

Quarterly Update

Q1 22

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



Key Statistics

£335.0m

Fund size
(Net Asset Value)

4.5%

Annualised
distribution yield

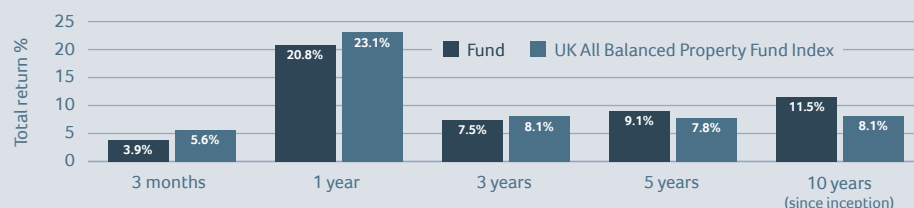
56

Number of properties

5.9 years

WAULT to expiry

Performance



All Balanced Property Fund Index – MSCI/AREF UK Quarterly Property Fund Index – to 31 March 2022.
Past performance is not a guide to future performance.



Market Update

As in other bull markets, our value style has given mild under performance short term as the market is being driven by yield shift. Our long term track record is now over 10 years and remains strong. As concern about inflation and Ukraine works through matters, we expect returns to moderate from current levels.

Core Plus Update

FCA approval for the changes in AEW UK Core Property Fund to AEW UK Core Plus Property Fund has been received and notice has been sent to all investors that the changes will be effective from 1st July 2022. Negotiations are in hand for the revised debt facility required.

Acquisitions

Cineworld, Dundee

In January, the Fund completed on the purchase of the Cineworld on the Camperdown Leisure Park in Dundee. It comprises a purpose-built, 9-screen multiplex cinema within the established leisure park. It was developed in 1999 totalling 53,733 sq ft over a 9.2-acre site, providing over 650 car parking spaces.

The cinema is let to Cineworld with an unexpired lease term of 7.6 years, having been in occupation since completion of the original development. The asset provides a medium term lease certainty with a number of asset management initiatives to be explored and an attractive yield profile. The net initial yield for the purchase is 12.8% and 8.9% reflecting concessionary rent agreed to June 2023.

Friar Street, Station Road & County House, Reading

The Fund acquired the Friar Street, Station Road & County House site in Reading in January, comprising seven self-contained properties fronting Friar Street and Station Road, as well as the Harris Arcade internal walkway between the two frontages. The asset sits at the centre of Reading town centre, in a gateway position for the rail station, and adjacent to the Station Hill development. The property totals 66,047 sq ft and is let to range of tenants across office, F&B and retail uses. It also benefits from a dedicated underground car parking area of 41 spaces.

The accommodation is well let to a range of national and local covenants, with over 70% of the income secured against the largest five tenants. The shorter term WAULT to expiry of 3.5 years provides a range of asset management initiatives across the site as currently arranged, as well as potential longer term repurposing or redevelopment. The net initial yield and reversionary yield are 7.8% and c. 12% respectively inclusive of capital expenditure.

Armourer's House, Bristol

Armourer's House is a prominent office building located on the corner position to the west side of Queen Charlotte Street, adjacent to Queen Square in Bristol. The property is a 5-minute walk to the Broadmead and Cabot Circus shopping destinations, as well as a short walk to Temple Meads Railway Station.

The office is single let to the Secretary of State for Communities and Local Government for a further 2.8 years to expiry, providing an opportunity for both renewal or refurbishment

in order to capture the prevailing prime office rents in Bristol. The net initial yield is 6.5% and a capital value of £281psf.

Disposals

During Q1 2022, the Fund completed disposals of 46 Dudley Street, Wolverhampton and 589-613, Hagley Road West, Quinton. 46 Dudley Street, Wolverhampton let to Holland & Barrett with 3 years remaining to expiry was sold for £625,000 which was at valuation. Hagley Road West, Quinton, vacant at the time of sale, completed at a sale price of £750,000 versus a valuation of £624,000.

Asset Management

Debenhams, Chelmsford

In January the Fund exchanged on a new lease with The Range to occupy 82,000 sq ft over Ground, First and Second floors of the former Debenhams in Chelmsford. This new lease provides for a 15 year unbroken term with the tenant paying £635,000 per annum with 12 months rent free. The transaction will realise a gross valuation increase of over £4.25 million, once landlord works are undertaken and the lease has completed. The property was purchased in December 2020 for £4.8 million.

Pryzm, Five Ways, Birmingham

In March the Fund completed an assignment to CC Stim UK Tradeco 5 Limited, trading as Rekom. As part of this assignment, the new tenant is required to pay back substantial arrears. Rekom operate over 200 bars, pubs and nightclubs across Denmark, Norway, Finland and UK.

