MSCI REIT PREFERRED INDEX METHODOLOGY

Index Construction and Maintenance Methodology for the MSCI REIT Preferred Index

November 2016

CONTENTS

1 Introduction 3
2 Defining REITs and Eligible Preferred Stocks 4
2.1 Eligible Preferred Stock 4
2.2 Non-eligible Issuers 5
3 Screening Securities for Investability 6
4 Maintenance of the MSCI REIT Preferred Index 7
4.1 Quarterly Index Review 7
4.2 Ongoing Event-Related Changes 8
4.2.1 Full Redemption of Existing Index Constituents 8
4.2.2 Corporate Events Affecting Existing Index Constituents 8
4.2.3 Changes in Eligibility Affecting Index Constituents 9
4.3 Dividend Re-investment 9
5 Late Implementation of Index Deletions 10

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

1 INTRODUCTION

The MSCI REIT Preferred Index (formerly known as the Morgan Stanley REIT Preferred Index or MSRP), is a preferred stock market capitalization-weighted total return index of certain exchange-traded perpetual preferred securities issued by US Equity REITs. This document contains the guidelines MSCI uses to construct and maintain the MSCI REIT Preferred Index.

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

2 DEFINING REITS AND ELIGIBLE PREFERRED STOCKS

A Real Estate Investment Trust, or REIT, is a company that in most cases owns and operates income producing real estate assets. Some REITs provide loans to the owners and operators of real estate. To qualify as a REIT under the Internal Revenue Code, an entity is required to distribute at least 90% of its taxable income to shareholders annually and receive at least 75% of that income from rents, mortgages and sales of property.

MSCI classifies REIT securities into one of the Real Estate Investment Trust (REITs) Sub-Industries within the Global Industry Classification Standard (GICS®) structure. The GICS structure includes eight Equity REITs Sub-Industries and one Sub-Industry for Mortgage REITs. The Equity REITs Sub-Industries are part of the Equity Real Estate Investment Trusts (REITs) Industry under the Real Estate Sector. The Mortgage REITs Sub-Industry is part of the Financials Sector. The eight Equity REITs Sub-Industries aim to represent REITs with distinct property type profiles.

Preferred stocks commonly pay dividends at a specified rate (usually specified at the time of issuance). Preferred stockholders are also commonly paid dividends before dividends are paid to common stock holders. In addition, preferred stockholders often have priority over common stockholders in the event of bankruptcy or liquidation.

2.1 ELIGIBLE PREFERRED STOCK

The eligible universe for the MSCI REIT Preferred index includes non-convertible perpetual preferred securities with fixed dividends or indexed yields, and with all the following characteristics:

- Must be issued by companies classified as US companies under the MSCI Global Investable Market Indexes Methodology.
- Securities must be listed on one of the eligible US exchanges as defined in the MSCI Global Investable Markets Indexes Methodology (i.e. NYSE, NYSE Arca, NYSE MKT LLC, or NASDAQ).
- Must be issued by companies classified under the Equity Real Estate Investment Trusts (REITs) Industry within the Global Industry Classification Standard (GICS®) structure.

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

2.2 NON-ELIGIBLE ISSUERS

Preferred stocks issued by Mortgage REITs, Real Estate Operating Companies (REOCs), limited partnerships, limited liability companies, and non-publicly traded REITs are generally not eligible for inclusion in the MSCI REIT Preferred Index.

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

3 SCREENING SECURITIES FOR INVESTABILITY

No liquidity, length of trading period, size, shares outstanding, or price screens apply to the selection of eligible preferred stocks for the MSCI REIT Preferred Index.

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

4 MAINTENANCE OF THE MSCI REIT PREFERRED INDEX

Maintenance of the MSCI REIT Preferred Index emphasizes continuity and minimizing unnecessary index turnover. Overall, the index is maintained and changes are implemented as follows:

- Quarterly index reviews: aim to reconstitute the index by reviewing the eligibility of constituents and non-constituents preferred securities issued by publicly traded US Equity REITs REITs. Current shares outstanding of index constituents are also updated.
- Ongoing event-related changes: depending on their nature, may be implemented in the index as they occur.
- Dividend reinvestment: a dividend is a distribution of cash made by a company to its preferred security shareholders.

4.1 QUARTERLY INDEX REVIEW

The Quarterly Index Review (QIR) process is designed to ensure that the index continues to be an appropriate reflection of the eligible preferred US REIT universe. The index is fully reviewed on a quarterly basis, at the end of March, June, September and December. New eligible issues are considered for inclusion and current index constituents that no longer meet the eligible criteria as described in Section 2.1 are deleted from the index.

During each QIR, a new preferred security universe is identified and securities meeting the eligibility screens described in Section 2 are added to the pro forma index. In general, data as of the close of 10 business days prior to the last trading day in March, June, September and December is used to determine the eligible universe.

In order to ensure that index constituents continue to reflect available market capitalization, outstanding shares are reviewed as part of the QIR. Changes greater than 5% in the outstanding shares of existing index constituents are implemented. These changes in shares outstanding may result from but are not limited to:

- Partial redemptions or share buy-backs
- Follow-on offerings
- Exercise of over-allotment options by underwriters

All updates in numbers of shares of index constituents are implemented in the index simultaneously with the additions and/or deletions from a QIR. Changes resulting from a QIR are implemented as of the close of the last business day of March, June, September and

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

December. Such changes are typically announced at least two business days prior to the effective implementation dates.

