

J-REIT Monthly

April 2016

For your information only



Sumitomo Mitsui Asset Management

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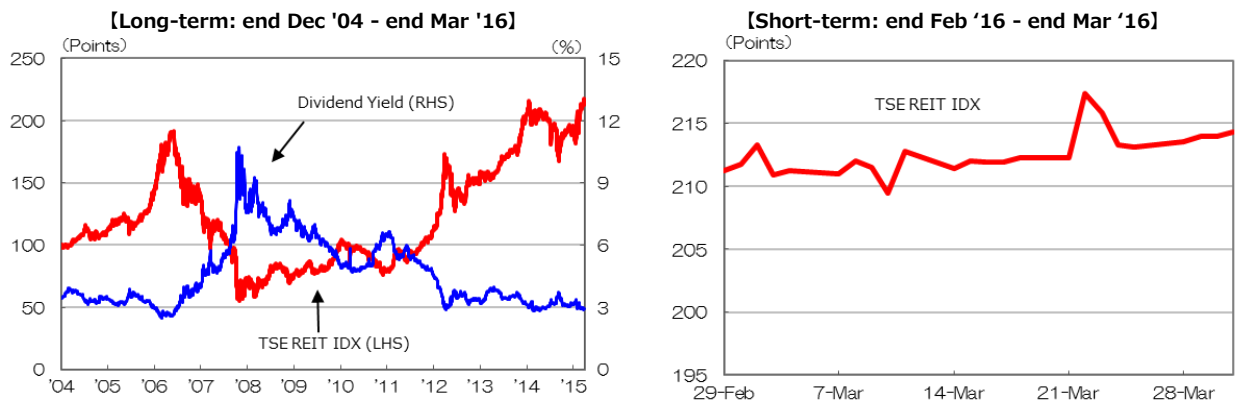
1. J-REIT Market Monthly Review (for March 2016)

In March 2016, the TSE REIT Index (with dividends) rose by 1.5% MoM, as investors showed a favorable reaction to BOJ's negative interest rate policy.

In the beginning of month, the J-REIT market moved on a slightly bearish tone as a repercussion of the rise in the second half of February. The J-REITs' prices, however, turned to rise from the mid-month, as long-term JGB yield remained below zero throughout the month due to the negative rate policy and the attractiveness of J-REIT yield drew attention. Office vacancy rate in Tokyo five central wards was slightly up to 4.04% in February yet rents are increasing. Also, the official land prices as of January 1st, 2016 were announced and the results showed solid upward trend of the property market. In particular, the land price increase accelerated in commercial district of metropolitan areas, where J-REITs hold majority of their properties. In March the BOJ bought JPY 2.4bn worth of J-REITs, decreasing the number of transactions under the security purchase program.

This has demonstrated the J-REIT market is solid even with little contribution of the central bank's supportive measure.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of	1 week ago	1 month ago	3 months ago	6 months ago	1 year ago	3 years ago
	31-Mar-16	24-Mar-16	29-Feb-16	31-Dec-15	30-Sep-15	31-Mar-15	31-Mar-13
Index	3,409.88	3,392.58	3,361.11	3,115.04	2,964.58	3,241.62	2,660.75
%change	-	0.5%	1.5%	9.5%	15.0%	5.2%	28.2%

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

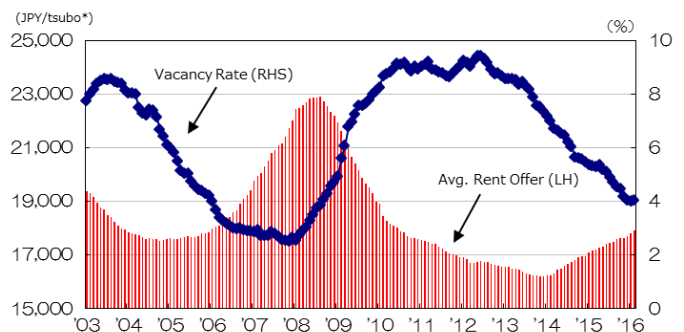
(# of J-REIT Components: 53)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	8.0%
2 JAPAN REAL ESTATE INV.	J8952	7.2%
3 JAPAN RET. FD. INV.	J8953	5.9%
4 NOMURA RLST. MASTER FUND	J3462	5.3%
5 UNITED URB. INV.	J8960	4.2%
6 NIPPON PROLOGIS REIT	J3283	3.9%
7 ORIX JREIT	J8954	3.6%
8 JAPAN PRIME REALTY INV.	J8955	3.4%
9 ADVANCE RESIDENCE INV.	J3269	3.1%
10 ACTIVIA PROPERTIES	J3279	3.0%
Others		52.4%
Total		100.0%

Source: DataStream, compiled by SMAM

(As of the end of March 2016)

