

Fund Highlights

- The Company is now fully invested, having utilised the total available loan facility and reinvested the proceeds from selling its remaining investment in the AEW UK Core Property Fund (the "Core Fund") during the quarter.
- Fair value independent valuation of the property portfolio increased to £150.38 million
- NAV of £119.76 million or 96.86 pence per share.
- EPRA earnings per share for the period of 2.10 pence per share.
- Dividend of 2.0 pence per share announced for the quarter ended 31 July 2017.

Investment Strategy

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

Who we are

AEW UK REIT plc (the "Company") is a Real Estate Investment Trust established in May 2015. 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"). The AEW UK Management Team are an experienced team with an average of 19 years working together and manage funds and separate accounts totalling over £1bn. The team is a market leading asset manager of value add assets with a strong track record in which the team brings an institutional asset management approach to more active value add assets.

Alex Short, Portfolio Manager commented, "Despite some uncertainty caused by the General Election, the performance of the Company's assets has continued strongly over the past quarter with like-for-like valuation growth of 1.4% recorded. We are particularly pleased with the capital appreciation delivered by the Company's industrial assets which have seen the strongest growth of all of the sectors in which the Company is invested, at an average of 2.8% within the quarter.

"The portfolio has been particularly well placed to benefit from this movement with its high weighting towards the industrial sector where many of our recent acquisitions have been focused. Following the three industrial acquisitions in the quarter, the Company is now fully invested, including utilisation of the proceeds from the sale of the Core Fund units. The new acquisitions in Runcorn, Deeside and Peterborough

are all in locations which exhibit low levels of supply alongside robust tenant demand and a low level of passing rent.

"Occupier markets have also shown resilience over the period as evidenced by the Company having completed its final letting at 40 Queen Square in Bristol. Further to this, we have seen significant progress in other key occupational transactions over the quarter for which further announcements are expected to be made in due course. These successes will help to secure and lengthen the Company's income stream and ensure its sustainability for future performance. This quarter sees the dividend return to being fully covered. The increase in earnings is partly attributable to non-recurring items of 0.14 pence per share in the quarter.

"In addition to the performance of the portfolio itself we are also pleased by the resilient performance of the Company's share price which has maintained a robust premium to NAV for over 6 months now. We are confident this will assist in growing the Company to provide enhanced liquidity to the Company's shareholders. As such, we highlight that we continue to see a strong pipeline of available stock at yields which would be accretive to the current portfolio. Over recent weeks we have seen an increased number of attractive opportunities in the retail and office sectors and we therefore expect that future acquisitions will represent a more balanced spread of property sectors, rather than being concentrated in the industrial sector as we have seen over past quarters. In line with our strategy we continue to focus on finding future acquisitions which will deliver an attractive return from a well-diversified regional portfolio."

Portfolio activity and asset management

Unit 1005, Sarus Court, Runcorn

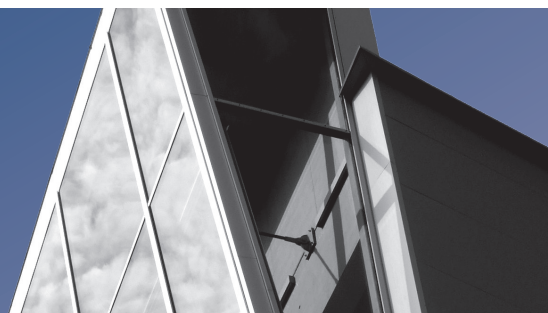
In May 2017 the Company acquired Unit 1005 Sarus Court which completes the Company's acquisition of the whole of the Sarus Court industrial estate.

The estate provides well specified, modern industrial units of between 11,000 and 17,000 sq ft, which are let to a number of light-industrial occupiers providing a WAULT (weighted average unexpired lease term) of over four years across the estate. Unit 1005, which is let to Dimension Data until 2020, offers significant reversionary potential, with a passing rent of £4.50 per sq ft which is more than 15% lower than a recent letting at 1003 Sarus Court secured at £5.25 per sq ft. The purchase therefore not only offers rental upside but brings the whole estate under the Company's ownership, which will add value from an estate management perspective. The acquisition pricing reflects a Net Initial Yield of 7.8% and a capital value of £55 per sq ft.

Deeside Industrial Park

In July 2017 the Company announced the acquisition of a 97,000 sq ft single-let industrial building in Deeside, North Wales, for c. £4.3 million, reflecting a Net Initial Yield of 7.9% and a capital value of £45 per sq ft. The asset, which is located within the established Deeside Industrial Park, is fully let to global enterprise Magellan Aerospace, for a term of just under five years to break and just under ten years to expiry. The current passing rent of £3.75 per sq ft is significantly below that seen at other competing centres within the North West, such as in Warrington and Manchester.

