

Retail continues to lag while Central London offices run ahead

London – January 19, 2015 – According to the **AREF/IPD UK Quarterly Property Fund Index**, released today by MSCI, unlisted real estate funds returned 3.8% in the three months to December 2014, on a par with the 3.9% achieved in the third quarter of the year.

In comparison, returns for bonds and equities for the 3-month period were 5.1% and -0.4%, respectively (JP Morgan 7-10 year/MSCI), while returns for direct commercial property, as measured by the IPD UK Monthly Property Index, stood at 4.4%.

At 16.4% year-on-year, funds in the **AREF/IPD UK Quarterly Property Fund Index** while performing in the high teens are trending below the IPD UK Monthly Property Index, which measured a total return of 19.3% in the year to December 2014.

Shopping Centre and Retail Warehouse focused funds continued to lag behind both the IPD All Balanced Funds Index and other specialist sectors, with 7 out of 8 funds returning less than 20% compared with an industrial spread of 19.1%-30% and central London office funds ranging from 21% to 43.9% year on year.

Phil Tily, Executive Director, MSCI, commented: “Balanced funds performed strongly throughout 2014, showing a total return spread between 11.4% and 24.2% over the course of the year. Long income, low risk funds returned a more modest 9.9%, which is not surprising given the nature of the current rising market.

“The level of cash remained consistent throughout 2014, and we saw a continuation of the trend of the last couple of years of debt levels falling from 12.3% to 10% year on year.”

The **AREF/IPD UK Quarterly Property Fund Index**, sponsored by the Association of Real Estate Funds (AREF) and PropertyMatch, is comprised of 25 balanced, 19 specialist and four long-income quarterly-valued funds, with a combined net asset value of £38.5bn at the end of Q4 2014.

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The company's flagship product offerings are: the MSCI indexes with over USD 9.5 trillion estimated to be benchmarked to them on a worldwide basis¹; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

¹ As of June 30, 2014, as reported on September 30 2014 by eVestment, Morningstar and Bloomberg

For further information on MSCI, please visit our web site at www.msci.com

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