

J-REIT Monthly

September 2016

For your information only



Sumitomo Mitsui Asset Management

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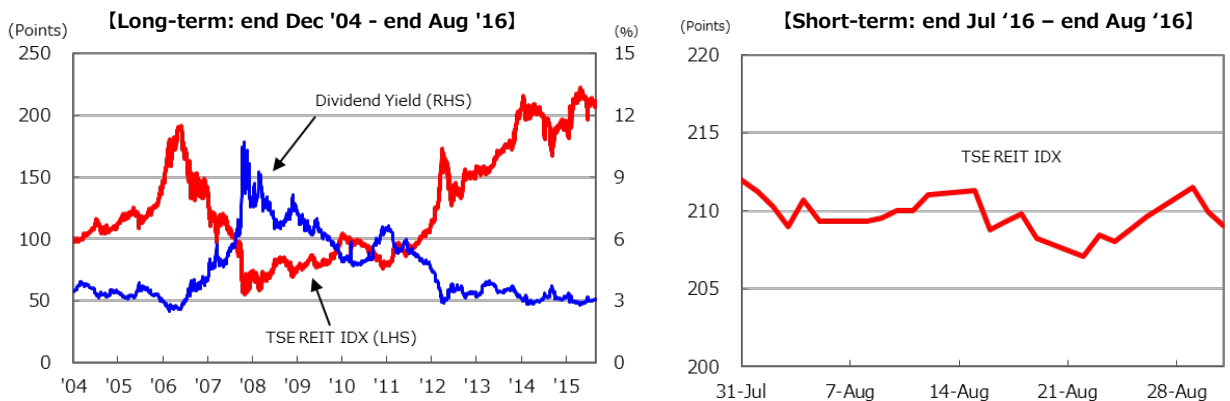
1. J-REIT Market Monthly Review (for August 2016)

In August 2016, TSE REIT Index (with dividends) slipped 2.0% MoM as Japanese long-term interest rates moved on an upward trend. The J-REIT index started the month with a soft undertone on the back of a sharp rise in long-term yields to hit a two-month high due to disappointing BoJ's additional easing in late July. Additionally, investors reacted negatively to possible deterioration in the supply-demand balance caused by selling pressure to generate cash to apply for new IPOs and public offerings.

July office vacancy rate in Tokyo five central wards was released at 3.94%, falling below 4% for the first time since 2008 and some office REITs announced positive earnings in the mid-month. Yet, the effects on the market were limited. Later, the index rallied with the weakening yen and rising stock markets, however, the upside was weighed down through the month.

In August, BoJ bought JPY6.0 bn worth of J-REITs, by five time purchases. The central bank continuously supported 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
	31-Aug-16	24-Aug-16	31-Jul-16	31-May-16	29-Feb-16	31-Aug-15	31-Aug-13
Index	3,325.60	3,309.44	3,394.01	3,422.69	3,361.11	2,881.06	2,138.71
%change	-	0.5%	-2.0%	-2.8%	-1.1%	15.4%	55.5%

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.

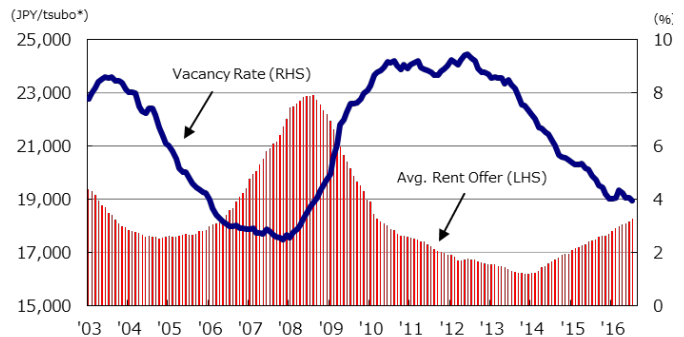
3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components: 53)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	7.7%
2 JAPAN REAL ESTATE INV.	J8952	6.9%
3 NOMURA RLST.MASTER FUND	J3462	6.2%
4 JAPAN RET.FD.INV.	J8953	5.1%
5 UNITED URB.INV.	J8960	4.7%
6 NIPPON PROLOGIS REIT	J3283	4.0%
7 DAIWA HOUSE RESIDENTIAL	J8984	3.8%
8 ORIX JREIT	J8954	3.8%
9 JAPAN PRIME REALTY INV.	J8955	3.5%
10 ADVANCE RESIDENCE INV.	J3269	3.1%
Others		51.2%
Total		100.0%

Source: DataStream, compiled by SMAM (As of the end of August 2016)

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Based on a monthly basis, covering a period from January 2003 to July 2016
(2) Tokyo 5 wards: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku.
(3) Tsubo is a Japanese traditional unit of measuring area. One tsubo represents approx. 10.76 square feet or 3.3 square meters
Source: DataStream, compiled by SMAM.

