



REAL ESTATE OPPORTUNITIES

The Case for Scotland

**Islamic Real Estate Finance
A Two Phased Approach**

6th-7th of November 2007 – The Royal Horseguards, London



CBRE
CB RICHARD ELLIS

Douglas Smith

Chairman Scotland, CB Richard Ellis



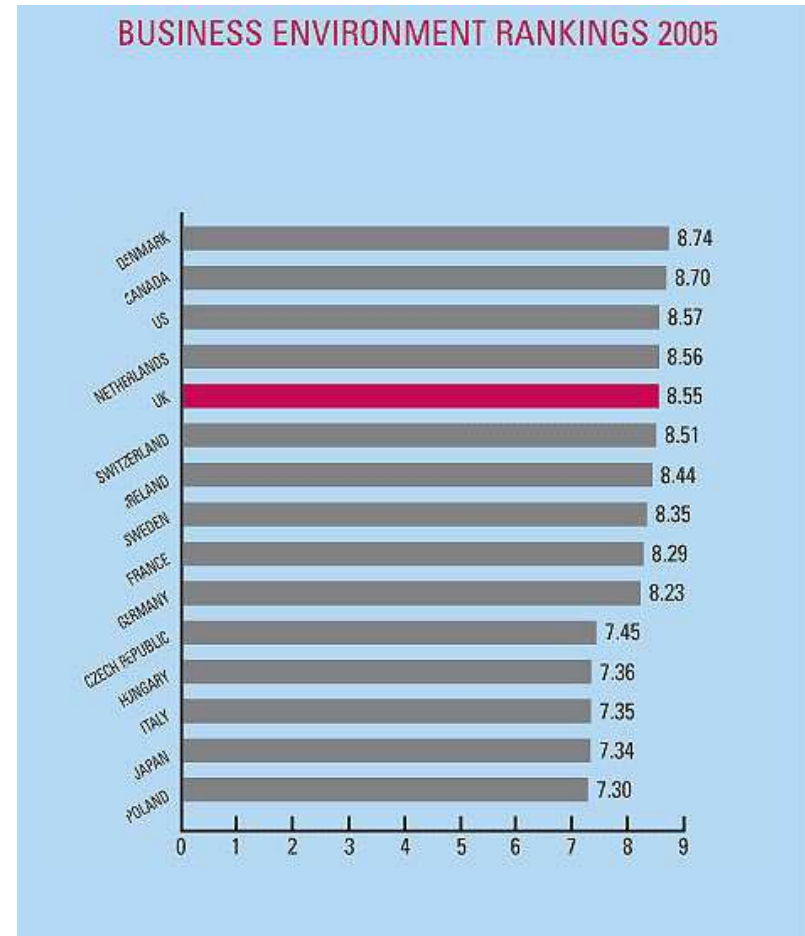
The Country and its Economy

Scotland in Europe



Scotland's Competitive Advantage – Business Case

- The UK holds fifth position in the Economist Intelligence Unit (EIU) world ranking, third in Europe and scores well across a range of business categories.
- Scotland named as “European Region of the Future” in 2004/05 and 2006/07 (Financial Times – fDi magazine)
- Beat seven other UK regions and a number of European locations, including Saxony and Hungary



Top 10 Companies in Scotland



A map of Scotland is shown in the background, with various company logos overlaid on it. The logos are arranged in a grid-like fashion across the map. The logos include:

- AEGON**: A blue square logo with the word "AEGON" in white.
- SCOTTISH WIDOWS**: A logo with a red wavy line above the text "SCOTTISH WIDOWS" and "preparation is everything" below it.
- RBS**: A blue square logo with a white sunburst icon and the text "RBS" and "The Royal Bank of Scotland" below it.
- Abbey**: A red square logo with a white flame icon and the word "Abbey" in white.
- STANDARD LIFE**: A white square logo with a blue and yellow geometric design and the text "STANDARD LIFE" in blue.
- HBOS plc**: A blue logo with a white geometric design and the text "HBOS plc" in blue.
- TALISMAN ENERGY**: A dark blue rectangular logo with the text "TALISMAN" in white and "ENERGY" in smaller white letters below it.
- Scottish and Southern Energy**: A logo with a green and blue circular icon and the text "Scottish and Southern Energy" in blue and green.
- ScottishPower**: A purple rectangular logo with the text "ScottishPower" in white and "gas and electricity" in smaller white letters below it.
- S&N**: A blue rectangular logo with the text "S&N" in white and a photograph of people grilling food on a boat below it.

