

Aberdeen UK Active Property Fund PLC



Key facts

Suitability: Participation in Aberdeen UK Active Property Fund PLC ("the Fund") is limited to sophisticated investors seeking diversified exposure to the UK property market. These include pension funds, charities, insurance companies, wealthy private individuals and other corporate and institutional investors.

Investment objective: To outperform the IPD Universe benchmark by 1% per annum, over rolling three year periods, whilst aiming to provide an income of around 5% per annum.

Investment philosophy: To utilise a team approach that integrates our strong research capabilities and to add value at each stage of the investment management process.

Fund management expertise: The Fund Manager is Rod Ross, who has over 15 years of fund management expertise. He is supported by Aberdeen Property Investors' (API) investment experience and a market-leading research team.

Liquidity: The Fund is listed on the Irish Stock Exchange. Prices can be found on www.ise.ie. The Fund has monthly dealing and a secondary market facility is available. Redemptions are currently suspended until June 2010. While the Fund borrowing is within the Bank LTV limit it remains in breach of the prospectus borrowing limit.

Tax structure: The Fund is structured as an open-ended investment company with variable capital (ICVC), and is authorised by the Irish Financial Services Regulatory Authority.

Fund Director's comment

The Fund return for the quarter to December 2009 was 11.2% compared with the IPD Pooled Property Fund Index (gearing) return of 10.4%.

The IPD monthly universe which records ungeared returns, shows the Fund return, at property level, over the same period to be 5.7% compared with the index return of 8.7%. The index figure reflects the largest monthly capital growth in IPD's history at 3% for the month of December. On an annualised basis the Fund return for the year to December 2009 is -0.9% compared with the monthly index return of 1.1%. The strong yield compression in the index reflects the demand for prime property with long income. The Fund has now had four monthly uplifts in valuation since September 2009 with the result that the banking covenants at the end of the year reflected an LTV of 60.26% compared with a covenant of 75% and interest cover of 2.34 over the 12 months to December 2009 compared with a covenant of 1.20.

Over the period from August to December 2009 the NAV has increased by 12.76%. The income return, at portfolio level over the 12 months to December 2009 was 9.4% compared with the IPD benchmark of 7.9%. As at December the current income yield at property level is still an attractive 8.5%.

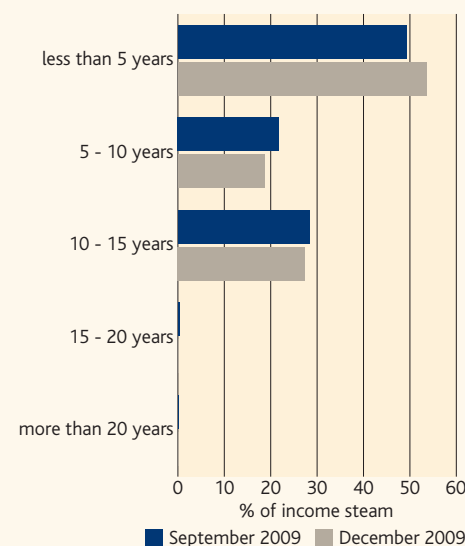
We continue to work on letting the void accommodation and extending income where possible. Over the quarter we concluded a letting of an office suite in Cardiff and the building is now fully let again. We also extended leases with existing tenants at the office in Inverness.

Amortisation of the loan continued over the quarter and there was a distribution of £0.00129 per unit. The distribution during 2009 has been low at 1.7%. Without amortisation the distribution would have been 7.7%. The Board are aware of the importance of distribution to the investors and this is taken into account when pursuing the initiatives for the Fund which are detailed below.

Although the suspension of redemptions remains under review and will be lifted as soon as possible the Board, as a protective measure, have renewed the suspension for a further six month period until June 2010. On the lifting of the suspension any redemptions that have not been withdrawn will immediately vest. While we have received renewed commitment from the majority of shareholders, a small number of redemptions remain in place. We are contacting these redeeming shareholders to ensure that, given the current position of the Fund, they still wish to redeem.

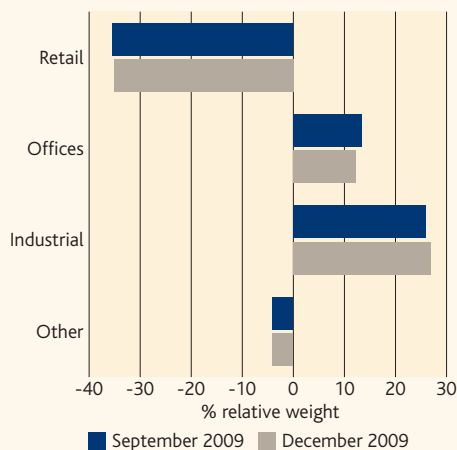
We reported previously that we are working on a number of initiatives to increase the size of the fund, to retain longer term liquidity and to establish a comprehensive distribution network to attract new investment. Detailed discussions are ongoing in respect of all three initiatives and we hope to be in a position to report to shareholders shortly.

