

J-REIT Monthly

May 2016

For your information only



Sumitomo Mitsui Asset Management

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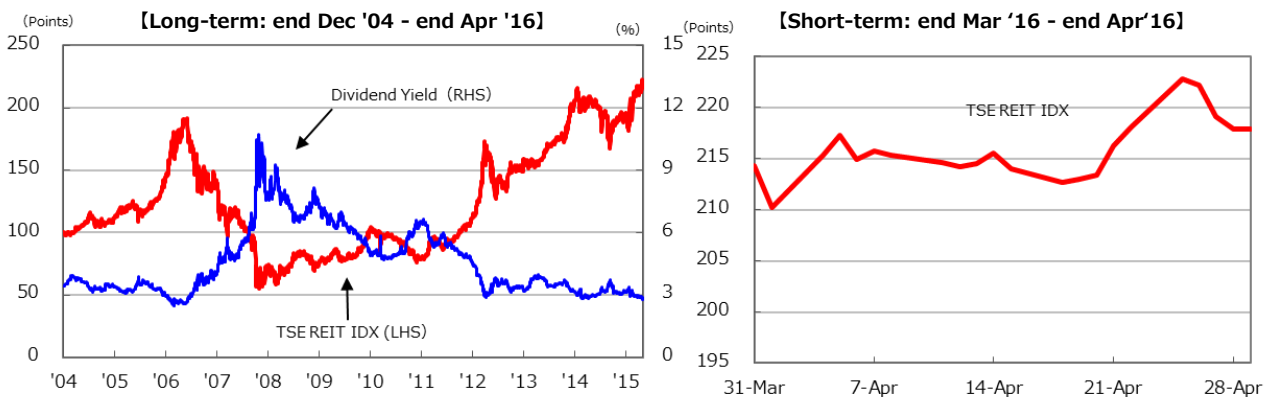
1. J-REIT Market Monthly Review (for April 2016)

In April 2016, TSE REIT Index (with dividends) ended in 1.6% rise MOM. The J-REIT market continued to move on a steady undertone on the back of long term yields sticking to negative territory.

In the beginning of the month, the J-REIT market remained almost flat thanks to attractive J-REIT yield despite short-lived correction after the disappointing announcement of the short-term economic survey of enterprises in Japan, so-called "Tankan survey", conducted by BOJ. In the latter half of the month, the market advanced due to mounting expectation of additional monetary easing. Although J-REIT prices dropped after BOJ's suspension of additional easing, it ended positive from the previous month.

Office vacancy rate in Tokyo five central wards increased by 4.34% in March, in line with market assumptions, as a result of increasing new buildings utilized in the areas. However, rents are still rising since further opening of new buildings is limited. In April, BOJ bought JPY8.4bn worth of J-REITs, total amount of seven times purchase. The Central Bank continuously supported the REIT index, especially when the figure was weak.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of	1week ago	1month ago	3months ago	6months ago	1year ago	3years ago
	29-Apr-16	22-Apr-16	31-Mar-16	31-Jan-16	31-Oct-15	30-Apr-15	30-Apr-13
Index	3,465.54	3,468.95	3,409.88	3,182.12	3,061.58	3,267.36	2,594.82
%change	-	-0.1%	1.6%	8.9%	13.2%	6.1%	33.6%

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

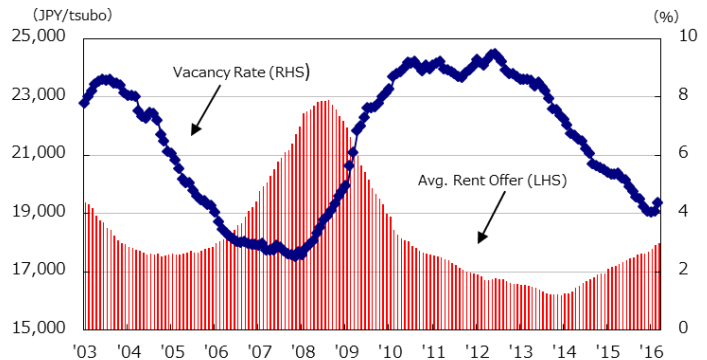
(# of J-REIT Components: 53)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	8.1%
2 JAPAN REAL ESTATE INV.	J8952	7.4%
3 JAPAN RET.FD.INV.	J8953	5.7%
4 NOMURA RLST.MASTER FUND	J3462	5.3%
5 UNITED URB.INV.	J8960	4.3%
6 NIPPON PROLOGIS REIT	J3283	4.0%
7 ORIX JREIT	J8954	3.6%
8 JAPAN PRIME REALTY INV.	J8955	3.5%
9 ADVANCE RESIDENCE INV.	J3269	3.2%
10 ACTIVIA PROPERTIES	J3279	2.9%
Others		52.1%
Total		100.0%

Source: DataStream, compiled by SMAM

(As of the end of April 2016)

