## Contents

1. Introduction ........................................................................................................................................... 3

2. Methodology Documentation Set ........................................................................................................... 4
   2.1 MSCI Real Estate Index Policies ......................................................................................................... 4
   2.2 MSCI Property Fund Indexes Methodology ......................................................................................... 4
   2.3 The Property Council of Australia/MSCI Australia Unlisted Retail Quarterly Property Fund Index (Unfrozen) Methodology ......................................................................................................................... 4

3. The Property Council of Australia/MSCI Australia Unlisted Retail Quarterly Property Fund Index (Unfrozen) Methodology .............................................................................................................. 5
   3.1 Initial Inclusion Requirements ............................................................................................................. 5
   3.2 Additional Criteria for inclusion into the ‘Core Funds’ series of The Property Council of Australia/MSCI Australia Unlisted Retail Quarterly Property Fund Index (Unfrozen) .............................................................. 5
   3.3 Change in Composition ....................................................................................................................... 6
   3.4 Index Series ......................................................................................................................................... 7

4. Data Provision Requirements .................................................................................................................. 7
   4.1 Net Asset Value Reporting Requirements ........................................................................................... 7
   4.2 Indirect Holdings (units in other funds) Discontinued from Q3 2021 ................................................. 7

5. Index Calculation Methodology .............................................................................................................. 8
   5.1 Methodology Transition ....................................................................................................................... 8
   5.2 Weighting .......................................................................................................................................... 8
   5.3 Data Preparation For Index Calculation ............................................................................................. 8
   5.4 Rules for Performance Reporting ...................................................................................................... 9
   5.5 Unfrozen History Reporting .............................................................................................................. 9

6. Appendix I: Inclusion criteria – The Property Council of Australia/MSCI Australia Unlisted Quarterly Property Fund Index (Unfrozen) .............................................................................................................. 10

7. Appendix II: Versioning Table ................................................................................................................ 11
1 Introduction

The objective of The Property Council Of ‘Australia/MSCI Australia Unlisted Retail Quarterly Property Fund Index (Unfrozen)’ ("Australia Retail PFI") is to represent the performance of Australia-based unlisted pooled real estate funds for retail (individual) investors. From Q3 2021 results reporting onwards, the Australia Retail PFI is value-weighted, based on the capital employed (Until Q2 2021 results reporting, it was based on the Net Asset Value (NAV)) of its constituent property funds each month and is denominated in Australian Dollars (AUD). Both open-ended as well as closed-ended funds are eligible for inclusion in the index.

Retail funds are defined as those that are structured to accept investment from individuals and where the investments are pooled and invested by an investment manager. The investment amount is typically small in value as defined by1 Australian Securities and Investments Commission (ASIC).

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1 An investor that does not meet one of the tests to qualify as a wholesale client is a "retail client". As per ASIC: A person may fall within the definition of a wholesale client if, among other things, they are: (a) a person purchasing a financial product, or a financial service related to a financial product, where the value of the product is above the prescribed threshold (currently set by the Corporations Regulations at $500,000); (b) a person with certified net assets of at least $2.5 million or a person who had a gross income for each of the past two financial years of at least $250,000; or (c) a ‘professional investor’. This category includes AFS licensees, listed entities, banks and friendly societies, and other entities that may be presumed to have the expertise or access to professional advice to justify their being treated as wholesale.
2 Methodology Documentation Set

The construction and maintenance rules for the Australia Retail 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 THE PROPERTY COUNCIL OF AUSTRALIA/MSCI AUSTRALIA UNLISTED RETAIL QUARTERLY PROPERTY FUND INDEX (UNFROZEN) METHODOLOGY

This document includes the rules and methods specific to the Australia Retail PFI.
3 The Property Council of Australia/MSCI Australia Unlisted Retail Quarterly Property Fund Index (Unfrozen) Methodology

3.1 INITIAL INCLUSION REQUIREMENTS

INCLUSION REQUIREMENTS FOR THE PROPERTY COUNCIL OF AUSTRALIA/MSCI AUSTRALIA UNLISTED RETAIL QUARTERLY PROPERTY FUND INDEX (UNFROZEN)

