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THE UNITED STATES, CANADA, AUSTRALIA, JAPAN, JERSEY OR THE REPUBLIC OF
SOUTH AFRICA

22 July 2008

F&C ASSET MANAGEMENT PLC

Proposed combination of F&C Asset Management's property business and REIT to
create a leading UK-owned property asset manager with £8.5 billion assets under
management

F&C Asset Management plc ("F&C") announces that it has entered into agreement with the owners of REIT to combine F&C's property asset management operations in the UK and Ireland ("F&C Property") and REIT under a new brand, F&C REIT. REIT is a property asset manager which manages an international property portfolio with a value in excess of £3.5 billion, focused on commercial property investments in the UK and Europe. REIT comprises REIT Asset Management, which is owned by Leo Noé and Ivor Smith, and REIT Worldwide, which is owned by discretionary trusts established for the benefit in part of the families of Leo Noé and Ivor Smith (the "Trusts"). Details of the Transaction are as follows:

- F&C's current property asset management operations will be combined with REIT to form F&C REIT Asset Management LLP ("F&C REIT");
- F&C will be the majority owners of F&C REIT with a 70 per cent. interest;
- REIT owners will hold a 30 per cent. ownership interest in the combined business;
- In addition, F&C will pay to the owners of REIT consideration of £25 million cash and £35 million loan notes;
- Subject to F&C REIT meeting certain EBITDA performance targets for the combined business, the ownership interest of the REIT owners may increase up to 40 per cent. over the period to 31 December 2014; and
- Leo Noé will be Executive Chairman of F&C REIT, Nick Criticos of F&C will be Chief Executive and Ivor Smith will be Executive Member.

The key benefits of the Transaction for F&C are:

- Majority ownership of a leading UK-owned property asset manager with assets under management of £8.5 billion;
- Combination of REIT's strong investment track record, entrepreneurial approach and geographic diversity with F&C's strong investment track record, fund management skills and distribution network;
- Significant opportunities to launch new products and synergies from increased scale;

- Clients will benefit from the enhanced product offering of the combined operation, while experiencing continuity of investment process and client servicing from their existing teams and fund managers; and
- Advancing F&C's plan to grow its business through development of a multi-specialist model.

The Board of F&C expects the Transaction to be earnings enhancing for the first full year post completion¹.

Commenting on the Transaction, Alain Grisay, Chief Executive of F&C, said:

'This transaction is consistent with the development of our multi-specialist business model and the strategic direction of our three year plan. It will increase our geographic scope, widen our product range and deepen our expertise in property asset management which is a core long term asset class for our clients. The combination should be significantly value enhancing for our shareholders.'

Leo Noé, Chairman of REIT and proposed Executive Chairman of F&C REIT, said:

'This combination will be transformational for both businesses. Our skills, strengths and mind set complement each other superbly. We see great potential for value creation in the combined organisation from bringing together the two businesses.'

The Transaction is conditional on, inter alia, the approval of F&C's shareholders. Friends Provident and Eureka have irrevocably agreed to vote in favour of the Transaction.

[Fenchurch Advisory Partners](#) is acting as exclusive financial adviser to F&C in relation to the proposed Transaction.

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¹ On an underlying earnings basis (i.e. before amortisation of intangibles and exceptional items). This statement should not be interpreted to mean that the earnings per share of F&C will necessarily be greater than those for the preceding period

A conference call for analysts and Shareholders will be held at 9:45 a.m. today on telephone number +44 (0) 1452 568 051 with pin code 57096285. The slide presentation will be available from 9:00 a.m. today on the investor relations section of F&C's website www.fandc.com.

This summary should be read in conjunction with the full text of the Announcement.

Appendix I contains definitions of certain terms used in this Announcement.

Forward-looking statements

This Announcement may contain 'forward-looking statements' with respect to certain of F&C Asset Management plc's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond F&C's control including among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation and deflation; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which F&C and its affiliates operate. As a result, F&C's actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in F&C's forward-looking statements. F&C undertakes no obligation to update the forward-looking statements contained in this statement or any other forward-looking statements it may make. Nothing in this publication should be considered as a profit forecast.

This Announcement does not constitute, or form part of, any offer or invitation or inducement to sell or issue, or any solicitation of any offer to purchase any shares or other securities in the Company in any jurisdiction, nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever.

The Board of F&C accepts responsibility for the information in this Announcement. To the best of the knowledge and belief of the Board of F&C (who have taken all reasonable care to ensure that such is the case) the information contained in the documents for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

[Fenchurch Advisory Partners](#), which is authorised and regulated by the Financial Services Authority in the UK, is acting for F&C and no one else in connection with the Transaction and will not be responsible to any person other than F&C for providing the protections afforded to clients of [Fenchurch Advisory Partners](#) or for providing advice in relation to the Transaction.

