

J-REIT Monthly

October 2015

For your information only



Sumitomo Mitsui Asset Management

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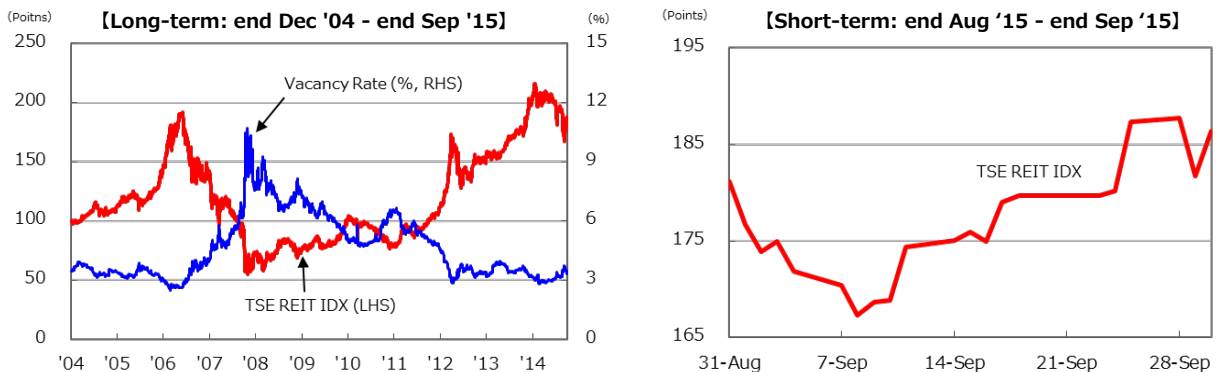
1. J-REIT Market Monthly Review (for September 2015)

In September 2015, the TSE REIT Index (with dividends) gained 2.9% MoM.

At the beginning of the month, the index dropped and hit a new low since May 2014 due to global risk-averse movement ignited by fears about Chinese economic slowdown. Yet it turned upward from the mid-month supported by an upward trend in the property market; office vacancy rate in Tokyo 5 central wards, which marked the first drop below 5% in 6 and a half years in July, improved further to 4.7% in August. In addition, an appreciation rate for average commercial land prices in 3 major metropolitan areas also expanded. A decline in JGB yield pushed up the REIT market.

Purchases of J-REITs by the BOJ decreased to JPY5.2bn in September from JPY10.4bn in the previous month, however, supported the market in a downswing phase.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of 30-Sep-15	1week ago 23-Sep-15	1month ago 31-Aug-15	3months ago 30-Jun-15	6months ago 31-Mar-15	1year ago 30-Sep-14	3years ago 30-Sep-12
Index	2,964.58	2,858.26	2,881.06	3,157.69	3,241.62	2,859.23	1,618.08
%change	-	3.7%	2.9%	-6.1%	-8.5%	3.7%	83.2%

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

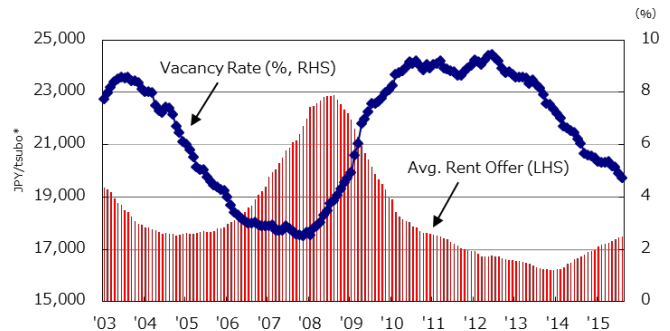
(# of J-REIT Components: 53)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	7.4%
2 JAPAN REAL ESTATE INV.	J8952	6.9%
3 JAPAN RET.FD.INV.	J8953	5.6%
4 UNITED URB.INV.	J8960	4.4%
5 NIPPON PROLOGIS REIT	J3283	3.9%
6 ORIX JREIT	J8954	3.5%
7 JAPAN PRIME REALTY INV.	J8955	3.5%
8 ADVANCE RESIDENCE INV.	J3269	3.4%
9 GLP JAPAN REIT	J3281	2.9%
10 DAIWA OFFICE INVESTMENT	J8961	2.9%
Others		55.6%
Total		100.0%

(As of the end of September 2015)

Source: DataStream, compiled by SMAM

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Monthly, January 2003 - August 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 September 2015)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) advanced 2.1% in September.

