warehouse portfolio sale last year. Retail markets seem relatively defensive at this stage.

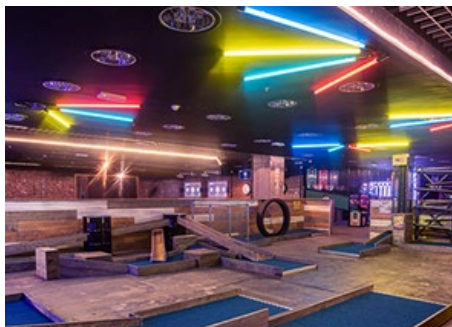
The performance numbers in these sorts of volatile markets are, with limited market evidence, notoriously unreliable. Whilst its pleasing to see modest outperformance for the Fund this quarter, the mist will take a quarter or two to clear.

ASSET MANAGEMENT



Gateshead, Newcastle

In September, planning was granted for a new 90,000 sq ft industrial unit. The unit will have sustainability credentials, including EPC A, BREEAM very good, solar panels, EV charging.



Fiveways, Birmingham

The Fund recently let Unit 7 to Boom Battle Bar on a new 15 year lease, with 10 year break option at a rent of £160,000 p.a. The unit was vacant on purchase and the successful letting was above our ERV.



Grazebrook Industrial Estate, Dudley

In August, the Fund obtained practical completion for c.100,000 sq ft of new industrial space at Grazebrook Industrial Estate, Dudley. The development is being marketed and comprises of eight new units ranging from 1,900 sq ft to 44,500 sq ft of which 82% of the total floor space is under offer at 15% above the development appraisal ERV. The new units feature photo-voltaic cells on the roofs and EV chargers within the car park areas, this has contributed to 84,000 sq ft of the new space achieving an EPC 'A' rating with the remainder achieving EPC 'B' rating.

DISPOSALS

In July, the Fund completed three disposals realising a total of £3.56m.



Go Outdoors,

New Hall Street, Stoke-on-Trent was sold for £810,000 with vacant possession versus a valuation of £400,000 and 47-48 Dudley Street, Wolverhampton was sold for £903,000. Both assets were sold via auction. Units 6-8, Century Court, Rickmansworth was a part sale by private treaty which sold for £1.85m versus a valuation of £1.65m.

FUND FACTS

Portfolio Manager

Richard Tanner



Fund objective

To provide investors with exposure to a diversified, multisector portfolio of commercial property assets throughout the UK. The Fund seeks to achieve superior investment returns through relatively high income returns, strong stock selection and active management of all assets.

Launch date: Q1, 2012

Fund structure

An FCA regulated, open ended, core-style property fund. PAIF QIS

SRI policy: [Click here](#)

Benchmark

The Fund will be benchmarked against (i) a total return (capital growth and income) of 8% per annum and (ii) the UK All Balanced Property Fund Index, MSCI/AREF UK Quarterly Property Fund Index - weighted average

Fund size (Net Asset Value): £335.5m

Triple net initial yield (% p.a.): 5.4%

Reversionary Yield: 7.6%

Reinvestment: Yes, quarterly

Number of investors: 46

Number of AEW employee investors: 3

Number of properties: 55

Occupancy rate: 86.6%

Property purchases under offer: 1

Property sales under offer: 1

WAULT to expiry (to break)

5.7 years (4.7 years)**

Gearing (Net % of NAV): 1.4%

Total global expense ratio (% of NAV): 1.04% excludes performance fee*

Capital Cash holdings (% of NAV): 7.5%

Single price

NAV price - £1.4253 Single price - £1.2635

For historical pricing please see www.aewuk.co.uk

Subscriptions and redemptions

Monthly - subject to ability to defer

Annual management charge

0.85% of NAV p.a.*

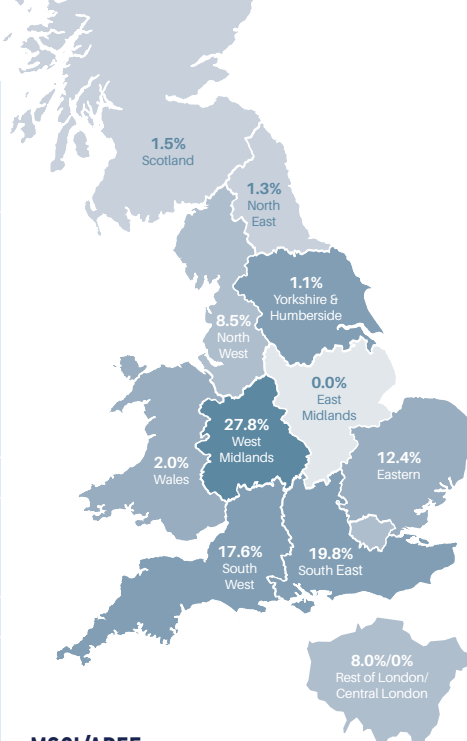
Distribution dates

Income is allocated to investors quarterly and paid within two months of the end of the quarter during which they were earned.

