

## INDEX RULE BOOK

**EURONEXT<sup>®</sup> REITSMARKET  
GLOBAL CONVICTION INDEX**

**EURONEXT<sup>®</sup> REITSMARKET  
GLOBAL BALANCED INDEX**

## INDEX

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## 1. INDEX SUMMARY

Factsheet	Euronext® Reitsmarket
Index names	<b>Euronext® Reitsmarket Global Conviction Index.</b> <b>Euronext® Reitsmarket Global Balanced Index.</b>
Index type	Decrement Return Index; Price, Risk Control and Net Return Index versions are available.
Index governance structure	Rego Partners acts as the Supervisor and is responsible for setting the rules and the periodical selection. Euronext is the Administrator, responsible for the day-to-day management and dissemination of the Index.
Eligible stocks	Euronext® Reitsmarket Indices include only real estate securities that are traded in one of the listed countries within developed markets/regions of the world, namely – “(1) North America, (2) Developed Europe and (3) Developed Asia Pacific”.
Selection	<p>The Euronext® Reitsmarket Indices are designed to track general “multi-factors” trends in listed real estate securities worldwide through the performance of a “risk-optimized” portfolio of global real estate securities.</p> <p>Relevant companies are required to have an average daily traded turnover of USD 5Mio over a period of 6 months (directly preceding each review).</p> <p>The investable universe, separately for – (1) North America, (2) Developed Europe and (3) Developed Asia Pacific - is split into 4 “multi-factors” investable and diversified pools, each pool respectively composed by the highest ranked companies according to a “multi-factors” ranking methodology. The “multi-factors” ranking methodology is based on the intrinsic characteristics of the stocks being part of the same region, namely their respective - (a) Valuation characteristics, (b) Fundamental characteristics, (c) Growth characteristics and (d) Momentum characteristics - and intends to retain those securities with the best combination of characteristics per region.</p> <p>Moreover, the selection entails creation of investable and diversified sub pools while looking at the respective (5) Risk characteristics of the securities incorporated in each “regional” investable and diversified pools, each regional sub pool including the 30 highest ranked securities for regions (1) and (3) and the 20 highest ranked securities for region (2), according to Risk.</p> <p>The Global Conviction methodology aims to retain the highest ranked securities worldwide respectively, i.e. the 30 Index constituents of the Global Conviction Index, primarily amongst the three different “multi-factors” regional investable and diversified sub pools, or within the sub pools, the “multi-factors” investable and diversified pools and/or the remaining part of the investable universe, based on Risk and while making sure that:</p> <ul style="list-style-type: none"> <li>- A minimum of 10% of the Index constituents are part of (1) North America;</li> <li>- A minimum of 10% of the Index constituents are part of (2) Developed Europe;</li> <li>- A minimum of 10% of the Index constituents are part of (3) Developed Asia Pacific;</li> <li>- At least 20 constituents of the Index are part of the regional sub pools and</li> <li>- A target turnover constraint is met.</li> </ul> <p>The Global Balanced methodology aims to retain the highest ranked securities worldwide respectively, i.e. the 40 Index constituents of the Global Balanced Index, amongst the three different “multi-factors” regional investable and diversified sub pools, based on Risk and while making sure that:</p> <ul style="list-style-type: none"> <li>- Exactly 50% of the Index constituents are part of (1) North America;</li> <li>- Exactly 25% of the Index constituents are part of (2) Developed Europe;</li> <li>- Exactly 25% of the Index constituents are part of (3) Developed Asia Pacific and</li> <li>- A target turnover constraint is met.</li> </ul>
Number of constituents	30 and 40 respectively.
Weighting	Equal weighting.
Review of composition	Monthly after the close of the last trading day. Effective after the 3rd trading day.
Base Currency	Euro.

Note: the factsheet is a summary of the rule book for information purposes only. The text of the rulebook is leading.

