



GPR Europe Balanced Index

*Construction & Maintenance
Procedures*

March 2024

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General Information

This document (the “Guideline”) is to be used as a guideline with regard to the composition, calculation and maintenance of the GPR Europe Balanced Index (the “Index”). Any amendments to the rules made to the Guideline are made in accordance with the provision specified in the Guideline. The Index is owned, calculated and published by Global Property Research B.V. (“GPR”). As of 1st January 2024, GPR has engaged Solactive AG (“Solactive”) as the administrator (the “Index Administrator”) under the Regulation (EU) 2016/1011 (the “Benchmark Regulation” or “BMR”). The name “Solactive” is trademarked. From 10th January 2019 until 31st December 2023, the Index was administered by GPR.

The Guideline and the rules referenced herein contain the underlying principles and rules regarding the structure and operation of the Index. GPR and Solactive do not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the level of the Index at any certain point in time nor in any other respect. GPR strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for GPR or Solactive – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. The publication of the Index by GPR does not constitute a recommendation for capital investment and does not contain any assurance or opinion of GPR or Solactive regarding a possible investment in a financial instrument based on this Index.

1 GLOSSARY

<i>Adjustment factor</i>	A multiplier to correct for changes in the intrinsic value of the stock not having return implications
<i>Base</i>	Initial value of the Index
<i>Compiler</i>	Party responsible for the calculation and publication of the indices
<i>De-merger</i>	Situation in which a company splits up in two or more entities, which may be floated.
<i>Development activities</i>	Property holdings under construction
<i>Directors' holdings</i>	Shares held by the management and board of directors of the company
<i>Equity Index</i>	Component of the Index based on shares of companies included in the GPR General Quoted Developed Europe ex Israel Index
<i>Ex-dividend date</i>	First trading date at which the holder of the stock is no longer entitled to receive the subsequent dividend
<i>Fixed Income Index</i>	Component of the Index based on bonds of companies as defined by the Client
<i>Free float</i>	The number of shares outstanding considered to be available for trading on the stock market
<i>Gross dividends</i>	Dividends before taxes
<i>Index Administrator</i>	As defined in general information
<i>Index</i>	GPR Europe Balanced Index
<i>Indicative values</i>	Values subject to change
<i>Investment activities</i>	Income generating property holdings, hereby excluding investments in infrastructure assets, telecom towers and billboards
<i>Market capitalization</i>	Number of shares outstanding times the share price
<i>Nominee account</i>	A joint share account held by a financial institution aggregating various separate share holdings
<i>Operational turnover</i>	Recurrent income from activities
<i>Primary stock listing</i>	Quotation of the stock with the highest number of shares traded measured over a period of one year. In case no trading history over the past year is available the compiler will assign a primary stock listing
<i>Spin-off</i>	Situation in which a company disposes part of its portfolio by creating a separate entity, which subsequently may be floated
<i>Suspension of trading</i>	A temporary deferral of regulated trading
<i>Trading volume</i>	Share turnover expressed as the number of shares traded times the price of the shares in US dollars

