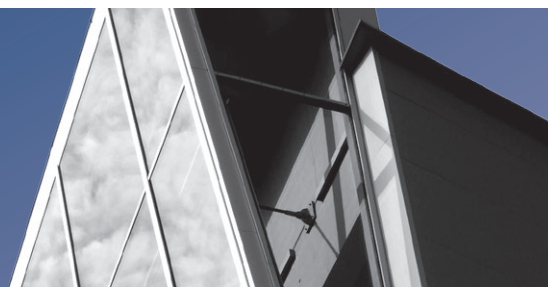


Fund Highlights

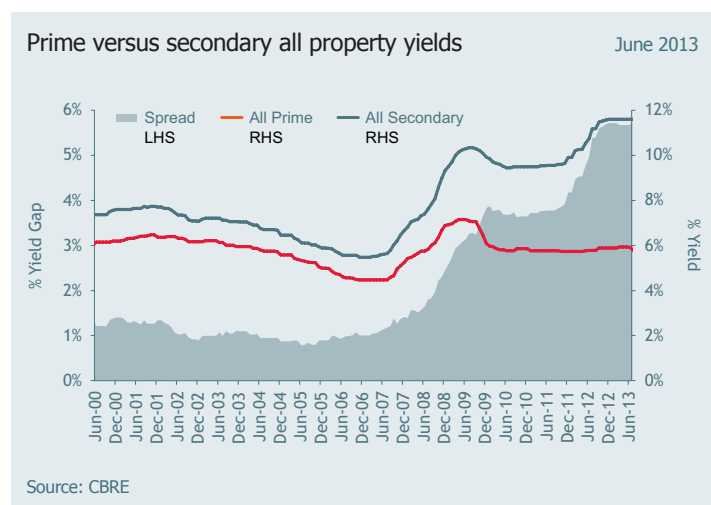
- Top performing balanced fund over 3, 6, 9 and 12 months for the period ending 30/06/13
- In Q2, average outperformance of 8.1% over 12 months against the IPD All Balanced Property Funds Index, weighted average
- Prospective annualised distribution yield above 10%
- Weighted average unexpired lease term to expiry 8.2 years
- Reviewed over 2,000 introductions worth approximately £12bn



Investment Strategy

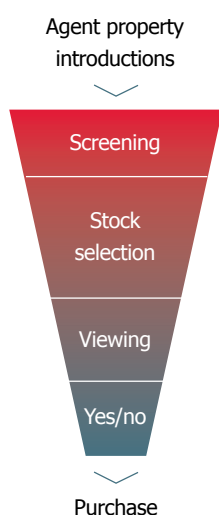
Our approach is to capitalise on the current market dynamics which are providing an excellent environment in which to create a new value based core fund which exploits the current distress experienced by a number of vendors.

As a value investor we are buying good quality real estate at the margins of prime locations aiming to generate high prospective returns over the next 3–5 years. Many of these assets are attractively priced from distressed vendors offering higher initial and reversionary yields. The chart below shows the current yield gap between secondary and prime yields which is providing this compelling investment opportunity.



Investment Activity

This clear investment strategy drives our stock selection process. For the last 18 months, we reviewed stock worth approximately £12bn, in capital terms, representing over 2,000 assets and are seeing increasing competition where reversionary yields are around 10%, particularly in the office and industrial sectors. Our investment team is monitoring potentially attractive deals totalling over £100m. The Fund has completed on 15 properties and has 2 under offer. The funnel to the right shows our filtering process for acquisitions.



Investment	3 months		6 months		9 months		12 months	
	%	Rank	%	Rank	%	Rank	%	Rank
AEW UK Core Fund	2.9	1	4.8	1	7.2	1	9.8	1
Weighted Average	1.4		2.2		1.8		1.7	
Upper Quartile	1.7		2.9		3.4		3.9	
Median	1.5		2.3		2.5		2.7	
Lower Quartile	1.1		1.4		1.9		1.5	
Funds in Universe	25							

Source: All Balanced Property Funds Index – IPD UK Pooled Property Fund Index for the period ending 30 June 2013.

Investment Acquisitions

105-109 Foregate Street, Chester

This Argos store was acquired in June 2013 for £2.5m at an initial yield of 11%.



MESL, Edinburgh

This manufacturing and research facility, with parking for 200 cars, is located adjacent to Edinburgh Airport. Acquired at an initial yield of 15% in May 2013.



