AEW UK REIT PLC (AEWU)

Quarterly Update

Q1 25

AEW UK REIT plc (The Company) invests in and intensively asset manages a value-focused portfolio of high yielding commercial properties across the UK.

FINANCIAL HIGHLIGHTS

- NAV of £174.44 million or 110.11 pence per share at 31 March 2025 (31 December 2024: £174.30 million or 110.02 pence per share).
- NAV total return of 1.90% for the quarter (31 December 2024 quarter: 2.73%).
- 1.42% like-for-like valuation increase for the quarter (31 December 2024 quarter: 1.22% increase).
- EPRA earnings per share ("EPRA EPS") for the quarter of 1.71 pence (31 December 2024 quarter: 2.35 pence).
- Interim dividend of 2.00 pence per share for the three months ended 31 March 2025, paid for 38 consecutive quarters and in line with the targeted annual dividend of 8.00 pence per share, representing a dividend yield of 7.9% as at quarter-end.
- Loan to GAV ratio at the quarter end was 25.01% (31 December 2024: 25.03%). Significant headroom on all loan covenants.
- Company continues to benefit from a low fixed cost of debt of 2.959% until May 2027.
- Acquisition of a high-street retail asset in Hitchin for £10.00 million, reflecting a NIY of 8.31%.
- £627,530 of new rental income from lettings completed during the quarter.

UK Property Investment Awards WINNER 2023

2023 & 2024 WINNER PROPERTY AEW UK REIT plc

PORTFOLIO MANAGER'S COMMENTARY

"We are pleased with the continued growth in NAV per share, principally driven by another quarter of like-for-like valuation gain in the Company's portfolio. This consistent valuation growth, at a time when property markets have been subdued, continues to reflect the effectiveness of the Company's active asset management strategy in driving income and capital growth through various market cycles.

EPRA earnings were subdued due to the disposal proceeds from Units 1-11, Central Six Retail Park, Coventry, being held as cash for most of the quarter, albeit the impact of this was partially offset by the funds being held in a high-interest rate deposit account. Given these disposal proceeds amounted to circa 11% of GAV, earnings of 1.71 pence per share were robust, highlighting that the Company's programme of ongoing asset management initiatives, which delivered annualised new rental income of £627,530 in the quarter, continues to deliver strong financial performance.

The acquisition of a high-yielding retail asset in Hitchin during the quarter marks a significant step in redeploying the disposal proceeds from Units 1-11, Central Six Retail Park, Coventry, into earnings accretive investment opportunities. The remainder of the proceeds are under exclusive negotiation, with further purchase announcements expected in the near term.

The Company remains committed to pay its quarterly dividend of 2.00 pence per share, which has now been paid for 38 consecutive quarters."

	VALUATION 31 MARCH 2025		LIKE-FOR-LIKE VALUATION MOVEMENT FOR THE QUARTER	
SECTOR	£ million	%	£ million	%
Industrial	78.60	38.43	1.25	1.62
High Street Retail	43.80	21.41	1.30	3.98
Other	28.90	14.13	-	-
Retail Warehouses	28.65	14.00	0.64	2.27
Office	24.60	12.03	(0.45)	(1.80)
Total	**204.55**	**100.00**	**2.74**	**1.42***

*This is the overall weighted average like-for-like valuation increase of the portfolio.

TOP 10 ASSETS (BY VALUE)

Plastipak, Gresford	6.55%
Northgate House, Bath	6.40%
London East Leisure Park, Dagenham	5.38%
Cambridge House, Bath	5.23%
40 Queen Square, Bristol	5.13%
NCP, York	4.90%
13-13A, 114-123 Bancroft & 3-4 Portmill Lane	4.82%
Arrow Point Retail Park, Shrewsbury	4.08%
15-33 Union Street, Bristol	3.96%
Apollo Business Park, Basildon	3.69%

FUND FACTS

Portfolio Manager
Laura Elkin
Assistant Portfolio Manager
Henry Butt

Investment Objective and Strategy
The Company exploits what it believes to be the compelling relative value opportunities offered by pricing inefficiencies in smaller commercial properties let on shorter occupational leases in strong commercial locations. The Company intends to supplement this core strategy with active asset management initiatives to improve the quality of income streams and maximise value.