* Performance fee

The ACD is entitled to a performance fee if (i) a performance hurdle is met and (ii) a high water mark is exceeded. The performance hurdle is the higher of (i) 8% per annum of the total return and (ii) 0.25% above the UK All Balanced Property Fund Index return MSCI/AREF UK Quarterly Property Fund Index, each on a three year rolling basis. The performance fee is 17.5% of the outperformance of the higher of the two components of the performance hurdle. The high water mark is the highest previously recorded quarterly net asset value per share over the preceding five years.

** Source: AEW as at 30 September 2022.



MSCI/AREF GEOGRAPHICAL WEIGHTINGS

South East exposure: 40.1%*

* Geographical restriction: not less than 25% exposure to the South East of the UK as defined by AEW UK (South East, Eastern and Rest of London).

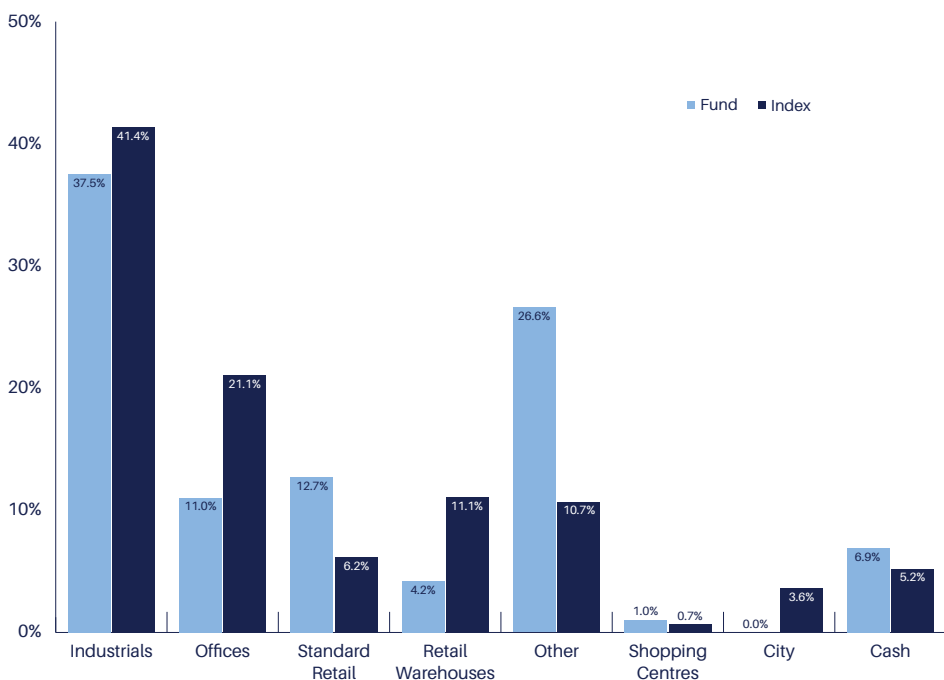
TOP 10 TENANTS (BY INCOME)

Cineworld/Cine-UK Ltd	9.1%
DHL Supply Chains Ltd	8.1%
CC STIM UK Tradeco 5 Ltd	5.3%
Rubber Company Europe Ltd	4.7%
Bestway Ltd	3.6%
George Wilson Industries Ltd	2.3%
Secretary of State	2.3%
Euro Car Parks Ltd	2.2%
National Veterinary Services Ltd	2.0%
Atrium 100 Stores Ltd	1.9%

TOP 10 ASSETS (BY VALUE)

Fiveways, Birmingham	8.6%
DHL Stanton, Bury St Edmunds	6.9%
Broad St Mall/Fountain House, Reading	6.2%
Grazebrook Industrial Park, Dudley	5.2%
Weston Road, Crewe	5.0%
London East Leisure Park, Dagenham	4.5%
Spectrum Mead Way, Swindon	4.3%
Hengrove Leisure Park, Bristol	4.1%
Four Ashes Industrial Estate, Wolverhampton	3.6%
56-64 Broadmead & 41-45 Merchant Square, Bristol	3.6%

MSCI/AREF SECTOR WEIGHTINGS



* Source: MSCI/AREF UK Quarterly Property Fund Index - to 30 September 2022.

KEY CONTACT



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