



INDEX RULES



ECPI EUROPEAN TOP 10 ECO REAL ESTATE EQUITY INDEX

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INTRODUCTION

The present document defines the rules for the calculation and management of the ECPI European Top10 Eco Real Estate Equity Index. The Index Rules are available on ECPI website, www.ecpigroup.com, and on ECPI Bloomberg page, ECPS <GO>.

ECPI European Top 10 Eco Real Estate selects the best positioned Real Estate Companies vis à vis the Climate Change trend and the best positioned Real Estate Sector Suppliers owing to the environmental-friendly nature of their products or services.

REAL ESTATE

The real estate industry impacts people's lives in a way that is literally 'close to home'. Real estate investment, development or financing companies have a strong influence and impact on society and on the environment.

Urban development, residential areas, offices, retail and leisure centres, car parks, use of open space and rural areas, etc. all infringe deeply into people's daily lives. This makes real estate companies vulnerable. It is for companies in this type of industry for which responsibility and environmental management are becoming a competitive edge.

Risk management and smart energy efficiency issues are familiar to real estate companies.

And not surprisingly, managing reputation in relation with Environmental, Governance and Social Issues is fast becoming a cornerstone of real estate investor relations and asset managers' daily job.

The growing awareness requires an adjustment of the common process of financial risk and environmental management as the nature, the impact and the damage can go beyond individual company risk.

ECPI eases Investors' job in selecting those corporate extra-skills, since those skills are increasingly recognized and awarded by global and smart investors with outperformance

ESG SCREENING

ECPI methodology is already a well-recognized investment tool able to select investment exposures out of a wide range of opportunities in the financial markets.

In Equity Markets the existing research process is also deepened and enhanced for the production of a rock-solid list of candidates for equity outperformance, on the basis of 400+ Positive Criteria –in the field of Environment, Social and Governance corporate priorities.

ECPI Global Real Estate & Building benefits from ECPI ESG Screening process. This is aimed at singling out companies both exposed to the desired climate change-sensitive sectors and at the same time holding the highest unexpressed Intangible Value, according to ECPI Research.

ENVIRONMENTAL – FRIENDLY REAL ESTATE SELECTION

Our goal is the selection of the winning stocks in the global warming environment of the foreseeable future, directly or indirectly belonging to the Real Estate Sector.

We have therefore analyzed the corporate Action Areas of Real Estate industry, identifying the Key Eco Issues that could lead to a positive reaction to the climate change trend, in particular:

Key Eco Issues

Waste Management
Energy Use
Emissions and Pollution
Transportation
Land Use
Raw Material Selection

Corporate Action Areas

Design
Construction
Operation
Demolition

ECPI SELECTS

- § the best positioned Property Companies, according to their capacity of reaction/adaptation to the following Key Eco Issues, in some key Corporate Business Areas (see following table).

	WASTE MANAGEMENT	ENERGY USE	EMISSION AND POLLUTION	TRANSPORTATION	LAND USE	RAW MATERIAL SELECTION
DESIGN	Waste management planning	Thermal insulation, Passive solar systems	Minimisation, Set up of environmental accident risk management procedure	Consideration of Public Transportation Infrastructure in the Planning	Seek opportunities to redevelop plots of previously exploited land	Water Consumption Optimization, Use of eco friendly materials
CONSTRUCTION	Environmental compliance required to suppliers and contractors	Supplier and Contractors Sustainability Requirements	Minimization, Supplier and Contractors sustainability requirements	Production Process Optimization	Development of previously exploited land	Water consumption optimization, Use materials obtained from sustainable sources
OPERATION	Centralized waste collection system, Audits, Conversion for green energy production	Installation of Energy Efficient Technologies, Energy Monitoring and Targeting, Maintenance	Minimization, set up of environmental event risk management procedure	Use of public / private transportation	Environmental-Friendly Process	Water Consumption Optimization, Use materials obtained from sustainable sources
DEMOLITION	Waste minimization material recycling	Minimization	Minimization, Environmental, Assessment, Remedial Actions, Removal of asbestos	Material Recycling	Land Reclaim	Water consumption optimization, Material recycling

§ the best positioned Suppliers to Property Companies, according to the environmental-friendly nature of the supplied product or service

- Environmental Friendly Sanitary Technology (Sanitary Systems: Installation and Flushing Systems, Waste Fittings and Traps and Piping Systems: Building Drainage Systems, Supply Systems).
- Insulation, water storage products, rainwater collection systems and waste recycling systems
- High performance and environmental-friendly materials and products (e.g. kaolinitic clay, photovoltaic roof)
- Biomass Boilers, Lighting Controls, Energy Management (Software and advisory), LEED certification Advisory.
- Aluminum waste recycling, zinc waste recycling, industrial waste management, bio energy, industrial engineering
- Environmental-friendly Heating, Ventilating, Refrigerating
- Outstanding Corporate Environmental Policy. Membership of International Sustainability Initiatives

LIQUIDITY SELECTION CRITERIA

Minimum market capitalization: EUR 1 billion

Minimum 6-month average trading volume: EUR 10 million

The Global Climate Change Equity Index benefits from all ECPI traditional advertising/publication tools and becomes another ideal candidate for direct and derivative investment.

