MSCI/REALPAC CANADA QUARTERLY PROPERTY FUND INDEX (UNFROZEN)

November 2021
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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 ongoing 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

<table>
<thead>
<tr>
<th></th>
<th>Period 1</th>
<th>Period 2</th>
<th>Period 3</th>
<th>Period 4</th>
<th>Period 5</th>
<th>Period 6</th>
<th>Period 7</th>
<th>Period 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria adherence (Yes / No)</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Observation Period During Non-adherence (4 quarters)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Index Inclusion Status (Yes / No)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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.
## Appendix I

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

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

8.1 VERSIONING TABLE

<table>
<thead>
<tr>
<th>Version</th>
<th>Publication Date</th>
<th>Key Changes</th>
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<tbody>
<tr>
<td>V1</td>
<td>November 2021</td>
<td>Release of the MSCI/REALPAC Canada Quarterly Property Fund Index (Unfrozen) Methodology</td>
</tr>
</tbody>
</table>
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