

J-REIT Monthly

July 2015

For your information only



Sumitomo Mitsui Asset Management

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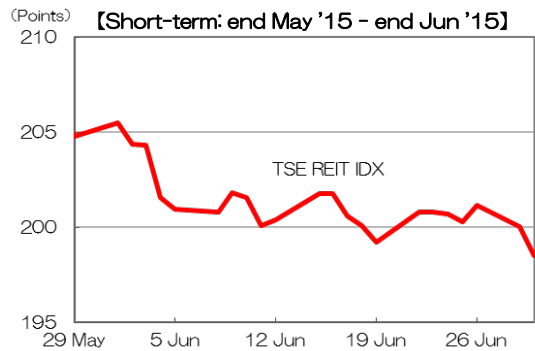
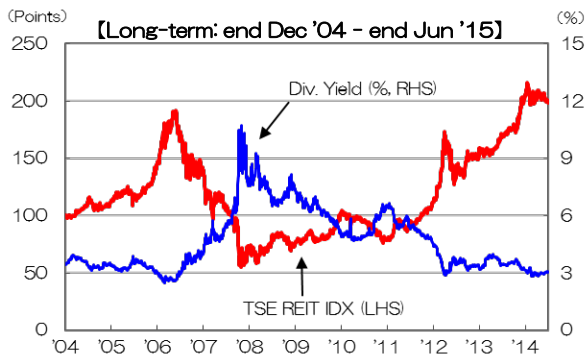
1. J-REIT Market Monthly Review (for June 2015)

In June 2015, the TSE REIT Index (with dividends) dropped 3.1% MoM on a rise of JGB yields, anxieties about deteriorating supply-demand balance after public offering (PO) announcements and looming uncertainties over Greek issue.

In the first half of the month, the REIT market opened softly as 10yr. JGB yield rose beyond 0.5% mark. In late month, worries for supply-demand balance by capital increase through PO weighed on the market while 10yr. JGB yield declined to the 0.4% s. In addition, heightened uncertainties over Greece pushed the REIT index down further. The Tokyo Office Building Market Research Report (5 Central Wards), released on June 11, reported the Tokyo office market moved firmly as May office vacancy rate and average rent improved.

The BOJ increased its purchase of J-REITs to JPY6.5bn in June from JPY4.8bn in the previous month.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of 30-Jun-15	1week ago 23-Jun-15	1month ago 31-May-15	3months ago 31-Mar-15	6months ago 31-Dec-14	1year ago 30-Jun-14	3years ago 30-Jun-12
Index	3,157.69	3,194.57	3,257.97	3,241.62	3,273.60	2,710.90	1,496.98
%change	-	-1.2%	-3.1%	-2.6%	-3.5%	16.5%	110.9%

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

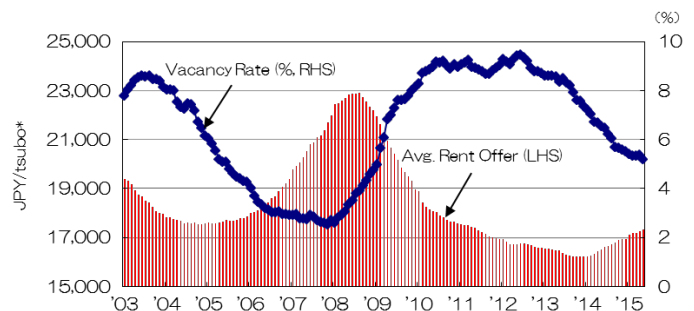
(# of J-REIT Components: 51)

	REIT	CODE	Weight
1	NIPPON BUILDING FUND	J8951	7.2%
2	JAPAN REAL ESTATE INV.	J8952	6.9%
3	JAPAN RET.FD.INV.	J8953	5.6%
4	UNITED URB.INV.	J8960	4.3%
5	ORIX JREIT	J8954	3.7%
6	NIPPON PROLOGIS REIT	J3283	3.7%
7	ADVANCE RESIDENCE INV.	J3269	3.7%
8	JAPAN PRIME REALTY INV.	J8955	3.1%
9	MORI TRUST SOGO REIT	J8961	3.0%
10	ACTIVIA PROPERTIES	J3279	2.7%
	Others		56.0%
	Total		100.0%

(As of the end of June 2015)

Source: DataStream, compiled by SMAM.

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Monthly, January 2003 - May 2015

(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 meter

Source: DataStream, compiled by SMAM.

