

Real estate index announcement

December 2021

MSCI Global Quarterly Property Fund Index (Unfrozen)

METHODOLOGY ENHANCEMENTS AND CHANGES TO HISTORICAL INDEX COMPOSITION

London, December 2021: MSCI announces enhancements to MSCI Global Quarterly Property Fund Index (Unfrozen) also known as GPFI, to align with recent changes to the return methodologies of certain Property Fund Indexes as well as other methodology enhancements.

As [announced](#) during April 2020, the MSCI Global Quarterly Property Fund Index (Unfrozen) is calculated using Time-weighted return methodology from Q3 2021 for all the constituent funds in GPFI with the exception of UK and USA Property funds. MSCI implemented these changes based on the positive outcome of the methodology consultation with the real estate investment community. Table 1 below illustrates the splicing of index calculation methodology¹ applied for GPFI constituents.

Table 1: Splicing of calculation methodology for GPFI constituents

GPFI Regions	Index constituents by Region / Investment Strategy	Index Calculation Methodology & Splicing Timelines		
		Modified Dietz	Unitized	Time-Weighted Return (TWR)
Asia Pacific	Pan-Asia property funds	-	Until March 2017	April 2017 onwards
	Australia Core Wholesale property funds	-	Until June 2021	July 2021 onwards
Europe	Pan-Europe property funds	-	Until June 2021	July 2021 onwards
	UK property funds	-	Until December 2021	January 2022 onwards
	Netherland property funds	-	From 2008-2012	-
North America	USA property funds	All periods	-	-
	Canada property funds	Until June 2021	-	July 2021 onwards

In addition to the above, MSCI has implemented changes to the fixed currency conversion methodology for GPFI, which is aimed at index stability and to eliminate the historical performance changes due to currency conversion. Compared to the former methodology which used the latest period exchange rate to calculate performance for full history, the enhanced fixed rate currency conversion methodology will use the corresponding month-end fixed exchange rate, to align² with MSCI Property Index methodology for which this currency conversion methodology is implemented.

¹ Refer to section 4 from [MSCI Property Fund Indexes Methodology](#) for more details on Index calculation methodology

² For more details, refer section 5.4 from [Summary of changes – Global Methodology Standards for Real Estate Investments - February 2017](#)

Additionally, MSCI has made corrections to historical index composition to align with index inclusion rules for GPFI. For Australia property funds in GPFI, historical data corrections are made for certain periods to include the latest available data from index constituents to align with the unfrozen history of index.

Improvements are also made to the Direct property performance of MSCI Global Quarterly Property Fund Index (Unfrozen) which now includes the owner-occupied properties and excludes the unattributed cashflows (past sale records) to align with MSCI Property Index Methodology³.

Retrospectively, these changes have impacted the historical Index results and corresponding market information products. Following is a summary of the impact on index results:

Table 2 - MSCI Global Quarterly Property Fund Index (Unfrozen) – Net Fund level

Net Total Return % (June 2021)	3-month			12-month			3-year		
	Former	Revised	Diff	Former	Revised	Diff	Former	Revised	Diff
All Regions	3.82%	3.81%	-0.02%	8.26%	8.24%	-0.01%	5.04%	5.09%	0.05%
Asia Pacific	3.80%	3.76%	-0.04%	9.32%	9.38%	0.06%	4.79%	4.92%	0.13%
Europe	3.60%	3.59%	0.00%	8.84%	8.85%	0.01%	4.93%	4.95%	0.02%
North America	3.92%	3.92%	0.00%	7.73%	7.72%	-0.01%	5.15%	5.14%	0.00%

Net Total Return % (June 2021)	5-year			10-year			Since Inception		
	Former	Revised	Diff	Former	Revised	Diff	Former	Revised	Diff
All Regions	6.37%	6.41%	0.04%	8.44%	8.43%	-0.01%	4.55%	4.45%	-0.10%
Asia Pacific	7.48%	7.57%	0.09%	8.53%	8.61%	0.07%	6.45%	6.46%	0.01%
Europe	6.18%	6.19%	0.01%	7.05%	7.06%	0.01%	4.13%	4.04%	-0.10%
North America	6.12%	6.12%	0.00%	8.94%	8.94%	0.00%	4.33%	4.33%	0.00%

Note: Results are based on fixed currency conversion methodology (USD). Changes in performance could also occur due to reversion of earlier provided data as well as addition of new funds with history to the index results.

Table 3 - MSCI Global Quarterly Property Fund Index (Unfrozen) – Direct Asset Level Performance

Total Return % (June 2021)	3-month			12-month			3-year		
	Former	Revised	Diff	Former	Revised	Diff	Former	Revised	Diff
All Regions	3.50%	3.50%	0.00%	8.29%	8.29%	0.00%	5.90%	5.90%	0.00%
Asia Pacific	2.94%	2.96%	0.02%	8.24%	8.29%	0.05%	5.29%	5.32%	0.04%
Europe	3.84%	3.84%	0.00%	9.94%	9.92%	-0.02%	6.14%	6.13%	-0.01%
North America	3.53%	3.54%	0.00%	7.82%	7.82%	0.00%	5.96%	5.95%	0.00%

Total Return % (June 2021)	5-year			10-year			Since Inception		
	Former	Revised	Diff	Former	Revised	Diff	Former	Revised	Diff
All Regions	6.82%	6.82%	0.00%	8.65%	8.64%	0.00%	5.76%	5.76%	0.00%
Asia Pacific	7.51%	7.53%	0.02%	8.70%	8.70%	0.01%	7.21%	7.21%	0.01%
Europe	7.18%	7.16%	-0.02%	8.12%	8.11%	-0.01%	5.38%	5.37%	-0.01%
North America	6.54%	6.54%	0.00%	8.84%	8.84%	0.00%	5.77%	5.78%	0.00%

Note: Results are based on fixed currency conversion methodology (USD). Changes in performance could also occur due to reversion of earlier provided data as well as addition of new funds with history to the index results.

Detailed methodology document for MSCI Global Quarterly Property Fund Index (Unfrozen) is available [here](#).

³ for more details, refer section 3.2.1 from [MSCI Property Indexes Methodology](#)

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