In addition to the standard MSCI requirements for MSCI Property Fund Indexes (refer to MSCI Property Fund Indexes Methodology for further details), there are additional eligibility requirements for initial inclusion in the Australia Retail PFI. The fund should:

1. Not be listed on a stock exchange
2. Accept investments by retail investors
3. Be domiciled in Australia

3.2 ADDITIONAL CRITERIA FOR INCLUSION INTO THE ‘CORE FUNDS’ SERIES OF THE PROPERTY COUNCIL OF AUSTRALIA/MSCI AUSTRALIA UNLISTED RETAIL QUARTERLY PROPERTY FUND INDEX (UNFROZEN)

The Core Series of Australia Retail PFI comprises of funds that adhere to specific criteria relating to their investment mandate and their structure based on the intended strategy as set out in fund documentation. Each of constituents of the Australia Retail PFI are checked every quarter for their adherence to the criteria of the investment mandate and structure as mentioned below.

1. Vehicles with at least 90% of their Gross Asset Value (GAV) invested in direct real estate within Australia
2. Vehicle should have no more than 20% of their Gross Asset Value exposure towards development activities
3. Vehicles must be registered with ASIC as a managed investment scheme
4. Vehicles must not capitalise interest on borrowings
5. Vehicles must carry no more than 50% leverage, where leverage is defined as the ratio of total debt to the fund’s GAV
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 Australia Retail Index.

New Funds:

1. are required to provide sufficient and complete data to compile the longest possible history of their investment performance, subject to a minimum of either three years or the period from date of launch of the fund.
2. must always provide descriptive data – GAV, NAV, and asset allocation, for disclosure in the index products for the longest possible time period, subject to a minimum of either three years or the period from date of launch of the fund.

Removed/Withdrawn Funds:

1. Withdrawal from the Index should be through written communication to MSCI and where possible, at least one quarter prior to the next Index release.

Re-admitted Funds:

1. 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.
2. 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 as defined in the MSCI Real Estate – Index Policies.
3.4 INDEX SERIES

The standard index publication consists of a ‘Core Funds’ series of Australia Retail PFI index.

The Property Council of Australia/MSCI Australia Unlisted Retail Quarterly Property Fund Index – Core Funds Series (Unfrozen): The ‘Core Funds’ series is a subset of Australia Retail PFI. It includes funds whose strategies meet the criteria for inclusion in the Core Series as defined in section 3.2, in addition to inclusion criteria defined in section 3.1. This index series has a base date of 30 September 2009.

The Property Council of Australia/MSCI Australia Unlisted Retail Quarterly Property Fund Index – All Funds Series (Unfrozen): This series constitutes all funds which are part of Australia Retail PFI based on inclusion criteria mentioned in section 3.1. Alongside standard index publication, MSCI publishes an ‘All Funds Index’ series in MSCI’s market information product.

4 Data Provision Requirements

4.1 NET ASSET VALUE REPORTING REQUIREMENTS

In addition to the standard requirements, as part of the MSCI Global Data Standards for Real Estate Investments, there are additional requirements for the NAV. These requirements are:

1. Vehicles are required to report their NAV on at least a Quarterly basis and to have done so for the whole of the period of their performance history within the Indexes.
2. Constituents of the Indexes must agree to calculate their NAV on a consistent basis from quarter to quarter. This basis will that specified in their own articles of association (or equivalent).

4.2 INDIRECT HOLDINGS (UNITS IN OTHER FUNDS) DISCONTINUED FROM Q3 2021

Until Q2 2021, constituents of the Index, had to disclose on a quarterly basis to MSCI the extent of their holdings in other funds (indirect investments/crossholdings) that are also constituents of the Index. This practice is discontinued from Q3 2021 onwards.
5 Index Calculation Methodology

5.1 METHODOLOGY TRANSITION

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 for return calculation, index weighting methodology and discontinuation of cross holdings for MSCI Australia Retail Property Fund Index.

