

**S&P/TSX Capped REIT
Income Index
*Methodology***

July 2018

Table of Contents

| | |
|--|-----------|
| Introduction | 3 |
| Index Objective and Highlights | 3 |
| Partnership | 3 |
| Supporting Documents | 3 |
| Eligibility Criteria | 4 |
| Index Universe | 4 |
| Eligibility Factors | 4 |
| Index Construction | 5 |
| Constituent Selection | 5 |
| Weights Computation | 5 |
| Index Calculations | 5 |
| Index Maintenance | 6 |
| Rebalancing | 6 |
| Monthly Income Distribution Review | 6 |
| Corporate Actions | 6 |
| Currency, Currency Hedged, and Risk Control Indices | 6 |
| Other Adjustments | 7 |
| Base Date and History Availability | 7 |
| Index Data | 8 |
| Calculation Return Types | 8 |
| Index Governance | 9 |
| Index Committee | 9 |
| Index Policy | 10 |
| Announcements | 10 |
| Holiday Schedule | 10 |
| Rebalancing | 10 |
| Unexpected Exchange Closures | 10 |
| Recalculation Policy | 10 |
| Contact Information | 10 |

| | |
|----------------------------|-----------|
| Index Dissemination | 11 |
| Tickers | 11 |
| FTP | 11 |
| Web site | 11 |
| Appendix | 12 |
| Methodology Changes | 12 |
| Disclaimer | 13 |

Introduction

Index Objective and Highlights

The S&P/TSX Capped REIT Income Index is designed to measure the performance of REIT companies in the S&P/TSX Composite Index while overweighting and underweighting companies based on their risk-adjusted income distribution yield.

Partnership

The S&P/TSX Canadian Indices are calculated and managed by S&P Dow Jones Indices. The TMX Group Inc. (TMX) is the owner and distributor of all S&P/TSX equity index data.

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 | Equity Indices Policies & Practices |
| S&P Dow Jones Indices' Index Mathematics Methodology | Index Mathematics Methodology |
| S&P Dow Jones Indices' Float Adjustment Methodology | Float Adjustment Methodology |
| S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology | GICS Methodology |

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.

Eligibility Criteria

Index Universe

The index is constructed from the constituents of the S&P/TSX Composite Index (the “underlying index”).

For information on the S&P/TSX Composite Index, please refer to the S&P/TSX Canadian Indices Methodology available at www.spdji.com.

Eligibility Factors

In order to be eligible for index consideration, the following must be met:

Underlying Index Membership. The security must, on the rebalancing reference date, be an existing member of the underlying index.

Industry Classification. The security must, on the rebalancing reference date, be classified as part of the Equity Real Estate Investment Trusts (REITs) Industry (GICS code: 601010) in accordance with the Global Industry Classification Standard (GICS®).

For information on GICS and GICS Mapping, please refer to the Methodology and Map documents.

Income Distribution Yield History. The security must have a minimum income distribution yield history of 36 months prior to the rebalancing reference date.

Multiple Share Classes and Dual Listed Companies. Each company is represented once by the Designated Listing. For more information regarding the treatment of multiple share classes, please refer to Approach B within the Multiple Share Classes section of the S&P Dow Jones Indices’ Equity Indices Policies & Practices document.

Index Construction

Constituent Selection

All constituents of the underlying index that satisfy the eligibility factors detailed in *Eligibility Criteria* are selected and form the index.

Weights Computation

The index weights constituents by the product of float-adjusted market capitalization and risk adjusted income distribution yield. At each rebalancing, constituent weights are determined as follows:

1. The income distribution yield for each stock is calculated using data as of the rebalancing reference date. Income distribution yield is calculated as the trailing 12-month income distributions divided by the stock price as of the rebalancing reference date. This is repeated for each of the 35 months prior to the rebalancing reference date.
2. The volatility of the income distribution yields are computed using 36 months of income distribution yields from Step 1. For each stock, income distribution yield as of the rebalancing reference date is divided by the volatility of the income distribution yield to get the risk-adjusted income distribution yield.
3. All index constituents are weighted by the product of their company's float-adjusted market capitalization and their risk-adjusted income distribution yield, subject to a 10% stock cap described below.

Constituent Capping. Each stock is capped such that the maximum weight of each security is 10%. Each stock's weight is floored at 0.05%. Note that the capping algorithm redistributes the excess weight to the other uncapped stocks in proportion to their risk-adjusted income distribution yield weights, such that the tracking error is minimized. Where the capping procedure fails for a given period, the capping procedure is re-run using increased capping limits in the following order: 12%, 15%, and 20%.

For more information on the weighting process, please refer to the Non-Market Capitalization Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

Index Calculations

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

Please refer to S&P Dow Jones Indices' Index Mathematics Methodology for further details on the index calculation methodology.

Index Maintenance

Rebalancing

The index is rebalanced semi-annually effective after the close of the last business day of January and July. The rebalancing reference dates for index composition as well as constituent weighting are the last business day of December and June, respectively. Weights calculated as a result of the reference date data are implemented in the index using closing prices two business days prior to the announcement date.¹

Additions. No additions are made to the index between semi-annual rebalancings.

Deletions. Constituents removed from the underlying index due to corporate actions are removed from the index simultaneously. Any deletions resulting from the quarterly rebalancing of the underlying index are only removed from the index at the semi-annual rebalancings.

