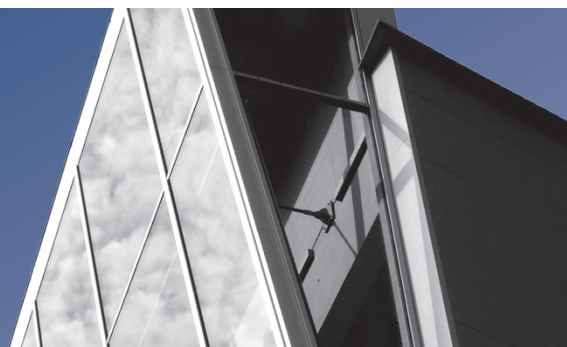


Fund Highlights

- Single swinging price effective 1 August 2014
- Average outperformance of 7.8% over 12 months against the IPD All Balanced Property Fund Index, weighted average
- Top performing¹ balanced fund over 3, 12 months and 2 years to 30/06/2014
- Annualised distribution yield of 10.2%
- Improved rent collection rates within 28 days

¹ Source: All Balanced Property Fund Index – IPD UK Pooled Property Fund Index for the period ending 30 June 2014 and 30 June 2013

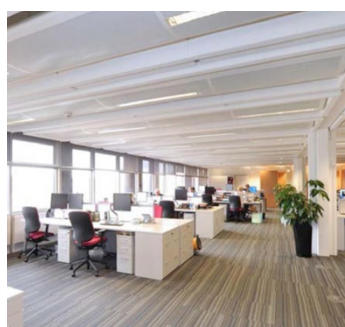


Asset Management

AEW UK's asset management is carried out in house by dedicated asset managers responsible for income and value creation. The following case studies provide examples of how we are adding value to the bottom line in our portfolio.

Belvedere House, Basingstoke

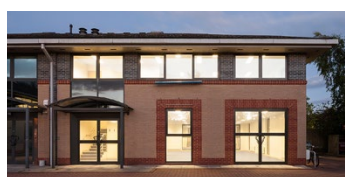
Following refurbishment there has been increased interest in Belvedere House with lettings completed and in progress at £14.50 per sq ft headline.



This has enabled us to reduce the letting void to less than 8%* (c.20% on purchase) and to drive the rents above the ERV set on purchase.

River Court, Woking

Asda completed on the newly refurbished Unit 3 River Court, resulting in 100% occupation on the business park. Wick Hill are also upgrading their space in Unit 4.



Cadogan House, Reading

Due to the lack of alternatives in the rapidly improving Reading office market, the December 2014 break option was not exercised by the tenant. This resulted in a 53% valuation uplift.

Rowland Hill Shopping Centre, Kidderminster

Retail and leisure agents Wright Siverwood and SDA Architects have been appointed to progress a food court in the centre. Whilst this value enhancement is underway, we have been retaining our tenants, with a lease extension completed to Bon Marché and a renewal to Bodycare in solicitor's hands.

* based on ERV and assuming completion of agreed lettings

Q2 Investment Acquisitions

69 Above Bar Street, Southampton

This asset comprises ground and basement floors, the majority of which are occupied by two retail tenants. The remainder of the basement, part ground floor and the entire three upper floors have been sold off on a long leasehold to the Above Bar Church. Purchased for £1.8m, 9.5% triple net initial yield.



Blackpole Trading Estate, Worcester

This property comprises a detached warehouse with linked two storey office block developed in 1981. It is strategically located to the north of the town centre allowing for easy access to the Junction 6 of the M5. Purchased for £2.0m, 13.0% triple net initial yield.



River Court, Uxbridge

This asset was constructed in the late 1980s and is arranged over ground and first floors. Purchased for £5.3m, 7.7% triple net initial yield.

