
FTSE NAREIT US Real Estate Index Series

Frequently Asked Questions

1. What is the Background?

On March 6, 2006, FTSE will assume responsibility for the calculation and dissemination of the NAREIT® Domestic Real Estate Index Series. As part of this migration, the series will be re-branded the '**FTSE NAREIT US Real Estate Index Series**' and will adopt FTSE's standard index methodology including free float adjustments and minimum liquidity and size criteria.

This initiative will bring a greater level of operational support and technical capability to the NAREIT Domestic Real Estate Index Series, in line with the FTSE EPRA/NAREIT Global Real Estate Index Series that was brought under FTSE's wing early in 2005. A new product suite will be created for the series using existing FTSE formats in the provision of real time and end of day calculations. The product suite will provide investors with an index series that has additional transparency, plus acts as a catalyst for growth in the ETF and index fund arena. To provide appropriate industry guidance, a committee of market practitioners will be created to oversee the review process and to provide expertise in the management and development of the index series Ground Rules.

Going forward, any further enhancements that are made to the index series will be agreed jointly between FTSE and NAREIT. The FTSE NAREIT US Real Estate Index Series will give investors unparalleled exposure to the publicly traded US real estate investment trust (REIT) market, incorporating NAREIT's strong relationship with the REIT industry and FTSE's long-standing indexing expertise.

2. What is NAREIT?

NAREIT is the National Association of Real Estate Investment Trusts®. It is the trade association for REITs and publicly traded real estate companies with an interest in the US property and investment markets. Members are REITs and listed companies that own, operate and finance income-producing real estate, as well as those firms and individuals who advise, study and service these businesses. NAREIT's responsibilities include industry representation before policymakers affecting the REIT and publicly traded real estate community and outreach to the investment community. For more information see www.nareit.com.

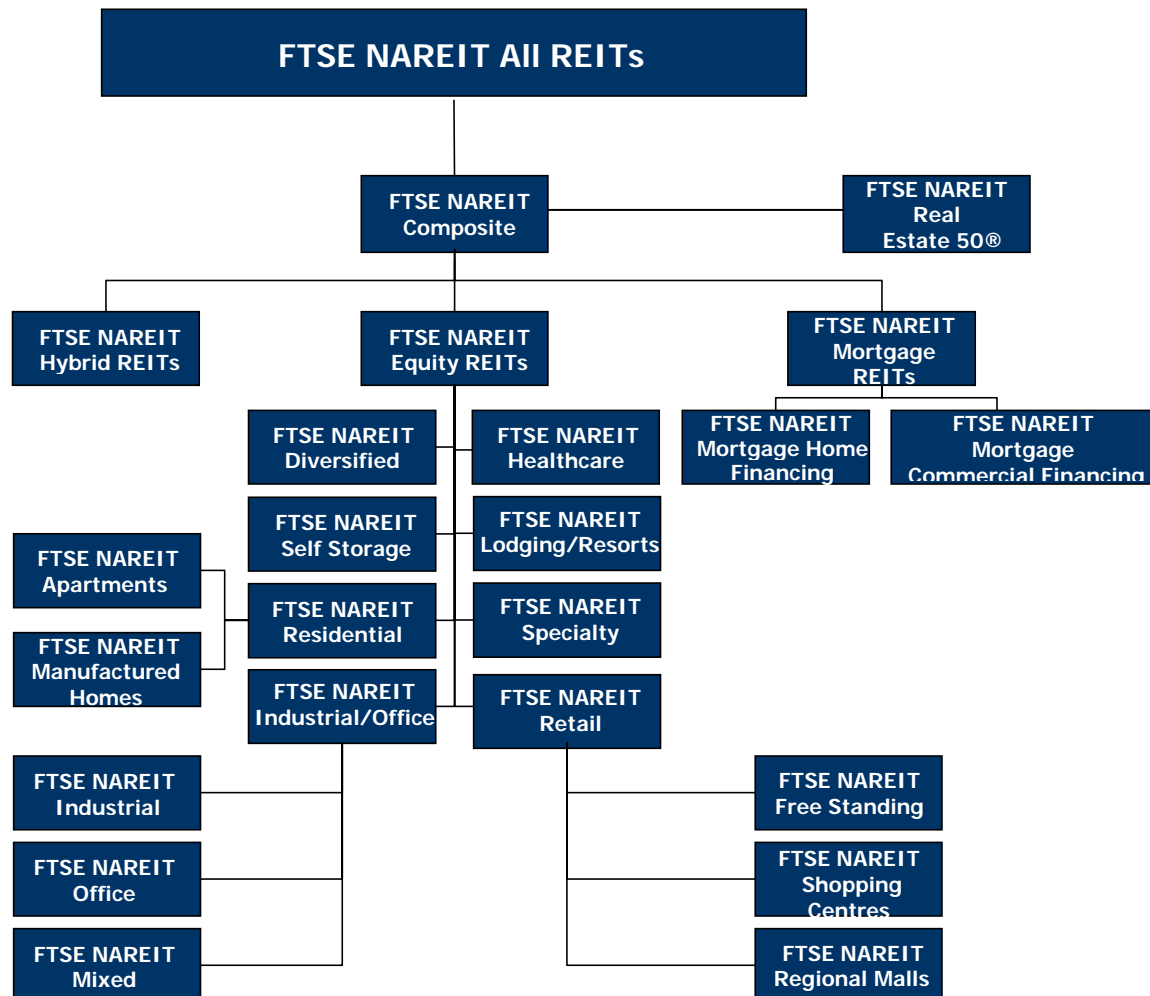
3. What is FTSE?

