

**Dow Jones Composite  
All REIT Indices  
*Methodology***

November 2018

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# Introduction

## Index Objective

Dow Jones All REIT Indices measure the performance of U.S. real estate investment trusts (REITs).

## Highlights and Index Family

The Dow Jones Composite All REIT Index contains REITs in the Dow Jones U.S. Total Stock Market Index that are classified into one of three subcategories – equity, mortgage, or hybrid – as defined by the S&P Dow Jones Indices REIT/RESI Industry Classification Hierarchy.<sup>1</sup>

Also available is the Dow Jones Equity All REIT Index, a subset of the Dow Jones Composite All REIT Index that includes only those companies classified as Equity REITs according to the S&P Dow Jones Indices REIT/RESI Industry Classification Hierarchy.

## Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices' Float Adjustment Methodology	<a href="#">Float Adjustment Methodology</a>

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

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<sup>1</sup> For more information on the S&P Dow Jones Indices REIT/RESI Industry Classification Hierarchy please refer to the *Appendix*.

# Eligibility Criteria

## Index Eligibility and Constituent Selection

**Dow Jones Composite All REIT Index.** All publicly traded REITs in the Dow Jones U.S. Total Stock Market Index are included in the index. Each REIT constituent is classified into one of three categories: equity, mortgage, or hybrid.

**Dow Jones Equity All REIT Index.** All publicly traded REITs in the Dow Jones U.S. Total Stock Market Index classified as an Equity REITs according to the S&P Dow Jones Indices REIT/RESI Industry Classification Hierarchy are included in the index.

## S&P Dow Jones Indices REIT/RESI Industry Classification Hierarchy

The S&P Dow Jones Indices REIT/RESI Industry Classification Hierarchy is designed specifically to classify REITs. Its structure is independent from that of the proprietary classification system used by S&P Dow Jones Indices.

Each REIT in the S&P Dow Jones Indices equity security universe is classified into one of three categories: equity, mortgage, or hybrid.

Please refer to the *Appendix* for the categories and definitions used in the hierarchy.

## Multiple Classes of Stock

All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices document.

# Index Construction

## **Approaches**

Each index is weighted by float-adjusted market capitalization.

*For float adjustment methodology, please see S&P Dow Jones Indices' Float Adjustment Methodology.*

## **Index Calculations**

The index is calculated by means of the divisor methodology used in all S&P Dow Jones Indices' equity indices.

*For more information on the index calculation methodology, please refer to the Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

## Rebalancing

Rebalancings are conducted quarterly after the close of trading on the third Friday of March, June, September and December.

**Additions.** Except for spin-offs, companies can only be added to an index at the time of the rebalancing.

**Deletions.** A REIT that is reclassified outside of the REIT portion of the S&P Dow Jones Indices REIT/RESI Industry Classification Hierarchy will be removed at the quarterly rebalancing.

Between quarterly rebalancings, a company can be deleted from the Dow Jones Composite All REIT Indices due to corporate events such as mergers, acquisitions, delistings or bankruptcies. Deleted constituents are not replaced between rebalancings.

If a constituent company enters bankruptcy proceedings, it will be removed from the index and will remain ineligible for re-inclusion until it has emerged from bankruptcy. However, the Index Committee may, following a review of the bankrupt company and the issues involved in the filing, decide to keep the company in the index.

## Corporate Actions

Corporate actions (such as stock splits, stock dividends, spin-offs and rights offerings) are applied after the close of trading on the day prior to the ex-date. Share changes resulting from exchange offers are applied on the ex-date.

**Spin-offs.** In general, both the parent and spun-off companies remain in the index until the next rebalancing, provided that each continues to be a publicly-traded REIT.

*For more information, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.*

## Currency, Currency Hedged, and Risk Control Indices

The Dow Jones Composite All REIT Indices are calculated in U.S. dollars.

Additional currency, currency hedged, and risk control versions of the indices may be available. For a list of available currency, currency hedged, and risk control indices, please contact Client Services at [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

*For more information on currency, currency hedged, and risk control indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

## Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it may be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

### **Investable Weight Factor (IWF)**

All issues in the Dow Jones Composite All REIT Indices are assigned a float factor, called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company. The company's adjusted market capitalization determines an equity issue's relative weight in the index.

*Please refer to S&P Dow Jones Indices' Float Adjustment Methodology for details.*

**Shares.** For more information on shares outstanding changes, please refer to *S&P Dow Jones Indices' Equity Indices Policies & Practices* document.

### **Base Dates and History Availability**

Index history availability, base dates and base values are shown in the table below.

<b>Index</b>	<b>Launch Date</b>	<b>First Value Date</b>	<b>Base Date</b>	<b>Base Value</b>
Dow Jones Composite All REIT Index	01/15/1997	12/31/1989	12/31/1989	100
Dow Jones Equity All REIT Index	01/15/1997	12/31/1989	12/31/1989	100

# Index Data

## Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“SDL”).

