

J-REIT Monthly

December 2016

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 November 2016)

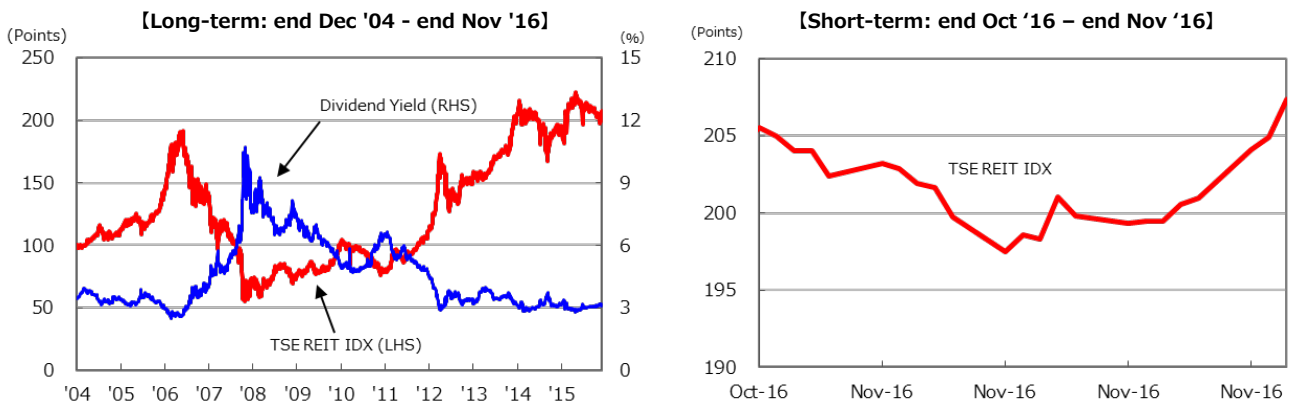
In November 2016, TSE REIT Index (with dividends), facing a sell-off in the first half of the month and then a rebound, ended the month 0.89% higher amid easing volatility of bond yields.

In the beginning of the month, the J-REIT index moved in a declining trend on unstable movements in Japanese bond yields, with 10-yr JGB yields returning back into a positive territory, amid growing expectation for global inflation and climbing interest rates due to Donald Trump's economic policy plan including tax cut and infrastructure investment. After the upturn of the interest rates stopped in the second half of the month, the J-REIT market attracted investors' attention due to the valuation level lagging behind the equity market already on an upward trend on the back of the weakening yen,.

October office vacancy rate in Tokyo five central wards declined for 4 months in a row to 3.64%. Office property market in Tokyo's major business areas continued to improve.

In November, BoJ bought JPY10.3 bn worth of J-REITs, by eight time purchases.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of 30-Nov-16	1week ago 23-Nov-16	1month ago 31-Oct-16	3months ago 31-Aug-16	6months ago 31-May-16	1year ago 30-Nov-15	3years ago 30-Nov-13
Index	3,298.65	3,172.77	3,269.40	3,325.60	3,422.69	3,110.54	2,434.17
%change	-	4.0%	0.9%	-0.8%	-3.6%	6.0%	35.5%

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

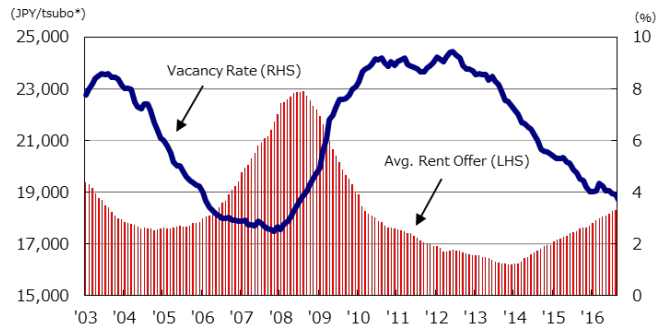
(# of TSE REIT Index Components: 56)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.7
2	JAPAN REAL ESTATE INV.	J8952	7.0
3	NOMURA RLST.MASTER FUND	J3462	6.1
4	JAPAN RET.FD.INV.	J8953	5.1
5	UNITED URB.INV.	J8960	4.4
6	ORIX JREIT	J8954	3.8
7	NIPPON PROLOGIS REIT	J3283	3.8
8	DAIWA HOUSE REIT INV.	J8984	3.7
9	JAPAN PRIME REALTY INV.	J8955	3.5
10	ADVANCE RESIDENCE INV.	J3269	3.3
	Others		51.6
	Total		100.0

