

Appendix

Calculation of FFW for TSE REIT-related Indices

(1) Outline

- Free-Float Weight (FFW) is the percentage of listed shares deemed to be available for trading in the market. TSE calculates the FFW for shares of each REIT and uses this value in index calculation. The FFW for shares of REIT X may be different from that for REIT Y.
- Steps for determining FFW
 - (a) First, estimate the number of non-free-float shares (listed shares deemed to not be available for trading in the market) based on information gathered from securities reports and other documents required under the Financial Instruments and Exchange Act (hereinafter "the Act"), as well as from publicly available documents released by each REIT.
 - (b) Second, calculate the non-free-float (non-FFW) ratio, which is the number of non-free-float shares divided by the total number of listed shares.
 - (c) Third, obtain FFW by subtracting the non-FFW ratio from 1. FFW is expressed as a figure in the range of 0.00000 to 1.00000 in increments of 0.00001. At the periodic review, FFW is rounded up to the nearest 0.05.

(2) Estimation of non-free-float shares

a. Documents

- (d) Securities reports and other statutory documents required by the Act, as well as from publicly available documents released by each REIT.

b. Estimation of non-free-float shares

- TSE considers the following to be non-free-float shares:

Shares held by the top 10 major shareholders, by board members, and by other representatives, as well as treasury and other similar shares
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- TSE may treat shares held by the top 10 major shareholders as free-float shares for the following entities:

As a general rule, shares considered as free-float :

- » Securities finance companies,

- » Securities depositories,
- » Trust banks specializing in asset management,
- » Global custodians, and
- » Other entities who hold shares TSE deems as available for trading in the market

- Furthermore, TSE will conduct periodic reviews of FFW every year on the last business day of July. (*)
- TSE will use documents, such as securities reports, from the previous accounting periods through December of the preceding fiscal year.
- TSE reserves the right to review FFW in some cases (such as third party allocation of shares, etc.) where it deems that the existing FFW is expected to be significantly affected.

(*) Periodic reviewing will start in July 2018.

c. Calculation of FFW

- Periodic review

At the periodic review, FFW is rounded up to the nearest 0.05 as indicated below after subtracting the non-FFW ratio from 1.

FFW for periodic review

1 – Non FFW ratio	≤0.05	≤0.10	≤0.15	≤0.20	≤0.25	≤0.30	≤0.35	≤0.40	≤0.45
FFW	0.05	0.10	0.15	0.20	0.25	0.30	0.35	0.40	0.45

≤0.50	≤0.55	≤0.60	≤0.65	≤0.70	≤0.75	≤0.80	≤0.85	≤0.90	≤0.95	≤1.00
0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.85	0.90	0.95	1.00

- Extraordinary Review

TSE reserves the right to review FFW in the following cases, where it deems that the existing FFW is expected to be significantly affected.

Allocation of new shares to a third party, mergers, take-over bids (TOB), and other events deemed applicable by TSE.

- FFW for new listings

With respect to a new listing of a REIT (excluding technical listing due to mergers, etc.), FFW of those shares will be set to “0.6”, because shareholding cannot be determined at

that time. FFW of the shares will be updated at the time of periodic review.