Lease expiry profile



Income with less than five years remaining has increased slightly and we continue to work to extend the income where possible.

Sector weightings by value relative to IPD



There has been no significant change to the sector weightings over the quarter. The overweight position in industrials and offices contributed to the above average total income return for the quarter of 2.2% compared with the index of 1.9%.

Further information

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All sources (unless indicated): Aberdeen Property Investors UK Ltd.

Aberdeen UK Active Property Fund PLC

Fund details as at 31 December 2009

Launch date	28 February 2005
Gross	£67,976,184
Cash	£571,495
Uncommitted cash	–
Maximum gearing	75% (currently 60.26%, long-term aim 30%)
Number of properties	28
Unit NAV	0.43840
Legal entity	Dublin ICVC
Annual management fee	Capped at 1.25%

Market outlook

John Danes is API's Head of UK Research and Investment Strategy.



The recovery in the UK property market is now gathering pace. Capital values rose by 3% in December 2009, the strongest performance in the history of the IPD monthly Index, which dates back to 1987. Overseas investors have been the biggest net purchasers of UK property, with net investment of £7.3 billion over the past year, attracted by the fact that the UK market has been one of the fastest markets internationally to correct, and offers some of the strongest return prospects in Europe. The depreciation of sterling over the past year has also made UK property substantially cheaper in foreign currency terms. The pace of UK rental decline has continued to slow, from over 12% at the beginning of this year to less than 5% currently.

Total returns for 2009 are estimated to be approximately 2%. A particularly sharp uplift in capital values, of approximately 7%, is expected in the final quarter of the year. 2010 is projected to be a very strong year for performance, as yields continue to fall sharply in the first half of the year, despite rents continuing to fall.

Strong investment demand from UK institutions, overseas investors, REITs and property companies is expected to continue rising over the next few months, leading to increasingly competitive bidding, which will drive up capital values further. UK property looks very attractive, relative to other asset classes, from a yield perspective. Property's yield premium over low risk asset classes, such as nominal government bonds, index-linked government bonds and cash, has remained at a very high level. In addition, property's yield premium over equities, and corporate bond yields in particular, has increased, as the yields on these assets have fallen over the past year. In addition, the attractions of the property market to long-term investors have increased, as property is viewed as a good inflation hedge, in an environment where unprecedented liquidity injections are perceived to pose a risk to price stability.

A five year annualised 'All Property' total return of 9% is forecast, based on pricing at the end of December 2009. The majority of this (approximately 7%) will be delivered by income return, with the remainder coming from some strong capital returns over the next year, and rental growth at the back end of the forecast period.

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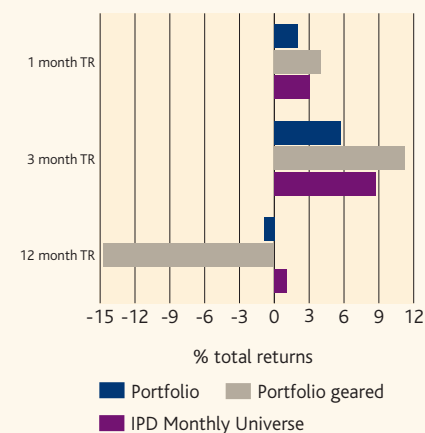
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The value of investments and any income from them may go down as well as up; they can be affected by exchange rate movements between currencies and it is possible that investors may not get back the full amount invested. Physical property assets are illiquid in nature and, under adverse market conditions, the sale of such assets may take a considerable time. Delays in selling underlying assets may lead to similarly lengthy constraints being placed on the sale of shares by investors in a fund. Past performance is no guarantee of future performance. No part of this document may be copied or duplicated in any form or by any means or redistributed without the written consent of Aberdeen Property Investors. © 2010 Aberdeen Property Investors. All rights reserved.

UK INVESTOR INFORMATION

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Performance to December 2009



Note: Fund is geared, IPD monthly index is ungeared. The benchmark is IPD Monthly Universe, which includes transactions and development.

The portfolio at property level has under performed the benchmark over the quarter due to the yield compression for prime property. The geared portfolio has outperformed the geared index by 80 basis points.

Aberdeen Property Investors in brief

Aberdeen Property Investors is the dedicated property investment division of Aberdeen Asset Management PLC, a global investment management group listed on the London Stock Exchange, which manages €161.8 billion^A of assets in equities, fixed income and property.

Aberdeen Property Investors manages some €25 billion^A of property assets in Europe, Asia and North America through property funds and separate account mandates.

Clients are solely third party clients and primarily institutional investors. They are served by some 600 people at offices in 13 European countries, and in Singapore.

We provide domestic and international investment exposure to property by offering a wide range of investment products and services. These are all supported by rigorous investment processes, independent inhouse research and local active management.

www.aberdeenpropertyinvestors.com

^A 31 December 2009