Launch date: 12 May 2015

Fund structure
UK Real Estate Investment Trust

SRI policy: Click here

Year end: 31 March

Fund size (Net Asset Value): £174.44m

Property valuation: £204.55m

Number of properties held: 33

Average lot size: £6.20m

Property portfolio net initial yield (% p.a.)
7.97%

Property portfolio reversionary yield: 8.76%

Loan to NAV: 34.40%

Cost of Debt: 2.96% fixed

Average weighted unexpired lease term
To break: 4.12 years **To expiry:** 5.73 years

Occupancy: 92.50%* *As a % of ERV

Number of tenants: 124

Share price as at 31 Mar: 101.4p
NAV per share: 110.11p
Premium/(discount) to NAV: (-7.91%)

Shares in issue: 158.424746m

Market capitalisation: £160.64m

Annual management charge
0.9% per annum of invested NAV

Dividend target
The Directors will declare dividends taking into account the level of the Company's net income and the Directors' view on the outlook for sustainable recurring earnings. As such, the level of dividends paid may increase or decrease from the current annual dividend, which was 8 pence per Share declared for the year ended 31 March 2024. Based on the current market conditions as at the date of this Registration Document, the Company expects to pay an annualised dividend of 8 pence per Share in respect of the financial year ending 31 March 2025.

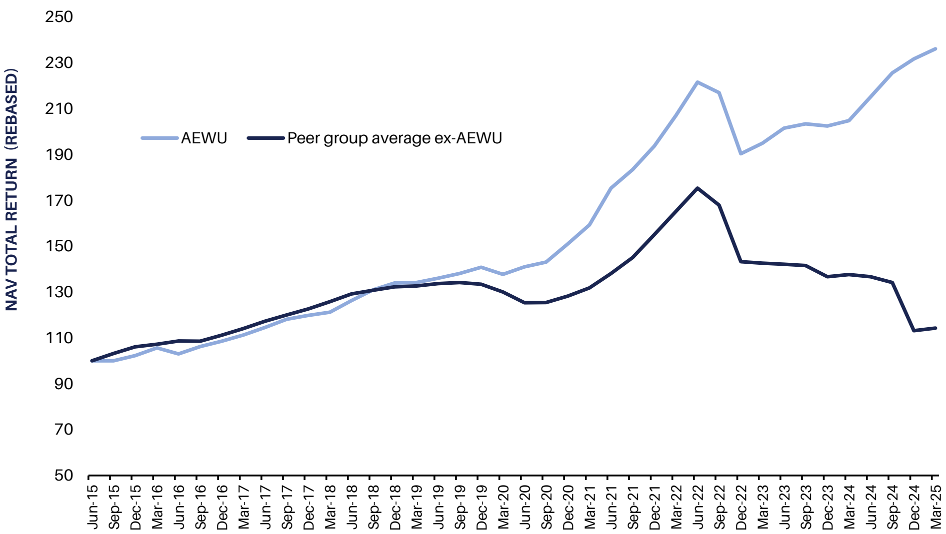
ISIN: GB00BWD24154

Broker: Panmure Liberum

Ticker: AEWU **SEDOL:** BWD2415

HISTORIC PERFORMANCE

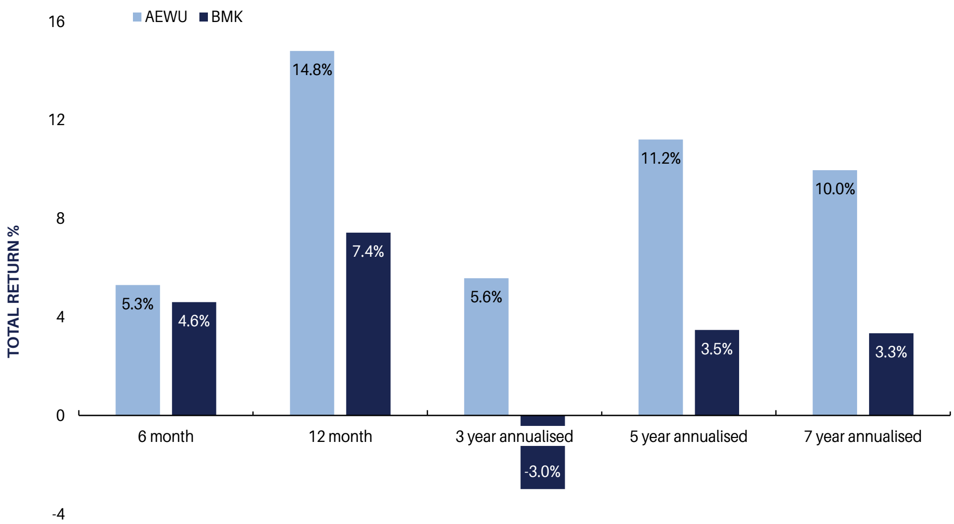
AEWU vs. Peer Group NAV Performance Total Return



