

MSCI/REALPAC CANADA QUARTERLY PROPERTY FUND INDEX (UNFROZEN)

November 2021



Contents

| | | |
|-----|---|----|
| 1 | Introduction..... | 3 |
| 2 | Methodology Documentation Set..... | 3 |
| 2.1 | MSCI Real Estate - Index Policies..... | 3 |
| 2.2 | MSCI Property Fund Indexes Methodology..... | 3 |
| 2.3 | MSCI/REALPAC Canada Quarterly Property Fund Index (Unfrozen) 3 | |
| 3 | MSCI/REALPAC Canada Quarterly Property Fund Index (Unfrozen) Specific Methodology | 4 |
| 3.1 | Initial Inclusion Requirements | 4 |
| 3.2 | Quarterly Eligibility Assessment Of Index Constituents..... | 5 |
| 3.3 | Change in Composition..... | 6 |
| 4 | Data Provision Requirements..... | 7 |
| 4.1 | Net Asset Value Reporting Requirements..... | 7 |
| 5 | Index Calculation Methodology | 8 |
| 5.1 | Methodology Transition..... | 8 |
| 5.2 | Weighting | 8 |
| 5.3 | Index Series | 8 |
| 5.4 | Rules for Performance Reporting | 9 |
| 6 | MSCI/REALPAC Canada Property Fund Index Advisory Committee.. | 10 |
| 7 | Appendix I | 11 |
| 7.1 | Inclusion criteria for MSCI/REALPAC Canada Quarterly Property Fund Index (Unfrozen)..... | 11 |
| 8 | Appendix II | 12 |
| 8.1 | Versioning Table..... | 12 |

1 Introduction

The objective of the MSCI/REALPAC Canada Quarterly Property Fund Index (Canada PFI) is to represent the net and gross fund level returns of Canadian open ended, commingled professionally managed unlisted real estate funds. The Index is value-weighted, based on the capital employed of its constituent property funds each month and is denominated in Canadian Dollars (CAD).

2 Methodology Documentation Set

The construction and maintenance rules for the Canada PFI are collectively described in the following documents:

2.1 MSCI REAL ESTATE INDEX POLICIES

The [MSCI Real Estate – Index Policies](#) document describes the various governance policies related to the construction, maintenance and termination of the MSCI Private Real Estate indexes to provide consistency in decisions and avoid ambiguity in its responses to particular events.

2.2 MSCI PROPERTY FUND INDEXES METHODOLOGY

The [MSCI Property Fund Indexes Methodology](#) describes the general methodology that is being used for the calculation of the MSCI Property Fund Indexes and includes the methodology for the index composition, data requirements and index calculation methodology.

2.3 MSCI/REALPAC CANADA QUARTERLY PROPERTY FUND INDEX (UNFROZEN)

This document includes the rules and methods specific to the Canada PFI.



3 MSCI/REALPAC Canada Quarterly Property Fund Index (Unfrozen) Specific Methodology

3.1 INITIAL INCLUSION REQUIREMENTS

SPECIFIC INCLUSION REQUIREMENTS FOR MSCI/REALPAC CANADA PROPERTY FUND INDEX (UNFROZEN)

In addition to the standard MSCI requirements for property fund indexes (refer to [MSCI Property Fund Indexes Methodology](#) for further details), there are additional eligibility requirements for initial inclusion in the Canada PFI. The Canada PFI comprises of funds that adhere to specific criteria relating to their investment mandate and their structure as follows. The funds must:

