

Methodology overview

Nareit

FTSE  
Russell

# FTSE Nareit US Real Estate Index Series

The FTSE Nareit US Real Estate Index Series provides investors with a comprehensive family of indexes designed to measure the entire commercial real estate sector of the US economy.

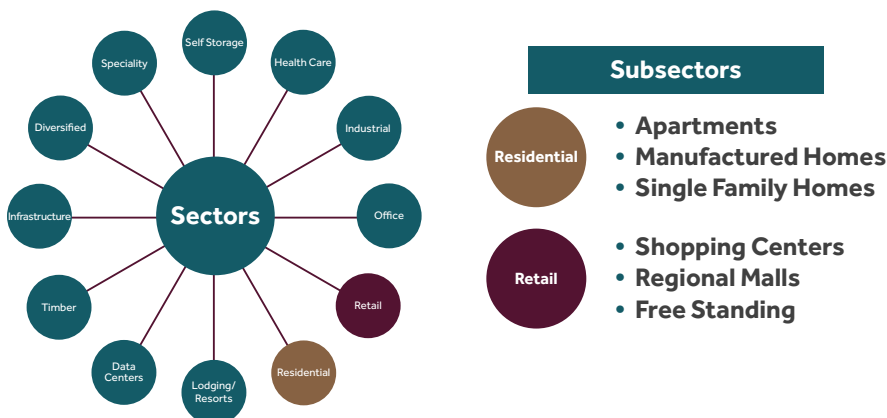
FTSE Russell works in partnership with Nareit, the US-based association for REITs and publicly traded real estate companies with an interest in US real estate and capital markets, to calculate and oversee the index series.

A REIT is a company that owns, and in most cases, operates income-producing real estate such as apartments, shopping centers, offices, hotels and warehouses. Some REITs also engage in financing real estate.

The FTSE Nareit US Real Estate Index Series provides investors with the broadest picture of the US real estate market, while the sector and sub-sector indexes included in this series provide more narrowly-focused views of commercial real estate. The FTSE Nareit US Real Estate Indexes can be used to benchmark the performance of real estate investment portfolios, and they are also suitable for use as the basis for index-linked investment products such as Exchange Traded Funds (ETFs) and derivatives.

## FTSE Nareit Property Sectors

The FTSE Nareit US Real Estate Index Series uses a real estate-specific sector framework.



## Comprehensive

Spans the entire commercial real estate sector of the US economy.

Includes exchange-listed REITs from all investment and property sectors.

## Modular

Property sector and sub-sector indexes available to facilitate more narrowly focused exposure to commercial real estate.

## Investable

The broad FTSE Nareit Composite Index and its sub-indexes are free-float market cap-weighted to ensure that only the investable opportunity set is included.

The parent FTSE Nareit Equity REITs Index is screened to ensure that the index is liquid and tradable.

## Transparent

Transparent, rules-based construction and maintenance processes are freely available on [ftserussell.com](https://ftserussell.com).

## Widely tracked

More than \$341B in assets benchmarked to the FTSE Nareit US Real Estate Index Series and the FTSE EPRA Nareit Global Real Estate Index Series<sup>1</sup>

## Investable FTSE Nareit indexes

- Constituents are market cap-weighted
- Reviewed quarterly in March, June, September and December with changes implemented on the third Friday of the month
- Indexes are calculated in USD, EUR, GBP, JPY
- Additional property sector and sub-sector indexes are available

## Additional FTSE Nareit indexes available

**FTSE Nareit US Real Estate Capped Index Series**  
Designed to provide a comprehensive assessment of overall REIT industry performance

