

Outline of Introduction of Free-Float Adjustment for TSE REIT-related Indices

November 22, 2016

Tokyo Stock Exchange, Inc.

I. Outline

Tokyo Stock Exchange, Inc. (TSE) announced today that it will introduce free-float adjusted weightings (FFW) for Tokyo Stock Exchange REIT Index and Tokyo Stock Exchange REIT Property Sector Index Series (hereinafter collectively referred to as "TSE REIT-related Indices") on January 31, 2017.

II. Schedule

Monthly adjustments for phases one through four will take place after the close of trading on the business day preceding the last business day of Jan.–Apr. 2017, and the introduction of FFW will be completed after the close of trading on the business day preceding the last business day of May 2017.

Start of Phase 1 (start transition)	Jan. 31, 2017 (Tue.) (close of trading on Jan. 30, 2017 (Mon.))
Start of Phase 2	Feb. 28, 2017 (Tue.) (close of trading on Feb. 27, 2017 (Mon.))
Start of Phase 3	Mar. 31, 2017 (Fri.) (close of trading on Mar. 30, 2017 (Thu.))
Start of Phase 4	Apr. 28, 2017 (Fri.) (close of trading on Apr. 27, 2017 (Thu.))
Start of Phase 5 (transition complete)	May 31, 2017 (Tue.) (close of trading on May 30, 2017 (Mon.))

FFW will be introduced in five phases. For example, if the FFW is to be 0.8 on May 31, 2017, for phase 1, it will be 0.96, followed by 0.92 for phase 2, 0.88 for phase 3, 0.84 for phase 4, and then 0.8 for phase 5.

III. Publication of FFW

i. Initial Calculations of FFW

- When calculating FFW at the start of FFW introduction, TSE will reference securities reports published before the end of Jul. 2016 and round up to the nearest 0.05. (See

Appendix.)

- However, this does not apply in the case that the REIT under review has executed a corporate action (such as a merger) after the publication of securities reports.

ii . FFW for new listings

- As described in the Index Guidebook, FFW of a new listing of REIT (excluding technical listing due to mergers, etc.) will be set to “0.6”.
- However, with regard to new listings of REIT before Nov. 2016, which are included in TSE REIT-related Indices before the start of introduction of FFW, for convenience, FFW will be set to “1.0” and will be updated at the next periodic review. For such REIT, if it is possible to calculate FFW based on securities reports published before the publication of the initial calculations of FFW, then we will reflect the FFW as far as possible.

iii . Extraordinary Review

- TSE reserves the right to review FFW in the case of events where it deems that the existing FFW is expected to be significantly affected, as described in the Index Guidebook.

(Provisional REIT index will start extraordinary reviewing on Jan. 31, 2017.)

iv . Periodic Reviewing

- Periodic reviewing will start in Jul. 2018. (There will be no periodic review in Jul. 2017.)

IV. Information Provision

TSE will calculate and publish daily figures for both Provisional REIT Index (reflecting the adjustments that will go into effect once the transition to FFW methodology has completed) and Ex-REIT Index (reflecting full-market capitalization weighting where FFW=1) at the end of the day via TMI. These figures will be available during the time frames indicated below.

- Provisional REIT Index: Dec. 1, 2016 – May 31, 2017 (Tentative)
- Ex-REIT Index : Jan. 31, 2017 – Dec. 28, 2018 (Tentative)