1. have a minimum of 90% of non-cash gross asset value (GAV) invested in direct Canada-based real estate with a maximum of 20% of the non-cash GAV in development assets (including redevelopment)
2. provide the investment performance data for their direct property portfolio to MSCI on a quarterly basis
3. be open-ended or semi open-ended. In case a fund closes to new contributions or redemptions, its inclusion in the index will be reviewed. Semi open-ended funds are open-ended funds where investors may be subject to an initial "lock in" for the first 3 to 5 years of the life of the fund during which either,
 - investors are not permitted to redeem their investment, or
 - redemptions by investors are restricted to a maximum fixed percentage of their investment in any one year
4. report their NAV, following a portfolio revaluation, at least on a quarterly basis and to have done so for the entire period of their performance history within the Index
5. have a GAV greater than CAD 150 mn at the time of inclusion into the Index
6. carry no more than 40% leverage on a rolling six quarter basis, where leverage is defined as the ratio of total debt to the fund's total gross direct real estate asset value

3.2 QUARTERLY ELIGIBILITY ASSESSMENT OF INDEX CONSTITUENTS

The fund characteristics may change over time either strategically or temporarily due to market movements or transaction activity. Quarterly review of eligibility is designed to ensure that the index composition is aligned with index inclusion criteria on an on-going basis. An observation period for funds temporarily in breach is aimed at stability of index composition. Both ensure on-going governance and oversight of index composition and reporting using a rules-based approach.

Quarterly Review: Following index inclusion, MSCI reviews the constituent funds of the Canada PFI every quarter for their eligibility into the index based on the rules mentioned in section 7.1 Appendix I: Inclusion criteria for MSCI/REALPAC Canada Quarterly Property Fund Index (Unfrozen). Any non-adherence to the criteria based on quarterly eligibility assessment of the funds will result in a rules-based index exclusion, subject to the observation period where applicable.

Observation Period is defined as a time window of four quarters in which MSCI will monitor the existing index funds that are in temporary non-adherence to a particular criteria. Any non-adherence to the relevant criteria for four consecutive quarters will result in rules based exclusion of fund in the fourth quarter.

Both quarterly review and observation period are implemented prospectively with the Q3 2021 results reporting.

Funds would be re-admitted into the index based on the re-admission criteria outlined in section 3.3.

Exhibit 1 - Illustration of Methodology – Introduction of Observation Period for Existing Index Constituents

| | Period 1 | Period 2 | Period 3 | Period 4 | Period 5 | Period 6 | Period 7 | Period 8 |
|--|--|----------|----------|----------|----------|----------|----------|----------|
| Criteria adherence (Yes / No) | Yes | No | No | No | No | No | No | Yes |
| | Observation Period During Non-adherence (4 quarters) | | | | | | | |
| Index Inclusion Status (Yes / No) | Yes | Yes | Yes | Yes | No | No | No | Yes |

Note: Period represents one quarter



3.3 CHANGE IN COMPOSITION

The addition of new funds and withdrawal/termination of existing funds are normal events in the evolution of the MSCI Property Fund Indexes. There are additional requirements and clarification for the Canada PFI.

New Funds:

- a. are required to provide sufficient and complete data of their investment performance, subject to a minimum of either five years or the period from date of launch of the fund

Removed/Withdrawn Funds:

- a. Withdrawal from the Index should be through written communication to MSCI

Re-admitted Funds:

- a. In order to be re-admitted to the Index, the funds must provide MSCI with the data to calculate their investment performance during the whole period since their last inclusion in the Index
- b. Re-admitted funds are subject to the same eligibility requirements as potential new constituents

Formal communication of a material change in the index composition will be done through an Index Announcement made available at www.msci.com, in accordance with the thresholds defined in the [MSCI Real Estate – Index Policies](#).

4 Data Provision Requirements

4.1 NET ASSET VALUE REPORTING REQUIREMENTS

In addition to the data provision requirements outlined in the [MSCI Global Data Standards for Real Estate Investments](#), the following requirements are also applicable for Net Asset Value (NAV) data provision:

- a. Each fund's NAV should be based on the valuation of 100% of the value of its property portfolio; preferably at quarter end but rolling valuations are acceptable. The valuation must also cover properties held through joint ventures or indirect investments. Any other indirect property investments, such as shares in listed property companies and derivatives, should also be re-valued.
- b. Constituents of the Index should calculate their NAV data on a consistent basis from quarter to quarter. This basis will be either that specified in their own articles of association or equivalent.
- c. Real estate investments must be re-valued every quarter using IVSC valuation standards or similar principles, ideally by a third-party appraiser but internal valuations are allowed as long as the fund's investment properties are externally appraised at least once a year.



