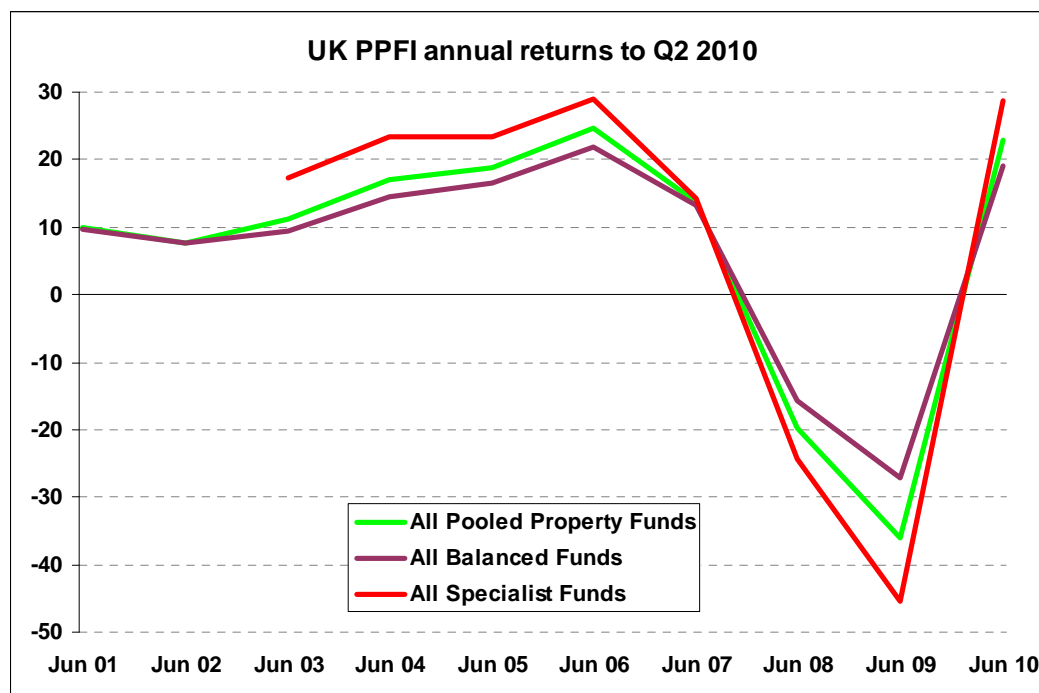


Specialist funds outperform direct market by almost 500 bps, UK PPFi shows

London, 19th July 2010: UK pooled property funds have delivered 22.9% annual total return over the 12 months to the end of the second quarter, as measured by the **IPD UK Pooled Property Fund Indices (PPFI)**. This compares with a 23.9% return on direct markets.

The indirect fund performance represents the second-highest rolling annual return to June in the last 10 years, behind the 24.7% delivered over the 12 months to Q2 2006 – at the height of the property bull market. Over the 12 months to June, specialist funds, which adopt esoteric strategies and apply higher levels of leverage, delivered 28.8%, outperforming the direct market by almost 500 basis points, while balanced funds returned almost 10 percentage points lower than specialist funds, at 19.0%.

“Specialist funds have comfortably outperformed the main market over the last 12 months, driven by successfully-applied focused strategies as well as by the positive impact leverage can have in rising markets,” **explains Cameron McVean, Head of Fund Indices at IPD.**



Source: IPD UK PPFi

The IPD UK PPFIs – sponsored by **The Association of Real Estate Funds (AREF)** and **Linklaters** – is comprised of 26 balanced and 34 Specialist quarterly-valued funds, with a combined net asset value of £25.3bn at June 2010. Pooled property funds have recovered substantially since the -48.8% lost over the preceding two years, with the PPFIs showing funds are almost back to October 2008 levels.

Q2 performance and 12-month asset class comparison

Over the second quarter, balanced and specialist funds delivered 3.1% and 4.0%, respectively. Across the 60-strong fund constituents, all but two funds delivered a positive return for the quarter ranging from -3.9% to 10.7%.

Compared to other asset classes, in the 12 month rebound in pooled property fund performance, UK PPFIs outperformed domestic REITs, equities and gilts, which returned 19.2%, 21.1% and 7.0%, respectively.

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Notes to editors:

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