

J-REIT Monthly

July 2017

For your information only



Sumitomo Mitsui Asset Management

Sumitomo Mitsui Asset Management Company, Limited
Atago Green Hills MORI Tower 28th Floor
2-5-1 Atago, Minato-ku, Tokyo 105-6228, Japan
<http://www.smam-jp.com/english/>

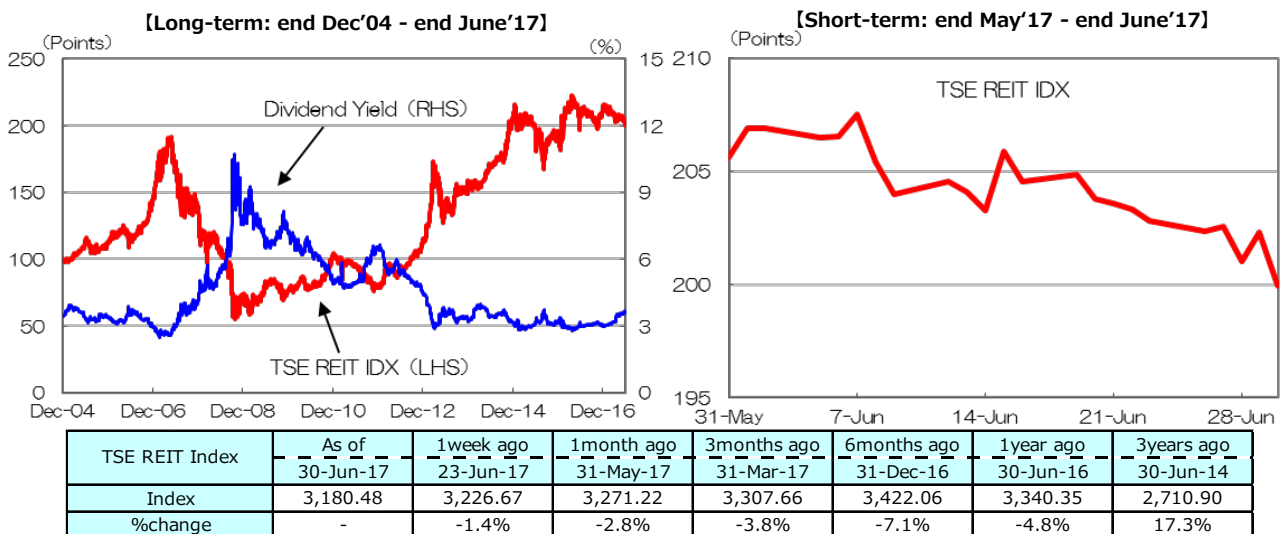
1. J-REIT Market Monthly Review (for June 2017)

In June 2017, the TSE REIT Index (with dividends) dropped 2.8% MOM due to rise in long term yields and also, supply and demand. The J-REIT market declined because of (i) decrease in attractiveness of J-REIT yields as long term interest rates rose in the end of June despite BOJ's unchanged monetary policy and (ii) adjustment of supply and demand, since investment trusts in the Japan market turned to net selling from net buying trend in last fiscal year. By sector, commercial logistics sector outperformed and other sectors underperformed.

May office vacancy rate in Tokyo five central wards slightly increased to 3.41%. However, rent is continuously rising and robust business environment remains unchanged.

In June, BOJ bought JPY9.6 bn worth of J-REITs, by eight time purchases in the latter half of the month.

2. TSE REIT Index (with dividends)



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: SMAM, based on DataStream.

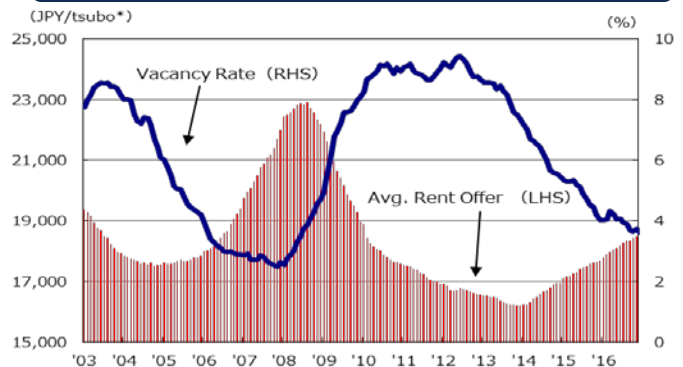
3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:58)

REIT	CODE	Weight (%)
1 NIPPON BUILDING FUND	J8951	7.3
2 JAPAN REAL ESTATE INV.	J8952	7.0
3 NOMURA RLST.MASTER FUND	J3462	5.8
4 JAPAN RET.FD.INV.	J8953	5.3
5 UNITED URB.INV.	J8960	4.7
6 ORIX JREIT	J8954	4.2
7 NIPPON PROLOGIS REIT	J3283	3.7
8 DAIWA HOUSE REIT INV.	J8984	3.6
9 ADVANCE RESIDENCE INV.	J3269	3.4
10 JAPAN PRIME REALTY INV.	J8955	3.2
Others		51.7
Total		100.0

Source: SMAM, based on DataStream. (As of the end of June 2017)

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Covering a period from January 2003 to May 2017 (monthly basis).
(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: SMAM, based on FactSet data.