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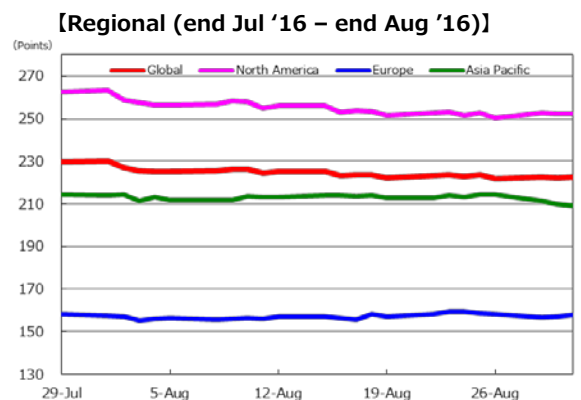
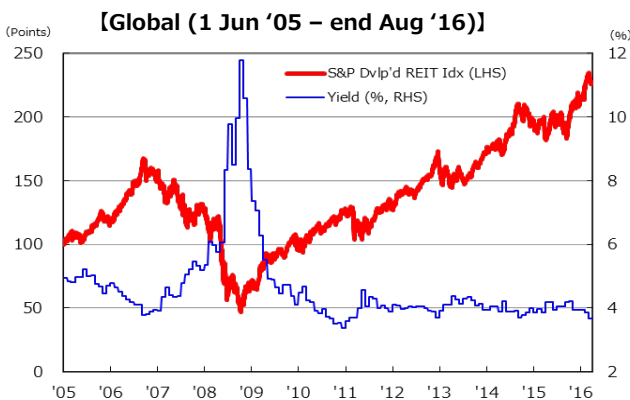
1. Global REIT Market Monthly Review (for August 2016)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) dropped 3.2% in August. On a local currency basis, Global REIT return was a 3.0% decline and the currency factor was slightly negative to the performance.

Looking at each REIT market, the US REIT market lost due to climbing long-term yields amid growing US rate-hike expectations after Federal Reserve Chair Janet Yellen's speech. Among the European REIT markets ending the month with a slight loss, UK enjoyed a 1.4% gain after the central bank decided a rate cut after 7-year break and to restart its asset purchase program. Although the Reserve Bank of Australia also announced a rate cut decision, the A-REIT market fell as it ran out of supporting factors.

Regarding the forex factor, the total performance resulted in at -0.2% led by the USD appreciation on mounting speculation for US rate hike and monetary easing implemented in UK and Australia.

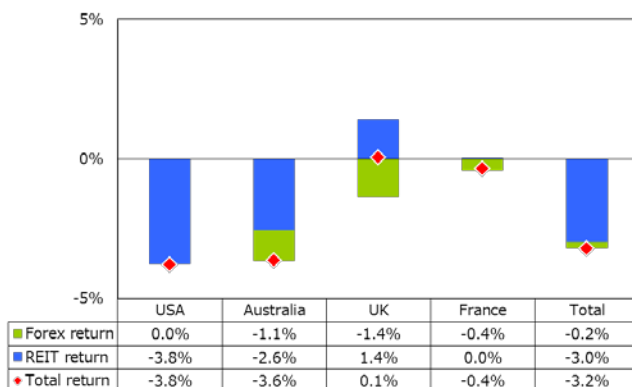
2. Global REIT Index (in USD)



As of 31 August 2016	1week ago 24-Aug-16	1month ago 29-Jul-16	3months ago 31-May-16	6months ago 29-Feb-16	1year ago 31-Aug-15	3years ago 30-Aug-13
Global	-0.1%	-3.2%	6.3%	17.3%	21.7%	48.7%
North America	0.3%	-3.8%	7.4%	18.3%	25.3%	53.9%
Europe	-1.1%	-0.2%	-4.7%	8.0%	-4.9%	27.7%
Asia Pacific	-1.7%	-2.4%	11.2%	20.3%	31.6%	43.1%

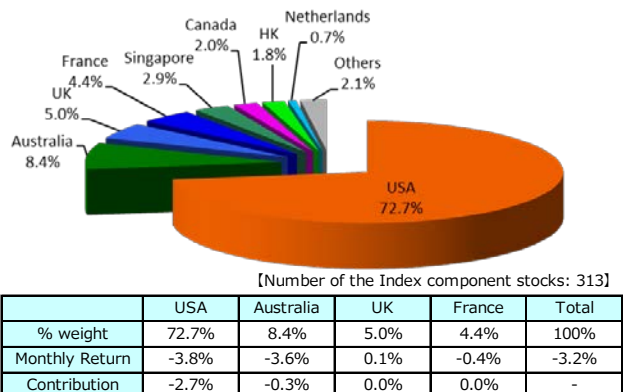
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

3. Return Contribution by Factors (Aug '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 (Aug'16)



Note: (1) S&P Developed REIT Index breakdown by country (ex-Japan, in USD).
(2) Contribution is calculated by multiplying each country's % weight by Monthly Return
Source: FactSet, compiled by SMAM.

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