IPD INDEX ANNOUNCEMENT

March 2017

IPD KOREA ANNUAL PROPERTY INDEX

CLARIFICATION OF CHANGE IN INDEX METHODOLOGY

Seoul, March 2017: MSCI wishes to clarify a change to its index methodology pertaining to the return calculation of the IPD Korea Annual Property Index, which now complies with the Global Methodology Standards published in July 2016.

The change is to discontinue the practice of considering Chonsei (a refundable tenant deposit specific to Korea) in the calculation of performance measures at the asset level in IPD Korea Annual Property Index. The original practice was to deduct Chonsei from the denominator of the total return, income return and capital growth.

This change improves the global comparability of MSCI’s real estate indexes. The proposal to change the index methodology was consulted on with local clients in 2015 and provisional results have been available via MSCI’s Global Intel product in the Real Estate Analytics Portal since April 2016.

The change to the treatment of Chonsei is implemented in the December 2016 results of the IPD Korea Annual Property Index and is applied in MSCI’s market information products, retrospectively. The treatment of Chonsei in MSCI’s private real estate portfolio analytics products will remain unchanged until further notice.
CONTACT US
realestate@msci.com
+ 44 20 7336 4783

AMERICAS
Canada + 1 416 687 6284
US + 1 212 804 3900

EUROPE, MIDDLE EAST & AFRICA
UK + 44 20 7336 9200
France + 44 20 7336 4783
Germany + 49 691 3385 900
Italy + 49 691 3385 900
Netherlands + 31 88 328 22 00
Spain + 34 93 467 7403
South Africa + 27 21 673 0100
Sweden + 46 8 400 252 30

ASIA PACIFIC
Australia + 61 2 9033 9300
Hong Kong + 852 2844 9333
Singapore + 65 6826 9339
Japan + 81 3 5211 1455

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