

## Wilshire US Real Estate Indexes

The Wilshire US Real Estate Indexes measure the performance of publicly-traded real estate securities. The Wilshire US Real Estate Securities Index<sup>SM</sup> (Wilshire US RESI<sup>SM</sup>) and the Wilshire US Real Estate Investment Trust Index<sup>SM</sup> (Wilshire US REIT<sup>SM</sup>) are derived from the broader Wilshire 5000 Total Market Index<sup>SM</sup>, and are designed to serve as proxies for direct real estate investment by institutions. The Wilshire US RESI is a measure of the types of U.S. real estate securities that represent the ownership and operation of commercial or residential real estate.

### Membership

To be included in the Real Estate Indexes, an issue must be for a company that:

- Is both an equity owner and operator of commercial and/or residential real estate. Businesses excluded from these indexes include: mortgage REITs, net-lease REITs, real estate finance companies, mortgage brokers and bankers, commercial and residential real estate brokers and estate agents, home builders, large land owners and sub-dividers of unimproved land, hybrid REITs, and timber REITs, as well as companies that have more than 25 percent (25%) of their assets in direct mortgage investments;
- Has a minimum total market capitalization of at least \$200 million at the time of its inclusion;
- Has at least 75 percent (75%) of the company's total revenue derived from the ownership and operation of real estate assets; and
- Has liquidity of its stock commensurate with that of other institutionally-held real estate securities.

### Adjustments & Maintenance

Periodic and ongoing reviews of the composition of the Wilshire US RESI and the Wilshire US REIT indexes and shares are conducted based on the following rules:

- Routine additions and deletions to the indexes as well as share updates, are made quarterly after the close of trading on the third Friday of March, June, September, and December. The changes become effective at the opening of trading on the next business day;
- During the quarter a component company's shares outstanding will be adjusted whenever and at the same time as a change in that company is made in the Wilshire 5000 Total Market Index;
- A company will be removed from the indexes if direct mortgage investments represent more than 25 percent (25%) of the company's assets for two consecutive quarters or if the company is reclassified as a mortgage or hybrid REIT; and
- An equity REIT that elects to drop its REIT status and become taxed as a C corporation will be removed from the REIT index but will remain in the RESI if it continues to meet the qualifications for a real estate operating company.

A company will be removed from the Real Estate Indexes if:

- Less than 50 percent (50%) of its total revenue is generated from the ownership and operation of real estate assets for two consecutive quarters;
- Its stock becomes illiquid or has more than ten non-trading days during the previous quarter;
- Its stock is delisted by its primary market due to failure to meet financial or regulatory requirements;
- Its total market capitalization falls below \$100 million and remains at that level for two consecutive quarters;
- If a component company enters bankruptcy proceedings, it will be removed from the indexes and will remain ineligible for re-inclusion until has emerged from bankruptcy. However, the Wilshire Index Oversight Committee may, following a review of the bankrupt company and the issues involved in the filing, decide to keep the company in the index; and
- The Wilshire Index Oversight Committee may, at its discretion and if it has determined a company to be in extreme financial distress, remove the company from a Wilshire Index to which that company belongs if the committee deems the removal necessary to protect the integrity of the index and interests of investors in products linked to that index.

## Share Treatment & Float Adjustment

The following rules describe the treatment of shares and the application of float factors in the float-adjusted version of the indexes:

- Shares outstanding for multiple classes of stock are combined into the primary issue's shares outstanding to reflect the company's total market capitalization;
- Float adjustments are based on block ownership of each class of stock, and then are combined to determine total float for a company's combined shares; and
- Float-adjustment factors for limited partnerships will be set to zero.

## Weighting

The indexes are weighted by float-adjusted market capitalization.

## For Further Information

Please visit [www.wilshire.com](http://www.wilshire.com), email [wilshireindexes@wilshire.com](mailto:wilshireindexes@wilshire.com), or call Jeffrey Foley at 1.310.260.6616.

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