



Rules for the Euronext IEIF REIT Europe Index

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1. Index summary

Factsheet	REIT Europe
Full name	Euronext IEIF REIT Europe Index
Index Type	Divisor index
Index Governance Structure	An independent and dedicated Committee, the Euronext IEIF REIT Steering Committee, acts as the Supervisor of the index. The Global Index Group acts as the Compiler of the index.
Eligible stocks	Property companies listed on European regulated markets that have opted for a tax-transparency regime (REIT structure).
Selection	Within the universe companies are selected whose market capitalization is more than 0.4% of the Universe, with a minimum free float of 20% and with an minimum daily average turnover representing 0.2% of the daily average turnover of the universe.
Number of constituents	Flexible
Weighting	Based on free float adjusted market capitalization. Weightings are subject to a maximum of 15%.
Review of composition	Semi-annually.
Effective date of the review	The reviews are effective after the close of the 3rd Friday of March and September.
Review of number of shares	Rebalanced at periodical review
Calculation frequency	Continuously every 15 seconds
Base date	31-12-02
Base level	1000
Capitalisation base	8.893.957
Historic data available since	31-12-02
Derivatives and Linked products	The index is designed to be an underlying for ETF's and structured products
ISIN code	QS0011070230
Mnemonic code	REITE
Bloomberg code	REITE <index>
Reuters code	.REITE
Launch date	4 June 2007

2. Governance and disclaimer

Supervisor

The Euronext IEIF REIT Steering Committee acts as independent Supervisor of the Euronext IEIF REIT Europe index. The Supervisor is responsible for monitoring the selection of constituents for the Euronext IEIF REIT Europe index and ensuring that the index offers a reliable and representative view of the market.

Compiler

Euronext Indices B.V. is the Compiler of the Euronext IEIF REIT Europe index. The Compiler is responsible for the day-to-day management of the index and is also responsible for decisions regarding the interpretation of these rules.

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 Compiler, 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.

Rule book changes

These rules may be supplemented, amended in whole or in part, revised or withdrawn at anytime. 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 Compiler will submit all decisions regarding supplementing, amending, revising or withdrawing these rules to the Supervisor for recommendations or approval.

Liability

Euronext N.V., its subsidiaries, the Compiler nor the Supervisor are liable for any losses resulting from supplementing, amending, revising or withdrawing the Rules for the index.

The Compiler will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the Euronext IEIF REIT Europe index in accordance with relevant rules. However, nor Euronext N.V., nor its subsidiaries, nor the Compiler nor the Supervisor of the Euronext IEIF REIT Europe index are liable for any inaccuracy in share prices, calculations and the publication of the index, the information used for making adjustments to the index and the actual adjustments. Furthermore, Euronext N.V., its subsidiaries, the Compiler of the Euronext IEIF REIT Europe index and the Supervisor of the Euronext IEIF REIT Europe index do not guarantee nor the continuity of the composition of the Euronext

IEIF REIT Europe index, nor the continuity of the calculation of the Euronext IEIF REIT Europe index, nor the continuity of the dissemination of the Euronext IEIF REIT Europe index levels, nor the continuity of the calculation of the Euronext IEIF REIT Europe index.

Ownership and trademarks

IEIF and Euronext Indices B.V. are joint owners of all intellectual and other property rights to the Euronext IEIF REIT Europe index, including the name, the composition and the calculation of the Euronext IEIF REIT Europe index.

3. Publication

3.1 The opening, intraday and closing or daily publication of index values.

Opening

The opening level is calculated using the opening prices of traded constituents or in the case of constituents that have non-traded, halted or suspended status, the previous day reference prices or estimated prices (for IPOs, buyouts and swap offers).

The opening index level is disseminated at the same time as the first index level.

Dissemination frequency

The level of the index is in principle published every 15 seconds. The index is calculated from 09:00 until 17:35 (CET) on the days when the Euronext Markets are open for trading.

Closing level and opening reference level

The closing level is the last level disseminated on the trading day.

In both cases, for constituents that have non-traded, halted or suspended status, the previous day reference prices or estimated prices (for IPOs, buyouts and swap offers) are used, instead.

3.2 Exceptional market conditions and corrections

The Compiler retains the right to delay the publication of the opening level of the index. Furthermore, the Compiler of the index retains the right to suspend the publication of the level of the index if it believes that circumstances prevent the proper calculation of the index.

If prices are cancelled, the index will not be recalculated unless the Compiler decides otherwise.

3.3 Announcement policy

Announcement policy general

Changes to the index, its components or its rules will be announced by an index announcement which will be distributed via e mail and/or the website of NYSE Euronext.

As a rule the announcement periods that are mentioned underneath will be applied. However, urgent treatments or late notices may require the Compiler to deviate from the standard timing.

Inclusion of new constituents

The inclusion of companies in the index will be announced at least 10 trading days before the actual inclusion.

Removal of Constituents

At least two full trading days should pass between the announcement and the actual removal of the constituent.

