

IPD INDEX ANNOUNCEMENT

July 2016

POTENTIAL IMPACT OF VALUERS' VALUATION QUALIFYING CLAUSE ON THE JUNE 2016 IPD UK INDEXES: IPD UK MONTHLY PROPERTY INDEX, IPD UK QUARTERLY PROPERTY INDEX AND IPD UK QUARTERLY PROPERTY FUND INDEX

London, July 14, 2016

Following the results of the UK referendum on EU membership on 23rd June, most UK valuers agreed to add a valuation qualifying clause to their June valuations certificates, broadly along the lines of the text provided to MSCI by the Association of Real Estate Funds (AREF) and, reproduced below. For the **IPD UK Monthly Property Index** and **IPD UK Quarterly Property Index** the reported returns and capital and rental value movements may be affected by this valuation uncertainty warning.

The **IPD UK Quarterly Property Fund Index**, monitoring performance at NAV level, may also be affected. It is possible that the NAVs of some of the funds may have been adjusted to reflect the changing conditions and the performance could be reflective of this adjustment.

Given the results of the referendum were only announced six days before the end of the quarter, the first material impact on asset valuations may only start to become apparent in MSCI's July 2016 IPD UK Monthly Property Index, to be released on 12th August. In this context, MSCI has decided to postpone its regular quarterly briefing by two weeks in order to be able to include comment upon these July monthly results. MSCI will host an **extended webinar on Tuesday 16th August, where the results of the July IPD UK Monthly Property Index will be analysed alongside those of the June IPD UK Quarterly Property and Property Fund Indexes.**

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"Valuation Certainty following the EU Referendum

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. Since the Referendum date it has not been possible to gauge the effect of this decision by reference to transactions in the market place. The probability of our opinion of value exactly coinciding with the price achieved, were there to be a sale, has reduced. We would, therefore, recommend that the valuation is kept under regular review and that specific market advice is obtained should you wish to effect a disposal".

Source: AREF

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