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The Transaction

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- F&C's current property asset management operations will be combined with REIT to form F&C REIT Asset Management LLP ("F&C REIT");
- F&C will be the majority owner of F&C REIT with a 70 per cent. interest;
- REIT owners will hold a 30 per cent. ownership interest in the combined business;
- In addition, F&C will pay the owners of REIT consideration of £25 million cash and £35 million loan notes;
- Subject to F&C REIT meeting certain EBITDA performance targets for the combined business, the ownership interest of the REIT owners may increase up to 40 per cent. over the period to 31 December 2014; and
- Leo Noé will be Executive Chairman of F&C REIT, Nick Criticos of F&C will be Chief Executive and Ivor Smith will be Executive Member.

Background to and reasons for the Transaction

The Board of F&C believes this Transaction is consistent with F&C's stated multi-specialist model and ambition to develop both organically and through selective acquisitions. F&C believes that property as an asset class is an important component of a balanced portfolio and that it can contribute to long term returns for investors. The combination will reinforce and strengthen F&C's presence, whilst providing broader geographic property exposure for F&C's existing clients.

The Board believes that the principal strategic and operational benefits arising from a combination of F&C Property and REIT are:

- Majority ownership of a leading UK-owned property asset manager with assets under management of £8.5 billion;
- Combination of REIT's strong investment track record, entrepreneurial approach and geographic diversity with F&C's strong investment track record, fund management skills and distribution network;
- Significant opportunities to launch new products and synergies from increased scale;
- Clients will benefit from the enhanced product offering of the combined operation, while experiencing continuity of investment process and client servicing from their existing teams and fund managers; and
- Advancing F&C's plan to grow its business through development of a multi-specialist model.

The Board of F&C expects the Transaction to be earnings enhancing for the first full year post Completion².

Information on REIT

REIT was founded in 1997 and now comprises REIT Asset Management and REIT Worldwide. REIT Asset Management manages property investment funds in the UK. REIT Worldwide manages property investments outside the UK. In aggregate the two businesses manage an international commercial property portfolio with a value of £3.5 billion as at 30 June 2008 as follows:

Location	Assets Under Management
United Kingdom	£2.02 billion
Germany	£1.05 billion
Sweden	£0.15 billion
India	£0.01 billion
Rest of Europe	£0.22 billion
Total	£3.45 billion

REIT manages assets for a range of investors who currently include Apollo Real Estate Investors, Royal Bank of Scotland and Aedes Investment Management. The largest client of REIT is Trafalgar Overseas Limited, a company owned and controlled by a discretionary trust established for the benefit in part of the family of Leo Noé. Trafalgar accounted for 56.6 per cent. of current assets under management as at 30 June 2008.

In the year to 31 March 2008, REIT earned in aggregate revenue of £17.8 million and profit before tax of £9.8 million. In addition, cornerstone fees of £10.1 million were paid directly to the Trafalgar group based on returns from investments and in the future such fee entitlement will fall to the benefit of F&C REIT. Furthermore, under new investment management agreements being entered into pursuant to the Transaction, REIT's base management fees would have been £8.5 million higher than they were in the year ended 31 March 2008.

² On an underlying earnings basis (i.e. before amortisation of intangibles and exceptional items). This statement should not be interpreted to mean that the earnings per share of F&C will necessarily be greater than those for the preceding period

REIT Asset Management is wholly owned by founding partners, Leo Noé (75 per cent.) and Ivor Smith (25 per cent.). REIT Worldwide is owned by the Trusts.

REIT had 57 employees in the United Kingdom and overseas as at 31 March 2008.

As key individuals, Leo Noé and Ivor Smith will continue to be involved in the business of F&C REIT following Completion and will be subject to appropriate lock-in and incentivisation arrangements.

Information on F&C Property Asset Management operations

F&C Property manages property investment portfolios on behalf of institutional clients, property trusts and funds. The property division has operations in the United Kingdom, Ireland and Portugal. The property asset management operations of F&C in Portugal will not become part of F&C REIT. As at 31 December 2007, F&C Property had assets under management of £5.0 billion (excluding Portugal) as follows:

Location	Assets Under Management
United Kingdom	£4.2 billion
Ireland	£0.8 billion
Total	£5.0 billion

In the year to 31 December 2007, F&C Property revenues were £23.4 million (excluding Portugal). F&C Property had 81 employees in the United Kingdom and Ireland as at 30 June 2008.

