



## FTSE EPRA/NAREIT Global Real Estate Index Series

### Eligibility Criteria - Ground Rule Changes

24 April 2015

The FTSE EPRA/NAREIT Global Real Estate Index Supervisory Committee and FTSE Governance Board have approved the following Ground Rule changes which are effective immediately:

#### Existing Rule:

##### 4.0 ELIGIBILITY CRITERIA

- 4.1 The FTSE EPRA/NAREIT Global Real Estate Index Series includes only real estate securities that are traded in one of the listed countries see *Appendix 1*. The security must be listed on an official stock exchange listed in *Appendix 6*.
- 4.2
- a) The Initial Universe of companies consists of companies with the following ICB Classifications: Supersector 8600 (Real Estate), Subsector 2357 (Heavy Construction) and Subsector 3728 (Home Construction).
  - b) The Initial Universe may be expanded by FTSE with other ICB classified companies with guidance from EPRA, NAREIT and the Regional Advisory Committee.
  - c) Limited Liability Partnerships (LLP), Limited Partnerships (LP), Limited Liability Companies (LLC) and Business Development Companies (BDC) will not be eligible for inclusion.

#### New Rule:

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  - b) The Initial Universe may be expanded by FTSE with other ICB classified companies with guidance from EPRA, NAREIT and the Regional Advisory Committee.
  - c) Limited Liability Partnerships (LLP), Limited Partnerships (LP), Limited Liability Companies (LLC) and Business Development Companies (BDC) will not be eligible for inclusion.
  - d) Preferred shares are ineligible for index inclusion.**

#### Existing Rule:

4.7 The constituents of the FTSE EPRA/NAREIT Global Real Estate Index Series are required to meet all of the following criteria where applicable:

A company is only included in the FTSE EPRA/NAREIT Global Real Estate Index Series if it provides an audited annual, at least annually, report in English. This is defined as a current set of accounts in English consisting of a profit and loss statement, a balance sheet, directors' review and full notes to the accounts.

- a) If a company newly introduces accounts in English it becomes eligible for the indices at the next quarterly review, providing it meets all other index inclusion criteria. If a company discontinues the production of accounts in English (Rule .7a) it becomes ineligible for the indices at the next quarterly review.
- b) If a company meets the EBITDA criteria based on its latest annual accounts (Rule .7a), it becomes eligible for the indices at the next quarterly review, providing it meets all other index inclusion criteria.
- c) If a company fails the EBITDA criteria (see Rule .4), it becomes ineligible for the indices at the next quarterly review.

#### **New Rule:**

4.7 The constituents of the FTSE EPRA/NAREIT Global Real Estate Index Series are required to meet all of the following criteria where applicable:

- a) A company may only be added** to the FTSE EPRA/NAREIT Global Real Estate Index Series if it provides an audited report **at least annually** in English. This is defined as a current set of accounts in English consisting of a profit and loss statement, a balance sheet, directors' review and full notes to the accounts.
- b) If a company newly introduces accounts in English it becomes eligible for the indices at the next quarterly review, providing it meets all other index inclusion criteria.
- c) Existing index constituents are required to produce an eligible report, as defined by Rule 4.7a, within 12 months after its fiscal year end. Companies that fail to do this will become ineligible at the next quarterly review.**
- d) If a company meets the EBITDA criteria based on its latest annual accounts (Rule 4.7a), it becomes eligible for the indices at the next quarterly review, providing it meets all other index inclusion criteria.
- e) If a company fails the EBITDA criteria (see Rule 4.4), it becomes ineligible for the indices at the next quarterly review.

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