

(Reference Translation)

Tokyo Stock Exchange Index Guidebook

(Tokyo Stock Exchange REIT Sector Focus Index Series)

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JPX Market Innovation & Research, Inc.

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Record of Changes

Date	Changes
2023/7/14	First edition
2025/1/31	Uniformity of terminology in each calculation methodology

Introduction

- JPX Market Innovation & Research, Inc. (JPXI) calculates and distributes the Tokyo Stock Exchange REIT Sector Focus Index Series (TSE REIT Sector Focus Index Series) in accordance with the methods described in this document. If an event not specified in this document occurs, or if JPXI determines that it would be difficult to use the methods described in this document, JPXI may use an alternative method of index calculation as it deems appropriate.
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- In this document, the number of beneficiary right units and investment units are referred to as shares and stocks for convenience.

I. Outline of the Index

- The TSE REIT Sector Focus Index Series is calculated using a selection of constituents of the TSE REIT Index which invest in investment properties in specific sectors, as well as REITs that invest in a portfolio of assets including properties in specific sectors.
- The base date and base value are as below.

Index Name	Constituents	Base Date	Base Value
Tokyo Stock Exchange REIT Logistics Focus Index	Calculated using selection of constituents of TSE REIT Index which are REITs that mainly invest in logistics facilities and REITs that invest in a portfolio of assets including the logistics facilities	July 3, 2020	1000
Tokyo Stock Exchange REIT Office Focus Index	Calculated using selection of constituents of TSE REIT Index which are REITs that mainly invest in offices and REITs that invest in a portfolio of assets including offices	August 18, 2023	1000

Index Name	Constituents	Base Date	Base Value
Tokyo Stock Exchange REIT Residential Focus Index	Calculated using selection of constituents of TSE REIT Index which are REITs that mainly invest in residential facilities and REITs that invest in a portfolio of assets including residential facilities	August 18, 2023	1000
Tokyo Stock Exchange REIT Hotel & Retail Focus Index	Calculated using selection of constituents of TSE REIT Index which are REITs that mainly invest in hotel or retail facilities and REITs that invest in a portfolio of assets including hotel or retail facilities	August 18, 2023	1000

- Constituents and their weights are reviewed on the last business day of July (annual rebalance). The base date for the annual rebalance (rebalance reference date) is the last business day of May. The base date for weights calculation (weight reference date) is the last business day of June.

II. Index Calculation

1. Calculation Method

- The calculation formula shall be the modified market cap weighting formula specified in the Index Calculation Guidebook.

2. Index Type

- A price return index and a total return index are calculated.
- The method of reflecting dividends in index values is in accordance with the Index Calculation Guidebook.

3. Constituent Inclusion and Removal

(1) Annual Rebalance

a. Outline

- In the annual rebalance to be conducted every July, the constituents of the TSE REIT Sector Focus Index Series shall be reviewed (inclusions and removals) by selecting constituents from the TSE REIT Index based on b. "Selection Criteria" as of the rebalance reference date. Theoretical weights and adjustment factors are calculated

based on b. "Selection Criteria" as of the weight reference date.

- The list of inclusions/removals is published on the fifth business day of July, and index calculations to which such constituent changes are applied begin on the last business day of July.
- For the free-float adjusted market values used for the selection process, the market values for index calculation for the TSE REIT Index are used.

b. Selection Criteria

The selection criteria for the annual rebalance is as follows. With respect to specific sectors, "Logistics Facilities" shall be for the TSE REIT Logistics Focus Index, "Offices" shall be for the TSE REIT Office Focus Index, "Residential Facilities" shall be for the TSE REIT Residential Focus Index, and "Hotel or Retail Facilities" shall be for the TSE REIT Hotel & Retail Focus Index.

REITs selected based on step ii. below are referred to as "Sector-specific REITs", and REITs selected based on step iii. or iv. below are referred to as "Sector-related REITs". The selection process is conducted as follows:

i. Selection of the Index Universe

- Eligible issues shall be those selected as constituents of the TSE REIT Index as of the rebalance reference date. However, issues designated as Securities to be Delisted are excluded from consideration.

ii. Selection of Sector-specific REITs

- JPXI selects constituents based on the most recent securities report submitted for each REIT as of the rebalance reference date.
- Specifically, JPXI identifies REITs having investment properties specified in their "investment policy" that are mainly used in specific sectors.
- In cases in which multiple uses of investment properties are stated in the 'investment policy', JPXI shall confirm the basic policies regarding the investment ratio of each specific use, and identify REITs for which the properties are used in the "Specific Sectors" 50% of the time or more.
- In cases in which there are no descriptions of the investment ratio for each use, JPXI shall refer to the list of investment properties in the securities report and identify REITs with investment ratios of 50% or more (45% or more for issues selected for Logistics REITs in the previous annual rebalance) for properties used in a "Specific Sector"

based on the ratio of the total appraised value of "Specific Sector" properties to the total appraised value for all properties.

