

Quarterly Update

Q4 21

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

£325.4m

Fund size
(Net Asset Value)

4.4%

Annualised
distribution yield

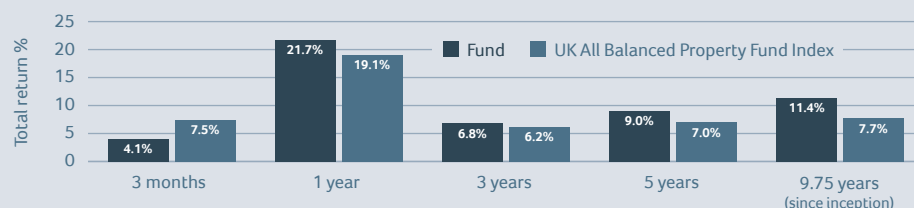
52

Number of properties

6.3 years

WAULT to expiry

Performance



All Balanced Property Fund Index – MSCI/AREF UK Quarterly Property Fund Index – to 31 December 2021.
Past performance is not a guide to future performance.

Market Update

As COVID-19 concerns reduce, the property market has added recovery mode to the beds and sheds themes of the last few years. Markets are starting to re-rate retail and leisure assets starting with a rapid move in retail warehouse pricing.

AEW UK Update

Following extensive discussions with the Fund's Governance Committee and our investors, it's clear that investors would like the Portfolio Management team to continue. That said, investor demand for relative benchmark core funds from UK investors has been declining as DB pension funds de-risk.

We see demand for diversified UK property funds increasingly coming from international investors and consider it in the existing investors' best interest to move towards their preference for leveraged funds.

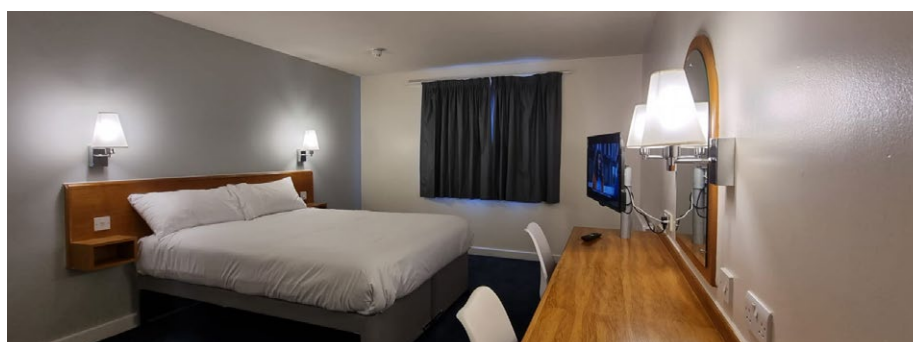
We have been in discussions with most investors and potentially one large new investor about the introduction of increased gearing and a targeted return. With a wide variety of investors, the new terms may involve a few investors redeeming as well as some joining. We are grateful for investors' support over the years and hope most of our investors are attracted to the potential benefits the proposed changes brings. These changes are subject to further investor consultation and FCA approval, and, if implemented, an agreement between AEW and the Portfolio Manager for a further 6-year period.

Asset Management



Wallgate, Wigan

Exchanged on a new 15 year lease to Formula 1 Auto Centres Ltd at a rent of £50,000 per annum in line with Market Rental Values. The letting provides a term certain of 10 years to break. In Q3 2021 the Fund also exchanged on a new 10 year lease, no breaks, to Clifton Bathrooms Ltd in the adjacent unit. The Formula 1 letting is a re-letting of the formerly vacant Poundstretcher unit while the Clifton Bathrooms letting follows an agreed surrender with previous tenant, HSS, for a premium £120,000. Landlord works on both units are on track to complete in March 2022 after which both leases will complete.



AGO Hotels, Thurrock

In November the Fund completed on a new lease to AGO Hotels trading as Ibis Budget Hotels expiring in 2040 providing for a term certain of 19 years. The tenant will pay a base rent of £63,600 per annum with an additional profit share rental top up.

