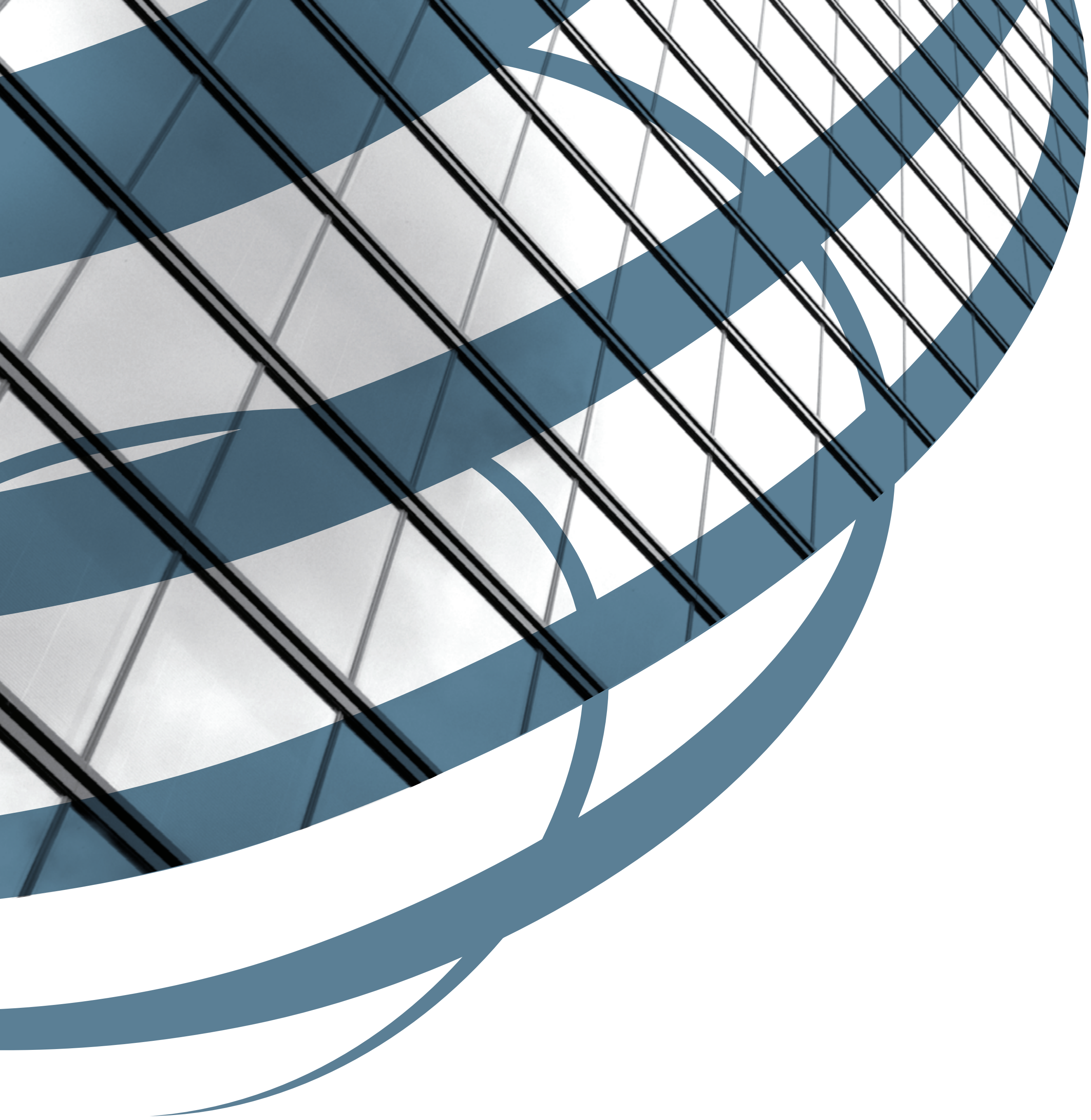

AEW UK REIT PLC

Unaudited Interim Report and Financial Statements
for the period 1 April 2015 to 31 October 2015

AEW EUROPE

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Financial Highlights

- Unaudited NAV of £97.58 million and of 97.09 pence per share at 31 October 2015
- Portfolio valuation of £71.36 million as at 31 October 2015
- Average portfolio net initial yield of 8.79%
- Vacancy rate of 2.91%
- Average unexpired lease terms of 4.6 years to break and 6.6 years to expiry
- 15 acquisitions completed between inception of Company and 31 October 2015
- First interim dividend announced at 1.5 pence per share
- Second interim dividend announced at 0.75 pence per share

AEW EUROPE

Chairman's Statement

Overview

I am pleased to present the first interim unaudited results of the Group for the period from 1 April 2015 (date of incorporation) to 31 October 2015.

The Initial Public Offering ("IPO") in May 2015 raised gross proceeds of £100.5 million. The AEW UK REIT plc's shares were admitted to listing on the premium listing segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange on 12 May 2015.

In accordance with the Group's investment policy during the period, the net proceeds of the IPO have been used to build a portfolio of 15 commercial investment properties throughout the UK with a weighted average total equivalent yield of 8.56%. As at the statement of financial postition date the Group had invested £82.47 million (including purchase costs) of the £98.57 million net IPO proceeds. This investment includes the acquisition of a £9.75 million holding in the AEW UK Core Property Fund.

The Group's property portfolio (the "Portfolio") has been independently valued by Knight Frank in accordance with the RICS Valuation – Professional Standards (the "Red Book"). As at 31 October, the Group's Portfolio had a Fair Value of £71.36 million as compared with the combined purchase price of the Portfolio of £70.27 million (excluding purchase costs), an increase of £1.09 million or 1.55%. The rental income generated in the period under review is £1.51 million.

Financial Results

On the basis of International Financial Reporting Standards as adopted by the European Union ("IFRS"), operating profit before investment property and investment revaluations was £1.37 million for the period from the IPO on 12 May 2015 to 31 October 2015.

Net (basic) loss per share for the period was 1.22 pence. This includes net valuation losses of £2.66 million on the revaluation of investment properties across the Portfolio (being £3.75 million of costs associated with asset purchases offset by £1.09 million of unrealised valuation gains) and a valuation gain on the investment in the AEW UK Core Property Fund of £0.31 million. Adjusting for these valuation losses and finance costs of £0.01 million, adjusted earnings per share for the period were 1.68 pence.

The unaudited Net Asset Value per share as at 31 October 2015 was 97.09 pence, prior to adjusting for the first interim dividend of 1.50 pence per share declared after the period end, compared with the Net Asset Value of 98.03 pence immediately following the IPO.

Financing

On 20 October 2015, the Company entered into a 5 year £40 million term credit facility with The Royal Bank of Scotland International Limited. The Group will use this facility to continue to invest in properties once the net IPO proceeds have been fully invested. The facility can be used up to 20% loan to Net Asset Value measured at drawdown.

The Company had not utilised the facility as at 31 October 2015. The Group will use a cap based interest rate hedging strategy to protect the Group's income stream from interest rate increases.

Dividend

On 27 November 2015, the Group declared its first interim dividend of 1.50 pence per share, in respect of the period from inception to 31 October 2015. This will be paid on 31 December 2015, to shareholders on the register as at 11 December 2015.

On 3 December 2015, the Group declared a second interim dividend of 0.75 pence per share, in respect of the period from 1 November 2015 to 14 December 2015. This will be paid on 31 March 2016, to shareholders on the register on 11 December 2015.