FTSE Group is an independent company whose sole business is the creation and management of indexes and associated data services. FTSE has no capital markets involvement. The company originated as a joint venture between the Financial Times and the London Stock Exchange. FTSE serves thousands of clients in 77 countries worldwide, working directly with pension plan sponsors, investment banks, brokers, consultants, fund managers, stock exchanges and data provid-

ers. It is estimated that two and a half trillion USD of assets are under management using FTSE indexes. For more information see www.ftse.com

4. Which indexes will be calculated in the new Series?

- The majority of existing NAREIT indexes will remain, but eligible constituents will be required to meet FTSE's minimum size rule, liquidity criteria and free float adjustments. A new index, the FTSE NAREIT Composite Index will include all US REITs that pass the eligibility criteria.
- The existing All REITs Index will continue to represent the full universe of publicly traded REITs, including those companies that do not meet the minimum size rule, liquidity criteria or free float adjustments. This series will be renamed the FTSE NAREIT All REITs Index.



5. Which indexes will be calculated in real-time?

Certain key price indexes will be calculated and disseminated on a real time basis. The table below highlights those indexes that will be disseminated in real time.

All indexes will have both price and total return end of day index calculations. The total return computation will be based on FTSE's existing methodology that is used for the FTSE EPRA/NAREIT total return calculations.

Real-Time products:

There are a total of 14 real-time indexes in USD. These are outlined below:

Index Identifier	Index Description	Index Base Currency
FNAR	FTSE NAREIT All REITs	USD
FNCO	FTSE NAREIT Composite	USD
FNR5	FTSE NAREIT Real Estate 50 [®]	USD
FNER	FTSE NAREIT Equity REITs	USD
FNHR	FTSE NAREIT Hybrid REITs	USD
FNMR	FTSE NAREIT Mortgage REITs	USD
FN10	FTSE NAREIT Diversified	USD
FN11	FTSE NAREIT Health Care	USD
FN12	FTSE NAREIT Self Storage	USD
FN13	FTSE NAREIT Industrial/Office	USD
FN17	FTSE NAREIT Residential	USD
FN20	FTSE NAREIT Retail	USD
FN24	FTSE NAREIT Lodging/Resorts	USD
FN25	FTSE NAREIT Specialty	USD

6. Which stocks will be eligible?

First, FTSE will adopt the existing NAREIT universe rule: All tax qualified REITs with common shares traded on the New York Stock Exchange, American Stock Exchange or NASDAQ National Market List will be eligible.

In order to operate as a REIT, a publicly traded company must receive at least 75% of its annual gross income from real estate rents, mortgage interest or other qualifying income; have at least 75% of the company's annual assets consisting of rental real estate, real estate mortgages or other qualifying commercial real estate; and the company must distribute annually at least 90% of its taxable income to its shareholders.

Second, to be consistent with FTSE's standard methodology, the following minimum size and liquidity rules for all indexes apart from the FTSE NAREIT All REITs Index will be introduced:

- **Minimum Size:** Only companies valued at more than USD 100m at the date of the annual review will be eligible for inclusion in the indexes.

