

J-REIT Monthly

August 2016

For your information only



Sumitomo Mitsui Asset Management

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

In July 2016, TSE REIT Index (with dividends) gained 1.6% MoM as the J-REIT market moved firmly on hopes for expansion of stimulus measures by the government and the Bank of Japan (BoJ) to underpin the economy.

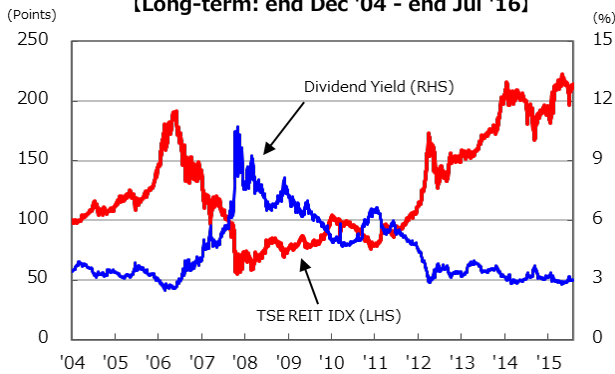
Once the market sagged in the beginning of the month, it rebounded from the mid-month on the back of stronger market attention on economic measures after the ruling coalition won a victory in the Upper House election. However, in the end of the month, the upside was limited due to selling pressure to generate cash to apply for new IPOs and public offerings.

June office vacancy rate in Tokyo five central wards increased to 4.07%, rising 0.02 points from that in May. However, rents are still on an upward trend since firm demands for office buildings offset increased supply of new buildings.

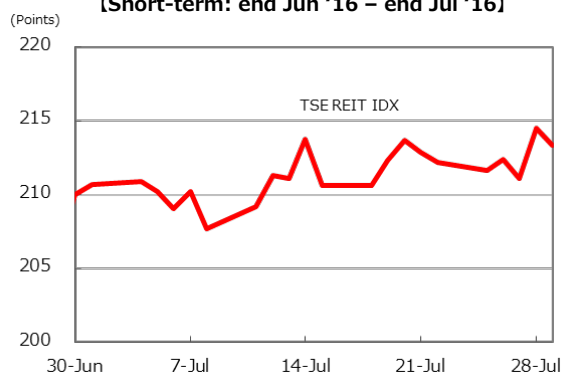
In July, BoJ bought JPY4.8 bn worth of J-REITs, by four time purchases. Although this purchased amount was reduced from 7.2bn in June, the central bank continuously supported the REIT index.

2. TSE REIT Index (with dividends)

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



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



| TSE REIT Index | As of | 1week ago | 1month ago | 3months ago | 6months ago | 1year ago | 3years ago |
|----------------|-----------|-----------|------------|-------------|-------------|-----------|------------|
| Index | 29-Jul-16 | 22-Jul-16 | 30-Jun-16 | 30-Apr-16 | 31-Jan-16 | 31-Jul-15 | 31-Jul-13 |
| Index | 3,394.01 | 3,375.55 | 3,340.35 | 3,465.54 | 3,182.12 | 3,100.40 | 2,150.68 |
| %change | - | 0.5% | 1.6% | -2.1% | 6.7% | 9.5% | 57.8% |

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

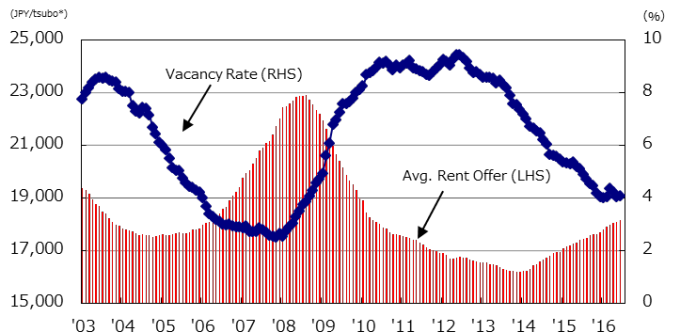
(# of TSE REIT Index Components: 54)

| REIT | CODE | Weight |
|---------------------------|-------|--------|
| 1 NIPPON BUILDING FUND | J8951 | 7.5% |
| 2 JAPAN REAL ESTATE INV. | J8952 | 6.9% |
| 3 JAPAN RET.FD.INV. | J8953 | 5.4% |
| 4 NOMURA RLST.MASTER FUND | J3462 | 5.4% |
| 5 UNITED URB.INV. | J8960 | 4.8% |
| 6 NIPPON PROLOGIS REIT | J3283 | 4.0% |
| 7 ORIX JREIT | J8954 | 3.9% |
| 8 JAPAN PRIME REALTY INV. | J8955 | 3.3% |
| 9 ADVANCE RESIDENCE INV. | J3269 | 3.1% |
| 10 GLP JAPAN REIT | J3281 | 2.9% |
| Others | | 52.8% |
| Total | | 100.0% |

Source: DataStream, compiled by SMAM

(As of the end of July 2016)

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Based on a monthly basis, covering a period from January 2003 to June 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.

