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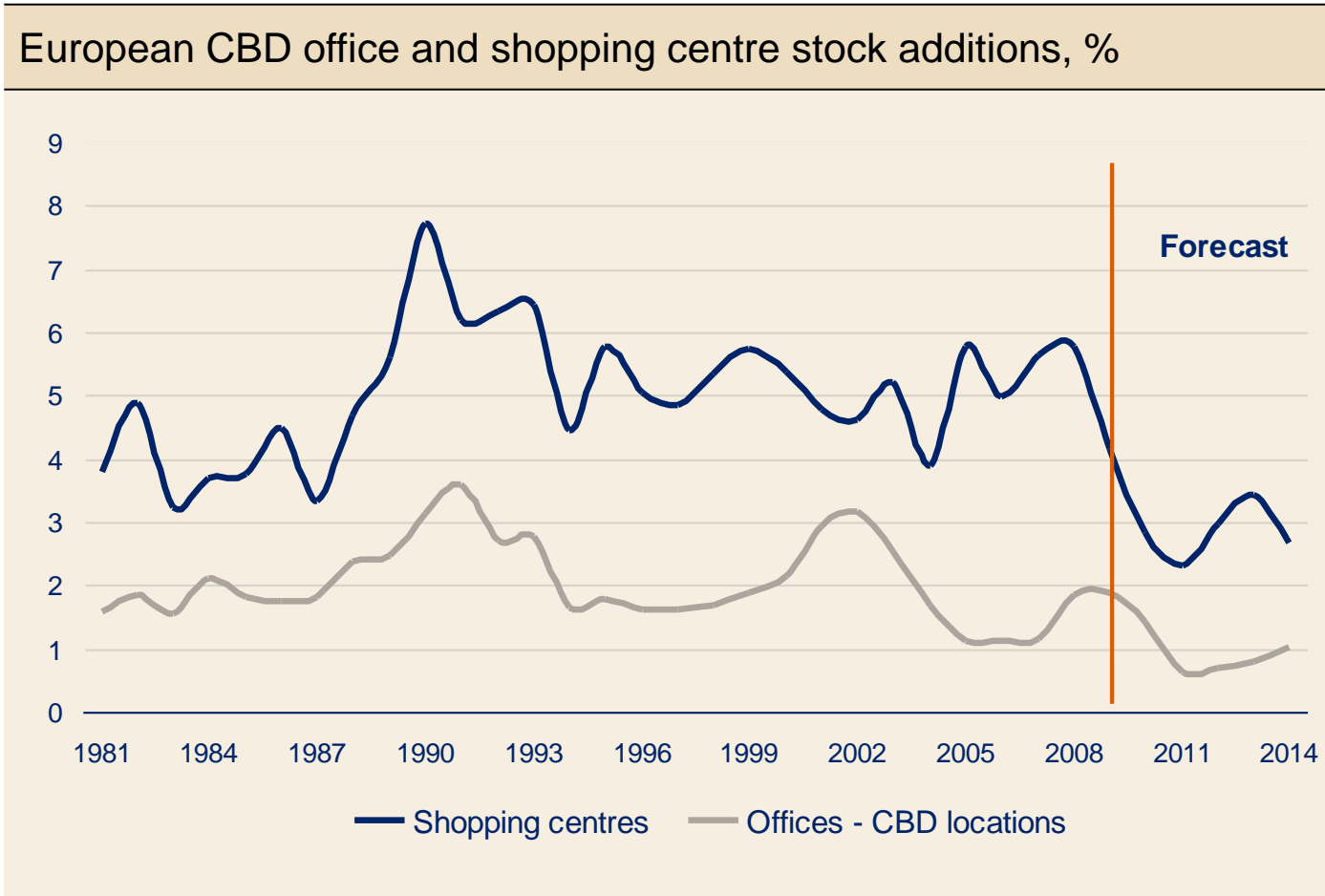
Aberdeen Asset Management Real Estate Investments

22nd March 2011

**Presentation Commissione tecnica Mercato Immobiliare
AIPB**

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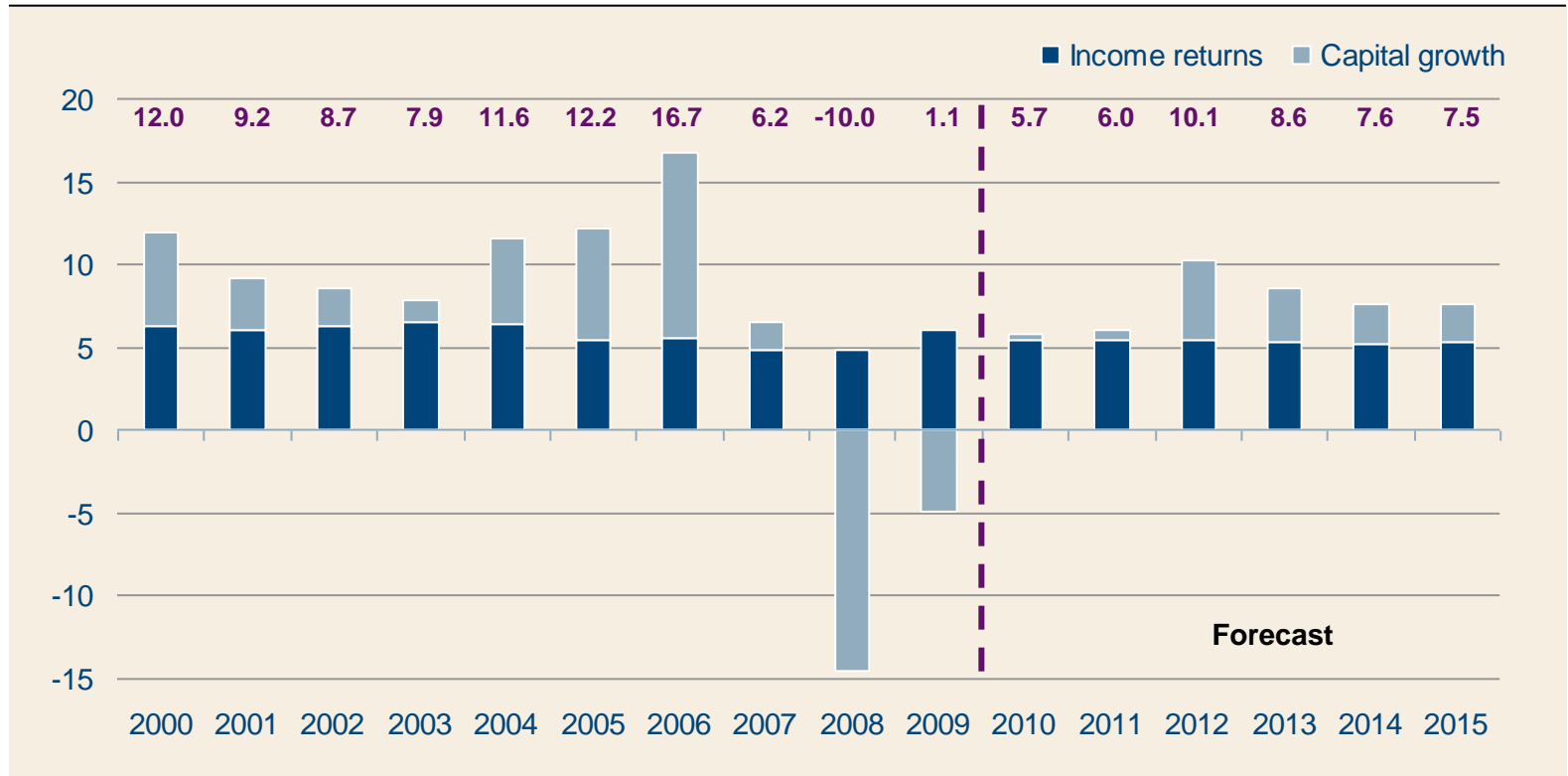
Outlook immobiliare globale ed Europeo



