S&P Dow Jones Indices
A Division of S&P Global

S&P/BMV FIBRAS Index Consultation

MEXICO CITY, DECEMBER 11, 2018: S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with members of the investment community on potential changes to the S&P/BMV FIBRAS Index.

In order to enhance index diversification and investability, S&P DJI is considering three proposed methodology changes as described below.

INDEX UNIVERSE

S&P DJI is considering expanding the index universe in order to allow other types of FIBRAS securities that trade in Mexico and meet the index's objective to be eligible for index inclusion.

Mortgage REITs are involved in the investment and ownership of property mortgages. These REITs loan money for mortgages to owners of real estate, or purchase existing mortgages or mortgage-backed securities. Their revenues are generated primarily by the interest that they earn on the mortgage loans. Mortgage REITs make loans secured by real estate, but they do not generally own or operate real estate.

Methodology		
Change	**Current**	**Proposed**
Index Universe	The Index Universe consists of all stocks in the equity market listed on the BMV that are classified as Real Estate Investment Trusts (Fideicomiso de Inversión en Bienes Raíces or FIBRAS).	The Index Universe is defined as all stocks in the equity market listed on the BMV that are classified as Real Estate Investment Trusts (Fideicomiso de Inversión en Bienes Raíces or FIBRAS) and Mortgage REITS (Fideicomisos Hipotecarios).

TRADING HISTORY

S&P DJI is considering relaxing the trading history requirement in order to increase the pool of securities eligible for index inclusion while maintaining a reasonable liquidity threshold.

Methodology		
Change	**Current**	**Proposed**
Trading History	Stocks must not have five or more non-trading days over the prior three-month period as of the rebalancing reference date.	Stocks must have a trading history of at least three months. In addition, stocks must have traded on at least 80% of the available trading days over the prior six-month period as of the rebalancing reference date. For stocks with less than six months of trading history (e.g. initial public offerings), the threshold is applied to the available trading history.

CONSTITUENT WEIGHTING

S&P DJI is considering modifying the constituent weighting criteria in order to improve diversification and reduce the weights of less liquid securities.

Methodology		
Change	**Current**	**Proposed**
Constituent Weighting	The index is weighted based on each stock's value traded, subject to a single stock weight limit of 25%.	The index is weighted by float-adjusted market capitalization, subject to the following constraints: • No single stock's weight can exceed 25%. • The aggregate weight of stocks with weights greater than 15% cannot exceed 60%. • The weight of any individual stock is restricted to a maximum liquidity weight calculated as each stock's six-month MDVT divided by the sum of the six-month MDVT for all stocks in the index, multiplied by three. Note that the capping algorithm redistributes the excess weight to the other stocks in proportion to their initial weights. Where the capping algorithm fails, the liquidity weight cap is relaxed by 0.5 in each iteration until a solution is found.

IMPACT ANALYSIS

The tables below show the constituent count and turnover using the current methodology and data as of September 28, 2018, as well as the hypothetical constituent count and turnover under various scenarios had the proposed changes been in effect.

Constituent Count	S&P/BMV FIBRAS Index
Current Index Universe and Current Trading History	10
Proposed Index Universe and Proposed Trading History	11

One-Way Turnover	S&P/BMV FIBRAS Index
Current Index Universe, Current Trading History, and Current Constituent Weighting	5.63%
Current Index Universe, Proposed Trading History and Proposed Constituent Weighting	18.39%[1]
Proposed Index Universe, Proposed Trading History, and Proposed Constituent Weighting	15.78%

Please refer to Appendix I for details on the index's hypothetical composition weights under different scenarios had the proposed changes been in effect.

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[1] The changes under this scenario used a basket liquidity factor of 4.0x the current eligible universe.

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IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, prior to the market open on Monday, June 24, 2019, in conjunction with the June semi-annual rebalancing.

QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. **Do you agree with the proposed change to add Mortgage REITS to the index universe?**
2. **Do you agree with the proposed change to the trading history requirement?**
3. **Do you agree with the proposed change to the constituent weighting scheme?**
4. **Should the proposed methodology changes be adopted, do you agree with the proposed implementation date?**
5. **Do you have any other comments or feedback regarding the proposed changes outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. S&P DJI will make responses to consultations freely available upon request.[2] If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **January 11, 2019**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please visit the online survey available here.

For further information about this consultation, please contact S&P Dow Jones Indices at index_services@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit *www.spdji.com*.

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[2] Individual and company names as well as contact details will be redacted.

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APPENDIX I

Using data as of September 28, 2018, the table below shows the index's hypothetical composition weights under different scenarios had the proposed changes been in effect.

- **Scenario 1:** Hypothetical Weight – Current Index Universe, Current Trading History, and Current Constituent Weighting

- **Scenario 2:** Hypothetical Weight – Current Index Universe, Proposed Trading History, and Proposed Constituent Weighting

- **Scenario 3:** Hypothetical– Proposed Index Universe, Proposed Trading History, and Proposed Constituent Weighting

| | | S&P/BMV FIBRAS Index Composition and Weights | | |
| | | Index Weight | | |
Company Name	Ticker	Scenario 1	Scenario 2	Scenario 3
Terrafina Administradora Industrial	TERRA 13	25.00%	15.00%	21.31%
Macquarie Mexico Real Estate Management	FIBRAMQ 12	20.09%	15.00%	15.00%
Fibra Uno Administracion	FUNO 11	25.00%	25.00%	25.00%
Prologis Property Mexico	FIBRAPL 14	10.00%	14.36%	11.35%
Controladora Fibra Danhos	DANHOS 13	13.46%	20.72%	15.00%
Concentradora Fibra Hotelera Mexicana	FIHO 12	4.06%	6.25%	4.61%
Fibra Inn	FINN 13	1.31%	2.01%	1.48%
Fibra Shop Portafolios Inmobiliarios	FSHOP 13	0.78%	1.20%	0.89%
Fibra MTY	FMTY 14	0.18%	0.28%	0.21%
Fibra HD	FIBRAHD 15	0.11%	0.17%	0.13%
Concentradora Hipotecaria	FHIPO 14	--	--	5.03%

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ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit *www.spdji.com*.

FOR MORE INFORMATION:

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