

AEW UK Core Property Fund

INVESTMENT POLICY AND OBJECTIVES

The AEW UK Core Property Fund is a core balanced fund targeting value investment opportunities. It comprises a property portfolio diversified geographically in the UK and across all property sectors. Its investment objective is to provide a return from income and capital appreciation over the long term, and to out-perform its benchmark (the MSCI/AREF UK Quarterly Property Fund Index) over three-year rolling periods.

INVESTOR CONSTITUENCY

The AEW UK Core Property Fund will look for and capitalize on market inefficiencies with reference to the investment risk profile set by its benchmark. The investment process is very stock focused and draws upon our strong active asset management capabilities. As a value investor, the AEW UK Core Property Fund will look to buy attractively priced and/or good quality real estate at the margins of prime locations aiming to provide good risk adjusted returns over the long term.

INVESTOR CONSTITUENCY

The Fund is open to investment by pension funds, charities, insurance companies and other approved capital gain tax exempt investors.

Fund details

| | |
|-------------------|-------------------------------------|
| Type of fund | Property Authorised Investment Fund |
| Residence | UK |
| Launch date | March 2012 |
| Open/closed-ended | Open-ended |
| Year-end | 31 December |
| NAV (GBPm) | 344.3 |

Source: AEW

Management/professional advisors

| | |
|-----------------------------|-------------------------------|
| Trust Manager | AEW UK |
| Property investment manager | AEW UK |
| Portfolio Manager | Richard Tanner |
| Trustee | BNY Mellon Trust & Depositary |
| Auditors | BDO |

Source: AEW

Investment rates of return, %

| | AEW UK Core Property Fund | MSCI/AREF UK Quarterly Property Fund Index* | | |
|--------------|---------------------------|---|-------------------------------|-----------|
| | | Other balanced open-ended funds | All balanced open-ended funds | All funds |
| 3 months | 4.2 | 4.0 | 3.9 | 3.6 |
| Year-to-date | 8.2 | 10.3 | 9.8 | 8.6 |
| 12 months | 17.6 | 22.7 | 23.3 | 20.7 |
| 3 years+ | 8.2 | 9.1 | 9.2 | 7.4 |
| 5 years+ | 9.1 | 8.3 | 8.1 | 6.7 |
| 10 years+ | 11.6 | 8.8 | 8.5 | 7.7 |

Note: * Weighted average returns + Annualized

Source: MSCI/AREF UK Quarterly Property Fund Index

Property investment restrictions

| | |
|---|-----|
| Maximum development exposure | 10% |
| Maximum speculative development exposure | 10% |
| Maximum lot-size holding as a standing investment | 15% |

| | |
|--|-----|
| Maximum lot-size holding permitted at purchase | 15% |
| Maximum exposure to limited partnerships | * |
| Maximum exposure to joint ventures | * |
| Maximum exposure to closed and open-ended property unit trusts | * |

Note: *None specified

Source: AEW

Portfolio distribution %

| | AEW UK CORE PROPERTY FUND* | MSCI/AREF UK Quarterly Property Fund Index** | | |
|------------------------------|----------------------------------|--|-------------------------------------|--------------|
| | | Other balanced open-ended funds | All balanced open-ended funds | All funds |
| Standard retail – South East | 2.8 | 4.68 | 4.30 | 4.46 |
| Standard retail – Rest of UK | 8.2 | 1.25 | 1.64 | 2.81 |
| Shopping centres | 1.0 | 0.48 | 0.81 | 2.22 |
| Retail warehouses | 4.3 | 11.59 | 10.84 | 7.29 |
| All UK retail | 16.3 | 18.01 | 17.58 | 16.78 |
| City offices | 0.0 | 3.49 | 3.42 | 3.14 |
| West End offices | 0.0 | 7.64 | 7.14 | 5.19 |
| Rest of South East offices | 15.5 | 9.11 | 8.59 | 6.58 |
| Rest of UK offices | 2.5 | 5.09 | 4.86 | 5.40 |
| All UK offices | 18.0 | 25.33 | 24.01 | 20.31 |
| South East industrial | 7.5 | 27.20 | 28.36 | 23.55 |
| Rest of UK industrial | 29.6 | 14.40 | 14.62 | 12.58 |
| All UK industrial | 37.1 | 41.61 | 42.98 | 36.13 |
| Other UK properties | 27.2 | 10.28 | 10.06 | 22.49 |
| Cash | 1.5 | 4.78 | 5.38 | 4.29 |
| Overall | 100.0 | 100.0 | 100.0 | 100.0 |