Corporate actions

In case of an event that could affect one or more constituents, the Compiler will inform the market about the intended treatment of the event in the index shortly after the firm details have become available and have been confirmed. Once the corporate action has been effectuated, the Compiler will confirm the changes in a separate announcement.

Rule changes

Barring exception, a period of at least two months should pass between the date a proposed change is published and the date this comes into effect. Exceptions can be made if the change is not in conflict with the interests of an affected party.

Reviews: publication of new selection

The decisions of the Supervisor are published at least two weeks before the effective date of the review.

The new selection of the index, their free float factors, number of shares and capping factors will be announced at least two trading days before the effective date.

Supervisor decisions

All decisions will be published immediately.

4. Calculation

4.1 Calculation of the price index

The index is calculated on a price return basis. The calculation is based on the current free float market capitalization divided by the divisor. The divisor was determined on the initial capitalization base of the index and the base level. The divisor is adapted as a result of corporate actions and composition changes.

4.2 Currency Conversion

Share prices that are quoted in other currencies than euro will be converted to Euro based on the most recent WM/Reuters spot rates, which are published each business day around 5pm CET.

4.3 Total Return Index Calculation

Net Return index

A net total return index, which is obtained by reinvesting the net dividends, is calculated and disseminated at the same frequency as the price index.

Withholding tax rate

The net dividend is calculated based on the position of a Luxembourg based UCIT fund (Undertaking for Collective Investment in Transferable Securities). A table detailing the percentages that are applied is available on the website of NYSE Euronext.

Ordinary dividends in shares

If a dividend is distributed in the form of shares only and if this is regarded as ordinary dividend, the return index will be reinvesting 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.

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 (Euro), then the compiler will in first instance use the Euro 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 compiler 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 foreign exchange reference rates as published daily by the ECB.

5. Index reviews

5.1 General aim of reviews and frequency

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 underlying market.

Frequency

The reviews become effective, after the market close, the third Friday of March and September.

5.2 Index universe and selection principle

Index Universe

The Universe of the Euronext IEIF REIT Europe index is defined as all property companies which have opted for a tax-transparency regime(REIT) and which are listed on European regulated markets.

Selection of constituents

The index constituents are selected among the REITs included in the Universe that have:

- o a market capitalization exceeding 0.4% of the total market capitalization of the universe,
- o a minimum free float of 20%, and
- o a minimum daily average turnover representing 0.2% of the daily average turnover of the universe.

The daily average turnover is calculated over the 12 months prior to the review.

Exclusion of constituents

If, during two consecutive quarters, an index constituent has a market capitalization that is lower than 0.32% of the universe's market capitalization, or has a free float under 10%, or has its daily average turnover under 0.16% of the daily average turnover of the universe over a period of 12 months, it will be removed from the index.

Selected line

As only one listing – the most active one - is permitted per company, the listing representing the company's ordinary shares is generally used.

5.3 Periodical update of weighting

Update of number of shares

The number of shares included in the index that is effective at the periodical review for each constituent is based on the number of shares listed on its main market on that date.

Annual review of Free Float

The free-float factors used for the calculation of the index are reviewed annually in September. It is rounded up to the next 5% bracket. The free float factors are determined on the basis of the information available on the second half of August, and are published at least two trading days before the index update. The annual review of the free float factors comes into effect, after the market close, on the 3rd Friday of September.

Other Free float changes

Where the change in free float leads to a move in banding by more than one band, the free-float factor will be adjusted at the periodical review in March.

Capping

A maximum weighting of 15% is applied to each index constituent at the periodical reviews. If the weight of a given stock exceeds this limit it is scaled down by a coefficient called “capping factor”.

6. Corporate Actions

6.1 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 take place in reaction to events that occur with constituents in order to mitigate or eliminate the effect of that event on the index.

6.2. Removal of constituents

A constituents will be removed from the index if it has appeared that the liquid trading will be significantly affected due to a takeover, merger, bankruptcy or similar situations. If a removal occurs the company may be replaced by the acquiring company.

Removed constituents may be reentered at the occasion of the next review if they fulfill the basic requirements for inclusion in the index again.

If a company is removed from the index, the divisor will be adapted to maintain the index level.

6.2.1. Mergers and Acquisitions

In the event of a merger, acquisition or similar situation where the bid is made in the form of shares, the constituent in question will be replaced by the company that will continue to be traded during regular daytime trading, provided that this company complies with the requirements for inclusion in the index in line with the criteria defined in the Index reviews section. The replacement will take place after the close of the first (full) business day after the offer being declared unconditional or successful.

In the event of a bid made in the form of cash on a constituent, the company in question will be removed from the index four business days before the close of the (initial) offer period.

In case a bid is made in the form of a mix between cash and shares the Compiler will treat the bid as if it is in shares if the share part is at least 75% of the offer price, observing the conditions as of the day of the publication of the terms of the offer.

The Compiler reserves the right to apply a specific treatment in non standard situations like:

- Competing bids with differing closing dates or structures;
- Shares trading clearly above the price of the bid;
- Offers made without the intention to gain full ownership.

A separate announcement detailing the specific treatment will be issued timely to the market.