Chairman's Statement *(continued)*

Outlook

The Group has executed its strategy since the IPO and delivered on its stated objectives. The Group's investment manager, AEW UK Investment Management LLP (the "Investment Manager"), has a strong pipeline of assets both under offer and in negotiation to invest the remaining proceeds and to utilise the credit facility. In the period since 31 October, the Group has acquired a further 5 properties totalling £20.04 million (net of acquisition costs) and generating a further £2,117,100 p.a. in passing rent.

On 10 December 2015, the Company announced it had raised gross proceeds of £17.18 million pursuant to the placing of shares which closed on 9 December 2015, at an issue price of 101 pence per share. A total of 17,010,000 shares will be issued, subject only to admission, on 15 December 2015.

The Board and Investment Manager are confident of delivering strong returns for our shareholders through creating a diversified and high yielding property portfolio in line with our Investment Policy with scope for growth through active asset management and potential for capital appreciation. The outlook for the full year to 30 April 2016 remains positive and the Board and Investment Manager continue to target future interim quarterly dividends of 2 pence per share.

Mark Burton
Chairman

14 December 2015

Principal Risks and Uncertainties

The Prospectus issued in April 2015 (available from the Group's website – www.aeweurope.com/en/strategies/uk/reit-documents.html) includes details of what the Group considers to be the key principal risks faced by the business. However, as the Group has a limited operating history some risks are not yet known and some that are currently not deemed material, could later turn out to be material. A summarised list of the principal risks and uncertainties is set out below:

Risks relating to the Group, its investment strategy and operations

- The Group may not meet its investment objective
- The Group has very limited operating history
- The Group's targeted returns are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns
- The Group may be unable to make acquisitions
- The Group's due diligence may not identify all risks and liabilities in respect of an acquisition
- Investor returns will be dependent upon the performance of the Group's Portfolio and the Group may experience fluctuations in its operating results

Real estate risks

- Asset management initiatives may be more expensive than anticipated and take longer to implement
- It may prove difficult to attract new tenants for the Group's properties
- Tenant default could affect the ability of the Group to pay dividends
- The Group may not be able to maintain or increase the rental rates for its properties, which may, in the longer term, have a material adverse impact on the value of the Group's properties, as well as the Group's turnover
- The Group's investments will be illiquid and may be difficult or impossible to realise at a particular time
- Any property market recession could affect the ability of the Group to achieve its investment objective
- Real estate development may incur more cost and time than expected
- Property valuation is inherently subjective and uncertain

Risks of leverage

- Ability of borrowing and the gearing effect of borrowing can work against as well as for shareholders

Principal Risks and Uncertainties *(continued)*

Risks relating to the shares

- The shares may trade at a discount to NAV per share and shareholders may be unable to realise their investment through the secondary market at NAV per share
- The shares have only been traded on the London Stock Exchange for a relatively short period of time, therefore an active and liquid trading market for the shares may not develop
- The Group may issue additional securities that may dilute existing shareholders' voting rights or have a negative impact on the share price
- Shareholders will have no right to have their shares redeemed or repurchased by the Group at any time
- The market price of the shares may rise or fall

Risks relating to service providers

- The Group has no employees and is reliant on the performance of third party service providers
- The Group is dependent on the expertise of the Investment Manager and its key personnel to evaluate investment opportunities and to assist in the implementation of the Group's investment objective and investment policy
- The Investment Manager and its Affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Group and may be subject to conflicts of interest in respect of its activities on behalf of the Group
- The Investment Management Agreement may be costly or difficult to terminate

Risks relating to taxation and regulation

- A change in the Group's tax status or in taxation legislation in the UK could adversely affect the Group's profits and portfolio value and/or returns to shareholders
- There is no guarantee that the Group will maintain REIT status
- If the Group fails to remain a REIT for UK tax purposes, its profit and gains will be subject to UK corporation tax
- Distribution requirements may limit the Group's flexibility in executing its acquisition plans
- The Group's status as a REIT may restrict the Group's distribution opportunities to shareholders

Investment Manager’s Report

Investment Policy

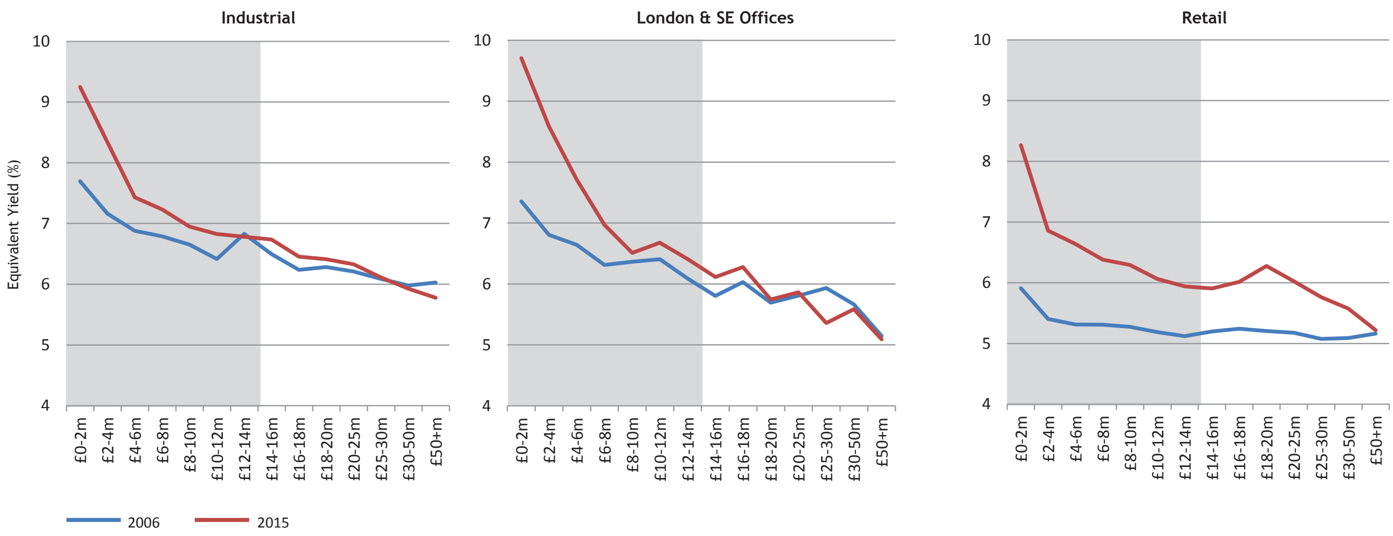
The Group has an investment policy to invest in freehold and leasehold properties across the whole spectrum of the commercial property sector (office properties, retail warehouses, high street retail and industrial/warehouse properties) to achieve a balanced portfolio with a diversified tenant base. The Group currently intends to exploit what it believes to be compelling relative value opportunities offered by pricing inefficiencies in smaller commercial properties let on shorted occupational leases. The Group intends to supplement this core strategy with asset management initiatives to upgrade buildings and thereby improve the quality of income streams.

Furthermore the Group may invest up to 10% of its Net Assets (at the time of investment) in the AEW UK Core Property Fund, a property authorised investment fund (“PAIF”) managed by AEW UK Investment Management LLP (the “Investment Manager”) with a similar investment policy to that of the Group.

Investment Strategy

The Group’s strategy is focused on delivering enhanced returns from the smaller end (up to £15 million) of the UK property market. We believe that there are currently pricing inefficiencies in smaller commercial properties relative to long term pricing resulting in a significant yield advantage which we will look to exploit.

Investing in smaller assets of <£15 million results in significant yield advantage



Note: Equivalent yield is a weighted average of the initial yield and reversionary yield, and represents the yield property will produce based upon the timing of the income received.

Source: IPD, 30 June 2015.