- **Minimum Liquidity:** Securities which do not turnover at least 0.5% of their shares in issue per month in at least ten of the twelve months prior to the annual review in December, after the application of any free float adjustments, will not be eligible for inclusion in the indexes. An existing constituent failing to trade at least 0.5% of its shares in issue per month for more than four of the twelve months prior to review, after application of any free float adjustments, will be removed on the next trading day following the third Friday in December. Any period in which the trading of shares is halted will be excluded from the above calculations.

7. How will the underlying constituent data be obtained?

a. Outstanding Shares

- The total number of outstanding shares for each constituent will be taken from data used by FTSE in all other index calculations, will be sourced by FTSE from its existing data sources, and will comply with FTSE rules pertaining to rounding.
- Outstanding shares will be adjusted for any free float restrictions in accordance with FTSE's standard free float methodology, as documented in the Ground Rules.
- Changes to outstanding shares and free float will be applied in accordance with FTSE standard practice as documented in the Ground Rules.

b. Prices

Real time and closing prices will be sourced by FTSE from the local stock exchanges via Reuters.

8. How will corporate actions and operational adjustments be managed?

All corporate actions will be applied in accordance with FTSE's standard practice on the day that the action is effective. See FTSE All-World Global Guide to Calc V1.5.doc.

http://www.ftse.com/Indices/FTSE_All_World_Index_Series/Downloads/allworld_calculation.pdf

9. When are the indexes reviewed?

a. FTSE NAREIT US Real Estate 50 and FTSE NAREIT US Composite series

An annual index review will be undertaken each December following FTSE's standard review process; this will incorporate the application of the minimum size and liquidity rules. It will concur with the annual review timetable that FTSE undertakes of all US indexes.

The inclusion of IPOs or companies that elect REIT status will be considered on a quarterly basis, subject to them satisfying the minimum size and liquidity criteria at the date of the review. Full details are contained within the Ground Rules to the series.

To introduce buffers as part of the FTSE NAREIT US Real Estate 50 Index review process, and also to create a reserve list, new entrants must be ranked 44 or above to be eligible to join the index, and existing constituents must be ranked 56 or below to be removed.

b. FTSE NAREIT US All REITs

IPOs or companies that elect REIT status will become constituents of the index at the quarterly review stage.

c. All Indexes

An intra-quarter fast entry rule will be introduced whereby an IPO or company electing REIT status will be eligible to join all the indexes at the close of the first trading day, providing the market capitalisation of the company exceeds the market capitalisation of the 10th highest ranked company in the Real Estate 50.

10. Which data will be disseminated, and where can these data be found?

Real time price index values will be distributed to vendors through FTSE's Global Distribution System.

End of day index values, constituent data and changes data will be available within FTSE's end of day Product Suite.

11. Will the FTSE NAREIT US Real Estate Index Series have an advisory committee?

Yes. The FTSE NAREIT Index Advisory Committee will be established to provide expertise in the management and development of the Index Series Ground Rules.

12. Will existing historical index data be continuous within the new series?

Yes. Each index within the FTSE NAREIT US Real Estate Index Series will be linked to an existing NAREIT index, enabling the index history to be continuous. Monthly historical index data are available beginning January 1972, and daily historical index data are available beginning January 1999.

13. How will constituents of the FTSE NAREIT US Real Estate Index Series be classified in terms of their real estate activity?

The constituents of all FTSE NAREIT indexes will be classified in accordance with the FTSE NAREIT classification, which is derived from the Industry Classification Benchmark Subsector Real Estate Investment Trusts (8737). See Table 1.

A detailed description outlining the various levels of classification will be included within the FTSE NAREIT Ground Rules, which will be publicly available from March 6 2006.

