

J-REIT Monthly

For your information only

June 2015



Sumitomo Mitsui Asset Management

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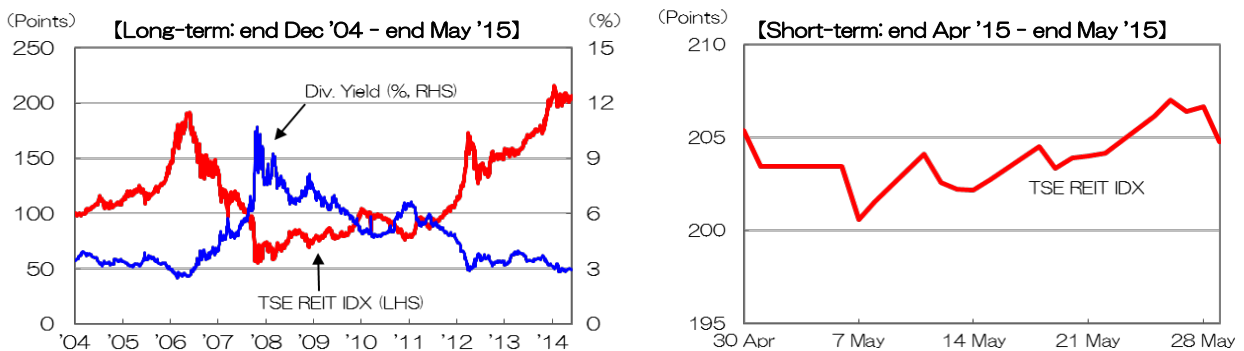
1. J-REIT Market Monthly Review (for May 2015)

In May 2015, the TSE REIT Index (with dividends) sagged 0.3% MoM on a rise in 10yr. JGB yields.

In the first half of the month, higher 10 yr. JGB yield weighed on the REIT market as global bond yields spiked led by higher German bond yields. For the second half of the month, the REIT index recovered on the equity market rally. However, the upside of the index came under pressure on anxieties about supply-demand balance after PO announcements. April office vacancy rate of office buildings in Tokyo Central 5 wards reported a slight increase on May 14th, while average rent improved on upbeat leasing contracts for existing buildings.

The BOJ decreased its purchase of J-REITs to JPY4.8bn in this month from JPY9.6bn in the previous month.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of 29-May-15	1 week ago 22-May-15	1 month ago 30-Apr-15	3 months ago 28-Feb-15	6 months ago 30-Nov-14	1 year ago 31-May-14	3 years ago 31-May-12
Index	3,257.97	3,247.98	3,267.36	3,306.03	3,139.72	2,645.27	1,439.82
%change	-	0.3%	-0.3%	-1.5%	3.8%	23.2%	126.3%

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

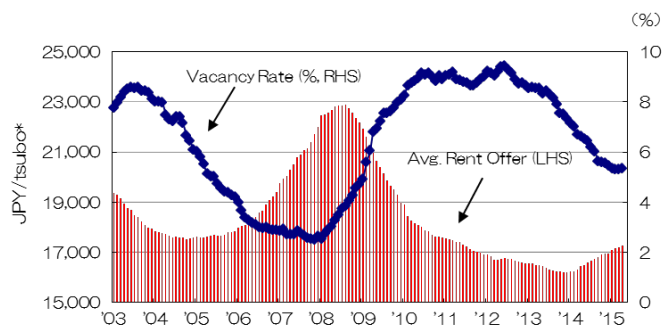
(# of J-REIT Components: 51)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	7.6%
2 JAPAN REAL ESTATE INV.	J8952	6.9%
3 JAPAN RET.FD.INV.	J3283	5.6%
4 UNITED URB.INV.	J8953	4.5%
5 NIPPON PROLOGIS REIT	J8960	3.8%
6 ORIX JREIT	J8955	3.6%
7 ADVANCE RESIDENCE INV.	J3269	3.6%
8 JAPAN PRIME REALTY INV.	J8954	3.1%
9 MORI TRUST SOGO REIT	J3281	2.8%
10 ACTIVIA PROPERTIES	J3279	2.7%
Others		55.7%
Total		100.0%

(As of the end of May 2015)

Source: DataStream, compiled by SMAM.