## Reference Data

Index name	Version	Mnemo	Bloom Code	Reuters code	Base date	Base value	Publication since
Euronext® Reitsmarket Global Conviction	Price	ERGCP	ERGCP		04-01-2006	1,000	05-10-2017
Euronext® Reitsmarket Global Conviction NR	Net Return	ERGNCN	ERGNCN		04-01-2006	1,000	05-10-2017
Euronext® Reitsmarket Global Conviction Decrement	Decrement Return	ERGCD	ERGCD		04-01-2006	1,000	05-10-2017
Euronext® Reitsmarket Global Balanced	Price	ERGBP	ERGBP		04-01-2006	1,000	05-10-2017
Euronext® Reitsmarket Global Balanced NR	Net Return	ERGBN	ERGBN		04-01-2006	1,000	05-10-2017
Euronext® Reitsmarket Global Balanced Decrement	Decrement Return	ERGBD	ERGBD		04-01-2006	1,000	05-10-2017
Euronext® Reitsmarket Global Balanced RC10	Risk Control	GB10C	GB10C		31-03-2006	1115.01	26-01-2018
Euronext® Reitsmarket Global Balanced RC10 Decrement	Decrement Return	GB10D	GB10D		31-03-2006	1115.01	26-01-2018
Euronext® Reitsmarket Global Balanced RC12	Risk Control	GB12C	GB12C		31-03-2006	1115.01	26-01-2018
Euronext® Reitsmarket Global Balanced RC12 Decrement	Decrement Return	GB12D	GB12D		31-03-2006	1115.01	26-01-2018

Note: the constructed history before the live date was calculated based on the incremental weight method instead of the live calculation based on the portfolio/divisor method described in this rulebook.

### 1.1 VERSION NOTES

VERSION	DATE EFFECIVE	CHANGES
002	7 November 2017	Change of Decrement percentage from 4.5% to 4.75%. Historic levels since base date are adjusted to reflect applying this percentage from the start.
002a	7 November 2017	Correction of 6.2.2 that should read “of the market capitalization” instead of “of the initial number “ in the first paragraph
003	26-01-2018	Adjusted for launch of Euronext® Reitsmarket Global Balanced RC10, Euronext® Reitsmarket Global Balanced RC10 Decrement, Euronext® Reitsmarket Global Balanced RC12 and Euronext® Reitsmarket Global Balanced RC12 Decrement.
20-01	15 May 2020	Integration of ESG Disclosures

## **2. GOVERNANCE AND DISCLAIMER**

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### **2.1 INDICES**

This rule book applies to the following indices (hereinafter “index”) owned by Euronext N.V. or its subsidiaries (hereinafter jointly “Euronext”):

- Euronext® Reitsmarket Global Conviction Index (ERGCP);
- Euronext® Reitsmarket Global Conviction NR (ERGNC);
- Euronext® Reitsmarket Global Conviction Decrement (ERGCD);
- Euronext® Reitsmarket Global Balanced (ERGBP);
- Euronext® Reitsmarket Global Balanced NR (ERGBN);
- Euronext® Reitsmarket Global Balanced Decrement (ERGBD);
- Euronext® Reitsmarket Global Balanced RC10 (GB10C)
- Euronext® Reitsmarket Global Balanced RC10 Decrement (GB10D)
- Euronext® Reitsmarket Global Balanced RC12 (GB12C)
- Euronext® Reitsmarket Global Balanced RC12 Decrement (GB12D)

### **2.2 ADMINISTRATOR**

Euronext is the Administrator of the index (“Administrator”). The Administrator is responsible for the day-to-day management and dissemination of the index and is also responsible for decisions regarding the interpretation of these rules.

### **2.3 SUPERVISOR**

Rego Partners acts as independent supervisor (“Supervisor”) of the index. The Supervisor is responsible for monitoring the selection of constituents and maintaining the methodology underlying the selection of the constituents. Furthermore, all decisions regarding supplementing, amending, revising or withdrawing these rules are submitted to the Supervisor for approval to ensure that they are made objectively and without bias. All Supervisor decisions will be published without delay following the decision (after Euronext Markets close) by the Administrator.

### **2.4 CASES NOT COVERED IN RULES**

In cases which are not expressly covered in these rules, operational adjustments will take place along the lines of the aim of the index. Operational adjustments may also take place if, in the opinion of the Administrator and, in collaboration with the Supervisor, it is desirable to do so to maintain a fair and orderly market in derivatives on this index and/or this is in the best interests of the investors in products based on the index and/or the proper functioning of the markets. The Administrator will report to the Supervisor if it took a decision about a case which is not specifically covered in the rules for comments and review.

### **2.5 RULE BOOK CHANGES**

These rules may be supplemented, amended in whole or in part, revised or withdrawn at any time. Supplements, amendments, revisions and withdrawals may also lead to changes in the way the index is compiled or calculated or affect the index in another way. The Administrator will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the Supervisor for recommendations or approval.

