

Temporary Rule Amendment

FTSE EPRA Nareit Global Real Estate Index Series

25 January 2019

At the December meetings of the FTSE EPRA Nareit Global Real Estate Index Regional Advisory Committees, the Index Partners (FTSE Russell, EPRA and Nareit) were requested to consider the continued applicability of Section C of Rule 4.7C of the FTSE EPRA Nareit Global Real Estate Index Series **Ground Rules**.

This section provides that “the provision of property management, facilities management, insurance, power supply, brokerage, investment management funds and services” should be excluded from the calculation of EBITDA used to determine a company’s eligibility for the series (Rule 4.5). The request concerned the inclusion of “ ... property management, , investment management funds and services” in this Section C.

In accordance with this request, FTSE Russell will issue a consultation to establish whether Section C of Rule 4.7 should continue to be applied in full when calculating company’s eligible EBITDA or whether, instead, income deriving from “ ... property management, , investment management funds and services” should be considered as eligible income for EBITDA calculation purposes. The consultation will be published on 11 February 2019 and will be open for responses until 15 March 2019.

Feedback from the consultation will be reviewed in conjunction with the FTSE EPRA Nareit Regional Advisory Committees at their meetings in March. Should FTSE Russell determine that a rule change is warranted on the basis of the feedback received, the rule change will be published after the implementation of the March reviews of the FTSE EPRA Nareit Global Real Estate Index Series and will become effective at the June quarterly reviews.

To avoid any unnecessary turnover arising from potential index deletions that might subsequently be reversed should a methodology change be enacted as a result of this consultation, the testing of **existing** index constituents for continued eligibility will consider income that derives from “ ... property management, , investment management funds and services” to be eligible income when calculating EBITDA. This rule change will remain in place until the consultation has been concluded, and any consequent changes to methodology have been determined.

If as a result of the consultation, FTSE Russell determines that no changes to the current ground rules should be made, FTSE Russell will publish a notice rescinding the temporary rule amendment.

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