

# J-REIT Monthly

February 2016

For your information only



Sumitomo Mitsui Asset Management

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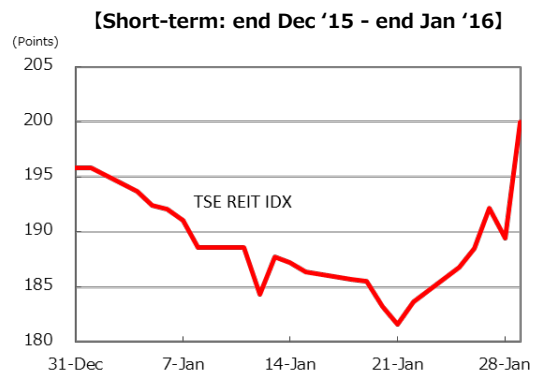
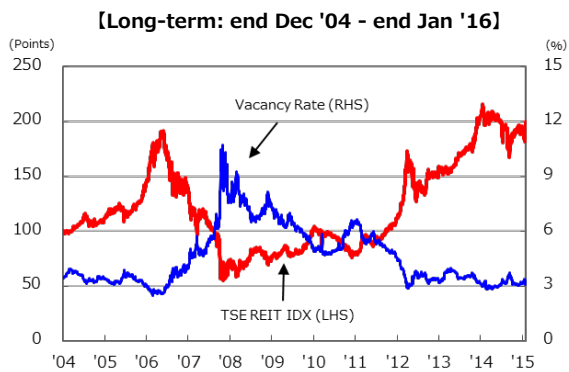
## 1. J-REIT Market Monthly Review (for January 2016)

In January 2016, the TSE REIT Index (with dividends) gained 2.2% MoM.

The J-REIT market moved on a declining trend until January 21 as a series of POs and IPO were announced from the beginning of this year. Also, weak stock markets across the world negatively affected on concerns over slowing Chinese economy and oil price fall. Toward the month end, the REIT market rebounded as the stock market stabilized. After the BoJ released an introduction of negative interest rate on January 29, the market jumped due to sharp declines of the long-term JGB yields. As December office vacancy rate in Tokyo 5 central wards declined to 4.03%, the property market remained firm.

Purchases of J-REITs by the BOJ increased to JPY10.8bn in January from JPY4.8bn in the previous month.

## 2. TSE REIT Index (with dividends)



TSE REIT Index	As of 29-Jan-16	1week ago 22-Jan-16	1month ago 31-Dec-15	3months ago 31-Oct-15	6months ago 31-Jul-15	1year ago 31-Jan-15	3years ago 31-Jan-13
Index	3,182.12	2,922.23	3,115.04	3,061.58	3,100.40	3,260.64	1,993.51
%change	-	8.9%	2.2%	3.9%	2.6%	-2.4%	59.6%

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

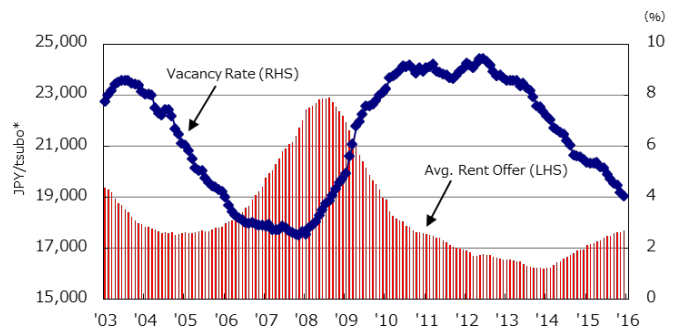
(# of J-REIT Components: 52)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	8.1%
2 JAPAN REAL ESTATE INV.	J8952	7.7%
3 JAPAN RET.FD.INV.	J8953	6.0%
4 NOMURA RLST.MASTER FUND	J3462	5.1%
5 UNITED URB.INV.	J8960	4.2%
6 ORIX JREIT	J8954	3.6%
7 JAPAN PRIME REALTY INV.	J8955	3.5%
8 NIPPON PROLOGIS REIT	J3283	3.4%
9 ADVANCE RESIDENCE INV.	J3269	3.1%
10 DAIWA OFFICE INVESTMENT	J8976	3.1%
Others		52.0%
Total		100.0%

Source: DataStream, compiled by SMAM

(As of the end of January 2016)

## 4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Monthly, January 2003 - December 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 meters

Source: DataStream, compiled by SMAM.