Monthly Income Distribution Review

S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines an index constituent has eliminated, suspended its income distribution, or omitted a payment, it will be removed from the Index effective prior to the open of the first business day of the following month.

The decision to remove an index constituent due to income distribution elimination, suspension, or omission is based on information publicly announced by the company as of five business days prior to month-end. Constituents removed as part of the monthly dividend review process are not replaced until the following semi-annual reconstitution.

Corporate Actions

Spin-Offs. The spun-off company is added to all the indices of which the parent is a constituent, at a zero price at the market close of the day before the ex-date (with no divisor adjustment). It is then removed after at least one day of regular way trading (with a divisor adjustment).

For further information on Corporate Actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Currency, Currency Hedged, and Risk Control Indices

The index is calculated in U.S. and Canadian dollars.

WM/Reuters foreign exchange rates are taken daily at 04:00 PM London time and used in the calculation of the index. These mid-market fixings are calculated by the WM Company based on Reuters' data and appear on Reuters pages WMRA.

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.

¹ For history prior to the index launch date, weights calculated as a result of the reference date data were implemented using closing prices from the last business day of December and June, respectively.

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 can 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.

Base Date and History Availability

Index history availability, base date and base value are shown in the table below.

| Index | Launch Date | First Value Date | Base Date | Base Value |
|----------------------------------|--------------------|-------------------------|------------------|-------------------|
| S&P/TSX Capped REIT Income Index | 04/03/2017 | 07/31/2006 | 07/31/2006 | 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 S&P/TSX Canadian Indices are maintained by the S&P/TSX Canadian Index Committee. The Index Committee is comprised of four members representing S&P Dow Jones Indices and three members representing the Toronto Stock Exchange ("TSX"). The Index Committee is chaired by a member designated by S&P Dow Jones Indices. Meetings are held monthly, and from time to time, as needed.

The Index Committee is responsible for setting rules and policies for the S&P/TSX Canadian Indices, determining the composition of the Indices and administering the methodology. In fulfilling its responsibilities, the Index Committee has full and complete discretion to amend, apply or exempt the application of the methodology and other index policies as circumstances may require, and add, remove or by-pass any security in determining the composition of any of the indices.

The Index Committee may rely on any information or documentation submitted to or gathered by it that the Index Committee believes to be accurate. Where a public document used by the Index Committee is available in both official languages, the Index Committee may assume that the contents of both versions are identical. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the index based on a new interpretation of that information at its sole and absolute discretion.

Index corrections and changes to index composition are implemented at such time and in such manner, as the Index Committee deems appropriate. The timing of any index change made in response to a correction shall be at the sole and absolute discretion of the Index Committee.

Stock prices, VWAPs, and prices used to calculate QMV are prices determined by trading on the TSX.

S&P Dow Jones Indices considers information about changes to its Canadian 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

Whenever possible, announcements of additions or deletions of stocks or other index adjustments are made five trading days before the adjustments are implemented. In those cases when it is not possible to trade a stock five days after an announcement, the announcement period may be shortened. However, the implementation of an index adjustment is never earlier than the market close of the day following the announcement.

Announcements of additions and deletions for the S&P/TSX Canadian Indices are generally made at 05:15 PM Eastern Time. Press releases are released to major news services.

In addition, TMX Datalinx offers a fee-based subscription to Index Notices. The Index Notices provide the most detailed and comprehensive coverage of index changes. Complete data for index replication (including share counts, tickers and data on index levels and returns) are also available through TMX Datalinx. In order to subscribe, contact TMX Datalinx by phone at +1.416.947.4778 or by email at marketdata@tmx.com.

Holiday Schedule

The S&P/TSX Canadian Indices are calculated when the Canadian equity market is open.

A complete holiday schedule for the year is available on the TMX Web site at www.tmx.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.

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.

Index Dissemination

The TMX Group Inc. (TMX) serves as the distributor of both real-time and historical index data. In addition, index levels are available on S&P Dow Jones Indices Web site at www.spdji.com, through major quote vendors (see codes below), through 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 for a complete list of indices covered by this document.

| Index (Currency) | Return Type | Bloomberg |
|--|--|---------------------------------|
| S&P/TSX Capped REIT Income Index (USD) | Price Return Total Return Net Total Return | SPTREDU SPTREDUT SPTREDUN |
| S&P/TSX Capped REIT Income Index (CAD) | Price Return Total Return Net Total Return | SPTRED SPTREDT SPTREDN |

FTP

Daily constituent and index level data are available from the Toronto Stock Exchange on subscription. Please contact Market Data at 416-947-4778 or, by email, at marketdata@tmx.com.

For further information, please refer to the TMX Web site at www.tmx.com.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

Appendix

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

| Change | Effective Date (After Close) | Previous | Methodology Updated |
|---|---------------------------------|---------------------------------------|--|
| Monthly Income Distributio n Check | 31-Jul-18 | -- | <p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines an index constituent has eliminated, suspended its income distribution, or omitted a payment, it will be removed from the Index effective prior to the open of the first business day of the following month.</p> <p>The decision to remove an index constituent due to income distribution elimination, suspension, or omission is based on information publicly announced by the company as of five business days prior to month-end. Constituents removed as part of the monthly dividend review process are not replaced until the following semi-annual reconstitution.</p> |
| Index Name | 13-Jun-17 | S&P/TSX Capped REIT Dividend Index | S&P/TSX Capped REIT Income Index |

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