4.2 ONGOING EVENT-RELATED CHANGES

Ongoing event-related changes can be classified into three broad categories:

- Full redemption of existing index constituents
- Corporate events affecting existing index constituents
- Changes in eligibility affecting existing index constituents

4.2.1 FULL REDEMPTION OF EXISTING INDEX CONSTITUENTS

Full redemption of a preferred security involves the issuer calling/redeeming all the outstanding shares of a series for retirement. The full redemption of an index constituent will generally result in a deletion at the constituent's par value as of the close of the last trading date. In addition, regular accrued dividends are reinvested on the ex-date or the last trading date, as the case maybe. However, accumulated unpaid dividends declared as part of the full redemption terms will not be reinvested in the index.

4.2.2 CORPORATE EVENTS AFFECTING EXISTING INDEX CONSTITUENTS

Corporate events affecting existing index constituents include mergers and acquisitions (M&As), delistings, bankruptcies and other similar corporate events. These changes are generally reflected in the indexes as they occur.

The acquisition or merger of the issuer of an MSCI REIT Preferred index constituent by or with a non-eligible entity will typically result in the deletion of such constituent. In many cases, the acquired company subsequently ceases to exist as an independently publicly traded entity.

However, an index constituent typically remains in the index if the acquiring company is an eligible REIT and the transaction does not involve the redemption of the preferred securities of the existing constituents. In addition, the maintenance of the constituent in the index is conditional upon satisfying all the eligibility screens described in Section 2.

As a general principle, MSCI implements deletions resulting from corporate events using market prices or based on the terms of the transaction. In addition, accrued dividends are reinvested on the ex-date supplied by the issuer or the last trading date as the case may be. However, accumulated unpaid dividend declared as part of the terms for the corporate event are not be reinvested in the index.

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

4.2.3 CHANGES IN ELIGIBILITY AFFECTING INDEX CONSTITUENTS

The characteristics of current index constituents may change, resulting in a review of their eligibility status. The following changes will trigger an immediate eligibility review:

- Issuer is no longer a publicly traded US Equity REIT
- Issuer becomes a Mortgage REIT
- Issuer fails to maintain REIT status or elects to terminate its REIT status as defined by the Internal Revenue Code

MSCI will remove from the MSCI REIT Preferred Index as soon as practicable securities that do not meet the eligibility criteria described in Section 2.

4.3 DIVIDEND RE-INVESTMENT

MSCI reinvests regular dividends in the MSCI REIT Preferred Index the day the security is quoted ex-dividend (ex-date) on its principal exchange (where its price is taken from). For securities trading on more than one exchange, MSCI uses the ex-date from the exchange from which MSCI sources the security's price.

In the case where the security does not trade on the ex-date the dividend will be reinvested on the earliest date that the security trades after the dividend.

Finally, accumulated unpaid dividends, if and when declared, are not reinvested in the index.

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

5 LATE IMPLEMENTATION OF INDEX DELETIONS

When the deletion of an index constituent is announced too late to be reflected as of the close of the last trading day, implementation occurs as of the close of the following day or as soon as practicable thereafter. In the case of a full redemption, MSCI will generally carry forward the par value of the impacted index constituents. However, if not possible, MSCI will use the last trading day's market price or determine the price using the terms of the transaction.

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

The following sections have been modified since December 2014:

4. Maintenance of the MSCI REIT Preferred Index

- Clarified share reviews to coincide with quarterly reviews

4.1 Quarterly Index Review

- Clarified share reviews to coincide with quarterly reviews

4.2 Monthly Share Review

- Deleted this section

The following sections have been modified since August 2016:

2.1 Eligible Preferred Stock

- Updated to reflect revised GICS structure effective September 1, 2016

The following sections have been modified since November 2016:

2. Defining REITs And Eligible Preferred Stocks

- Clarified classification of REITs in the GICS structure

© 2016 MSCI Inc. All rights reserved. Please refer to the disclaimer at the end of this document.

CONTACT US

clientservice@msci.com

AMERICAS

Americas	1 888 588 4567 *
Atlanta	+ 1 404 551 3212
Boston	+ 1 617 532 0920
Chicago	+ 1 312 675 0545
Monterrey	+ 52 81 1253 4020
New York	+ 1 212 804 3901
San Francisco	+ 1 415 836 8800
São Paulo	+ 55 11 3706 1360
Toronto	+ 1 416 628 1007

EUROPE, MIDDLE EAST & AFRICA

Cape Town	+ 27 21 673 0100
Frankfurt	+ 49 69 133 859 00
Geneva	+ 41 22 817 9777
London	+ 44 20 7618 2222
Milan	+ 39 02 5849 0415
Paris	0800 91 59 17 *

ASIA PACIFIC

China North	10800 852 1032 *
China South	10800 152 1032 *
Hong Kong	+ 852 2844 9333
Mumbai	+ 91 22 6784 9160
Seoul	00798 8521 3392 *
Singapore	800 852 3749 *
Sydney	+ 61 2 9033 9333
Taipei	008 0112 7513 *
Thailand	0018 0015 6207 7181 *
Tokyo	+ 81 3 5290 1555

* = toll free

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 redisseminated 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 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 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.

© 2016 MSCI Inc. All rights reserved.