Source: Liberum, March 2025.

Property Total Return Vs. MSCI Benchmark

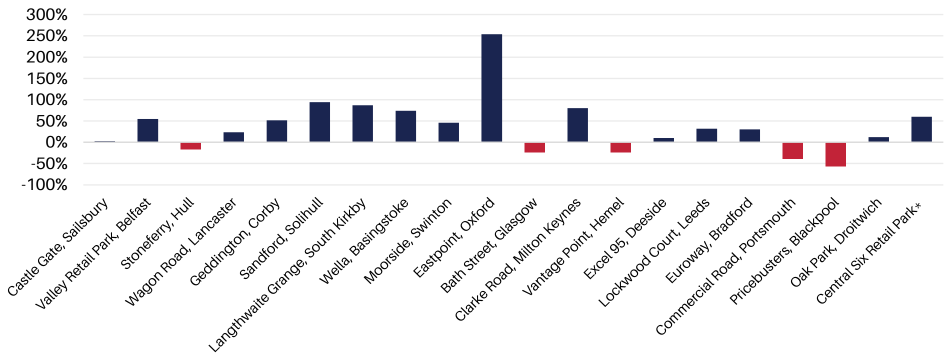
5-year annualised property total return outperformance of 7.7% above the MSCI benchmark.



Source: MSCI, 31 March 2025. Benchmark refers to MSCI/AREF UK PFI Balanced Funds Quarterly Index.

Sales to Purchase Price Premium %

38% average sales to purchase price premium



*Part disposal (Units 1-11). 'Triangle site' retained.

KEY CONTACT

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INVESTMENT UPDATE

Portmill Lane, Hitchin (Retail)

In March, the Company completed the purchase of a freehold, high-street retail asset at 13/13A, 114-119, 121-123 Bancroft and 3-4 Portmill Lane in the affluent commuter town of Hitchin for £10,000,000. The purchase price reflects an attractive net initial yield of 8.31% and a capital value of £213 per sq. ft.

The property, located in the centre of Hitchin's high-street retail pitch, provides accommodation totalling 46,905 sq. ft. across 12 retail units and a standalone office building, as well as car parking and service yards. The retail elements of the property are fully let to a strong line-up of 12 tenants, with recent leasing activity evidencing the strength of the location. Major tenants include Marks & Spencer plc, Next Holdings Ltd, Vodafone Ltd, The White Company and Holland & Barrett. The vacant office element to the rear provides various asset management options in the short-to-medium term, including new lettings or residential conversion. Hitchin is a busy market town located in Hertfordshire with an affluent catchment.

The town is served by rail connections to both London and Cambridge, underpinning its attractiveness as a commuter location.

No disposals were made by the Company during the quarter.

ASSET MANAGEMENT

The Company completed and exchanged on the following asset management transactions during the quarter:

Cambridge House, Bath (Office)

The Company completed a new lease on the ground and basement floors with premium gym operator, Marchon Bath Ltd (trading as Marchon). The tenant has entered a straight 10-year lease paying a rent of £70,000 per annum. Lease completion was subject to the completion of circa £70,000 of landlord strip-out works, including fees. There will be a five-yearly upwards only rent review to the higher of open market or annually compounded RPI (2% collar and 4% cap). The tenant has been granted a 12-month rent free period. This will be Marchon's fourth location, including White City and Stratford, as well as Harpenden.

