

J-REIT Monthly

March 2016

For your information only



Sumitomo Mitsui Asset Management

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1. J-REIT Market Monthly Review (for February 2016)

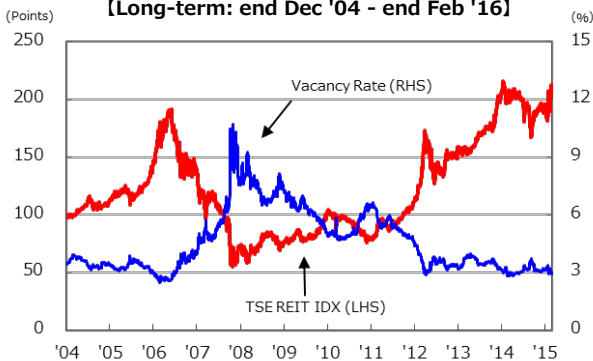
In February 2016, the TSE REIT Index (with dividends) rose by 5.6% MoM.

The J-REIT market moved on a downward trend until February 12 as investors took risk off stance amid falling oil prices and appreciating yen. After the mid-month, the market turned to rise on the back of BoJ's negative interest rates, which reduce interest payments for REIT operating companies. Additionally, expectation for wider yield spreads, which increase attractiveness of J-REIT dividend yields, lifted up the market. Lowering long-term JGB yields toward the month end also contributed to boost the REIT index. Physical property market remained firm as January office vacancy rate in Tokyo 5 central wards declined to 4.01% and rent increase maintained an upward trend.

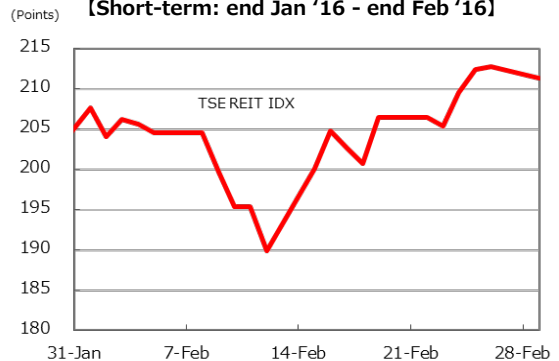
Purchases of J-REITs by the BoJ decreased to JPY7.2bn in February from JPY10.8bn in the previous month.

2. TSE REIT Index (with dividends)

[Long-term: end Dec '04 - end Feb '16]



[Short-term: end Jan '16 - end Feb '16]



TSE REIT Index	As of 29-Jan-16	1week ago 22-Jan-16	1month ago 31-Dec-15	3months ago 31-Oct-15	6months ago 31-Jul-15	1year ago 31-Jan-15	3years ago 31-Jan-13
Index	3,182.12	2,922.23	3,115.04	3,061.58	3,100.40	3,260.64	1,993.51
%change	-	8.9%	2.2%	3.9%	2.6%	-2.4%	59.6%

Note: (1) TSE REIT Index (w/ dividends) of the last trading day of a month. 12/31/'04 = 100
(2) %chg: changes for each period.

Source: DataStream, compiled by SMAM.

3. Top 10 REIT Constituents in J-REIT

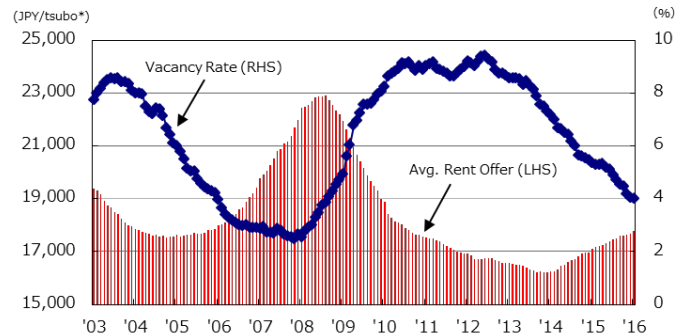
(# of J-REIT Components: 52)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	8.3%
2 JAPAN REAL ESTATE INV.	J8952	7.8%
3 JAPAN RET.FD.INV.	J8953	5.8%
4 NOMURA RLST.MASTER FUND	J3462	5.1%
5 UNITED URB.INV.	J8960	4.3%
6 NIPPON PROLOGIS REIT	J3283	3.6%
7 JAPAN PRIME REALTY INV.	J8955	3.5%
8 ORIX JREIT	J8954	3.5%
9 ACTIVIA PROPERTIES	J3279	3.2%
10 ADVANCE RESIDENCE INV.	J3269	3.1%
Others		51.8%
Total		100.0%

Source: DataStream, compiled by SMAM

(As of the end of February 2016)

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Monthly, January 2003 - January 2016
(2) 5 wards: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku.
(3) One tsubo is approx. 10.76 square feet or 3.3 square meters

Source: DataStream, compiled by SMAM.