Scotland's Key Cities

Key Cities

Population

■ Edinburgh	-	444,910
■ Glasgow	-	598,840
■ Aberdeen	-	218,350
■ Dundee	-	152,200
■ Inverness	-	55,000
■ Stirling	-	83,060

Source: www.gro-scotland.gov.uk, www.wikipedia.com

Historic Scotland - Edinburgh Castle



Source: Picturesofscotland.org

Modern Scotland – SECC, Glasgow



Source: www.freephoto.com

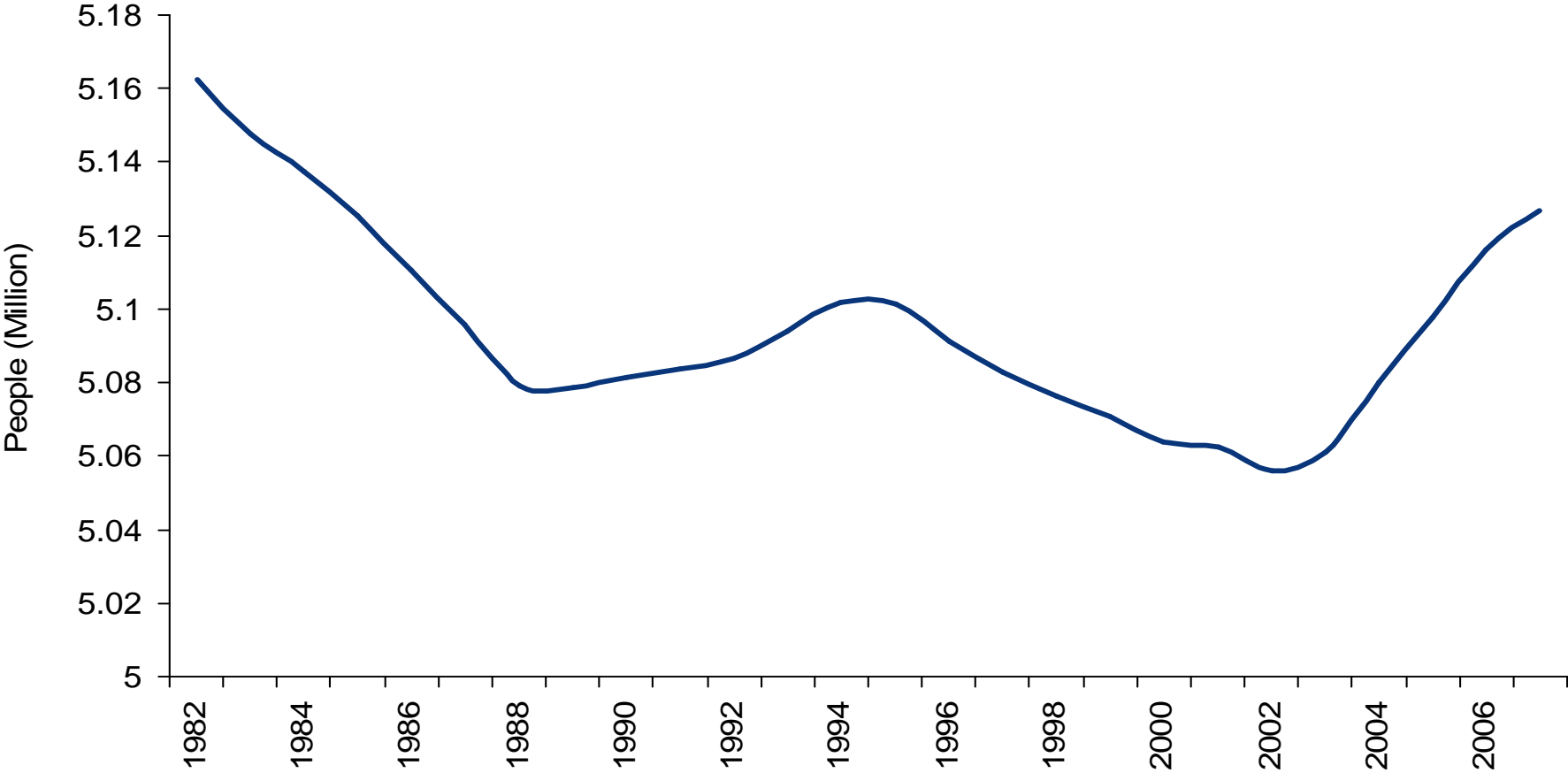
Scotland - Demographics

- Population – 5,092,190 (2006)
- Employment has grown 11.3% in Scotland since 1997
- Number of households in Scotland has increased by up to 23,000 each year since 1991
- One-person households projected to increase by 230,000 by 2024

Source: www.gro-scotland.gov.uk, www.scotland.gov.uk, www.crippssears.com,
www.gro-scotland.gov.uk