Investment Manager's Report *(continued)*

Investment Activity

The Group has acquired 15 assets (the NCRC portfolio represents 3 assets) between the IPO on 12 May 2015 and 31 October 2015, which are summarised below.

Eastpoint Business Park, Oxford

Investment Summary

- Majority refurbished office park with good road links
- Contained supply and improving occupier demand in a key south east location
- Low capital value psf

Property characteristics

Property name: Eastpoint Business Park
Property type: Office
Area: 74,823 sq ft
Purchase price: £8.2m
Purchase yield: 9.4%

Above Bar Street, Southampton

Investment Summary

- Top 20 retail centre
- Property located just a short walk from the prime pitch and between the two main covered centres
- Improving occupier demand and potential for rental growth going forward

Property characteristics

Property name: Above Bar Street
Property type: Retail
Area: 27,247 sq ft
Purchase price: £9.25m
Purchase yield: 8.75%

Investment Manager's Report *(continued)*

Sandford House, Solihull

Investment Summary

- Prime Birmingham office location
- Significant improvement to occupier demand over the past 2 years

Property characteristics

Property name: Sandford House
Property type: Office
Area: 34,418 sq ft
Purchase price: £5.4m
Purchase yield: 10.9%

Stoneferry Retail Park, Hull

Investment Summary

- Good prominence to a major roundabout junction
- Established retail warehousing location
- Attractive yield profile

Property characteristics

Property name: Stoneferry Retail Park
Property type: Retail Warehouse
Area: 17,656 sq ft
Purchase price: £2.16m
Purchase yield: 10.0%

Investment Manager's Report *(continued)*

Bath Street, Glasgow

Investment Summary

- Multi-let centre office building
- Comprehensively refurbished in 2008
- Shortage of competing stock for this size of floor plate

Property characteristics

Property name: 225 Bath Street
Property type: Offices
Area: 87,827 sq ft
Purchase price: £12.2m
Purchase yield: 10.0%

Valley Retail Park, Belfast

Investment Summary

- Modern scheme built in 2003
- Attractive running yield profile
- Low vacancy level within the surrounding area
- Ability to offer space at a discount to surrounding schemes
- Halfords trading strongly
- Wider interpretation of bulky goods planning consent than rest of UK

Property characteristics

Property name: Valley Retail Park, Newtonabbey
Property type: Retail Warehouse
Area: 100,413 sq ft
Purchase price: £7.15m
Purchase yield: 12.8%

Investment Manager's Report *(continued)*

Brightside Lane, Sheffield

Investment Summary

- Prominent frontage to busy arterial route
- Low capital value psf and low passing rent
- Long term income
- Surrounding sites currently being redeveloped for higher value uses

Property characteristics

Property name: 710 Brightside Lane
Property type: Industrial
Area: 125,938 sq ft
Purchase price: £3.5m
Purchase yield: 9.5%

Fargate, Sheffield

Investment Summary

- Prime retail location within Top 25 retailing city
- Potential to add value through letting of vacant units and sale of upper parts
- Low passing rent on the prime units

Property characteristics

Property name: 11-15 Fargate and 18-36 Chapel Walk
Property type: Retail
Area: 40,128 sq ft
Purchase price: £5.3m
Purchase yield: 8.25%

Investment Manager's Report *(continued)*

Vantage Point, Hemel Hempstead

Investment Summary

- Established south east business park location
- Strong south east office occupational market
- Low passing rent
- Low capital value psf

Property characteristics

Property name: Vantage Point
Property type: Office
Area: 18,407 sq ft
Purchase price: £2.175m
Purchase yield: 8.4%

Barnstaple Retail Park

Investment Summary

- Retail warehousing scheme located within an established destination area
- Fully let to national occupiers on rebased rents
- Average weighted unexpired term of 8.6 years
- Attractive yield profile

Property characteristics

Property name: Barnstaple Retail Park
Property type: Retail Warehouse
Area: 51,012 sq ft
Purchase price: £6.79m
Purchase yield: 8.5%

Investment Manager's Report *(continued)*

NCRC Portfolio

Investment Summary

- Three single let industrial warehouses located in Milton Keynes and Manchester
- Unexpired lease term of 8 years
- Attractive net initial and reversionary yields
- Income guaranteed by a strong covenant

Property characteristics

Property name: NCRC Portfolio
Property type: Industrial
Area: 65,491 sq ft
Purchase price: £3.063m
Purchase yield: 8.3%

Carrs Coatings, North Moons Industrial Estate, Redditch

Investment Summary

- Attractive initial yield
- Long income providing annual fixed uplifts in line with RPI
- Located within a very well established industrial location
- Purchase price c 85% underpinned by vacant possession value

Property characteristics

Property name: Carrs Coatings, North Moons Industrial Estate
Property type: Industrial
Area: 37,833 sq ft
Purchase price: £2.0m
Purchase yield: 9.5%

Investment Manager's Report *(continued)*

1001-1004, Sarus Court, Runcorn, Cheshire

Investment Summary

- Established industrial location set to benefit from infrastructure improvements with the opening of the Mersey Gateway Project in 2017
- High quality, modern accommodation compared to the competing offer
- Fully let
- Ability to acquire the two remaining units within the estate to improve estate management

Property characteristics

Property name: 1001-1004, Sarus Court, Runcorn
Property type: Industrial
Area: 56,153 sq ft
Purchase price: £3.365m
Purchase yield: 8.0%

As at 31 October 2015, the Company's portfolio has the following geographical and sector allocations (split by valuation)

Geographical allocation

Sector allocation

Investment Manager's Report *(continued)*

Financial Results

Operating profit before investment property and investment revaluations was £1.37 million for the period of the IPO on 12 May 2015 to 31 October 2015.

The Group received dividends during the period totalling £0.27 million from its investment in the AEW UK Core Property Fund (the "AEW Core Fund"). A dividend of £0.06 million was received in relation to the Company's investment in the AEW Core Fund for the period from 1 June on investment to 30 June, being the AEW Core Fund's ex dividend date and representing a gross dividend rate of 2.2595 pence per share. A further dividend of £0.21 million was received from the AEW Core Fund in relation to the period 1 July to 30 September 2015 representing a gross dividend rate of 2.6740 pence per share.

A loss of £2.66 million has arisen on the revaluation of investment properties across the portfolio, mainly driven by £3.75 million of costs associated with asset purchases offset by £1.09 million of unrealised gains across the portfolio.

Administration expenses, which include the Investment Manager's fee and other costs attributable to the running of the Group for the period, were £0.43 million.

The total loss before tax for the period of £0.99 million, equates to basic loss per share of 1.22 pence.

Valuation

The Group's property portfolio has been independently valued by Knight Frank in accordance with the RICS Valuation – Professional Standards global January 2014, including the International Valuations Standards, and RICS Professional Standards UK January 2014 (revised April 2015). References to "the Red Book" refer to either or both of these documents, as applicable. The properties have been valued on the basis of Fair Value in accordance with the RICS Valuation – Professional Standards VVPS4 (1.5) Fair Value and VPGA1 Valuations for Inclusion in Financial Statements, which adopt the definition of Fair Value used by the International Accounting Standards Board.

As at 31 October 2015, the Group's Portfolio had a Fair Value of £71.36 million.

Asset Management

Our objective is to build a diversified portfolio of investment properties throughout the UK to support a target dividend yield of 8-9%. New acquisitions have been selected to provide an income return to meet our target. We undertake active asset management to seek opportunities to achieve rental growth, let vacant space and enhance value through initiatives such as refurbishments.