## 2.6 **LIABILITY**

Euronext N.V., the Administrator, together with Rego Partners, the Supervisor, are not liable for any losses resulting from supplementing, amending, revising or withdrawing the rules for the index. The Administrator, in conjunction with the Supervisor, will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the index in accordance with relevant rules. However, neither Euronext, nor Rego Partners, are liable for any inaccuracy in index composition, share prices, calculations and the publication of the index, the information used for making adjustments to the index and the actual adjustments. Furthermore, Euronext and the Supervisor do not guarantee the continuity of the composition of the index, the continuity of the method of calculation of the index, the continuity of the methodology underlying the selection of the constituents of the index, the continuity of the dissemination of the index levels and the continuity of the calculation of the index.

## 2.7 **OWNERSHIP AND TRADEMARK**

Euronext owns all intellectual and other property rights to the index, including the name, the composition of the index. Rego Partners owns all intellectual rights to the methodology underlying the selection of the constituents of the index. Euronext® is a registered trademark of Euronext.

## **3. PUBLICATION**

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### **3.1 DISSEMINATION OF INDEX VALUES**

#### **3.1.1 Index level**

The level of the Index is calculated and published on the days when the Euronext Markets are open for trading, using the latest published price or the latest published official closing price, as applicable, of each Index constituent on its primary exchange. In the case of Index constituents that have either not traded or are halted/suspended, the previous day's reference prices, or, for IPOs, buyouts and swap offers, estimated prices, shall be utilized.

#### **3.1.2 Dissemination**

The level of the index is published once a day shortly after the closing of the US market.

#### **3.1.3 Accuracy**

The Index Levels will be rounded to 2 decimal places.

#### **3.1.4 Adjustments**

Adjustments are made through the divisor of the Index in response to events affecting Index constituents in order to mitigate or eliminate the effect of such event on the Index.

### **3.2 EXCEPTIONAL MARKET CONDITIONS AND CORRECTIONS**

The Administrator retains the right to delay the publication of the level of the Index. Furthermore, the Administrator retains the right to suspend the publication of the level of the Index or to mark the level of the Index indicative if it believes that circumstances prevent the proper calculation of the Index.

If prices are cancelled, the Index will not be recalculated unless the Administrator decides otherwise. The general procedures in case of Index outages and other situations in which the normal provision of indices is interrupted are described in Euronext Indices Correction Policy on <https://www.euronext.com/en/indices/index-rules>.

### **3.3 ANNOUNCEMENT POLICY**

Changes to the Index, its components or its rules will be made public by an Index announcement.

#### **3.3.1 Inclusion of new Index constituents**

The inclusion of new Index constituents will take place at monthly reviews and rebalances only. See "Index Reviews" herein.

#### **3.3.2 Corporate actions**

In case of an event that could affect one or more Index constituents, the Administrator will inform the market about the intended treatment of the event in the Index before the closing the Euronext Markets on the trading day preceding the effective date of such treatment.

#### **3.3.3 Rule changes**

Barring exception, a period of at least 2 weeks shall pass between the date a proposed rule change is published and the date it comes into effect. Exceptions can be made only if the rule change is not in conflict with the interests of an affected party.



## **4. PROCEDURE FOR DISCONTINUATION OF INDICES**

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### **4.1 WHEN WILL INDICES BE DISCONTINUED**

The index may be discontinued in case no existing investment solutions require its existence or in case the universe of eligible securities does not allow the proper implementation of the selection methodology, as will be determined by the Administrator after consultation of the Supervisor.

### **4.2 RESPONSIBILITY FOR DECISION TO SHUT DOWN THE INDEX**

The decision to discontinue the index belongs to the Administrator.

### **4.3 SELECTION METHOD CHANGE OR NON AVAILABILITY**

In case the Supervisor is no longer providing the periodical selection of constituents, the Administrator will continue to calculate the Index on the basis of the last composition prior to such event.

## 5. CALCULATION

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### 5.1 CURRENCY CONVERSION

The base currency of the Index is Euro (“Base Currency”).

Share prices that are quoted in other currencies than the Base Currency will be converted to the Base Currency using the last known exchange rate observed on Reuters. Closing prices will be converted based on the most recent WM/Reuters spot rates, which are published each business day around 17:00 CET.

### 5.2 NET RETURN INDEX CALCULATION

The Net Return Index is calculated on a net return basis, in accordance with the calculation formula described in “Index Calculation Formulas” herein. The return Index is obtained by reinvesting the net dividends respectively. In case of a special dividend, see in “Corporate Actions” herein.