4. Tokyo Office Rents and Vacancy Rates



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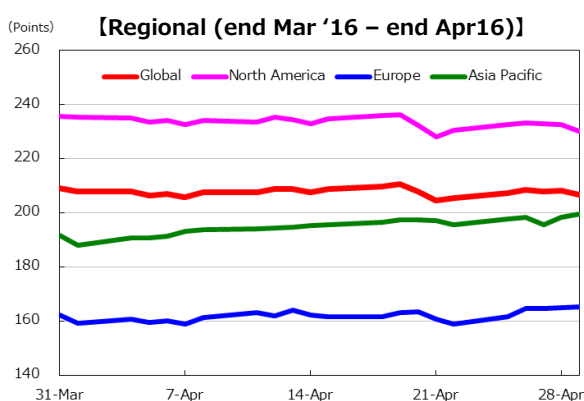
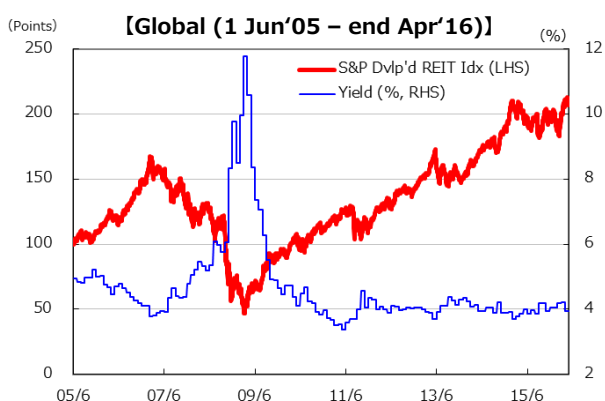
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1. Global REIT Market Monthly Review (for April 2016)

The S&P Development REIT Index (ex-Japan, with dividends, USD base) decreased 5.9% in April. On a local currency basis, Global REIT return dropped 1.3%. North America, which accounts for a large portion of the index, showed significant decline.

Each country and region's REIT market boosted up in favor of FRB's slowdown of interest rate hike in March. In April, cyclical stocks were preferred by investors as oil prices rebounded and China's economic indicators stabilized. In accordance, REIT market, known to be defensive, showed decline. However, REIT market in Asia Pacific was relatively strong. While the Central Bank of Australia kept political interest rates on hold in line with market projections, REIT market was underpinned by ongoing possibility for additional rate cut in the future. In Asia, REIT market increased, since excessive concerns over Chinese economy receded. Regarding Forex, JPY sharply rose against major currencies. This was response to BOJ's suspension of expected monetary easing at the Monetary Policy Meeting held in the end of April. Forex factor was negative by 4.6% to the total performance.

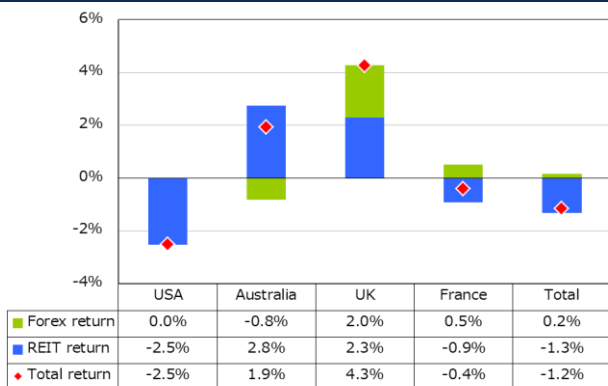
2. Global REIT Index (in USD)



As of 29 April 2016	1week ago 22-Apr-16	1month ago 31-Mar-16	3months ago 29-Jan-16	6months ago 30-Oct-15	1year ago 30-Apr-15	3years ago 30-Apr-13
Global	0.6%	-1.2%	8.8%	4.5%	5.8%	19.4%
North America	0.0%	-2.3%	7.8%	5.2%	7.5%	21.3%
Europe	3.9%	1.9%	7.8%	-7.2%	-3.0%	26.9%
Asia Pacific	0.6%	2.2%	15.2%	14.0%	6.7%	6.8%

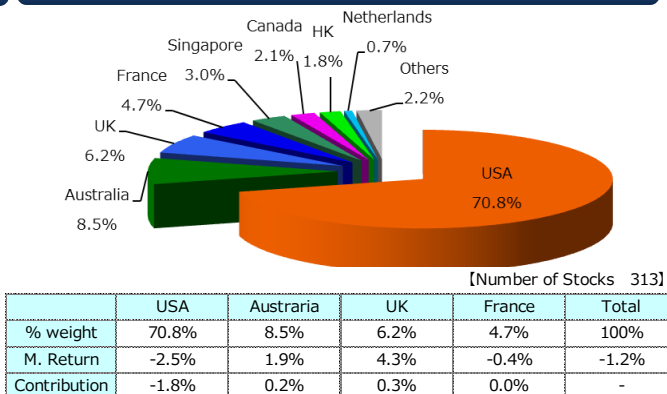
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

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