- Medium term case for property supported by very low building levels
- Office completions have been low for many years, now joined by retail



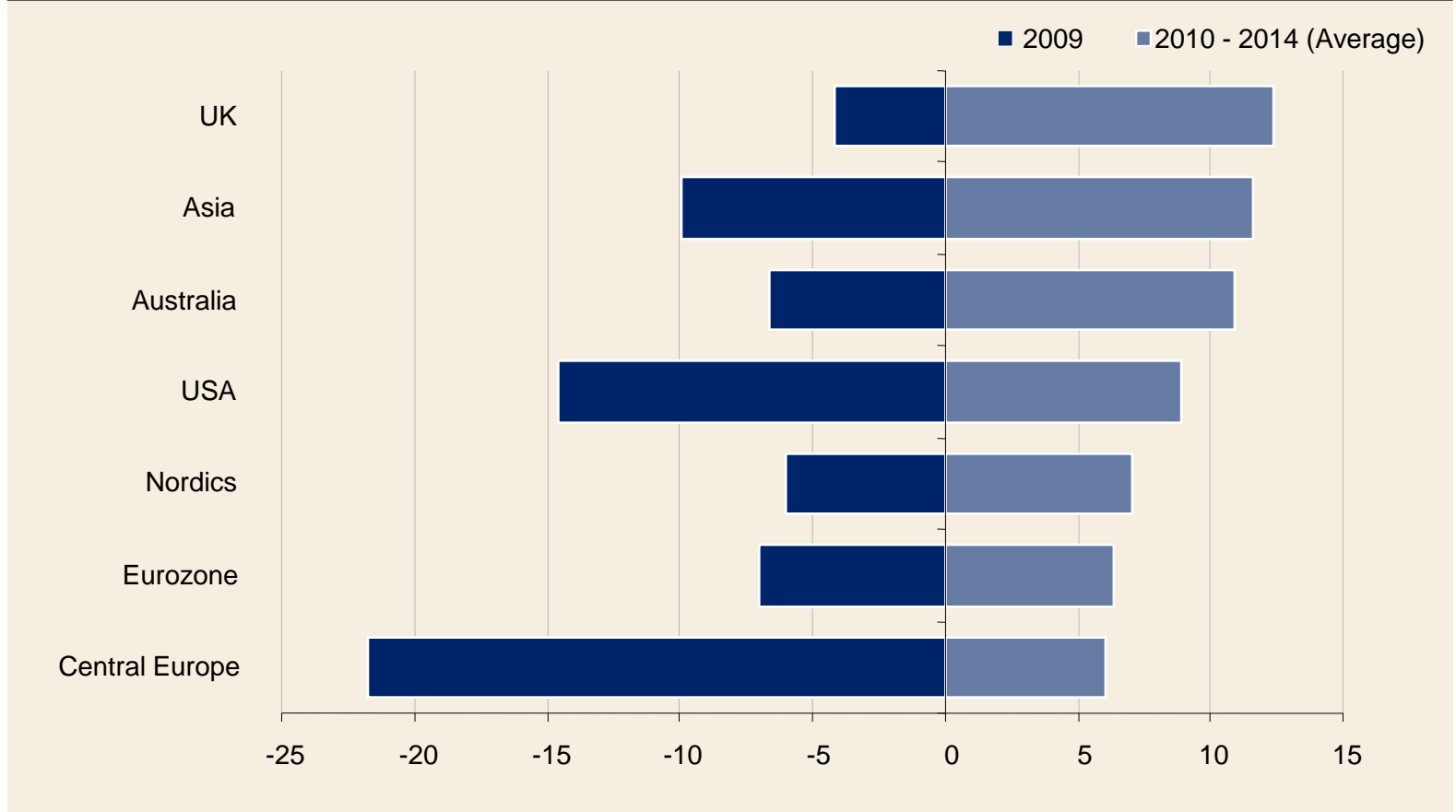
European prime all property returns (local currencies %)



- Yield compression in 2010, but re-adjustment in 2011 expected
- Sustainable rental recovery only envisaged from 2012
- Uncertain economic climate to limit near term returns



'All property' total return 2009 and 2010 – 2014 (% pa)