Global REIT Monthly

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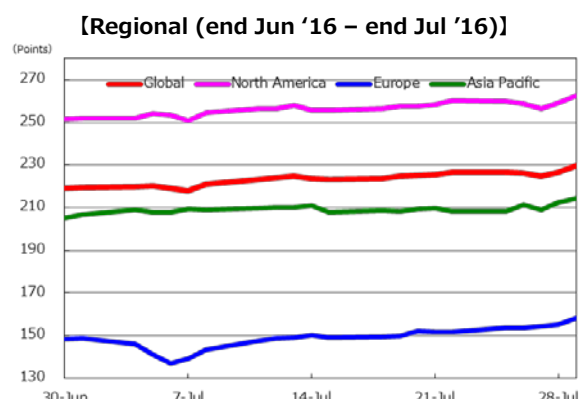
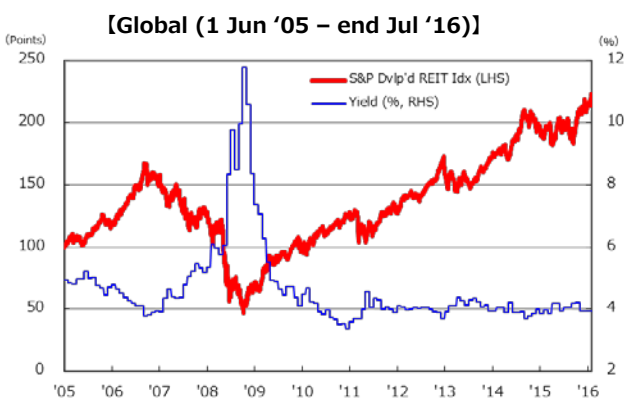
1. Global REIT Market Monthly Review (for July 2016)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) climbed 4.9% in July. On a local currency basis, Global REIT return was a 4.7% rise and the currency factor was slightly positive to the performance.

Looking at each REIT market, the indices moved firmly on receded concerns over rising long-term yields with oil prices fall as excessive risk-off mood prompted by Brexit's decision eased off. In US, higher-than-expected employment data encouraged a sense of ease to the economy. The US REIT market maintained an upward trend on growing expectation that upside of long-term yields is limited. The UK REITs also bounced back as new prime minister was appointed and the view that Bank of England would move to monetary easing as early as this August increased.

Regarding the forex factor, the total performance resulted in at +0.2% led by rises in AUD and EUR while GBP fell marginally against USD.

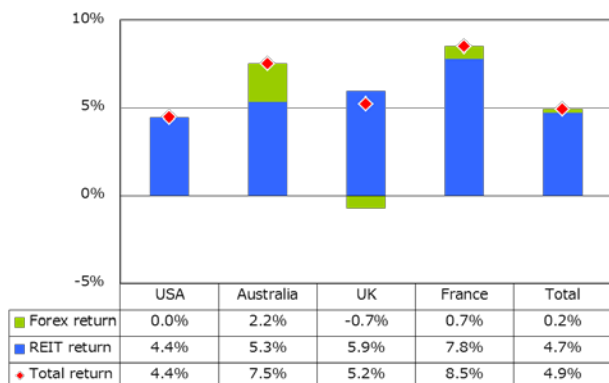
2. Global REIT Index (in USD)



| As of 29 July 2016 | 1week ago 22-Jul-16 | 1month ago 30-Jun-16 | 3months ago 29-Apr-16 | 6months ago 29-Jan-16 | 1year ago 31-Jul-15 | 3years ago 31-Jul-13 |
|--------------------|------------------------|-------------------------|--------------------------|--------------------------|------------------------|-------------------------|
| Global | 1.3% | 4.9% | 11.1% | 20.9% | 18.1% | 44.4% |
| North America | 0.8% | 4.4% | 13.9% | 22.8% | 22.2% | 48.9% |
| Europe | 4.1% | 6.6% | -4.3% | 3.1% | -7.8% | 21.5% |
| Asia Pacific | 2.1% | 6.6% | 11.2% | 28.0% | 23.8% | 42.6% |

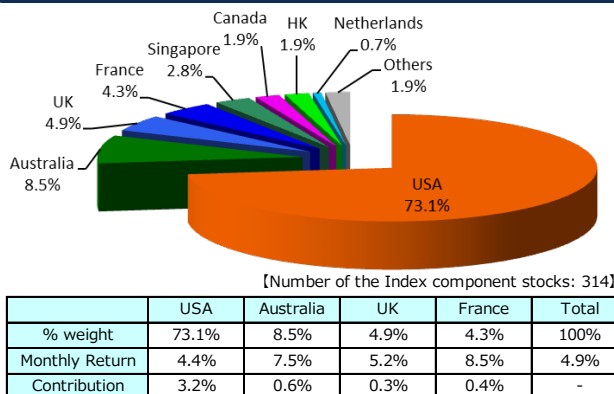
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

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