

## FTSE Russell launches Developed Extended Opportunities Real Estate index in collaboration with National Pension Service of Korea

- FTSE Russell launches the ‘FTSE EPRA Nareit Developed Extended Opportunities RIC 6/45 Capped Index’.
- The Index has been developed in collaboration with National Pension Service, and has been added to the existing FTSE EPRA Nareit Global Real Estate Extended Index Series, a standard index family
- Dynamic approach offered by FTSE Russell allows for NPS to target specialty sector REITs, with specific industry and tenant exposure
- NPS will allocate a total of USD one billion, with growth expected upon completion of equity portfolio strategy

FTSE Russell, a leading global index, data and analytics provider, has partnered with the European Real Estate Association (“EPRA”) and The National Association of Real Estate Investment Trusts (“Nareit”) in response to client interest in granular classification and portfolio level screening. In consultation with NPS, specific sector exposures were mapped out to develop the ‘FTSE EPRA Nareit Developed Extended Opportunities RIC 6/45 Capped Index’. Initially developed for NPS, the world’s third-largest pension fund by total assets, the index has now been added to FTSE Russell’s standard index series and is being offered to various clients in the market.

The Index extends beyond core real estate property sectors, and additional securities broaden inclusion further than the FTSE EPRA Nareit Global Real Estate Index Series.

Through portfolio level screening to target property sector and specific tenant profile exposure determined by NPS, the index solution selects developed REITs and non-REITs that are classified as niche & non-core property exposure. The index will be used by NPS as part of their completion portfolio strategy, with a total of \$1bn asset under management allocated.

## Key index highlights:

- **Flexible approach**

The Index was customised by granular classification not already covered by Ground Rules on existing FTSE EPRA Nareit Developed Indexes

- **Inclusion of U.S. specific sub-sectors**

Through research collaboration with FTSE Russell and NPS, the index solution was created for portfolio completion strategy at portfolio level

- **Inclusion of niche non-core property exposure sectors**

The index selects developed REITs and non-REITs including Data Center, Self-storage, Senior Care, Life Science, Timber, Single Family, Manufactured Homes, Medical Office Building, Student Housing and Office with specific tenant exposure

The Index currently has 70 constituents across ten countries including Australia, Belgium, Canada, Singapore, the United States, and the United Kingdom, and has a dividend yield of 4.05%. The indexes are reviewed quarterly in March, June, September, and December.

**Ali Zaidi, Head of Real Assets Research, FTSE Russell, says:** “The launch of the Index underscores FTSE Russell’s commitment to provide value-add bespoke index solutions to complement client allocation strategy. Endorsed by industry bodies EPRA and Nareit, we were able to collaborate on this index solution with NPS to develop a broad range of sector diversification. We look forward to being able to extend this flexibility to all our clients.”

**Won-joo Seo, Chief Investment Officer, National Pension Service, says:** “We are excited about this new index as it will play a key role for NPS to implement a completion strategy to further diversify its real estate portfolio. This index not only provides immediate access to a broader set of specialty sector opportunities but will also greatly enhance the risk-adjusted return of the entire real estate portfolio in the long run.”

**David Kim, Senior Portfolio Manager, National Pension Service, says:** “We share our gratitude to all collaborative parties including FTSE Russell for their participation in launching this new index together with NPS Real Estate Investment Division and providing benchmark solution that weren’t available in the market. NPS will continue to seek ways to contribute to the real estate industry on various fronts.”

**Barney Coleman, Operations Director, EPRA, says:**

“As we see Mega trends growing across society such as ageing populations and demand for long term savings, the listed real estate sector is particularly well placed to address these issues. With niche sectors such as senior living, life sciences and social housing being examples coupled with their generous dividend payments. It’s encouraging to see such a large pension plan seeking exposure to these niche real estate sectors and look forward to extending the opportunity to other investors”.

**John Worth, Executive Vice President, Research and Investor Outreach, Nareit, says:**

“Like the economy, real estate has been evolving over the past decades, and REITs and listed real estate have been innovators in institutionalizing new categories of real estate. Investors are increasingly understanding the value of using REITs and listed real estate by accessing modern real estate sectors. The Extended Opportunities index provides an easy to implement off-the-shelf solution.”

More information about the FTSE EPRA Nareit Global Real Estate Extended Index Series, can be found [here](#).

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**Notes to editors:**

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