Table 1

Investment Sector		Property Sector		Property Sub-Sector	
Code	Index Name	Code	Index Name	Code	Index Name
N700	Equity REITs	N710	Diversified	N711	Diversified
		N720	Health Care	N721	Health Care
		N730	Self Storage	N731	Self Storage
		N740	Industrial/Office	N741	Industrial
				N742	Office
				N743	Mixed
		N750	Residential	N751	Apartments
				N752	Manufactured Homes
		N760	Retail	N761	Shopping Centers
				N762	Regional Malls
				N763	Free Standing
		N770	Lodging/Resorts	N771	Lodging/Resorts
		N780	Specialty	N781	Specialty
N800	Hybrid REITs	N810	Hybrid REITs	N811	Hybrid REITs
N900	Mortgage REITs	N910	Mortgage Home Financing	N911	Mortgage Home Financing
		N920	Mortgage Commercial Financing	N921	Mortgage Commercial Financing

14. How will I match the old NAREIT Domestic Real Estate Index Series with the new FTSE NAREIT US Real Estate Index Series?

Table 2 displays the original NAREIT Domestic Real Estate Indexes and the corresponding FTSE NAREIT US Real Estate Indexes that will take effect March 6, 2006. Closing index values for each NAREIT price and total return index at the market close on March 3, 2006 are used as the starting values for the FTSE NAREIT US Real Estate price and total return indexes beginning March 6, 2006.

Table 2

NAREIT Domestic Real Estate Index Series		FTSE NAREIT US Real Estate Index Series	
Headline Indexes			
Index Code	Index Name	Index Code	Index Name
NRIXTR	NAREIT All REITs	FNAR	FTSE NAREIT All REITs
NRIXTR	NAREIT All REITs	FNCO	FTSE NAREIT Composite
NRIXPEPR	Real Estate 50	FNR5	FTSE NAREIT Real Estate 50
Headline Investment Sector Indexes			
NRIXEPR	Equity REITs	FNER	FTSE NAREIT Equity REITs
NRIXHPR	Hybrid REITs	FNHR	FTSE NAREIT Hybrid REITs
NRIXMPR	Mortgage REITs	FNMR	FTSE NAREIT Mortgage REITs
Property Sector Indexes			
	Equity REITs Diversified	FN10	FTSE NAREIT Diversified
	Equity REITs Health Care	FN11	FTSE NAREIT Health Care
	Equity REITs Self Storage	FN12	FTSE NAREIT Self Storage
	Equity REITs Industrial/Office	FN13	FTSE NAREIT Industrial/Office
	Equity REITs Residential	FN17	FTSE NAREIT Residential
	Equity REITs Retail	FN20	FTSE NAREIT Retail
	Equity REITs Lodging/Resorts	FN24	FTSE NAREIT Lodging/Resorts
	Equity REITs Specialty	FN25	FTSE NAREIT Specialty
	Mortgage Home Financing	FN42	FTSE NAREIT Mortgage Home Financing
	Mortgage Commercial Financing	FN43	FTSE NAREIT Mortgage Commercial Financing
Property Sub Sector Indexes			
	Equity REITs Industrial	FN14	FTSE NAREIT Industrial
	Equity REITs Office	FN15	FTSE NAREIT Office
	Equity REITs Mixed	FN16	FTSE NAREIT Mixed
	Equity REITs Apartments	FN18	FTSE NAREIT Apartments
	Equity REITs Manufactured Homes	FN19	FTSE NAREIT Manufactured Homes
	Equity REITs Shopping Centers	FN21	FTSE NAREIT Shopping Centers
	Equity REITs Regional Malls	FN22	FTSE NAREIT Regional Malls
	Equity REITs Free Standing	FN23	FTSE NAREIT Free Standing

15. How have the indexes performed and why are they important to investors?

Commercial real estate investment has long been recognized by institutional investors as a core asset in mixed asset portfolios. Commercial real estate equity investment through publicly traded US REITs has demonstrated relatively high returns plus low volatility of returns over most historical investment periods. In addition, the returns from equity REITs have been relatively uncorrelated with the returns from other equity and bond investments. When combined, these investment attributes have been shown to provide significant diversification benefits to mixed asset portfolios.

Over the 30-year period ended December 2005, the FTSE NAREIT All REITs Index outperformed most major US and international equity and bond indexes with an impressive 13.8% compound annual total rate of return.

Importantly, the FTSE NAREIT US Real Estate Index Series provides investors with a comprehensive family of REIT performance benchmarks that spans the commercial real estate space across the US economy. The more comprehensive indexes of the FTSE NAREIT US Real Estate Index Series provide investors with exposure to all investment sectors, property sectors and geographic regions. In addition, the more narrowly focused property sector and sub-sector indexes provide investors with the facility to concentrate their commercial real estate exposure in more selected markets.

15 February 2006