Source: DataStream, compiled by SMAM

(As of the end of November 2016)

4. Tokyo Office Rents and Vacancy Rates



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

Please read this disclaimer carefully. • This material is for non-Japanese institutional investors only. • The research and analysis included in this report, and those opinions or judgments as outcomes thereof, are intended to introduce or demonstrate capabilities and expertise of Sumitomo Mitsui Asset Management Company, Ltd. (hereinafter "SMAM"), or to provide information on investment strategies and opportunities. Therefore this material is not intended to offer or solicit investments, provide investment advice or service, or to be considered as disclosure documents under the Financial Instruments and Exchange Law of Japan. • The expected returns or risks in this report are calculated based upon historical data and/or estimated upon the economic outlook at present, and should be construed no warrant of future returns and risks. • Past performance is not necessarily indicative of future results. • The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc. • The investment products or strategies do not guarantee future results nor guarantee the principal of investments. The investments may suffer losses and the results of investments, including such losses, belong to the client. • The recipient of this report must make its own independent decisions regarding investments. • The opinions, outlooks and estimates in this report do not guarantee future trends or results. They constitute SMAM's judgment as of the date of this material and are subject to change without notice. • The awards included in this report are based on past achievements and do not guarantee future results. • The intellectual property and all rights of the benchmarks/indexes belong to the publisher and the authorized entities/individuals. • This material has been prepared by obtaining data from sources which are believed to be reliable but SMAM can not and does not guarantee its completeness or accuracy. • All rights, titles and interests in this material and any content contained herein are the exclusive properties of SMAM, except as otherwise stated. It is strictly prohibited from using this material for investments, reproducing/copying this material without SMAM's authorization, or from disclosing this material to a third party.

Registered Number: Kanjo Local Finance Bureau (KINSHO) No.399 Member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and Type II Financial Instruments Firms Association
© Sumitomo Mitsui Asset Management Company, Limited

Global REIT Monthly

For your information only



Sumitomo Mitsui Asset Management

December 2016

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/>

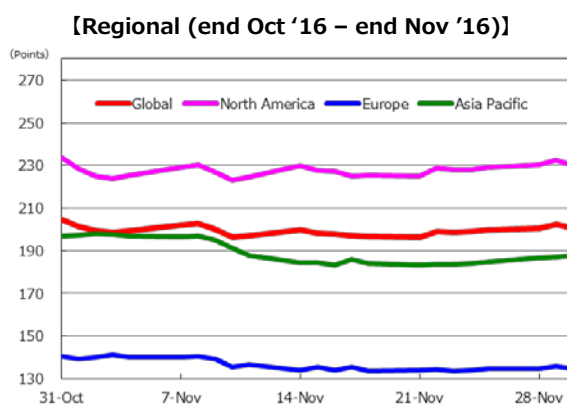
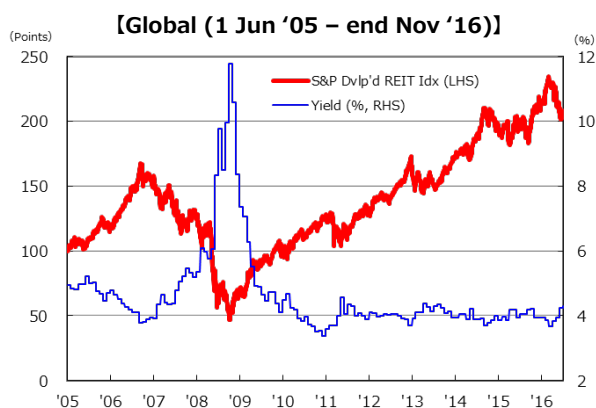
1. Global REIT Market Monthly Review (for November 2016)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) fell 2.0% in November. On a local currency basis, both REIT and Forex returns posted negative performances with -1.6% and -0.4% respectively.

The US REIT market, which was weak on expectation for climbing US Treasury bond yields, lost due to concerns over an increase in financing cost and declining attractiveness of REITs' dividend yields as yield spreads shrank. On the other hand, the US equity market faced a steady rise on hope for the economic growth after election victory of Donald Trump with campaign promise including infrastructure investment expansion and enormous corporate tax cut. Regarding Europe, the markets dropped on worries about a gain in long-term yields and Italy's referendum on the constitutional change in the beginning of December. Yet, the Australian REIT market turned to rise after correction as investors regarded the valuation as attractive considering stable earnings.

