

Fund Highlights

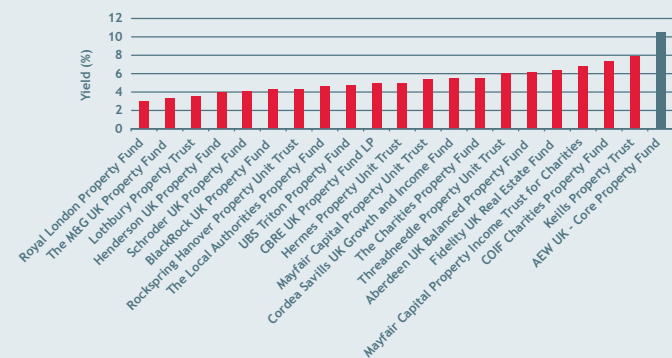
- Due to convert from bid-offer spread to single swinging price during Q2
- In Q1, average outperformance of 6.4% over 12 months against the IPD All Balanced Property Fund Index, weighted average
- Top performing balanced fund over 6, 9 and 12 months to 31/03/2014
- Annualised distribution yield of 10.5%
- Two properties acquired during Q1, four more under offer



Investment Strategy

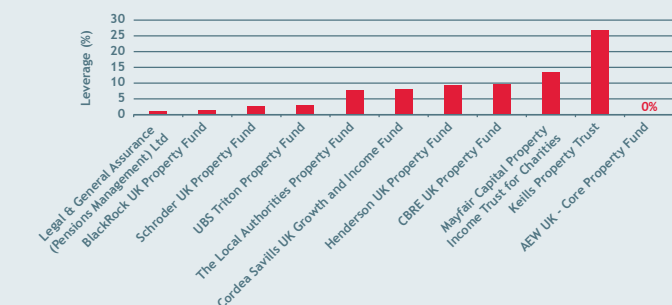
The tables below highlight just two of the metrics we monitor when comparing the Fund to its IPD PPFI benchmark. You can see that the Fund is currently providing the highest distribution yield in its peer group, without the use of leverage employed by many of the other higher income funds. Whilst we monitor the Fund's positions against the IPD PPFI, we are not afraid to take quite different positions, such as seeking out smaller lot sizes.

Distribution Yield



Source: All Balanced Property Fund Index – IPD UK Pooled Property Fund Index for the period ending 31 March 2014.

Leverage



Source: All Balanced Property Fund Index – IPD UK Pooled Property Fund Index for the period ending 31 March 2014.

Investment	3 months	6 months	9 months	12 months
Performance %	%	%	%	%
AEW UK Core Fund	3.1	10.3	15.0	18.3
Weighted Average	3.3	7.7	10.3	11.9
Upper Quartile	3.6	8.2	11.0	12.8
Median	3.2	7.8	10.0	11.7
Lower Quartile	2.9	7.3	9.8	11.5
Funds in Universe	27			

Source: All Balanced Property Fund Index – IPD UK Pooled Property Fund Index for the period ending 31 March 2014.

Q1 Investment Acquisitions

Blochairn Industrial Estate, Glasgow

This asset occupies a prominent position in a well established business area of central Glasgow and is 100% occupied. Purchased for £2.5m, 9.73% triple net initial yield.



David Lloyd, Solihull

A purpose built health and fitness building constructed in the late 1990s extending to 46,255 sq ft over two floors. David Lloyd have exclusive use of 129 car parking spaces. Purchased for £3.7m, 12.76% triple net initial yield.



Asset Management – unlocking value

We work hard to maximise the returns from all of our properties. Intensive asset management and close liaison with tenants is yielding strong results:

Dakota House, Heathrow LET

Dnata, the world's 4th largest cargo services firm, have signed a five year lease for £113k per annum (£14 psf) on 8,000 sq ft of offices located by Terminal 5.

Salter Row, Pontefract LET

Unit 9 let to British Heart Foundation on a 10 year lease for £26k per annum.

Rowland Hill Shopping Centre, Kidderminster RELET

AJ's Cards, Roman Originals and the Mall Cafe have all renewed their leases; £64k per annum.

Asset Management – EPC initiatives

Under the Energy Act 2011 it is proposed that it will be unlawful to let commercial properties with an EPC Rating of F or G from 2018. The EPC rating of all AEW UK's properties have been assessed as follows:

We want our investors to know that the Core Property Fund portfolio is in good shape, with just three buildings having EPC ratings of F or G. For these assets we have drawn up a Carbon Reduction Plan, and begun circa £100k of improvements in order they can be rated E or above. The Fund will also be part of GRESB 2014, the Global Real Estate Sustainability Benchmark.

