

Calculation of the STBRI J-REIT Index[®]

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I . STBRI J-REIT Index[®] Components and Timing of Inclusion in the Index

1. Component Issues

- STBRI Composite J-REIT Index includes all J-REIT issues listed in the domestic markets.
- STBRI Office J-REIT Index includes those issues with a policy to invest primarily in office buildings.
- STBRI Residential J-REIT Index includes those issues with a policy to invest primarily in residential properties.

2. Timing of Inclusion in the Index

- Newly listed issues are included in the index calculation as of the **first business day following the date of listing**.

Note: With regard to the calculations of market capitalization and dividend yield data available with the index, newly listed issues are included in such calculations as of the date of listing. Meanwhile, STBRI J-REIT Index is calculated based on the daily stock price earning ratio of the component issues, and the ratio is calculated using closing prices. Therefore, newly listed issues are included in the index calculation after the close of trading on the first business day following the date of listing, when the ratio calculation becomes possible.

II. STBRI J-REIT Index[®] calculation methods

1. Price return index (dividends not included)

(1) Today's price return (dividends not included)

Today's price return (dividends not included) is calculated as a weighted average based on the market capitalization on the previous day, using the following formula.

$$PR_t = \frac{\sum_i (MC_{i,t-1} \times Pr_{i,t})}{\sum_i MC_{i,t-1}} \times 100\%$$

Where:

PR_t = weighted average price return for all issues in period t

$MC_{i,t-1}$ = market capitalization of issue i at the end of period t - 1

$Pr_{i,t}$ = price return of issue i in period t, given by

$$= \left(\frac{P_{i,t}}{P_{i,t-1}} - 1 \right) \times 100\% , \text{ where } P_{i,t} \text{ is the investment unit price}$$

of issue i at the end of period t

(2) Price return index (dividends not included)

The price return index (dividends not included) is calculated by totaling the daily price return, with the value of the index on the base date (September 10, 2001) set at 1000.

$$PI_t = PI_{t-1} \times (1 + PR_t)$$

Where:

PI_t = the value of price return index at the end of period t

2. Total return index (dividends included)

(1) Today's total return (dividends included)

Today's total return (dividends included) is calculated as a weighted average based on the market capitalization on the previous day, using the following formula.

$$TR_t = \frac{\sum_i (MC_{i,t-1} \times Tr_{i,t})}{\sum_i MC_{i,t-1}} \times 100\%$$

Where:

TR_t = weighted average total return for all issues in period t

$MC_{i,t-1}$ = market capitalization of issue i at the end of period t - 1

$Tr_{i,t}$ = total return of issue i in period t, given by

$$= \left(\frac{P_{i,t} + D'_{i,t} + D''_{i,t}}{P_{i,t-1}} - 1 \right) \times 100\%$$

$D'_{i,t}$ = expected dividend per investment unit of issue i at ex - date

$D''_{i,t}$ = final dividend per investment unit – expected dividend per investment unit of issue i at the next day of final settlement announcement

<Adjustments for events>

[1] In order to correct for fluctuations in the price per investment unit in connection with the ex-dividend date, the total return is calculated by totaling the expected dividends on the ex-dividend date.

[2] When the final declared dividends differ from the expected dividends, the total return is calculated by adjusting for differences in the total dividend amounts, taking into account changes in investment-unit quantities due to capital increases and other factors on the day following the date of announcement of the closing of accounts.

(2) Total return index (dividends included)

The total return index (dividends included) is calculated by totaling the daily total return, with the value of the index on the base date (September 10, 2001) set at 1000.

$$TI_t = TI_{t-1} \times (1 + TR_t)$$

Where:

TI_t = the value of total return index at the end of period t

3. Expected dividend yield

The expected dividend yield is calculated as a weighted average based on the market capitalization on the previous day, using the following formula.

$$EY_t = \frac{\sum_i (MC_{i,t} \times Ey_{i,t})}{\sum_i MC_{i,t}} \times 100\%$$

Where:

EY_t = weighted average expected dividend yield for all issues over the one - year

$Ey_{i,t}$ = expected dividend yield of issue i over the one - year, given by

$$= \frac{D_{i,t}}{MC_{i,t}}, \text{ where } D_{i,t} \text{ is the total amount of expected dividend of}$$

issue i over the one - year at the end of period t

$MC_{i,t}$ = market capitalization of issue i at the end of period t

*The annual total of expected dividends is calculated based on announced dividend amounts. When dividend amounts have been announced for the current semiannual period and the following semiannual period, the annual total of expected dividends is equal to the expected dividends for this period + the expected dividends for the following period. When the expected dividend amount has been announced for the current semiannual period only, the annual total of expected dividends is equal to the expected dividends for this period x 2.

<Adjustments for events>

When a revision of expected dividends has been announced, the revised expected dividend amount shall be used for calculation purposes beginning on the day following the announcement of the revision, regardless of whether such announcement is made during the fiscal period or at the time of the announcement of the settlement of accounts.