The majority of assets that have been acquired are fully let and the portfolio has a vacancy rate (as a % of Estimated Rental Value ("ERV")) of 2.91% as at 31 October 2015. During the reporting period, key asset management initiatives have included:

– Valley Retail Park, Belfast – we have strong interest in units 1&2 and 5&6 from two national multiples. In conjunction with these discussions, we are negotiating a surrender premium from the existing occupier, Harvey Norman. Architects have been instructed to draw up revised car park layout plans and to modernise the retail park. We have engaged a planning consultant to broaden the existing planning condition and to advise on the redevelopment works.

– Eastpoint Business Park, Oxford – we are undertaking a minor refurbishment of the vacant office to enhance lettability with this due to complete in December 2015.

– 11/15 Fargate & 18/36 Chapel Walk, Sheffield – tenders have been submitted for the subdivision of 22-24 Chapel Walk. First round of offers have been received for the long leasehold sale of the upper parts of the building.

– Bath Street, Glasgow – dilapidations have been served on the vacating tenant Arup, who instigated their break option prior to purchase.

Investment Manager’s Report *(continued)*

Financing

On 20 October 2015, the Group entered into a 5 year £40 million term credit facility with The Royal Bank of Scotland International Limited.

The Group will use this facility to continue to invest in properties once the net IPO proceeds have been fully invested. The facility can be used up to 20% loan to Net Asset Value measured at drawdown.

Interest is charged at a margin of 1.4% per annum plus LIBOR. A commitment fee of 0.5% per annum is charged on any undrawn facility.

The Group has not utilised the facility as at 31 October 2015. The Group will use a cap based interest rate hedging strategy to protect the Group’s distribution profile against interest rate volatility.

Acquisitions after statement of financial position date

On 3 November 2015, the Group completed on the acquisition of Equinox, Castlegate Business Park, Salisbury at a purchase price of £2.0 million (net of acquisition costs). This property is situated at the western end of Castlegate Business Park, an established industrial area located 3 miles north of Salisbury town centre. This property has a net initial yield of 11.3% and a Weighted Average Unexpired Lease Term (“WAULT”) of 1 year to break and 6 years to expiry. The Estimated Rental Value (“ERV”) for the property is £195,000 and the reversionary yield is 9.2%.

On 12 November 2015, the Group completed on the acquisition of two neighbouring industrial warehouses (Units 16 & 16a) on Langthwaite Business Park, South Kirby. The properties have been bought for £5.8 million (net of acquisition costs) reflecting a net initial yield of 11% and a WAULT of 1 year to break and 2.5 years to expiry. The ERV for the property is just over £742,000 and the reversionary yield is 12%.

On 1 December 2015, the Group completed on the acquisition of Cleaver House, Runcorn at a purchase price of £0.9 million (net of acquisition costs). This property is a single let industrial unit forming part of the Sarus Court development that was acquired by the Group in October 2015. This property has a net initial yield of 7.9% and a reversionary yield of 8.3%. The property is fully let with expiry in 2021 and a tenant break option in 2018.

On 2 December 2015, the Group completed on the acquisition of Odeon Cinemas Limited, Southend-on-Sea. The property is situated in the town centre adjacent to Victoria Plaza Shopping Centre and comprises an 8 screen cinema. The property was acquired for £5.7 million (net of acquisition costs) reflecting a net initial yield of 8.4%. This property has a WAULT of 7 years to expiry and a reversionary yield of 9.1%.

On 8 December 2015, the Group completed on the acquisition of Oak Park, Droitwich. The property is situated in Elmley Lovett, Worcestershire and comprises a variety of industrial and warehouse buildings arranged within a private industrial complex. The property was acquired for £5.6 million (net of acquisition costs) reflecting a net initial yield of 10.4%. This property has a WAULT of 7 years to expiry and a reversionary yield of 10.4%.

Market Outlook

UK Economic Outlook

The preliminary estimate of GDP growth for Q3 2015 came in lower than expected at 0.5% quarter on quarter. The service sector was the source of the downside surprise, with output having unexpectedly flat lined in August. However, the sector still accounted for virtually all of the growth in the economy in Q3, with the theme of domestic strength and external weakness remaining prominent.

The high frequency data has been patchy of late. On the upside, September’s retail sales data was very strong and suggested that the consumer was continuing to make good use of the substantial boost to their spending power afforded by the combination of a lack of inflation and firming wage growth. But on the other hand, the activity surveys

Investment Manager's Report *(continued)*

have reported a loss of momentum through late summer, with the headline balance in September's services survey the weakest since April 2013. Though there may be some payback in Q4 from Q3's odd-looking collapse in construction output, there is otherwise little to suggest that there will be much of a rebound and, as a result, we have nudged down our forecasts for GDP growth in 2015 and 2016 to 2.4% and 2.5% respectively.

UK Real Estate outlook

Investor demand has spread from Central London to the regions, although most interest remains for bigger lot sizes and major centres, with buyers seeking higher yields than those currently offered by London and the South East. However, it remains difficult for overseas investors to access regional investment opportunities without local asset management advice. Bank debt remains difficult to secure for private investors, and as a result the buyers who were previously so active in the smaller lot sizes of the UK commercial property market are not currently a major feature. The scarcity of bank debt at attractive pricing is also the case for developers and as a result there has been very little development in the regions, resulting in limited occupational options for tenants. In addition, some business space stock, particularly offices, have been removed from the supply chain under permitted development rights for residential conversion, limiting tenants' occupational options still further. Against a backdrop of economic growth and increasing tenant confidence it is anticipated that this supply demand dynamic will result in rental growth, particularly in the business space sector.

Escalating construction costs, particularly as a result of increasingly rigorous environmental requirements, should also limit the development pipeline until higher rental values support the costs incurred in development.

In the retail sector, we see a degree of polarisation with large towns showing signs of growth, both in terms of yield compression and rental growth, but small population towns continue to suffer on both counts.

Our purchasing strategy is focussed on traditional property fundamentals where underlying tenant demand is key to sustainable success – a move away from prime pricing in 2007/2008 when price seemed to be primarily a feature of lease length and covenant, irrespective of the sustainable value of the underlying property.

AEW UK REIT plc is seeking to exploit a pricing anomaly in the smaller end of the UK commercial property market, generally £2m-£15m. This is an area that seems too small for the large institutional purchasers, but not easily accessible to private buyers who are reliant on debt. This limited investor demand means properties often look mis-priced when compared to larger lot sizes and smaller lot sizes. It is interesting to note that if these properties are aggregated into a portfolio, they are then often priced as a larger lot size, suggesting there is a portfolio premium attached to these assets.

Alternative Investment Fund Manager ("AIFM")

AEW UK Investment Management LLP (the "Investment Manager") is authorised and regulated by the Financial Conduct Authority as a full-scope AIFM and provides its services to the Group.

The Investment Manager has appointed Langham Hall UK Depositary LLP ("Langham Hall") to act as the depositary to the Group and are responsible for cash monitoring, asset verification and oversight of the Group.