Regarding the Forex factor, the USD appreciated against AUD and EUR led by a rise of long-term yields reflecting Donald Trump's economic plan.

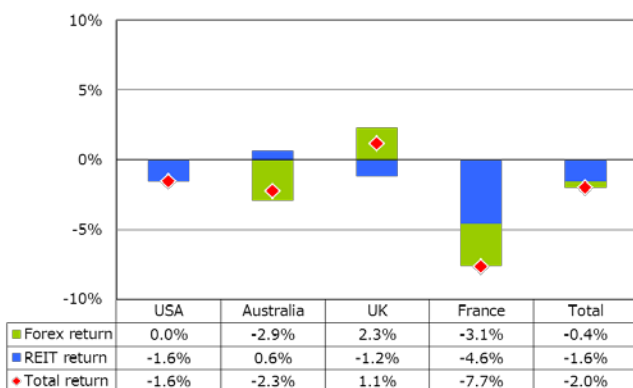
2. Global REIT Index (in USD)



As of 30 November 2016	1week ago 23-Nov-16	1month ago 31-Oct-16	3months ago 31-Aug-16	6months ago 31-May-16	1year ago 30-Nov-15	3years ago 29-Nov-13
Global	1.0%	-2.0%	-9.8%	-4.1%	3.0%	28.7%
North America	0.9%	-1.6%	-8.9%	-2.2%	5.6%	37.2%
Europe	0.9%	-3.8%	-14.5%	-18.5%	-19.1%	-4.6%
Asia Pacific	1.7%	-2.9%	-10.3%	-0.3%	12.6%	22.7%

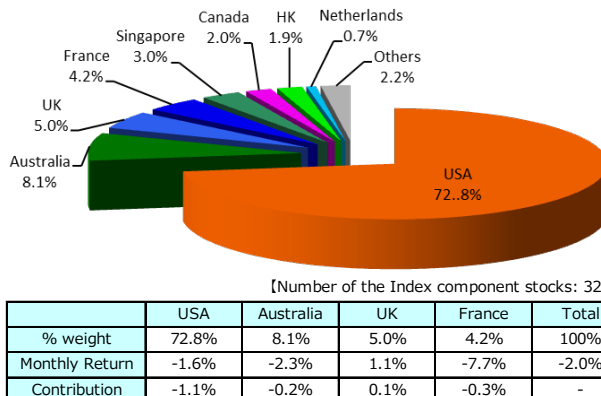
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/'05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

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

Please read this disclaimer carefully. • This material is for non-Japanese institutional investors only. • The research and analysis included in this report, and those opinions or judgments as outcomes thereof, are intended to introduce or demonstrate capabilities and expertise of Sumitomo Mitsui Asset Management Company, Ltd. (hereinafter "SMAM"), or to provide information on investment strategies and opportunities. Therefore this material is not intended to offer or solicit investments, provide investment advice or service, or to be considered as disclosure documents under the Financial Instruments and Exchange Law of Japan. • The expected returns or risks in this report are calculated based upon historical data and/or estimated upon the economic outlook at present, and should be construed no warrant of future returns and risks. • Past performance is not necessarily indicative of future results. • The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc. • The investment products or strategies do not guarantee future results nor guarantee the principal of investments. The investments may suffer losses and the results of investments, including such losses, belong to the client. • The recipient of this report must make its own independent decisions regarding investments. • The opinions, outlooks and estimates in this report do not guarantee future trends or results. They constitute SMAM's judgment as of the date of this material and are subject to change without notice. • The awards included in this report are based on past achievements and do not guarantee future results. • The intellectual property and all rights of the benchmarks/indexes belong to the publisher and the authorized entities/individuals. • This material has been prepared by obtaining data from sources which are believed to be reliable but SMAM can not and does not guarantee its completeness or accuracy. • All rights, titles and interests in this material and any content contained herein are the exclusive properties of SMAM, except as otherwise stated. It is strictly prohibited from using this material for investments, reproducing/copying this material without SMAM's authorization, or from disclosing this material to a third party.
Registered Number: Kanto Local Finance Bureau (KINSHO) No.399 Member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and Type II Financial Instruments Firms Association
© Sumitomo Mitsui Asset Management Company, Limited