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## FTSE UK Commercial Property Index Series

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### 1. Background

On June 26<sup>th</sup> 2006, FTSE Group ("FTSE") launched a new set of indices for the UK property market, the FTSE UK Commercial Property Index Series. The Index Series provides investors with a definitive daily measure of the performance of investable, institutional grade commercial property in the UK.

The new property indices provide a platform for a new generation of commercial property derivatives, giving investors a more diversified and liquid alternative to investing directly in property, and providing access to a wider investment community the risk-reward and low volatility benefits of investing in UK Commercial Property.

### 2. Who is FTSE?

FTSE Group is an independent company whose sole business is the creation and management of indices and associated data services. FTSE has no capital markets involvement. The company originated as a joint venture between the Financial Times and the London Stock Exchange. FTSE serves thousands of clients in 77 countries worldwide, working directly with pension plan sponsors, investment banks, brokers, consultants, fund managers, stock exchanges and data providers. It is estimated that two and a half trillion USD of assets are under management using FTSE indices. For more information see [www.ftse.com](http://www.ftse.com)

### 3. What indices are calculated in the new Series?

Headed by the All Property Index, three additional sector indices give investors access to performance data in retail, office and industrial sector of the UK commercial property market on a daily basis for the first time.

The performance data that drive the Index Series is produced from the FTSEpx Fund, a dedicated property unit trust, set up to provide the Indices' data, domiciled and regulated in Guernsey. Net Asset Value and Accrued Income figures that underpin each Index calculation will be provided from the Fund which itself is invested in a diverse portfolio of property assets, having exposure to over £16 billion of prime, institutional retail, office and industrial properties.

The FTSE UK Commercial Property Index Series

- FTSE UK All Property Index
- FTSE Retail Property Index
- FTSE Office Property Index
- FTSE Industrial Property Index

<b>Index Name</b>	<b>Index Code (Marker)</b>
FTSE All Property Index (NAV)	P100
FTSE All Property Index (GAV)	P101
FTSE Retail Property Index (NAV)	P110
FTSE Retail Property Index (GAV)	P111
FTSE Office Property Index (NAV)	P120
FTSE Office Property Index (GAV)	P121
FTSE Industrial Property Index (NAV)	P130
FTSE Industrial Property Index (GAV)	P131

The indices are subject to FTSE's published Ground Rules, which define quality, liquidity, diversity and representative criteria.

**4. Which property assets are eligible for inclusion in the Indices and how are they classified?**

Each property asset is chosen for inclusion or exclusion from the Index Series on the basis of providing good representation of the UK commercial property market after applying the Index qualification criteria. The FTSE UK Commercial Property Index Series only recognises the categories of market sectors as listed in the above table. Together these account for the majority of UK commercial property.

Property assets that do not fall into one of these recognised categories are deemed to belong to the minority, specialist sectors. Potential difficulties in obtaining access to valuations of property assets in these specialist sectors mean that they are not eligible for membership of the FTSE UK Commercial Property Index Series. This will be subject to review and change if agreed with the FTSE Property Advisory Group.

Property assets are considered eligible for inclusion in the Index according to their availability in the open market at the point of addition, or for exclusion from the Index taking into consideration their relative, comparable liquidity at the point of disposal, with a view also to the Fund's objective to remain diversified and representative by Market Sector and further with the view to the size of the Fund.

**5. Are there any reviews and when are they held?**

As part of the due diligence process, an annual review forms an integral part of the Index reconstitution procedure and is conducted by the FTSE Property Advisory Group, advised by the fund manager, MSS UK Property Index Fund Management Limited, and its advisers MSS Real Estate LLP and Invista Real Estate Investment Management Limited. The annual reviews normally take place in March each year.

**6. What data is disseminated, and where can this data be found?**

There are both capital value and total returns calculations on NAV and GAV bases for All Property, Retail, Office and Industrial sector indices.

The FTSE UK Commercial Property Index Series consists of an end of day valuation product made available to subscribers of the data either via DDS or disseminated through vendors.

**7. Does the FTSE UK Commercial Property Index Series have an advisory committee?**

Yes, the FTSE UK Commercial Property Advisory Group ("FTSE PAG") has been established and includes experts from the property industry. The FTSE PAG provides independent advice to FTSE in respect of the operation and review of the Index Series Ground Rules.

**8. Does FTSE supply a back history for the index series?**

A four-year back history is available, preceding the launch.