Deeside Industrial Park totals in excess of 600 acres, comprising over 5 million sq ft of industrial and warehouse accommodation attracting a variety of manufacturing and distribution companies. The estate benefits from its close proximity to the national motorway network, being within 5 miles of both the M56 and M53.



Fund Facts

as at 31 July 2017

Portfolio Manager
Alex Short

Investment Objective and Strategy

The investment objective of the Company is to deliver an attractive total return to Shareholders from investing predominantly in a portfolio of smaller commercial properties let on shorter occupational leases in strong commercial locations across the United Kingdom. The Company will undertake active asset management to improve the quality of income streams and maximise value.

Launch date: 12 May 2015

Fund structure: UK Real Estate Investment Trust

Year end: 30 April

Fund size (Net Asset Value): £119.76m

Property valuation: £150.38m

Number of properties held: 32

Average lot size: £4.70m

Property portfolio net initial yield (% p.a.): 7.39%

Property portfolio reversionary yield: 8.26%

LTV (Gross Asset Value): 21.6%

Average weighted unexpired lease term

To break: 5.07 years

To expiry: 6.52 years

Occupancy: 91.4%* * As a % of ERV

Number of tenants: 83

Share price as at 31 Jul: 102.38

NAV per share: 96.86

Premium/(discount) to NAV: 5.70%

Shares in issue: 123.65m

Market capitalisation: £126.59m

Annual management charge

0.9% per annum of invested NAV

Dividends

The Company pays 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.

The Company targets a dividend yield of between 8–9% per annum on the IPO issue price of 100p per share and targets a total annual return, over the medium term, in excess of 12% on the IPO issue price, net of all fees.¹

Dividends of 2.0 pence have been declared for the period from 1 May 2017 to 31 July 2017.

ISIN: GB00BWD24154

Ticker: AEWU **SEDOL:** BWD2415

Broker: Fidante Capital

Storey's Bar Road, Peterborough

During July 2017 the Company announced the acquisition of a c.182,000 sq ft single-let industrial building in Peterborough, for c.£5.7 million, reflecting a Net Initial Yield of 8.64% and a capital value of c.£31 per sq ft. The asset, which is located within the Eastern Industrial Estate, is fully let to Walstead Investments Limited for a term of just under four years to expiry. The passing rent of £2.88 per sq ft is low in comparison to some of the recent lettings in the city and the immediate sub region. Peterborough has seen robust occupational performance over the past 24 months with overall vacancy levels for properties over 150,000 sq ft falling below 4%.

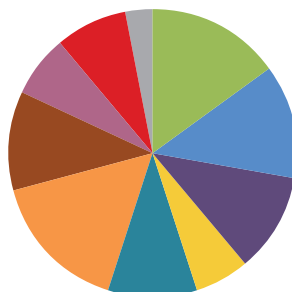
Core Fund

In May 2017, the Company announced the sale of its remaining units in the Core Fund for total proceeds of £7.62 million.

The Company had held an ownership in the Core Fund since launch in May 2015 for the purpose of expediting its investment period and saw a total return of 13% over the hold period. The units have now been sold at a price in excess of the Core Fund's latest published NAV, with the proceeds used to fund direct investments in the portfolio.

Queen Square, Bristol

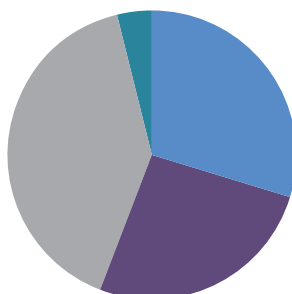
Post period end, the Company's 38,000 sq ft office building located in the prestigious Central Bristol, Queen Square has now been fully let following lettings to six various occupiers totalling c. 25,000 sq. ft within the last 12 months. The building, acquired in December 2015, was 46% vacant at this time, and has shown strong performance due to the strength of the Bristol office market and the targeted refurbishment programme undertaken by the Company.



Portfolio Locations

South East	15%
Eastern	13%
West Midlands	11%
East Midlands	6%
North West	10%
Yorkshire & Humber	16%
South West	11%
Northern Ireland	7%
Scotland	8%
Wales	3%

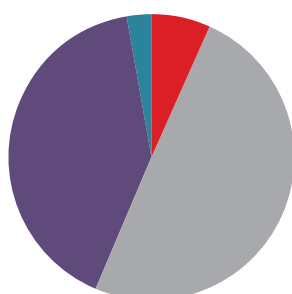
As a percentage of portfolio (excluding cash).