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

UK All Balanced Property Fund Index – MSCI/AREF UK Quarterly Property Fund Index – weighted average

Fund size (Net Asset Value): £335.0m

Triple net initial yield (% p.a.): 5.8%

Reversionary Yield: 7.9%

Reinvestment: Yes, quarterly

Number of investors: 50

Number of AEW employee investors: 3

Number of properties: 56

Occupancy rate: 87.1%

Property purchases under offer: 3

Property sales under offer: 3

WAULT to expiry (to break):

5.9 years (4.8 years)**

Gearing (% of NAV): 0.0%

Total expense ratio: 0.89%

excludes performance fee*

Capital Cash holdings (% of NAV): 10.6%

Single price

NAV price – £1.4315 Single price – £1.5288

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

Subscriptions and redemptions

Monthly – subject to ability to defer

Annual management charge: 0.7% of NAV p.a.*

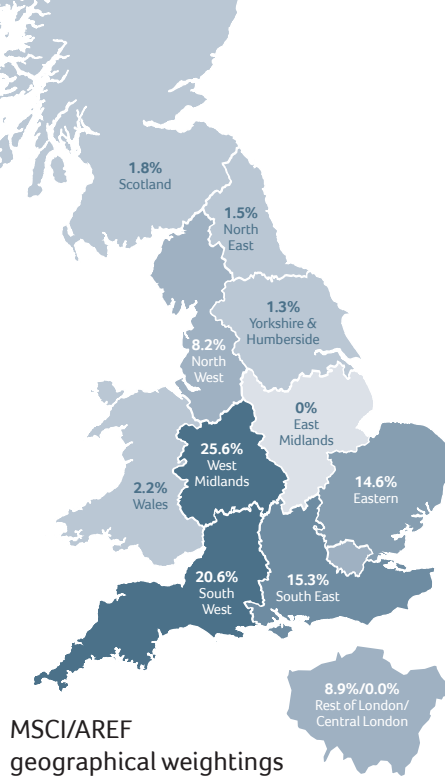
Distribution dates

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 Authorised Corporate Director (ACD) is entitled to a performance fee of 0.0625% per quarter if the AEW UK Core Property Fund is ranked in the top ten funds of the All Balanced Property Funds Index – MSCI/AREF UK Property Fund Index over a three year rolling period and if the return is positive.

** Source: AEW as at 31 March 2022.



MSCI/AREF geographical weightings

South East exposure: 38.9%*

* 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).

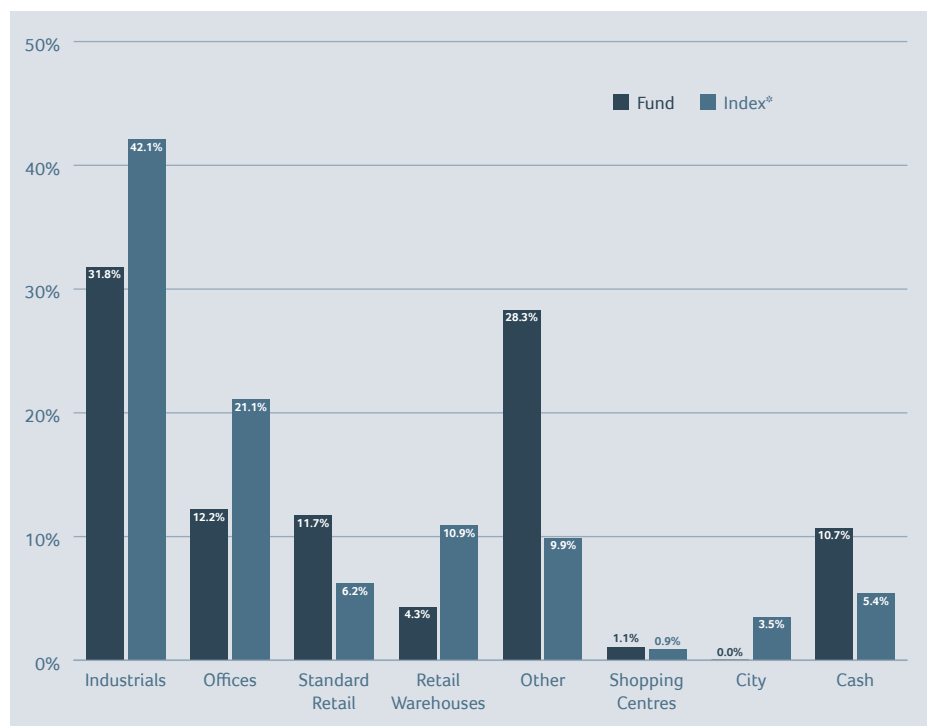
Top 10 Tenants (by income)

Cineworld/Cine-UK Ltd	10.2%
DHL Supply Chains Ltd	9.1%
CC STIM UK Tradeco 5 Ltd	5.9%
Bestway Ltd	4.0%
George Wilson Industries Ltd	2.6%
Secretary of State	2.5%
Euro Car Parks Ltd	2.5%
David Lloyd Leisure Ltd	2.5%
ID Medical Group Ltd	2.3%
National Veterinary Services Ltd	2.3%

Top 10 Assets (by value)

Fiveways, Birmingham	9.3%
DHL Stanton, Bury St Edmunds	7.8%
Spectrum Mead Way, Swindon	5.1%
Grazebrook Industrial Park, Dudley	5.1%
London East Leisure Park, Dagenham	5.0%
Hengrove Leisure Park, Bristol	4.9%
Weston Road, Crewe	4.8%
Broadmead & Merchant Square, Bristol	4.2%
Mill Square & Mill Court, Milton Keynes	4.2%
Pryzm, Kingston upon Thames	3.2%

MSCI/AREF sector weightings



* Source: MSCI/AREF UK Quarterly Property Fund Index – to 31 March 2022.

Key contact



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