*GPR Europe Balanced Index
Calculation Procedures*

2 COMPOSITION OF THE GPR EUROPE BALANCED INDEX

- 2.1 The Index is a combined index aggregating an Equity Index and a Fixed Income Index component. The Index is composed in such a way that it is considered to be representative for the movements in the developed property market of Europe.
- 2.2 The Equity Index is a weighted index based on of 40 leading property companies in Europe.
- 2.3 The Equity Index includes the 40 stocks with the highest monthly trading volume, measured as the twelve month trading volume in US dollars over the previous twelve months.
- 2.4 Only stock exchange quoted companies without restrictions on foreign ownership are eligible for inclusion in the Equity Index.
- 2.5 Companies are eligible when the free float, calculated as the share price times the available amount of shares outstanding, is over 50 million US dollar for two consecutive months, and when the free float percentage is at least 15%.
- 2.6 Free float is reduced to reflect share holdings of more than 5% of the shares outstanding. Combinations of holdings under five percent never qualify, unless these smaller holdings belong to one fiscal entity. Directors' holdings never qualify as free float, even when these holdings fall below five percent. Nominee accounts are always considered to be part of free float market capitalization. In case both a parent and a daughter company are part of the Index, the free float of the daughter company will be lowered to reflect the stake of the parent company in the daughter company. In case shareholders have a lock-up on their shares, then these holdings will not be part of free float, even when these holdings fall below five percent.
- 2.7 Companies are included for which at least 75% of operational turnover is derived from investment activities (property investment companies) or investment and development activities combined (hybrid property companies). In the latter case at least 25% of operational turnover needs to be derived from investment activities.
- 2.8 Operational turnover is determined using figures of the latest available financial statements of the property company. If operational income cannot be derived from these financial statements, property assets will serve as the criterion to determine inclusion.
- 2.9 The Equity Index includes office, residential, retail, industrial, diversified, hotel and healthcare property companies. Whenever a company derives at least 60% of operational turnover from one specific property type, the compiler considers this company to be specialized in this property sector. For companies in the hotel and healthcare sector, it must be certain they are an investor and not an operator. The financial information needs to be clear on how the income is derived, from which activities. In case of doubt, the company will not be included.
- 2.10 The stocks included in the Equity Index are assigned a base weighting derived from their free float market capitalization.
- 2.11 Equity Index country weights are the sum of weighting factors of individual constituents in every country.
- 2.12 If a company derives over 75% of the operational turnover from one country, not being the country of its primary stock listing thereby not crossing continental borders, the company is allocated to the country in which the assets are located.
- 2.13 In case of exclusion of a company from the index, the compiler will not assign another company for inclusion.
- 2.14 Companies are included if the publication of audited annual reports and press releases on their website are all available in English. An annual report is defined as a current set of accounts consisting of a profit and loss statement, a balance sheet, a directors' review and full notes to the accounts.

3 CALCULATION OF THE GPR EUROPE BALANCED INDEX

- 3.1 The base date of the Index is November 15, 2016 and the base value is 100.
- 3.2 The base currency of the Index is EUR.
- 3.3 The values of the Index are based on total hedged return calculations to the base currency. The components of total hedged return are price return, dividend return and hedged return.
- 3.4 Share prices are closing prices established during normal, regulated trading on the stock exchange of primary listing.
- 3.5 Share prices used are most recent closing trade prices.
- 3.6 The ratio of the Equity Index to the Fixed Income Index is fixed at 60%:40%.
- 3.7 The aggregated weight of companies assigned to the United Kingdom in the Equity Index is capped at 25% after which the individual company weights in the Equity Index are capped at 8%, both implemented on a daily basis.
- 3.8 Changes in free float will be implemented once a month, after close of trading on the third Friday of each month.
- 3.9 Free float changes will be typically reported one week before occurrence.
- 3.10 The Equity Index reflects gross and net dividend payments.
- 3.11 Dividends are included in the index at the ex-dividend date.
- 3.12 Dividends paid out by a company are reinvested at the first index calculation.
- 3.13 Hedged returns are based on one-month forward rates. Daily hedged returns are the daily changes in the month-to-date hedged returns in order to reflect the purchase of a forward contract at the end of each month.
- 3.14 Foreign exchange rates are WM/Reuters London close rates.
- 3.15 Forward rates are WM/Reuters London close rates.
- 3.16 If for any reason the stock price or a foreign exchange rate is not known or deemed to be unreliable the compiler will, after proper inquiries have been made with the relevant pricing source, calculate the index on the basis of the most recent price for that stock or foreign exchange rate which is known to him.
- 3.17 In case a company decides to cancel or postpone a Dividend after the ex-dividend date an adjustment will be made to the index calculations to take into account the cancellation or postponement.
- 3.18 Once an error occurs in the calculation of the Index resulting in a deviation greater than 0.01 basis points, the compiler will recalculate the impacted indices if (i) the error occurred in the last two business days and (ii) does not impact end-of-month index values.

4 PUBLICATION OF THE GPR EUROPE BALANCED INDEX

- 4.1 The current value of the Index will be published once a day.
- 4.2 Index values calculated will be published on the next trading day.
- 4.3 The Index Administrator of the Index reserves the right to delay publication of values of the index or to suspend or cease publication, if in his opinion circumstances prevail which prevent the proper calculation of the index.

