

# FTSE EPRA Nareit Custom Developed New Economies Net Tax Index

v1.2

The FTSE EPRA Nareit Custom Developed New Economies Net Tax Index is not intended to be, used by supervised entities in the European Union or the United Kingdom and accordingly, the European Benchmark Regulation\* and the UK Benchmark Regulation# do not apply to the index. Consequently, supervised entities within the European Union and the United Kingdom are not permitted to use the index as a benchmark as set out in article 3(1)(7) of the European Benchmark Regulation.

For the avoidance of doubt, neither FTSE International Limited nor any other member of the London Stock Exchange Group plc group of companies, is the benchmark administrator (as defined in article 3(1)(6) of the European Benchmark Regulation) of the index.

*[\\* Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#)*

*[# The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019 \(which amends the European benchmark regulation in the United Kingdom\)](#)*



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## Section 1

# Introduction

## 1. Introduction

### 1.1 FTSE EPRA Nareit Custom Developed New Economies Net Tax Index

1.1.1 The FTSE EPRA Nareit Custom Developed New Economies Net Tax Index will consist of eligible companies in the five property sectors noted below.

- FTSE EPRA Nareit Developed Data Centers Index (ENGC)
- FTSE EPRA Nareit Developed Health Care Index – (ENGE)
- FTSE EPRA Nareit Developed Self Storage Index – (ENGS)
- FTSE EPRA Nareit Developed Industrial Index – (ENGI)
- FTSE EPRA Nareit Developed Residential Index (ENGA)

In addition, the following security will be added to the index<sup>1</sup>

- Alexandria Real Estate Equity (ISIN US-0152711091)

1.2 These Ground Rules should be read in conjunction with the FTSE EPRA Nareit Global Real Estate Index Ground Rules and associated index policy documents which are available at [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/). Unless stated in these Ground Rules, the index will follow the same process as the FTSE EPRA Nareit Global Real Estate Index which can be accessed using the following link:

[FTSE EPRA Nareit Global Real Estate Index Series.pdf](#)

1.3 The base currency of all indices is US Dollars (USD).

1.4 The FTSE EPRA Nareit Custom Developed New Economies Net Tax Index does not take account of ESG factors in its index design.

### 1.5 FTSE Russell

FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.

1.5.1 FTSE Russell hereby notifies users of the index that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.

<sup>1</sup> If Life Science becomes a dedicated Property Sector, then this sector will be included in the index and replace the individual stock mentioned in Rule 1.1.1.

- 1.5.2 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
  - any inaccuracies in these Ground Rules, and/or
  - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
  - any inaccuracies in the compilation of the index or any constituent data.

## Section 2

# Management responsibilities

## 2. Management responsibilities

### 2.1 FTSE International Limited (FTSE)<sup>2</sup>

2.1.1 FTSE is responsible for the daily calculation, production and operation of the index and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the index and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the indices.

### 2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.

<sup>2</sup> FTSE is not the benchmark administrator of the Index as the term administrator is defined in the [IOSCO Principles for Financial Benchmarks](#) and [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

## Section 3

# FTSE Russell index policies

## 3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

### 3.1 Corporate Actions and Events Guide

Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate actions and events guide through the following link:

[Corporate Actions and Events Guide.pdf](#)

### 3.2 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by FTSE Russell's Index Governance Board.

The Statement of Principles can be accessed through the following link:

[Statement of Principles.pdf](#)

### 3.3 Queries and Complaints

3.3.1 A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than ten users of the Indices from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

### 3.4 Index Policy for Trading Halts and Market Closures

3.4.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

### 3.5 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.5.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market or a Security.pdf](#)

### 3.6 Recalculation Policy and Guidelines

3.6.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or

associated data products reissued. Users of the FTSE EPRA Nareit Custom Developed New Economies Net Tax Index will be notified through appropriate media.

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting [info@ftserussell.com](mailto:info@ftserussell.com).

[Equity Index Recalculation Policy and Guidelines.pdf](#)

### **3.7 Policy for Benchmark Methodology Changes**

3.7.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

### **3.8 FTSE Russell Governance Framework**

To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks<sup>3</sup>, the European benchmark regulation<sup>4</sup> and the UK benchmark regulation<sup>5</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

### **3.9 Real Time Status Definitions**

3.9.1 Please refer to the following guide for details of real time status definitions for indices that are calculated in real time.

[Real Time Status Definitions.pdf](#)

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<sup>3</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

<sup>4</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

<sup>5</sup> [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

## Section 4

# Custom inclusion criteria

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## 4. Sector inclusion

4.1 The FTSE EPRA Nareit Custom Developed New Economies Net Tax Index will consist of eligible companies in the five property sectors noted below.

- FTSE EPRA Nareit Developed Data Centers Index – ENGC
- FTSE EPRA Nareit Developed Health Care Index – ENGE
- FTSE EPRA Nareit Developed Self Storage Index – ENGS
- FTSE EPRA Nareit Developed Industrial Index – ENGI
- FTSE EPRA Nareit Developed Residential Index – ENGA

In addition the following security will be added to the index<sup>6</sup>

- Alexandria Real Estate Equity (ISIN US-152711091)

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<sup>6</sup> If Life Science becomes a dedicated Property Sector, then this sector will be included in the index and replace the individual stock mentioned in Rule 4,1.1.



## Section 5

# Periodic review of constituents

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## 5. Periodic review of constituents

5.1 The FTSE EPRA Nareit Custom Developed New Economies Net Tax Index will be reviewed in line with the FTSE EPRA Nareit Global Real Estate Index Series.

### 5.2 Data dates

5.2.1 The reviews will be conducted using prices (adjusted for any corporate actions) as at the close of business four weeks prior to the Index Reviews in March, June, September and December, based on the constituents, shares in issue and free float on the next trading day following the third Friday of the review month.

5.2.2 Index reviews will INCORPORATE constituent changes associated with reviews of the underlying universe.

### 5.3 Capping

5.3.1 The constituents of the FTSE EPRA Nareit Developed New Economies Net Tax Index are capped at 5% quarterly in March, June, September and December using prices available on the close on the second Friday of the review month, adjusted for corporate actions to the third Friday, and constituents, shares in issue and free float after the third Friday of the review month. The capping is implemented after the close of business on the third Friday of the review month.

## Section 6

# Corporate actions and events

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## 6. Corporate actions and events

6.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Market Capitalisation Weighted Indices using the following link:

[Corporate Actions and Events Guide for Market Cap Weighted Indices.pdf](#)

A Corporate 'Action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division)/Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE will provide notice advising of the timing of the change.

6.2 All corporate actions and events will be treated in line with the underlying index.

## Appendix A

# Further information

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A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

For further information on the FTSE EPRA Nareit Custom Developed New Economies Net Tax Index Indices please email FTSE Russell client services at [info@ftserussell.com](mailto:info@ftserussell.com)

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