6.2.2 Suspensions and company distress

If regular trading in shares of a constituent is interrupted or is suspended, the company in question will be removed from the index, on the understanding that a transitional period to be determined by the Compiler, subject to a maximum of three months, may apply.

The company will be deleted from the index based on either the last known price established during regular daytime trading or else a price determined by the Compiler, whereby the company may also be deleted at EUR 0.

6.2.3 Price sources

In the event that the trading in shares is suspended, the last known price established during regular daytime trading will be used.

The Compiler may decide to use other sources or determine another price if it is deemed necessary to do so.

6.3 *Split-up /spin off*

In the event that a constituent is split up, the securities resulting from the split, including the original stock where appropriate, will continue to be included in the index providing they still qualify in their own right.

For the purposes of these rules a split-up is taken to mean a legal demerger, a spin-off or another situation which the compiler 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 any company resulting from a split-up will take place after the close of the first day of trading in the shares of that company.

The Compiler will continue to include any entity resulting from the split up that continues to have a REIT status.

6.4. *Early Inclusion of Non-Constituents*

As a rule newly listed companies will be considered for inclusion in the index at the time of the periodical index rebalancing. However, for new issues that are significant in size and meet all the inclusion criteria, an early inclusion, outside of the periodical reviews, may be considered.

Companies may also be considered for early inclusion in other significant cases, resulting from changes in free float, a large additional offering of an already listed company, consolidation or restructuring in the industry giving rise to a large new company, and a company spun-off from a non-constituent company.

6.5. *Dividends*

6.5.1. **Distinction ordinary and special dividend**

The price index will be adjusted for dividends that are special.

To decide whether a dividend should be considered a special dividend the Compiler will use the following criteria:

- 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, the Compiler will not make adjustment 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.

If the company decides to pay its dividend in the form of shares without an option to receive cash, this will be treated as a bonus issue and the index will be adjusted accordingly, unless the distribution of shares has a non-dilutive character.

6.5.2. **Adjustment for special dividend**

The adjustment of the index takes place by the reduction of the closing price of the share in question. Subsequently the divisor will be adapted in order to maintain the index level. The adjustments will be based on gross amounts.

6.6. *Rights issues and other rights*

In the event of a rights issue the index will be adjusted in such a way that the value of the index remains the same. The divisor will be adjusted on the basis of the theoretical value of the rights as calculated by the Compiler.

The Compiler shall only effect adjustments if the rights represent a positive value.

The index will also be adjusted 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.

6.7 *Bonus issues, stock splits and reverse stock splits*

For bonus issues, stock splits and reverse stock splits, the number of shares included in the index will be adjusted in accordance with the ratio given in the corporate action. Since the event won't change the value of the company included in the index, the divisor will not be changed because of this.

6.8 *Changes in number of shares or free float*

Changes in the number of shares in issue will not be reflected in the index until the next review unless the change is related to a specific corporate action.

Changes in the free float will also be effectuated at the occasion of the periodical review.

7. Formulas and procedures

7.1 Index calculation formula

The index is calculated using the following formula:

$$I_t = 1000 \times \frac{\sum_{i=1}^N Q_{i,t} F_{i,t} f_{i,t} C_{i,t} X_{i,t}}{K_t \sum_{i=1}^N Q_{i,0} C_{i,0} X_{i,0}}$$

Where:

t	day of calculation
0	base date
N	number of constituent equities in index
$Q_{i,t}$	number of shares of equity i on day t
$F_{i,t}$	free float of equity i
$f_{i,t}$	capping factor of equity i
$C_{i,t}$	price of equity i on day t
$X_{i,t}$	exchange rate valid on day t
K_t	adjustment coefficient for base capitalization on day t

$$Divisor = \frac{K_t \sum_{i=1}^N Q_{i,0} C_{i,0} X_{i,0}}{1000}$$

7.2 Total Return Index calculation formula

The total return index calculation 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:

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

Where:

n:	The number of securities in the index;
g_i :	The announced dividend per share of the i^{th} component stock (for net return index withholding tax is deducted from this dividend);
w_i :	The weighting of the i^{th} component stock in the index, based on number of shares included in the index, free float factor, capping factor and exchange rate;
d:	Divisor of the index.

The second step of the calculation uses the figures calculated in step one (XD adjustment). These figures are now included in the formula below which actually calculates the index value including dividend re-investment (total returns).

$$TR_t = TR_{t-1} \left(\frac{IV_t + XD}{IV_{t-1}} \right)$$

Where:

TR_{t-1} : Total returns index value yesterday;

TR_t : Total returns index value today;

IV_{t-1} : Underlying price index yesterday;

IV_t : Underlying price index today;

XD : XD adjustment to underlying capital index (see step 1 above).

Definitions

Free float

Free float is defined as the outstanding capital less shareholdings exceeding 5%, except where such interests are held by

- (a) collective investment schemes or
- (b) pension funds, or
- (c) mutual funds.

In addition, certain insider holdings (e.g. shares held by directors, employees, founders and family), government holdings and holdings of the company itself (including subsidiaries) are not considered free float, irrespective of the size.