

Fund Highlights

- Equity capital now fully committed, plus gearing to 19.1% of GAV in line with investment strategy
- Strong asset management progress continues to add value
- Property portfolio of £125.48 million as at 31 July 2016
- Fifth interim dividend of 2.0 pence per share shows an annualised dividend yield of 8.4%*

* Based on AEW UK REIT share price as at 31 July 2016



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 17 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, "It is still early days since the referendum, but we are encouraged by the performance of the AEW UK REIT portfolio, as well as by the wider UK commercial property market since 24 June 2016. While valuers continue to caveat heavily their assessments, AEW UK REIT is the first of its immediate peer group to announce a NAV that covers some of the post referendum period and the minimal valuation reduction of 1.81% over this period is testament to the resilient and diversified nature of the portfolio, as well as the success of its ongoing asset management initiatives."

"The occupier market remains active and we continue to see increasing tenant demand, particularly for business space assets, in strategic regional locations and regional cities across the UK, providing assurance of the strength of the Company's current portfolio. This demand, coupled with an acute shortage of good quality supply, is creating competition and in some places leading to rental value growth."

"With the expectation that Central London property valuations may prove to be more volatile in current market conditions, our outlook for commercial property returns in strong UK regional locations remains positive for the foreseeable future."

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.

Market Commentary

The result of the referendum has seen increased levels of uncertainty and a subdued investment market as investors seek more clarity over the impact on the economy. The faster moving quoted real estate sector saw falls in the share prices of those companies with the largest exposure to Central London reflecting the expectation that the City may be hardest hit by any occupational downturn. Despite press comment, regional occupational markets appear to be broadly unaffected thus far with good tenant demand across the Company's portfolio, particularly in business space.

Investment Acquisitions 1 May 2016 – 31 July 2016

Wheeler Gate, Nottingham

Located on Wheeler Gate with frontage to Old Market Square within the retailing core of the City Centre. The property provides a total of 71,260 sq ft and is let to six retail tenants and nine office tenants including Poundland, Costa and Lakeland providing a WAULT of approximately 3.3 years to break and 4.0 years to expiry. The acquisition price of £8.15m shows an initial yield of 8.4%, a reversionary yield of 9.1% and a capital value per sq ft of £122.



Bank Hey Street, Blackpool

Prominently located directly adjacent to the famous Blackpool Tower. The property extends to 100,079 sq ft and provides three retail units at ground floor and basement let to Poundland, Sports Direct and J D Wetherspoons providing a WAULT of approximately 7.5 years to break and 10 years to expiry. The upper floors of the property are currently vacant and have been de-listed for rating purposes but provide strong potential for alternative uses which the Manager is currently investigating. The acquisition price of £5.05m shows an initial yield of 9.5%, a reversionary yield of 7.1% and a capital value per sq ft of £50.



AEW UK Core Property Fund Investment

Following a modest demand for liquidity from some investors in the AEW UK Core Property Fund, its independent Governance Committee, sub Pricing Committee has recommended the Manager moves the Fund's swinging single price from offer to bid and also applies a further dilution levy of 5%.

As a result, the value of the Company's holding in the AEW UK Core Property Fund has fallen by 14% despite the underlying fall in value of the property held by the Core Fund being only 2.6% down. This has the effect of reducing the Company's overall NAV by 1.3%. It is anticipated that as markets stabilise the Core Fund pricing will swing back and the dilution levy will be removed.

Fund Facts

as at 31 July 2016

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): £111.13m

Property valuation: £134.15m (of which £8.65m is represented by AEW UK Core Property Fund)

Number of properties held: 27

Average lot size: £4.6m

Property portfolio net initial yield (% p.a.): 7.80%

Property portfolio reversionary yield: 8.46%

LTV (Gross Asset Value): 19.1%

Average weighted unexpired lease term

To break: 5.01 years

To expiry: 6.37 years

Occupancy: 92.9%* * As a % of ERV

Number of tenants: 75

Share price: 95.38

NAV per share: 94.57

Premium/(discount) to NAV: +0.85%

Shares in issue: 117.51m

Market capitalisation: £112.08m

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.

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 2016 to 31 July 2016.

ISIN: GB00BWD24154

Ticker: AEWU

SEDOL: BWD2415

Broker: Fidante Capital

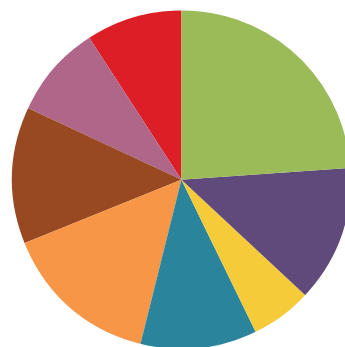
Asset Management Updates

A 21,560 sq ft unit at Valley Retail Park in Belfast was let to Smyths Toys, which trades from over 60 stores across the UK, on a 15 year lease. In the 12 months since acquisition in August 2015, asset management activity undertaken by the Manager has taken the property WAULT from 3.6 years to break at purchase to 10.3 years to break and 12.9 years to expiry. Following the 46,413 sq ft letting to Go Outdoors in February, the retail park is now 100% occupied and the purchase price of £7.1 million compares to a current valuation of £10.75 million.

