

J-REIT Monthly

June 2016

For your information only



Sumitomo Mitsui Asset Management

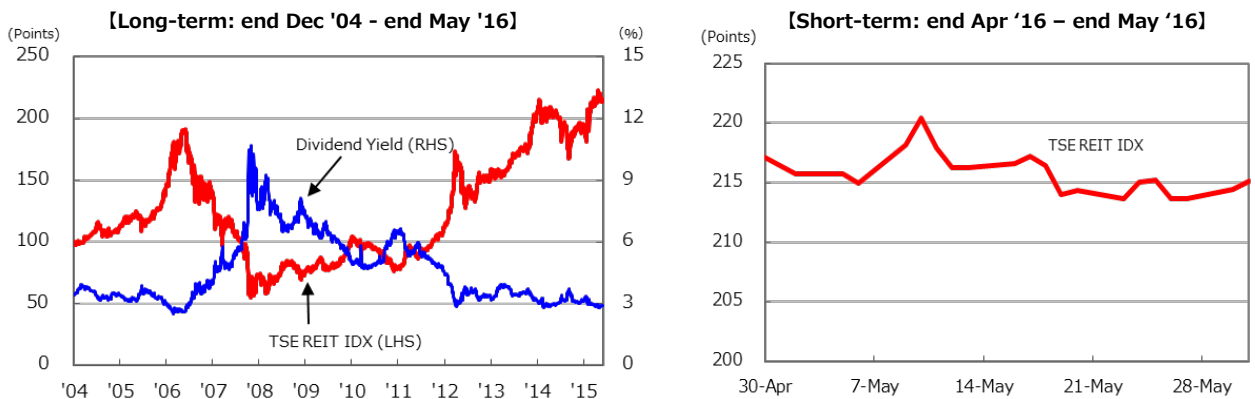
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1. J-REIT Market Monthly Review (for May 2016)

In May 2016, TSE REIT Index (with dividends) dropped 1.2% MOM. The index continued to grow for four months since the beginning of this year in favor of Japan's negative interest rate policy. However, after BoJ postponed additional easing in the end of April, the upside of the index was limited under profit-taking pressure until the middle of May. Later, performances of large caps, which tend to be preferred by foreign investors, were sluggish on growing expectations for US rate increase.

April office vacancy rate in Tokyo five central wards declined 4.23% for the first time in three months. However, rents are still on an upward trend since firm demands for office buildings eliminate excess supply of new buildings. In April, BoJ bought JPY14.4bn worth of J-REITs, by twelve time purchases. The central bank continuously underpinned the REIT index.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of	1week ago	1month ago	3months ago	6months ago	1year ago	3years ago
Index	31-May-16	24-May-16	30-Apr-16	29-Feb-16	30-Nov-15	31-May-15	31-May-13
%change	-	0.0%	-1.2%	1.8%	10.0%	5.1%	53.8%

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

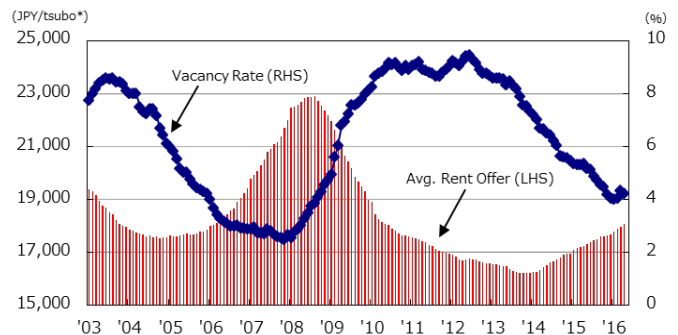
(# of J-REIT Components: 54)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	7.8%
2 JAPAN REAL ESTATE INV.	J8952	7.2%
3 JAPAN RET.FD.INV.	J8953	5.5%
4 NOMURA RLST.MASTER FUND	J3462	5.5%
5 UNITED URB.INV.	J8960	4.1%
6 NIPPON PROLOGIS REIT	J3283	3.7%
7 ORIX JREIT	J8954	3.6%
8 JAPAN PRIME REALTY INV.	J8955	3.5%
9 ADVANCE RESIDENCE INV.	J3269	3.1%
10 ACTIVIA PROPERTIES	J3279	2.9%
Others		53.2%
Total		100.0%

Source: DataStream, compiled by SMAM

(As of the end of May 2016)

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Monthly, January 2003 - April 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.