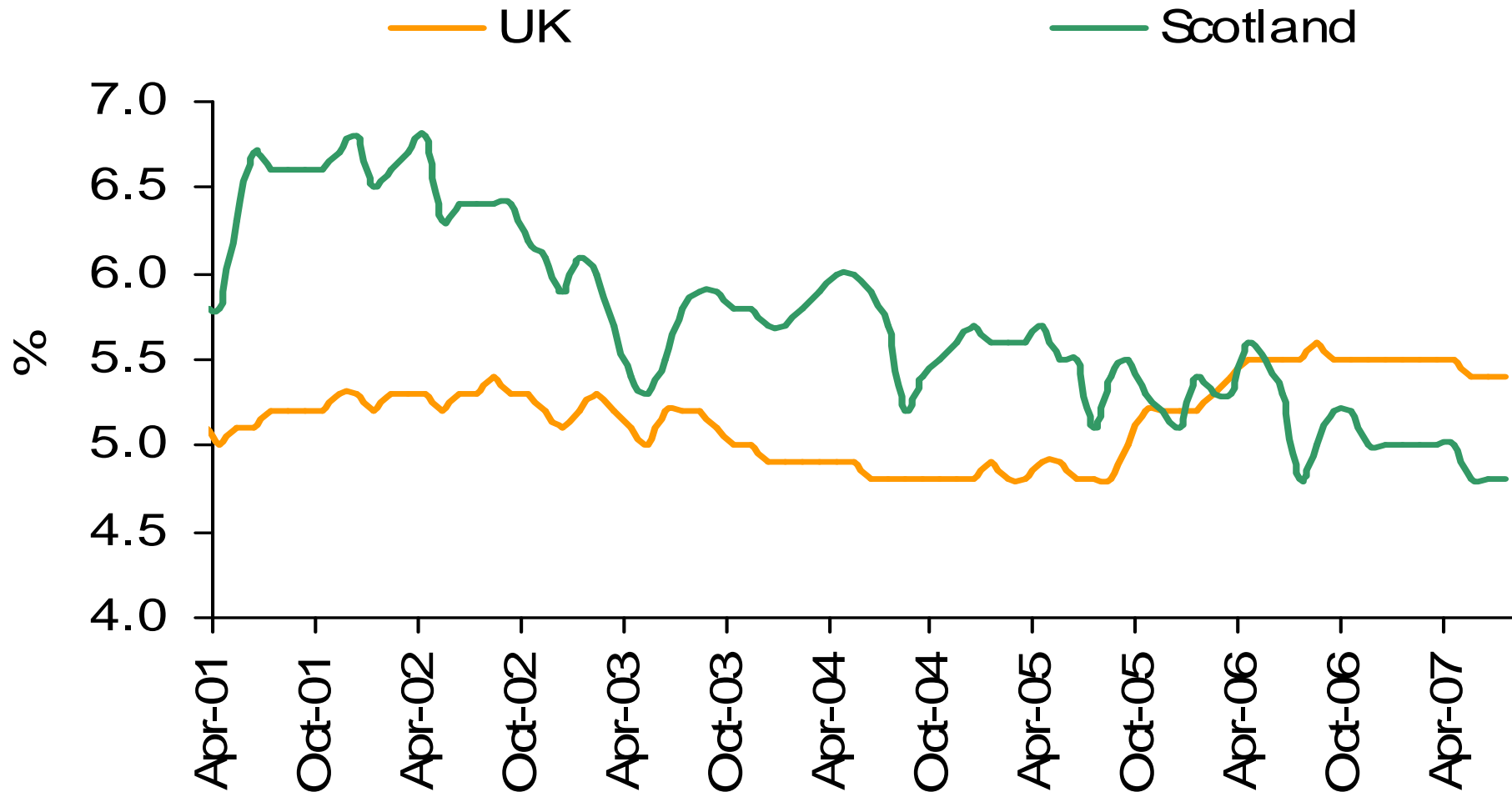
Scotland Total Population

October 2007



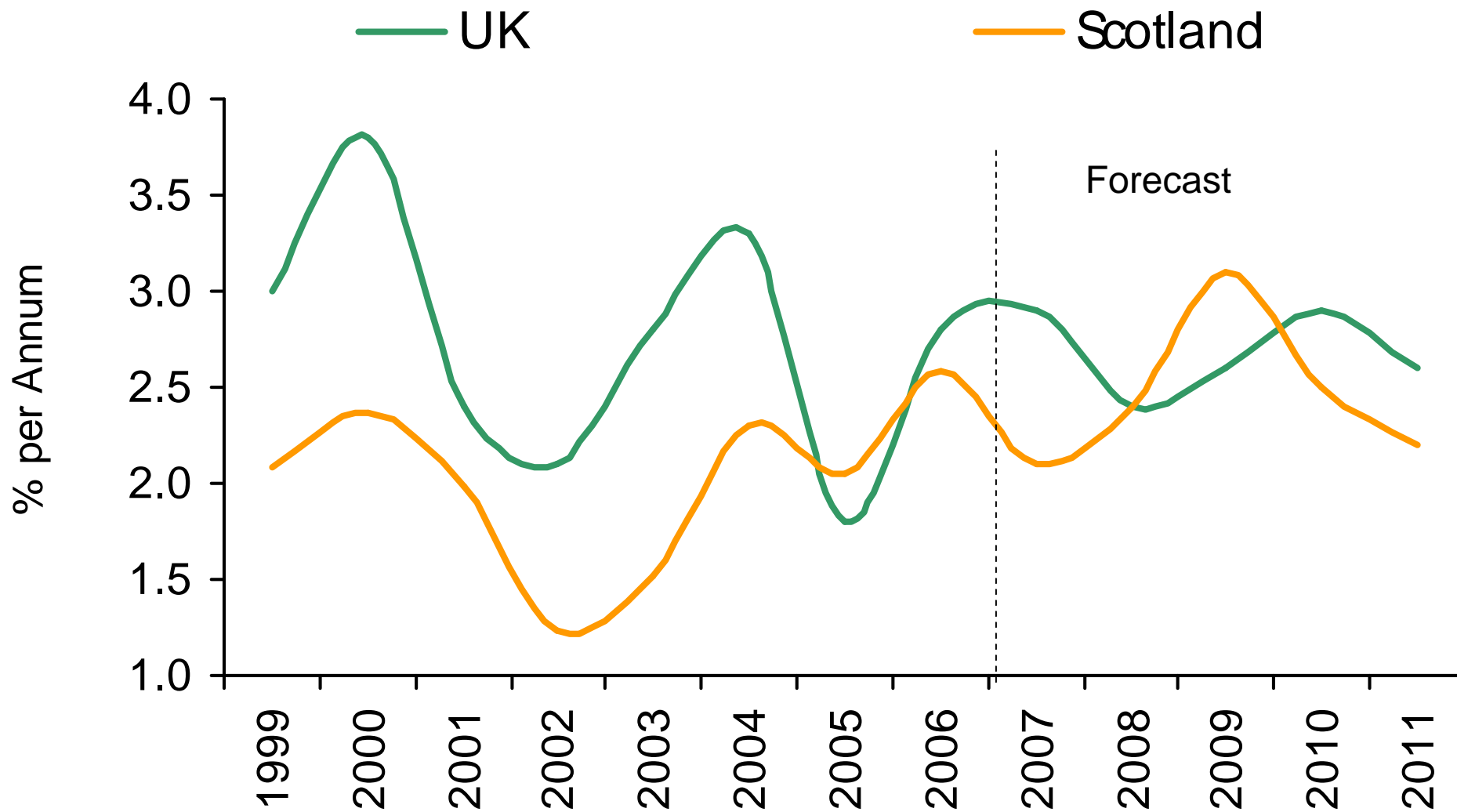
Source : Experian Business Strategies

Unemployment Rate (%)