EPC rating	No of assets in Fund
A–B	2
C–D	19
E	4
F–G	3

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

Fund structure

Property Authorised Investment Fund

Benchmark

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

Fund size (Net Asset Value): £84.6m

Triple net initial yield (% p.a.): 11.09%

Number of investors: 15

Number of AEW employee investors: 3

Number of properties completed: 28

Number of properties under offer: 4

Gearing (% of NAV): 0%

Capital Cash holdings (% of NAV): 1.5%

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 year rolling period and if the return is positive.

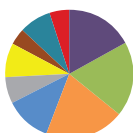
Until the three year rolling period Index is available, the performance-related fee will be calculated by reference to the Fund's performance over a twelve month rolling period.

10 largest assets	Location	Sector	Value (GBPm)	% of Fund Value
Pryzm*	London	Leisure	7.30	8.62%
1–6 Salter Row & 17–21 Woolmarket	Pontefract	Standard Retail	7.00	8.27%
18/20 St. Mary's Square	Swansea	Standard Retail	5.45	6.44%
Belvedere House	Basingstoke	Office	5.30	6.26%
Eddie Stobart, Wakefield	West Yorkshire	Industrial	4.73	5.59%
Rivergate Shopping Centre	Peterborough	Shopping Centre	4.68	5.53%
Bridgefoot House	Radlett	Office	4.40	5.20%
David Lloyd, Highlands Road	Solihul	Leisure	3.65	4.31%
Jerome Retail Park	Walsall	Retail Warehouse	3.60	4.25%
730 Aztec West	Bristol	Office	3.50	4.13%

* The former nightclub Oceana has been rebranded as Pryzm.



Sector weightings	Fund	Relative weightings	
		Index	Position
Offices	24.5%	27.7%	-3.2%
Standard Retail	21.0%	14.0%	+7.0%
Industrials	20.6%	19.1%	+1.5%
Retail Warehouses	10.5%	18.3%	-7.8%
Other	13.8%	8.8%	+5.0%
Shopping Centres	8.1%	5.3%	+2.8%
Cash	1.5%	6.8%	-5.3%



Geographical weightings	Fund
West Midlands	17.18%
South East	18.73%
Yorkshire and Humberside	20.18%
Eastern	11.81%
Wales	6.48%
Rest of London	8.68%
South West	4.16%
North West	8.03%
Scotland	4.76%

Lease Profile – AEW UK Core Property Fund against the All Balanced Property Fund Index – IPD UK PPF	AEW UK Core Property Fund	PPFI
Average weighted unexpired lease term to break	5.1 years	8.2 years
Average weighted unexpired lease term to expiry	6.8 years	9.3 years

Source: All Balanced Property Fund Index – IPD UK PPF – weighted average for the period ending 31 December 2013. AEW UK Core Property Fund data as at 31 March 2014 properties exchanged and completed.

Risk and volatility statistics	Annualised quarterly data
Absolute standard deviation	3.3%
Tracking error	2.1%
Information ratio	2.9
Beta	0.8

Source: Based on annualised quarterly data and calculated by the AEW Capital Management Research Team. Benchmark is the All Balanced Property Funds Index – IPD UK Pooled Property Fund Index – weighted average. 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 annualised quarterly data since the Fund's inception. 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



AEW UK is a trading name of AEW UK Investment Management LLP, a limited liability partnership registered in England and Wales (registration number OC 367686) whose registered office is at 33 Jermyn Street, London SW1Y 6DN, England. AEW UK Investment Management LLP is authorised and regulated by the Financial Conduct Authority.

IMPORTANT NOTICE This is a communication issued by AEW UK Investment Management LLP, trading as AEW UK ("AEW UK"). It relates to the AEW UK Core Property Fund (the "Fund"). An investment in the Fund can only be made on the basis of an information memorandum and the Fund documentation. This communication cannot be relied upon as the basis on which to make a decision to invest in the Fund. This communication does not constitute an invitation or inducement to subscribe to any particular investment. It is communicated to you on the basis that AEW UK believes you to be a qualified investor or a professional investor or any similar status in another state or jurisdiction and thus entitled to receive this communication. If this is not the case and you have received this

document in error, please delete or destroy and notify AEW UK immediately. This communication is forwarded to you for information purposes only and does not constitute a personal recommendation. You should seek professional advice before making any investment decision. The value of investments and the income from them can fall as well as rise. An investor may not get back the amount of money invested. Past performance is not a guide to future performance. AEW UK Investment Management LLP believes the information to be correct at the time of writing but does not make any representation as to the accuracy or completeness of the material and does not accept liability for any loss arising from the use hereof. It is under no obligation to ensure that updates to the document are brought to your attention.