

*GPR 75 Liquid Developed  
Europe Real Estate Index*

*Construction  
& Maintenance Procedures*

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## 1 GLOSSARY

<i>Adjustment factor</i>	A multiplier to correct for changes in the intrinsic value of the stock not having return implications.
<i>Bank fund</i>	A property company, managed by a bank, with an unlimited amount of shares. The company issues and buys back shares constantly at a price determined by the company itself.
<i>Balanced score card</i>	Contains five factors to which a company must comply
<i>Base</i>	Initial value of the index.
<i>Compiler</i>	Party responsible for the management and maintenance of the indices
<i>Core countries</i>	Highly Transparent and Transparent developed countries as defined by the Jones Lang LaSalle Global Real Estate Transparency Index
<i>Core sectors</i>	Office, health care, industrial, retail and residential property investments
<i>De-merger</i>	Situation in which a company splits up in two or more entities, which may be floated.
<i>Development activities</i>	Property holdings under construction
<i>Directors' holdings</i>	Shares held by the management and board of Directors of the company
<i>Ex-dividend date</i>	First trading date at which the holder of the stock is no longer entitled to receive the subsequent dividend
<i>Free float</i>	The number of shares outstanding considered to be available for trading on the stock market
<i>Gross dividends</i>	Dividends before taxes
<i>Index</i>	GPR 75 Liquid Developed Europe Real Estate Index
<i>Indicative values</i>	Values subject to change
<i>Investment activities</i>	Income generating property holdings, including land
<i>Market capitalization</i>	Number of shares outstanding times the share price
<i>Nominee account</i>	A joint share account held by a financial institution aggregating various separate share holdings
<i>Operational turnover</i>	Recurrent income from activities
<i>Primary stock listing</i>	Quotation of the stock with the highest number of shares traded
<i>Spin-off</i>	Situation in which a company disposes part of its portfolio by creating a separate entity, which subsequently may be floated
<i>Suspension of trading</i>	A temporary deferral of regulated trading
<i>Trading volume</i>	Share turnover expressed as the number of shares traded times the price of the shares in US dollars

*GPR 75 Liquid Developed Europe Real Estate  
Index  
Calculation Procedures*

## 2 COMPOSITION OF THE GPR 75 LIQUID DEVELOPED EUROPE REAL ESTATE INDEX

- 2.1 The GPR 75 Liquid Developed Europe Real Estate Index (“Index”) is composed in such a way that it is considered to be representative for the movements in the developed country property share market of Europe.
- 2.2 The Index is a weighted index based on shares of 75 leading property companies in Europe.
- 2.3 The Index includes the 75 stocks with the highest turnover over the previous twelve months.
- 2.4 Only stock exchange quoted companies without restrictions on foreign ownership are eligible for inclusion in the Index.
- 2.5 The Index includes companies for which the free float, calculated as the share price times the available amount of shares outstanding, is over 50 million US dollar for two consecutive months, and when the free float percentage is at least 15 percent.
- 2.6 Free float is reduced to reflect share holdings of more than 5 percent of the shares outstanding. Combinations of holdings under 5 percent never qualify, unless these smaller holdings belong to one fiscal entity. Directors’ holdings never qualify as free float, even when these holdings fall below 5 percent. Nominee accounts are always considered to be part of free float market capitalization. In case both a parent and a daughter company are part of the index, the free float of the daughter company will be lowered to reflect the stake of the parent company in the daughter company. In case shareholders have a lock-up on their shares, then these holdings will not be part of free float, even when these holdings fall below 5 percent.
- 2.7 Companies are included for which at least 75 percent of operational turnover is derived from investment activities (property investment companies) or investment and development activities combined (hybrid property companies) in Europe. In the case of hybrid property companies at least 25 percent of operational turnover needs to be derived from investment activities.
- 2.8 Operational turnover is determined using figures of the latest available financial statements of the property company. If operational income cannot be derived from these financial statements, property assets will serve as the criterion to determine inclusion.
- 2.9 The Index includes office, residential, retail, industrial, health care, and diversified property companies. Whenever a company derives at least 60 percent of operational turnover from one specific property type, the compiler considers this company to be specialized in this property sector. For companies in the hotel and healthcare sector, it must be certain they are an investor and not an operator. The financial information needs to be clear on how the income is derived, from which activities. In case of doubt, the company will not be included.
- 2.10 The stocks included in the Index are assigned a base weighting derived from their free float market capitalization.
- 2.11 Country weights are the sum of weighting factors of individual constituents in every country.
- 2.12 If a company derives over 75 percent of the operational turnover from one country, not being the country of its primary stock listing the company is placed in the index of the country in which the assets are located. See Appendix 7.4 for a list of eligible countries and stock exchanges.
- 2.13 Companies are included if the publication of audited annual reports and press releases on their website are all available in English. An annual report is defined as a current set of accounts consisting of a profit and loss statement, a balance sheet, a directors’ review and full notes to the accounts