#### 5.2.1 Withholding tax rate

The net dividend is calculated as the gross dividend minus the applicable withholding tax. A table detailing the percentages that are applied is available on the website of Euronext (cf. <https://www.euronext.com/fr/content/withholding-tax-table> ).

#### 5.2.2 Ordinary dividends in shares

If a dividend is distributed in the form of shares only and if this is regarded as an ordinary dividend, the net return version of the Index will be calculated based upon the reinvestment of a cash equivalent of the dividend. If shareholders may choose between cash or shares, the amount which is reinvested will be based on the cash option.

#### 5.2.3 Conversion of dividends declared in other currencies

If a dividend for a constituent is declared in another currency than the Base Currency of the Index, then the Administrator will in first instance use the Base Currency amount if investors have the option to be paid in that currency. If the dividend amount is available only in currencies that deviate from the Base Currency, the Administrator will convert the dividend amount using the reference rate for the cum-day (the business day prior to the ex-date). In principle the reference rate will be based on the rates as published by the ECB, which are published each business day around 16:00 CET.

### 5.3 RISK CONTROL INDEX CALCULATION

The Risk Control index is composed of the underlying index as well as a cash component. It aims at keeping a historical volatility (max of 20 and 60 days volatility) below or equal to a predefined level at each daily rebalancing (target volatility) .

- If the historical volatility is above the targeted annual volatility, the index part will be determined based on the ratio between target volatility and historical volatility.

- If the historical volatility is below the targeted annual volatility, the index will be composed of 100% the underlying index.

*leverage*

The underlying index cannot represent more than 100% of the index (no leverage).

The Risk Control index is calculated and disseminated at the same frequency as the net return index, in accordance with the calculation formula described in “Index Calculation Formulas” herein.

Two versions of the Risk Control index are calculated:

- Euronext® Reitsmarket Global Balanced RC10 (GB10C) with a target volatility of 10%;  
and
- Euronext® Reitsmarket Global Balanced RC12 (GB12C) with a target volatility of 12 %

#### **5.4 DECREMENT RETURN INDEX CALCULATION**

A Decrement return index is calculated and disseminated at the same frequency as the net return index, in accordance with the calculation formula described in “Index Calculation Formulas” herein.

In addition two Decrement indices are calculated in accordance with the same formula using a Risk Control Index as the underlying:

- Euronext® Reitsmarket Global Balanced RC10 Decrement (GB10D)
- Euronext® Reitsmarket Global Balanced RC12 Decrement (GB12D)

## 6. INDEX REVIEWS

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### 6.1 GENERAL AIM AND FREQUENCY OF REVIEWS

#### 6.1.1 General aim of the periodical review

The general aim of the periodical review of the Index is to ensure that the selection and weighting of the constituents continues to reflect the intended selection methodology of this rule book.

#### 6.1.2 Review Dates and Effective Dates

The Review Cut-Off dates are after the close of the primary markets of the last trading day of January, February, March, April, May, June, July, August, September, October, November and December of each year (each, a “Review Date”). All relevant data that will serve as basis for the periodical review of the Index are gathered on Review Dates.

The monthly reviews and rebalances become effective after the close of trading on the 3<sup>rd</sup> trading day, according to the Euronext Markets calendar, following the Review Date (the “Effective Date”).

The Index constituents and weightings resulting from the monthly review and rebalance will be communicated at least one trading day prior to the Effective Date.

#### 6.1.3 Weighting

Index constituents are reset on each Review Date and are equally weighted. As share prices of Index constituents move, the weights will shift and exact equality will be lost. The divisor was initially determined on the Base date of the index. The divisor is adapted as a result of corporate actions and composition changes.

### 6.2 ELIGIBLE COMPANIES AND SELECTION

#### 6.2.1 Index universe and Liquidity screening

The universe of the Index includes only real estate securities that are traded in one of the listed countries see Appendix 1. The company must be listed on an official stock exchange listed in Appendix 1.

Real estate companies must have derived, in the previous full financial year preceding each review, a substantial portion of their total EBITDA from relevant real estate activities. Relevant real estate activities are defined as the ownership, trading and development of income-producing real estate.