Global REIT Monthly

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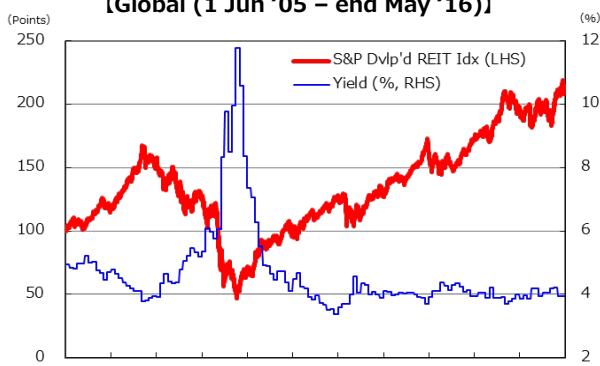
1. Global REIT Market Monthly Review (for May 2016)

The S&P Development REIT Index (ex-Japan, with dividends, USD base) inched 1.2% up in May. On a local currency basis, Global REIT return rose 2.1%.

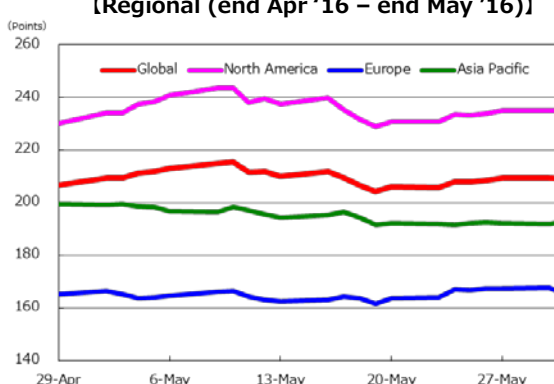
Looking at REIT return contribution by factors, every country showed positive performance in REIT factor. As for US, growing expectation for early rate hike weighed on the REIT market after April FOMC statement was released in the mid-month, however investors reacted positively to upward indicators making positive view for the economy to broaden. These factors as well as the weakening euro and rising oil prices boosted the European REIT market. Regarding Australia, RBA's unexpected decision to cut the cash rate mainly due to low underlining inflation had positive impacts on the REIT market. In terms of Forex, major currencies dropped against USD on heightened estimate for US rate hike. Accordingly, the Forex factor was negative by 0.9% to the total performance.

2. Global REIT Index (in USD)

[Global (1 Jun '05 – end May '16)]



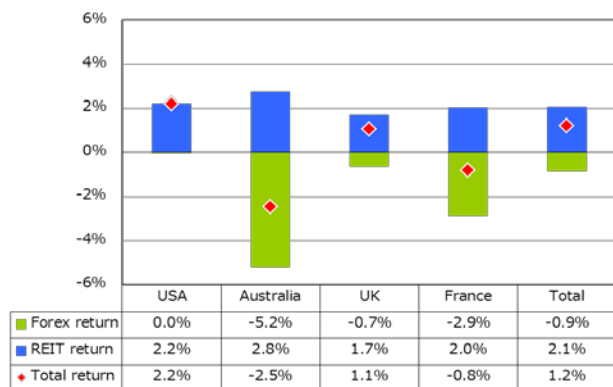
[Regional (end Apr '16 – end May '16)]



As of 31 May 2016	1week ago 24-May-16	1month ago 29-Apr-16	3months ago 29-Feb-16	6months ago 30-Nov-15	1year ago 29-May-15	3years ago 31-May-13
Global	0.7%	1.2%	10.3%	7.4%	8.0%	28.8%
North America	0.7%	2.1%	10.2%	8.0%	10.2%	31.8%
Europe	-1.0%	0.1%	13.3%	-0.8%	-0.9%	27.5%
Asia Pacific	1.9%	-2.4%	8.2%	13.0%	5.9%	16.7%

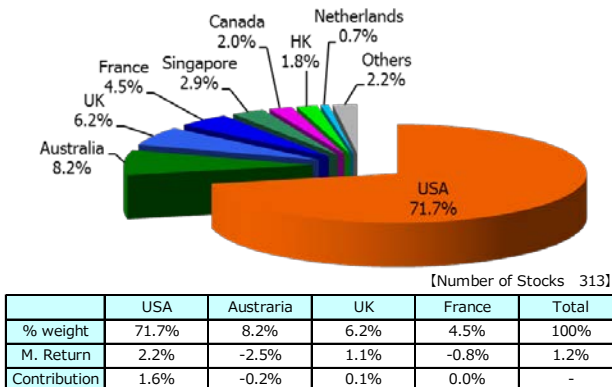
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

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

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