- From among the REITs identified in the above procedure, JPXI shall make selections in descending order of free-float adjusted market value as of the rebalance reference date.
- The selection process continues until the number of constituents reaches 15.

iii. Selection of Sector-related REITs

- The selection process is completed if 15 issues are selected after step ii. "Selection of Sector-specific REITs".
- If less than 15 REITs are selected after step ii., JPXI shall select REITs that have invested in portfolios including properties used in a "Specific Sector" based on the latest annual securities reports as of the rebalance reference date.
- Specifically, JPXI shall refer to the lists of investment properties in securities reports and identifies REITs that invest in "Specific Sector" properties.
- From among the REITs identified in the above procedure, JPXI shall select REITs in descending order of free-float adjusted market value as of the rebalance reference date.
- The selection process continues until the number of constituents reaches 15.

iv. Other REITs

- The selection process is completed if 15 REITs are selected after step iii.
- If less than 15 REITs are selected after step iii., JPXI shall make a selection from all eligible REITs in descending order of their free-float adjusted market value as of the rebalance reference date until the number of constituents reaches 15.

c. Calculation of Theoretical Weight

- The calculation process is conducted as follows:

i. Weights of Sector-specific REITs and Sector-related REITs

- The weight for each group is determined according to the following table. The number of Sector-related REIT constituents (n) varies depending on the number of Sector-specific REIT constituents.

Group	Total Weight
Sector-specific REITs	$(100 - 2n)\%$

Sector-related REITs	2n%
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ii. Theoretical Weight of Each Constituent

- The theoretical weight of each constituent is calculated as follows:

$$\begin{aligned} \text{Theoretical weight of constituent (i)} &= \\ &\frac{\text{Free – float adjusted market value of constituent (i) as of weight base date}}{\text{Total free – float adjusted market value of group as of weight base date}} \\ &\times \text{Total group weight} \end{aligned}$$

- However, if the theoretical weight of a constituent exceeds 20% of the total index, the free-float adjusted market value of the issue as of the weight base date is reduced so that the calculation result is 20%.
- Depending on fluctuations in stock prices, the theoretical weight of a constituent may exceed 20% before the next annual rebalance.

d. Adjustment Factor

- The adjustment factors used for calculating the modified market cap weight index are set between 0.00001 and 99999.99999 as follows:
- The method for calculation of adjustment factors is in accordance with the Index Calculation Guidebook.

(2) Non-periodic Removal from Constituents

- Constituents that have been delisted or designated as Securities to be Delisted shall be removed.

(3) Non-periodic Inclusion to Constituents

- When a constituent has been delisted due to a consolidation-type merger and the resulting newly created REIT is listed without delay, said REIT will be included in the index.
- When a constituent has been delisted due to an absorption-type merger, and the surviving REIT is not a constituent, then said REIT will be included in the index.

(4) Dates of constituent inclusion and removal

	Event Requiring Adjustment		Adjustment Date
Inclusion	Initial listing	When a constituent has been delisted due to a consolidation-type merger and the resulting newly created REIT is included as a constituent	Initial listing date (*)
		When a constituent has been delisted due to an absorption-type merger, and the surviving REIT, which was not a constituent, is included as a constituent	Delisting date (*)
	Annual rebalance		Last business day of July
Removal	Delisting	When a constituent has been delisted due to a consolidation-type merger and the resulting newly created REIT is included as a constituent	Initial listing date of the newly created REIT (normally two business days following the delisting date) (*)
		Other than the above (e.g., Delisting as a result of a merger, etc.)	Delisting date (*)
	Designation as Securities to be Delisted		Four business days after the date of designation (*)
	Annual rebalance		Last business day of July

* Next business day when the date in question falls on a non-business day.

III. Other**1. Distribution of Index Values and Index Data****(1) Index Values**

- The daily closing values of TSE REIT Sector Focus Index Series are distributed.
- The retroactive calculation of the index value does not fully follow the calculation methodology in the "TSE REIT Sector Focus Index Series Guidebook" and includes cases which there were less than 15 constituents based on past selection processes.

(2) Index Data

- Index data related to TSE REIT Sector Focus Index Series (e.g. base market value) is distributed through the Index Data Service.

2. Licensing

- JPXI and/or its affiliates reserve all calculation, distribution, publication, usage, and

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