Sources: *AEW ** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure

| | Number of assets | Valuation (GBPm) | % of total portfolio |
|-----------------------------|------------------|------------------|-------------------------|
| Direct holdings | 58 | 349.3 | 100.0 |
| Joint and indirect holdings | 0 | 0.0 | 0.0 |
| Listed investments | 0 | 0.0 | 0.0 |
| Total | 58 | 349.3 | 100.0 |

Source: AEW

Largest direct investments by lot size & percentage of total portfolio

| Property | Location | Sector | Valuation (GBPm) | % of total portfolio |
|--|--------------------|------------------------------|---------------------|-------------------------|
| FIVEWAYS LEISURE PARK,BIRMINGHAM,FIVEWAYS LEISURE CENTRE | Birmingham | Leisure Park (whole or part) | 25-30 | 5-10% |
| DHL STANTON | BURY ST EDMUNDS | Industrial | 20-25 | 5-10% |
| BROAD ST MALL | Reading | Office | 20-25 | 5-10% |
| WAREHOUSE | CREWE | Industrial | 15-20 | 5-10% |
| GRAZEBROOK INDUSTRIAL | DUDLEY | Industrial | 15-20 | 5-10% |
| LONDON EAST LEISURE PARK | DAGENHAM | Leisure Park (whole or part) | 15-20 | 0-5% |
| SPECTRUM | SWINDON | Industrial | 15-20 | 0-5% |
| HENGROVE LEISURE PARK | BRISTOL | Leisure | 10-15 | 0-5% |
| FOUR ASHES INDUSTRIAL ESTATE | WOLVERHAMPTON | Industrial Other | 10-15 | 0-5% |
| MILL SQUARE & MILL COURT,MILTON KEYNES,FEATHERSTONE ROAD | Milton Keynes | Office | 10-15 | 0-5% |
| 10 largest investments as % of portfolio | | | 181.8 | 52.1 |

Source: AEW

Direct portfolio structure by lot-size bands

| Value band (GBPm) | Number of assets | Valuation (GBPm) | % of total portfolio |
|-------------------|------------------|------------------|----------------------|
| 0 -2.5 | 21 | 28.2 | 8.1 |
| 2.5 - 5 | 18 | 66.4 | 19.0 |
| 5-10 | 7 | 50.1 | 14.4 |
| 10-25 | 11 | 176.8 | 50.6 |
| 25 - 50 | 1 | 27.8 | 8.0 |
| 50 - 100 | - | - | - |
| 100-150 | - | - | - |
| Over 150 | - | - | - |
| Total | 58 | 349.3 | 100.0 |
| Average lot size | | 6.0 | |

Source: AEW

Property Yield

| | |
|--------------------------|-------|
| Net initial yield | 5.33% |
| Nominal equivalent yield | 7.16% |
| True equivalent yield | 7.48% |
| Net reversionary yield | 7.50% |

Source: Knight Frank

Voids as % of ERV

| | |
|--------------|---------------|
| Investments | 13.33% |
| Developments | 0.00% |
| Total | 13.33% |

Rental income & ERV by type of property

| | Rental income % | Estimated rental value % |
|------------------------|-----------------|--------------------------|
| Standard retail | 14.5 | 13.6 |
| Retail warehousing | 4.8 | 4.9 |
| Shopping centres | 1.2 | 1.9 |
| Central London offices | 0.0 | 0.0 |
| Other offices | 18.0 | 20.5 |
| Industrial | 32.0 | 33.8 |
| Other | 29.4 | 25.2 |
| Overall | 100.0 | 100.0 |

Source: AEW

Over Renting and Reversionary Potential, % Rent Passing

| Sector | Rent Passing, GBP Millions | Rent Free, % Rent Passing | Development vacancy, % Rent Passing | Investment vacancy, % Rent Passing | Over rented, % Rent Passing | Reversionary potential, % Rent Passing | Reversionary potential Net of Over renting, % Rent Passing | Market Value, % Rent Passing |
|------------------------|----------------------------|---------------------------|-------------------------------------|------------------------------------|-----------------------------|--|--|------------------------------|
| Standard retail | 3.3 | 0.0 | 0.0 | 10.1 | -19.7 | 38.6 | 18.9 | 129.0 |
| Retail warehousing | 1.1 | 10.0 | 0.0 | 27.3 | -8.0 | 11.4 | 3.4 | 140.7 |
| Shopping centres | 0.3 | 0.0 | 0.0 | 23.7 | -15.5 | 110.7 | 95.2 | 218.9 |
| Central London offices | 0.0 | - | - | - | - | - | - | - |
| Other offices | 4.1 | 10.2 | 0.0 | 27.4 | -8.3 | 28.4 | 20.2 | 157.7 |
| Industrial | 7.3 | 0.0 | 0.0 | 14.8 | -0.9 | 32.1 | 31.2 | 146.0 |
| Other | 6.7 | 1.3 | 0.0 | 19.3 | -9.9 | 7.7 | -2.3 | 118.3 |
| Overall | 22.7 | 2.7 | 0.0 | 18.4 | -8.1 | 25.1 | 17.0 | 138.1 |