40 Queen Square, Bristol (Office)

A circa £200,000 refurbishment project has commenced on the former Ramboll Whitbybird (Ramboll) space on the first floor (north). Ramboll's dilapidation liability was settled at £37,888, therefore net capital expenditure equates to approximately £162,000. A circa £250,000 refurbishment project in the reception has also commenced alongside the refurbishment of the first floor (north) and is expected to practically complete in mid-May. The reception requires refurbishment to assist with the prospective lettings of the first and third floors. The cost of the works will be service charge recoverable from the existing tenants.

Union Street, Bristol (Retail)

The Company completed a new lease of the ground and basement levels to Grip-UK Ltd (trading as Climbing Hanger), which will operate the space as a climbing and bouldering centre. The tenant has entered a 12-year lease, with a tenant break option on the expiry of the tenth year, paying a rent of £300,000 per annum. There will be a five yearly rent review in line with annually compounded CPI (2% collar and 4% cap). The tenant has been granted a 12-month rent free period. The unit became available after the previous tenant, Wilko, went into administration in the second half of 2023. Following its refurbishment and subdivision, the space is now fully let with no other vacancy in the building.

High Street, Bromley (Retail)

The Company completed a lease regear with Next, who will enter a five-year reversionary lease effective from September 2025 in return for rebasing the rent at a fixed amount of £430,000 per annum with nine months' rent-free, subject to Next completing a refurbishment of the store. Next will continue to pay the existing base rent of £350,000 per annum plus a turnover rent equal to 8% of turnover above £3.5 million until September this year. With the lease regear remaining outside the 1954 Act, this is advantageous to the Company, with the property being an attractive opportunity for a residential developer or an owner occupier.

Fargate, Sheffield (Retail)

The Company completed a new lease to fashion retailer, Blue Banana Retail Limited. The tenant has entered into a 10-year lease, with a tenant break option on the expiry of the fifth year, paying a rent of £55,000 per annum. There will be a five yearly-rent review to RPI compounded annually (1% collar and 3% cap). The tenant has been granted a seven-month rent free period.

Central Six Retail Park (the Triangle Site), Coventry (Retail Warehouse)

The Company completed a new lease of Unit A1 to Costa Limited. The tenant has entered a lease expiring in November 2032, with a tenant break option on the expiry of the fifth year, paying a rent of £65,000 per annum. There will be a five-yearly open market rent review capped at 2.5%, compounded annually. The tenant has been granted a six-month rent-free period.

Knowles Lane, Bradford (Industrial)

The Company completed a lease renewal with Pilkington United Kingdom Limited at an increased rent of £265,000 per annum. The previous rent (payable until September 2024) was £208,000 per annum, representing a 27% increase. On the fifth anniversary of the lease term, there is an open market rent review, as well as a tenant only break option. No tenant rent-free or incentive was given.

Sarus Court, Runcorn (Industrial)

Following practical completion of a speculative refurbishment project of Units 1001 and 1003 in October 2024, the Company has completed a new lease of Unit 1001 to ODL Europe Ltd. The tenant has entered a straight five-year lease paying a rent of £137,530 per annum (£8.50 per sq. ft.). The tenant has been granted a three-month rent-free incentive. The previous passing rent, prior to refurbishment, was £6.50 per sq. ft. In carrying out roof improvements, respraying of external elevations, internal strip-out and decoration, and replacing M&E services to improve the EPC ratings to a B, the Company has crystalised significant rental growth.

Diamond Business Park, Wakefield (Industrial)

Following a statutory demand being served on the last remaining office tenant of Diamond House, AFI-Uplift Ltd ("AFI"), due to service charge and insurance arrears of £210,967, AFI has paid all of its arrears and surrendered its lease, which was due to expire in November 2027. An early surrender will enable demolition of the entire block, facilitating an industrial open storage letting on the estate. project in the reception has also commenced alongside the refurbishment of the first floor (north) and is expected to practically complete in mid-May. The reception requires refurbishment to assist with the prospective lettings of the first and third floors. The cost of the works will be service charge recoverable from the existing tenants.

Westlands Distribution Park, Weston-super-Mare (Industrial)

The Company completed a three-year lease renewal of Unit 3A with Weston & District Community Transport Ltd at a rent of £12,000 per annum. On the first anniversary of the lease term, there is a mutual rolling break option.