

### Fund Highlights

- Acquired 3 properties for £22.85m in the period to 31 July 2015
- Invested £9.75m in the AEW UK Core Property Fund
- REIT acknowledged status by HMRC with effect from 5 June 2015
- Invested £59.78m in total as at 27th August 2015



### Who we are

AEW UK REIT plc (the "Company") is a newly established real estate investment trust. The Company is listed on the premium listing segment of the Official List of the UK Listing Authority and the shares are traded on the Main Market of the London Stock Exchange.

The assets of the Company are managed by AEW UK Investment Management LLP ("AEW UK"). AEW UK is a 50/50 joint venture between AEW Global Limited and the AEW UK Management Team. AEW Global are amongst the largest real estate investment managers in the world with €44.6bn in global assets under management and are part of the Natixis Global Asset Management Group. The AEW UK Management Team are an experienced team with an average of 17 years working together and manage funds and separate accounts totalling £678m of assets under management.

Alex Short, Portfolio Manager commented, "We are seeing a strong pipeline of attractive deals for this strategy, remembering that our approach for this Fund is to seek out mispriced assets that are well located and have strong underlying tenant demand. We are targeting lot sizes of below £15m and this is delivering a significant yield advantage across all sectors. We are on target to meet the acquisition timetable as set out to investors prior to REIT launch."

### Investment Strategy

The Company currently intends to exploit what it believes to be the compelling relative value opportunities offered by pricing inefficiencies in smaller commercial properties let on shorter occupational leases. The Company intends to supplement this core strategy with asset management initiatives to upgrade buildings and thereby improve the quality of income streams.

### Investment Acquisitions to 31 July 2015

#### 1. Eastpoint Business Park, Oxford

The property comprises a 74,823 sq ft business park located in a key south east location showing constrained supply and an improving level of improving occupier demand. The property is let to 5 tenants providing a WAULT of 6 years to break and 7.9 years to expiry. Purchased for £8.2m, 9.4% net initial yield.



Eastpoint Business Park

#### 2. Above Bar Street, Southampton

The property comprises three retail units totalling 27,247 sq ft located close to Southampton's prime retail pitch. Improving occupier demand in the area provides good potential for future rental growth. The property is fully let providing a WAULT of 6.8 years to expiry. Purchased for £9.25m, 8.75% net initial yield.



Above Bar Street

#### 3. Sandford House, Solihull

Sandford House comprises a 34,418 sq ft office located in central Solihull. The area has experienced a significant improvement in occupier demand over the past 2 years. The property is fully let to a Government tenant who has invested significantly in the building. Purchased for £5.4m, 10.9% net initial yield. The WAULT is 1.8 years to break and 4.5 years to expiry.



Sandford House

### Post Period Acquisitions during August 2015

#### 4. Valley Retail Park, Belfast

The property comprises a modern 100,413 sq ft retail park located in Newtonabbey, Belfast. Due to low passing rents, the scheme has the ability to offer space at a discount to surrounding schemes providing a significant letting advantage. The investment provides a WAULT of 3.5 years to breaks and 7 years to expiry. Purchased for £7.15m, 12.8% net initial yield.

#### 5. Bath Street, Glasgow

The property comprises a comprehensively refurbished 87,827 sq ft office building located within Glasgows CBD. Growing occupational demand provides a good basis for growth. The current lettings provides a WAULT of 2.1 years to breaks and 4.4 years to expiry. Purchased for £12.2m, 10.0% net initial yield.

#### 6. Stoneferry Retail Park, Hull

The property occupies a prominent roundabout site and comprises 2 retail warehouse units along with a drive thru Burger King totalling 17,656 sq ft. The lettings provide a weighted average unexpired lease term of just under 7 years. Purchased for £2.16m, 10.0% net initial yield.

#### 7. Brightside Lane, Sheffield

The property is prominently located with good accessibility from both Sheffield city centre and the M1, within 1 mile of the Meadowhall Shopping Centre. The property is single let to ROM Group Limited with a tenant break option in c 10 years time. Purchased for £3.5m, 9.5% net initial yield.