AEW UK Investment Management LLP

14 December 2015

EPRA Unaudited Performance Measures

Detailed below is a summary table showing the EPRA performance measures

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
1. EPRA Earnings Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	£1.36 million/1.68 pps EPRA earnings for the period to 31 October 2015
2. EPRA NAV Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.	£97.58 million/97.09 pps EPRA NAV as at 31 October 2015
3. EPRA NNNAV EPRA NAV adjusted to include the fair values of: (i) financial instruments; (ii) debt and; (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.	£97.58 million/97.09 pps EPRA NNNAV as at 31 October 2015
4.1 EPRA Net Initial Yield (NIY) Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	8.70% EPRA NIY as at 31 October 2015
4.2 EPRA 'Topped-Up' NIY This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	9.53% EPRA 'Topped-Up' NIY as at 31 October 2015
5. EPRA Vacancy Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	2.91% EPRA ERV as at 31 October 2015
6. EPRA Cost Ratio Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	Including direct vacancy costs EPRA Cost Ratio 14.19% as at 31 October 2015 14.11% EPRA Cost ratio excluding direct vacancy costs as at 31 October 2015

EPRA Unaudited Performance Measures *(continued)*

Calculation of EPRA Net Initial Yield and 'topped-up' Net Initial Yield

	2015 £'000
Investment property – wholly-owned	71,365
Allowance for estimated purchasers' costs	4,139
Gross up completed property portfolio valuation	**75,504**
Annualised cash passing rental income	6,662
Property outgoings	(93)
Annualised net rents	**6,569**
Rent expiration of rent-free periods and fixed uplifts	624
'Topped-up' net annualised rent	**7,193**
EPRA Net Initial Yield	8.70%
EPRA 'topped-up' Net Initial Yield	9.53%

EPRA Net Initial Yield (NIY) basis of calculation

EPRA NIY is calculated as the annualised net rent, divided by the gross value of the completed property portfolio.

The valuation of grossed up completed property portfolio is determined by our external valuers as at 31 October 2015, plus an allowance for estimated purchaser's costs. Estimated purchaser's costs are determined by the relevant stamp duty liability, plus an estimate by our valuers of agent and legal fees on notional acquisition. The net rent deduction allowed for property outgoings is based on our valuers' assumptions on future recurring non-recoverable revenue expenditure.

In calculating the EPRA 'topped-up' NIY, the annualised net rent is increased by the total contracted rent from expiry of rent-free periods and future contracted rental uplifts where defined as not in lieu of growth. Overall 'topped-up' NIY is calculated by adding any other contracted future uplift to the 'topped-up' net annualised rent.

EPRA Unaudited Performance Measures *(continued)*

Calculation of EPRA Vacancy Rate

	2015 £'000/%
Annualised potential rental value of vacant premises	200
Annualised potential rental value for the completed property portfolio	6,862
EPRA Vacancy Rate	**2.91%**

Calculation of EPRA Cost Ratios

	2015 £'000/%
Administrative/operating expense per IFRS income statement	434
Less: Performance & management fees	(204)
Other fees and commission	(10)
Ground rent costs	(8)
EPRA Costs (including direct vacancy costs)	**212**
Direct vacancy costs	(1)
EPRA Costs (excluding direct vacancy costs)	**211**
Gross Rental Income less ground rent costs	1,506
Less: service charge costs of rental income	(11)
Gross rental income	**1,495**
EPRA Cost Ratio (including direct vacancy costs)	**14.19%**
EPRA Cost Ratio (excluding direct vacancy costs)	**14.11%**

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge that the interim report and consolidated financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as issued by the IASB and adopted by the European Union and that the interim financial and operating review herein includes a fair review of the information required by the Disclosure and Transparency Rule (DTR) of the United Kingdom's Financial Conduct Authority namely:

- DTR 4.2.7 (R) : an indication of important events that have occurred during the seven month period ended 31 October 2015 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- DTR 4.2.8 (R) : any related party transactions in the seven month period ended 31 October 2015 that have materially affected the financial position or performance of the Group during that period.

A list of the Directors is maintained on the AEW UK REIT plc website at:
http://www.aeweurope.com/en/Strategies/UK/reit-management.html

By order of the Board

Bim Sandhu
Director

14 December 2015

Independent Review Report to AEW UK REIT Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the period from 1 April 2015 (the date of incorporation) to 31 October 2015 which comprises the Consolidated Condensed Unaudited Statement of Comprehensive Income, the Consolidated Condensed Unaudited Statement of Changes in Equity, the Consolidated Condensed Unaudited Statement of Financial Position, the Consolidated Condensed Unaudited Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the seven months ended 31 October 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Bill Holland
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

Consolidated Condensed Unaudited Statement of Comprehensive Income

for the period 1 April 2015 to 31 October 2015

	Notes	1 April 2015 to 31 October 2015 £'000
Income		
Rental and other income	3	1,532
Property operating expenses	4	(21)
Net income		**1,511**
Dividend income	3	274
Net rental and dividend income		**1,785**
Investment manager's fees	4	(204)
Operation costs	4	(172)
Directors' remuneration	5	(37)
Operating profit before fair value changes		**1,372**
Change in fair value of investment properties	9	(2,666)
Change in fair value of investments	9	312
Operating loss		**(982)**
Finance costs	6	(9)
Loss before tax		**(991)**
Taxation	7	–
Loss after tax		**(991)**
Other comprehensive income		–
Total comprehensive loss for the period		**(991)**
Loss per share (pps) (basic and diluted)	8	(1.22)

The notes on pages 26 to 40 form an integral part of these financial statements.

Consolidated Condensed Unaudited Statement of Changes in Equity

for the period 1 April 2015 to 31 October 2015

	Share capital £'000	Share premium account £'000	Capital reduction reserve £'000	Retained earnings £'000	Total equity attributable to owners of the Group £'000
Balance as at beginning of the period	**–**	**–**	**–**	**–**	**–**
Loss for the period	–	–	–	(991)	(991)
Other comprehensive income	–	–	–	–	–
Total comprehensive loss for the period	**–**	**–**	**–**	**(991)**	**(991)**
Ordinary shares issued	1,005	99,495	–	–	100,500
Share issue costs	–	(1,930)	–	–	(1,930)
Cancellation of share premium	–	(97,565)	97,565	–	–
Balance as at 31 October 2015	**1,005**	**–**	**97,565**	**(991)**	**97,579**

The notes on pages 26 to 40 form an integral part of these financial statements.

Consolidated Condensed Unaudited Statement of Financial Position

as at 31 October 2015

	Note	As at 31 October 2015 £'000
Assets		
Non-Current Assets		
Investment property	9	70,178
Investments	9	9,940
		80,118
Current Assets		
Receivables and prepayments	10	1,839
Cash and cash equivalents	11	16,987
		18,826
Total assets		**98,944**
Current Liabilities		
Other payables and accrued expenses	12	(1,365)
Total Liabilities		**(1,365)**
Net Assets		**97,579**
Equity		
Share capital	13	1,005
Share premium account	14	–
Capital reduction reserve	15	97,565
Retained earnings		(991)
Total capital and reserves attributable to equity holders of the Company		**97,579**
NAV per share (pps) and EPRA NAV per share (epps)	8	**97.09**

The financial statements on pages 22 to 25 were approved by the Board of Directors on 14 December 2015 and signed on their behalf by:

Bim Sandhu
Director

The notes on pages 26 to 40 form an integral part of these financial statements.

Consolidated Condensed Unaudited Statement of Cash Flows

for the period 1 April 2015 to 31 October 2015

	Period from 1 April 2015 to 31 October 2015 £'000
Cash flows from operating activities	
Loss before tax	(991)
Increase in receivables and prepayments	(1,727)
Increase in other payables and accrued expenses	960
Adjustment for non-cash items:	
Change in fair value of investment property	2,666
Change in fair value of investments	(312)
Net cash generated from operating activities	**596**
Cash flows from investing activities	
Purchase of investment properties	(72,552)
Purchase of investments	(9,627)
Net cash used in investing activities	**(82,179)**
Cash flows from financing activities	
Proceeds from issue of ordinary share capital	100,500
Share issue costs	(1,930)
Net cash generated from financing activities	**98,570**
Net increase in cash and cash equivalents	16,987
Cash and cash equivalents at the start of the period	**–**
Cash and cash equivalents at the end of the period	**16,987**

The notes on pages 26 to 40 form an integral part of these financial statements.

