

Real Return Fund

A new strategy to align the real benefits of property with the liabilities of pension savers and long term investors

– confidential –



Fund Facts

Launch date

Launched Q1 2016 with £71m agreed in principle

Target real total return

4% p.a. (net of fees and expenses)

Target fund size

£500m NAV

Structure

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

Minimum investment

£1m

Fees

75 bps of NAV p.a.

Gearing (% of NAV)

The Fund will not use long term gearing.

Performance fee

None

Total expense ratio

circa 1% of NAV p.a.

Distributions

Yes, quarterly

Reinvestment

Yes, quarterly

Pricing

Single pricing with dilution levy

Subscriptions and redemptions

Monthly – subject to ability to defer

Fund Objective

To deliver a total return that provides longer term cash flows with inflation protection and capital preservation to better match the liabilities of investors.

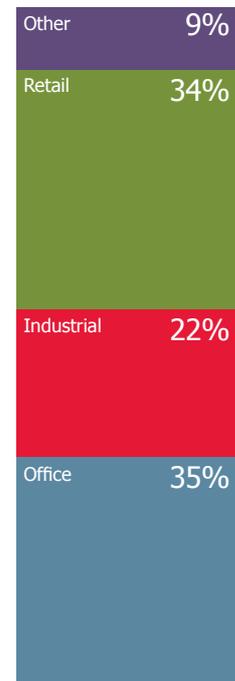
Why AEW UK Real Return Fund?

- A new strategy to align the real benefits of property with the needs of long term savers
 - aims to deliver better risk adjusted liability focused returns, with
 - cashflow and income growth central to strategy
 - the Fund will not chase the peer group benchmark relative returns like many core funds
 - long term gross income targeted at 5% p.a.
- Many pension fund mandates are being moved to liability driven benchmarks
 - the AEW UK Real Return Fund allows smaller schemes to access the same benefits
- Unfettered by IPD benchmark to allow access to wider UK investible universe aiming to provide:
 - a portfolio with a significant allocation to “alternative” sectors such as healthcare, leisure, car parks, social infrastructure, student housing, aiming to generate:
 - greater diversification
 - lower volatility
- A research focused investment process that believes that:
 - traditional property benchmarks do not provide the best asset mix or strategies:
 - to optimise real returns from property
 - and to allow property to be a lower risk, more efficient match for long term liabilities
 - property skills (rather than long leases) should ultimately preserve capital and drive performance

“A property portfolio should be dynamic, following demand in the economy, not a static benchmark”

Ian Mason, Portfolio Manager

IPD PPFI Index
31/12/15



UK Economy % GVA
31/12/14



Source: AEW UK, Oxford Economics, IPD

Why AEW UK?

- AEW's commitment to real estate – we only invest in real estate
- AEW Global* is one of the world's largest and most established real estate experts – €48.9bn AUM
- Stable team – The AEW UK management team average 17 years working together and are 50% equity owners**
- Ownership over investment process and decision-making delivers a consistent approach through different cycles
- An industry leading investment committee and innovative governance committee

*Includes AEW UK along with AEW Capital Management LP (USA) and AEW Europe and their respective subsidiaries. Data as at 30 June 2015

**AEW UK Management Team comprises Richard Tanner, Rachel McIsaac, Catherine Delplace, Nick Winsley and Dana Eisner

Ian Mason, Portfolio Manager

- An entrepreneurial fund manager and business leader with over 30 years' experience
- Highly regarded property fund track record built at Blackrock and Schroders
- Fund manager of Schroder's UK property fund between 2008–2013, focusing on delivering sustainable income streams from a blend of traditional and alternative sectors
- Previously manager of the BlackRock UK Property Fund, devising strategies that focused on the needs of occupiers

- and pioneering the use of indirects in a direct property strategy together with the investment in Alternatives
- Past Chairman of Association of Real Estate Funds (AREF) and Chair of Regulation Committee; current Board Director and Management Committee Member
- A passionate advocate of listed and unlisted real estate funds for long term savers



AEW UK manages a range of cashflow options to match investor needs



Source: AEW; AREF/IPD UK Pooled Property Funds Index – All Balanced Property Funds as at 31 December 2015.

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