Global REIT Monthly

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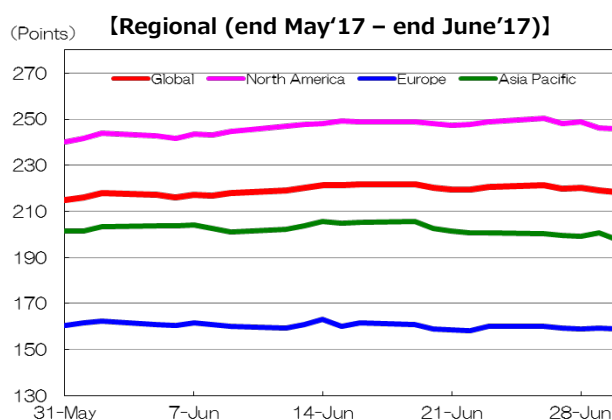
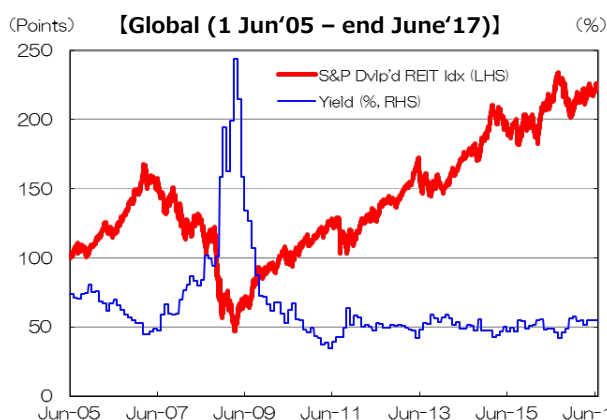
1. Global REIT Market Monthly Review (for June 2017)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) gained 1.6% in June. On a local currency basis, the REIT return rose 1.1% and the Forex return improved 0.5%.

The US REIT market climbed, as the US stock market moved on a firm tone underpinned by the robust US economy. However, the market reduced its upward growth after it turned to a soft tone following the rise in US long term yield in the end of the month. The European REIT markets declined on the back of increase in European long term interest rates led by the ECB Chair Draghi's comment suggesting gradual unwinding of quantitative monetary easing. The UK REIT market declined owing to (i) the ruling conservative party's loss in seat majority in the election of House of Commons, (ii) uncertainty over the Brexit negotiation with the EU and (iii) rise in UK long term interest rates.

Regarding the Forex factor, USD, EUR, GBP and AUD advanced against JPY.

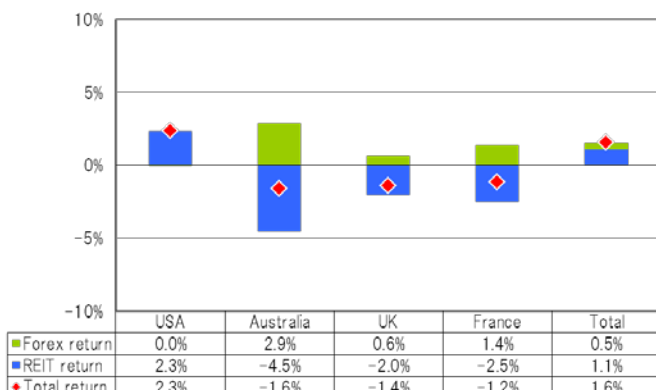
2. Global REIT Index (in USD)



As of 30 June 2017	1 week ago 23-Jun-17	1 month ago 31-May-17	3 months ago 31-Mar-17	6 months ago 30-Dec-16	1 year ago 30-Jun-16	3 years ago 30-Jun-14
Global	-1.1%	-1.6%	2.5%	4.2%	-0.4%	-19.8%
North America	-1.1%	2.4%	1.5%	2.2%	-2.2%	-24.7%
Europe	-0.8%	-0.9%	9.2%	11.0%	7.2%	-3.7%
Asia Pacific	-1.0%	-0.4%	2.1%	9.1%	3.1%	19.7%

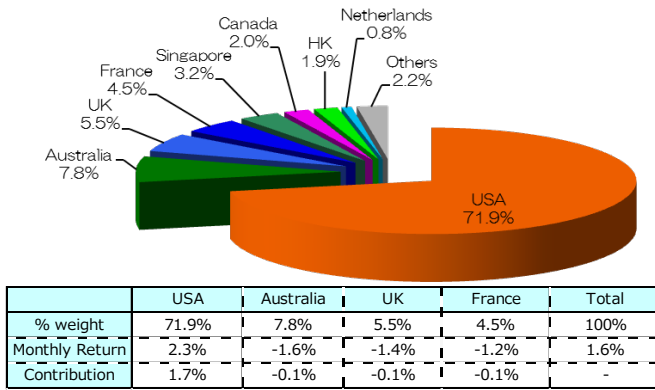
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: SMAM, based on FactSet data.

3. Return Contribution by Factors (June'17)



Note: Total-return breakdown of S&P Developed REIT Index (in USD) by forex and market factors, by countries.
Source: SMAM, based on FactSet data.

4. Global % Weight by Markets (June'17)



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: SMAM, based on FactSet data.