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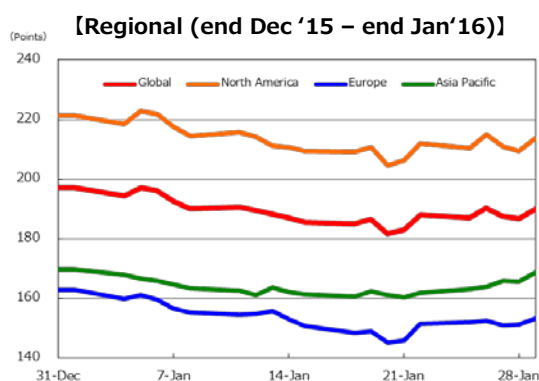
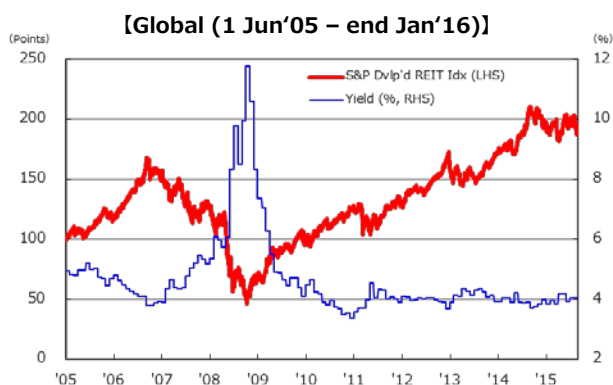
### 1. Global REIT Market Monthly Review (for January 2016)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) lost 3.5% in January. On a local currency basis, REIT returns in North America, Europe and Global registered falls whereas that in Asia Pacific rose.

Until the mid-month, each region's REIT market moved within a sagging trend affected by declining equity markets across the world on concerns for China's economic slowdown and crude price fall. In the second half of the month, the market recovered on retreated risk-averse movement as the ECB governor Mario Draghi indicated a possibility of additional monetary easing in March. In terms of returns by countries, the total return in UK showed relatively bigger fall as growing debate over "Brexit" and worries about economic slowdown weighed on investor sentiment.

Forex factor was slightly negative to the total performance as major currencies dropped against USD.

### 2. Global REIT Index (in USD)

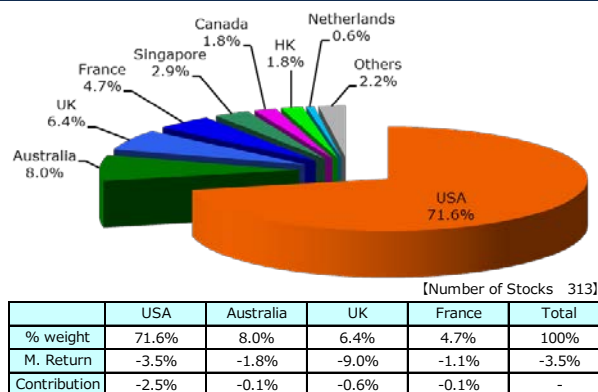
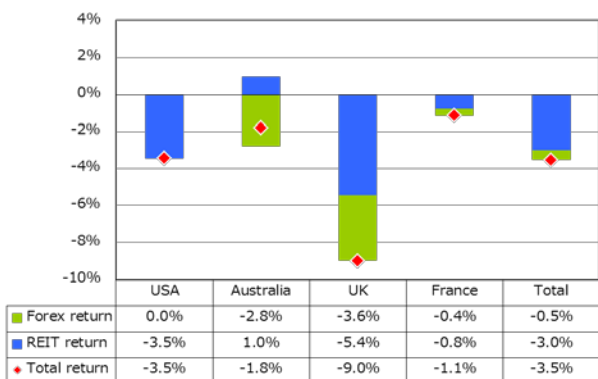


As of 29 January 2016	1week ago 22-Jan-16	1month ago 31-Dec-15	3months ago 30-Oct-15	6months ago 31-Jul-15	1year ago 30-Jan-15	3years ago 31-Jan-13
Global	1.1%	-3.5%	-3.9%	-2.3%	-7.3%	20.9%
North America	0.8%	-3.4%	-2.4%	-0.5%	-7.5%	24.8%
Europe	1.1%	-5.8%	-13.9%	-10.6%	-7.1%	25.8%
Asia Pacific	2.7%	-2.1%	-1.0%	-3.3%	-5.9%	1.3%

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

### 3. Return Contribution by Factors (Jan '16)

### 4. Global % Weight by Markets (Jan '16)



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.