

NASDAQ ETRE REIT Index FamilySM Methodology

Index Description

The NASDAQ ETRE Indexes include five Real Estate Investment Trust (REIT) sector specific Indexes (Residential, Office, Hospitality Healthcare and Retail) and a Composite Index covering the entire equity REIT category. The Indexes are weighted upon a modified free floating Enterprise Value metric that utilizes in part the Penrose square root law to provide a formal structure of normalized weighting to the Indexes. The current family of Indexes is based on US-listed REITs.

Index Calculation

The NASDAQ ETRE REIT Indexes are modified market capitalization weighted indexes. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the Index Securities multiplied by each such security's Last Sale Price¹, and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for reporting purposes. If trading in an Index Security is halted on its primary listing market, the most recent Last Sale Price for that security is used for all index computations until trading on such market resumes. Likewise, the most recent Last Sale Price is used if trading in a security is halted on its primary listing market before the market is open. The Indexes began on May 1, 2014 with a base value of 1000.00.

The formula for index value is as follows:

$$\text{Aggregate Adjusted Market Value/Divisor}$$

The formula for the divisor is as follows:

$$(\text{Market Value after Adjustments/Market Value before Adjustments}) \times \text{Divisor before Adjustments}$$

Two versions of each Index are calculated – a price return index and a total return index (see Appendix A for a List of Index Symbols and Names).

Both Indexes reflect extraordinary cash distributions.

The Indexes are calculated and disseminated once per second from 9:30:01 to 17:16:00 Eastern Time (ET) in USD. The closing value of the Indexes may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

¹ For purposes of this document, Last Sale Price refers to the last regular way trade reported on such security's Index Market. The Index Market is the listing market for which prices are received and used by NASDAQ OMX in the Index calculation and generally will represent the most liquid trading market of the Index Security. If a security does not trade on its Index Market on a given day or the Index Market has not opened for trading, the most recent last sale price from the Index Market (adjusted for corporate actions, if any) is used. For securities where NASDAQ is Index Market, the Last Sale Price may be the NASDAQ Official Closing Price (NOCP) when NASDAQ is closed.

Eligibility

Index eligibility is limited to specific security types only. The security type eligible for the Index is real estate investment trusts (REITs).

Eligibility Criteria

To be eligible for inclusion in the Index, a security must meet the following criteria:

- must be listed on The NASDAQ Stock Market, the New York Stock Exchange or NYSE MKT;
- have a minimum market capitalization greater than \$250 million;
- be classified as Real Estate Investment Trust based on ETRE's methodology; and
- be classified within one of the five ETRE sectors of Residential, Office, Hospitality, Healthcare and Retail.

Index Evaluation

The Index Securities are evaluated annually in March. The above Eligibility Criteria are applied using market data through the end of December. Securities eligible for inclusion will be segmented into an individual sector based on ETRE's methodology and all securities will be placed into the Composite Index. Security additions and deletions are made effective after the Third Friday in March.

Additionally, if at any time during the year other than the Evaluation, an Index Security no longer meets the Index Eligibility Criteria, or is otherwise determined to have become ineligible for continued inclusion in the Index, the security is removed from the Index and will not be replaced. In all cases, a security is removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in NASDAQ OMX's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Index Maintenance

Index Share changes are not made outside of the evaluation and rebalancing; however changes arising from stock dividends and stock splits are made to the Index on the evening prior to the effective date of such corporate action. In the case of certain spin-offs or rights issuances, the price of the Index Security is adjusted and a corresponding adjustment is made to the Index Shares such that the weight of the Index Security does not change as a result of the action.

A special cash dividend announced by the listing exchange, will result in an adjustment to the Last Sale Price for the special amount distributed and a corresponding adjustment to the Index Shares of an Index Security prior to market open on the ex-date such that the weight of the Index Security will not change as a result of the action. A special dividend may also be referred to as extra, extraordinary, non-recurring, one-time, unusual, etc.

Ordinarily, whenever there is a change in an Index Security or a change to the price of an Index Security due to spin-offs, rights issuances or special cash dividends as mentioned above, the divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change. All changes are announced in advance and are reflected in the Index prior to market open on the Index effective date.

Index Rebalancing

The Indexes employ a modified market capitalization weighting methodology such that each security's Index market value is derived through ETRE's proprietary methodology of deriving a total asset value for each security within each sector index and the composite index. The Total Asset Value is calculated by ETRE by combining the securities Market Capitalization, Total Debt, Preferred Equity, and Minority Interest and then subtracting out Cash and Cash Equivalents which is tracked as of the last trading day in December to create the target index weights. Each Index Securities' weight is then multiplied by \$1 trillion and then divided by the closing price of the last trading day in February to create the Index Shares.

NASDAQ OMX and ETRE may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity.

Appendix A – List of Index Symbols and Names

Symbol	Index Name
NQETRE	NASDAQ ETRE Composite REIT Index
NQETRET	NASDAQ ETRE Composite REIT Total Return Index
NQETRR	NASDAQ ETRE Residential REIT Index
NQETRRT	NASDAQ ETRE Residential REIT Total Return Index
NQETO	NASDAQ ETRE Office REIT Index
NQETOT	NASDAQ ETRE Office REIT Total Return Index
NQETH	NASDAQ ETRE Hospitality REIT Index
NQETHT	NASDAQ ETRE Hospitality REIT Total Return Index
NQETHC	NASDAQ ETRE Healthcare REIT Index
NQETHCT	NASDAQ ETRE Healthcare REIT Total Return Index
NQETR	NASDAQ ETRE Retail REIT Index
NQETRT	NASDAQ ETRE Retail REIT Total Return Index

May 2014