### 3 CALCULATION OF THE GPR 75 LIQUID DEVELOPED EUROPE REAL ESTATE INDEX

- 3.1 The Index will be EUR-denominated. The values of the Index are based on total return calculations. The components of total return are price return and dividend return.
- 3.2 The base date of the Index is December 31st, 1999 and the base value is 100.
- 3.3 Share prices are closing prices established during normal, regulated trading on the stock exchange of primary listing.
- 3.4 Share prices used are most recent closing trade prices.
- 3.5 The Index reflects gross and net dividend payments, using a standard methodology for conversion of gross to net dividend return. The dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company's country of incorporation applicable to institutional investors. A withholding tax related to a dividend is a tax on the income of the shareholder withheld by the company when the dividend is paid to a shareholder. GPR applies the maximum rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Annually, the compiler will publish a page with the withholding tax rate applicable for a calendar year.
- 3.6 Dividends are included in the index at the ex-dividend date.
- 3.7 Dividends paid out by a company are reinvested at the first index calculation.
- 3.8 Foreign exchange rates are WM/Reuters London 16.00 hours close rates.
- 3.9 If for any reason the stock price or a foreign exchange rate is not known or deemed to be unreliable the compiler will, after proper inquiries have been made with the relevant pricing source, calculate the Index on the basis of the most recent price for that stock or foreign exchange rate which is known to the compiler.

4 PUBLICATION OF THE GPR 75 LIQUID DEVELOPED EUROPE REAL ESTATE INDEX

- 4.1 The current value of the Index will be published once a day.
- 4.2 Index values calculated will be published on the next trading day.
- 4.3 The compiler of the Index reserves the right to delay publication of values of the index or to suspend or cease publication, if in his opinion circumstances prevail which prevent the proper calculation of the index.

