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PRESS RELEASE

Rental Growth Drives London Property Forward

London Markets Analysis Report

London – February 24th, 2016 – MSCI Inc. (NYSE: MSCI), a leading provider of investment decision support tools worldwide, including indexes, portfolio risk and performance analytics and ESG research, alongside Levy Real Estate, announced today that a growth in commercial property rents across London fueled an average total return of 18.1% from investments in the capital during 2015.

The ***London Markets Analysis*** report by Levy Real Estate and MSCI analyses more than £30bn of assets across 20 key submarkets. It shows that the pace of rental growth increased year-on-year from 7.8% in 2014 to an average uplift of 8.5% last year.

The strongest rental growth was registered by the Camden/King's Cross submarket where the continued success of the King's Cross Central development saw the prevailing level of rents grow on average by 17%. High occupier demand and a lack of space in other submarkets is also driving rents: Mayfair – where the continued conversion of office property to residential has limited the supply of new space – saw rental growth of 11.9% last year.

Levy Real Estate Investment Partner, Simon Heilpern, comments: "The latest research shows a market which still has significant momentum.

"Returns are now increasingly being driven by a growth in rents and this suggests that London's commercial property investment sector can expect further sustainable growth in values."

The progressive rents in and around King's Cross also meant that the Camden/King's Cross showed the highest total return for a single submarket of 27.3%. It was followed in the total return rankings by the Eastern Fringe (24.7%) and Marylebone & Euston (23.1%).

Mayfair retained its position as the submarket with the most keenly valued property: the average equivalent yield for its property was just 3.7%. The area has also seen a continued conversion of office property to residential which has contributed to an upward shift in rents

The biggest inward yield shift during 2015 was in the Western Fringe locations of Clerkenwell, Smithfield and Farringdon where average equivalent yields moved in 80 basis points to 5.2%. However, the general picture is a slowing down in yield shift which illustrates the growing importance of rental growth.

Colm Lauder, Vice President, MSCI comments: "The London investment market had another good year in 2015, with strong returns on the back of healthy rental value growth across the commercial property market. As in 2014, fringe markets outperformed last year with locations such as Camden/King's Cross and the Eastern Fringe remaining attractive to both occupiers and investors.

"Pricing in the London market also strengthened further during the course of 2015, but the rate of yield compression has slowed as key market locations begin to reach record yield levels which question price fundamentals.

"This has resulted in rental growth taking over as the main performance driver, as confident, and expansionary, businesses compete for space."

The *London Markets Analysis* is the definitive study into the capital's commercial property sector and tracks the comparative performance of more than 1,000 assets. It looks at the fundamental drivers of the market and what is contributing to returns, rental growth and yield shift.

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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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