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Global REIT Monthly

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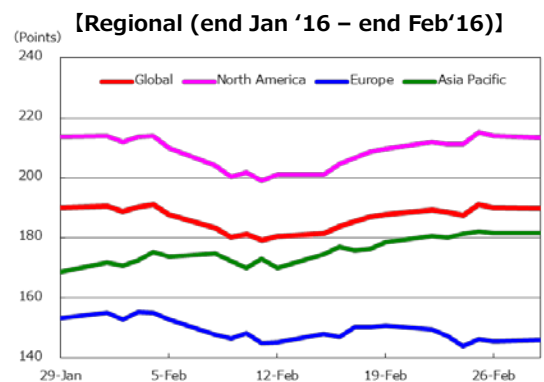
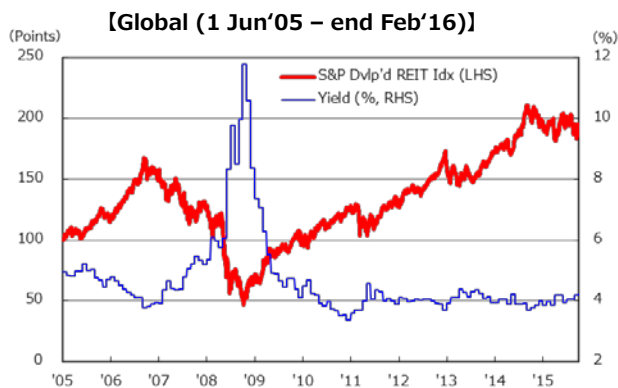
1. Global REIT Market Monthly Review (for February 2016)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) lost 7.0% in February. On a local currency basis, REIT return in Asia Pacific showed a gradual rise. Yet, Global REIT return showed a negative performance due to a sharp downturn in Europe and slight fall in North America.

In the first half of the month, each REIT market slid amid growing risk-off mood on concerns over oil price fall and global economic slowdown. The worst performer this month was the European REIT market as investors' sentiment was dampened by worries about credit risk for European banks. In particular, the UK REIT market plunged reflecting the decision of Brexit referendum to be held in June.

Forex factor was slightly positive to the total performance although GBP dropped against USD.

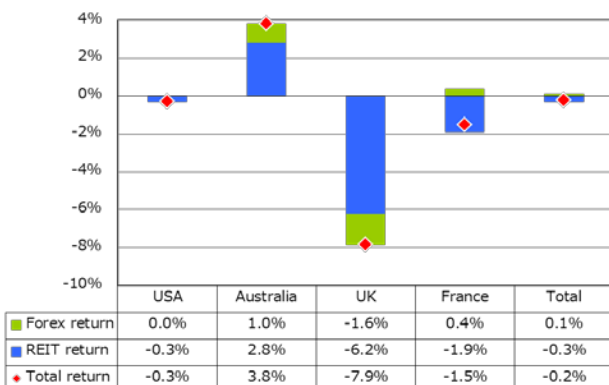
2. Global REIT Index (in USD)



As of 29 February 2016	1week ago 22-Feb-16	1month ago 29-Jan-16	3months ago 30-Nov-15	6months ago 31-Aug-15	1year ago 27-Feb-15	3years ago 28-Feb-13
Global	0.2%	-0.2%	-2.6%	3.7%	-5.8%	19.6%
North America	0.8%	-0.1%	-1.9%	6.0%	-4.4%	23.3%
Europe	-2.3%	-4.8%	-12.4%	-11.9%	-14.3%	22.6%
Asia Pacific	-0.8%	3.9%	4.4%	9.4%	-4.4%	3.3%

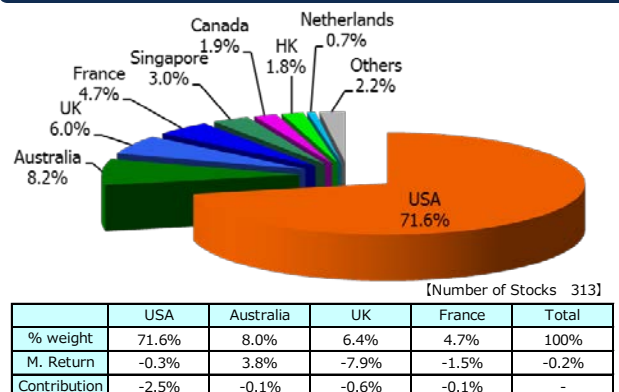
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

3. Return Contribution by Factors (Feb '16)



Note: Total-return breakdown of S&P Developed REIT Index (in USD) by forex and market factors, by countries.
Source: FactSet, compiled by SMAM.

4. Global % Weight by Markets (Feb '16)



Note: (1) S&P Developed REIT Index breakdown by country (ex-Japan, in USD).
(2) Contribution = Composition % weight x Monthly Return
Source: FactSet, compiled by SMAM.