GUIDING PRINCIPLES

ECPI Alpha Equity Indices are constructed and maintained according to the following principles:

§ **ESG Rated Companies**

The index is representative of the positively/highest ESG-rated companies according to the proprietary ECPI ESG Rating Methodology.

§ **Investible and Replicable**

The index should be capable of being replicated by reference to securities of reasonable size and liquidity.

§ **Disciplined Approach**

The index is constructed and managed using a set of principles, rules and guidelines. This approach is followed to maintain the attributes of stability, diversification across industries and securities accurate with respect to the ESG Rating Methodology.

§ **Transparency**

The index is built and maintained using clear and pre-defined rules in the public domain. The index is published on a daily basis through a variety of well known financial services providers.

§ **Independence and Objectivity**

The index is based on independent and objective content decisions. ECPI believes in an open dialogue with its clients, considering with objectivity their suggestions to enhance the index provision. By analyzing all the feedback received from its clients, ECPI takes the final decision independently in order to preserve the quality of the index.

ELIGIBILITY CRITERIA

ECPI European Top 10 Eco Real Estate selects the best positioned Real Estate Companies vis à vis the Climate Change trend and the best positioned Real Estate Sector Suppliers owing to the environmental-friendly nature of their products or services

The Index is equally weighted based on January, 1st 2008.

To be eligible for inclusion in the ECPI European Top 10 Eco Real Estate Index, a stock must satisfy the following criteria (in which case, it will be an “eligible stock”):

- § it belongs to the Real Estate/REITS, Building Materials or Engineering and Construction Industry Groups
- § It belongs to the European Developed Markets as defined in Appendix A
- § It has a positive ECPI ESG Rating (from EEE to E-)
- § The issuer of the stock must have a minimum market capitalization of € 1 billion
- § The average daily traded value of the stock over the last 6 months shall be equivalent to a minimum of € 1 million

Additionally, the ECPI European Top10 Eco Real Estate Equity Index stock selection follows the following procedure:

- § Stock Diversification Criteria – the ECPI European Top 10 Eco Real Estate will be composed of 10 stocks selected in descending order of ESG Rating and subsequently of market capitalization

REVIEW

As a general rule, no rebalancing or review are planned for the Index. Nonetheless, the ECPI Index Committee will have the responsibility to make any change if the continuity and the stability of the index will be hampered by current market condition.

The Index is equally weighted based on January, 1st 2008.

Since then stock shares remain fixed and only change on the occurrence of corporate actions as described in paragraph 6.

If a stock is declared Not Eligible according to ECPI Research during the life of the index, substitution of that stock will be discussed by ECPI Index Committee and the decision will be taken on the basis of a valuation of the financial and ESG company profile.

STOCK REPLACEMENT

In case of delisting, acquisition or any corporate action resulting in the deletion of the stock from the index a new stock will be inserted according to the selection process defined in paragraph 3.

The substitution will be implemented by fifteen working days since the event. New stock will weight according to the deleted stock amount invested.

CALCULATION METHOD

On the Reference Date, the number of shares of each stock will be determined so that every stock is equally weighted. This number of shares will be effective from the immediately following Rebalance Date.

From that moment till the following Rebalance Date, the number of shares will be fixed and constituent weights will vary according to price changes (see Paragraph 6, "Adjustments for Corporate Actions", for details on possible share changes).

CALCULATION FREQUENCY

The Index is calculated and published daily, on a next day basis.
Calendar for the Index calculation is the TARGET calendar.

PRICES

The Index end-of-day calculations use official closing prices from the relevant exchanges of the constituent stocks. Such prices shall be converted into euro using the relevant GMT WM Reuters Currency cross rates.

INDEX CALCULATION ALGORITHM

The closing price of securities is converted into Euro and the index is then calculated using the algorithm described below.

The price index is calculated as follows:

$$I(P)_t = I(P)_{t-1} * \frac{\sum_1^n (P_{i,t} N_{i,t})}{\sum_1^n P_{i,t-1} N_{i,t}}$$

Where

- $I(P)_t$ = price index on day t
- $P_{i,t}$ = official closing price in Euro for stock i on day t
- $N_{i,t}$ = number of shares for stock i on day t
- n = number of index constituents

The gross(net) total return index is calculated as follows:

$$I(TR)_t = I(TR)_{t-1} * \left(\frac{\sum_1^i P_{i,t} N_i + \sum_1^n D_{i,t} N_{i,t}}{\sum_1^n P_{i,t-1} * N_{,ti}} \right)$$

Where

- $I(TR)_t$ = total return index on day t
- $P_{i,t}$ = official closing price in Euro for stock i on day t
- $D_{i,t}$ = gross (net) dividend in Euro for stock i on the ex-dividend date t
- $N_{i,t}$ = number of shares for stock i on day t
- n = number of index constituents

Note:

The **OfficialClosing Price** shall be intended as the official closing price for the stock on the relevant Exchange. The price shall be in Euro or converted into Euro using the foreign exchange spot rate, as defined above. In case, the price of a stock is not available due to exchange holiday, previous day's price is used for index calculations.