## 5 PERIODIC ADJUSTMENT OF THE GPR 75 LIQUID DEVELOPED EUROPE REAL ESTATE INDEX

### *General Rules*

- 5.1 The aim of the compiler of the Index when making a periodic adjustment is to ensure that the weighting and selection of the component countries and stocks remains in accordance with the basic principles of the index, as described in chapter 2.
- 5.2 Periodic adjustments to the selection and base weighting of stocks and countries in the Index will occur semi-annually, after the close of trading on the third Friday in March and September.
- 5.3 Changes in the selection and base weighting of countries or in the selection of stocks will be announced after the close of trading on the second Friday in March and September, i.e., exactly 5 business days before occurrence.
- 5.4 Periodic adjustment to the selection and base weighting of stocks and countries included in the Index may not change the historic value of the index.
- 5.5 The selection of stocks included in the Index shall be adjusted semi-annually on the basis of monthly trading volume on an absolute basis over the past year on the primary stock exchange. The stocks trading the largest monthly volume on the relevant exchange will be selected. To reduce turnover at periodic adjustment, stocks will only be dropped for liquidity purposes if they fall below the 85th position.
- 5.6 If a stock has multiple listings only the primary listing will be considered.
- 5.7 The weighting of stocks included in the Index shall be adjusted semi-annually on the basis of free float of these stocks on the date of periodic adjustment. The compiler will use the most recently published data of free float. A cap is imposed on the stock weightings of 10% to meet UCITS concentration restrictions (and ensure that the sum of stocks greater than 5% cannot exceed 40% in aggregate). Moreover, a cap is imposed on the stock weightings to control liquidity risks; this cap would ensure that the weight based on free float of these stocks on the date of periodic adjustment cannot be >200% of the weight based on its % of the portfolio's aggregate average daily turnover. Lastly, the Index will impose a minimum weight of 0.10% per stock for efficient replication purposes.
- 5.8 In cases, which are not explicitly defined in the rules for periodic adjustment, periodic adjustment will be carried out in spirit of the aims mentioned in article 2.1. All adjustments must meet the criteria mentioned in articles 2.2 to 2.4.

### *Company Structure Changes*

- 5.9 In case of a merger or acquisition in which all of the companies involved are in the Index, only one company will continue to be part of the Index. The weight of this company is dependent on the market capitalization of the surviving company. Market capitalization will be adjusted to publications following the offer. The final return will reflect the offer price.
- 5.10 In case of a merger or acquisition in which one of the companies involved is in the Index and the other company does not meet the criteria as expressed in chapter 2, the company resulting from the activity will have to comply with these criteria in order for the company to remain included in the Index. If the resulting company fails to meet these criteria, the company will be excluded. The final return will reflect the offer price.
- 5.11 After the occurrence of a de-merger of a company included in the Index, both the original and/or the newly created entities will immediately become part of the index whenever the new entities meet the criteria of chapter 2.
- 5.12 After the occurrence of a spin-off of part of a company included in the Index, only the original company will remain part of the index. The spin-off will be treated as an initial public offering.

*Company Capital Changes*

- 5.13 The amount of shares outstanding will be changed to reflect seasoned offerings and share repurchases at the month of occurrence.
- 5.14 If a company goes bankrupt, the Index will reflect the return by setting the price at zero, in order to reflect a total loss of the investment.
- 5.15 In case of a stock split, a stock dividend, a poison pill, a rights issue or a bonus issue the number of shares will be adjusted. Furthermore, an adjustment factor is implemented to ensure continuity of return calculations.
- 5.16 In case of a merger or acquisition, whereby the target company remains listed on the stock exchange with a free float percentage of at least 15%, this target company will continue to be part of the Index when the offer has been declared unconditional. This article will be superior to articles 5.8 and 5.9.
- 5.17 In the event of a rights issue, an adjustment factor is implemented to ensure continuity of return calculations. If the rights issue is fully underwritten, then the newly issued shares will be included in the index at the closing price at the end of the ex-right date. If the rights issue is not fully underwritten, then the newly issued shares will be included in the index at the closing price at the end of the first day of trading. In case of doubt, the rights issue will be perceived as not fully underwritten.

6 FINAL PROVISIONS FOR THE GPR 75 LIQUID DEVELOPED EUROPE REAL ESTATE INDEX

- 6.1 Global Property Research acts as the compiler of the Index.
- 6.2 The compiler of the Index is responsible for the daily administration of the Index. The compiler of the Index is also responsible for decisions regarding the interpretation of these rules.
- 6.3 In cases for which the rules make no provision, but which require immediate action, the compiler of the Index shall decide to the best of his ability and within the spirit of and in accordance with the aim of the rules.
- 6.4 These rules may be amended, which may also lead to a change in the Index. There will be a period of at least three months between the date of publication of a proposed amendment and the date on which it comes into effect, unless the amendment does not conflict with any interest of the parties involved. No responsibility is accepted for damages arising from an amendment to the rules of the Index.
- 6.5 The compiler of the Index shall make every effort to safeguard the accuracy of the composition, publication and adjustment of the Index in accordance with the applicable rules. However, the compiler of the Indices accept no responsibility whatsoever for any inaccuracy in the share prices, the calculation and publication of the index, the information used to make adjustments in the Index nor in the adjustments themselves.

