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PRESS RELEASE

Supermarket Property Investment Market 'Reboots' As New Investors Move In

London – March 22, 2016 – MSCI Inc. (NYSE: MSCI), a leading provider of research-based indexes and analytics, in association with sponsors Colliers International; today published the latest **UK Supermarkets Investment Report**.

The supermarket property investment market is effectively 're-booting' following a transformation in the structure and focus of the key operators.

According to the latest study of the UK supermarkets investment report by MSCI and Colliers International, a space that was once almost exclusively the preserve of institutional buying is now attracting a new generation of investors in the form of private equity and overseas buyers.

James Watson, Head of Retail Capital Markets at Colliers International, comments: "This restructuring of the investor base is mirrored by the changes in the supermarket sector which has seen a move away from the giant stores of the noughties 'race for space' expansion programmes and towards generally smaller, grocery-focused stores, higher end offers and discount operators.

"There has been recent encouragement for the sector in some improved trading figures and there are clear indications that the operators are beginning to find a way forward."

Against this backdrop of transition, recent property returns are historically lacklustre but the new raft of investors has kept the volume of transactional activity above the £1bn mark.

Watson comments: "A two-tiered market has now emerged between prime and secondary stores.

"Whilst there is still demonstrable institutional appetite for prime assets, there are is also demand for the more secondary product from private investors who are reassured by the covenant strength of the occupiers and the long-dated, RPI-linked income streams and seemingly unconcerned by the Brexit fears that have put other buying into suspended animation."

The research notes that the RPI-linked leases which predominate in the sector are still a considerable attraction to investors – especially with bond returns continuing languish at all-time lows.

Colm Lauder, Vice President, MSCI comments: "With continuing volatility in the equities markets and lacklustre bond yields, there is still a compelling case for investing in property. In light of these factors, the report shows investors are still attracted by the covenant strength of operators, the advantageous prevalent long-term, RPI-linked lease patterns, and as a result supermarkets are likely to remain in demand despite the challenges that the sector faces".

The research monitors the performance of 273 supermarket properties with a combined value of £6.8bn.

Research key findings:

- Supermarket investment sector is 're-booting' as operators adapt to new trading landscape
- Continued capital inflows into the sector kept volumes at £1bn+ in 2015
- 2015 total returns lacklustre at 2% as sector restructures
- Increased inflows of private and overseas money into supermarket property
- Distinct two-tier market has emerged between prime and secondary assets
- Selected signs of better trading performance helping investment case
- Private and overseas investors seem unconcerned by Brexit situation
- Long-term population growth projections will strengthen supermarket trading potential in some locations

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About MSCI

For more than 40 years, MSCI's research-based indexes and analytics have helped the world's leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research.

Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 97 of the top 100 largest asset managers, based upon P&I data as of December 2014 and MSCI client data as of June 2015.

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