

Global Real Estate

Maximizing opportunities from direct and indirect real estate using our scale and presence across local markets

“We have a deep understanding of real estate’s ability to provide a wide variety of investment opportunities. We believe the asset class is unrivaled in its ability to deliver enhanced portfolio diversification and strong, risk-adjusted returns over the long term.”

David Paine and Pertti Vanhanen,
Global Co-Heads of Real Estate

Our global real estate capabilities

We offer expertise across all principal real estate sectors – enabling our clients to target opportunities in their home market and globally. As one of the world’s largest real estate managers, we have the deal flow and resources to enable clients to access the whole real estate value chain at every stage of the market cycle.

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Our market presence

A real estate partner with global reach

As a major real estate investment manager, we provide exceptional access to real estate opportunities across local markets worldwide.

We have extensive experience in delivering strong, risk-adjusted returns from direct and indirect real estate, real estate multi-manager, listed real estate and real estate debt solutions for our real estate investors over the long term.

With a significant presence in the market, we are ranked as one of the largest real estate managers globally. We have real estate professionals across the world covering investments, transactions and developments. They have a strong regional network of contacts and an 'on-the-ground' understanding of local market conditions. Our approach is global but implemented locally.

The size of our real estate business combined with our presence in local markets makes us a key player globally. Agents approach us directly with investment opportunities that are often unavailable to smaller investors.

We believe that our global reach allows us to uncover more investment opportunities that have the potential to enhance investors' returns.

Key facts

- \$51 billion (C\$58 billion) real estate assets under management*
- Top 20 global real estate manager*
- 1,600+ properties in 20 countries globally managed by local real estate teams in 15 offices*

Local expertise and experience

With over 270 real estate investment, development, transaction and portfolio management professionals, we have a depth and breadth of experience across the globe. Our specialist teams have the necessary language skills, local contacts and expertise to really add value.

We have a well-established and long-term track record of investing in real estate markets. Over that time, we have demonstrated an ability to adapt to ever-changing market conditions, while producing competitive returns and innovative solutions for our clients.

Our large and experienced team offers clients a one-stop solution for their real estate needs. We can provide a complete, end-to-end service covering all aspects of real estate investing from research and risk analysis to tax, finance and development. Transaction teams in local markets use their knowledge and expertise to ensure we achieve the best deals possible.

"As a global real estate manager, many of the world's largest investors trust us to help meet their long-term goals."

Robert Matthews,
Head of Real Estate Investment Specialists

“A large team allows us to operate in all of our main investment markets, as well as the majority of our customers’ home markets.”

Andrew Creighton,
Head of Real Estate, Continental Europe

Locations of our real estate teams



270⁺

real estate professionals*

50⁺

years' experience
investing in real estate*

15

Global offices*

* Source: Aberdeen Standard Investments, as of March 31, 2018

Investment approach

Sharing insight to capture growth and performance

Through collaborative research, we build high-conviction portfolios that seek to unlock growth and strong risk adjusted returns for our investors.

In every real estate portfolio we manage, we are guided by our investment culture, which is underpinned by research, team collaboration and a high-conviction investment approach.

A collaborative culture

We believe that collaboration produces the best outcomes for our clients. We work as a team and we use our collective experience to deliver better outcomes for investors. Our research-driven process underpins our decisions and provides us with strong convictions. Crucially, we listen to our colleagues and we give feedback to ensure that we are continually learning, adapting and challenging each other.

A global view

It is important for us to have a global view, even if we are investing domestically. A holistic view provides perspective and helps with our decisions. A demonstrated ability to manage risk is also vital. An ability to be flexible and to adapt our risk positions according to changing circumstances is also key. In addition, environmental, social and governance (ESG) strategies are integral to how we own and manage our properties.