Notes to the Financial Statements

for the period 1 April 2015 to 31 October 2015

1. Accounting policies

AEW UK REIT plc (the "Company") is a closed ended Real Estate Investment Trust ("REIT") incorporated in the UK on 1 April 2015. The registered office of the Company is located at 40 Dukes Place, London, EC3A 7NH.

The Company's shares are listed on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange.

AEW UK REIT 2015 Limited is a subsidiary of the Company incorporated in the UK on 2 April 2015. At 31 October 2015, the Company held 1 share being 100% of the issued share capital. AEW UK REIT 2015 Limited is wholly owned by the Company (together known as the 'Group') and is currently dormant.

The financial information contained in this Interim Report and Unaudited Condensed Consolidated Financial Statements does not constitute statutory financial statements as defined in section 435(1) of the Companies Act 2006. The financial information for the period ended 31 October 2015 has been reviewed and reported by the Company's Auditor and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. As this is the Company's first accounting period, annual statutory financial statements have not yet been filed with the Registrar of Companies. Audited Initial Accounts for the period 01 April 2015 to 31 October 2015 will be filed with the Registrar of Companies.

2. Basis of preparation

2.1 Basis of preparation

These consolidated interim financial statements are prepared and approved by the Directors in accordance with the principles of International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU IFRS").

The consolidated interim financial statements have been prepared under the historical-cost convention, except for investment property and investments that have been measured at fair value.

The consolidated interim financial statements are presented in Sterling and all values are rounded to the nearest thousand pound (£'000), except when otherwise indicated.

These consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

Basis of consolidation

The consolidated financial statements for the interim period ended 31 October 2015 incorporate the financial statements of AEW UK REIT plc (the "Company") and its subsidiary undertaking (the "Group"). Subsidiary undertaking refers to the entity controlled by the Company, being the entity AEW UK REIT 2015 Limited. IFRS 10 outlines the requirements for the preparation of consolidated financial statements, requiring an entity to consolidate the results of all investees it is considered to control. Control exists where an entity is exposed to variable returns and has the ability to affect those returns through its power over the investee.

Changes to accounting standards and interpretations

The following accounting standards and their amendments were in issue at the period end but will not be in effect until after this financial period.

– IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

– IFRS 15 Revenue from contracts (effective for annual periods beginning on or after 1 January 2018)

Notes to the Financial Statements *(continued)*
for the period 1 April 2015 to 31 October 2015

2. Basis of preparation *(continued)*

2.2 Significant accounting judgments and estimates

Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has the resources to continue in business for the foreseeable future.

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

The preparation of financial statements in accordance with EU IFRS requires the Directors of the Group to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

i) Valuation of property

The valuations of the Group's investment property will be at fair value as determined by the independent valuer on the basis of market value in accordance with the internationally accepted Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards.

ii) Valuation of investments

The valuations of the Group's investment in securities will be the last announced unit price for collective investment schemes.

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Presentation currency

The primary objective of the Group is to generate returns in Sterling, its capital-raising currency. The Group's performance is evaluated in Sterling. Therefore, the Directors consider Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and it has therefore adopted as the presentation currency.

b) Revenue recognition

i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income, which is recognised when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Notes to the Financial Statements *(continued)*

for the period 1 April 2015 to 31 October 2015

2. Basis of preparation *(continued)*

2.3 Summary of significant accounting policies *(continued)*

ii) Deferred income

Deferred income is rental income received in advance during the accounting period.

c) Dividend income

Dividend income is recognised in profit and loss on the date the entity's right to receive dividend is established.

d) Financing income and expenses

Financing income comprises interest receivable on funds invested. Financing expenses comprise interest payable.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

e) Investment property

Investment property comprises property held to earn rentals or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in profit and loss.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets.

Gains or losses on the disposal of investment property and investments are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

f) Investments in collective investment schemes

Investments in collective investment schemes are stated at the latest calculated NAV price for dealing purposes with any resultant gain or loss recognised in profit or loss.

g) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less.

h) Receivables and prepayments

Rent and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are discounted and then held at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

2. Basis of preparation *(continued)*

2.3 Summary of significant accounting policies *(continued)*

i) Capital prepayments

Capital prepayments are made for the purpose of acquiring future property assets. When the asset is acquired, the prepayments are capitalised as a cost of purchase. Where a purchase is not successful, these costs are reclassified as abortive costs and written off to profit and loss in the period they arise.

j) Other payables and accrued expenses

Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost.

k) Rent deposits

Rent deposits represents cash received from tenants at inception of a lease and are consequently transferred to the rent agent to hold on behalf of the Group. These balances are held as creditors on the Group's balance sheet.

l) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs are amortised over the lifetime of the facilities through profit and loss.

m) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

n) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

o) Dividend payable to shareholders

Equity dividends are recognised when they become legally payable.

p) Share issue costs

The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity.

Notes to the Financial Statements *(continued)*

for the period 1 April 2015 to 31 October 2015

2. Basis of preparation *(continued)*

2.3 Summary of significant accounting policies *(continued)*

q) Taxes

Corporation tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

As a REIT, the Group is exempt from corporation tax on the profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the period end date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the period end date.

r) European Public Real Estate Association

We have adopted European Public Real Estate Association ("EPRA") best practice recommendations, which we expect to broaden the range of potential institutional investors able to invest in our shares. Under EPRA's methodology, EPS and NAV calculations for the period ended 31 October 2015 are presented in note 8 to these financial statements.

3 Revenue

	1 April 2015 to 31 October 2015 £'000
Gross rental income received	1,513
Dilapidation income received	19
Total other property income	**1,532**
Dividend received:	
Property income distribution*	264
Interest distribution	10
	274
Total Revenue	**1,806**

* Property income distribution ("PID") is borne from the investment in the AEW UK Core Property Fund which holds property directly.

Notes to the Financial Statements *(continued)*

for the period 1 April 2015 to 31 October 2015

4. Expenses

	1 April 2015 to 31 October 2015 £'000
Property related expenses	21
Investment manager's fee	204
Operation costs	172
Total	**397**

5. Directors' remuneration

	1 April 2015 to 31 October 2015 £'000
Directors' fees	28
Tax and social security	9
Total remuneration	**37**

6. Finance expenses

	1 April 2015 to 31 October 2015 £'000
Finance costs	
Sundry finance costs	9
Total	**9**

On 20 October 2015, the Group entered into a 5 year £40 million term credit facility with The Royal Bank of Scotland International Limited.

The Group will use this facility to continue to invest in properties once the net IPO proceeds have been fully invested. The facility can be used up to 20% loan to Net Asset Value measured at drawdown.

Notes to the Financial Statements *(continued)*

for the period 1 April 2015 to 31 October 2015

7. Taxation

	1 April 2015 to 31 October 2015 £'000
Tax charge comprises:	
Analysis of charge in the period	
Loss after tax	(991)
Theoretical tax at UK corporation tax standard rate of 20%	(198)
Adjusted for:	
Exempt REIT income	198
Total	–

8. Loss per share and NAV per share

	Loss after tax (£'000)	Weighted average number of shares	Pence per share
Loss per share (basic and diluted) for the period 1 April to 31 October 2015	(991)	81,245,326	(1.22)
Adjustments to revenue:			
Loss from change in fair value of investment property	2,666	–	–
Gain from change in fair value of investments	(312)	–	–
EPRA earnings per share (basic and diluted)	1,363	81,245,326	1.68

The ordinary number of shares is based on the time weighted average number of shares throughout the period. The loss per share calculation above is from the date of incorporation. From the date of incorporation to IPO, 1 founder share was in existence.