5 Index Calculation Methodology

5.1 METHODOLOGY TRANSITION

During early 2020 MSCI consulted with the real estate investment community on the incorporation of a time-weighted return methodology including adjustment for daily-weighted external cash flows for use in the MSCI Property Fund Indexes methodology.

As announced in April 2020 following the public [consultation](#), the new methodology is implemented on a moving forward basis starting July 2021 results reporting of Canada PFI. There is no impact to the historical results of the index due to the methodology change because the change has been implemented on a moving forward basis only.

Starting with the Q3 2021 results reporting, the Canada PFI methodology is constructed by applying the Time-Weighted Return computation methodology as detailed in the [MSCI Property Fund Indexes Methodology](#) (Section 4.3). Till June 2021, the Canada PFI Methodology was constructed by applying the Modified Dietz computation methodology as detailed in the [MSCI Property Fund Indexes Methodology](#) (Section 4.1). The historical values of the Index prior to July 2021 have not been restated. Longer term returns are calculated based on the combination (splicing) of the two methodologies.

5.2 WEIGHTING

The funds included in the Canada PFI until June 2021 are weighted according to each fund's provided Weighted Average Equity. Starting July 2021, the funds in the index will be weighted based on the Capital Employed which is derived as previous months Net Asset Value (NAV) adjusted for external cashflows.

5.3 INDEX SERIES

The Gross Fund-Level Total Return Index series starts with a base period of December 2004. The Net Fund-Level Total Return Index series which starts with a base period of March 2015.

5.4 RULES FOR PERFORMANCE REPORTING

MSCI applies both the standard confidentiality rule (that the minimum number of funds acceptable for index publication is three) and the fund dominance rule (that the maximum weight of a single contributor in any index series must not exceed 75% of index NAV) to determine if index results will be made available. If any of the above two conditions are not met, the index results will not be reported.

5.4.1 UNFROZEN HISTORY REPORTING

The Canada PFI returns are unfrozen, which means they do not have fixed histories and returns will be updated when new data becomes available or corrections are made. Therefore inclusion of a new fund with historic data impacts the historic Index returns. MSCI evaluates from time to time to determine if it is suitable to freeze the Index.



6 MSCI/REALPAC Canada Property Fund Index Advisory Committee

The MSCI/REALPAC Canada Property Fund Index Advisory Committee is a group of users of and data providers for the Canada PFI. The functions of this group include:

- Providing feedback to MSCI on the development of content for the Index.
- Providing feedback to MSCI on the inclusion and classification rules for funds within the Index, based on investment mandates and actual data.
- Providing feedback to MSCI on changes to the technical specifications or the rules of the Index.

MSCI retains complete editorial control over the Index.

7 Appendix I

7.1 INCLUSION CRITERIA FOR MSCI/REALPAC CANADA QUARTERLY PROPERTY FUND INDEX (UNFROZEN)

| Inclusion criteria - MSCI/REALPAC Canada Quarterly Property Fund Index (Unfrozen) | | | | |
|--|---|--|---------------------------------|--------------------|
| Inclusion Rule | Criteria | Eligibility reviewed at the point of Inclusion | Quarterly review of eligibility | Observation period |
| 1. Minimum direct real estate investment in Canada | 90% of Non-cash GAV | ✓ | ✓ | 4 Quarters |
| 2. Maximum development exposure | 20% of Non-cash GAV | ✓ | ✓ | 4 Quarters |
| 3. Fund Structure | Open-ended or Semi-open ended fund | ✓ | ✓ | - |
| 4. Maximum fund targeted gearing on a rolling six quarter basis | 40% of gross direct real estate asset value | ✓ | ✓ | 4 Quarters |
| 5. Minimum GAV requirement | CAD 150 million | ✓ | ✓ | 4 Quarters |
| 6. Are the underlying direct property performance of the fund measured by MSCI at least quarterly? | Yes | ✓ | ✓ | - |
| 7. Data provision requirement | Minimum of either five years, or the period from the date of launch of the fund | ✓ | - | - |