On each Review Cut-Off Date, companies are required to have an average daily traded turnover of USD5Mio<sup>1</sup> over a period of 6 months (directly preceding the current Review Cut-Off Date, included) in order to form the investable universe. The traded turnover, or total amount traded in each security, corresponds to the value which represents all trade prices, multiplied by the number of shares relating to each price, converted into the Base Currency of the Index. This value is then summed.

#### 6.2.2 Selection of constituents at the monthly reviews

The Euronext® Reitsmarket Global Conviction Index and the Euronext® Reitsmarket Global Balanced Index are designed to track general “multi-factors” trends in listed real estate securities worldwide through the performance of a “risk-optimized” portfolio of global real estate securities.

Initially, a “multi-factors” selection process identifies a variable number of securities which constitute up to:

- 35.00% of the market capitalization of the investable securities for (1) North America;
- 50.00% of the market capitalization of the investable securities for (2) Developed Europe;
- 35.00% of the market capitalization of the investable securities for (3) Developed Asia Pacific;

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<sup>1</sup> Prior to January 2017, companies belonging to (1) North America, (2) Developed Europe and (3) Developed Asia Pacific Markets/Regions were required to have an average daily traded turnover of respectively (1) USD5Mio, (2) USD2.5Mio and (3) USD5Mio over a period of 6 months (directly preceding the current Review Cut-Off Date, included), in order to form the investable universe.

The “multi-factors” ranking methodology, is based on the intrinsic characteristics of the stocks being part of the same region, namely their respective - (a) Valuation characteristics, (b) Fundamental characteristics, (c) Growth characteristics and (d) Momentum characteristics - and intends to retain those securities with the best combination of characteristics per region.

The algorithm creates three resulting investable and diversified sub pools while looking at the respective (5) Risk characteristics of the securities incorporated in each “regional” investable and diversified pools, each regional sub pool including the 30 highest ranked securities for regions (1) and (3) and the 20 highest ranked securities for region (2), according to Risk.

The Global Conviction methodology aims to retain the highest ranked securities worldwide respectively, i.e. the 30 Index constituents of the Global Conviction Index, primarily amongst the three different “multi-factors” regional investable and diversified sub pools, or within the sub pools, the “multi-factors” investable and diversified pools and/or the remaining part of the investable universe, based on Risk and while making sure that:

- A minimum of 10% of the Index constituents are part of (1) North America;
- A minimum of 10% of the Index constituents are part of (2) Developed Europe;
- A minimum of 10% of the Index constituents are part of (3) Developed Asia Pacific;
- At least 20 constituents of the Index are part of the regional sub pools and
- A target turnover constraint is met.

The Global Balanced methodology aims to retain the highest ranked securities worldwide respectively, i.e. the 40 Index constituents of the Global Balanced Index, amongst the three different “multi-factors” regional investable and diversified sub pools, based on Risk and while making sure that:

- Exactly 50% of the Index constituents are part of (1) North America;
- Exactly 25% of the Index constituents are part of (2) Developed Europe;
- Exactly 25% of the Index constituents are part of (3) Developed Asia Pacific and
- A target turnover constraint is met.

Changes to the Index composition are made on a monthly basis and reflect the changes in the intrinsic factor characteristics (i.e. Valuation, Fundamental, Growth, Momentum and Risk) of the companies in the investable universe, based on the “multi-factors” ranking methodology underlying the selection of the Index constituents, see Appendix 2.

## **6.3 PERIODICAL UPDATE OF WEIGHTING**

### **6.3.1 Update of number of shares at the monthly reviews**

At monthly reviews, the number of shares included in the Index will be updated based on market data available after the close of the Review Cut-Off Date, taking into account necessary adjustments due to Corporate Actions as described in Chapter 7.

The new weightings are calculated such that each constituent will have an equal weight in the index. The weightings will be rounded to the nearest whole number.

## 7. CORPORATE ACTIONS

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### 7.1 GENERAL

The Index may be adjusted in order to maintain the continuity of the Index level and the composition. The underlying aim is that the Index continues to reflect as closely as possible the value of the underlying portfolio.

Adjustments are made in response to events involving Index constituents in order to mitigate or eliminate the effect of such event on the Index.

### 7.2 REMOVAL OF CONSTITUENTS

An Index constituent will be removed from the Index if its trading liquidity will be significantly affected due to a takeover, merger, bankruptcy or has ceased to be a viable constituent as defined by the rules or any similar situation. The constituent in question will either be removed or will be replaced by the acquiring company. If a company is removed from the Index, the divisor will be adapted to maintain the Index level.