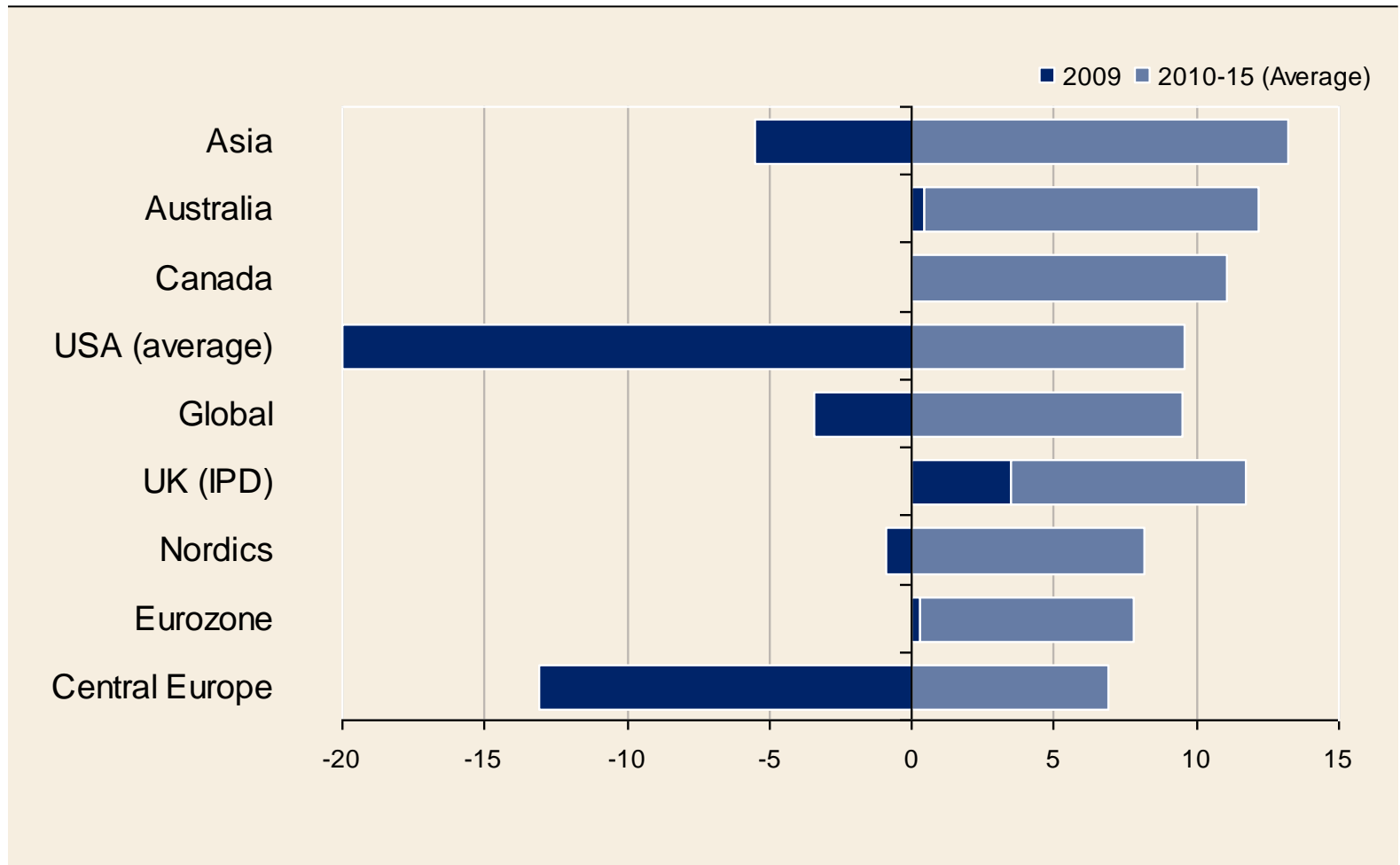


- Total return projections are becoming increasingly better!

* Calendar year unleveraged returns in local currency
 Source: Aberdeen Property Investors, Aug 09



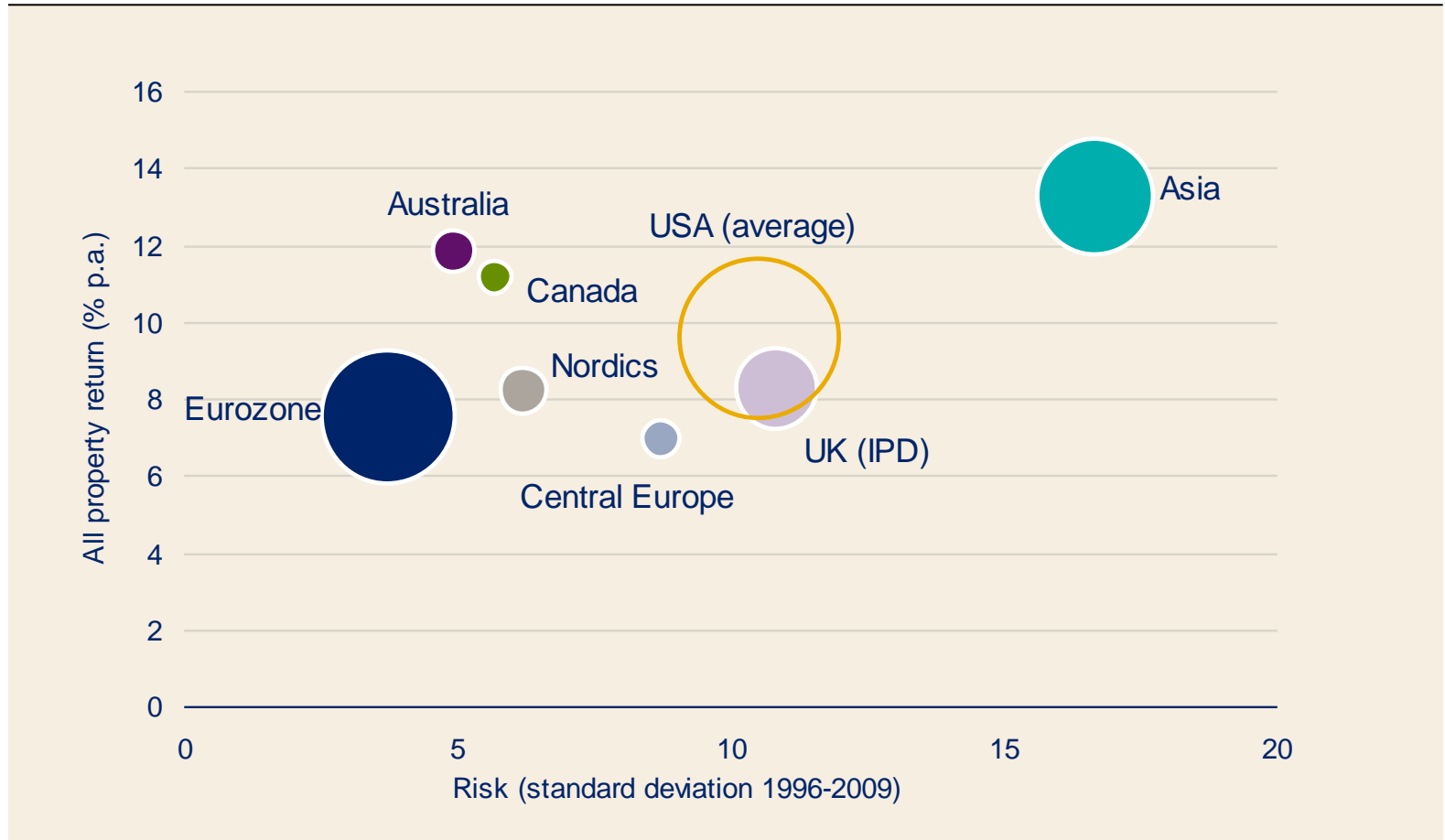
'All property' prime total return 3Q2010 to 2Q2015 (% pa)



* Rolling
unleveraged
returns in local
currency
Source: Aberdeen
Asset Management,
Sept 10



