



**FTSE  
RUSSELL**  
An LSEG Business

## FTSE EPRA Nareit Global Real Estate Index Series - Ground Rule Update

27 November 2023

FTSE Russell would like to inform clients of the following updates to the FTSE EPRA Nareit Global Real Estate Index Series, effective from December 2023.

### Section 4 - Eligibility Criteria (updates in bold)

4.3 A. The initial universe of companies consists of companies with the following ICB Classifications: ICB Real Estate (Industry 35) and ICB Storage Facilities (Subsector 40201050). Additionally, companies with the ICB Classification Home Construction (Subsector 40202010) are eligible for the Emerging Index universe only.

Both the Developed and Emerging Index universe may also include companies with the following ICB Classifications:

- Closed End Investments (Subsector 30204000) if the majority of revenue is derived from Real Estate activities.
- Computer Services (Subsector 10101010) if the majority of the company's revenue comes from owning or operating a Data Center business
- **Hotels and Motels (Subsector 40501025) if:**
  - i) the company owns at least 75% of the hotels they operate, based on revenues, and**
  - ii) provide a revenue breakdown of their portfolio that identifies the room rental income from owned properties.**

4.6 From June 2023 index review onwards, the construction of residential homes for sale is considered relevant real estate activity in all regions for the purposes of the EBITDA test described in 4.5 above. Any company which generates over 50% of its revenue from home construction activities **and is** classified within the ICB subsector Home Construction (40202010) **will** be eligible for the Emerging Index only.

### Section 5 - Qualification criteria & periodic review of constituents (updates in bold)

#### 5.6 Liquidity

Each security will be tested for liquidity semi-annually in March and September. **From December 2023 prospective new constituents will be tested for liquidity each quarter.**

- **March review:** liquidity will be tested from the first business day of January to the last business day of December of the previous year.
- **June Review: Prospective new constituents will be tested from the first business day of May of the previous year to the last business day of April of the current year. The liquidity of existing constituents are not tested at this review.**
- **September review:** liquidity will be tested from the first business day of July of the previous year to the last business day of June of the current year.
- **December Review: Prospective new constituents will be tested from the first business day of November of the previous year to the last business day of October of the current year. The liquidity of existing constituents are not tested at this review.**

Each security will be tested for liquidity by calculation of its median daily trading per month.

C. New issues which do not qualify as entrants as defined in Rule 6.3.1 will become eligible for inclusion at the next quarterly review providing they trade a minimum of 20 days. They must turnover at least 0.05% of their shares in issue (after the application of any investability weightings) based on their median daily trading volume each month, on a pro-rata basis since listing. For those new issues which do not have at least 50% of total assets invested in real estate, liquidity will be tested from the time the company meets this eligibility criterion. The company should meet these criteria at the time of the review.

An existing constituent of the FTSE EPRA Nareit Global Real Estate Index Series which has been removed from the index as a result of failing the liquidity screen will only be re-considered for inclusion after a period of 12 months from its deletion. For the purposes of index eligibility it will be treated as a new issue. For example, a security deleted in March 2020 would only be re-considered for eligibility at the **June 2021** quarterly review at the earliest.

An updated copy of the FTSE EPRA Nareit Global Real Estate Index Series (v11.7) is now available on the FTSE Russell website: [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)

---

For further information please contact FTSE Russell Client Services at [info@ftserussell.com](mailto:info@ftserussell.com) or call:

Australia	+61 (0) 2 7228 5659
Hong Kong	+852 2164 3333
Japan	+81 3 6441 1430
London	+44 (0) 20 7866 1810
New York	+1877 503 6437

Alternatively please visit our website at [lseg.com/ftse-russell](http://lseg.com/ftse-russell)