Methodology overview

FTSE EPRA/NAREIT Global Real Estate Index Series

Global real estate stock coverage
The FTSE EPRA/NAREIT Global Real Estate Index Series was launched to reflect the real estate segment and is designed to be used to track, benchmark and analyze this segment at either a broad industry-wide level or on a sector-by-sector basis. This index series includes global listed real estate stocks, which are less correlated to the broader equity market and typically pay consistent dividends, supporting inflation management and long-term total returns. The indexes are built with and overseen by global real estate industry experts. The index methodology is reviewed regularly by the FTSE EPRA/NAREIT Global Real Estate Index Series Supervisory and Regional Advisory Committees to advise on the optimal construction and maintenance of the indexes.

What is a REIT?
A real estate investment trust (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 returns of listed real estate including REITs are correlated with owning commercial real estate globally. The shares of many REITs are publicly traded, usually on a major stock exchange. To qualify as a REIT under most jurisdictions globally, a company must distribute at least 90% of its taxable income to its shareholders annually.1

Key index eligibility and qualification criteria

<table>
<thead>
<tr>
<th>Common stock listed in an eligible country and on an eligible stock exchange (not LLP, LP, MLP, LLC or BDC)</th>
<th>Classified in ICB Supersector Real Estate (8600), ICB Supersector Heavy Construction (2357) or ICB Subsector Home Construction (3728)</th>
<th>Derive at least 75% of EBITDA from relevant real estate activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detailed annual report in English</td>
<td>Minimum size</td>
<td>Minimum liquidity</td>
</tr>
<tr>
<td>Minimum free float (5%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See the FTSE EPRA/NAREIT Global Real Estate Index Series Ground Rules for additional details.

Comprehensive
Spans the entire commercial real estate sector of the global economy.
Includes listed real estate stocks and REITs from all relevant investment and property sectors.

Modular
Property sector, regional, and specialist indexes are used to target more narrowly focused exposure to commercial real estate.

Investable
The indexes are free-float market cap weighted to ensure that only the investable opportunity set is included. Screened to ensure that the indexes are liquid and tradable.

Transparent
Transparent, rules-based construction process is freely available on ftserussell.com.
FTSE International Limited is the benchmark administrator.

Widely tracked
Tracked by 50% of global real estate sector equity funds.2
$295.2B total assets benchmarked to FTSE EPRA/NAREIT Global Real Estate Index Series & FTSE NAREIT US Real Estate Index Series.3

2 Source: Morningstar Direct, data as at August 31, 2016.
3 Data as of December 31, 2015 as reported on March 31, 2016 by eVestment for institutional assets, Morningstar for retail mutual funds and insurance products, ETFGI for ETFs, and additional passive assets directly collected by FTSE Russell. AUM is assigned to parent index. 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.
The indexes are built together with the European Public Real Estate Association (EPRA) and the National Association of Real Estate Investment Trusts (NAREIT®). EPRA is the European association for listed real estate, and NAREIT is the US-based association for REITs and publicly-traded real estate companies. EPRA and NAREIT are the real estate industry experts in their respective regions and focused on client education and outreach.

Available regional and country indexes

<table>
<thead>
<tr>
<th>Region</th>
<th>Regional indexes</th>
<th>Developed indexes</th>
<th>Emerging indexes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>Global, Global ex US</td>
<td></td>
<td>Emerging Americas Brazil, Chile, Colombia, Mexico, Peru</td>
</tr>
<tr>
<td>Americas</td>
<td>Americas, North America</td>
<td>Canada, United States</td>
<td>Emerging Asia China, India, Indonesia, Malaysia, Pakistan, Philippines, Taiwan, Thailand</td>
</tr>
<tr>
<td>Asia</td>
<td>Asia Pacific</td>
<td>Developed Asia</td>
<td>Emerging EMEA, Emerging Europe, Emerging Middle East &amp; Africa</td>
</tr>
<tr>
<td>EMEA</td>
<td>EMEA, Eurozone</td>
<td>Developed Europe, Developed Europe ex UK, Developed Middle East &amp; Africa, Developed EMEA Austria, Belgium/ Luxembourg, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom</td>
<td>Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa, Turkey, United Arab Emirates</td>
</tr>
</tbody>
</table>

Construction summary

- Constituents are free-float market cap weighted.
- Reviewed quarterly in March, June, September and December with changes implemented on the third Friday of the month.
- Liquidity screened semi-annually in March and September.
- Indexes are calculated in EUR, USD, GBP, JPY, AUD.
- Additional property sector, super liquid, dividend plus and capped indexes are available.

FTSE EPRA/NAREIT Property Sector Index Series

A company is included in one of the following Property Sectors if 75% or more of its gross invested book assets are invested in that particular sector.

- Retail
- Residential
- Office
- Industrial
- Lodging/ Resorts
- Self Storage
- Health Care

A company is classified as belonging to Diversified when its gross invested book assets do not meet the 75% threshold for a single Property Sector.
For more information about our indexes, please visit ftserussell.com.

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