

PRESS RELEASE

a sample translation

original release in Japanese

June 17, 2020

Nikkei Inc.

Nikkei to launch “Nikkei ESG-REIT Index” and “Nikkei High Yield REIT Index”

From July 20, 2020, Nikkei Inc. will start to calculate and publish two new Japan REIT indexes, “Nikkei ESG-REIT Index” which incorporates ESG factors on broad J-REIT performances and “Nikkei High Yield REIT Index” which is comprised of 35 selected higher yield J-REITs.

While ESG investments are expanding globally, investors are more interested in introducing ESG factor into real estate investments. Under such condition, Nikkei has been developing a new Japanese REIT index which reflects the evaluations on ESG. The constituents are chosen broadly from the Tokyo listed REITs, and the market capitalization weights are adjusted by the ESG evaluation, so that highly evaluated REITs have increased the weights in the index on their market capitalizations. The ESG evaluation will use the rating by GRESB¹, an evaluation organization founded by major European pension groups and providing ESG assessments of real estate funds including REITs, headquartered in Netherlands.

Also, market participants continue to show interests in investments producing stable higher income-gains. REITs have been attracting such investors because of higher dividend yields as compared with ordinary stocks. However, as the number of REITs in the market increases in Japan, the levels of dividend yields are more and more varied. Nikkei chooses 35 REITs which deliver higher yields to develop the “high-yield” REIT index. In its design, the market cap weight of each constituent is adjusted by the level of the dividend yield so that the REIT with higher yield and larger market cap is more weighted in the index. Trading liquidity of the constituents are also considered.

¹ <https://gresb.com/>

[Appendix] Overview of “Nikkei ESG-REIT Index” and “Nikkei High Yield REIT Index”

§ Summary of “Nikkei ESG-REIT Index”

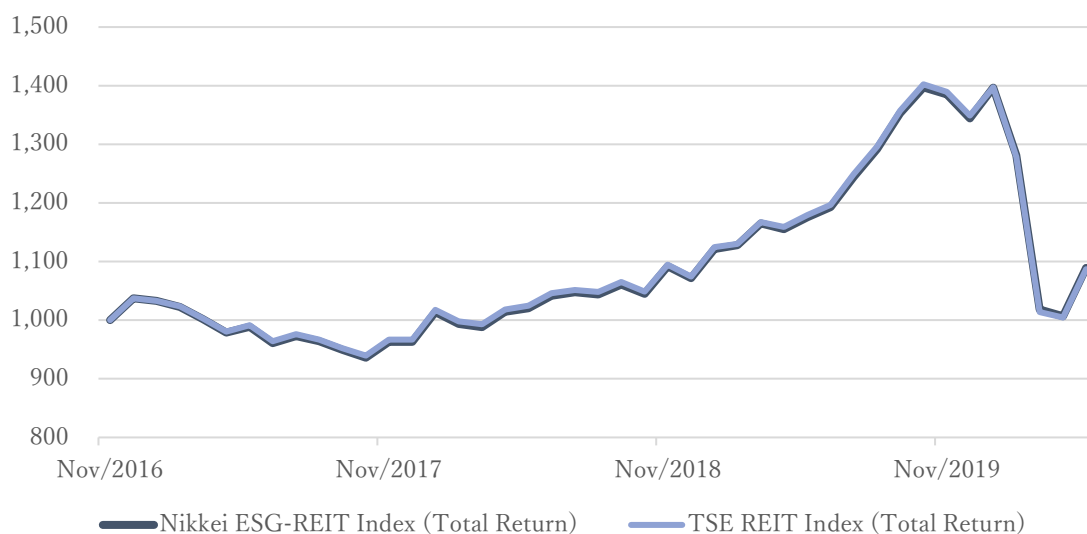
- Chosen from all the REITs listed on the Tokyo Stock Exchange (with minimum liquidity requirements)
- Constituents are reviewed and annually at the end of November
- Calculated by market cap + ESG evaluation weighting (on an end-of-day basis)
- ESG evaluation is based on the rating provided by GRESB
- Historical index calculated from the end of November 2016 (base index = 1,000)

§ Summary of “Nikkei High Yield REIT Index”

- Composed of 35 high-yield REITs listed on the Tokyo Stock Exchange
- Constituents are reviewed and reshuffled annually at the end of May
- Calculated by market cap + yield weighting with 5% cap (on an end-of-day basis)
- Historical index calculated from the end of May 2014 (base index = 1,000)

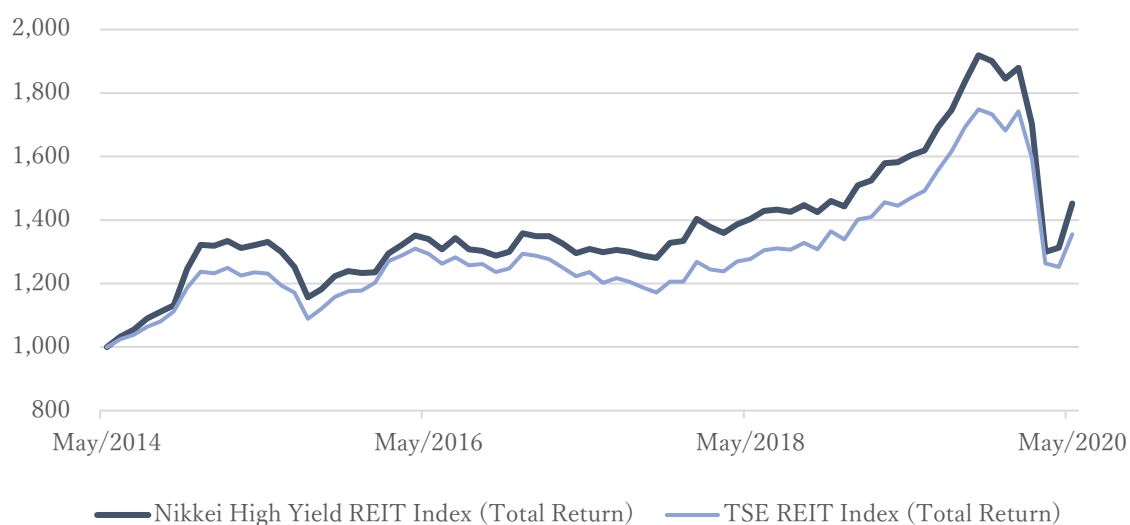
※ Refer to Index Guidebooks for detailed rules of calculation and constituent review processes.