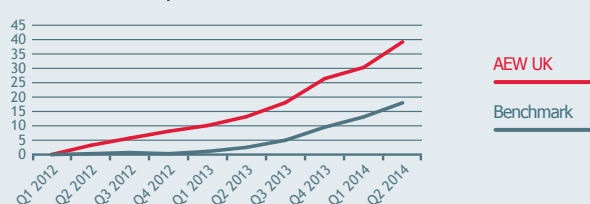


Norseman and Westcott House, Edinburgh

This property is set within the Forth Bridges Business Park on the outskirts of South Queensferry, being a 10 minute drive from Edinburgh Airport and 10 miles from Edinburgh City Centre. Purchased for £3.9m, 12.6% triple net initial yield.



Cumulative outperformance of benchmark



Source: Quarterly IPD All Balanced Funds Index Weighted Average and AEW UK Core Property Fund independently verified performance data. Calculated by AEW UK Investment Management LLP using quarterly compounded data.

Investment	3 months	6 months	9 months	12 months
Performance %	%	%	%	%
AEW UK Core Fund	6.8	10.2	17.9	22.9
Weighted Average	4.3	7.7	12.3	15.1
Upper Quartile	4.8	8.5	13.5	16.5
Median	4.2	7.8	12.4	15.1
Lower Quartile	3.6	6.8	11.1	13.9
Funds in Universe	27			

Source: All Balanced Property Fund Index – IPD UK Pooled Property Fund Index for the period ending 30 June 2014.

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): £110.4m

Triple net initial yield (% p.a.): 10.67%

Number of investors: 21

Number of AEW employee investors: 3

Number of properties completed: 32

Number of properties under offer: 4

Gearing (% of NAV): 0%

Capital Cash holdings (% of NAV): 8.9%

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 year rolling period and if the return is positive.

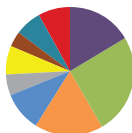
Until the three year rolling period Index is available, the performance-related fee will be calculated by reference to the Fund's performance over a twelve month rolling period.

10 largest assets	Location	Sector	Value (GBPm)	% of Fund Value
Pryzm*	London	Other	7.30	6.61%
1–6 Salter Row & 17–21 Woolmarket	Pontefract	Standard Retail	7.10	6.43%
Belvedere House	Basingstoke	Office	6.35	5.75%
18/20 St. Mary's Square	Swansea	Standard Retail	5.45	4.94%
Rivercourt, Oxford Road	Uxbridge	Office	5.30	4.80%
Eddie Stobart, Grandstand Road	Wakefield	Industrial	5.15	4.66%
Rivergate Shopping Centre	Peterborough	Shopping Centre	4.70	4.26%
Bridgefoot House	Radlett	Office	4.40	3.99%
Norseman & Westcott House	Edinburgh	Office	3.98	3.60%
730 Aztec West	Bristol	Office	3.95	3.58%

* The former nightclub Oceana has been rebranded as Pryzm.



Sector weightings	Fund	Relative weightings	
		Index	Position
Offices	29.7%	28.4%	+1.3%
Standard Retail	18.2%	13.5%	+4.7%
Industrials	18.2%	19.8%	-1.6%
Retail Warehouses	8.2%	17.7%	-9.5%
Other	10.6%	8.5%	+2.1%
Shopping Centres	6.2%	4.9%	+1.3%
Cash	8.9%	7.0%	+1.9%



Geographical weightings	Fund
West Midlands	16.43%
South East	25.42%
Yorkshire and Humberside	17.24%
Eastern	9.83%
Wales	5.37%
Rest of London	7.19%
South West	3.89%
North West	6.72%
Scotland	7.91%

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	4.9 years	8.1 years
Average weighted unexpired lease term to expiry	6.5 years	9.2 years

Source: All Balanced Property Fund Index – IPD UK PPF – weighted average for the period ending 31 March 2014. AEW UK Core Property Fund data as at 30 June 2014 properties exchanged and completed.

Risk and volatility statistics	Annualised quarterly data
Absolute standard deviation	3.8%
Tracking error	1.8%
Information ratio	4.2
Beta	1.0

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.

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