5 PERIODIC ADJUSTMENT OF THE GPR EUROPE BALANCED INDEX

General Rules

- 5.1 The aim of the compiler of the Index when making a periodic adjustment is to ensure that the weighting and selection of the component countries and stocks remains in accordance with the basic principles of the index, as described chapter 2.
- 5.2 Periodic adjustments to the selection and base weighting of stocks and countries in the Index will occur quarterly on the first trading date of January, April, July and October.
- 5.3 Changes in the selection and base weighting of countries or in the selection of stocks will be announced one month before occurrence of the adjustment.
- 5.4 Periodic adjustment to the selection and base weighting of stocks and countries included in the Index may not change the historic value of the index.
- 5.5 The selection of stocks included in the Equity Index shall be adjusted quarterly on the basis of monthly trading volume on an absolute basis over the past year on the primary stock exchange. The 35 stocks trading the largest monthly volume on the relevant exchange will be selected. Thereafter the 10 stocks trading the largest monthly volume from those ranking 36th and 45th are selected whereby stocks currently part of the Index are favoured.
- 5.6 If there has not been a publication of monthly trading volume throughout the entire period, adjustments will be based on the longest possible period within that year.
- 5.7 If a stock has multiple listings only the primary listing will be considered.
- 5.8 In cases, which are not explicitly defined in the rules for periodic adjustment, periodic adjustment will be carried out in spirit of the aims mentioned in article 2.1. All adjustments must meet the criteria mentioned in articles 2.2 to 2.4.

Company Structure Changes

- 5.9 In case of a merger or acquisition in which all of the companies involved are in the Equity Index, only one company will continue to be part of the Equity Index. The weight of this company is dependent on the free float market capitalization of the surviving company. Free float will be adjusted to publications following the offer. The final return will reflect the offer price.
- 5.10 In case of a merger or acquisition in which one of the companies involved is in the Equity Index and the other company does not meet the criteria as expressed in chapter 2, the company resulting from the activity will have to comply with these criteria in order for the company to remain included in the Index. If the resulting company fails to meet these criteria, the company will be excluded. The final return will reflect the offer price.
- 5.11 After the occurrence of a de-merger of a company included in the Equity Index, both the original and/or the newly created entities will immediately become part of the index whenever the new entities meet the criteria of chapter 2.
- 5.12 After the occurrence of a spin-off of part of a company included in the Equity Index, only the original company will remain part of the Equity Index. The spin-off will be treated as an initial public offering.
- 5.13 In case of a suspension of trading in a company, the price of the share will remain the price of the last trade in the companies' shares, reflecting a zero return. The weight of the company in the Index will remain unchanged. In case the suspension eventually leads to a bankruptcy, the loss of the investment will be taken on the filing date. Whenever the suspension continues for more than three consecutive months, the share price will be set at zero, assuming a total loss of the investment.

Company Capital Changes

- 5.14 The amount of shares outstanding will be changed to reflect seasoned offerings and share repurchases at the month of occurrence.
- 5.15 If a company goes bankrupt, the Index will reflect the return by setting the price at zero, in order to reflect a total loss of the investment.
- 5.16 In case of a stock split, a stock dividend, a poison pill, a rights issue or a bonus issue the number of shares will be adjusted. Furthermore, an adjustment factor is implemented to ensure continuity of return calculations.
- 5.17 In case of a merger or acquisition, whereby the target company remains listed on the stock exchange with a free float percentage of at least 15%, this target company will continue to be part of the Index when the offer has been declared unconditional. This article will be superior to articles 5.8 and 5.9.
- 5.18 In the event of a rights issue, an adjustment factor is implemented to ensure continuity of return calculations. If the rights issue is fully underwritten, then the newly issued shares will be included in the index at the closing price at the end of the ex-right date. If the rights issue is not fully underwritten, then the newly issued shares will be included in the index at the closing price at the end of the first day of trading. In case of doubt, the rights issue will be perceived as not fully underwritten.