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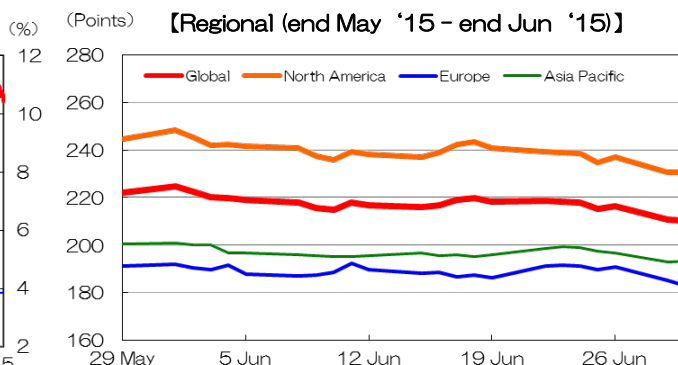
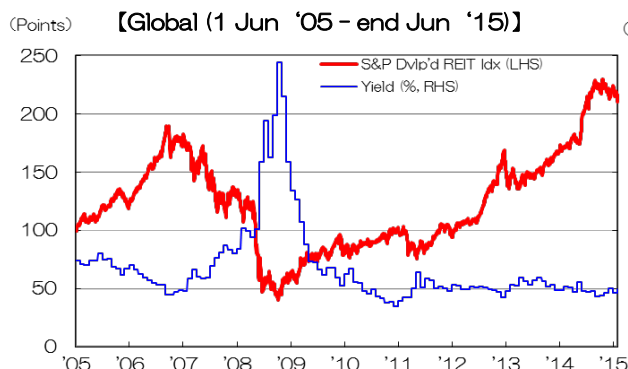
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1. Global REIT Market Monthly Review (for June 2015)

The S&P Developed REIT Index (ex-Japan, with dividends, JPY base) dipped 5.3% in June. On a local currency basis, the index fell on a spike of global government bond yields. Towards the month end, increasing Greek fears also affected the REIT market. The forex factor negatively contributed to the index performance as the major currencies depreciated against JPY triggered by BOJ governor's comment, which was regarded as a warning on the JPY weakening.

Locally, U.S. REIT market slid on rising treasury note yields after the release of improved employment data. Both European and Australian markets also sagged on higher government bond yields and growing uncertainties over Greek issue.

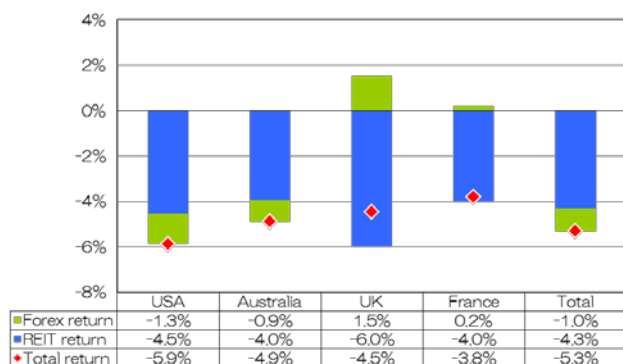
2. Global REIT Index (in JPY)



As of 30 Jun 2015	1 week ago 23-Jun-15	1 month ago 29-May-15	3 months ago 31-Mar-15	6 months ago 31-Dec-14	1 year ago 30-Jun-14	3 years ago 29-Jun-12
Global	-3.8%	-5.3%	-6.1%	-2.0%	23.4%	101.1%
North America	-3.6%	-5.8%	-8.3%	-4.1%	24.9%	94.6%
Europe	-4.5%	-4.4%	-0.3%	5.9%	18.5%	140.9%
Asia Pacific	-4.1%	-3.8%	0.4%	2.0%	21.0%	99.1%

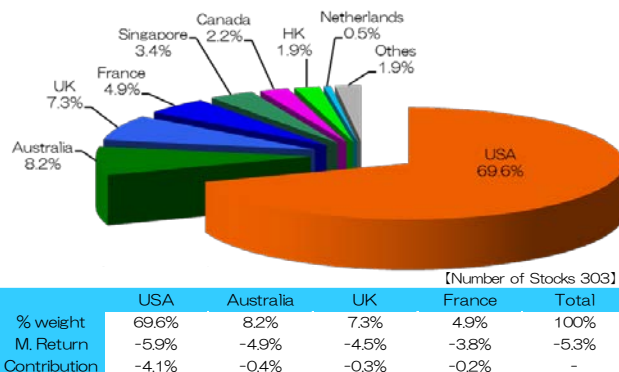
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in JPY)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

3. Return Contribution by Factors (Jun '15)



Note: Total-return breakdown of S&P Developed REIT Index by forex and market factors, by countries.
Source: FactSet, compiled by SMAM.

4. Global % Weight by Markets (Jun '15)



Note: (1) S&P Developed REIT Index breakdown by country (ex-Japan, in JPY).
(2) Contribution = Composition % weight x Monthly Return
Source: FactSet, compiled by SMAM.