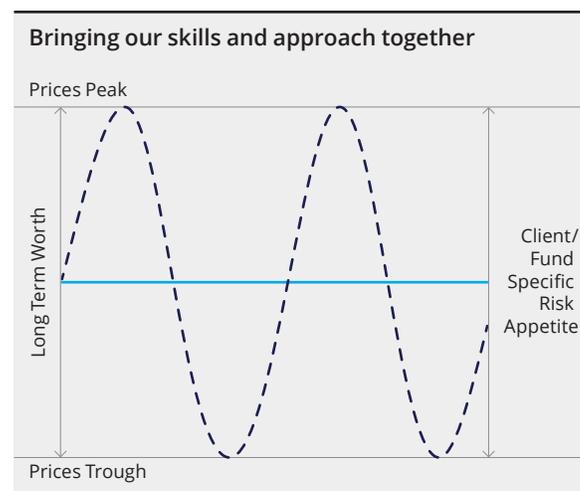
Putting client objectives first

We build our portfolios based on the long-term worth of an asset and on a medium-term view of market prices. Proprietary models calibrate risk and pricing, enabling us to make better decisions. We tailor our approach to each client's objectives and create detailed action plans for the properties we own. Our approach is based on stockpicking within a market framework to create high-conviction portfolios.

Long-term value and market momentum

Core to our approach is recognition that the real estate market has a track record of highly procyclical swings in prices. Capital values have been significantly more volatile over time than income returns. During substantial swings in prices, risk can be mispriced by the market for long periods. This is principally due to the illiquid nature of the asset class, which has been compounded historically by cheap debt and/or investors' perception of inflation.

We consider it essential therefore to assess the long-term value of assets and markets, and we overlay this estimation of worth with a view on prices. The acceleration or deceleration in prices will be driven by momentum in the market (see chart). Therefore, a measured view on momentum is also critical in terms of assessing current and future liquidity issues. A quantifiable measure of momentum deepens our conviction on the timing of sales or acquisitions.



Our view on worth is long term, prices will fluctuate and momentum is key

\$51 bn

Real estate assets
under management*
(C\$58bn)



*Source: Aberdeen Standard Investments, as of June 30, 2018

1600+

properties in 20 countries
globally managed by local teams*



Research and process

Building a deeper understanding of real estate markets

By fully understanding the risks and drivers of return across real estate markets, we are able to position our portfolios appropriately and, in turn, unlock greater return potential.

Industry-leading research

Research is the engine driving our success. We believe that focusing on producing global, industry-leading insights gives us a competitive edge and ultimately helps us to deliver strong performance for our clients across market cycles. The real estate industry is heavily influenced by global themes, such as demographic changes, urbanization, technology and ESG. We believe that informing our clients and colleagues promotes better decision making.

Anticipating pricing trends

Our investment process is about understanding risks and the fundamental drivers of return, while always assessing what is changing. This helps us to anticipate real estate pricing, to position portfolios appropriately and ultimately to unlock enhanced performance. Our analysis of the relationship between real estate market pricing and subsequent returns suggests that we can use our tools for asset allocation, and establishing risk tolerance for the mandates we manage.

Key elements our process include:

- A global house view that informs our decisions at both a market and asset level
- Proprietary, global, risk-based tools which are used to screen all investments
- Bringing together the considerable insight of our real estate colleagues across the globe and across different types of real estate from direct to unlisted and to debt.

Guided by this research, our investment managers look to make astute investment decisions, selecting individual assets, products and securities that offer our clients the best risk-adjusted return potential.

“Our proprietary risk-ranking tool allows us to focus on long-term risk rather than short-term market noise.”

Anne Breen,
Global Head of Investment Process & Strategy
(Real Estate)



“Our research driven process underpins our investment decisions and provides us with strong convictions.”

Andrew Allen,
Head of Global Investment Research (Real Estate)

\$49bn

direct real estate transactions over
the last five years* (C\$55bn)



Managing risk

A tailored approach to market and asset risks

Through asset diversification and dynamic portfolio management, we look to ensure risk levels in our real estate strategies are always aligned with each client's needs.

Balancing risk against reward

As a global player, we can tailor our investment approach to the risk tolerance of our clients. Built on the foundation of a global, consistent and repeatable approach, we aim to deliver strong, risk-adjusted returns for our diverse client base.

We believe that risk strategies should be dynamic. An ability to be flexible and to adapt our risk positions according to changing circumstances is key. Our demonstrated ability to invest capital across multiple strategies and throughout the market cycle demonstrates our risk capability.