Total return all property – five years rolling 3Q2010 – 2Q2015

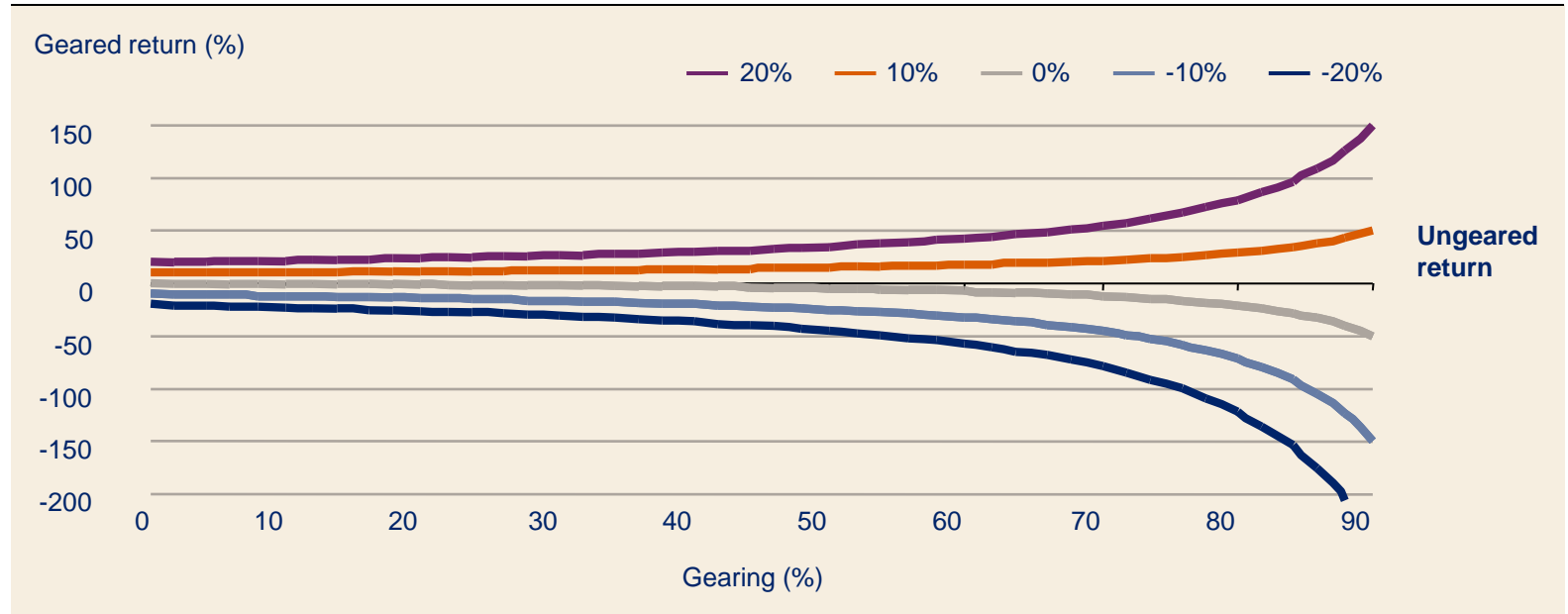


* Bubbles represent relative size of the investment market
 Source: Aberdeen Asset Management, Sept 10

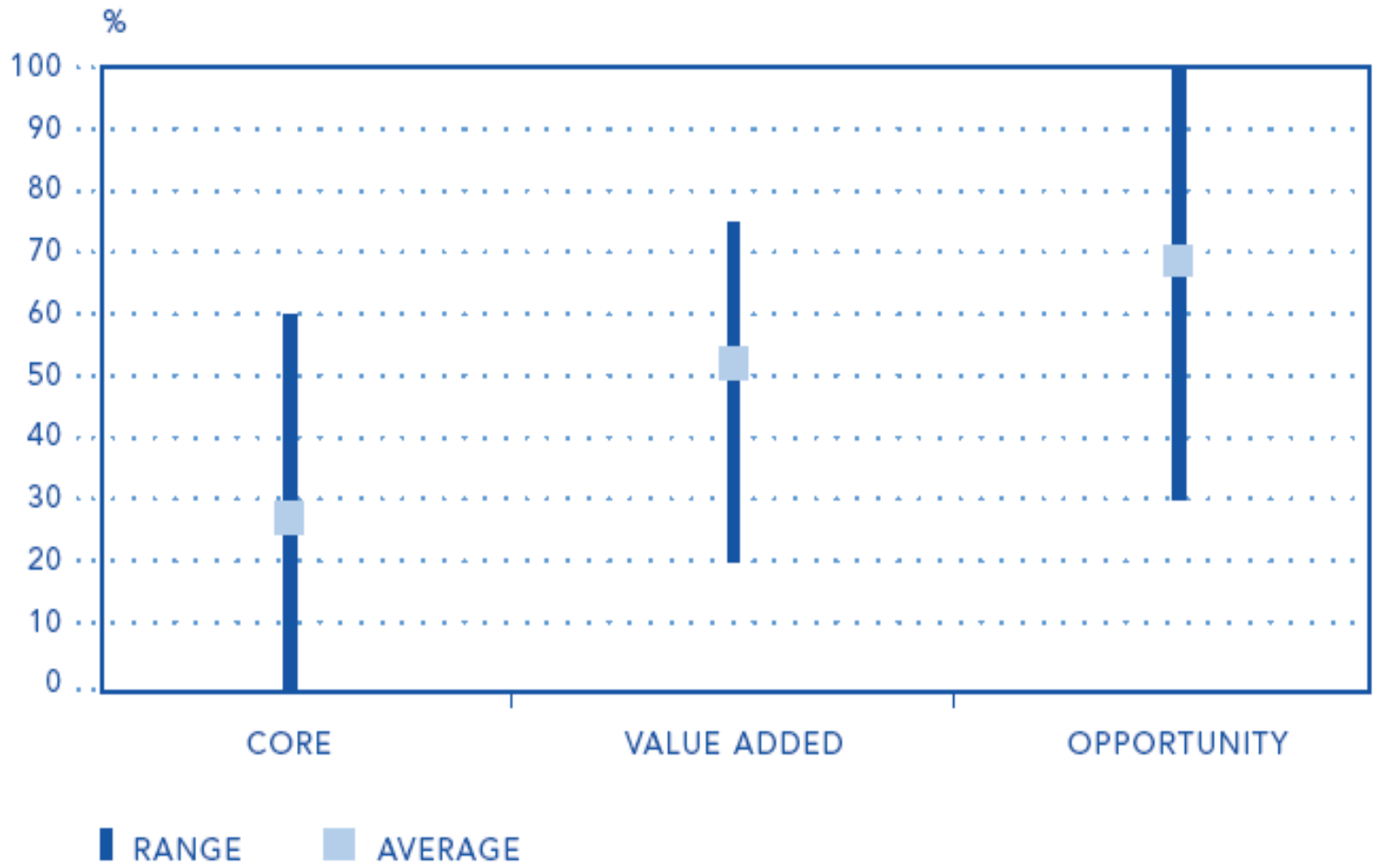
Real estate investment strategy



Debt magnifies investment returns



- Estimated 60% of global commercial investment universe is financed by debt, and falling values will further increase the amount of debt in the sector
- Banks are de-leveraging, significant amounts of debt are about to mature and a number of unlisted funds are set to wind up from around 2011
- Refinancing will thus be tough and expensive, and some will be forced to sell unless they can raise new equity





- Global economic growth peaked in Q2, with US and Chinese economy slowing
- Debt remains a problem in advanced economies: de-leveraging to continue in the coming years
- Government fiscal problems in Europe leading to divergence in growth trends
- Capital values cycle much shorter than expected, and recovering ahead of the letting markets
- Yields are below their long term average and compression is likely in the next few years
- Rental growth surprised in 1H 2010 but outlook weak in the short term
- Very weak development activity to support medium term rental growth once sustainable recovery arrives
- UK, Northern Europe and Nordics expected to outperform
- Emerging and Southern Europe have poor prospects despite support packages
- Asset management and stock selection capabilities will become more important in generating additional performance rather than leverage
- Important to focus on long-term fundamentals
- Inflation hedging characteristics of real estate attracting investors into the market