#### 7.2.1 Takeovers, mergers and acquisitions

If a takeover offer, merger, acquisition, liquidation, bankruptcy filing or similar situation will significantly affect the Index constituent's trading liquidity, the Index constituent will be removed from the Index. Such removal would result in a divisor decrease.

In the event of a bid in cash, the target company will be removed from the index. Such removal would result in a divisor decrease. In the event of a merger, acquisition or similar situation where the bid is made in the form of shares, the target company will be replaced by the company taking over, provided that this company complies with the requirements for inclusion in the Index in line with the criteria defined in the Index reviews section.

In case a of a mixed bid of cash and shares, the Administrator will treat the bid as a share bid if the share part amounts to at least 75% of the offer price, on the day of the publication of the terms of the offer. The replacement of the shares of the relevant Index constituent by the shares of the company that continues to be traded will be executed on the basis of the bid ratio. The divisor will be adapted only for the cash part of the offer price.

The removal or replacement will take place after the close of the first (full) business day after the offer is declared unconditional or successful. The replacement of the shares of the relevant Index constituent by the shares of the company that continues to be traded will be executed on the basis of the bid ratio.

In rare circumstances where an Index constituent has, in the opinion of the Supervisor, ceased to be a viable Index constituent, the Index constituent in question will either be removed or will be replaced by the acquiring company (if applicable).

The Administrator reserves also the right to apply a specific treatment in non-standard situations including but not limited to:

- Competing bids with differing closing dates or structures;
- Offers made without the intention to gain full control.

### **7.2.2 Suspensions and delistings**

If trading in an Index constituent is suspended, the Index Administrator will consider whether the Index constituent should be removed on the understanding that a transitional period with a maximum of three months may be observed. The Administrator reserves the right to take action before the end of that period if new developments give reason to do so.

In case a constituent is removed following suspension, it will be removed from the index as soon as possible and on a day announced by the Administrator. The company will be removed from the Index after the close of the markets assuming a price of zero unless the Administrator sets a different price, where possible supported by an objective source.

In the event that the trading in an Index constituent is suspended, the last known price established during regular daytime trading on its primary exchange will be used in the calculation of the index.

If an Index constituent is to be delisted from an exchange, it will be removed from the Index as soon as possible and on a day announced by the Administrator.

## **7.3 SPLIT UP / SPIN-OFF**

In the event that the issuer of an Index constituent undergoes a corporate spin-off, the securities of the issuer(s) resulting from the spin-off, as well as those of the original issuer, will continue to be Index constituents, provided that such securities meet Index eligibility requirements. In such cases, the index may then temporarily consist of fewer than, or more than the standard number of constituents until the next periodical review takes place.

For the purpose of these rules, a corporate spin-off is taken to mean a legal de-merger, a split-up or other situation which the Administrator deems to be similar.

In case the shareholder of the company which was originally included in the index does not automatically receive shares in a company which is created as a result of the split up, this company is considered to be a newly listed company.

The removal of securities of any non-qualifying issuer resulting from a spin-off will take place after the close of trading on the first day of trading in the securities of that issuer. If all issuers resulting from the spin-off are to be removed, the removal will take place at the close of trading on the last trading day before the spin-off.

## **7.4 EARLY INCLUSION OF NON-CONSTITUENTS**

As a rule, newly listed securities are considered for inclusion in the Index at the time of the next available monthly review and rebalance.

## **7.5 DIVIDENDS**

### **7.5.1 Distinction ordinary and special dividend**

The price Index (see "Index Calculation Formulas" herein) will be adjusted for dividends that are considered special dividends.

The following criteria will be applied to decide whether a dividend should be considered a special dividend:

- a) The declaration of a company of a dividend additional to those dividends declared as part of the company's normal results and dividend reporting cycle; merely an adjustment to the timing of the declaration of a company's expected dividend would not be considered as a special dividend circumstance; or
- b) The identification of an element of a dividend paid in line with a company's normal results and dividend reporting cycle as an element that is unambiguously additional to the company's normal payment.

For the purpose of clarification, no adjustment will be made for the following situations:

1. Payment of ordinary dividends, irrespective of how they are financed;
2. Issue of redeemable shares or any other entitlement in lieu of an ordinary dividend; or
3. Unexpected increase or decrease, resumption or cessation, or change in frequency to an ordinary dividend.