We are able to diversify across a wide range of commercial and niche sectors, as well as by geographical locations, and we can offer a variety of solutions across the risk spectrum. This helps our clients to achieve a balance between risk and reward.

Key facts

- US\$48.6 billion (CA\$54.9 billion) direct real estate transactions over the last five years*
- In-house, proprietary tools help assess risks
- Scalability and consistency through use of same risk measurement tools globally.

“We believe that the combination of our global market view and stock-picking skills provides the best results for our clients.”

Mike Hannigan,
Head of Real Estate – UK

ESG factors

Responsible real estate investing

By integrating ESG factors into our investment process, we aim to maximize the performance of our real estate assets and minimize exposure to risk.

We are committed to investing on behalf of our clients in a responsible manner. Nowhere is this commitment more visible than in real estate. We believe the opportunities presented by considering ESG factors can deliver positive, long-term results for our clients, while also minimizing risk exposure.

There are a number of geopolitical, technological, social and demographic trends underway in the developed world that can, and do, influence real estate investments – many of these changes fall under the umbrella of ESG considerations. As a result, we fully integrate ESG factors into our investment decision making and governance procedures.

¹ GRESB is recognised globally as the leading independent assessor of the sustainability performance of real estate assets.

² Green Star status is awarded to real estate vehicles that meet GRESB's absolute measure of sustainability performance. This is defined as a score of at least 50% in both the Performance Indicator and Management & Policy elements of the assessment.

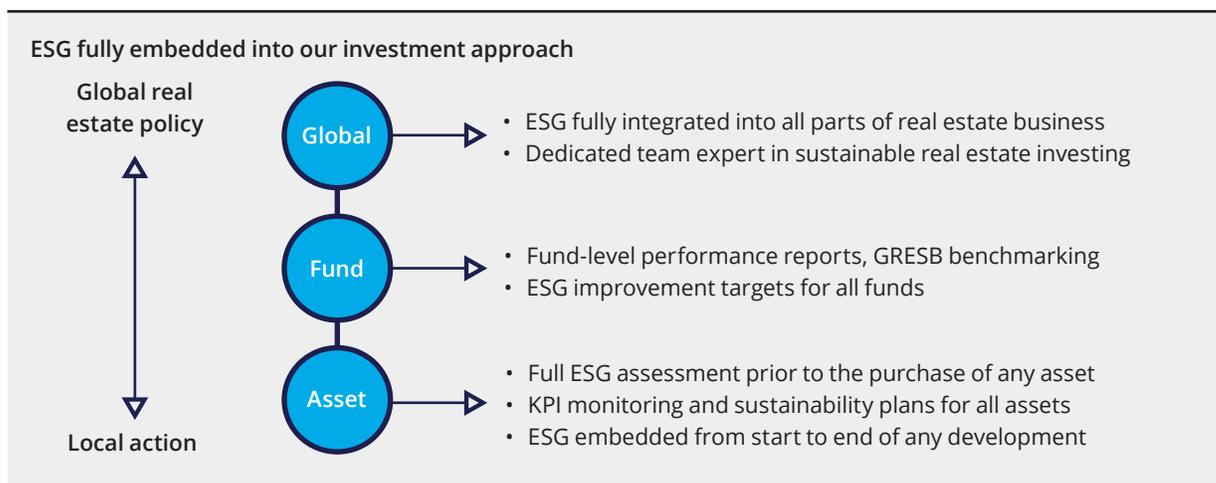
³ Source: GRESB, 2017.

We believe this helps us to maximize the performance of our assets, to generate socio-economic benefits and to reduce exposure to environmental risks. A number of strategic priorities inform our approach.

- **Occupier satisfaction** – health, well-being and productivity
- **Resource scarcity** – material and water efficiency
- **Climate change** – low-carbon generation, energy efficiency and resilience to change
- **Socio-economic benefit** – measuring the positive impact of our investments.