At Sandford House, an office building that occupies a prime location in Solihull opposite the Touchwood shopping centre, the current tenant, the Secretary of State, did not operate its break option, resulting in an increase in the WAULT from 0.75 years to 2.6 years. At lease expiry the asset provides potential opportunities for refurbishment or wholesale redevelopment, including potential intensification of the site, subject to planning. A full refurbishment of the building to Grade-A specification has been factored in to the existing property valuation.

At 40 Queen Square in Bristol, which totals 38,301 sq ft over four floors of city centre office space, the Company completed a 10 year lease with commercial law firm Beale & Company for 3,850 sq ft; a 10 year lease with the planning consultancy firm Turley for 3,100 sq ft; and a 10 year lease with commercial building consultants Malcom Hollis for 3,500 sq ft, at a total rental of £230,000 per annum. The building is now 80% pre-let, with three suites remaining, one of which is currently under offer, and with strong interest received for the remaining two.

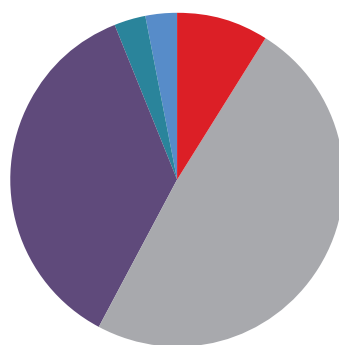
The Company has exchanged contracts for the disposal of five floors, totalling 22,846 sq ft, located above its nine retail units at Fargate in Sheffield. The vacant office space is being acquired by a developer with a view to converting it into student housing. The area being disposed of was being held at nil cost to the Company and the proceeds of the sale will be approximately three times the assumed valuation apportionment at purchase. The Company will continue to hold the retail units, comprising 16,826 sq ft, at an attractive net running yield of over 10%.



Portfolio Locations

South East	24%
West Midlands	13%
East Midlands	6%
North West	11%
Yorkshire & Humber	15%
South West	13%
Northern Ireland	9%
Scotland	9%

As a percentage of portfolio (excluding cash and the AEW UK Core Property Fund).

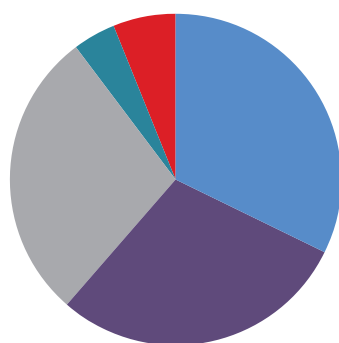


Tenant Exposure

Top 20 Tenants – Risk of Business Failure

Government Body	9%
Minimal risk	49%
Lower than average risk	36%
Greater than average risk	3%
Undeterminable risk	3%

65% 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."



Sector Weightings

Offices	32%
Retail	29%
Industrial	28%
Other	4%
AEW UK Core Property Fund	6%

Based upon Knight Frank valuation 31 July 2016. As a percentage of portfolio (excluding cash). Direct portfolio weightings are as follows: Offices 34%; Retail 31%; Industrial 30%; Other 5%. Sector weightings in the NAV announcement dated 8 August 2016 were based upon internal categorisation.

	Location	Sector	Value Band £m	WAULT to break/ expiry
Acquired properties to 31 July 2016*				
Eagle Road	Redditch	Industrial	0–2	12.0/12.0
NCRC	Swinton	Industrial	0–2	7.0/7.0
NCRC	Mossley	Industrial	0–2	7.0/7.0
NCRC	Milton Keynes	Industrial	0–2	7.0/7.0
Castle Business Park	Salisbury	Industrial	0–2	0.2/5.2
Cleaver House, Sarus Court	Runcorn	Industrial	0–2	1.7/4.7
Stoneferry Retail Park	Hull	Retail	2–4	5.5/5.5
710 Brightside Lane	Sheffield	Industrial	2–4	8.7/13.7
Vantage Point	Hemel Hempstead	Office	2–4	3.83/8.19
Sarus Court	Runcorn	Industrial	2–4	3.0/4.4
Brockhurst Crescent	Walsall	Industrial	2–4	5.7/5.7
Barbot Hall Industrial Estate	Rotherham	Industrial	2–4	2.4/2.4
Cranbourne House	Basingstoke	Industrial	2–4	1.4/3.4
Lea Green Industrial Estate	St Helens	Industrial	2–4	9.2/9.2
Sandford House	Solihull	Office	4–6	2.6/2.6
Fargate	Sheffield	Retail	4–6	2.3/4.8
Langthwaite Business Park	South Kirkby	Industrial	4–6	1.3/1.3
Odeon	Southend on Sea	Leisure	4–6	6.2/6.2
Oak Park	Droitwich	Industrial	4–6	6.3/6.3
Bank Hey Street	Blackpool	Retail	4–6	7.5/10.0
Barnstaple Retail Park	Barnstaple	Retail	6–8	6.4/7.7
40 Queen Square	Bristol	Office	6–8	2.2/3.5
AEW UK Core Property Fund			8–10	4.3/5.4
Eastpoint Business Park	Oxford	Office	8–10	3.8/8.2
69–75 Above Bar Street	Southampton	Retail	8–10	5.0/5.0
Wheeler Gate	Nottingham	Office	8–10	3.3/4.0
Valley Retail Park	Belfast	Retail	10–12	10.3/12.9
225 Bath Street	Glasgow	Office	10–12	2.7/5.2
Total			125.48	5.0/6.4

*Figures as at Knight Frank Valuation 31 July 2016.

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

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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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