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Monthly, January 2003 - February 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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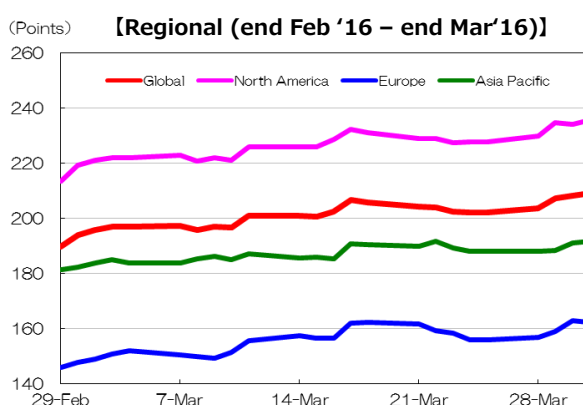
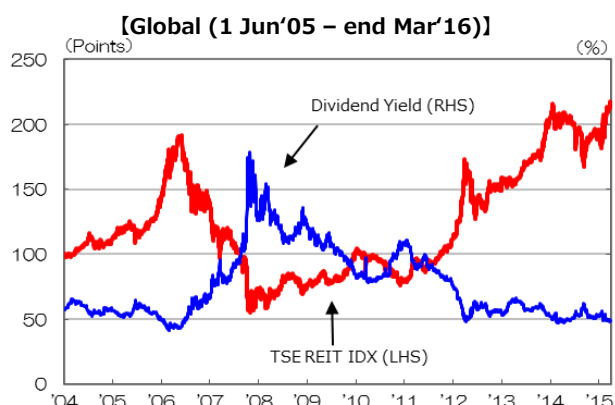
1. Global REIT Market Monthly Review (for March 2016)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) advanced 9.8% in March. On a local currency basis, Global REIT return rose 8.8% in total with positive performance for all regions. North America and Europe particularly showed a significant gain.

Each country and region's REIT market increased due to rebound of oil prices and monetary easing of major countries. In the US, FOMC announced the revision of rate hike projection in response to the concern over the global economic slowdown and FRB Chairman Janet Yellen indicated that they will be cautious in proceeding additional rate rise. In Europe, ECB unveiled a comprehensive additional monetary easing policy including the policy interest rate cut and the expansion of monthly asset purchase programme. Under these circumstances, long-term government bond yields of major countries decreased, which boosted up the REIT markets.

Forex factor added 1.5% to the total performance as most of the major currencies rose against USD.

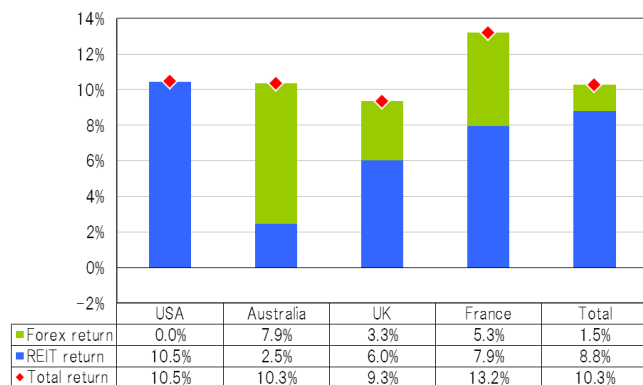
2. Global REIT Index (in USD)



As of 31 March 2016	1week ago	1month ago	3months ago	6months ago	1year ago	3years ago
	24-Mar-16	29-Feb-16	31-Dec-15	30-Sep-15	31-Mar-15	29-Mar-13
Global	3.5%	10.3%	6.1%	12.1%	3.5%	29.5%
North America	3.6%	10.5%	6.6%	13.7%	3.9%	32.5%
Europe	4.0%	11.1%	-0.3%	-2.2%	-2.1%	37.0%
Asia Pacific	2.9%	8.4%	10.3%	19.5%	7.0%	12.1%

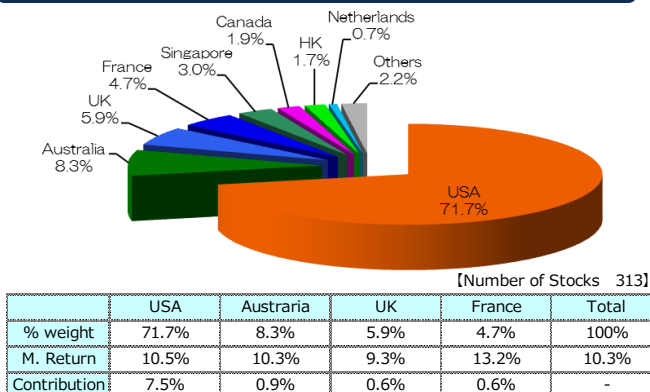
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

3. Return Contribution by Factors (Mar '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 (Mar '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.