### **7.5.2 Adjustment for special dividend**

The adjustment of the Index takes place by a reduction of the closing price of the Index constituent in question. Subsequently the divisor will be decreased in order to maintain the Index level. The adjustments will be based on gross dividend amounts.

## **7.6 RIGHTS ISSUES AND OTHER RIGHTS**

In the event of a rights issue, the Index is adjusted based on the value of the rights. The Index will be adjusted only if the rights represent a positive value. Such adjustment results in a decreased divisor.

The Index will also be adjusted, and the divisor decreased, if a value can be attributed to a subscription right for convertible bonds, bonds with warrants or warrants with preferential rights for shareholders or similar situations. If the value cannot be attributed straightforward, the Administrator may also decide to include the detached instrument for one day and adjust the Index at the close based on the closing price for that subscription right on that day.

## **7.7 BONUS ISSUES, STOCK SPLITS AND REVERSE STOCK SPLITS**

For bonus issues, stock splits and reverse stock splits, the number of shares of the affected Index constituent in the Index will be adjusted in accordance with the ratio given in the corporate action. The divisor will not be adjusted because of this. The Administrator may regard a bonus issue as the issue of an entitlement in lieu of an ordinary dividend and therefore treat this in accordance with paragraph 7.5.1 in this chapter.

## **7.8 CHANGES IN NUMBER OF SHARES**

In between the monthly reviews and rebalances the number of shares of an Index constituent will remain unchanged outside of the effects of corporate actions.



## 7.9 PARTIAL TENDER OFFERS ON OWN SHARES

The Administrator will adjust the divisor of the Index if the premium represents more than 5% of the share price of the close on the penultimate day before the ex-date (the day prior to the last day before the ex-day). The premium is calculated as the difference between the offered price and the closing price, multiplied by the percentage of the share capital targeted in the offer. If the divisor is adjusted, the number of shares in the Index will be adjusted as well.

## 8. INDEX CALCULATION FORMULAS

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The calculation of **Net Return Index** takes two steps: the first step is to transpose the announced dividend payment into Index points. This is called the XD adjustment. This uses the following formula:

$$\text{XD adjustment} = \sum_{i=1}^N \frac{g_i \times w_i}{d}$$

Where:

- N Number of constituent equities in Index
- $g_i$  The announced dividend per share of the  $i^{\text{th}}$  component stock (for net return Index withholding tax is deducted from this dividend)
- $w_i$  The weighting of the  $i^{\text{th}}$  component stock in the Index, based on number of shares included in the Index and exchange rate
- d Divisor of the Index

The second step of the calculation uses the figures calculated in step one (XD adjustment). The dividend is assumed to be reinvested at the close of the ex-date.

$$NR_t = NR_{t-1} \times \left( \frac{I_t + XD}{I_{t-1}} \right)$$

Where:

- $NR_{t-1}$  Net Return Index value on day t-1
- $NR_t$  Net Return Index value on day t
- $I_{t-1}$  Price Index on day t-1
- $I_t$  Price Index on day t

The general formula for the **Price Index** is:

$$I_t = \frac{\sum_{i=1}^N Q_{i,t} C_{i,t} X_{i,t}}{d_t}$$

Where:

- t Time of calculation
- N Number of constituent equities in Index
- $Q_{i,t}$  Number of shares of equity i included in the Index on day t
- $C_{i,t}$  Price of equity i on day t
- $X_{i,t}$  Current exchange rate on day t
- $d_t$  Divisor of the Index on day t

The Risk Control Index calculation is as follows:

$$RC_t = RC_{t-1} * W_{t-2} * \frac{NR_t}{NR_{t-1}} + RC_{t-1} * (1 - w_{t-2}) * (1 + IR * \frac{day}{365})$$

Where:

- RC<sub>t-1</sub> Risk Control Index value on day t-1
- RC<sub>t</sub> Risk Control Index value on day t
- NR<sub>t-1</sub> Underlying Net Return Index value on day t-1
- NR<sub>t</sub> Underlying Net Return Index value on day t
- W<sub>t-2</sub> Percentage weight of the underlying index based on day t-2
- IR Applicable interest rate at the time of calculation (t-1 Euribor 3 months)
- day Number of calendar days between day t and day t-1

#### Calculation of W<sub>t</sub>

The calculation of **W<sub>t</sub>** takes 2 steps the first step is to calculate the 20 and 60 days annualized historical volatility of the underlying index. This uses the following formula:

$$Vol_N = \sqrt{\frac{252}{n} * \sum \left[ \ln \left( \frac{NR_t}{NR_{t-1}} \right) \right]^2}$$