Sector Weightings

Offices	29.8%
Retail	26.0%
Industrial	40.4%
Other	3.8%

Based upon Knight Frank valuation. As a percentage of portfolio (excluding cash).



Tenant Exposure

Top 20 Tenants – Risk of Business Failure

Government Body	6.7%
Minimal risk	49.7%
Lower than average risk	40.9%
Greater than average risk	2.7%

60% of Portfolio Income represented by Top 20 Tenants by income per annum. Source: www.dnb.co.uk. Based on D&B Risk Assessment Risk Indicator. "The D&B Rating provides a quick and clear indication of the credit-worthiness of an organisation, which helps you to identify profitable opportunities for growth, and risks that could affect bad debt and cashflow."

	Location	Sector	Value Band £m	WAULT to break/ expiry
Acquired properties to July 2017*				
NCRC, Waggon Road	Mossley	Industrial	0–2	6.0/6.0
Unit 1005 Sarus Court	Runcorn	Industrial	0–2	3.2/3.2
Cleaver House	Runcorn	Industrial	0–2	0.7/3.7
NCRC, 349 Moorside Road	Swinton	Industrial	0–2	6.0/6.0
NCRC, Clarke Road	Milton Keynes	Industrial	0–2	6.0/6.0
Stoneferry Retail Park	Hull	Retail	2–4	4.5/4.5
1 Bentalls, Pipp's Hill Industrial Estate	Basildon	Industrial	2–4	9.7/9.7
Vantage Point	Hemel Hempstead	Office	2–4	5.1/7.2
Barbot Hall Industrial Estate	Rotherham	Industrial	2–4	1.4/1.4
Carr's Coatings, North Moons Industrial Estate	Redditch	Industrial	2–4	11.0/11.0
Cranbourne House	Basingstoke	Industrial	2–4	2.4/2.4
710 Brightside Lane	Sheffield	Industrial	2–4	7.7/12.7
Lea Green Industrial Estate	St Helen's	Industrial	2–4	8.2/8.2
Units 1001–1004 Sarus Court	Runcorn	Industrial	2–4	3.5/4.2
Brockhurst Crescent	Walsall	Industrial	2–4	4.7/4.7
Excel 95, Deeside Industrial Park	Deeside	Industrial	4–6	4.7/9.7
Sandford House	Solihull	Office	4–6	2.4/2.4
Apollo Business Park	Basildon	Industrial	4–6	3.2/5.6
11/15 Fargate, 18/36 Chapel Walk	Sheffield	Retail	4–6	4.1/6.8
Bank Hey Street	Blackpool	Retail	4–6	6.5/9
Euroway Trading Estate	Bradford	Industrial	4–6	7.4/7.4
Oak Park Ryelands Lane	Droitwich	Industrial	4–6	5.3/5.3
Odeon Cinema, Victoria Circus	Southend on Sea	Other	4–6	5.2/5.2
Wyndham, Storey's Bar Road	Peterborough	Industrial	4–6	3.7/3.7
Units 16 and 16a, Langthwaite Grange Industrial Estate	South Kirkby	Industrial	4–6	0.3/0.3
Barnstaple Retail Park	Barnstaple	Retail	6–8	6.7/6.7
Eastpoint Business Park	Oxford	Offices	8–10	6.1/9.1
Pearl House, Wheeler Gate	Nottingham	Offices	8–10	5.2/5.7
69–75 Above Bar Street	Southampton	Standard	8–10	4.0/4.0
40 Queen Square	Bristol	Offices	8–10	3.9/6.5
Valley Retail Park	Belfast	Retail	10–12	9.0/11.6
225 Bath Street	Glasgow	Office	10–12	3.9/5.8

*Figures from Knight Frank Valuation 31 July 2017.

For further information on each of our properties, please visit www.aewukreit.com.

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AEW UK is a 50/50 joint venture between AEW and AEW UK Management Team. AEW Group comprises of AEW SA and AEW Capital Management, L.P and their respective subsidiaries as well as AEW UK Investment Management LLP and is one of the largest real estate investment managers in the world with €58.5bn in global assets under management and part of the Natixis Global Asset Management Group.

¹ Investors should note that the figures in relation to dividends and total returns set out in this document are for illustrative purposes only, are based on current market conditions and are not intended to be, and should not be taken as, a profit forecast or estimate. Actual returns cannot be predicted and may differ materially from these illustrative figures. There can be no assurance that they will be met or that any dividend or total return will be achieved. Target returns do not form part of the Company's investment objective or investment policy.

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