**FTSE Nareit Preferred Stock Index** Designed to track the performance of preferred stocks based on eligible US REITs

## FTSE Nareit US Real Estate Index Series

FTSE NAREIT COMPOSITE INDEX (FNCO)	FTSE NAREIT REAL ESTATE 50 INDEX (FNR5)	FTSE NAREIT ALL EQUITY REITS INDEX (FNER)	FTSE NAREIT EQUITY REITS INDEX (FNRE)	FTSE NAREIT RORI REITS INDEX (FNRR)
<b>Investable US REITs Universe</b> <ul style="list-style-type: none"> <li>• Qualify as a REIT according to the US Internal Revenue Code</li> <li>• Listed on the New York Stock Exchange or NASDAQ</li> <li>• Assigned by FTSE as US nationality</li> <li>• Minimum size \$100M</li> <li>• Liquidity screen</li> <li>• Minimum 75% of total assets in qualifying real estate assets</li> <li>• Free float &gt; 5%</li> </ul> <b>208 constituents</b> <b>\$1.1 net market cap</b>	<b>Largest REITs by Market Cap</b> <b>50 constituents</b> <b>70.2% of FNCO by market cap</b>	<b>Excludes Mortgage REITs</b> >50% of total assets in qualifying real estate assets OTHER THAN mortgages secured by real property <b>174 constituents</b> <b>93.9% of FNCO by market cap</b>	<b>Excludes Mortgages, Timberland and Infrastructure REITs</b> All Equity REITs except Timberland REITs or Infrastructure REITs <b>163 constituents</b> <b>78.7% of FNCO by market cap</b>	<b>Further refined to include only RORI REITs</b> Residential, Office, Retail and Industrial REITs <b>103 constituents</b> <b>48.1% of FNCO by market cap</b>
		<b>FTSE NAREIT MORTGAGE REITS INDEX (FNMR)</b> Mortgage REITs >50% of total assets invested in mortgage loans or mortgage-backed securities secured by interests in real properties <b>34 constituents</b> <b>6.1% of FNCO by market cap</b>		

Data as of September 28, 2018. See index factsheets on [ftserussell.com](http://ftserussell.com) for updated number of constituents and market cap.

<sup>1</sup> Data as of December 31, 2017 as reported on April 2, 2018 by eVestment for institutional assets, Morningstar for retail mutual funds, insurance products, and ETFs, and additional passive assets directly collected by FTSE Russell. AUM data includes blended benchmarks and excludes futures and options. Passive assets directly collected by FTSE Russell have been removed from third party sources to prevent double counting. No assurances are given by FTSE Russell as to the accuracy of the data.

**For more information about our indexes, please visit [ftserussell.com](https://ftserussell.com).**

© 2018 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE GDCM"), (4) MTSNext Limited ("MTSNext"), (5) Mergent, Inc. ("Mergent"), (6) FTSE Fixed Income LLC ("FTSE FI") and (7) The Yield Book Inc ("YB"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE GDCM, MTS Next Limited, Mergent, FTSE FI and YB. "FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "WorldBIG®", "USBIG®", "EuroBIG®", "AusBIG®", "The Yield Book®", and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, FTSE GDCM, Mergent, FTSE FI or YB. "TMX®" is a registered trademark of TSX Inc. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

"NAREIT®" is a trade mark of Nareit. All rights in the FTSE Nareit US Real Estate Index Series vest in FTSE and Nareit. Neither FTSE, nor the LSE Group, nor Nareit accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from FTSE or Nareit is permitted without FTSE's express written consent.

All information is provided for information purposes only. All information and data contained in this publication is obtained by the LSE Group, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or of results to be obtained from the use of the FTSE Russell Products or the fitness or suitability of the FTSE Russell Products for any particular purpose to which they might be put. Any representation of historical data accessible through FTSE Russell Products is provided for information purposes only and is not a reliable indicator of future performance.

No responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of the LSE Group is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing contained in this document or accessible through FTSE Russell Products, including statistical data and industry reports, should be taken as constituting financial or investment advice or a financial promotion.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, back- tested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic data used in the calculation of the index.

This publication may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of the LSE Group nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group data requires a licence from FTSE, Russell, FTSE GDCM, MTSNext, Mergent, FTSE FI, YB and/or their respective licensors.

**About FTSE Russell**

FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit [ftserussell.com](https://ftserussell.com).

To learn more, visit [ftserussell.com](https://ftserussell.com); email [info@ftserussell.com](mailto:info@ftserussell.com);  
or call your regional Client Service Team office:

**EMEA**

+44 (0) 20 7866 1810

**North America**

+1 877 503 6437

**Asia-Pacific**

Hong Kong +852 2164 3333

Tokyo +81 3 4563 6346

Sydney +61 (0) 2 8823 3521