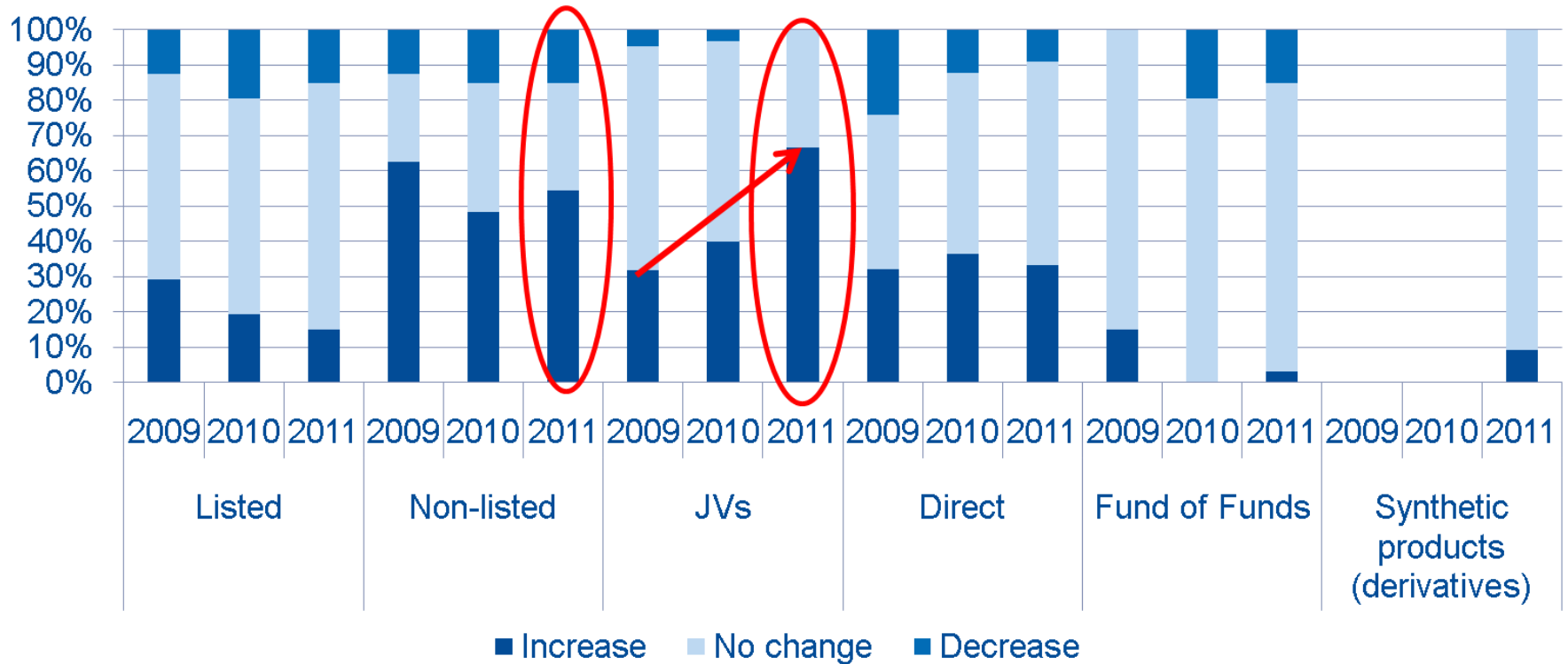


- Less appetite for risk
 - Core funds are 'in'; opportunity funds are 'out' **Temporary**
 - More restricted use of debt **Permanent, but effect will diminish**
 - Greater home country bias **Temporary**
 - More interest in diversified funds **Temporary**
- Search for greater control
 - JVs; segregated direct property mandates **Temporary**
 - Investor participation in UACs / Investment Committees **Permanent**
 - Increased regulation (e.g. EU AIFM Directive) **Permanent**
- Search for greater alignment of interest
 - Fee and remuneration structures **Permanent**

Investimenti diretti e indiretti



Investors' expected relative change in how to invest in European real estate allocation over the next two years



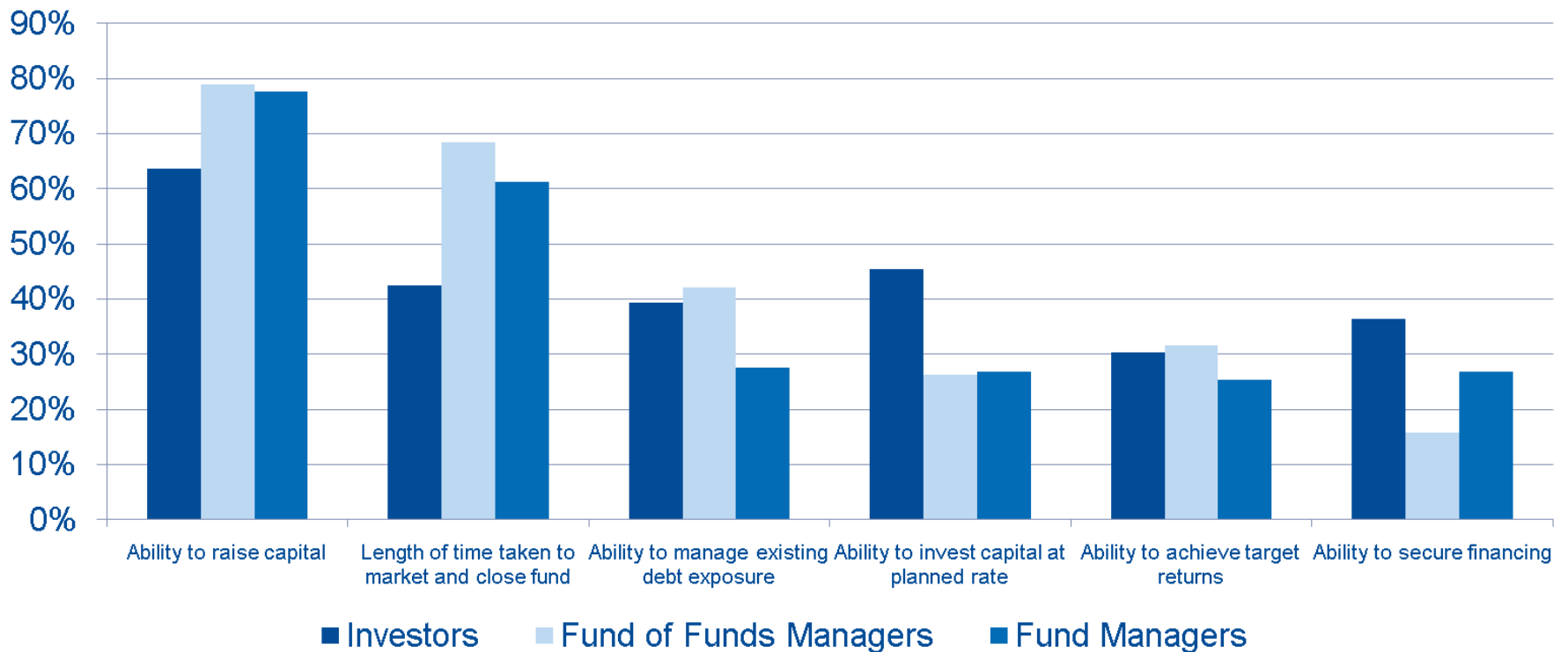


Investors' expected relative change in how to invest in European real estate allocation over the next two years by investor size