Source: ONS

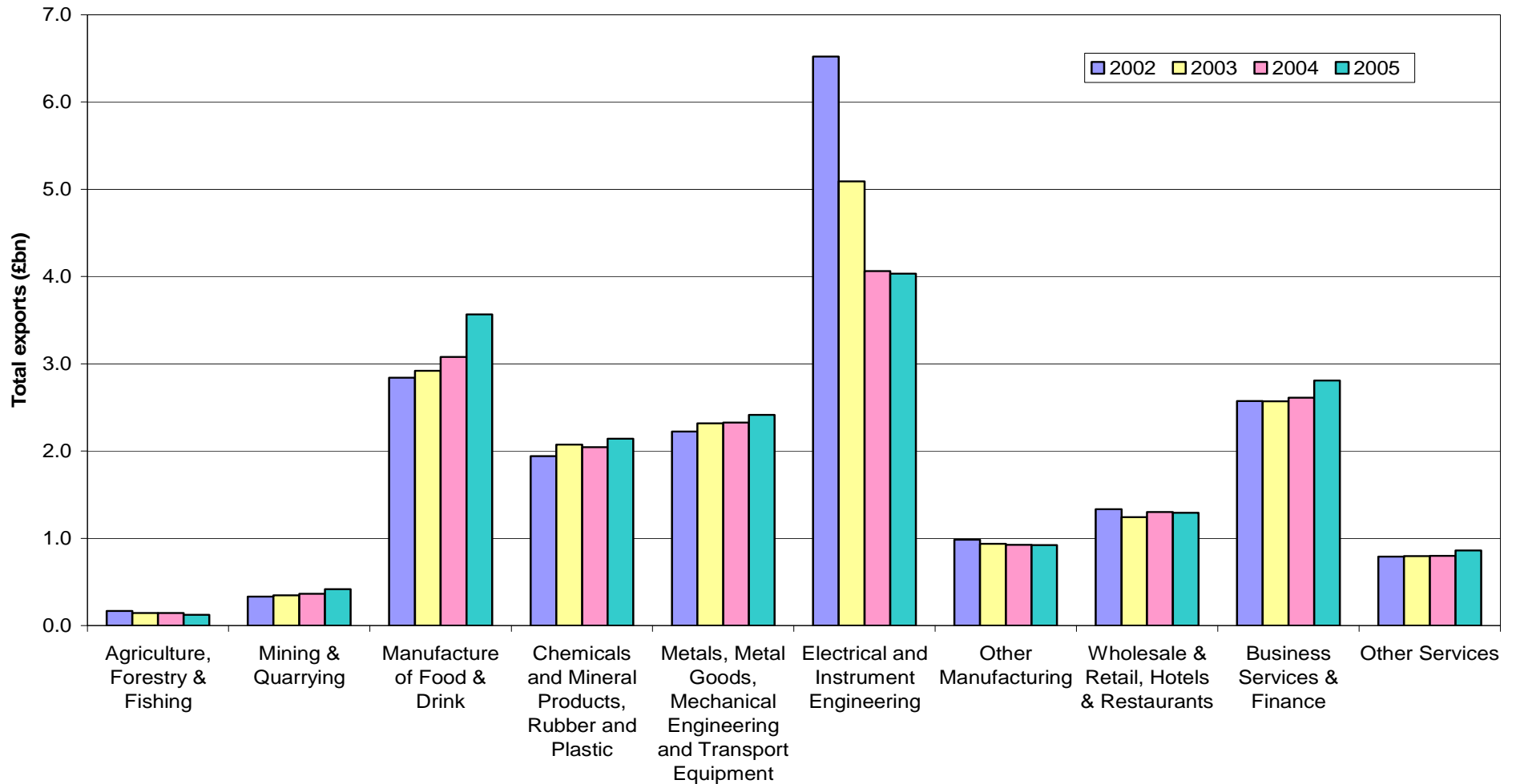
GDP



Source: CBRE, ONS/Scottish Executive

Scotland's International Trade

Scottish exports 2002 - 2005 (£million), by industry

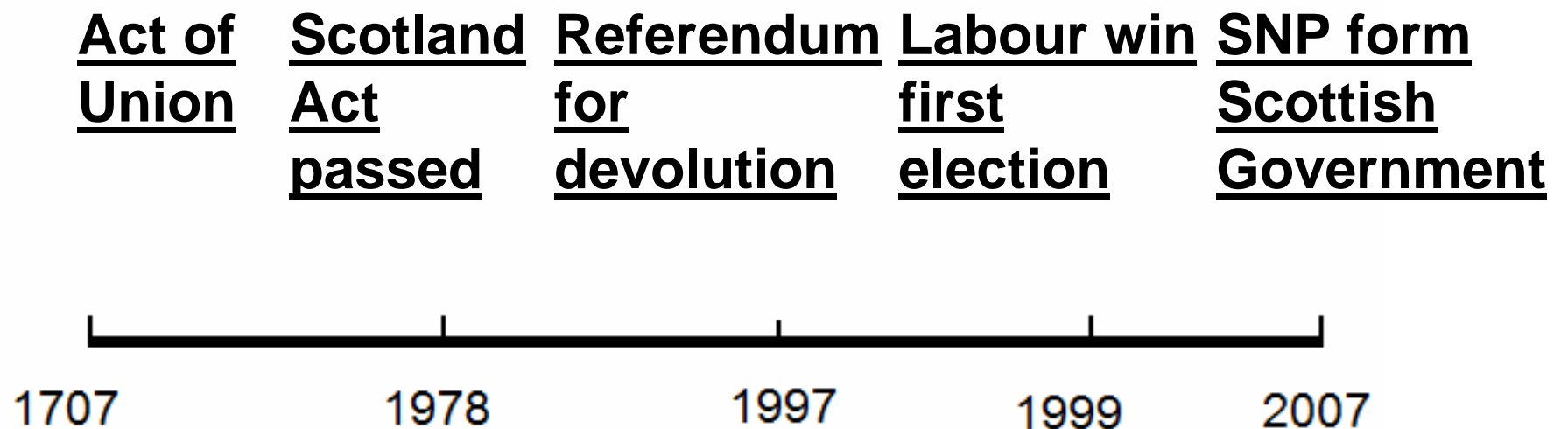


The Scottish Parliament, Edinburgh



Source: www.pbase.com

Devolution



Devolved Matters

- Education
 - Health
 - Justice
 - Home affairs
 - Restricted Fiscal Powers
-
- Reserved matters include transport, defence and economic policy

Key Sectors:

- Aerospace
- Electronics
- Energy
- Financial services
- Life sciences
- Tourism

Scotland's Key Industry Sectors - Energy

- One of the world's best natural resource bases for renewable energies
- Wind and Tidal power 25% of estimated EU capacity
- Wave power 10% of estimated EU capacity
- Scottish waters have largest oil reserves in EU
- Scottish Power, Scottish and Southern Energy, British Energy, BP, Shell, Talisman, Conoco, Marathon

Sources: www.sdi.co.uk, www.wikipedia.com

Scotland's Key Industry Sectors – Financial Services

- Fifth largest financial services sector in Europe
- RBS, HBoS, JP Morgan, Lloyds TSB, Barclays, Clydesdale Bank, Standard Life, Morgan Stanley, Scottish Widows
- Fastest growing sector of Scottish economy
- Generates £5bn of Scotland's GDP
- Royal Bank of Scotland, fifth largest bank in the world, has its global headquarters in Edinburgh

Sources: www.wikipedia.com, www.scotland.gov.uk

Scotland's Key Industry Sectors – Life Sciences

- 600 life science organisations employing around 30,000 staff
- Experts in cancer research, stem cell research, regenerative technology, neuroscience, bioinformatics, diabetes
- Strong research links with Europe, Japan, Korea, USA
- Clusters of excellence in Edinburgh, Glasgow and Dundee

Contemporary Scotland

- Employment structure has changed:
 - heavy industries - ship building and coal mining
 - basic electronic technology
 - modern technology

