AEW UK Core Plus Property Fund

INVESTMENT POLICY AND OBJECTIVES

The AEW UK Core Plus Property Fund will look for and capitalise on market inefficiencies. The Fund manager follows a "Core Plus" investment strategy. Core Plus is a specific investment style, which when used for real estate results in a more geared (i.e. leveraged) targeted return strategy with a potentially higher yield. Properties selected for investment may require a significant amount of asset management, but with greater potential for improvement and increasing the capital value of that property. The investment process is very stock focused and draws upon our strong active asset management capabilities. As a value investor, the AEW UK Core Plus 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 AEW UK Core Plus 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 (PAIF)**
Residence	**UK**
Launch date	March 2012
Open/closed-ended	**Open-ended**
Year-end	31 December
NAV (GBPm)	**265.9**

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

Fund level total return, %

		MSCI/AREF UK Quarterly Property Fund Index*		
	AEW UK Core Plus Property Fund	**Other balanced open-ended funds**	**All balanced open-ended funds**	**All funds**
3 months	2.2	1.2	1.1	1.4
Year-to-date	3.0	1.7	1.7	1.7
12 months	3.8	-0.4	0.1	0.0
3 years+	1.5	0.4	0.6	0.0
5 years+	2.5	1.4	1.5	0.6
10 years+	7.1	5.1	4.8	4.0

*Note: * Weighted average returns + Annualized*

Source: MSCI/AREF UK Quarterly Property Fund Index

Fund Restraints	
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	n/a
Maximum exposure to joint ventures	n/a
Maximum exposure to closed and open-ended property unit trusts	n/a
Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	30%
Cash holdings (maximum)	10%
Cash holdings (minimum)	0%

Source: AEW

*Note: *None specified*

Note: Long term gearing not permited

Portfolio distribution %

	MSCI/AREF UK Quarterly Property Fund Index**

	AEW UK CORE PLUS PROPERTY FUND*	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	10.6	4.2	3.7	3.4
Standard retail – Rest of UK	8.0	1.1	1.1	1.2
Supermarkets	0.0	0.7	1.1	1.7
Shopping centres	0.8	0.6	0.9	0.6
Retail warehouses	4.0	12.3	12.0	7.4
All UK retail	**23.4**	**19.0**	**18.8**	**14.4**
City offices	0.0	3.0	3.1	2.6
West End offices	0.0	7.5	6.6	4.8
Rest of South East offices	7.8	6.3	6.3	5.2
Rest of UK offices	2.7	4.6	4.0	4.4
All UK offices	**10.5**	**21.4**	**20.0**	**17.0**
South East industrial	6.8	19.2	20.1	18.0
Rest of UK industrial	12.5	7.7	7.2	6.5
South East Distribution Warehouse	6.5	5.1	5.4	4.1
Rest of UK Distribution Warehouse	4.7	6.4	6.3	5.3
All UK industrial	**30.5**	**38.3**	**39.1**	**33.8**
Residential excl Student Accomodation	0.0	**0.5**	**1.3**	**2.4**
Student Accomodation	0.0	**2.8**	**3.3**	**10.7**
Hotel	0.2	**3.7**	**3.2**	**6.1**
Leisure	22.9	**1.8**	**2.2**	**4.1**
Healthcare	0.0	**1.8**	**1.3**	**1.4**
Other UK properties	0.0	3.8	3.2	4.1
Cash	12.5	6.8	7.7	6.0
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	49	307.2	100.0
Joint and indirect holdings	0	0.0	0.0
Listed investments	0	0.0	0.0
Total	**49**	**307.2**	**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%
GRAZEBROOK INDUSTRIAL	DUDLEY	Industrial	15-20	5-10%
Harbour Island	London	Retail Other	15-20	5-10%
HENGROVE LEISURE PARK	BRISTOL	Leisure	15-20	5-10%
SPECTRUM	SWINDON	Industrial	15-20	0-5%
LONDON EAST LEISURE PARK	DAGENHAM	Leisure Park (whole or part)	10-15	0-5%
Hythe Marine Park	Southampton	Industrial	10-15	0-5%
BROAD ST MALL	Reading	Office	10-15	0-5%
FOUR ASHES INDUSTRIAL ESTATE	WOLVERHAMPTON	Industrial Other	10-15	0-5%
10 largest investments as % of portfolio			**167.8**	**54.6**

Source: AEW

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	19	25.1	8.2
2.5 - 5	10	35.4	11.5
5-10	10	78.9	25.7
10-25	9	141.5	46.1
25 - 50	1	26.3	8.5
50 - 100	-	-	-
100-150	-	-	-
Over 150	-	-	-
Total	**49**	**307.2**	**100.0**
Average lot size		6.3	

Source: AEW

Property Yield	
Net initial yield	5.44%
Nominal equivalent yield	8.52%
True equivalent yield	8.97%
Net reversionary yield	8.18%