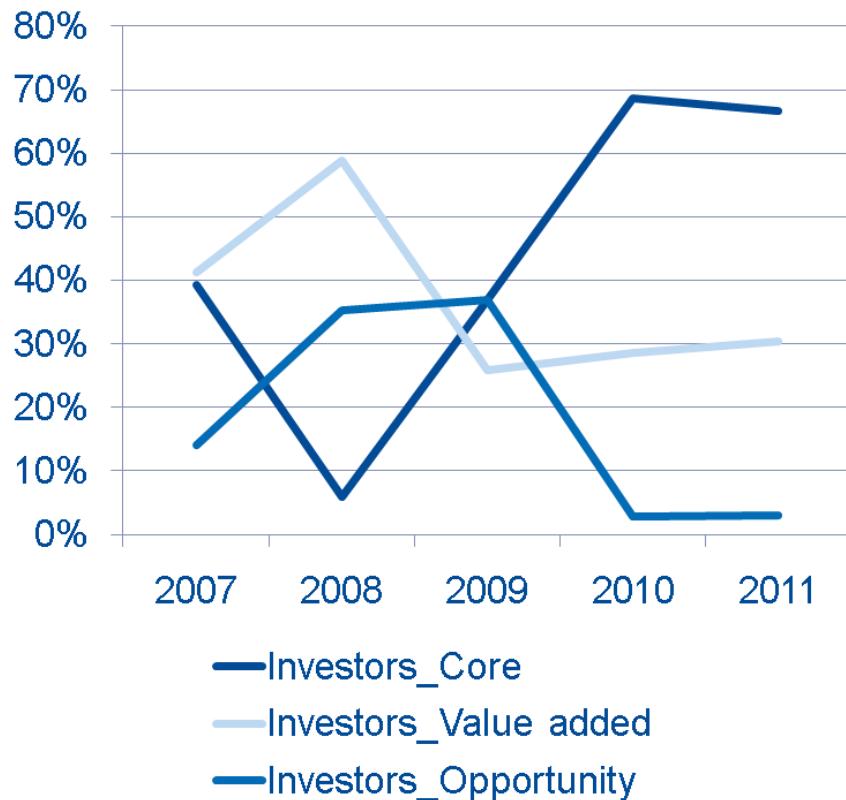


Most challenging obstacles for fund managers of non-listed real estate funds in the next 12 months