As announced in April 2020 following the public consultation, the new methodology is implemented on a moving forward basis starting Q3 2021 results reporting of MSCI Australia Retail 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 Q3 2021 results reporting, the Australia Retail PFI Methodology is constructed by applying the Time-Weighted Return computation methodology as detailed in the MSCI Property Fund Indexes Methodology (Section 4.3). Until Q2 2021, the Australia Retail PFI Methodology was constructed by applying the unitized computation methodology as detailed in the MSCI Property Fund Indexes Methodology (Section 4.2). Longer term returns are calculated based on the combination (splicing) of the two methodologies.

5.2 WEIGHTING

The funds included in the Australia Retail PFI until Q2 2021 are weighted according to their NAV at the end of the month (measurement period). Starting Q3 2021, the funds in the index will be weighted based on the capital employed, which is derived as previous period Net Asset Value (NAV) adjusted by external cashflows.

5.3 DATA PREPARATION FOR INDEX CALCULATION

CROSS HOLDING ADJUSTMENT DISCONTINUED FROM Q3 2021

Starting Q3 2021 results reporting of the MSCI Australia Retail PFI, the cross-holdings adjustments are discontinued. This change is implemented on a moving forward basis and there is no impact of this change to the historical results. By discontinuing the adjustments for cross-holdings, the sum of the sub-indexes composition would be equal to the index composition based on NAV.

CROSS HOLDING ADJUSTMENT FOR HISTORICAL PERIODS BEFORE Q2 2021
Until Q2 2021, MSCI has adjusted for cross-holdings in the Australia Retail PFI and all the sub-indexes within Australia Retail PFI.

When one fund in the Australia Retail PFI has an interest in another fund included in the Index, the performance of the fund that is cross-held will contribute directly at a weight of 100% of its total NAV as well as indirectly, with its additional weight depending upon the ownership percentage held within the cross-holding interest. The cross-holding adjustment was being made by deducting the amount of the investment from the NAV of the fund in which the investment was made. This same adjustment is made for all the sub-indexes within Australia Retail PFI only if a cross-holding is prevalent within any/all of these sub-indexes.

5.4 RULES FOR PERFORMANCE REPORTING

MSCI applies both the standard confidentiality rule, and the fund dominance rule, to determine if index results will be made available. Please refer to MSCI Property Fund Index Methodology for details.

5.5 UNFROZEN HISTORY REPORTING

The returns of Australia Retail PFI 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 historical data impacts the historical index returns. MSCI evaluates from time to time, the need to determine if it is suitable to freeze the Index.
6 Appendix I: Inclusion criteria – The Property Council of Australia/MSCI Australia Unlisted Quarterly Property Fund Index (Unfrozen)

<table>
<thead>
<tr>
<th>Inclusion criteria - Australia Retail PFI</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Type of Investment Vehicle</td>
<td>Unlisted property funds for retail investors</td>
</tr>
<tr>
<td>2. Minimum Direct Real Estate investment in Australia*</td>
<td>90% of GAV</td>
</tr>
<tr>
<td>3. Registered with Australian Securities &amp; Investments Commission (ASIC) as a managed investment scheme *</td>
<td>Yes</td>
</tr>
<tr>
<td>4. Maximum fund gearing*</td>
<td>50% of GAV</td>
</tr>
<tr>
<td>5. Maximum development exposure*</td>
<td>20% of GAV</td>
</tr>
<tr>
<td>6. Interest on borrowings*</td>
<td>Should be expensed, not capitalized</td>
</tr>
<tr>
<td>7. Data provision requirement</td>
<td>Longest possible history, subject to a minimum of either three years, or the period from the date of launch of the fund</td>
</tr>
<tr>
<td>8. Structured for Retail investors</td>
<td>Yes</td>
</tr>
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* Applies only for inclusion in Core Funds Series
## Appendix II: Versioning Table

<table>
<thead>
<tr>
<th>Version</th>
<th>Publication Date</th>
<th>Key Changes</th>
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<tr>
<td>V1</td>
<td>October 2021</td>
<td>Release of the Property Council of Australia/MSCI Australia Unlisted Quarterly Property Fund Index (Unfrozen) Rules</td>
</tr>
</tbody>
</table>
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