Where:

- N 20 or 60 days
- NR<sub>t-1</sub> Underlying Net Return Index value at "t-1", "t-1" ranging from last closing to last closing- N
- NR<sub>t</sub> Underlying Net Return Index value at "t", "t" ranging from today closing to today closing- N

The second step is to calculate **W<sub>t</sub>**:

$$W_t = \text{Min} \left[ \frac{TVol}{\text{Max}(Vol_{20}; Vol_{60})}; 100\% \right]$$

Where:

- Tvol Is the targeted annual volatility (10% or 12%)

The **Decrement Return Index calculation** is as follows:

$$DI_t = DI_{t-1} \left( \frac{NR_t}{NR_{t-1}} - Dcr * \frac{day}{365} \right)$$

Where:

- DI<sub>t-1</sub> Decrement Return Index value on day t-1
- DI<sub>t</sub> Decrement Return Index value on day t
- NR<sub>t-1</sub> Net Return Index value on day t-1
- NR<sub>t</sub> Net Return Index value on day t
- Dcr 4.75%
- day Number of calendar days between day t and day t-1

## 9. ESG DISCLOSURES

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Euronext Paris
Item 2. Type of benchmark	Equity Benchmark
Item 3. Name of the benchmark or family of benchmarks.	<b>Euronext Reitsmarket</b>
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	No
Item 5. If the response to Item 4 is positive, please find below the ESG factors that are taken into account in the benchmark methodology and how they are used for selection, weighting and exclusion	
a) List of environmental factors considered:	Not applicable
b) List of social factors considered:	Not applicable
c) List of governance factors considered:	Not applicable
Item 6. Data and standards used.	
a) Data input. <i>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</i> <i>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i>	Not applicable
b) Verification of data and guaranteeing the quality of those data. <i>Describe how data are verified and how the quality of those data is ensured.</i>	Not applicable
c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i>	Not applicable
Information updated on:	30 <sup>th</sup> April 2020

## APPENDIX 1 : OFFICIAL STOCK EXCHANGES LIST

Index name	Version	Mnemo
<b>North America</b>		
Canada	Toronto Stock Exchange	TSE Close Price
United States of America	New York Stock Exchange	Official Closing Price
	NASDAQ Stock Market	Official Closing Price
<b>Developed Europe</b>		
Austria	Wiener Boerse	Auction Price at 17:30
Belgium	Euronext Brussels	Closing Auction at 17:35
Denmark	Copenhagen Stock Exchange	Closing price at 17:00
Finland	Helsinki Stock Exchange	Closing price at 17:30
France	Euronext Paris	Closing Auction at 17:35
Germany	Deutsche Börse Frankfurt	Closing Auction Price
	Xetra	Closing Auction Price
Ireland	Irish Stock Exchange	Last trade price at 17:15
Italy	Italian Stock Exchange	Closing auction at 17:35 - 17:40
Luxembourg	Luxembourg Stock Exchange	Closing Price at 15:30
Netherlands	Euronext Amsterdam	Closing Auction at 17:35
Norway	Oslo Stock Exchange	Closing auction prices at 16:00
United Kingdom	London Stock Exchange	Official Closing Price
Spain	Bolsa de Madrid	Auction price at 17:35
Sweden	Stockholm Stock Exchange	Closing price at 17:30
Switzerland	SIX Swiss Exchange	Official close at 17:30
<b>Developed Asia Pacific</b>		
Australia	Australian Stock Exchange	Auction Price (Official Close)
Hong Kong	Hong Kong Stock Exchange	Nominal Price (Official Close)
Japan	Tokyo Stock Market	Last Trade (Official Close)
Singapore	Singapore Exchange	Action Price (Official Close)
Taiwan	Taiwan Stock Exchange	Official Closing Price

## APPENDIX 2: “MULTI-FACTORS” RANKING METHODOLOGY

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*Rego Partners owns all intellectual rights to the methodology underlying the selection of the constituents of the index. This methodology for selection of Euronext® Reitsmarket Global Conviction and Euronext® Reitsmarket Global Balanced indices is designed and maintained by Rego Partners.*

*A description of the methodology can be obtained via email at Rego Partners: [ho@rego-partners.com](mailto:ho@rego-partners.com)*