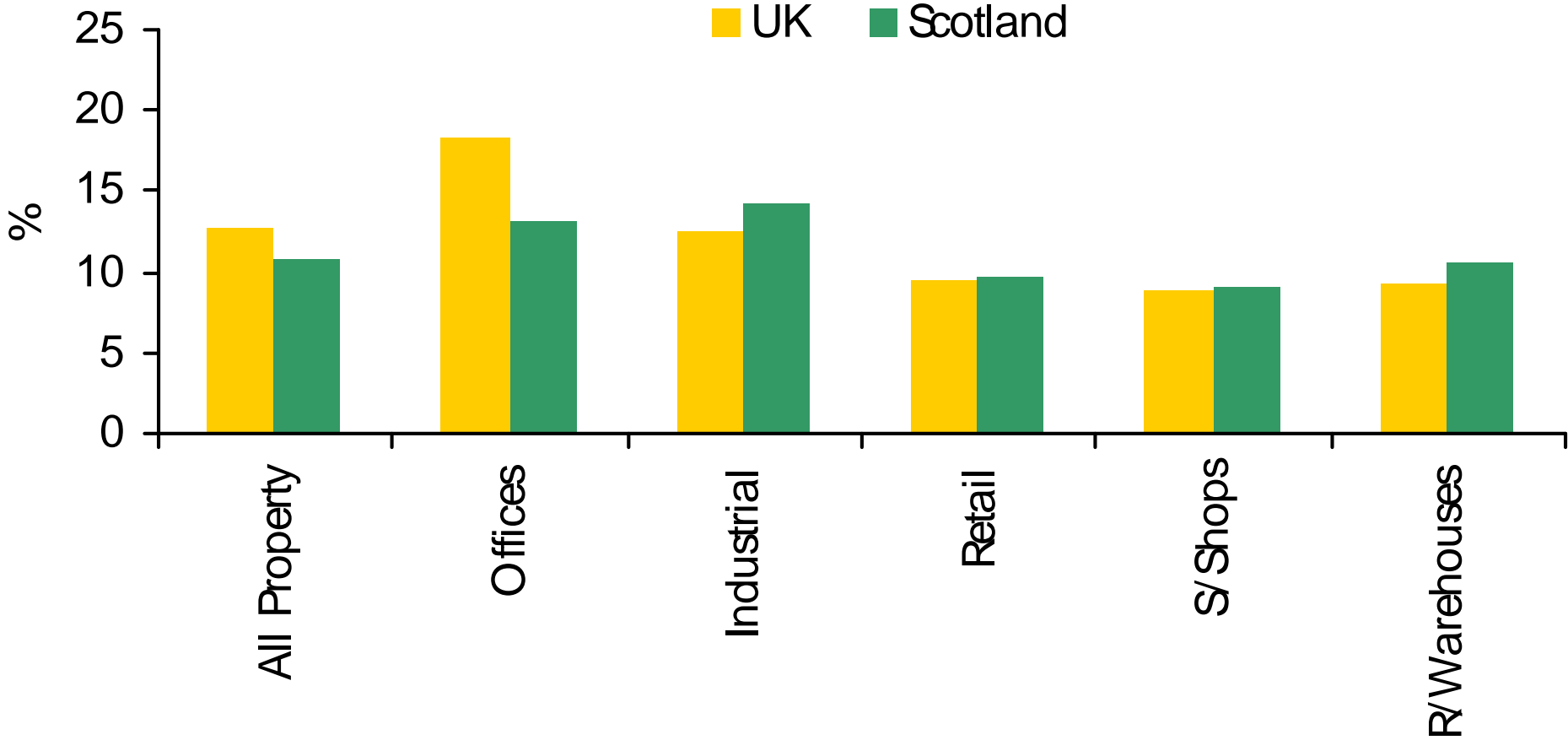
- Glasgow is bidding to host the 2014 Commonwealth Games – potential positive impact on Scottish property market