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Monthly, January 2003 - April 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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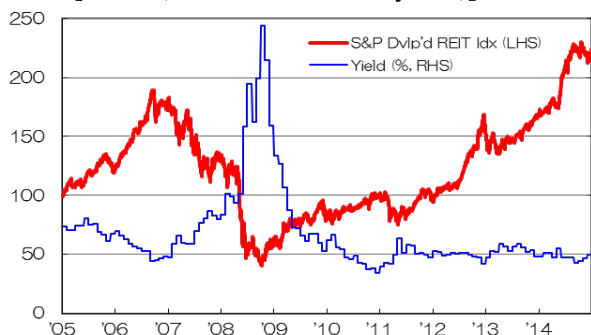
1. Global REIT Market Monthly Review (for May 2015)

The S&P Developed REIT Index (ex-Japan, with dividends, JPY base) rose 2.8% in May. On local currencies basis, it slightly slipped on lower U.S. and French REIT markets caused by spikes in 10yr. yields. The forex factor raised the index performance as USD/JPY soared on Fed Chair Janet Yellen's remark, suggesting the possibility of U.S. rate hike by the end of the year.

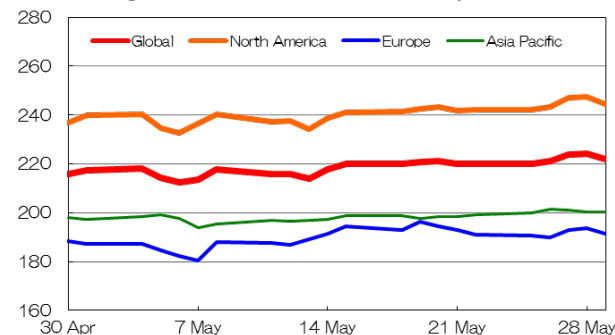
U.S. REIT market slid on a spike in bond yields whereas the economic data on housing and manufacturing improved. In Europe, the market was mixed. UK market was up after the Conservatives won majority in the general election, while French market declined on higher government bond yields. Australian market gained in favor of better-than-expected financial results in REIT companies and improved consumer confidence index.

2. Global REIT Index (in JPY)

(Points) 【Global (1 Jun '05 - end May '15)】



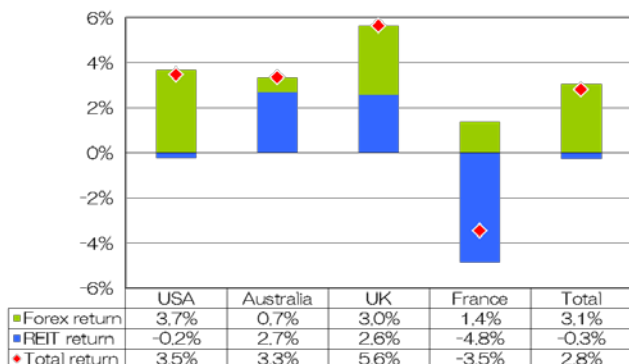
(%) (Points) 【Regional (end Mar '15 - end May '15)】



As of 29-May-15	1 week ago 22-May-15	1 month ago 30-Apr-15	3 months ago 27-Feb-15	6 months ago 28-Nov-14	1 year ago 30-May-14	3 years ago 31-May-12
Global	0.8%	2.8%	-0.2%	5.5%	31.7%	130.0%
North America	1.0%	3.2%	-0.8%	4.6%	33.5%	121.9%
Europe	0.2%	1.6%	1.7%	9.3%	25.6%	175.5%
Asia Pacific	0.8%	2.0%	1.4%	6.8%	29.0%	130.0%

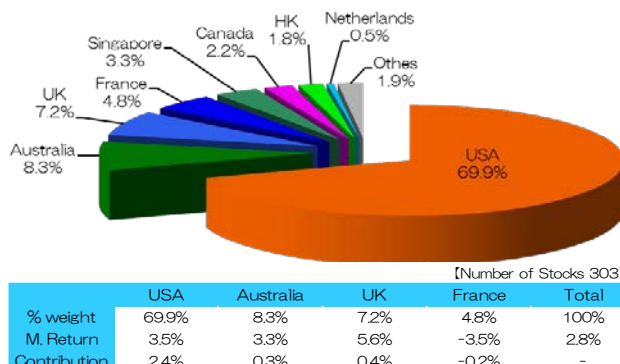
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in JPY)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

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