Key facts

- 33 products submitted to GRESB for evaluation in 2018¹
- 21 “green star” ranked products² in the 2017 assessment – more than any other investment company globally³
- Average three-star GRESB ratings, with a number of five-star ratings.



“As a long-term investor, we consider the strategic management of our environmental and social impacts as central to our future success. We aim to embed responsible investment strategies into all aspects of our activities.”

Dan Grandage,
Head of ESG, Real Estate



“We believe that we are able to deliver better outcomes for our clients based on our high-quality research, global and local investment insight, high conviction stock-picking skills and active asset management.”

David Paine and Pertti Vanhanen,
Global Co-Heads of Real Estate



Solutions for clients

A universe of opportunity to meet clients' goals

We provide solutions across the full spectrum of direct and indirect real estate – with a strong track record in innovating strategies to maximize the sector's potential.

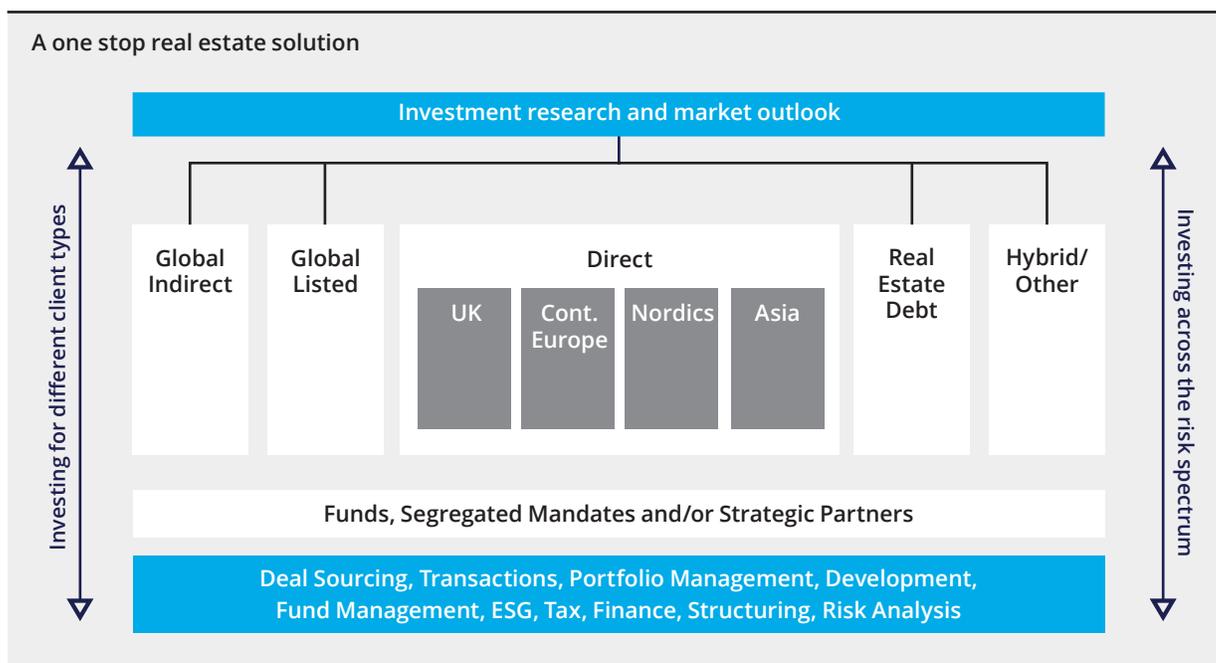
Taking real estate global

Real estate investing is becoming increasingly global as investors look beyond their traditional home market for new opportunities. This appetite to diversify and invest globally is one of the factors that motivate us to create innovative real estate solutions.

We can provide a wide variety of opportunities for investors including direct property (bricks and mortar), indirect property (shares and bonds), real estate lending and multi-manager. Thanks to this broad expertise, we can offer a range of strategies to meet our clients' goals and to address differing market conditions.

Delivering new thinking

We are long-term innovators in real estate, developing new strategies and products to meet investor demand. We launched the first UK long income real estate product and the first global hybrid product (investing in both direct and listed real estate on a global basis). We have also provided investment solutions across private asset classes.



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