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: AEW

Listed Investments

| | % of Issue held | Valuation (GBPm) | Est. % of total portfolio |
|---|-----------------|------------------|---------------------------|
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |

The unexpired term of leases

| Years | % of rent passing |
|---------------------------------------|-------------------|
| 20 years or greater | 1.6 |
| 15 years or greater, but less than 20 | 8.3 |
| 10 years or greater, but less than 15 | 6.5 |
| 5 years or greater, but less than 10 | 12.7 |
| Less than 5 years | 70.9 |

Source: AEW

Joint and Indirect property holdings

| Holdings | Sector | Joint/Indirect | Vehicle Type | Ownership % | Valuation | Est. % of total portfolio |
|----------|--------|----------------|--------------|-------------|-----------|---------------------------|
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |

Source: AEW

Debt analysis

| Fixed rate borrowings | | | | Variable rate borrowings | | |
|-----------------------|--------------|-----|--------------------------------|--------------------------|--------------------------------------|--------------------------------|
| Amount drawn (GBPm) | Average rate | (%) | Average unexpired term (years) | Amount drawn (GBPm) | Rate above LIBOR (incl expenses) (%) | Off balance sheet debt (GBPm)+ |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |

Source: AEW

Development exposure*

| | Capital value of developments | | | Cost to complete schemes in progress+ |
|------------------------------------|-------------------------------|--------------|------------------|---------------------------------------|
| | Not yet started | In progress+ | All developments | |
| GBPm | - | - | - | - |
| % of all directly held properties* | - | - | - | - |

* Includes joint ventures in which the Fund has an interest of 50% or more

Source: AEW

Valuations/performance monitors/affiliations

| | |
|------------------------|---------|
| Frequency of valuation | Monthly |
|------------------------|---------|

| | |
|---|--------------|
| Valuers | Knight Frank |
| Portfolio performance monitored by MSCI | Yes |
| Constituent of MSCI/AREF UK Quarterly Property Fund Index | Yes |
| Member of the Association of Real Estate Funds | Full member |

Source: AEW

Restrictions on holdings of cash/borrowings

| | |
|---------------------------------|-----|
| Maximum total gearing permitted | 10% |
| Cash holdings (maximum) | 10% |
| Cash holdings (minimum) | * |

Source: AEW

Note: Long term gearing not permitted

The contribution of major tenants to rental income

| Tenant | % |
|--|------|
| Cineworld/Cine-UK Ltd | 9.4 |
| DHL Supply Chains Ltd | 8.4 |
| CC STIM UK Tradeco 5 Ltd | 5.5 |
| Bestway Ltd | 3.7 |
| George Wilson Industries Ltd | 2.4 |
| Secretary of State | 2.3 |
| Euro Car Parks Ltd | 2.3 |
| David Lloyd Leisure Ltd | 2.3 |
| National Veterinary Services Ltd | 2.1 |
| Atrium 100 Stores Ltd | 2.0 |
| Three largest tenants' contribution to rental income | 23.3 |
| Five largest tenants' contribution to rental income | 29.4 |
| Ten largest tenants' contribution to rental income | 40.4 |

Source: AEW

Balance sheet/gearing

| | Direct holdings | Joint holdings | Indirect investments | Listed investments | Total |
|------------------------------|-----------------|----------------|----------------------|--------------------|--------------|
| Balance sheet (GBPm) | | | | | |
| Properties at valuation | 349.3 | 0.0 | 0.0 | 0.0 | 349.3 |
| Listed investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt | -12.0 | 0.0 | 0.0 | 0.0 | -12.0 |
| Cash | 5.3 | 0.0 | 0.0 | 0.0 | 5.3 |
| Other net assets/liabilities | 1.7 | 0.0 | 0.0 | 0.0 | 1.7 |
| Total net assets | 344.3 | 0.0 | 0.0 | 0.0 | 344.3 |
| Gearing (%) | | | | | |
| Net debt (cash)/properties | 1.9 | - | - | - | 1.9 |
| Net debt (cash)/equity | 2.0 | - | - | 0.0 | 2.0 |

