



## **Forisk Timber REIT (FTR) Index Methodology<sup>1</sup>**

### **September 2010**

#### **Introduction and Index Versions**

The Forisk Timber REIT Index, commonly called the “footer index,” is a market capitalization weighted index of all publicly-traded timberland-owning real estate investment trusts (REITs). Initiated in 2008, the FTR Index assigns a weight to each of its constituents based on its individual market share.

In addition to the market cap weighted index, Forisk produces the FTR Total Return Index and FTR Equal Weighted Index. The Total Return Index assumes the reinvestment of dividends on a daily basis; the Equal Weighted Index assumes that an equal dollar amount is invested in each security.

#### **Eligibility Criteria**

Any publicly-traded U.S. company operating as a REIT that owns and/or manages timberland is eligible for inclusion into the FTR Indices. All eligible companies should be listed on either the NYSE or NASDAQ. No limited partnerships, MLPs, ETFs, closed-end funds, private timber REITs, or any other publicly-traded timber companies are eligible for inclusion. Only publicly-traded, operating companies are eligible for inclusion into the Forisk Family of Indices.

#### **Deletions from the Indices and Timing of Changes**

Companies that cease to meet eligibility criteria due to mergers, acquisitions, or other corporate actions are removed from the FTR Indices immediately, usually following the close of the last day of trading.

Changes to the FTR Indices are made as needed with no scheduled reconstitution, except for the FTR Equal Weighted Index, which is rebalanced on a quarterly basis, after the closing on the third Friday of the quarter ending month.

#### **Index Calculations**

The index value for any given day is a function of the total market capitalization of the Index’s constituents and its denominator. The denominator is adjusted for all changes in the constituents’ share capital following the base date (July 1, 1999). These changes include additions and deletions to the Index, rights issues, share buybacks and issuances, and spin-offs. In effect, the denominator serves as a chronological summary of all changes affecting the base capital of the Index.

The Forisk Total Return Index calculation assumes the reinvestment of dividends on a daily basis. The total return for the FTR Index is calculated similarly; an indexed dividend return is added to the Index price change for a given time period. Forisk uses the ex-dividend date and not the dividend payment date to determine the total daily dividends for each day, because the adjustment for the dividend in the share price occurs on the ex-dividend date. Treatment of special dividends, such as stock dividends and extraordinary dividends, within the FTR Index calculation is decided upon on a case by-case basis. The FTR Equal Weighted Index assumes the same weight for each stock in the Index and is thus rebalanced on a quarterly basis to maintain the proper weightings. Forisk uses a divisor to adjust the Index on the rebalancing dates so that the Index level is not altered by the rebalancing.

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<sup>1</sup> The “FTR Index” mark registration is currently in process with the US Patent and Trademark Office.



### **Shares Outstanding Updates**

Changes in a company's number of shares outstanding are made quarterly on the first trading day in April, July, October, and January, unless the change is greater than or equal to 5% of the share total.

Changes of 5% or more due to mergers, acquisitions, public offerings, private placements, tender offers, Dutch auctions, or exchange offers are made as soon as reasonably possible. Other changes of 5% or more due to company stock repurchases, redemptions, exercise of options, warrants, conversion of preferred stock, notes, debt, equity participations, or other recapitalizations are made weekly.

### **Corporate Actions**

Corporate actions, such as stock splits, spin-offs, and rights offerings, are applied after the close of trading on the day prior to the execution date. Share changes resulting from such exchange offers are made on the ex-date.

### **Index Governance**

The FTR Indices are maintained in-house, by employees of Forisk Consulting. Any revisions and/or changes to the Indices' methodologies or constituents will be made as necessary by the Forisk team of professionals.

### **Holiday Schedule**

The FTR Indices are calculated only on days when the U.S. equity markets are open. Holidays that may require these markets to close include New Year's Day, MLK Day, Presidents Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

### **Unscheduled Market Closures**

In the case of markets closing due to unforeseen events, such as power failures, weather conditions, or other events, Forisk will calculate the closing price of the Indices based on the closing prices published by the exchange or the last regular trade reported for each stock before the close. In all of these cases, the prices used will be from the primary exchange for each stock in the Index. If an exchange fails to open due to extraordinary circumstances, Forisk will use the previous day's closing prices for Index calculations. If all exchanges are closed, Forisk may choose not to publish the Index for that day.

### **Contact Information**

To receive the free weekly *FTR Index Summary* or historical Index data in Excel, please contact:

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