

Quarterly Update

Q2 19

Fund Highlights

- Over one, three, five and seven years the Fund was the top performing balanced fund with an annualised total return of 7.3%, 10.0%, 11.8% and 13.1% respectively¹
- Average out performance of 3.5% p.a. over 5 years and 5.1% p.a. since inception against the MSCI benchmark¹
- Annualised distribution yield of 5.1%¹

¹ Source: MSCI/AREF UK Quarterly Property Fund Index – to 30 June 2019.

Market Outlook

With a change in the U.K. prime minister and make up of the cabinet, it seems that the Government is moving to more “hard ball” negotiation tactics with the EU and hence the risks of economic harm to our tenants has probably increased. In addition we see further signs of capitulation in the retail sector with early forced sellers emerging.

Despite the backdrop above, the Fund has benefited from its sector and geographic positioning and delivered reasonable performance in the quarter and the longer term. We are happy to hold the vast majority of our retail assets, which have good levels of tenant demand or have higher alternative use values. Whilst generally, warehouse values have increased and retail has decreased, we see this landscape as providing some attractive opportunities for our value manager style.

Our Governance and Pricing committees remain ready to act if market volatility increases.

Performance

Investment Performance %	3 mths	6 mths	9 mths	1yr	3 yrs	5 yrs
AEW UK Core Property Fund	1.9	4.0	5.4	7.3	10.0	11.8
Weighted Average	0.6	0.9	1.8	3.4	6.3	8.3
Upper Quartile	0.8	1.5	2.9	5.3	7.6	9.2
Median	0.7	1.1	2.4	4.2	7.3	8.6
Lower Quartile	0.3	0.4	1.7	3.2	5.5	8.0
Funds in Index	27					

All Balanced Property Fund Index – MSCI/AREF UK Quarterly Property Fund Index – to 30 June 2019.

Q2 Disposal

Kidderminster

- Multi-let shopping centre in Kidderminster town centre
- Kidderminster is a struggling retail centre
- Lack of tenant interest
- Sold at auction to a private investor



Q2 Asset Management

Centre 27, Birstall

We have secured outline planning consent for 85,000 sq ft of retail warehousing. Junction 27 of the M62 is one of the UK’s strongest out-of-town retail destinations.



Weston Road, Crewe

The tenant has not actioned their October 2019 break option. We have subsequently triggered the rent review at a significant increase, targeting £5 psf.



The Bear, Widnes

The tenant at our 103,215 sq ft unit in Widnes did not action their break option, the result being the income is secured for a further 5 years. We will now be triggering the June 2019 rent review.



Anglo Office Park, High Wycombe

Following the strategic early lease surrender of Units 5 & 6 for a premium of £129,000, the Fund completed the refurbishment and let the whole first floor at a rent ahead of business plan.



Fund Facts

Portfolio Manager

Richard Tanner



Fund objective

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

An FCA regulated, open ended, core-style property fund. PAIF QIS

Benchmark

UK All Balanced Property Fund Index – MSCI/AREF UK Quarterly Property Fund Index – weighted average

Fund size (Net Asset Value): £301.5m

Triple net initial yield (% p.a.): 6.27%

Reversionary Yield: 8.03%

Reinvestment: Yes, quarterly

Number of investors: 50

Number of AEW employee investors: 2

Number of properties: 64

Number of properties under offer: 1

Gearing (% of NAV): 0.00%

Total expense ratio: 1.13%

Capital Cash holdings (% of NAV): 6.36%

Single price

NAV price – £1.3348

Single price – £1.4255

For historical pricing please see www.aewuk.co.uk

Subscriptions and redemptions

Monthly – subject to ability to defer

Annual management charge: 0.7% of NAV p.a.*

Distribution dates

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

* Performance fee

The Authorised Corporate Director (ACD) is entitled to a performance fee of 0.25% of the Net Asset Value p.a., if the AEW UK Core Property Fund is ranked in the top ten funds of the All Balanced Property Funds Index – AREF/IPD UK Property Fund Index over a three year rolling period and if the return is positive.