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): £325.4m

Triple net initial yield (% p.a.): 5.5%

Reversionary Yield: 7.9%

Reinvestment: Yes, quarterly

Number of investors: 52

Number of AEW employee investors: 3

Number of properties: 52

Occupancy rate: 83.2%

Property purchases under offer: 6 under offer

Property sales under offer: 2

WAULT to expiry (to break):

6.3 years (5.0 years)**

Gearing (% of NAV): 0.0%

Total expense ratio: 0.90%

excludes performance fee*

Capital Cash holdings (% of NAV): 18.7%

Single price

NAV price – £1.3924 Single price – £1.4871

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.*

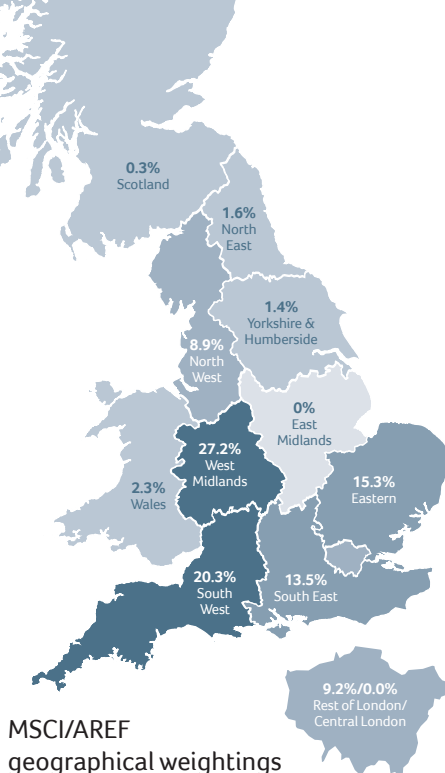
Distribution dates

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 December 2021.



MSCI/AREF geographical weightings

South East exposure: 37.9%*

* 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).

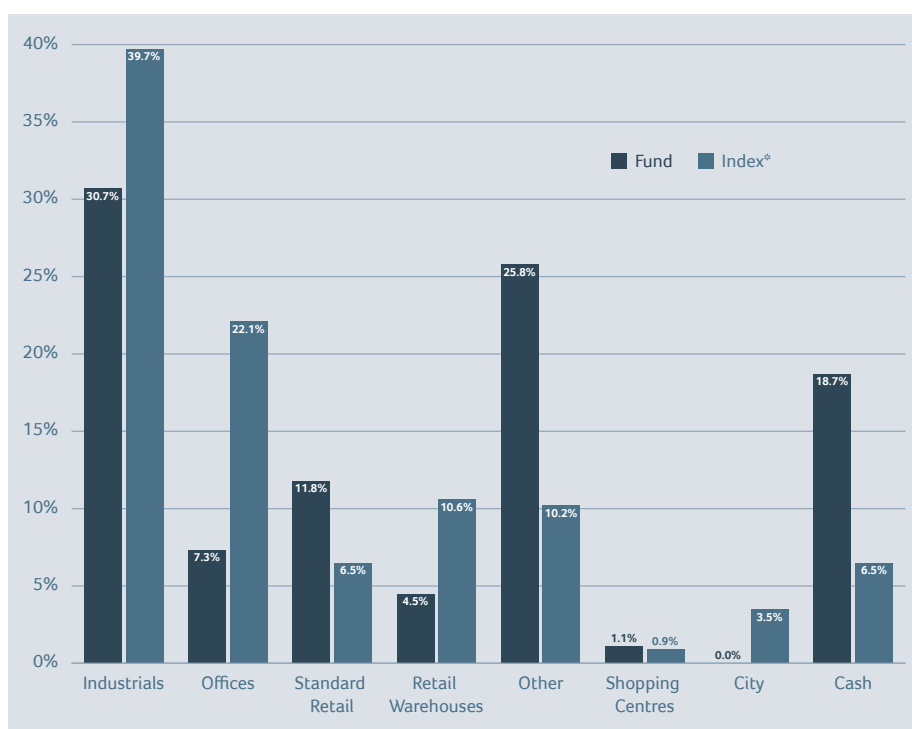
Top 10 Tenants (by income)

DHL Supply Chains Ltd	10.1%
Cineworld/Cine-UK Ltd	8.9%
REKOM UK Ltd	5.6%
Bestway Ltd	4.5%
George Wilson Industries Ltd	2.9%
David Lloyd Leisure Ltd	2.8%
National Veterinary Services Ltd	2.5%
Atrium 100 Stores Ltd	2.4%
Vue Entertainment Ltd	2.3%
Euro Car Parks Ltd	2.2%

Top 10 Assets (by value)

Fiveways, Birmingham	9.5%
DHL Stanton, Bury St Edmunds	8.0%
Spectrum Mead Way, Swindon	5.7%
Hengrove Leisure Park, Bristol	5.5%
Weston Road, Crewe	5.3%
Grazebrook Industrial Park, Dudley	5.0%
London East Leisure Park, Dagenham	4.9%
Broadmead & Merchant Square, Bristol	4.7%
Mill Square & Mill Court, Milton Keynes	4.5%
Pryzm, Kingston upon Thames	3.6%

MSCI/AREF sector weightings



* Source: MSCI/AREF UK Quarterly Property Fund Index – to 31 December 2021.

Key contact



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