Financial effects of the Transaction

The Board expects the Transaction to be earnings enhancing for F&C for the first full year post Completion³. The Board also believes that the Transaction will lead to attractive synergies.

Corporate governance arrangements

F&C REIT will be managed through an LLP Board and Executive Committee. On Completion the LLP Board will comprise the following:

Executive Chairman	Leo Noé
Chief Executive	Nick Criticos
Executive Member	Ivor Smith
Non-Executive	Alain Grisay (F&C)
Non-Executive	David Logan (F&C)

Nick Criticos is currently Head of UK Retail & Investment Trusts and Marketing, at F&C and a member of the F&C Executive and Management Committees. On Completion of the Transaction, Nick Criticos will become Chief Executive of F&C REIT. Responsibility for running and the day-to-day management of F&C REIT will be delegated to the Executive Committee which will comprise:

³ On an underlying earnings basis (i.e. before amortisation of intangibles and exceptional items). This statement should not be interpreted to mean that the earnings per share of F&C will necessarily be greater than those for the preceding period.

Executive Chairman	Leo Noé
Chief Executive	Nick Criticos
Executive Member	Ivor Smith
Managing Director	Paul Herrington (F&C)
Managing Director	Kevin McGrath (REIT)

Further details of the Transaction

On Completion, F&C will be the majority owner of F&C REIT with a 70 per cent. interest and Leo Noé, Ivor Smith and the Trusts will hold the remaining 30 per cent.

F&C will finance the £25 million cash consideration out of existing cash resources.

The membership interests of Leo Noé and Ivor Smith and the Trusts will increase to 40 per cent. of F&C REIT in the event that F&C REIT achieves EBITDA of not less than £45 million in three of the financial years ending on or before 31 December 2014.

Where certain EBITDA targets are met in any financial year ending on or before 31 December 2013, the REIT owners may be entitled to receive an uplift in their profit allocation for that year.

Where there is a change of control of F&C after the first three years from Completion or a second change of control within the first three years from Completion, then either (i) the arrangements for voting at Members' meetings are changed with the effect that all board decisions must be unanimous, or (ii) F&C must offer to sell its interests to the other members at a price determined by an independent valuer, taking into account agreed valuation principals.

The LLP agreement includes the following arrangements pursuant to which Leo Noé, Ivor Smith and the Trusts, can obtain liquidity in the future for their membership interests. The REIT owners each have the right to require F&C to acquire all or part of their membership interests at a valuation determined by an independent valuer subject to an overall cap on F&C's liability of £100 million. Leo Noé's option is exercisable after the seventh anniversary of Completion, and Ivor Smith's option is exercisable after the third anniversary of Completion. Consideration payable to Ivor Smith by F&C is to be capped at £60 million and subject to a minimum of £15 million. Following the third anniversary of Completion, Leo Noé and certain of the Trusts are able to require the listing or quotation of F&C REIT. Leo Noé and certain of the Trusts may also under certain circumstances dispose of their membership interests to a third party from seven years after Completion.

Trafalgar Overseas Limited, which is the largest client of REIT accounting for 56.6% per cent. of assets under management as at 30 June 2008, has entered into an agreement whereby, for the five years following Completion, it will provide a minimum annual base management fee of £14 million per annum and grant geographic exclusivity over Trafalgar invested property assets (excluding Israel). The agreement can be terminated in certain circumstances including underperformance of a significant proportion of the assets under management.

Irrevocable undertakings

The Transaction is conditional on F&C shareholder approval. Friends Provident, which owns 52.2 per cent. of F&C, and Eureko, which owns 10.3 per cent. of F&C, have given irrevocable commitments to vote in favour of the Transaction.

Conditions

The Transaction is subject to the satisfaction of, inter alia, the following conditions:

- Approval by F&C Shareholders at an Extraordinary General Meeting, notice of which will be included in a Circular to be sent to F&C shareholders in due course;
- Regulatory approvals, including the approval of the Financial Services Authority; and
- Any necessary competition law notifications or clearances being made or obtained in Germany.

Timetable

The Class 1 Circular and notice of meeting to approve the Transaction is expected to be sent to shareholders in the next four weeks. The Extraordinary General Meeting to approve the Transaction is expected to be held in August with Completion due in September 2008.

[Fenchurch Advisory Partners](#) is acting as exclusive financial adviser to F&C in relation to the proposed Transaction.

Enquiries:

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This Announcement does not constitute, or form part of, any offer or invitation or inducement to sell or issue, or any solicitation of any offer to purchase any shares or other securities in the Company in any jurisdiction, nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever.