8 Appendix II

8.1 VERSIONING TABLE

| Version | Publication Date | Key Changes |
|---------|------------------|---|
| V1 | November 2021 | Release of the MSCI/REALPAC Canada Quarterly Property Fund Index (Unfrozen) Methodology |



Contact us

realestate@msci.com

+ 44 20 7336 4783

AMERICAS

Canada + 1 416 687 6284

US + 1 212 804 3900

EUROPE, MIDDLE EAST & AFRICA

UK + 44 20 7336 9200

France + 44 20 7336 4783

Germany + 49 691 3385 900

Italy + 44 20 7336 9684

Spain + 34 93 467 7403

South Africa + 27 11 656 2115

Sweden + 46 8 400 252 30

ASIA PACIFIC

Australia + 61 2 9033 9300

Hong Kong + 852 2844 9333

Singapore + 65 6826 9339

Japan + 81 3 5211 1455

ABOUT MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

To learn more, please visit

www.msci.com.

The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at:
<https://www.msci.com/index-regulation>.

Notice and disclaimer

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), or MSCI's licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the "Information Providers") and is provided for informational purposes only. The Information may not be modified, reverse-engineered, reproduced or disseminated in whole or in part without prior written permission from MSCI. All rights in the Information are reserved by MSCI and/or its Information Providers.

The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or sub-contractors.

Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.

The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity or group of persons.

None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, "Index Linked Investments"). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.

Index returns do not represent the results of actual trading of investible assets/securities. MSCI maintains and calculates indexes, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an Index Linked Investment to be different than the MSCI index performance.

The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.

Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.

Data and information produced by various affiliates of MSCI Inc., including MSCI ESG Research LLC and Barra LLC, may be used in calculating certain MSCI indexes. More information can be found in the relevant index methodologies on www.msci.com.

MSCI receives compensation in connection with licensing its indexes to third parties. MSCI Inc.'s revenue includes fees based on assets in Index Linked Investments. Information can be found in MSCI Inc.'s company filings on the Investor Relations section of www.msci.com. MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Except with respect to any applicable products or services from MSCI ESG Research, neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and MSCI's products or services are not intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.

Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.

MIFID2/MIFIR notice: MSCI ESG Research LLC does not distribute or act as an intermediary for financial instruments or structured deposits, nor does it deal on its own account, provide execution services for others or manage client accounts. No MSCI ESG Research product or service supports, promotes or is intended to support or promote any such activity. MSCI ESG Research is an independent provider of ESG data, reports and ratings based on published methodologies and available to clients on a subscription basis. We do not provide custom or one-off ratings or recommendations of securities or other financial instruments upon request.

Privacy notice: For information about how MSCI collects and uses personal data, please refer to our Privacy Notice at <https://www.msci.com/privacy-pledge>.

NO REGULATED USE OF ANY MSCI PRIVATE REAL ASSETS INDEXES IN ANY JURISDICTION IS PERMITTED WITHOUT MSCI'S EXPRESS WRITTEN AUTHORIZATION. THE PROCESS FOR APPLYING FOR MSCI'S EXPRESS WRITTEN AUTHORIZATION CAN BE FOUND ON THE INDEX REGULATION PAGE OF MSCI'S WEBSITE AT: <https://www.msci.com/index-regulation>.

PRIVACY NOTICE: FOR INFORMATION ABOUT HOW MSCI ESG RESEARCH LLC COLLECTS AND USES PERSONAL DATA CONCERNING OFFICERS AND DIRECTORS, PLEASE REFER TO OUR PRIVACY NOTICE AT [HTTPS://WWW.MSCI.COM/PRIVACY-PLEDGE](https://www.msci.com/privacy-pledge).