

PRESS RELEASE

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AEW UK REIT ACQUIRES MULTI-LET INDUSTRIAL BUILDING IN BASILDON, ESSEX

AEW UK REIT plc (LSE: AEWU) (the "Company"), which owns a diversified portfolio of 29 regional UK commercial property assets, announces the acquisition of a c. 69,000 sq ft multi-let industrial building in Basildon, Essex, for £4.55 million, reflecting a high Net Initial Yield of 7.8% and a capital value of £66 per sq ft.

The warehouse, which is located within the established Cranes Farm Industrial area, is fully let to four tenants', providing a WAULT of just under 4 years to lease breaks and 6 years to expiry. The current lettings show an average passing rent of £5.50 per sq ft which is significantly below the local market average and as such, the building presents an opportunity for near-term rental income uplift through asset management. The site is strategically located adjacent to the A127, which provides quick vehicular access to Junction 29 of the M25.

Commenting on the deal, Alex Short, the Company's Portfolio Manager at AEW UK Investment Management LLP, said, "This off-market acquisition of a well-located, multi-let industrial asset in the South East of England offers both an attractive day one yield and the potential to improve the income profile over a short timeframe, whilst also demonstrating our strong origination capabilities.

"Basildon has seen strong commercial rental performance over the past 18 months, driven by a supply demand imbalance, and as such, prime and secondary rents in the town now sit at £8.50 per sq ft and £6.75 per sq ft respectively. Furthermore, we believe that the acquisition pricing is well supported by the asset's underlying vacant possession value, highlighting the strength of the occupational market in this location."

Following the acquisition, the Company has invested a total of £133 million across 29 regional commercial property assets and has a £7.44 million investment in AEW UK's Core Property Fund.

ABOUT AEW UK REIT

AEW UK REIT plc (LSE: AEWU) aims to deliver an attractive total return to shareholders by investing predominantly in smaller commercial properties (typically less than £10 million), on shorter occupational leases, in strong commercial locations across the United Kingdom. The Company was listed on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange on 12 May 2015, raising £100.5m. Since IPO it has raised a further £23m.

Since its IPO in May 2015, AEWU has invested a total of £133 million across 29 regional commercial property assets and has a £7.7 million investment in AEW UK's Core Property Fund. It is currently invested in office, retail, industrial and leisure assets, with a focus on active asset management, repositioning the properties and improving the quality of the income stream. Whilst occupational demand in strategic locations remains, securing tenants on shorter leases allows AEWU to crystallise value through rent reviews and lease re-gears.

AEWU is currently paying a dividend of 8p per share p.a. and targets a total annual return, over the medium term, in excess of 12% on the IPO issue price, net of all fees.

Real estate investment specialist AEW UK Investment Management LLP is a joint venture between the management team, which together has an average of 25 years of real estate experience, and AEW Europe, which has €19.1 billion of real estate assets under management. AEW UK Investment Management LLP has a strong and expert asset management team, with a proven record of identifying and delivering value from real estate assets across all sectors.

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