

# J-REIT Monthly

January 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/>

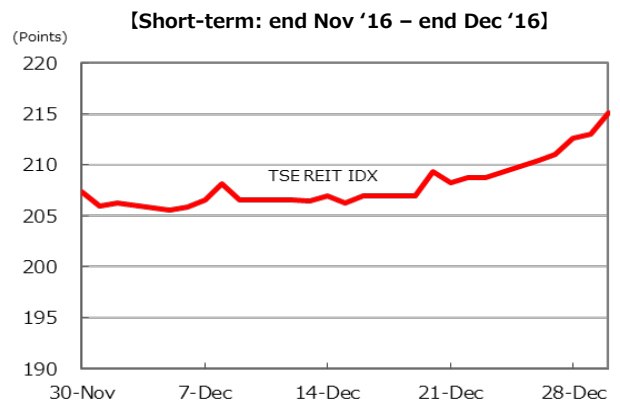
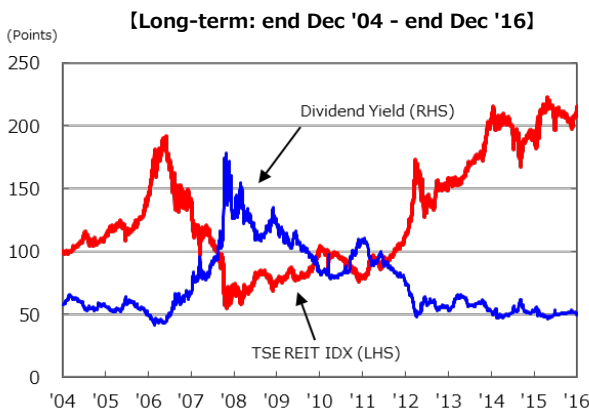
## 1. J-REIT Market Monthly Review (for December 2016)

In December 2016, the TSE REIT Index (with dividends) moved firmly and ended the month 3.7% higher on the back of falling long-term bond yields.

Until the mid-month, the J-REIT market remained generally flat. After BoJ's announcement to maintain the current monetary policy, it turned to an upward trend toward the month end on declining long-term yields. Furthermore, an expansion of yield spread between Japan and US led to the weaker yen reaching at a 10-month low against US dollar. This cheaper yen boosted the expectation for recovery of the Japanese economy and corporate earnings and also improved sentiment in the property sector. November office vacancy rate in Tokyo five central wards slightly gained to 3.75%, however office property market in Tokyo's major business areas continued to improve with rent increases.

In December, BoJ bought JPY5.2 bn worth of J-REITs, by four time purchases mainly in the second half of the month.

## 2. TSE REIT Index (with dividends)



TSE REIT Index	As of 30-Dec-16	1week ago 23-Dec-16	1month ago 30-Nov-16	3months ago 30-Sep-16	6months ago 30-Jun-16	1year ago 31-Dec-15	3years ago 31-Dec-13
Index	3,422.06	3,320.77	3,298.65	3,336.34	3,340.35	3,115.04	2,524.39
%change	-	3.1%	3.7%	2.6%	2.4%	9.9%	35.6%

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

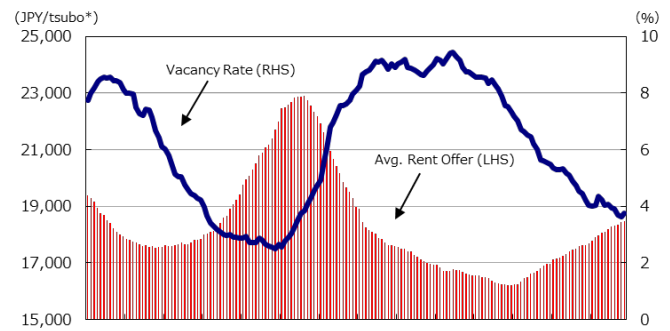
(# of TSE REIT Index Components: 56)

REIT	CODE	Weight (%)
1 NIPPON BUILDING FUND	J8951	7.6
2 JAPAN REAL ESTATE INV.	J8952	6.9
3 NOMURA RLST.MASTER FUND	J3462	6.1
4 JAPAN RET.FD.INV.	J8953	5.0
5 UNITED URB.INV.	J8960	4.5
6 ORIX JREIT	J8954	3.9
7 NIPPON PROLOGIS REIT	J3283	3.8
8 DAIWA HOUSE REIT INV.	J8984	3.7
9 ADVANCE RESIDENCE INV.	J3269	3.5
10 JAPAN PRIME REALTY INV.	J8955	3.3
Others		51.8
Total		100.0

Source: DataStream, compiled by SMAM

(As of the end of December 2016)

