



FTSE EPRA Nareit Global Real Estate Index Series: Ground Rule Update

27 April 2023

FTSE Russell would like to inform clients of the following clarifications to the FTSE EPRA Nareit Global Real Estate Index Series Ground Rules which is effective from the June 2023 index review.

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

4.5 Prospective constituents must have derived, in the previous full financial year **covered in the latest annual report or prospectus**, at least 75% of their total **consolidated** EBITDA from relevant real estate activities. Existing constituents that drop below 75% (but remain at 65% or above) will have a further year to meet the 75% threshold. Constituents that report less than 65% of their total EBITDA from relevant real estate activities will be removed without the additional one year grace period.

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 will, however, be classified within the ICB subsector Home Construction (40202010) and be eligible for the Emerging Index only.**

Appendix 7 – EBITDA Screening

Formatting and clarification updates. Please see updated ground rules for full details.

An updated copy of the FTSE EPRA/NAREIT Global Real Estate Index Series Ground Rules (Version 11.6) is now available on the FTSE Russell website: www.ftserussell.com

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