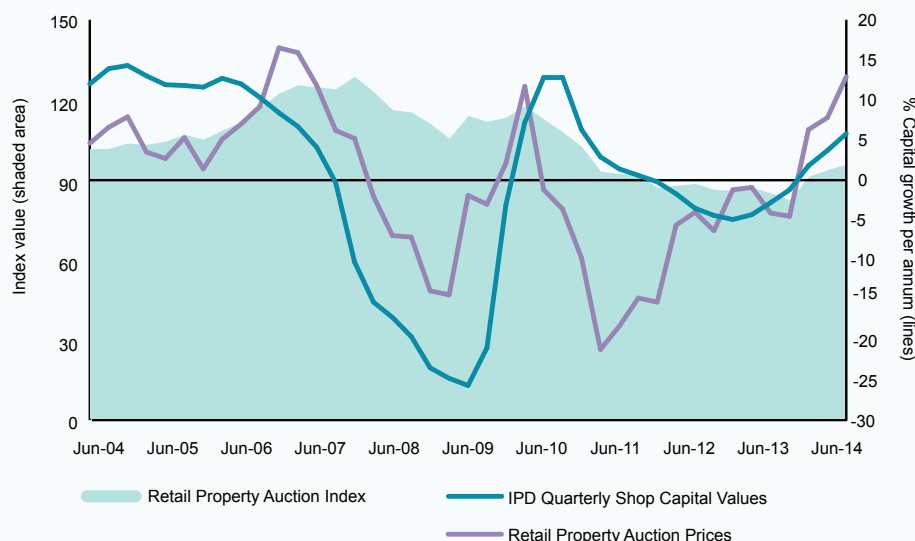


IPD UK Retail Property Auction Index

Results for the year to 30th June 2014



An MSCI Brand



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 Q2 2014, the index increased to 98.2 representing a change of 12.9% year-over-year. The IPD UK Monthly Shops Index stands 5.8% higher than it did a year ago.

IPD UK Retail Property Auction Index

	Capital growth index Mar 2014 Mar 03 = 100	Capital growth index Jun 2014 Mar 03 = 100	Capital growth % 3 mth	Capital growth % 1 yr	Capital growth % 3 yrs	Capital growth % 5 yrs
UK RPA Index	96.1	98.2	2.2	12.9	1.3	-3.4
UK Monthly Index All Property	99.4	102.8	3.5	10.3	1.8	4.4
UK Monthly Index Retail	97.3	99.7	2.5	5.5	-0.7	3.4
UK Monthly Index Shops	102.6	104.7	2.0	5.8	-0.2	2.6

IPD UK Property Database Profile

	Capital value (£m)	Number of properties
UK RPA Index	58	105
UK Monthly Index - All Property	38,205	3,412
UK Monthly Index - Retail	16,344	1,433
UK Monthly Index - Shops	5,867	875

IPD Market Commentary

The second quarter of the year continued to be a promising period for investors in UK commercial real estate, with returns matching their highest levels of the current recovery. The wider market has continued to see a strengthening occupier market, where investment sentiment is holding yields at a competitive level compared with other asset classes.

With consumer confidence now at its highest since 2005, investor interest in the retail sector continues to bolster and is largely being driven by an acceptance that the retail economy has drastically improved since the start of the recession. Over the course of the quarter, the capital value of IPD's retail sample increased by 2.5% q/q. Values on the high street increased by 2.0% q/q; a further testament to the resilience of traditional retailers.

The Retail Property Auction Index in Q2 2014 continued to produce returns reflecting a secondary market which investors are now seeing true value in. Values in the auction room increased by 2.2% q/q over the last three months and over the last three years increased by 1.3% y/y, only 50 basis points less than the capital growth recorded at the all property level over the same period.

The second half of the year will build upon the positive results seen this quarter, however, a close eye will remain on the revival of specific regional assets which still are being foreseen by investors.

Acuitus Market Commentary

With the RPAI having registered its third consecutive quarter of growth, it is clear that the High Street property market has now definitely turned the corner from the low point of the last property cycle which was reached last year. The Index now stands at 98.20 which shows a year-on-year increase of 12.9%. This is the highest annual percentage increase since the first quarter of the boom market in 2007.

Increased confidence of retailers and consumers has led to a growing belief among property investors that the report of "the death of the High Street has been greatly exaggerated". The platform for this re-assessment continues to be the rebasing of rents to levels which are viable to retailers in the new economic environment and in the face of the continued growth of online retailing.

The recovery is not universal and is currently confined to the wealthier towns but it is clear that this revival of fortunes will continue to spread.

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