# *Appendix*

### 7.1 Calculating returns for individual companies

The returns for individual companies are calculated as follows:

$$r_{i,t+1} = \frac{P_{i,t+1} + D_{i,t+1} - P_{i,t}}{P_{i,t}}, \text{ where}$$

$r_{i,t+1}$	Return of company i in period t, t+1
$P_{i,t+1}$	Price of company i at time t+1
$D_{i,t+1}$	Dividend on company i at time t+1
$P_{i,t}$	Price of company i at time t
t	Last trading day

### 7.2 Calculating weights of individual companies at semi-annual rebalancing

At the semi-annual rebalancing the weighting of stocks included in the index are adjusted imposing two capping mechanism:

- Liquidity risk capping
- UCITS-capping + Minimum weight of 0.10%

#### A. Preparing company weights

Before the capping mechanisms are implemented the weight of companies in the index at semi-annual selection is derived as follows:

$$W_{i,t} = \frac{C_{i,t}}{\sum_{i=1}^{N_t} C_{i,t}}, \text{ where}$$

$W_{i,t}$	Weight of company i at time t
$C_{i,t}$	(Free float) market capitalization of company i at time t
$N_t$	Number of companies that meet the inclusion criteria at time t

#### B. Liquidity risk capping

This mechanism uses aggregated average daily turnover figures on a company level to minimize liquidity risk.

$$Q_{i,t} = \frac{T_{i,t}}{\sum_{i=1}^{N_t} T_{i,t}}, \text{ where}$$

$Q_{i,t}$  Turnover aggregated weight of company i at time t

$T_{i,t}$  Aggregated average daily turnover of company i at time t

### MECHANISM 1: Company weight capping

Step 1 If  $W_{i,t}/Q_{i,t} > 200\%$  then  $W_{i,t} = 2 * Q_{i,t}$

Step 2 Pro rata redistribution of the excess weight to companies where  
 $W_{i,t}/Q_{i,t} < 200\%$

Repeat Step 1 and Step 2 until there is no company where  $W_{i,t}/Q_{i,t} > 200\%$ .

### C. UCITS-capping + Minimum weight of 0.10%

The implementation (at rebalancing) of the UCITS-capping + minimum weight of 0.10% rule in the index calculation can be split into two separate capping mechanisms:

1. all relevant company weights are capped at 10% and 0.10%;
2. the weight of the group of companies with an individual weight of more than 5% (including the companies weighting 10%) is capped at 40% (company weights capped at 10% and 0.10% are not impacted).

Both algorithms are looped until the relevant restriction is met.

### MECHANISM 2a: Company weight capping

Step 1 If  $W_{i,t} \geq 10\%$  then  $W_{i,t} = 10\%$ .

If  $W_{i,t} < 0.10\%$  then  $W_{i,t} = 0.10\%$ .

Step 2 Pro rata redistribution of the excess weight to companies where  
 $0.10\% < W_{i,t} < 10\%$ .

Repeat Step 1 and Step 2 until there is no company where  $W_{i,t} < 0.10\%$  or  $W_{i,t} > 10\%$ .

### MECHANISM 2b: Group weight capping

For companies where  $W_{i,t} = 10\%$  or  $W_{i,t} = 0.10\%$  the weights is fixed.

Step 1 Define group **A** as all companies where  $W_{i,t} > 5\%$ .

Define group **B** as all companies where  $W_{i,t} \leq 5\%$ .

