

## AEW UK LONG LEASE REIT BUYS POWER STATION ASSET

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AEW UK Long Lease REIT PLC

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### **AEW UK Long Lease REIT acquires Hoddesdon waste to energy asset for £4.8m**

AEW UK Long Lease REIT plc ("the Company") is pleased to announce the acquisition of an industrial asset in Hoddesdon, Hertfordshire for £4.8m. The acquisition, which completed on the 28 December, reflects a net initial yield of 5.9% and provides a lease term of 32 years to expiry and 14 years to break.

The 47,350 sq ft property is fully let to Hoddesdon Energy Ltd who occupy the building for use as a thermal treatment, waste to energy power plant. Hoddesdon Energy received investment of £60m from the Green Investment Bank, the Noy Fund and P3P Partners for the construction of the plant which is designed to produce energy from the combustion of dry commercial waste. When running it will be able to provide power to over 7,000 homes using about 90,000 tonnes of feedstock each year supplied by two waste management companies. The plant will be operated by Bouygues Energies and Services, a leading global contractor specialising in energy sectors.

The energy plant is located in the commuter town of Hoddesdon, with convenient links to the M1, M11, M25 and two mainline train stations. The area has successfully established itself as a hub for power stations, with Rye House Power Station run by Scottish Power located adjacently. The property is let at a passing rent equating to £6.30 per sq ft compared to nearby standard industrial accommodation which is currently attracting rents in excess of £8 per sq ft.

**Alex Short, Director of AEW UK Investment Management LLP, and Portfolio Manager of the Company said:** "We are pleased to announce this latest acquisition in such an important and growing sector that rarely forms part of institutional property investment portfolios. The acquisition yield and long income stream benefiting from CPI linked uplifts, applied 5 yearly, made this a particularly attractive prospect."

The transaction increases the total amount invested by AEW UK Long Lease REIT plc since listing to £71m. In addition to this, the Manager has a further 10 assets under offer and expects to make additional announcements in the coming weeks.

AEW UK Long Lease REIT plc raised £80.5m from institutional and retail investors at its IPO in June and at that time it stated its expectation to substantially invest the net proceeds within nine months of listing. The Company is targeting an annual dividend of 5.5 pence per share paid quarterly, once fully invested and levered, with an ambition to grow in line with UK inflation (RPI or CPI) thereafter.

The Company entered the REIT regime with effect from 13 October 2017 following the submission of the application to HM Revenue and Customs.

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### **About AEW UK Long Lease REIT**

AEW UK Long Lease REIT plc (LSE: AEWL) aims to generate a sustainable, secure and predictable income return, whilst at least maintaining capital values in real terms, by investing in a diversified portfolio of UK properties, with an attractive entry yield, predominately in alternative and specialist sectors. It will invest in a diverse range of sectors that are underrepresented in institutional portfolios including leisure, healthcare, education, hotels, student accommodation, supported living and automotive. At its IPO on 6 June 2017, AEWL raised £80.5m from institutional and retail investors. At least 85% of gross passing rent from the portfolio's leases will contain inflation-linked rent reviews, and average initial unexpired leases in excess of 18 years at the time of investment.

### **About AEW UK Investment Management LLP**

The Investment Manager AEW UK Investment Management LLP is a 50:50 joint venture between the principals of the Investment Manager and AEW. It employs a well-resourced team comprising 25 individuals covering investment, asset management, operations and strategy. It is part of AEW Group, one of the world's largest real estate managers, with €57 billion of assets under management as at 30 September 2017. AEW Group comprises AEW SA and AEW Capital Management L.P., a U.S. registered investment manager and their respective subsidiaries. In Europe, as at 30 September 2017, AEW Group managed €26.6 billion in value in properties of all types located in 15 countries, with close to 400 staff.

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### **About AEW Europe**

AEW is one of the world's largest real estate asset managers, with over €57bn of assets under management as at 30 September 2017. AEW has over 600 employees, with its main offices located in Boston, London, Paris and Hong Kong and offers a wide range of real estate investment products including comingled funds, separate accounts and securities mandates across the full spectrum of investment strategies. AEW represents the real estate asset management platform of Natixis Investment Managers, one of the largest asset managers in the world.

As at 30 September 2017, AEW managed €26.6bn of real estate assets in Europe on behalf of a number of funds and separate accounts. AEW has close to 400 employees based in 10 offices across Europe and has a long track record of successfully implementing core, value-add and opportunistic investment strategies on behalf of its clients. In the last five years, AEW has invested and divested a total volume of over €17.5bn of real estate across European markets.

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