

AEW UK REIT plc invests in and intensively asset manages a diversified portfolio of small, high yielding commercial properties across the UK



8.0% yield



Based on 100.5p issue price

AEW UK REIT plc is the highest yielding UK real estate investment trust

31 assets



An existing £139m portfolio invested across multiple sectors

£1.41bn



Total assets managed by AEW UK IM, part of AEW Global, **one of the world's largest real estate managers**

Attractive Strategy

- Diversified by location, sector and tenant mix
- Income focused strategy, currently the highest yielding UK REIT
- Additional capital value achieved through asset management initiatives
- Focused on strong commercial locations with low levels of supply
- Exploits pricing inefficiencies in smaller commercial properties between £2.5 million and £15 million lot sizes
- Protected downside risk with a high residual value, low obsolescence stock selection strategy

Opportunity

- Mature portfolio with identified asset management opportunities
- Established income stream and proven track record of 2 pence per quarter dividend
- Strong pipeline of assets providing opportunities to enable growth in high income producing properties with asset management initiatives
- Strategy to raise funds in line with investment expectations to minimise cash drag
- AEW UK Investment Management LLP has established systems focusing on people, process and performance, demonstrated by the management team's 20 year track record of outperformance of the AREF/MSCI UK Quarterly Balanced Fund Index

Portfolio

**31 assets, with a
total value of
£139m***

Diversified portfolio*

44% industrial
20% retail
32% office
4% other

Conservative

levels of gearing

£32.5m; 21.6% gross
LTV as at 31 July 2017

* As at 31 July 2017, pro forma, for the
announced disposal of Valley Retail
Park, Belfast for £11.05m



Performance

11.5%



NAV total return for the 12 months ending 31 July 2017. Over the quarter ending 31 July 2017, NAV total return was 3.06% and the property portfolio valuation increased by 1.4% on a like-for-like basis.

8pps



annualised dividend; 2pps declared in respect of each of the previous seven quarters ending 31 July 2017.*

* The Directors will declare dividends taking into account the level of the Company's net income and the Directors' views on the outlook for sustainable recurring earnings. Expect to maintain annualised 8pps dividend for financial period ending 31 March 2018 and interim financial period to 30 September 2018. The figures in relation to dividends are indicative only and are not intended to be, and should not be taken as, a profit forecast or estimate. Actual returns cannot be predicted and may differ materially from these figures. There can be no assurance that they will be met.

AEW UK Investment Management LLP

Well-resourced team comprising

25 individuals covering investment, portfolio management, asset management, operations, relationship and client management, and strategy

AEW UK IM has **£1.41bn total AUM**
(as at 30 June 2017)

Part of AEW Global, one of the world's largest real estate managers, with

€58.5 billion of assets
under management (as at 30 June 2017)

In Europe, as at 30 June 2017, AEW Global managed

€26 billion in properties
of all types located in **15 countries**, with over **380 staff**

The management team



Richard Tanner
Managing Director – AEW UK IM,
Head of Investment Strategy

Richard has responsibility for defining and implementing the strategy in the UK. Since launching AEW's first UK focused fund in 2012, he has overseen in excess of £1.4bn of UK real estate transactions and brings 28 years of experience to the team. Prior to AEW he was head of investment strategy and managing director of the UBS UK real estate team.



Alex Short
Portfolio Manager

Alex has 20 years' industry experience. From 2010 to 2013, she was a Managing Director at UBS Global Asset Management and held a business and client management role, whilst also a member of the GRE-UK Investment Committee. Prior to this, Alex spent eight years at UBS in various roles, including as Portfolio Manager for UBS SERF and UBS Triton.



Laura Elkin
Assistant Portfolio Manager

Laura has 11 years' industry experience. Laura joined AEW in 2013 with responsibility for sourcing and executing direct investments within all property sectors for the AEW UK funds and separate mandates. Prior to joining the team, Laura worked as a Senior Surveyor at Colliers International.

Case study – current asset

40 Queen Square, Bristol

Prime Bristol office location, refurbishment potential

- Acquired by AEW in December 2015 for £7.2m with vacancy of 46%
- AEW business plan was to refurbish office accommodation and improve common facilities such as bike storage and showers to assist with rental growth. Total capex spend of £800,000
- AEW have now completed 6 lettings totalling c 25,000 sq ft within the last 12 months
- The building is now fully let ahead of the timescale expected at acquisition



£9.2m

Current value



£7.2m

Purchase price



7.7%*

Current
net initial yield

* Following expiry of
rent free periods



Case study – current asset

Euroway Trading Estate, Bradford

Strong location, low passing rent below market

- Acquired by AEW in December 2016 for £4.95m
- Located just off the M606 providing access to the national motorway network
- The building is fully let to a national logistics operator who took a new 8 year lease prior to AEW's acquisition
- The passing rent of £2.98 per sq ft provides good potential for rental growth going forward due to a lack of supply within the surrounding area



£5.2m

Current value



£4.95m

Purchase price



7.8%

Current
net initial yield



Case study – realised asset

Valley Retail Park, Belfast

Modern scheme, attractive yield profile

- Acquired by AEW in August 2015 for £7.15m with vacancy of 22%
- Surrender premium of £1m received by AEW from outgoing tenant Harvey Norman
- New 20 year lease simultaneously completed to Go Outdoors for their first Northern Ireland store
- Remaining vacant accommodation let to Smyths Toys on a 15 year lease
- Asset management has repositioned the park and significantly improved footfall levels
- Following completion of the business plan the fully let scheme has been sold to a Northern Ireland controlled Pension Fund



£11.05m

Exit price



£7.15m

Purchase price





How to apply for shares in the offer

Please contact your stockbroker or share dealing service for details on how to apply. Further information on the Company and the Offer is available at: www.aewukreit.com

Risk factors

Full details of such risks are set out in the Company's prospectus in the section headed "Risk Factors"

- Delays in investing the net proceeds of the Issue may impact the Company's ability to pay dividends
- The Company's due diligence may not identify all risks and liabilities in respect of an acquisition
- Asset management initiatives may be more expensive than anticipated and take longer to implement
- It may prove difficult to attract new tenants for the Company's properties
- Tenant default
- The Company may not be able to maintain or increase the rental rates for the Portfolio, which may, in the longer term, have a material adverse impact on the value of the Portfolio, as well as the Company's turnover.
- The Company's investments can be illiquid and may be difficult or impossible to realise at a particular time
- Any property market recession or future deterioration in the property market in the UK could cause the Company to realise its investments at lower valuations; delay the timings of the Company's realisations; and/or impact the Company's rental yields
- Property valuation is inherently subjective and uncertain
- Availability of borrowings and the gearing effect of borrowing can work against as well as for Shareholders
- The Shares may trade at a discount to NAV per Share and Shareholders may be unable to realise their investments through the secondary market at NAV per Share
- The Company may be subject to a period of uncertainty in the period leading up to eventual Brexit including uncertainty in relation to any potential regulatory or tax change and the macroeconomic effect of an eventual Brexit on the value of UK property.

Disclaimer

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