6 FINAL PROVISIONS FOR THE GPR EUROPE BALANCED INDEX

- 6.1 GPR acts as the compiler of the Index.
- 6.2 The Index Administrator of the Index is responsible for the daily administration of the Index. The Index Administrator of the Index is also responsible for decisions regarding the interpretation of these rules.
- 6.3 In cases for which the rules make no provision, but which require immediate action, the Index Administrator of the Index shall decide to the best of his ability and within the spirit of and in accordance with the aim of the rules and instruct the compiler accordingly.
- 6.4 These rules may be amended, which may also lead to a change in the Index. There will be a period of at least three months between the date of publication of a proposed amendment and the date on which it comes into effect, unless the amendment does not conflict with any interest of the parties involved. No responsibility is accepted for damages arising from an amendment to the rules of the Index.
- 6.5 The compiler of the Index shall make every effort to safeguard the accuracy of the composition, publication and adjustment of the Index in accordance with the applicable rules. However, the Index Administrator of the Indices accept no responsibility whatsoever for any inaccuracy in the share prices, the calculation and publication of the index, the information used to make adjustments in the Index nor in the adjustments themselves.
- 6.6 There might be circumstances pursuant to which the Index Administrator can decide to terminate the Index. Before deciding to terminate the Index, the Index Administrator shall consult with the client(s) using the Index. If the Index Administrator, after the consultation, decides to terminate the Index the compiler shall give the client(s) using the Index at least two (2) years prior notice before the Index is terminated. Whenever possible, the compiler shall suggest alternative indices to the client(s) using the Index.
- 6.7 Any discretion which may need to be exercised by the compiler in relation to the determination of the Index (for example the determination of the composition or any other relevant decisions in relation to the Index) shall be made in accordance with strict rules regarding the exercise of discretion or expert judgement.
- 6.8 The methodology of the Index is subject to regular review, at least annually. In case a need of a change of the methodology has been identified within such review (e.g. if the underlying market or economic reality has changed since the launch of the Index, i.e. if the present methodology is based on obsolete assumptions and factors and no longer reflects the reality as accurately, reliably and appropriately as before), such change will be made in accordance with the rules prescribed in this document.
- 6.9 The application by the Index Administrator and the compiler of the method described in this document is final and binding. The Index Administrator and the compiler shall apply the method described above for the tasks assigned to them with regard to the composition, determination, calculation, maintenance and publication of the Index. However, it cannot be excluded that the market environment, supervisory, legal and financial or tax reasons may require changes to be made to this method. The Index Administrator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, and instruct the compiler accordingly, that it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. Neither the Index nor the compiler obliged to provide information on any such modifications or changes. Despite the modifications and changes, the Index Administrator and the compiler will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.

- 6.10 An index committee composed of staff from the Index Administrator and its subsidiaries (the “Index Committee”) is responsible for decisions regarding any amendments to the rules of the Index.

Appendix

7.1 Calculating IndexHedged

The IndexHedged is determined based on the IndexHedged on the last trading day of the preceding month.

Firstly, the Unhedged Net Return is determined:

$$U_t = \frac{I_t^{net}}{I_{lastof\ prevmonth}^{net}}$$

Then, the IndexHedged is determined:

$$I_t^{hedged} = I_{lastof\ prevmonth}^{hedged} \cdot (U_t + H_t), \text{ where}$$

U_t Unhedged Return at time t

H_t Hedged Return at time t

t Last trading day

7.2 Calculating the Unhedged Net Returns for individual companies

The Unhedged Net Returns for individual companies are calculated as follows:

$$r_{i,t+1} = \frac{P_{i,t+1} + D_{i,t+1} - P_{i,t}}{P_{i,t}}, \text{ where}$$

$r_{i,t+1}$ Return of company i in period t, t+1

$P_{i,t+1}$ Price of company i at time t+1

$D_{i,t+1}$ Net Dividend of company i at time t+1

$P_{i,t}$ Price of company i at time t

7.3 Calculating the Hedged Returns for individual companies

Firstly, the HedgedReturn is determined:

$$H_t = FF_{cost} - FX_{cost}, \text{ where}$$

FF_{cost} the cost of the forward contract

FX_{cost} the change in the spot exchange rate

Then, the cost of the forward contract is determined:

$$FF_{\text{cost}} = \frac{X^c_{\text{last_month}}}{F^c_{\text{last_month}}}, \text{ where}$$

$X^c_{\text{last_month}}$ Exchange Rate of the Constituent Currency to the base currency, on the last trading day of the preceding month.

$F^c_{\text{last_month}}$ Forward Rate of the Constituent Currency to the base currency, on the last trading day of the preceding month.

Finally, the change in the spot exchange rate is determined:

$$FX_{\text{cost}} = \frac{X^c_{\text{last_month}}}{(F^c_t - X^c_t) \cdot MR + X^c_t}, \text{ where}$$

X^c_t Exchange Rate of the Constituent Currency to the base currency, at time t.

F^c_t Forward Rate of the Constituent Currency to the base currency, at time t.

MR Month Ratio.

Month Ratio is defined:

$$MR = \frac{\text{days remaining}}{\text{\# days in current month}}$$

7.4 Calculating weights of individual companies

The weight of companies in the index is derived as follows:

$$W_{i,t} = \frac{C_{i,t}}{\sum_{i=1}^{N_t} C_{i,t}}, \text{ where}$$

$W_{i,t}$ Weight of company i at time t

$C_{i,t}$ (Free float) market capitalization of company i at time t

N_t Number of companies that meet the inclusion criteria at time t

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