Source: Knight Frank

Voids as % of ERV	
Investments	26.77%
Developments	0.00%
Total	26.77%

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	27.9	24.7
Retail warehousing	5.7	4.2
Shopping centres	1.0	1.5
Central London offices	0.0	0.0
Other offices	11.8	13.4
Industrial	28.4	38.2
Other	25.2	18.0
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	6.4	-	-	27.0	-10.3	6.4	-3.9	123.1
Retail warehousing	1.3	-	-	10.2	-14.2	6.4	-7.9	102.4
Shopping centres	0.2	-	-	58.0	-4.4	54.6	50.2	208.3
Central London offices	0.0	-	-	-	-	-	-	-
Other offices	2.7	-	-	37.8	-10.1	31.4	21.3	159.1
Industrial	6.5	-	-	75.1	-3.4	15.7	12.2	187.3
Other	5.8	-	-	11.1	-20.4	8.8	-11.6	99.5
Overall	**22.9**	**-**	**-**	**37.3**	**-11.0**	**13.0**	**2.0**	**139.3**

*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 % of rent passing

Years	Including breaks	Excluding breaks
20 years or greater	1.7	1.7
15 years or greater, but less than 20	9.0	10.3
10 years or greater, but less than 15	14.2	17.0
5 years or greater, but less than 10	14.0	15.9
Less than 5 years	61.1	55.1

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 Risk Free Rates (incl expenses) (%)	Off balance sheet debt (GBPm)+
30	2.50		3.08	-	-	-
30	3.69		3.08	-	-	-
30	2.90		3.08	-	-	-
-	-		-	-	-	-
-	-		-	-	-	-

Source: AEW

Development exposure*

	Capital value of developments			
	Not yet started	In progress+	All developments	Cost to complete schemes in progress+

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

The contribution of major tenants to rental income	
Tenant	**%**
CINEWORLD	8.9
DHL SUPPLY CHAINS LTD	6.7
FAIRLINE YACHTS LTD	5.7
CC STIM UK TRADECO 5 LTD	3.4
CDS (SUPERSTORES INTERNATIONAL) LIMITED	2.8
EUROCARPARKS X 2	2.3
Secretary of State	2.2
UNIVERSITY OF WEST LONDON HIGHER EDUCATION CORPORATION	1.9
BANCROFT LIMITED	1.8
I D MEDICAL GROUP LTD	1.5
Three largest tenants' contribution to rental income	21.3
Five largest tenants' contribution to rental income	27.5
Ten largest tenants' contribution to rental income	37.2

Source: AEW

Balance sheet/gearing	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	307.2	0.0	0.0	0.0	307.2
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	-90.0	0.0	0.0	0.0	-90.0
Cash	43.8	0.0	0.0	0.0	43.8
Other net assets/liabilities	4.9	0.0	0.0	0.0	4.9
Total net assets	**265.9**	**0.0**	**0.0**	**0.0**	**265.9**
Gearing (%)					
Net debt (cash)/properties	15.0	-	-	-	15.0
Net debt (cash)/equity	17.4	-	-	0.0	17.4

Source: AEW

Quarterly data per unit						
As at	**31-Mar-23**	**30-Jun-23**	**30-Sep-23**	**31-Dec-23**	**31-Mar-24**	**30-Jun-24**
Bid (GBP)	-	1.211	1.207	-	-	-
Offer (GBP)	1.306	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1.219	1.229	1.226	1.208	1.208	1.226
Quarterly distribution (GBP)	0.0074	0.0148	0.0169	0.0147	0.0088	0.0091
Yield	3.1%	3.1%	3.9%	4.4%	4.6%	4.0%

Source: AEW

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

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 0.85% 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 is entitled to a performance fee if (i) a performance hurdle is met and (ii) a high water mark is exceeded. The

Leverage

The Fund may only borrow up to 30% of the gross property portfolio (as determined by the Standing Independent Valuer) at the time of drawdown and

Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	23	8.0
1% or greater but less than 2%	5	7.7
2% or greater but less than 4%	4	11.9
4% or greater but less than 8%	4	21.5
Greater than 8.0%	2	50.8
Total	**38**	**100.0**
Major investors		
Largest holder	1	28.4
Three largest holders	3	58.7
Five largest holders	5	68.1
Ten largest holders	10	84.2
Internal/external investors		
Internal	3	0.16
External	35	99.84

Source: AEW

Liquidity

Period	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023	Year to Dec 2024
Issues and redemptions						
Units in issue as at start of period	218,658,263	228,477,828	229,972,285	233,680,186	234,256,481	218,124,738
Units issued during period	15,302,013	3,864,846	13,908,083	6,137,314	2,483,308	922,697
Units redeemed during period	-5,482,448	-2370387.991	-10,200,182	-5,561,019	-18,615,050	-2,053,328
Units in issue at end of period	228,477,828	229,972,285	233,680,186	234,256,481	218,124,738	216,994,108
Unit transfers						
Matched bargains	1,338,285	1832529	3887777	58,635,014	0	0
Matched bargains %*	0.59%	0.80%	1.66%	25.03%	0.00%	0.00%

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

Source: AEW