

MSCI REAL ESTATE INDEX OVERSIGHT COMMITTEES

Terms of Reference

August 2017

CONTENTS

Introduction..... 2

Risk and Regulatory Committee Terms of Reference 3

 Description 3

 Responsibility 3

 Composition 3

 Meetings 4

Real Estate Index committee 5

 Description 5

 Responsibility 5

 Composition 6

 Meetings 6

The Index policy committee 7

 Description 7

 Responsibility 7

 Composition 7

 Meetings 7

INTRODUCTION

MSCI uses three committees to provide oversight and governance for the production of the real estate indexes, their methodology and its application. These are: the Real Estate Risk and Regulatory Committee (RRC), The Real Estate Index Committee (REIC), and the Index Policy Committee (IPC).

The RRC focuses primarily on the smooth operation of the index processes and on recognising and mitigating risks, whereas the REIC and the IPC focus primarily on the development and interpretation of index methodologies.

The committees are staffed solely by MSCI employees. MSCI believes that its editorial and operational independence over the indexes and index methodology ensures objectivity, efficiency and avoids conflicts of interest.

All decisions taken by the committees are solely the responsibility of their members.

RISK AND REGULATORY COMMITTEE TERMS OF REFERENCE

DESCRIPTION

The primary role of this committee is to ensure the operation of the indexes runs smoothly and risks are recognised proactively.

RESPONSIBILITY

- Oversee the integrity of the index processes. The aim is to ensure that there is in place an effective system reasonably designed to evaluate and control general risks within the real estate product line.
 - Review and approve the index control framework
 - Agree on internal/external index audit frequency
 - Review the results of internal and external audits and recommend actions
 - Review client usage of indexes and any related conflicts of interest
- Highlight potential risks to the business/material issues including operational risks, change in regulatory environment, and conflicts of interest.
- Review any formal index complaints.
- Assess and manage the firm’s compliance with existing regulation or regulatory principles for both existing and new/proposed indexes, as well as changes in processes.
- Discuss pending/anticipated regulation/regulatory changes and the potential impact on IPD indexes.
- It should be noted that this committee has no authority over specific benchmark determinations or the relevant index decision committees and their responsibilities.

COMPOSITION

The composition of the committee is determined by job function. Membership changes are ratified by the RRC.

The RRC is chaired by the Head of Real Estate and comprised of at least six other members representing senior leadership selected from each of:

- Research,
- Data Operations,

- Real Estate Product Management,
- Real Estate IT,
- Legal, and
- Business Regulation Compliance.

MEETINGS

- Meetings are to be held at least quarterly and as needed.
- Meetings require the attendance of the chairperson and a member from each of the other functions. If a member is unable to attend, he or she must be represented by a delegate to ensure that all relevant areas are present.
- The committee may ask any personnel to attend or to present at the meeting, particularly if their skills and knowledge support the discussion.
- The secretary will record minutes which will be retained for five years.
- In instances when an RRC decision is required prior to a regular meeting and scheduling an ad-hoc RRC meeting is not possible, such decision may be reached via email communication, provided at least two members of the RRC explicitly approve a proposal.

REAL ESTATE INDEX COMMITTEE

DESCRIPTION

The Real Estate Index Committee (REIC) is responsible for overseeing the development and interpretation of methodologies and data collection for real estate indexes and for benchmarking analyses. Decisions taken by the REIC are the sole responsibility of its members. The committee is staffed strictly by MSCI employees. MSCI believes that editorial independence promotes objectivity and avoids conflicts of interest.

RESPONSIBILITY

- Review and approve new design and methodologies and major changes in design and methodologies for indexes benchmarks and analytics
- Manage index and benchmark termination as required, including guidelines for consulting with interested parties about such cessation
- Approve or propose consultations, review feedback, and decide if methodology changes are needed
- Determine what changes are material after considering relevant factors such as operational impact on market participants
- Review and approve Index policies and Methodology guides
- Review index composition with the aim of ensuring that the indexes and benchmarks are representative, meaningful and conform to confidentiality rules. This is done by reviewing and approving the Market sizes estimate and the Valuation and sales price comparison reports in order to respectively identify potential biases,
- Based on the review above, issue as needed corrective recommendations aiming to the improved robustness of indexes and benchmarks.
- Maintain oversight of third parties whose activities include collection of inputs used in the determination of indexes and benchmarks
- Consider the results of internal and external audits, and follow up on the implementation of remedial actions highlighted in the results of these audits
- Oversee the process and nature of data submission including an annual review of the Submitter Code of Conduct
- Establish procedures to address breaches of the Submitter Code of Conduct

- Establish procedures to report submitters’ suspicious activities and misconduct
- Investigate formally index-related complaints

COMPOSITION

The REIC is composed of five members with significant experience and seniority, selected from MSCI’s Index Management Research, Applied Research, Operations and Product Management.

Membership changes are proposed by the chair of the REIC and ratified by the IPC.

MEETINGS

- The REIC is scheduled to meet once a week. In addition, the REIC meets on an ad-hoc basis if required
- Regular meetings require the attendance of at least three members. Plenary meetings require the attendance of the IPC chair and two additional members. No substitutes or delegates are accepted.
- Topics are requested by members or other parties. If there are no topics, the meeting is cancelled
- The agendas of the REIC meetings contain the date, time, expected attendees and the topics. All topics presented at the REIC meetings generally have supporting documents.
- The minutes of all REIC meetings contain date, time, attendees, topics discussed and decisions made.
- In instances when an REIC decision is required prior to a regular meeting and scheduling an ad-hoc REIC meeting is not possible, such decision may be reached via email communication, provided at least three members of the REIC explicitly approve a proposal. In case of exceptionally time critical topics, consent of two REIC members maybe sufficient.

THE INDEX POLICY COMMITTEE

DESCRIPTION

The Index Policy Committee (“IPC”) is an escalation point for the REIC. Topics with material importance, as determined by the REIC, are discussed and decided by the IPC.

RESPONSIBILITY

- New methodologies or methodology changes designated as material by the REIC.
- Final decisions on market reclassifications.
- Final decisions on equity index terminations.
- Review of regular index rebalancing results.

COMPOSITION

- The IPC is composed of six members comprised of senior members of MSCI’s Index Research and firm management.
- Changes in membership are proposed by the IPC and ratified by the CEO.

MEETINGS

- The IPC is scheduled to meet on an ad-hoc basis as required.
- IPC meetings require the attendance of at least three regular members.
- No substitutes and no delegates are accepted
- The agendas of all IPC meetings contain the date, time, expected attendees and the topics names. All topics presented at IPC meetings generally have supporting documents.
- The minutes of all IPC meetings contain the date, time, attendees, topics’ names and decisions made by the IPC members.
- All IPC members are informed of any topics discussed and decisions made, regardless of attendance.
- In instances when an IPC decision is required, while scheduling an IPC meeting is not possible within the required timeframe, such decision may be reached via email communication, provided at least three members of the IPC explicitly approve a

proposal. In case of exceptionally time critical, typically market driven topics, consent of two IPC members maybe sufficient.

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
 Netherlands + 31 88 328 22 00
 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

For more than 40 years, MSCI’s research-based indexes and analytics have helped the world’s leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research.

Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 97 of the top 100 largest money managers, according to the most recent P&I ranking.

For more information, visit us at www.msci.com.

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.

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 investable 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 Inc. 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 Inc. 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, FEA, InvestorForce, 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.