#### 8. Vantage Point, Hemel Hempstead

The property is located within the established Maylands Business Park located 1 mile from the M1. The property is fully let to 2 tenants providing a WAULT of 5 years to breaks and 9.4 years to expiry. Purchased for £2.17m, 8.4% net initial yield.

## Fund Facts as at 31 July 2015

Portfolio Manager  
Alex Short

### Investment Objective

The investment objective of the Company is to deliver an attractive total return to Shareholders from investing predominately in a portfolio of smaller commercial properties in the United Kingdom.

Launch date: 12 May 2015

Fund structure: UK Real Estate Investment Trust

Year end: 30 April

Fund size (Net Asset Value): £97.6m

Property valuation: £32.6m (of which £9.79m is represented by AEW UK Core Property Fund)

Number of properties acquired: 3

Property portfolio net initial yield (% p.a.): 8.41%

Property portfolio reversionary yield: 7.78%

Gearing (% of NAV): 0%

Average weighted unexpired lease term

To break: 5.30 years

To expiry: 5.93 years

Occupancy: 88.5%

At 31 July 2015

Share price – 102.63p

NAV per share – 97.12pps

Premium/(discount) to NAV + 5.7%

Shares in issue: 100.5m

Market capitalisation: £103.14m

Annual management charge: 0.9% per annum\*

\* of invested NAV

### Dividends

The Company intends to pay dividends on a quarterly basis with dividends declared in February, May, August and November in each year and paid within one month of being declared. (First dividend to be declared in November 2015)

ISIN: GB00BWD24154 SEDOL: BWD2415

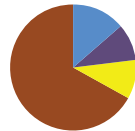
Ticker: AEWU

Broker: Dexion Capital plc

Property Assets Held	Location	Sector	Value (GBPm)
Eastpoint Business Park	Oxford	Office	8.20
Sandford House	Solihull	Office	5.40
69–75 Above Bar Street	Southampton	Retail	9.25

The Company also holds an investment in the AEW UK Core Property Fund that was valued at £9.79m at 31st July 2015.

Top Tenants	Rent p.a. (£'000)	% rent roll
The Secretary of State for Communities and Local Government	625.0	27.2
Barclays Bank Plc	375.0	16.3
Waterstones Booksellers Ltd	280.0	12.2
Clarendon Enterprise Centre Ltd	242.0	10.5
New Look Retailers Ltd – Blacks	200.9	8.7



Sector weightings	Fund
Offices	13.8%
Standard Retail	9.4%
AEW UK Core Property Fund	10.0%
Cash	66.8%



Geographical weightings	Fund
South East	76.37%
West Midlands	23.63%

Regional allocation of property assets held at 31 July 2015

Property	Total consideration £m	Initial yield %	Reversionary yield %	WAULT to break/expiry
<b>Acquired properties to 31 July 2015*</b>				
AEW UK Core Property Fund*	9.75	8.79	9.06	4/5.3***
Eastpoint Business Park, Oxford	8.20	8.95	9.12	5.6/7.4
Sandford House, Solihull	5.40	7.40	8.51	3.7
69-75 Above Bar Street, Southampton	9.25	8.75	5.92	6.0
<b>As at 31 July 2015*</b>	<b>32.6</b>	<b>8.41</b>	<b>7.78</b>	<b>5.3/5.9</b>
<b>Post period end**</b>				
Valley Retail Park, Newtownabbey	7.15	12.80	12.60	3.5/7
225 Bath Street, Glasgow	12.20	10.00	10.20	2.3/4.5
Stoneferry Retail Park, Hull	2.16	10.00	9.20	6.9
710 Brightside Lane, Sheffield	3.50	9.50	9.50	9.8/14.8
Vantage Point, Hemel Hempstead	2.18	8.40	8.40	5.0/9.4
<b>As at 27 August 2015**</b>	<b>59.78</b>	<b>9.05</b>	<b>8.84</b>	<b>4.5/6.5</b>

\* Figures as at Knight Frank Valuation 31 July 2015 (excluding AEW UK Core Property Fund)

\*\* Figures as at acquisition, AEW UK

\*\*\* Figures as at 30 June 2015 calculated by IPD

Initial yield, reversionary yield and WAULT to break/expiry subtotals are weighted averages and exclude investment in AEW UK Core Property Fund

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