Step 2 if for group **A**  $\sum W_{i,t} > 40\%$  then  $\sum W_{i,t} = 40\%$ .  
Pro-rata weight adjustment of companies in group **A**.

Step 3 Pro rata redistribution of the excess weight to group **B**.

Repeat Step 1, Step 2 and Step 3 until there is no group **A** where  $W_{i,t} > 40\%$

## 7.3 Calculating weights of individual companies after semi-annual rebalancing

After the semi-annual rebalancing company weights float on total return on a daily basis.

#### 7.4 Calculating index

The index value is calculated by making a sum of all contributions of all companies in the index, multiplied by the index value of the previous trading day. The contribution of a company is calculated by multiplying its return by its respective weight.

$$I_{t+1} = I_t \left( 1 + \sum_{i=1}^{N_t} W_{i,t} * r_{i,t+1} \right), \text{ where}$$

$I_{t+1}$  Index value at time t+1

#### 7.5 Eligibility of countries and stock exchanges

The table below provides a list of countries and stock exchanges from the GPR 75 Liquid Developed Europe Real Estate Index universe that meet the criteria as agreed for this Index.

Austria	Vienna Stock Exchange
Belgium	NYSE Euronext Brussels
Czech Republic	Prague Stock Exchange
Denmark	NASDAQ OMX Copenhagen
Finland	NASDAQ OMX Helsinki
France	NYSE Euronext Paris
Germany	Deutsche Börse
Greece	Athens Stock Exchange
Ireland	Irish Stock Exchange
Italy	Borsa Italiana
Luxembourg	Luxembourg Stock Exchange
Netherlands	NYSE Euronext Amsterdam
Norway	Oslo Bors
Portugal	NYSE Euronext Lisbon
Spain	Bolsa De Madrid
Sweden	NASDAQ OMX Stockholm
Switzerland	SIX Swiss Exchange
United Kingdom	London Stock Exchange

Property companies are uniquely classified to a specific country and stock exchange listing within the investable universe. The country classification and stock exchange listing is based on Rule 2.12.

#### 7.6 Periodic adjustment of the GPR 75 Liquid Developed Europe Real Estate Index

SEMI-ANNUALLY
after close of trading on the third Friday in March and September
Definition of the list of property companies further to Rule 5.5 with:
no. of shares
closing share price
free float threshold

# *Corporate Actions*

#### Treatment procedure

Corporate events are treated via an “adjustment factor”. For the occurrence of a corporate event associated to an index constituent, the position of this index constituent within the index is adjusted by its adjustment factors.

One type of “adjustment factors” is specified:

Price Adjustment Factor ( )

List of Corporate Actions

The following different types of corporate actions are defined below:

	Corporate Action	Capital Restructure Dividends
1	DIVIDEND	Cash Dividend
2	DIVIDEND	Special Dividend
3	DIVIDEND	Stock Dividend or Scrip Dividend
4	DIVIDEND	Optional Dividend
5	DIVIDEND	Bonus Dividend
6	CAPITAL CHANGE	Share Split
7	CAPITAL CHANGE	Share Consolidation or Reverse Share Split
8	CAPITAL CHANGE	Share Redenomination
9	MERGER & ACQUISITION	Merger
10	MERGER & ACQUISITION	Demerger
11	MERGER & ACQUISITION	Spin-off
12	MERGER & ACQUISITION	Takeover
13	MERGER & ACQUISITION	Acquisition
14	EXCEPTIONAL MARKET CONDITION	Bankruptcy
15	EXCEPTIONAL MARKET CONDITION	Change of Primary Listing
16	EXCEPTIONAL MARKET CONDITION	Suspension
17	EXCEPTIONAL MARKET CONDITION	Share Conversion
18	CAPITAL INCREASE	Rights Issue
19	CAPITAL RETURN	Capital Return or Capital Repayment
20	CAPITAL RETURN	Share Buy-Back

#### Cash Dividend

Dividends are payments made by a company to its shareholders. Sometimes, when a company earns a profit, that money can be put to two uses: it can be either re-invested in the business or it can be paid to the shareholders as a dividend. The Gross Dividend Amount is the amount before applying tax rates (Net Dividend Amount).