	Net assets	Shares in issue	NAV per share
NAV per share and EPRA NAV per share at 31 October 2015	97,579	100,500,000	97.09

Notes to the Financial Statements *(continued)*

for the period 1 April 2015 to 31 October 2015

9. Non-current assets

	31 October 2015 £'000
UK Investment property	
Purchases in period	72,844
Loss from change in fair value	(2,666)
Total investment property	70,178
Adjustment to fair value for rent guarantee debtor	1,099
Adjustment to fair value for rent free debtor	88
Valuation provided by Knight Frank	**71,365**
Investment in AEW UK Core Property Fund	
Purchases in period*	9,628
Gain from change in fair value	312
Total Investment in AEW UK Core Property Fund	**9,940**

* purchases in period include equalisation returned.

Fair value

Valuation of investment in AEW UK Core Property Fund is stated at the latest calculcated NAV for dealing purposes.

Valuation of investment property is performed by Knight Frank LLP, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued.

The valuation of the Group's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards (incorporating the International Valuation Standards).

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets.

Notes to the Financial Statements *(continued)*
for the period 1 April 2015 to 31 October 2015

9. Non-current assets *(continued)*

The following table provides the fair value measurement hierarchy for non-current assets:

	31 October 2015			
	Quoted prices in active markets (Level 1) £'000	Significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
Assets measured at fair value				
Investment properties	–	–	70,178	70,178
Investment in AEW UK Core Property Fund	–	–	9,940	9,940
	–	**–**	**80,118**	**80,118**

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the portfolio of investment property are:

Class	Fair Value	Valuation Technique	Key Unobservable Inputs	Range £/psf
Investment Property	£71,365	Income capitalisation	ERV Discount rate	2.5 – 150.0 6.5% – 11.0%

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property and investments held at the end of the reporting period.

Losses for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, prior to adjustment for rent free debtor and rent guarantee debtor, are recorded in profit and loss.

The carrying amount of the assets and liabilities, detailed within the statement of financial position, is considered to be the same as their fair value.

Notes to the Financial Statements *(continued)*

for the period 1 April 2015 to 31 October 2015

10. Receivables and prepayments

	31 October 2015 £'000
Receivables	
Dividend receivable	215
Rent free debtor	88
Rent guarantee debtor	1,099
Capital VAT recoverable	113
Rent receivable	314
	1,829
Prepayments	
Capital prepayments	2
Depositary services	7
Listing fees	1
	10
Total	**1,839**

11. Cash and cash equivalents

	31 October 2015 £'000
Cash at Bank – Capital Account	15,801
Cash at Bank – Income Account	1,186
Total	**16,987**

Notes to the Financial Statements *(continued)*

for the period 1 April 2015 to 31 October 2015

12. Other payables and accrued expenses

	31 October 2015 £'000
Deferred income	548
Accruals	78
Other creditors	739
Total	**1,365**

13. Issued share capital

	£'000	Number of shares
Ordinary Shares issued and fully paid		
At 1 April 2015	–	1
Issued on admission to trading on the London Stock Exchange on 12 May 2015	1,005	100,499,999
At 31 October 2015	**1,005**	**100,500,000**

14. Share premium account

	£'000
The share premium relates to amounts subscribed for share capital in excess of nominal value:	
At 1 April 2015	–
Issued on admission to trading on the London Stock Exchange on 12 May 2015	99,495
Share issue costs (paid and accrued)	(1,930)
Transfer to capital reduction account	(97,565)
At 31 October 2015	**–**

15. Capital reduction reserve

	£'000
At 1 April 2015	–
Transferred from share premium account	97,565
At 31 October 2015	**97,565**

On 17 September 2015, the Group by way of Special Resolution, cancelled the value of its share premium account, by an Order of the High Court of Justice, Chancery Division.

As a result of this cancellation, £97.5 million has been transferred from the share premium account, into the capital reduction reserve account. The capital reduction reserve account is classed as a distributable reserve.

16. Financial risk management and objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and further risks inherent to investing in investment property.

The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls.

The principal risks facing the Group in the management of its portfolio are as follows:

16.1 Market price risk

Market price risk is the risk that future values of investments in direct property and related property investments will fluctuate due to changes in market prices. To manage market price risk, the Group diversifies its portfolio geographically in the United Kingdom and across property sectors.

The disciplined approach to the purchase, sale and assets management ensures that the value is maintained to its maximum potential. Prior to any property acquisition or sale, detailed research is undertaken to assess expected future cash flow. The Investment Management Committee ("IMC") meets monthly and reserves the ultimate decision with regards to investments purchases or sales. In order to monitor property valuation fluctuations, the IMC and the Portfolio Management Team meet with independent external valuer on a regular basis. The valuer provides a property portfolio valuation quarterly, so any movements in the value can be accounted for in a timely manner and reflected in the NAV every quarter.

16.2 Real Estate risk

The Group is exposed to the following risks specific to its investments in investment property:

Property investments are illiquid assets and valuing is difficult. Real estate can be difficult to sell, especially if local market conditions are poor. Illiquidity may also result from the absence of an established market for investments, as well as legal or contractual restrictions on resale of such investments. In addition, property valuation is inherently subjective due to the individual characteristics of each property, and thus, coupled with illiquidity in the markets, makes the valuation in the scheme property difficult and inexact.

16. Financial risk management and objectives and policies *(continued)*

16.2 Real Estate risk *(continued)*

No assurances can be given that the valuations of properties will be reflected in the actual sale prices even where such sales occur shortly after the relevant valuation date.

There is no guarantee that the Group will be able to acquire a sufficient number of suitable properties which will enable the Group to achieve its investment objective through its investment policy. Having excess uninvested cash and a larger number of shares in issue may affect the Group's ability to achieve its investment objective. In the event where direct investments in the underlying property is not possible or impractical, the Group may invest up to 10% of its NAV into Collective Investment Schemes.

There can be no assurance that the Group will undertake to acquire any particular site or that it will be able to complete such acquisition if it is undertaken.

There can be no certainty regarding the future performance of any of the properties acquired for the Group. The value of any property can go down as well as up. Property and property-related assets are inherently subjective as regards value due to the individual nature of each property. As a result, valuations are subject to uncertainty.

Real property investments are subject to varying degrees of risk. The yields available from investments in real estate depend on the amount of income generated and expenses incurred from such investments.

There are additional risks in vacant, part vacant, redevelopment and refurbishment situations although these are not prospective investments for the Group.

16.3 Credit risk

Credit risk is the risk that the counterparty (to a financial instrument) or tenant (of a property) will cause a financial loss to the Group by failing to meet a commitment it has entered into with the Group.

It is the Group's policy to enter into financial instruments with reputable counterparties. All cash deposits are placed with an approved counterparty, Royal Bank of Scotland.

In respect of property investments, in the event of a default by a tenant, the Group will suffer a rental shortfall and additional costs concerning re-letting the property. The Investment Manager monitors tenant arrears in order to anticipate and minimise the impact of defaults by occupational tenants.

The table below shows the Group's exposure to credit risk:

	As at 31 October 2015 £'000
Debtors (excluding prepayments)	1,829
Cash and cash equivalents	16,987
Total	**18,816**

Notes to the Financial Statements *(continued)*
for the period 1 April 2015 to 31 October 2015

17. Transaction with related parties

As defined by IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

For the period ended 31 October 2015, the Directors of the Group are considered to be the key management personnel. Details of amounts paid to Directors for their services can be found within note 5, Directors' remuneration.