Cadogan House, Reading

This 11,000 sq ft office building constructed c. 2000 is let to an IT service provider who was recently awarded a Royal Warrant. Acquired at an initial yield of 16% in May 2013.



Asset Management Activity

New Look and HMV, St Mary's Square, Swansea

Following the appointment of administrators, the Swansea HMV remained open. The lease assignment to the HMV Newco completed in June.



Fund Facts



Portfolio Manager
Richard Tanner

Fund aim

To provide investors with exposure to a diversified, multisector portfolio of commercial property assets throughout the UK. The Fund seeks to achieve superior investment returns through relatively high income returns, strong stock selection and active management of all assets.

Launch date: Q1, 2012

Benchmark

All Balanced Property Funds Index – IPD UK Pooled Property Fund Index – weighted average

Fund size (Net Asset Value): £46.1m

Net initial yield (% p.a.): 10.45%

Number of investors: 6

Number of AEW employee investors: 3

Number of properties completed: 15

Number of properties under offer: 2

Gearing (% of NAV): 0.0%

Capital Cash holdings (% of NAV): 4.9%

Bid/Offer Spread: 7.1%

Annual management charge: 0.7% per annum*

Distribution dates

Income is allocated to investors quarterly and paid within three months of the end of the quarter during which they were earned.

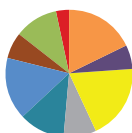
* The Authorised Corporate Director (ACD) is entitled to a performance fee of 0.0625% of the Net Asset Value in each quarter, if the AEW UK Core Property Fund is ranked in the top ten funds of the All Balanced Property Funds Index – IPD UK Pooled Property Fund Index – weighted average over a three years rolling period and if the return is positive.

Until the three year rolling period Index is available, the performance-related fee will be calculated by reference to the Fund's performance over a twelve month rolling period.

10 largest assets	Location	Sector	Value (GBPm)	% of Fund Value
Oceana	London	Other	5–10	15.7%
1–6 Salter Row & 17–21 Woolmarket	Pontefract	Standard Retail	5–10	15.1%
18/20 St. Mary's Square	Swansea	Standard Retail	5–10	11.4%
Bridgefoot House	Radlett	Office	2.5–5	8.1%
Jerome Retail Park	Walsall	Retail Park	2.5–5	7.6%
730 Aztec West	Bristol	Office	2.5–5	6.9%
HP Chemie Pelzer	Liverpool	Industrial	2.5–5	5.4%
Kineton Road	Southam	Industrial Estate	2.5–5	5.4%
105–109 Foregate Street	Chester	Standard Retail	2.5–5	5.4%
Ambi Rad	Brierley Hill	Industrial	0–2.5	4.7%



Sector weightings	Fund	Relative weightings	
		Index	Position
Standard retail	30.5%	14.0%	+16.5%
Offices	20.4%	27.3%	-6.9%
Industrials	18.1%	16.6%	+1.5%
Other	15.0%	9.1%	+5.9%
Retail Warehouses	11.2%	20.0%	-8.8%
Cash	4.9%	7.3%	-2.4%
Shopping Centres	0%	5.7%	-5.7%



Geographical weightings	Fund
Yorkshire and Humberside	19.2%
West Midlands	17.8%
Rest of London	15.8%
Wales	11.6%
North West	11.0%
Eastern	8.3%
South West	6.9%
South East	6.2%
Scotland	3.2%

Lease Profile – AEW UK Core Property Fund against the Pooled Property Fund Index (PPFI)	PPFI	AEW UK Core Property Fund
Average weighted unexpired lease term to break	8.2 years	6.5 years
Average weighted unexpired lease term to expiry	9.3 years	8.2 years

Source: All Property Funds Index – IPD UK Pooled Property Fund Index – weighted average for the period ending 30 June 2013.

Risk and volatility statistics	Annualised quarterly data
Absolute volatility	0.87%
Tracking error	1.58%
Information ratio	4.91
Beta	0.18

Source: Based on quarterly data and calculated by the AEW Capital Management Research Team.

Benchmark will be the IPD quarterly index. These statistics are provided for information purposes only and cannot be relied upon for in relation to any decision. All data provided should be considered in the light of the age and size of the fund. The above statistics are based on an analysis of 4 sets of data. It can be considered a small sample and as a result the statistics may not be meaningful.

Key contact

Dana Eisner
dana.eisner@aeweurope.com
T: 020 7016 4883
M: 07834 439 688



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