The Country and its Real Estate Market

Scotland Property Market

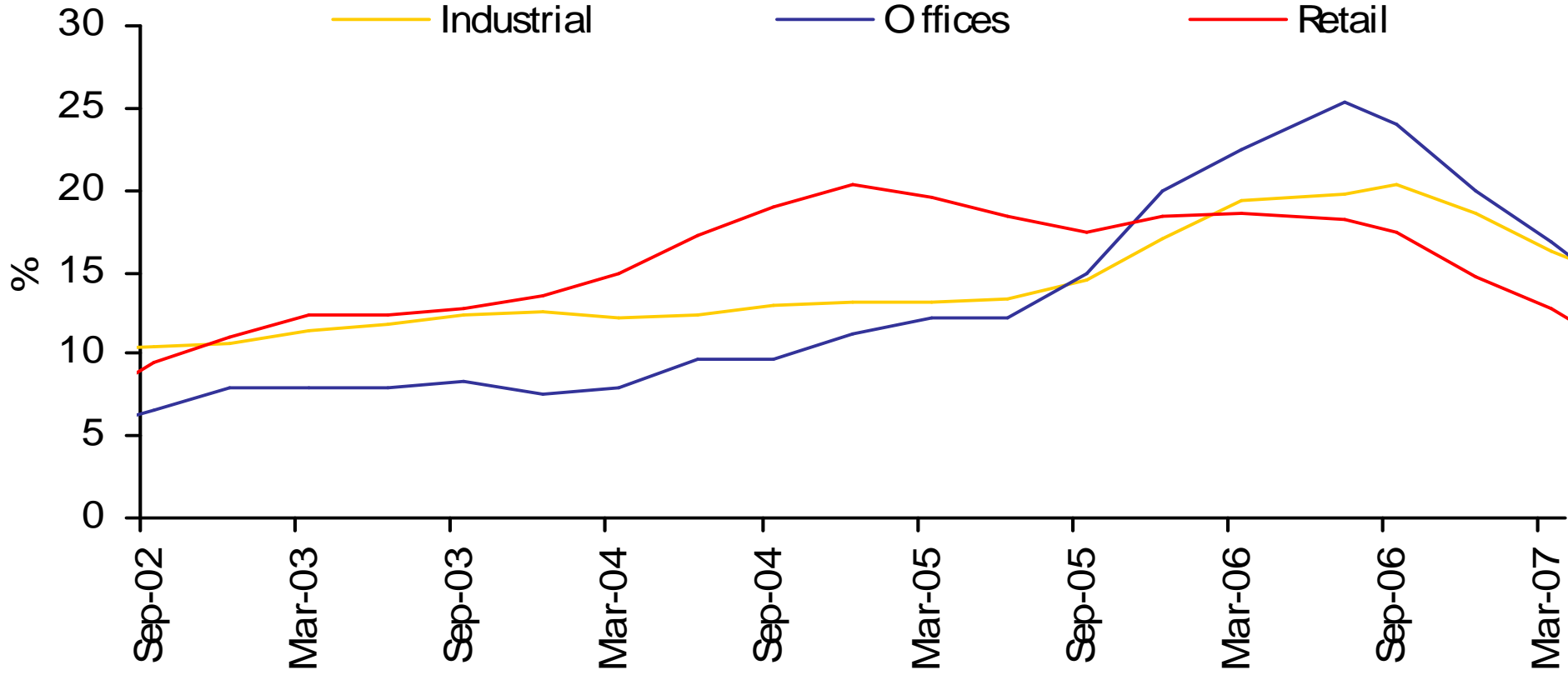
<u>Property Type</u>	<u>Aberdeen Prime Yields</u>	<u>Edinburgh Prime Yields</u>	<u>Glasgow Prime Yields</u>
Offices	5.75%	5.25%	5.25%
High Street Retail	5.0%	4.75%	4.50%
Retail Warehouses (open consent)	4.75%	4.5%	4.5%
Industrial Units	5.75%	5.75%	5.5%