The regular cash dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company’s country of incorporation applicable to institutional investors. A withholding tax related to a dividend is a tax on the income of the shareholder withheld by the company when the dividend is paid to a shareholder. The compiler applies the maximum withholding tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The withholding tax rate applicable is defined annually. The compiler will publish the applicable withholding tax rate.

The Price Index does not take into account the Cash Dividend.

The Net Index requires adjustment for the Net of Withholding Tax Cash Dividend.

#### Special Dividend

Special dividends are those dividends that are outside of the normal payment pattern established historically by the company. Whether a dividend payment is funded from operating earnings or from other sources of cash does not affect the determination of whether it is a special dividend. Instead, it is considered a special dividend when the market perceives it as a special dividend with dividends outside the normal payment pattern.

The special dividend is reinvested after deduction of withholding tax by applying the maximum rate of the company’s country of incorporation applicable to institutional investors. A withholding tax related to a dividend is a tax on the income of the shareholder withheld by the company when the dividend is paid to a shareholder. The compiler applies the maximum withholding rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The withholding tax rate applicable is defined annually. The compiler will publish the applicable withholding tax rate.

The Price Index does not take into account the Special Dividend.  
The Net Index requires adjustment for the Net of Withholding Tax Special Dividend.

#### Stock Dividend or Scrip Dividend

The stock dividend is a distribution of shares to shareholders as an alternative to a cash payment. In some instances the stock dividend can be optional, whereby the shareholder may choose the shares instead of a cash dividend payment. In this case the shares are issued for the value.

An adjustment to the price and the Price Adjustment Factor is done on the opening of the ex-dividend date, and the number of shares is adjusted (increased) on the ex-dividend date after close of trading.

When there is no cash alternative, the stock dividend represents a scrip/bonus issue and the Price Adjustment Factor should be calculated in the same way.

#### Optional Dividend

A company offers its shareholders the choice of receiving the dividend in cash or in stock. It is assumed that investors select the cash option a) on the ex-dividend date for those cases where a stated equivalent of stock is announced and b) on the pay-date for those cases where an undetermined amount of stock is announced based on earnings and profits to be distributed at a future date. Thus, the dividend is treated in the same way as Cash Dividend.

#### Bonus Dividend

A bonus is an offer of free additional shares to existing shareholders. A company may decide to distribute further shares as an alternative to increasing the dividend pay-out.

An adjustment to the price and the Price Adjustment Factor is done on the opening of the ex-date, and the number of shares is adjusted (increased) on the ex-dividend date after close of trading.

#### Share Split

Existing shares are subdivided into larger number of shares with an equivalent reduction in the Nominal Value of each share (where applicable). A stock split increases the number of shares in a company. The price is adjusted so that before and after this corporate event the market capitalization of the company remains the same and dilution does not occur.

The number of shares, dividends and the share price are adjusted by the split factor on the ex-date. The share split does impact the Price Adjustment Factor as at the ex-date.

#### Share Consolidation or Reverse Share Split

A reverse share split or reverse split is a reduction in the number of shares and an accompanying increase in the share price.

The reverse split does have impact on the Price Adjustment Factor as at the ex-date.

#### Share Redenomination

The nominal value of existing shares in issue changes due to the change of currency. Therefore, the amount is converted using a set exchange rate.

#### Merger

Referring to Rule 5.9, Rule 5.10 and Rule 5.17, a Merger generally means that two or more companies merge to form one larger company. Treatment of a Merger is described in more detail in Rule 5.9, Rule 5.10 and Rule 5.17.