See [Appendix B](#) for Dividend Withholding Tax Rates used for the calculation of Net Dividends.

ADJUSTMENTS FOR CORPORATE ACTIONS

CORPORATE ACTION	ADJUSTMENT MADE TO INDEX	DIVISOR ADJUSTMENT
DIVIDENDS	Dividends are reinvested in the Index	Unchanged
SPECIAL DIVIDENDS / RETURN OF CAPITAL	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date. Cash from the special dividend is reinvested in the index	Yes
STOCK DIVIDENDS / BONUS ISSUES	No weight change. This event is characterized by a free distribution of new shares to existing shareholders on a pro rata basis. Market Prices and number of shares of securities are adjusted accordingly.	Unchanged
SHARE ISSUANCE OR REPURCHASE	None	Unchanged
SPIN-OFF	The price is adjusted to Price of the parent company minus price of the spun-off company/share exchange ratio. Index shares change so that the company's weight remains the same.	Unchanged
STOCK SPLIT / REVERSE SPLIT / CONSOLIDATIONS	Company shares are multiplied by and the price is divided by the split factor.	Unchanged
RIGHTS OFFERING	Price is adjusted to the price of parent company minus price of the rights offering/rights ratio. Index shares change so that the company's weight remains the same.	Unchanged
DELISTING, ACQUISITION OR ANY CORPORATE ACTION RESULTING IN THE DISPLACEMENT OF A STOCK	When a constituent company is acquired or merged or displaced for any other reason, its shares are removed from the index. The company will be replaced at the next rebalancing.	Yes

APPENDIX A: EUROPEAN DEVELOPED MARKETS

EUROPEAN DEVELOPED MARKETS

Austria

Belgium

Denmark

Finland

France

Germany

Greece

Ireland

Italy

Netherlands

Norway

Portugal

Spain

Sweden

Switzerland

United Kingdom

APPENDIX B: DIVIDEND WITHHOLDING TAXES

COUNTRY NAME	COUNTRY ISO	TAXATION
Austria	AT	0.25
Australia	AU	0.3
Belgium	BE	0.25
Bermuda	BM	0
Brazil	BR	0
Canada	CA	0.25
Switzerland	CH	0.35
Chile	CL	0.1875
China	CN	0
Czech	CZ	0.15
Germany	DE	0.26375
Denmark	DK	0.28
Spain	ES	0.19
Finland	FI	0.28
France	FR	0.25
Great Britain	GB	0
Greece	GR	0.21
Hong Kong	HK	0
Hungary	HU	0
Indonesia	ID	0.2
Ireland	IE	0.2
India	IN	0
Iceland	IS	0.15
Italy	IT	0.27
Japan	JP	0.07
South Korea	KR	0.22
Luxembourg	LU	0.15
Mexico	MX	0
Netherlands	NL	0.15
Norway	NO	0.25
New Zealand	NZ	0.15
Philippines	PH	0.3
Poland	PL	0.19
Portugal	PT	0.215
Russia	RU	0.15
Sweden	SE	0.3
Singapore	SG	0
Thailand	TH	0.1
Taiwan	TW	0.2
USA	US	0.3
South Africa	ZA	0

APPENDIX C: DEFINITIONS

Index Constituent or Constituent

Any security comprised in the index, provided that on any Reference Date and in the relevant Rebalance Period, Constituent shall include any stock which will be included in the index as of the next Rebalance Date at the end of such Rebalance Period.

Rebalance Period

It is the timeframe between Reference Date and Rebalance Date.

Exchange and Related Exchange

Each exchange on which any Index Constituent is, in the determination of ECPI, principally traded.

Scheduled Trading Day

Any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading session.

Disrupted Day

Any Scheduled Trading Day on which: (i) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session; or (ii) a Market Disruption Event has occurred.

Market Disruption Event

The occurrence, in respect of the Index Constituent of:

- § a Trading Disruption
- § an Exchange Disruption
- § an Early Closure

where the aggregate of all Index Constituents in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs, comprises 20 per cent or more of the aggregate number of all Index Constituents for which the Exchange and Related Exchange were scheduled to be open for trading for its regular trading session on such day.

Trading Disruption

Any suspension of or limitation imposed on trading by the Relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Relevant Exchange and Related Exchange or otherwise.

Exchange Disruption

Any event that disrupts or impairs (as determined by the ECPI) the ability of market participants in general (i) to effect transaction in, or obtain market values for the Index Constituents.

Early Closure

It's the closure on any Exchange Business Day of the Relevant Exchange or any Related Exchange prior to its Scheduled Closing Time.

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