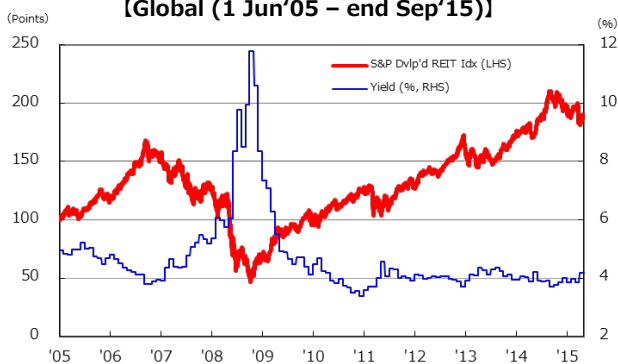
In the beginning, the index slipped with sinking global stock markets driven by risk-averse movement amid growing concerns over global economic slowdown especially in China from late August. In the second half of the month, regional REIT indices except for the Australian REIT index returned to a rising trend.

Locally, U.S. REIT market achieved a relatively large rise on lowering treasury note yields by the Fed's decision to delay U.S. rate increase. Elsewhere, heightened expectation for ECB's additional monetary easing contributed to raise European REIT market. In Australia, the REIT market slightly fell on mounting concerns over China's economy whereas the long-term yields have remained at a low level.

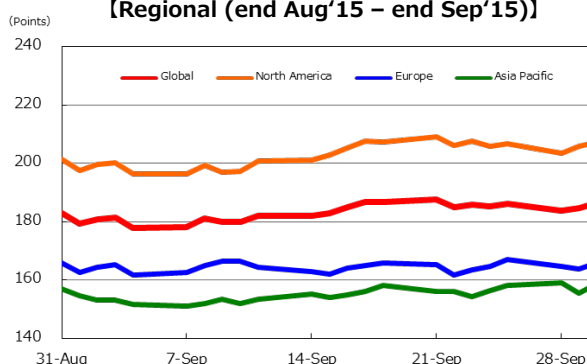
Forex factor contributed negatively on stronger USD against other currencies due to anticipation for U.S. rate hike.

2. Global REIT Index (in USD)

[Global (1 Jun'05 – end Sep'15)]



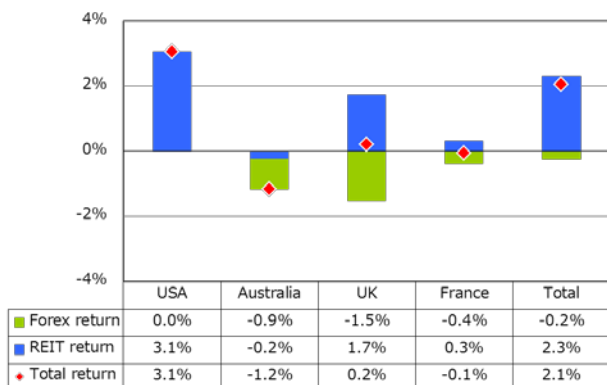
[Regional (end Aug'15 – end Sep'15)]



As of 31 September 2015	1week ago 23-Sep-15	1month ago 31-Aug-15	3months ago 30-Jun-15	6months ago 31-Mar-15	1year ago 30-Sep-14	3years ago 28-Sep-12
Global	0.4%	2.1%	0.3%	-7.7%	6.7%	27.7%
North America	-0.1%	3.0%	1.7%	-8.6%	8.7%	28.5%
Europe	1.4%	0.0%	2.4%	0.1%	8.9%	50.8%
Asia Pacific	2.0%	-0.8%	-9.0%	-10.4%	-5.0%	6.4%

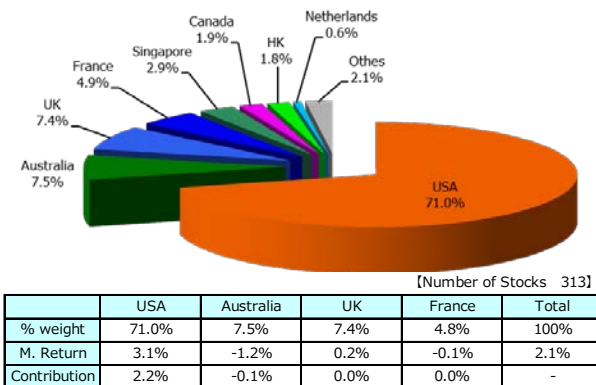
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

3. Return Contribution by Factors (Sep '15)



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 (Sep '15)



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.