#### Acquisition

Referring to Rule 5.9, Rule 5.10 and Rule 5.17, an Acquisition generally means the procurement of a controlling interest of more than 85% in one company by another company and the acquired company may continue to trade. Shareholders of the target company are offered cash and/or shares for their holding. Treatment of an Acquisition is described in more detail in Rule 5.9, Rule 5.10 and Rule 5.17.

#### Demerger

Referring to Rule 5.11, a Demerger occurs when a company or group of companies splits up so that its activities are carried on by two or more independent companies. One of the main reasons for doing this is to improve the value of the company's shares, especially if one part of the group's value can be better reflected by a separate share quotation. Treatment of a Demerger is described in more detail in Rule 5.11.

### Spin-off

Referring to Rule 5.12, a spin-off is the distribution of shares in a wholly-owned or a partially-owned company to the parent company's existing shareholders. A new independent company is formed from an existing division or a subsidiary of the parent company or company through issuing share entitlement in the new company. Treatment of a Spin-off is described in more detail in Rule 5.12.

### Takeover

Referring to Rule 5.9, Rule 5.10 and Rule 5.17, a Takeover is also the acquisition of one company by another. However this term is normally - but not always - used to imply that the acquisition is made on the initiative of the acquirer and often without the full agreement of the acquired company. Shareholders of the target company are given cash and/or shares for their holding. A reverse takeover is the acquisition of a larger company by a smaller one, based on certain criteria such as turnover, profits or net assets. The mechanisms for carrying out an acquisition or takeover may be through a cash offer -fixed, open or tender-, a share exchange or a combination of both. Treatment of a Takeover is described in more detail in Rule 5.9, Rule 5.10 and Rule 5.17.

### Bankruptcy

Referring to Rule 5.15, a company legally declares inability or impairment of ability to pay their creditors. Creditors may file a bankruptcy petition against a debtor in an effort to recoup a portion of what they are owed. However, in the majority of cases, bankruptcy is initiated by the debtor. After undergoing reorganization, a company is liquidated. Treatment of a Bankruptcy is described in more detail in Rule 5.15.

### Change of Listing

If a company is delisted from the stock exchange within the universe of eligible stock exchanges for the index, there are two different options to consider:

- The company's primary stock exchange listing changes to another stock exchange that is considered eligible for the index. There is no change in the index.
- The company remains unlisted, or the primary stock exchange listing changes to a stock exchange that is not considered eligible for the index. The company is removed from the index at its last closing price as shares would not be eligible for inclusion in the index.

### Suspension

A security is removed at zero, assuming a total loss of the investment if a stock is suspended for full trading for at least X trading days. During those X trading days, the index calculation takes into account the last trading price for the security which is suspended.

### Share Conversion

Share conversion is the exchange of one form of shares for another form of shares of the same company.

### Rights Issue

Referring to Rule 5.17, shareholders are offered the right to buy new shares in proportion to their existing holding at a set offer price usually (but not always) at a discount to the market price. Rights are an offer of additional shares to existing shareholders. A company may decide to distribute further shares as an alternative to increasing the dividend pay-out.

The rights issue does have impact on the Price Adjustment Factor as at the ex-date.

Treatment of a Rights Issue is described in more detail in Rule 5.17.

### Capital Return or Capital Repayment

Capital repayments to shareholders is the return of all or any portion of the issued capital of a company in the winding up of operations or the return of capital in excess of a company's requirements. A capital repayment refers to payments that exceed the growth (net income/taxable income) of a business back to "capital owners", such as shareholders, partners or unit holders. The capital repayment is a transfer of value from the company to the existing owners, with the same withholding tax treatment to the one applied to the dividends.

### Share Buy-Back

The repurchase by a company of its own shares, in order to reduce the number of shares in issue, usually at a set price either as a percentage of shares issued or ratio of shares held.

A share buyback may be performed via a repurchase tender offer (to all shareholders), an open market purchase or a privately negotiated purchase. Share buybacks are implemented only under a tender offer form.

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