Key contact



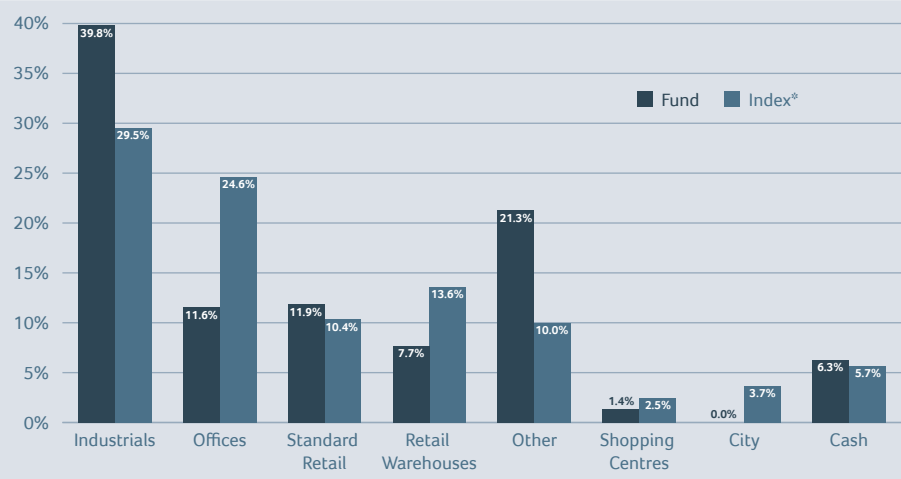
Investor Relations

Kari Clarke

kari.clarke@eu.aew.com

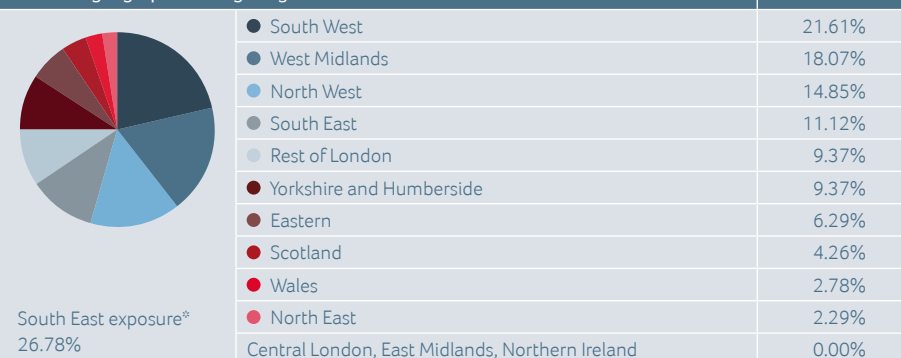
T: 020 7016 4804

MSCI/AREF sector weightings



* Source: MSCI/AREF UK Quarterly Property Fund Index – to 30 June 2019.

AREF/IPD geographical weightings



* Geographical restriction: not less than 25% exposure to the South East of the UK as defined by AEW UK (South East, Eastern and Rest of London).

Lease Profile – AEW UK Core Property Fund against the All Balanced Property Fund Index – IPD UK PPF1	AEW UK Core Property Fund	PPF1
Average weighted unexpired lease term to break	4.5 years	7.0 years
Average weighted unexpired lease term to expiry	6.2 years	8.3 years

Source: Figures calculated by MSCI for AEW; MSCI benchmark figures include funds within the UK All Balanced Property Fund Index. AEW UK Core Property Fund data (properties exchanged and completed) and MSCI data as at 30 June 2019.

Risk and volatility statistics	Annualised quarterly data	
	Q2, 2019	Q1, 2019
Absolute standard deviation	3.29%	3.32%
Tracking error	1.76%	1.80%
Information ratio	2.65	2.59
Beta	0.95	0.95

Source: Based on annualised data since inception and calculated by the AEW Capital Management Research Team. Benchmark is the All Balanced Property Funds Index – MSCI/AREF UK Quarterly Property Fund Index. These statistics are provided for information purposes only and cannot be relied upon 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.

IMPORTANT NOTICE This is a communication issued by AEW UK Investment Management LLP, trading as AEW UK ("AEW UK"), 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. 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.