The Group is party to an Investment Management Agreement with the Investment Manager, pursuant to which the Company has appointed the Investment Manager to provide investment management services relating to the respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction of the Boards of Directors.

Under the Investment Management Agreement the Investment Manager will receive a management fee which will be calculated and accrue monthly at a rate equivalent to 0.9%. per annum of NAV (excluding un-invested proceeds) and paid quarterly. Any investment by the Group into the AEW UK Core Property Fund will not be subject to management fees or performance fees otherwise charged to investors in the AEW UK Core Property Fund by the Investment Manager. During the period 1 April 2015 to 31 October 2015, the Company incurred £203,829 in respect of investment management fees and expenses of which £139,724 was outstanding at 31 October 2015.

On 1 June 2015, the Group purchased 8,035,272 shares (share class E) within the AEW UK Core Property Fund for a cost of £9,627,000 (net of equalisation). The investment is deemed to be with a related party due to the common influence of the Investment Manager has with both parties. As at 31 October 2015, the Group held a 4.2% shareholding within the AEW UK Core Property Fund.

18. Segmental information

Management has considered the requirements of IFRS 8 'operating segments'. The management is of the view that the Group is engaged in a single segment of business, being property investment and in one geographical area, United Kingdom.

19. Events after the reporting period

Dividend

On 27 November 2015, the Group declared its first interim dividend of 1.50 pence per share, in respect of the period from inception to 31 October 2015. This will be paid on 31 December 2015, to shareholders on the register as at 11 December 2015.

On 3 December 2015, the Group declared a second interim dividend of 0.75 pence per share, in respect of the period from 1 November 2015 to 14 December 2015. This will be paid on 31 March 2016, to shareholders on the register on 11 December 2015.

Capital raise

On 10 December 2015, the Group announced it had raised gross proceeds of £17.18 million pursuant to the placing of shares which closed on 9 December 2015, at an issue price of 101 pence per share. A total of 17,010,000 shares will be issued, subject only to admission, on 15 December 2015.

Notes to the Financial Statements *(continued)*
for the period 1 April 2015 to 31 October 2015

19. Events after the reporting period *(continued)*

Property acquisitions

The Group has made 5 further acquisitions after the Statement of Financial Position date as follows:

Equinox, Castlegate Business Park, Salisbury was purchased for £2.0 million (net of acquisition costs). This property is situated at the western end of Castlegate Business Park, an established industrial area located 3 miles north of Salisbury town centre.

Langthwaite Business Park, South Kirkby was purchased for £5.8 million (net of acquisition costs). This Business Park consists of two neighbouring industrial warehouses totalling 221,145 sq ft, let to Ardagh Glass Limited with a WAULT of c. 1 year to break and 2.5 years to expiry.

Cleaver House, Runcorn was purchased for £0.9 million. This property is a single let unit forming part of the Sarus Court development that was acquired by the Group in October 2015. This property has a net initial yield of 7.9%. The property is fully let with expiry in 2021 and a tenant break option in 2018.

Odeon Cinemas Limited, Southend-on-Sea was purchased for £5.7 million (net of acquisition costs) reflecting a net initial yield of 8.4%. The property is situated in the town centre adjacent to Victoria Plaza Shopping Centre and comprises an 8 screen cinema.

Oak Park, Droitwich was purchased for £5.6 million (net of acquisition costs) reflecting a net initial yield of 10.4%. The property is situated in Elmley Lovett, Worcestershire and comprises a variety of industrial and warehouse buildings arranged within a private industrial complex.

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James Hyslop (Non-executive Director)
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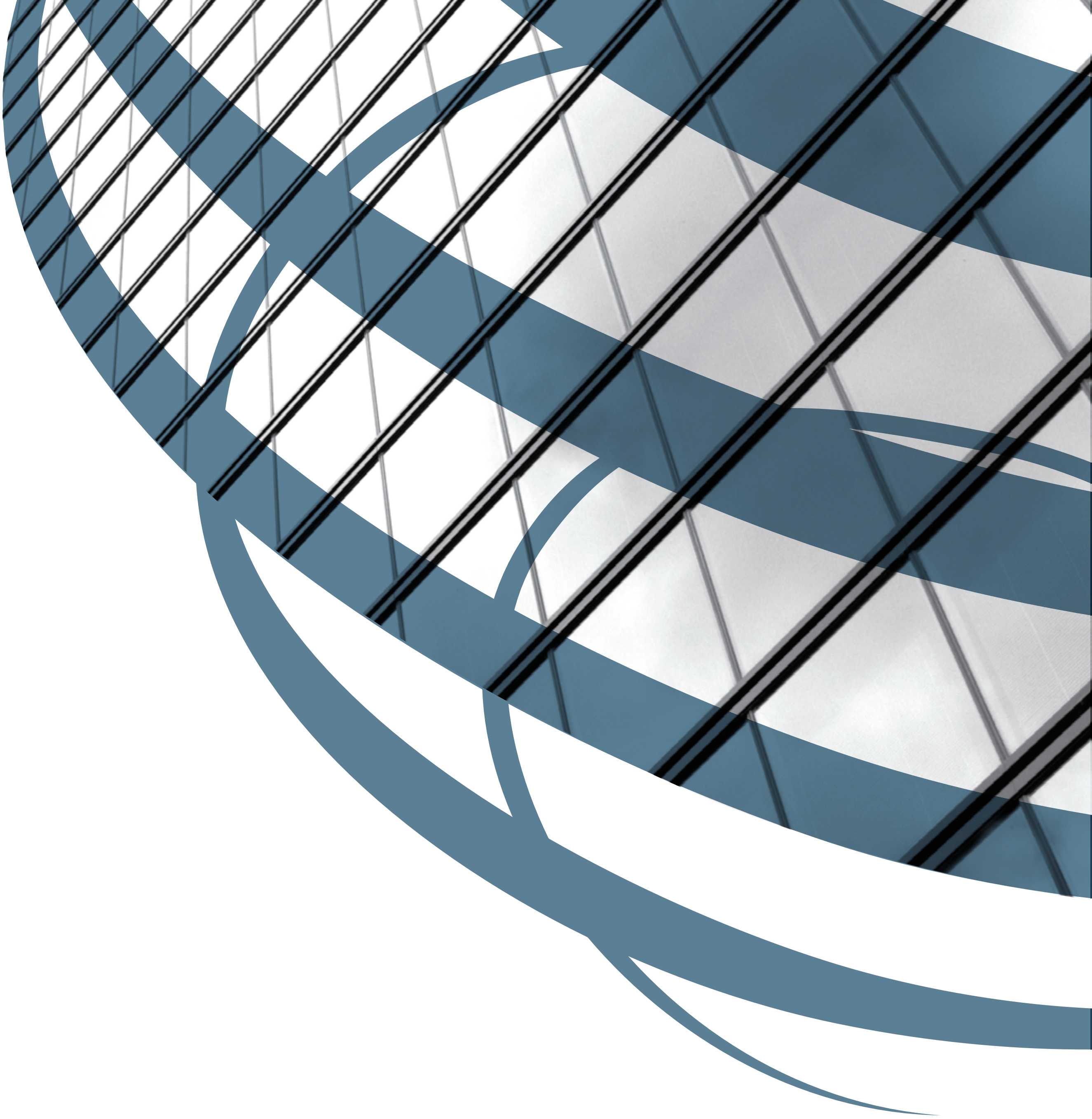
Frequency of NAV publication:
The Group's NAV is released to the London Stock Exchange on a quarterly basis and is published on the Group's website.

Key dates:
April – Group's year end; July – Annual results announced; October – Group's half year end; December – Interim results announced.



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