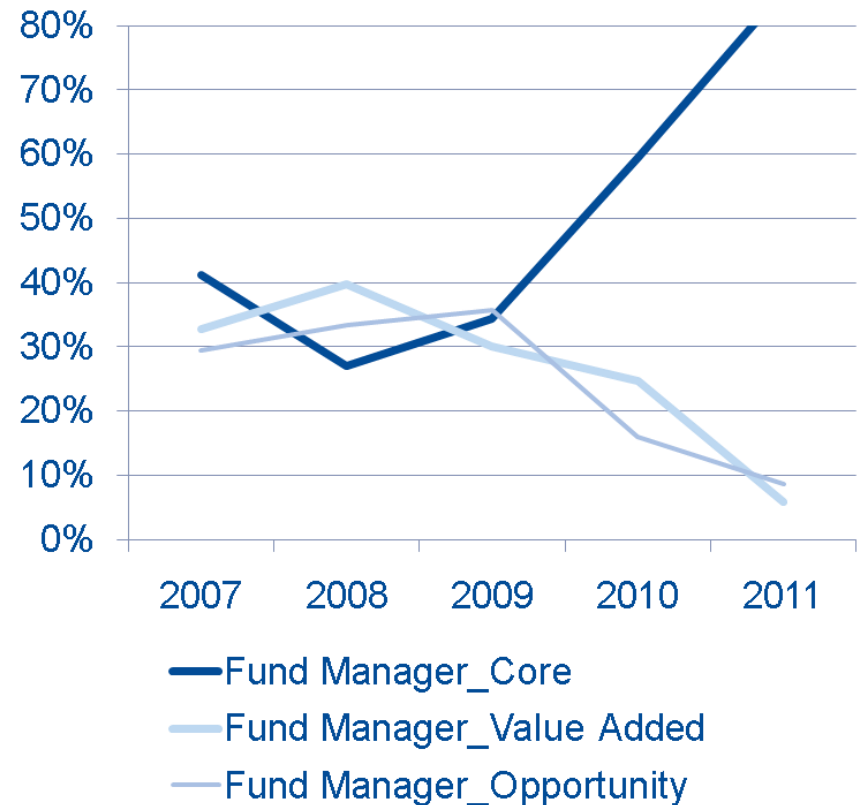




Investor style preference 2007 - 2011



Fund manager style preference 2007 - 2011

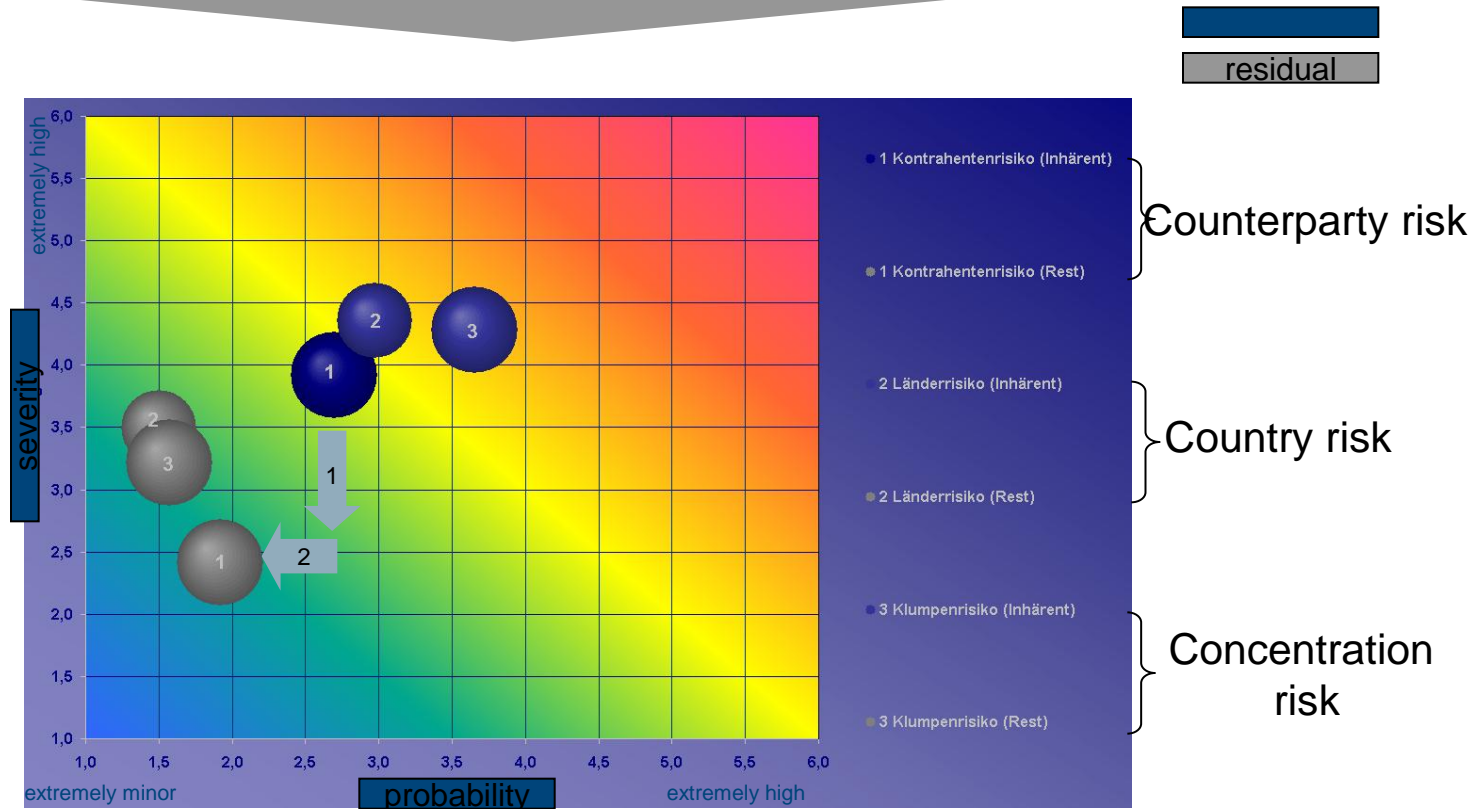


Il mercato immobiliare italiano visto dagli stranieri

gestione del rischio

Output Risk Map

⇒ Depiction of inherent and residual risk allows analysis of control efficiency



gestione del rischio

Roles

<p>Responsibilities</p> <ul style="list-style-type: none"> • Review / approve policies, risk strategies & tolerances • Monitor risk management process / results • Determine strategic intent 	<p>Management Board</p>
<ul style="list-style-type: none"> • Create RM policies & procedures • Create assessment tools & measurement methodologies • Expertise in specific risks • Create risk strategies • Monitor risk management process & results & escalate issues • Provide performance assurance & continuous improvement 	<p>Risk Manager</p>
<ul style="list-style-type: none"> • Execute RM • Identify & measure risks • Apply control resources • Identify & correct control gaps • Provide timely management reporting • Escalate issues 	<p>Divisions</p> <p>REAM IM Accounting Research & Strategy</p> <p>Legal Department HR FM/Treasury Marketing/Sales Support Client Management</p>

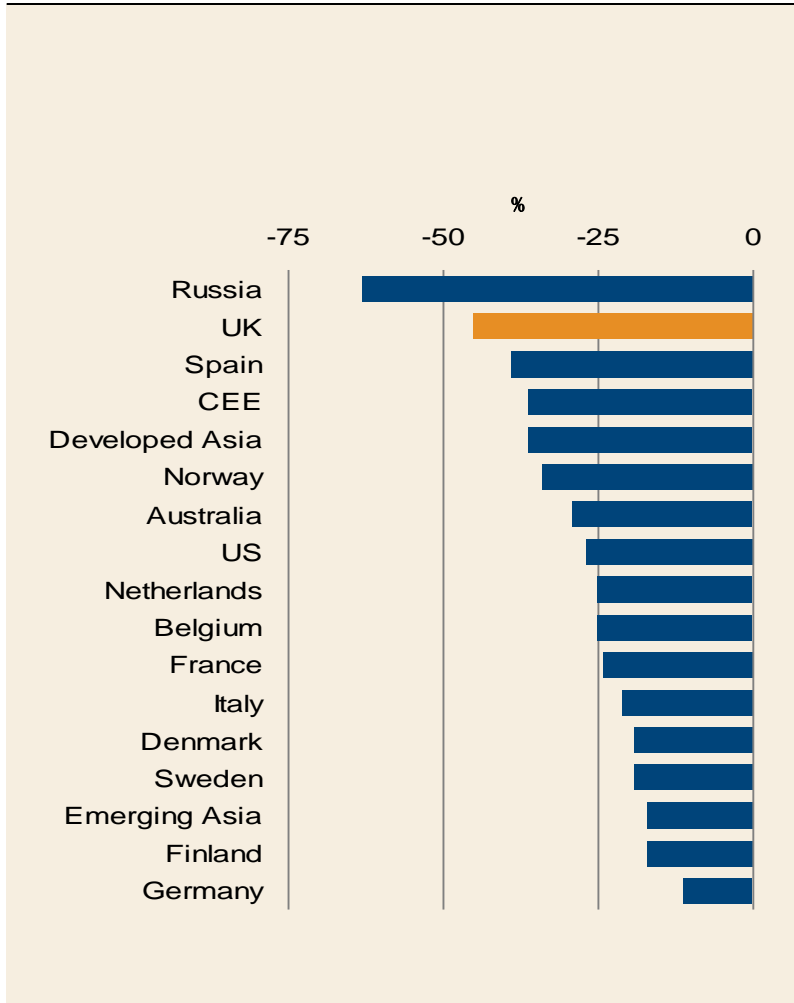


European property returns forecast, % per annum

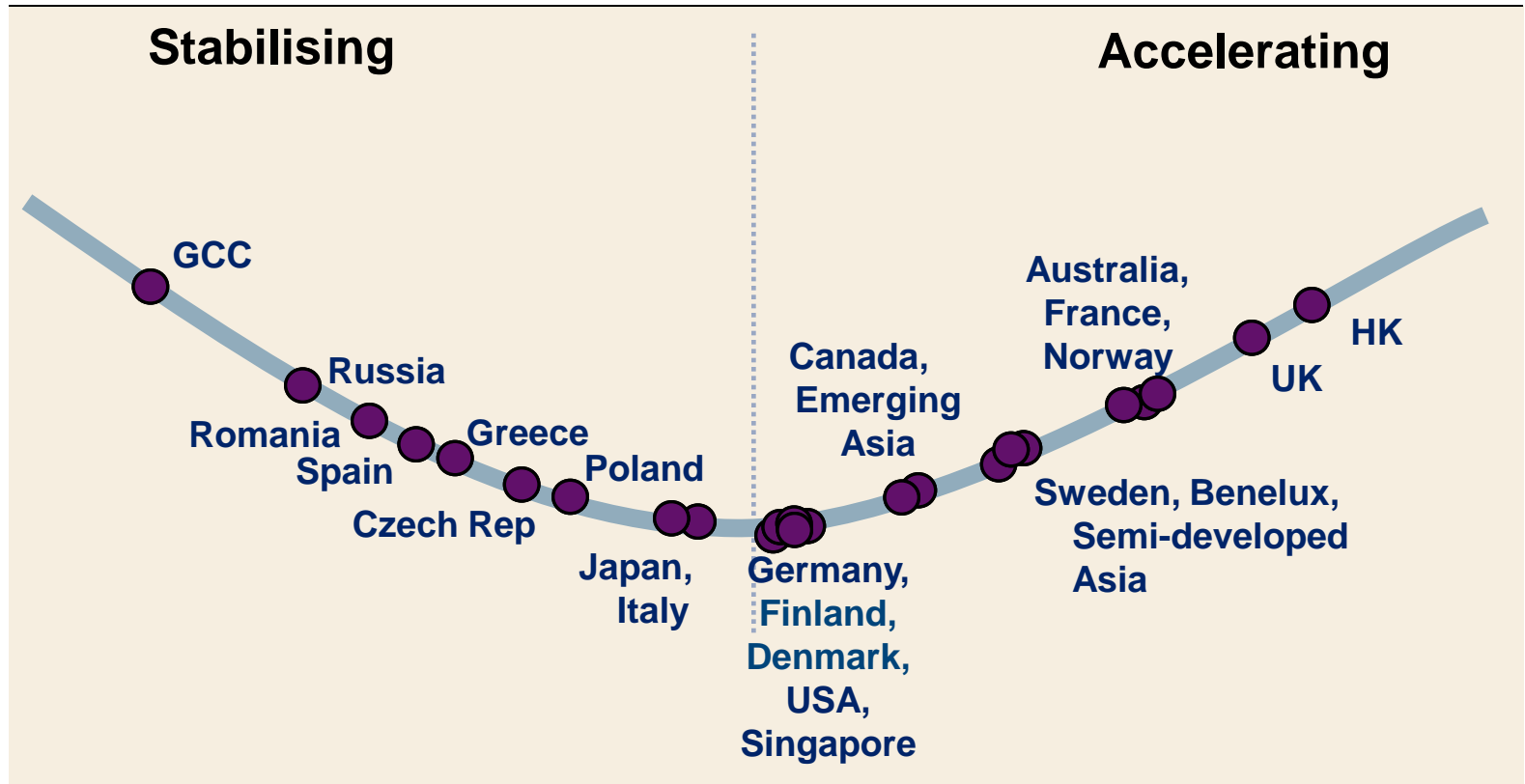
	New forecast				Change on previous forecast		Five year excess return
	5 years from Q3 10	2010	2011	2010-2014	2010	2010-2014	
Greece	4.5	-13.1	-0.2	1.0	-5.6	-1.6	-5.7
Portugal	3.6	-2.0	-2.8	3.5	1.6	0.5	-4.6
Slovakia	5.3	2.5	-1.1	4.8	-0.2	-1.2	-4.3
Romania	5.4	-5.6	1.1	4.1	13.1	4.2	-4.2
Hungary	6.1	-4.0	0.2	4.4	-0.3	-0.7	-3.4
Turkey	10.1	3.3	3.2	7.1	0.8	-0.8	-2.7
Czech Republic	6.9	3.2	3.0	6.5	-0.7	-0.3	-1.9
Poland	7.8	4.5	2.0	7.3	0.4	-0.3	-1.2
Spain	6.7	1.7	1.2	6.8	-0.2	0.0	-0.8
Italy	6.9	4.8	4.4	6.6	-1.7	0.6	-0.7
Austria	6.7	5.7	3.9	6.4	-0.4	0.3	-0.5
Switzerland	6.3	5.8	2.2	6.2	0.4	0.1	-0.2
Ireland	7.6	1.4	2.6	8.2	-7.7	1.0	0.0
Russia	10.8	15.2	3.6	10.8	5.0	1.0	0.6
Finland	7.8	8.3	4.0	7.8	-1.1	-0.1	0.8
Denmark	7.9	5.2	7.7	7.6	-2.2	0.1	0.8
Eurozone	7.5	6.2	4.3	7.5	-0.8	0.2	0.8
Sweden	8.0	8.0	5.4	8.7	-1.4	0.7	0.9
Norway	9.0	9.4	5.1	9.1	-1.4	-0.2	1.0
Belgium	7.7	5.8	6.1	7.8	-2.9	0.3	1.0
Germany	7.4	7.0	5.1	7.7	0.2	0.2	1.4
Netherlands	7.4	5.6	3.8	7.2	-1.6	0.2	1.4
Luxembourg	8.5	4.2	6.2	8.6	-1.7	0.2	1.5
UK (IPD)	8.2	12.4	6.2	9.4	-3.5	-0.5	1.8
France	8.5	8.7	4.4	8.6	-0.9	0.2	2.1



