

# Real estate index announcement

June 2020

## Methodology Change to the MSCI South Africa Green Annual Property Index (Unfrozen)

**Cape Town, June 2020:** MSCI announced today that it has implemented changes and improvements to the 2019 results of MSCI South Africa Green Annual Property Index (Unfrozen) to align to the Global Methodology Standards (GMS)<sup>1</sup> for Real Estate Investments.

Key methodology changes and improvements to align with MSCI Property Indexes Methodology<sup>2</sup> include:

- Discontinuation of discretionary flagging for calculation of Net Operating Income Growth and Average Monthly Net Operating Income per square meter.
- The calculations of Net Operating Income Growth and Average Monthly Net Operating Income per square meter are based on the properties within the same store<sup>3</sup> subset, to ensure a consistent set of properties within the measurement period. As per the former methodology, these measures were calculated based on the standing investments sample.
- The current methodology adopts the global dominance rule as per GMS for aggregated reporting of electricity usage and water usage data at segment, sector and index levels.
- The capital expenditure to capital value measure is replaced with capital expenditure to base net capital value.
- The underlying sample of reporting valuer discount rate is corrected and is based on properties that are valued as per Discounted Cash Flow method. The former methodology didn't have such a criterion in the reporting of valuer discount rate.

The above changes in methodology doesn't have any impact to the composition of the index which is based on availability of green certifications from Green Building Council of South Africa.

<sup>1</sup>More information on the Global Methodology Standards can be found [here](#)

<sup>2</sup>Several changes were applied to MSCI's Property Indexes from July 12, 2016 onwards, but weren't reflected in the MSCI South Africa Green Annual Property Index until 2018. Details on all the changes can be found [here](#).

<sup>3</sup>More information on definition of Standing investments and Same Store sample can be found in section 3.2.3 and 3.2.5 of the MSCI Property Index Methodology [document](#).

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