*For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.*

*For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.*

# Index Governance

## Index Committee

The Dow Jones Composite All REIT Indices are maintained by the Global Thematic and Strategy Indices Index Committee. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The committee meets regularly. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

*For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.*

# Index Policy

## **Announcements**

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

*For more information on S&P Dow Jones Indices' announcements, please refer to the [Announcement Policy](#).*

## **Pro-forma Files**

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the indices rebalance. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices seven business days prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

*Please visit the [S&P Dow Jones Indices' Web site](#) for a complete schedule of rebalancing timelines and pro-forma delivery times at [www.spdji.com](http://www.spdji.com).*

## **Holiday Schedule**

The Dow Jones Composite All REIT Indices are calculated when the U.S. equity markets are open.

*A complete holiday schedule for the year is available on the [S&P Dow Jones Indices' Web site](#) at [www.spdji.com](http://www.spdji.com).*

## **Rebalancing**

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

## **Unexpected Exchange Closures**

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

## **Recalculation Policy**

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

## **Real-Time Calculation**

Real-Time, intra-day, index calculations are executed every 15 seconds during U.S. trading hours. Real-time indices are not restated.

*For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.*

**Contact Information**

For questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spdji.com](http://www.spdji.com), major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

## Tickers

The table below lists headline indices covered by this document. All currency, currency hedged, risk control, and return type versions of the below indices that may exist are also covered by this document. Please contact [index\\_services@spglobal.com](mailto:index_services@spglobal.com) for a complete list of indices covered by this document.

Index (USD)	Return Type	Bloomberg	Reuters
Dow Jones Composite All REIT Index	Price Return	RCI	.RCI
	Total Return	RCIT	.RCIT
Dow Jones Equity All REIT Index	Price Return	REI	.REI
	Total Return	REIT	.REIT

## Index Data

Daily stock level and index data are available via subscription.

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spdji.com/contact-us](http://www.spdji.com/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spdji.com](http://www.spdji.com).

# Appendix

## S&P Dow Jones Indices REIT/RESI Industry Classification Hierarchy

The S&P Dow Jones Indices REIT/RESI Industry Classification Hierarchy is designed specifically to meet the needs of REIT analysts and investors. Each REIT in the equity security universe is classified into one of three categories: equity, mortgage or hybrid. The structure is independent of any broader sector classification system.

### REIT Categories

**Equity.** REITs that primarily own and operate income-producing real estate.

**Mortgage.** REITs that lend money directly to real estate owners and/or operators or indirectly through the purchase of mortgages or mortgage-backed securities.

**Hybrid.** REITs that participate in both Equity and Mortgage investing.

### REIT Subcategories

In keeping with the approach used to determine a REIT company's primary classification, a REIT's subcategory is determined based on the primary focus of the portfolio as reported by the REIT company itself. Any REIT may or may not hold additional property types, or debt instruments, at any given time.

### Equity REIT

**Industrial/Office.** The focus is on office, industrial and/or flex properties. The category is further sub-divided into:

- **Office:** The focus is on investment in office buildings.
- **Industrial:** The focus is on investment in industrial buildings.
- **Mixed Office/Industrials:** The focus is on investment in office, industrial and flex properties, without a primary focus on either office or industrial.

**Retail.** The focus is on investment in retail properties. The category is further sub-divided into:

- **Malls:** The focus is on investment malls, defined as large and enclosed retail centers that contain primarily national store brands.
- **Strip Centers:** The focus is on investment in strip centers, defined as small, local shopping centers that are usually open-air facilities containing some nationally branded stores but are mostly local retail establishments. Often these centers are described as grocery-anchored or local/community shopping centers.
- **Factory Outlets:** The focus is on investment in outlet centers, defined as spaces where national brands sell merchandise at a discount. Generally these spaces are open-air and have the word outlet in the property name.
- **Other:** The focus is on any REIT that invests in retail properties that cannot be classified into any of the categories listed above (for example, restaurant properties) or any portfolio that contains a mix of the above property types.

**Residential.** The focus is on investment in residential home properties. The category is further sub-divided into:

- **Apartments:** The focus is on investment in multi-family dwellings.
- **Manufactured Homes:** The focus is on investment in manufactured home communities for individual households.

**Hotels/Lodging.** The focus is on investment in hotel or lodging properties.

**Self-Storage.** The focus is on investment in self-storage properties.

**Diversified.** The focus is on investment in a variety of property types without any single property type dominating the portfolio.

**Healthcare.** The focus is on investment in properties used in the healthcare industry, such as hospitals, assisted living facilities and healthcare laboratories.

**Specialty.** REIT types that cannot be easily classified into one of the above categories. The class is further sub-divided into:

- **Lease:** A REIT that leases properties using long-term leases under which the tenant is responsible for the upkeep and expenses of the property. These REITs often utilize triple net leases.
- **Other:** REIT types that cannot be otherwise classified, such as auto dealerships, timber REITs, tower REITs, and railroad REITs.

### **Mortgage REIT**

**Commercial.** Lends money to owners or operators of commercial properties or invests in mortgages and/or mortgage-backed securities where the underlying properties are commercial.

**Residential.** Lends money to owners or operators of residential properties or invests in mortgages and/or mortgage-backed securities where the underlying properties are residential.

### **Hybrid REIT**

There are no subcategories in the Hybrid classification.

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