Capital declines from peak: prime property



- Capital values have stabilised ahead of letting markets
- Lack of development will limit oversupply
- Pricing has over-corrected
- Extreme markets generate attractive mispricing opportunities
- Property looking cheap in a long term context, and against other assets
- UK looks cheap in an international context



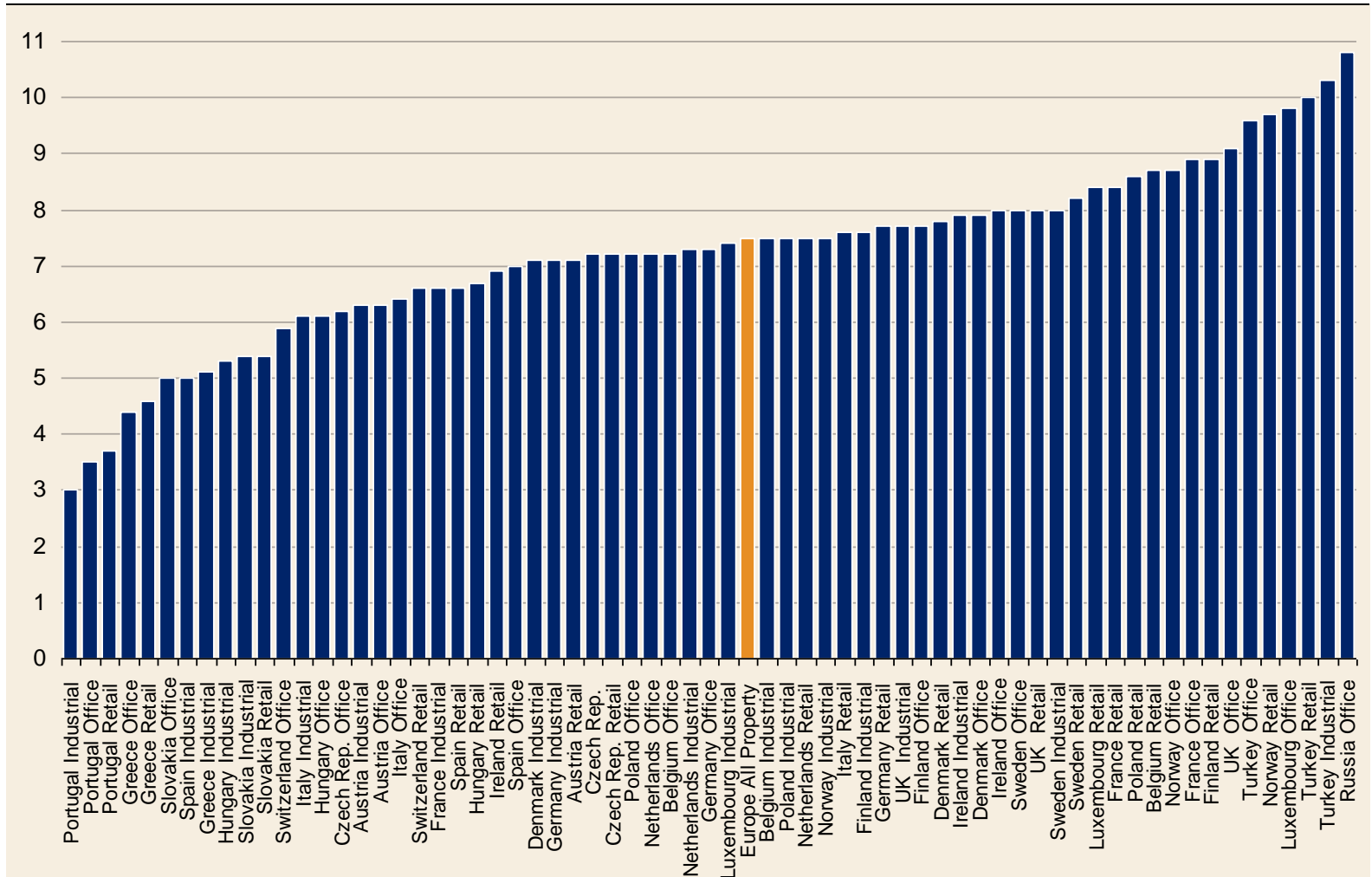
- Investors active today are mostly acquiring prime properties in core locations and this is driving yield compression
- The market for non-prime assets is quiet and further falls in values are likely
- There was some evidence of investors considering value add and good quality secondary assets in 1H 2010, especially in the UK and France

Source: Aberdeen Asset Management, August 2010

Note: Schematic representation – not to scale



Unleveraged total returns in local currency (average % pa)



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