Source: AEW

Quarterly data per unit

| As at | 31-Mar-21 | 30-Jun-21 | 30-Sep-21 | 31-Dec-21 | 31-Mar-22 | 30-Jun-22 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Bid (GBP) | - | - | - | - | - | - |
| Offer (GBP) | 1.326 | 1.401 | 1.438 | 1.487 | 1.529 | 1.578 |
| Mid (GBP) | - | - | - | - | - | - |
| Bid/offer spread | - | - | - | - | - | - |
| Net asset value (GBP) | 1.242 | 1.311 | 1.346 | 1.392 | 1.432 | 1.477 |
| Quarterly distribution (GBP) | 0.0114 | 0.0175 | 0.0223 | 0.0094 | 0.0146 | 0.0139 |
| Yield | 4.4% | 4.6% | 4.8% | 4.4% | 4.5% | 4.1% |

Unit pricing

The Fund's NAV and the single (bid/offer) price of its units are calculated on the date of the monthly revaluation of the portfolio as at the last day of each month

Distributions

Distributions are declared on a quarterly basis and paid within two months of the end of the quarter during which they were earned

Minimum investment/disinvestment

A minimum initial investment of £100,000, although the Manager may approve smaller holdings

Creation, transfer and realisation of units

Units may be issued by the Depositary on the direction of the Manager on giving notice at least 14 business days ahead of the next Dealing Day for Subscriptions which is the first business day in each calendar month.

Redemptions

Units may be redeemed on written notice to be received by the Manager at least one month prior to the next Dealing Day for Redemptions which is the first business day in each calendar month. At its discretion and in consultation with the Governance Committee, the Manager may defer redemptions for up to six months.

Taxation

Capital Gains Tax

The Fund is not subject to capital gains tax.

Income Tax

The Fund qualifies as a PAIF for tax purposes. Accordingly, the income generated by their Property Investment Business will be exempt from tax.

Charges

Annual Fee

The Fund Manager is entitled to an annual fee (payable quarterly) equivalent to 0.70% pa of the Net Asset Value of the Fund, plus VAT.

Initial charge

No initial charge is levied by the Trust Manager on investors acquiring units in the Fund

Performance Fee

The Property Investment Manager may earn a performance fee of 0.25% p.a. (plus VAT) of NAV if the Fund is ranked above the weighted average performance the top ten funds within the All Balanced Funds component of the MSCI/AREF UK Quarterly Property Fund Index over three year rolling periods (providing its return over the period is positive).

Leverage

The Fund may only borrow up to 10% of the NAV and in the form of a revolving credit facility. Leverage may take the form of temporary cash borrowings, financial derivative instruments and reinvestment of cash allocated in the context of securities lending.

Unit holder analysis

| | Number of unitholders | Total % held |
|--------------------------------|-----------------------|--------------|
| Less than 1% of units in issue | 27 | 5.7 |
| 1% or greater but less than 2% | 9 | 12.4 |

| | | |
|------------------------------------|-----------|--------------|
| 2% or greater but less than 4% | 7 | 20.9 |
| 4% or greater but less than 8% | 4 | 21.6 |
| Greater than 8.0% | 2 | 39.4 |
| Total | 49 | 100.0 |
| Major investors | | |
| Largest holder | 1 | 20.7 |
| Three largest holders | 3 | 46.8 |
| Five largest holders | 5 | 57.0 |
| Ten largest holders | 10 | 75.0 |
| Internal/external investors | | |
| Internal | 3 | 0.2 |
| External | 46 | 99.9 |

Source: AEW

| Liquidity | | | | | | |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Period | Year to Dec 2017 | Year to Dec 2018 | Year to Dec 2019 | Year to Dec 2020 | Year to Dec 2021 | Year to Dec 2022 |
| Issues and redemptions | | | | | | |
| Units in issue as at start of period | 209,530,510 | 212,008,201 | 218,658,263 | 228,477,828 | 229,972,285 | 233,680,186 |
| Units issued during period | 4,218,577 | 9,947,189 | 15,302,013 | 3,864,846 | 13,908,083 | 2,496,841 |
| Units redeemed during period | -1,740,886 | -3297127.863 | -5,482,448 | -2,370,388 | -10,200,182 | -3,111,582 |
| Units in issue at end of period | 212,008,201 | 218,658,263 | 228,477,828 | 229,972,285 | 233,680,186 | 233,065,445 |
| Unit transfers | | | | | | |
| Matched bargains | 15,164,063 | 2649301 | 1338285 | 1,832,529 | 3,887,777 | 0 |
| Matched bargains %* | 0 | 0.012116171 | 0.005857395 | 0.80% | 1.66% | 0.00% |

* as % of units in issue at the end of the period

Source: AEW