Annual Returns to June 2007



Source: IPD Quarterly Digest

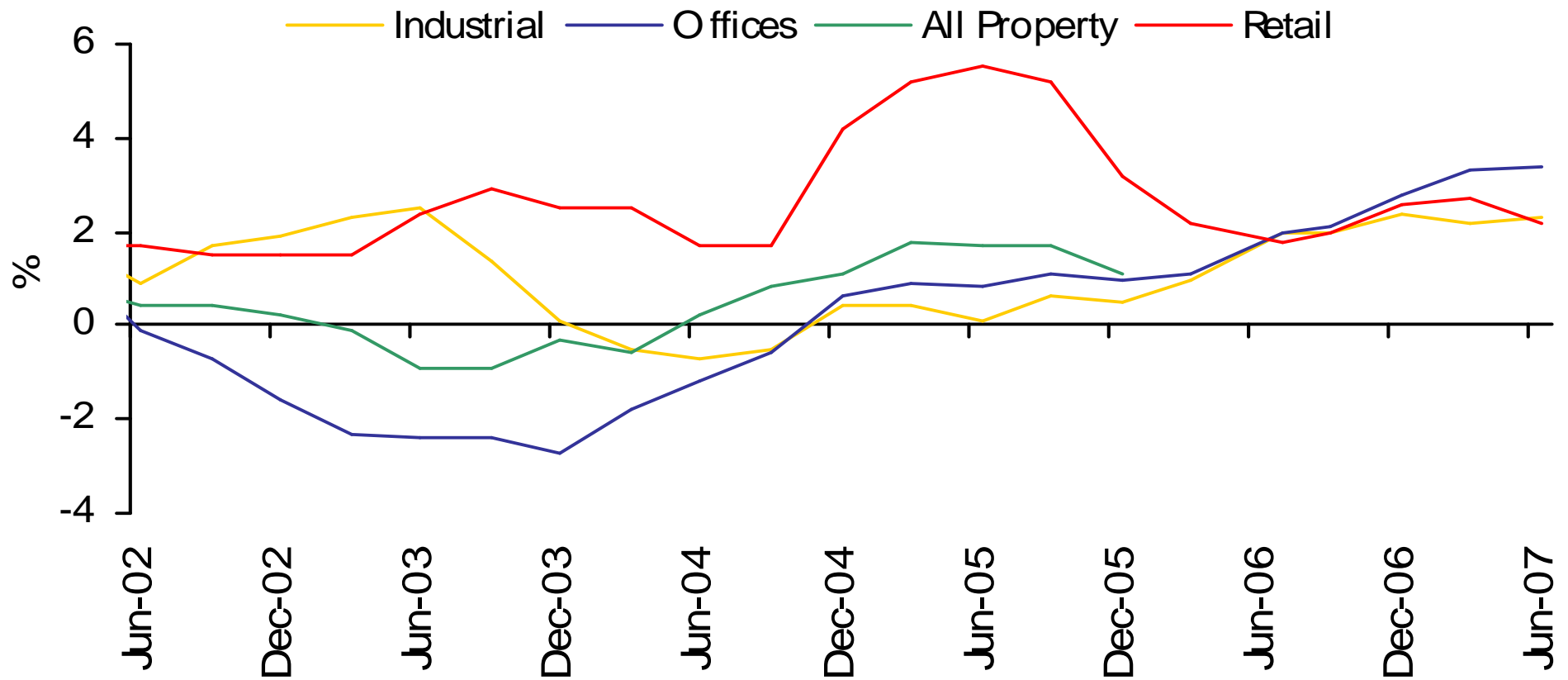
Scottish Annual Total Return



Source: IPD Quarterly Digest



Scottish Annual Rental Growth



Source: IPD Quarterly Digest

Silverburn Shopping Centre, Glasgow



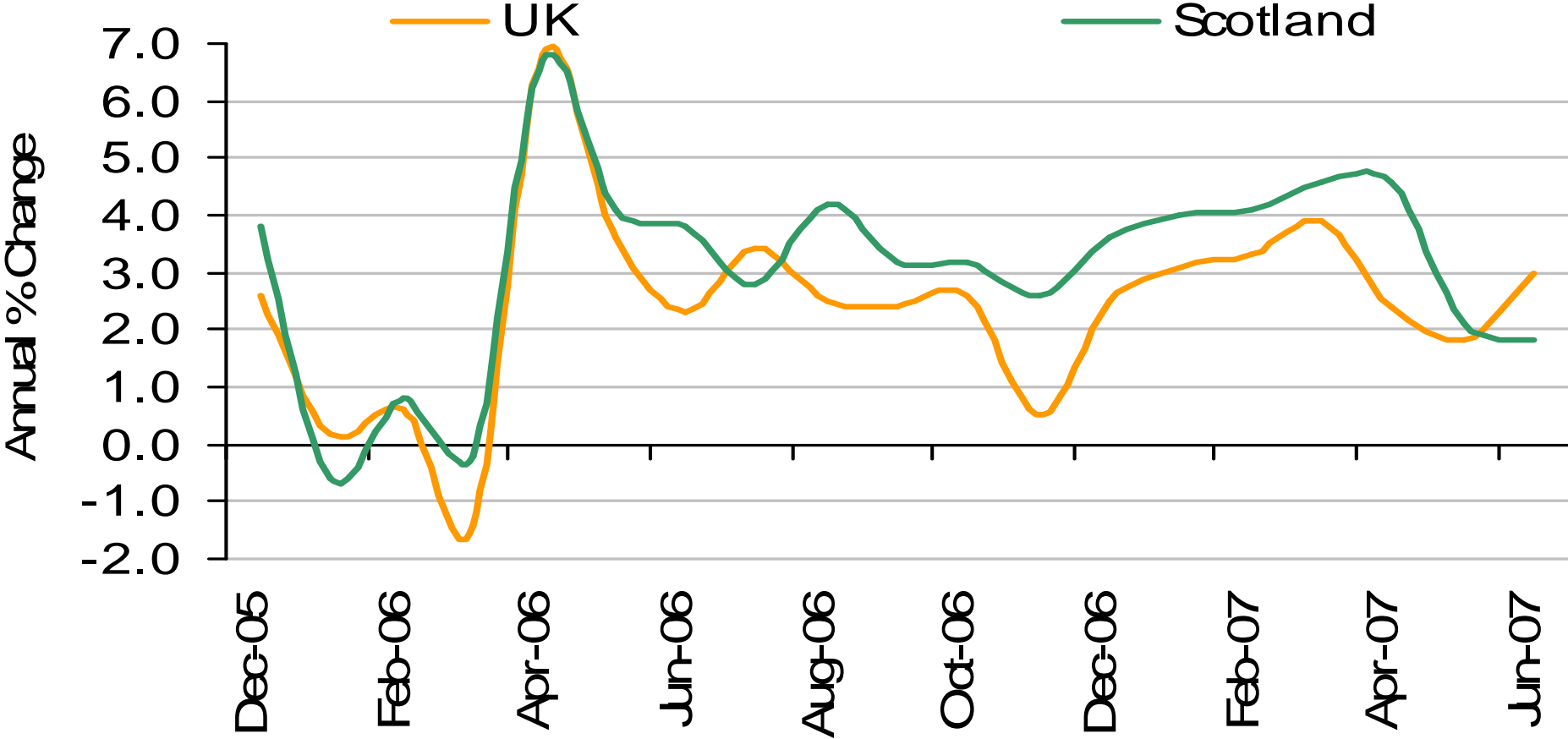
Source: John Mackay

Princes Square, Glasgow



Source: Princes Square Sales Brochure

Retail Sales



Source: Scottish Retail Consortium

Aurora, Glasgow



Source: www.auroraglasgow.com

Quartermile, Edinburgh



Source: www.rettie.co.uk

Conclusion

- Vast renewable energy supplies ensure Scotland's continued importance on a global scale
- Employment growth will have a positive impact on the property market
- Glasgow 2014 Commonwealth Games could encourage significant investment
- Landmark developments like Silverburn and Quartermile enhance reputation of Scotland
- The resources are there to become the next "Celtic Tiger"



CBRE
CB RICHARD ELLIS

CBRE
CB RICHARD ELLIS