§ Historical Nikkei ESG-REIT Index (estimation)



TSE REIT Index (Total Return) is rebased to 1000 on the start date of end of November 2016

§ Historical Nikkei High Yield REIT Index (estimation)



TSE REIT Index (Total Return) is rebased to 1000 on the start date of end of May 2014

§ Comparison of estimated distribution (dividend) yield (End of May, 2020)

Nikkei ESG-REIT Index	4.22 % (index weighted)
Nikkei High Yield REIT Index	5.11 % (index weighted)
TSE listed REITs (all)	4.22 % (market cap basis)

§ Nikkei ESG-REIT Index Constituents

2971	ESCON JAPAN REIT Investment Corporation	3478	MORI TRUST Hotel Reit, Inc.
2972	SANKEI REAL ESTATE Inc.	3481	Mitsubishi Estate Logistics REIT Investment Corporation
3226	Nippon Accommodations Fund Inc.	3487	CRE Logistics REIT, Inc.
3227	MCUBS MidCity Investment Corporation	3488	XYMAX REIT Investment Corporation
3234	MORI HILLS REIT INVESTMENT CORPORATION	3492	Takara Leben Real Estate Investment Corporation
3249	Industrial & Infrastructure Fund Investment Corporation	3493	ITOCHU Advance Logistics Investment Corporation
3269	Advance Residence Investment Corporation	8951	Nippon Building Fund Inc.
3278	Kenedix Residential Next Investment Corporation	8952	Japan Real Estate Investment Corporation
3279	Activia Properties Inc.	8953	Japan Retail Fund Investment Corporation
3281	GLP J-REIT	8954	ORIX JREIT Inc.
3282	Comforia Residential REIT, Inc.	8955	Japan Prime Realty Investment Corporation
3283	Nippon Prologis REIT, Inc.	8956	Premier Investment Corporation
3287	Hoshino Resorts REIT, Inc.	8957	TOKYU REIT, Inc.
3290	One REIT, Inc.	8958	Global One Real Estate Investment Corporation
3292	AEON REIT Investment Corporation	8960	United Urban Investment Corporation
3295	Hulic Reit, Inc.	8961	MORI TRUST Sogo Reit, Inc.
3296	NIPPON REIT Investment Corporation	8963	Invincible Investment Corporation
3298	Invesco Office J-REIT, Inc.	8964	Frontier Real Estate Investment Corporation
3309	Sekisui House Reit, Inc.	8966	HEIWA REAL ESTATE REIT, Inc.
3451	Tosei Reit Investment Corporation	8967	Japan Logistics Fund, Inc.
3453	Kenedix Retail REIT Corporation	8968	Fukuoka REIT Corporation
3455	Healthcare & Medical Investment Corporation	8972	Kenedix Office Investment Corporation
3459	Samty Residential Investment Corporation	8975	Ichigo Office REIT Investment Corporation
3462	Nomura Real Estate Master Fund, Inc.	8976	Daiwa Office Investment Corporation
3463	Ichigo Hotel REIT Investment Corporation	8977	Hankyu Hanshin REIT, Inc.
3466	LaSalle LOGIPORT REIT	8979	Starts Proceed Investment Corporation
3468	Star Asia Investment Corporation	8984	Daiwa House REIT Investment Corporation
3471	Mitsui Fudosan Logistics Park Inc.	8985	Japan Hotel REIT Investment Corporation
3472	Ooedo Onsen Reit Investment Corporation	8986	Daiwa Securities Living Investment Corporation
3473	SAKURA SOGO REIT Investment Corporation	8987	Japan Excellent, Inc.
3476	MIRAI Corporation		

<As at the start of calculation (planned), sorted by the code>

§ Nikkei High Yield REIT Index Constituents

3227	MCUBS MidCity Investment Corporation	8955	Japan Prime Realty Investment Corporation
3234	MORI HILLS REIT INVESTMENT CORPORATION	8956	Premier Investment Corporation
3278	Kenedix Residential Next Investment Corporation	8957	TOKYU REIT, Inc.
3279	Activia Properties Inc.	8958	Global One Real Estate Investment Corporation
3287	Hoshino Resorts REIT, Inc.	8960	United Urban Investment Corporation
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3476	MIRAI Corporation	8984	Daiwa House REIT Investment Corporation
3492	Takara Leben Real Estate Investment Corporation	8986	Daiwa Securities Living Investment Corporation
8953	Japan Retail Fund Investment Corporation	8987	Japan Excellent, Inc.
8954	ORIX JREIT Inc.		

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