

J-REIT Monthly

July 2016

For your information only



Sumitomo Mitsui Asset Management

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

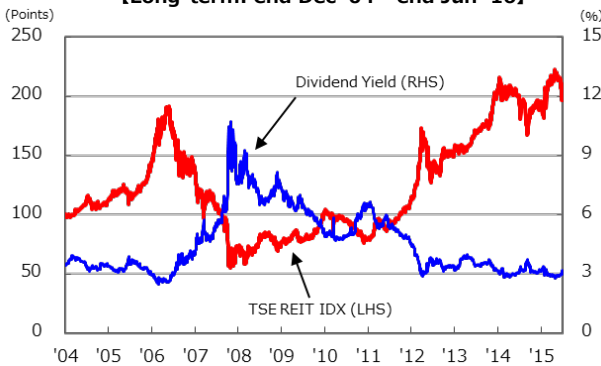
In June 2016, TSE REIT Index (with dividends) fell 2.4% MoM. The J-REIT market moved firmly until the beginning of the month, but after the mid-month, it turned to decline on anxieties over the Britain's vote to secede from the EU. The market plunged due to the yen's appreciation and global market falls spurred by the Brexit "leave" victory on June 23. Later, it bounced back to the price level before the Brexit shock occurred on the attractiveness of dividend yield level comparing with long-term interest rates after turbulence in financial markets settled down.

May office vacancy rate in Tokyo five central wards declined 4.05% MoM, by 0.18 points, from that in the previous month. However, rents are still on an upward trend since firm demands for office buildings eliminate excess supply of new buildings.

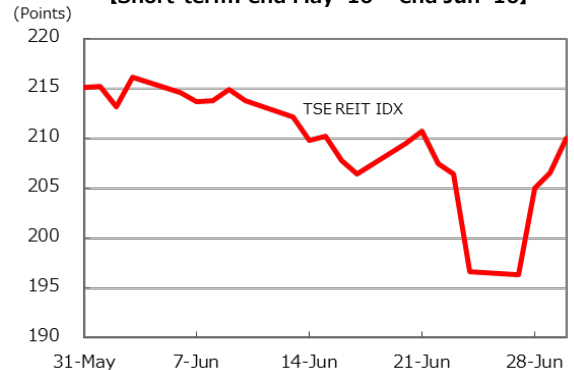
In June, BoJ bought JPY7.2bn worth of J-REITs, by six time purchases. The central bank continuously underpinned the REIT index.

2. TSE REIT Index (with dividends)

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



[Short-term: end May '16 - end Jun '16]



TSE REIT Index	As of	1week ago	1month ago	3months ago	6months ago	1year ago	3years ago
	30-Jun-16	23-Jun-16	31-May-16	31-Mar-16	31-Dec-15	30-Jun-15	30-Jun-13
Index	3,340.35	3,283.47	3,422.69	3,409.88	3,115.04	3,157.69	2,282.87
%change	-	1.7%	-2.4%	-2.0%	7.2%	5.8%	46.3%

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

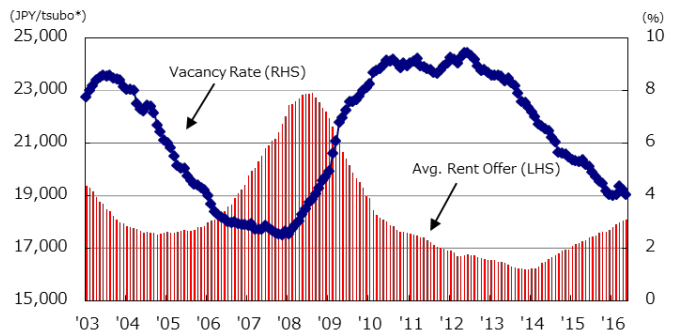
(# of J-REIT Components: 54)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	7.7%
2 JAPAN REAL ESTATE INV.	J8952	7.2%
3 JAPAN RET.FD.INV.	J8953	5.8%
4 NOMURA RLST.MASTER FUND	J3462	5.2%
5 UNITED URB.INV.	J8960	4.7%
6 NIPPON PROLOGIS REIT	J3283	4.0%
7 ORIX JREIT	J8954	3.7%
8 JAPAN PRIME REALTY INV.	J8955	3.3%
9 ADVANCE RESIDENCE INV.	J3269	3.1%
10 GLP JAPAN REIT	J3281	2.9%
Others		52.4%
Total		100.0%

Source: DataStream, compiled by SMAM

(As of the end of June 2016)

