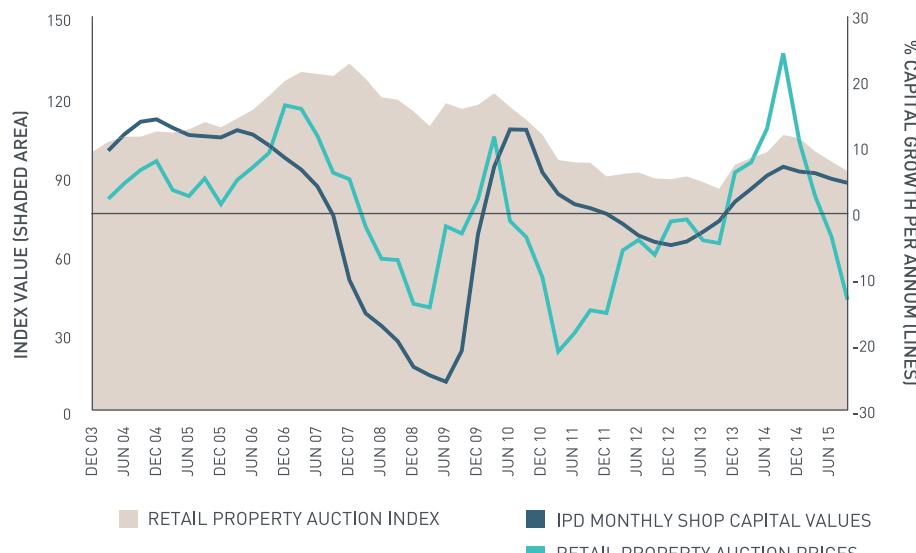




Results for the year to 30th September 2015



The IPD UK Retail Property Auction Index measures the capital value change of retail properties sold in the UK at auction. The sample is a subset of the EIG database, including only the major commercial auction houses. In Q3 2015, the index decreased to 91.1 representing a negative change of 13.2% year-over-year. The IPD UK Monthly Shops Capital Value Index stands 4.6% higher than it did a year ago.

IPD® UK RETAIL PROPERTY AUCTION INDEX

	CAPITAL GROWTH INDEX		3 Mth	CAPITAL GROWTH %		
	Jun 2015 Mar 03 = 100	Sep 2015 Mar 03 = 100		1 yr	3 yrs	5 yrs
UK RPA Index	94.7	91.1	-3.8	-13.2	1.0	-3.8
UK Monthly Index All Property	113.4	115.7	2.1	9.1	6.9	3.8
UK Monthly Index Retail	104.7	105.4	0.8	3.3	2.7	1.0
UK Monthly Index Shops	109.9	111.2	1.2	4.6	3.4	1.3

IPD® UK PROPERTY DATABASE PROFILE

	Capital Value (£m)	Number of Properties
UK RPA Index	71	129
UK Monthly Index - All Property	48,271	3,484
UK Monthly Index - Retail	18,806	1,425
UK Monthly Index - Shop	6,447	853

MSCI MARKET COMMENTARY

The UK property market strengthened further in the three months to the end of September 2015, with capital values rising by 2.1% according to the IPD UK Monthly Property Index. Investor total returns were 3.4% during the months of July, August and September 2015. This highlights a moderation in the investment performance of UK real estate as the market stabilises from the initial recovery period and total returns revert back closer to the long-team mean. Rental value growth continues to strengthen as occupier demand grows in line with an improving economic base and business conditions. The fall back in total returns is largely as a consequence in a cooling in the rate of yield compression as asset pricing stabilises.

The UK retail sector has shown further signs of recovery in the third quarter of 2015 with capital and rental values recording continuous growth over this period. Investor total returns, at 2.2% for the three months ending in September 2015, continued to be driven by growing investor sentiment with demand compressing yields, as reflected by the positive yield impact of 0.7%. Rental growth is yet to make a significant impact on returns in the UK market, compared to its strong contribution to returns from the office and industrial sectors.

ACUITUS MARKET COMMENTARY

During Q3 2015, the RPAI showed a further fall in capital values of -3.8% which was in line with a similar decrease in Q2. This seems counter-intuitive in the face of improving economic conditions.

However, as the UK economic environment improves and there is a growth in real earnings and strengthening consumer confidence, property investors are taking the opportunity to restructure portfolios and are releasing into the market assets which would not have found buyers even as recently as a year ago.

Accordingly, we believe the recent dip in the RPAI reflects the high proportion of short-term income retail properties passing through the sale room recently. These have, pro rata, a weaker value profile than the bulk of retail assets which have found buyers in auction room during the last 2-3 years and have produced this paradoxical situation of the pricing index falling at a time of greater economic stability.

Once this weaker product works through the system we would expect to see a strengthening in the index.

CONTACT

General Enquiries

O: +44 20 7336 9200

F: +44 20 7336 9399

T: +44 20 7336 4783

E: realestate@msci.com

msci.com

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