The Board of F&C accepts responsibility for the information in this Announcement. To the best of the knowledge and belief of the Board of F&C (who have taken all reasonable care to ensure that such is the case) the information contained in the documents for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

[Fenchurch Advisory Partners](#), which is authorised and regulated by the Financial Services Authority in the UK, is acting for F&C and no one else in connection with the Transaction and will not be responsible to any person other than F&C for providing the protections afforded to clients of [Fenchurch Advisory Partners](#) or for providing advice in relation to the Transaction.

NOTE TO EDITORS

F&C Asset Management

F&C is a London Stock Exchange listed pan-European asset manager and a constituent of the FTSE Mid 250 Index. F&C manages in excess of £100 billion of assets for a diverse range of institutional, insurance and retail clients. The group has offices in ten countries. It has a major presence in the UK retail market with strength in corporate bonds, UK and European equities, multi-manager and ethical funds.

F&C was formed in 2004 as a result of the merger between ISIS Asset Management and the F&C Group. It has a rich brand heritage, tracing its origins back to the launch of the Foreign & Colonial Investment Trust, the first ever investment trust, in 1868. Foreign & Colonial Investment Trust, which is currently celebrating its 140-year anniversary, remains a client of F&C today.

A new management team, led by Alain Grisay as Chief Executive and David Logan as Chief Financial Officer, was installed in 2006. Management strengthened a number of investment teams and accelerated the development of a multi-specialist / multi-boutique investment model where teams have greater ownership over their products and investment processes whilst leveraging a single infrastructure and distribution platform.

In 2007 F&C's Board and major shareholders approved a 3-year plan, aimed at generating significant earnings growth from new, diverse revenue streams in higher margin product areas such as retail/wholesale investments and specialist mandates. The plan involved a step up in investment in the business during 2007, through people, products and infrastructure with the goal of generating significant shareholder value by end of 2009.

2007 saw good progress in executing the first phase of the 3-year plan, with a record year for F&C's UK retail business, a significant number of new product launches, additional hires to the investment and distribution teams, the consolidation of F&C's operations in-house and the implementation of new Decision, Risk and Dealing systems. Strong investment performance was validated by a 119 per cent. increase in performance fees, to record levels of the business. F&C beat consensus earnings estimates for 2007 with underlying Earnings Per Share of 10.4 pence.

Sustaining strong investment performance remains a top priority while increasingly F&C is focused on distribution during 2008.

REIT

REIT is a specialist investment, finance and asset management partnership with a global portfolio of properties valued at over £3.5 billion.

The company's wider management expertise includes providing in-house teams and third party owners with strategic advice, as well as implementation and performance monitoring on commercial, retail and industrial property issues. It has offices in London, Mumbai, Munich, Stockholm and Istanbul and assets under management in the UK, Europe and India.

Appendix I: Definitions

“Board”	The Board of Directors of F&C
“Completion”	Completion of the combination of F&C Property and REIT by F&C
“EBITDA”	Earnings before tax, interest, depreciation and amortisation
“Eureko”	Eureko B.V.
“Extraordinary General Meeting”	The extraordinary general meeting of F&C to be convened in relation to this Transaction
“F&C” or “Company”	F&C Asset Management plc
“F&C Group” or “Group”	The Company and its subsidiaries
“F&C Property”	F&C Property Asset Management Plc, a wholly owned subsidiary of F&C and, where the context so permits, the property asset management business of F&C carried on in the Republic of Ireland
“F&C REIT”	FRR Asset Management LLP, to be renamed after Completion F&C REIT Asset Management LLP, and where relevant its subsidiary undertakings
“Fenchurch Advisory Partners”	Fenchurch Advisory Partners Limited
“Friends Provident”	Friends Provident plc, the majority shareholder of F&C
“LLP Board”	The board of the F&C REIT
“REIT”	REIT Asset Management, together with REIT Worldwide
“REIT Asset Management”	REIT Asset Management, a partnership established in England and Wales
“REIT Worldwide”	REIT Worldwide Limited, a company incorporated in Gibraltar and certain other companies and partnerships owned by the Trusts
“Trafalgar”	Trafalgar Overseas Limited
“Transaction”	The acquisition by the Company of a 70 per cent. interest in F&C REIT, the contribution by the Company to F&C REIT of F&C Property, the payment of £25 million cash and £35 million loan notes, and the acquisition by F&C REIT of the business of REIT
“Trusts”	Discretionary trusts established in part for the benefit of the families of Leo Noé and Ivor Smith, namely, Pisa Trust, Helen Trust and Sorrento Trust, all of which are established in Gibraltar