4. Tokyo Office Rents and Vacancy Rates



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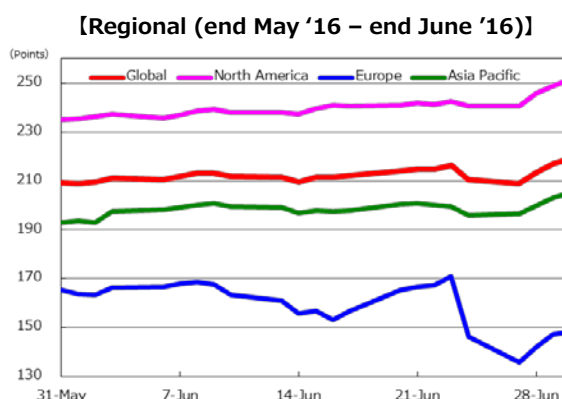
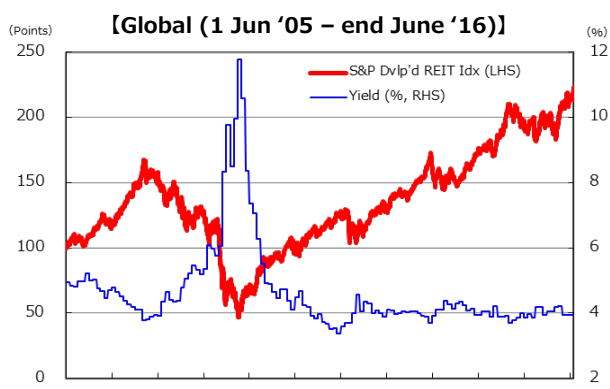
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1. Global REIT Market Monthly Review (for June 2016)

The S&P Development REIT Index (ex-Japan, with dividends, USD base) climbed 4.7% in June. On a local currency basis, Global REIT return was a 4.8% rise.

Looking at each REIT market, every country except for Europe showed positive performance. Financial markets temporarily faced turmoil worldwide due to unexpected UK's EU referendum, which caused declines in the European and other REIT markets toward the mid-month. Yet, REIT markets recovered as a) turbulent financial markets settled down in short-term, b) long-term government bond yields slipped on hopes for monetary easing, c) speculation for US rate hike was receded. The uptick was, however, limited on concerns over the property market to be deteriorated and mounting uncertainties over political and economic situation in other countries. Regarding the forex factor, GBP fell significantly against USD after the Brexit decision but the total performance resulted in at -0.1% offset by AUD, which rose against USD.

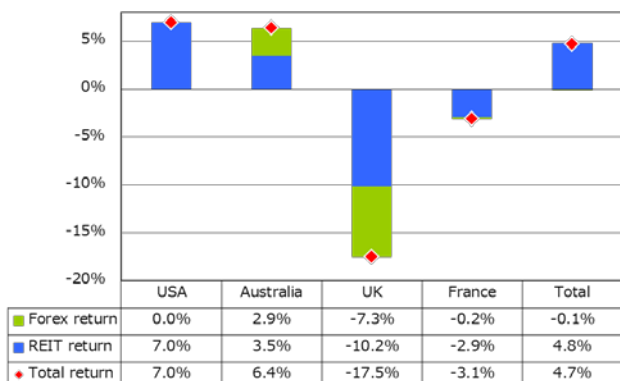
2. Global REIT Index (in USD)



As of 30 June 2016	1week ago 23-Jun-16	1month ago 31-May-16	3months ago 31-Mar-16	6months ago 31-Dec-15	1year ago 30-Jun-15	3years ago 28-Jun-13
Global	1.1%	4.7%	4.7%	11.1%	17.8%	39.3%
North America	3.6%	6.9%	6.6%	13.7%	23.3%	44.0%
Europe	-13.2%	-10.3%	-8.5%	-8.8%	-8.3%	21.7%
Asia Pacific	1.3%	6.8%	6.6%	17.6%	16.0%	31.8%

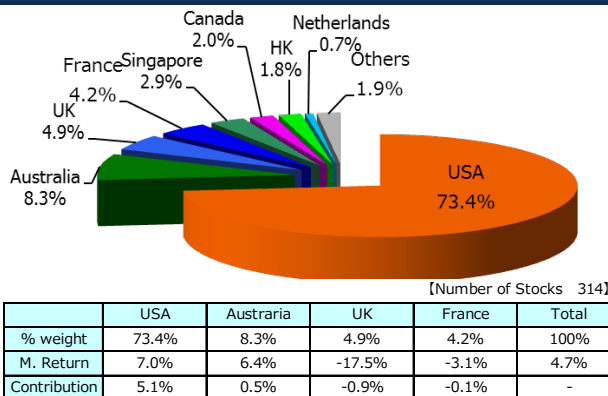
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

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