## 4. Tokyo Office Rents and Vacancy Rates



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

January 2017



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/>

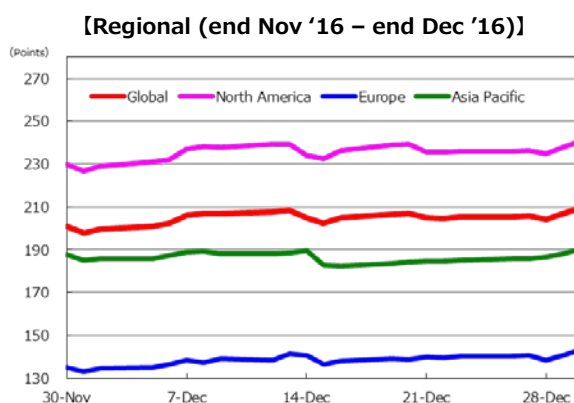
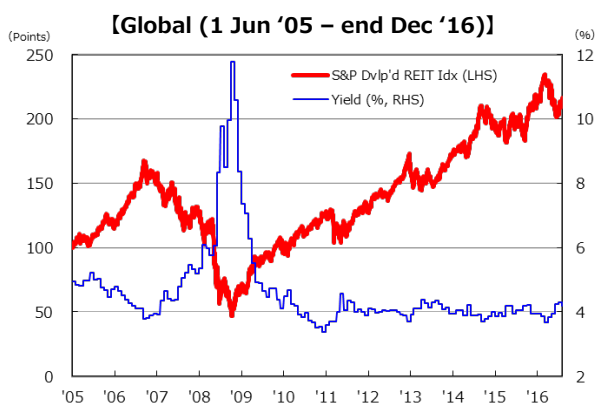
## 1. Global REIT Market Monthly Review (for December 2016)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) climbed 4.4% in December. On a local currency basis, the REIT return gained 4.7% whereas the Forex return was slightly negative with -0.3%.

The US REIT market rose as major stock indices renewed their all-time highs boosted by hopes for the incoming Trump administration and stable economic data. The market dipped once due to selling pressure as long-term yields surged in the first half of the month. Later in the month, however, investors bought back REITs as the long-term yields calmed down and turned to decline toward the end of the year. Regarding Europe, the markets soared on investors' buyback on lowering long-term yields toward the year end. The Australian REIT market also achieved a significant rise as market attention gathered on its stable earnings and dividend yields.

Regarding the Forex factor, the yen depreciated against other currencies led by a rise of long-term yields in US and Europe.

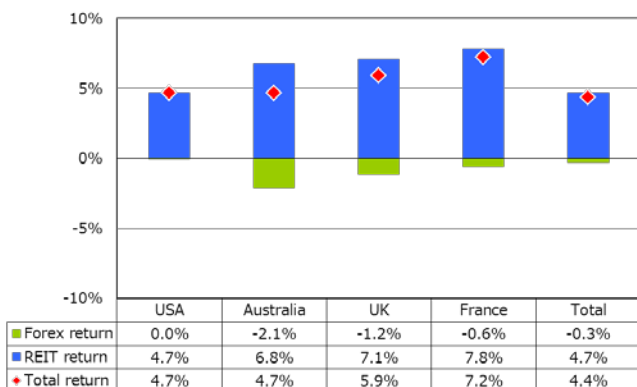
## 2. Global REIT Index (in USD)



As of 30 December 2016	1week ago 23-Dec-16	1month ago 30-Nov-16	3months ago 30-Sep-16	6months ago 30-Jun-16	1year ago 31-Dec-15	3years ago 31-Dec-13
Global	2.1%	4.4%	-4.2%	-4.4%	6.3%	34.4%
North America	2.0%	4.7%	-2.9%	-4.3%	8.8%	43.1%
Europe	2.0%	6.2%	-7.8%	-3.4%	-12.0%	0.3%
Asia Pacific	2.2%	1.3%	-8.0%	-5.5%	11.2%	27.7%

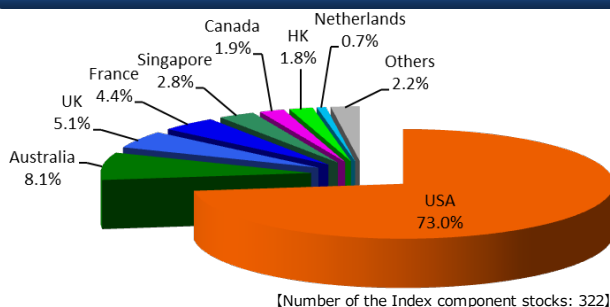
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: FactSet, compiled by SMAM.

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



(Number of the Index component stocks: 322)

	USA	Australia	UK	France	Total
% weight	73.0%	8.1%	5.1%	4.4%	100%
Monthly Return	4.7%	4.7%	5.9%	7.2%	4.4%
Contribution	3.4%	0.4%	0.3%	0.3%	-

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