

Public Minutes


 FTSE
Russell

FTSE EPRA Nareit Americas Regional Advisory Committee

Thursday 02 March 2023

ATTENDEES

Members: eight (8); apologies: three (3)

EPRA: four (4)

Nareit: three (3)

FTSE Russell: six (6) including the Chairman and Committee Secretary

Attendees were reminded of their obligations in relation to confidentiality of information, conflicts of interest and competition law. There were no declarations.

1.0 Statutory Governance Matters and Committee Information

1.1 Membership changes

1.1.1 There were no membership changes.

1.2 Minutes

1.2.1 The minutes of the meeting held on Thursday 01 December 2022 were approved as presented.

1.2.2 The public minutes of the meeting held on Thursday 01 December 2022 were approved as presented.

1.3 Governance

1.3.1 Annual review of ground rules for the FTSE EPRA Nareit Global Real Estate Index Series: the committee attested that the rules have been maintained and continue to meet the purpose for which they were designed.

1.3.2 The committee endorsed the latest version of the Terms of Reference.

1.4 Action Points and Matters Arising

1.4.1 The index partners to provide a marked-up version of the proposed updates to Appendix 7 of the FTSE EPRA Nareit Index Series ground rules for email-based feedback. *FTSE Russell said as it did not receive comments on the updates to Appendix 7, which details the approach to the real estate EBITDA screen, it would publish the updated ground rules in the days following the*

meeting. FTSE Russell also reminded the members that the changes did not constitute a methodology update but instead were intended to introduce greater transparency and clarity.

1.4.1.1 *Post-meeting note:* the announcement published on 27 April 2023 on the updated ground rules can be found [here](#).

1.5 The index partners to revert on the approach to the custom detached houses segment. *The action was addressed under item 3.1.*

1.6 Key Notices and Updates

1.6.1 Methodology notices published since the last meeting were highlighted for the committee's benefit.

2.0 Index Review

2.1 The [preliminary review announcement](#) for the Developed and the Emerging Indices was released on Wednesday 01 March 2023. The supporting company information sheets were circulated to the committee on the day of the meeting.

2.1.1 The review for March 2023 was summarised as follows:

- Developed Americas: two (2) exclusions.
- Emerging Americas: one (1) exclusion.

2.1.1.1 There were no comments from the committee members.

2.1.2 *Post-meeting note:* there were no further changes made to the review announcement that was posted on the FTSE Russell website on 01 March 2023: [FTSE EPRA Nareit Global Real Estate Index Series Quarterly Review](#).

3.0 Index Methodology and Policy

3.1 Detached houses – treatment in the FTSE EPRA Nareit Global Real Estate Index Series (presented for support): FTSE Russell said that the topic of the treatment of detached houses arose following the addition of a company in Asia which operates different business lines, including real estate development, sales of detached houses, property management, and other real estate services, at the June 2023 review.

3.1.1 A representative from EPRA explained that the treatment of the segment and the related business lines are somewhat of a 'grey area' as homebuilding is eligible in the APAC region, but there is no specific reference to sale of detached houses. The traditional approach had been to consider companies which are akin to manufacturers of properties as non-eligible, i.e., those involved in the sale of pre-assembled houses. However, the detached housing activity of the company in question was described as a large scale urban development and so considered closer to residential development as a result.

3.1.2 The index partners sought the views of the committee on a series of methodology/index treatment options in relation to i) land ownership, and ii) treatment of the Home Construction ICB code and differing regional treatments.

3.1.3 A discussion ensued and the committee members provided feedback.

3.1.4 Concluding the discussion, FTSE Russell explained that the index partners may propose changes to the ground rules to reflect discussions regarding Home Construction and detached houses at the March 2023 advisory committee meetings. All changes and proposals were noted as subject to approval by the FTSE Russell Index Governance Board. FTSE Russell reserves the right to make changes to or revise any planned methodology updates and index treatments, as well as revert to the advisory committees with further questions.

3.1.5 *Post-meeting note:* the announcement published on 27 April 2023 on the updated ground rules can be found [here](#).

4.0 AOB

4.1 There was no other business.

5.0 Actions

5.1 None.

6.0 Meeting Dates

6.1 The meeting dates for 2023 were highlighted for the committee's benefit.

6.1.1 01 June / 07 September / 07 December

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