

J-REIT Monthly

March 2017

For your information only



Sumitomo Mitsui Asset Management

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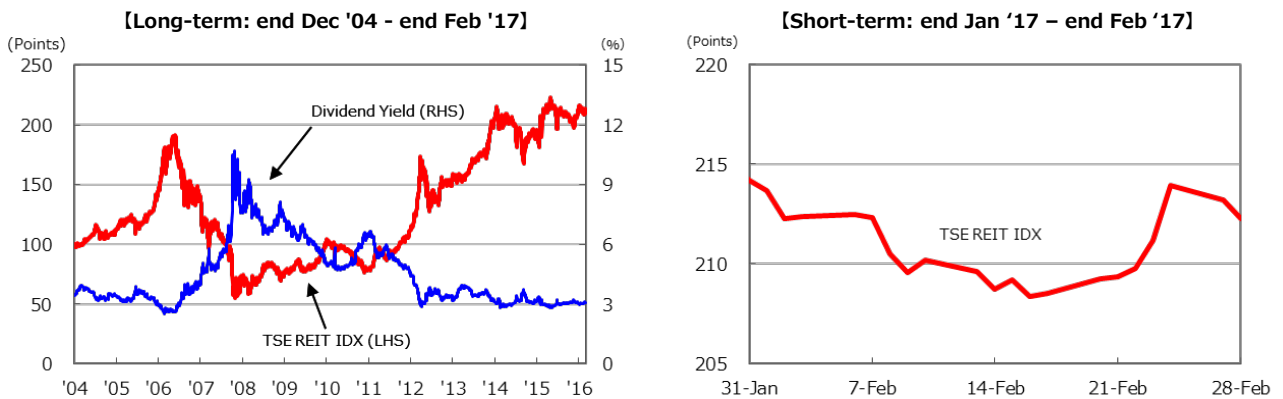
1. J-REIT Market Monthly Review (for February 2017)

In February 2017, the TSE REIT Index (with dividends) dropped 0.92% on negative effects from rise in long-term Japanese government bond yields and a series of public offerings (POs) in February creating an excess supply in the J-REIT market.

The J-REIT market moved on a soft undertone until the mid-month as market fear loomed over possible deterioration in the supply-demand balance caused by a number of POs accompanying property acquisitions. Furthermore, rising long-term JGB yields, which temporarily touched the one-year high, also weighed on the market. In the second half of the month, the market once rebounded on falling long-term bond yields, based on the market view that BoJ would increase visibility in the JGB purchasing operations. Yet over the month, the J-REITs closed in negative territory. By sector, the Residential sector outperformed while the other sectors underperformed. January office vacancy rate in Tokyo five central wards increased to 3.74%, however, rent increases continued stably.

In February, BoJ bought JPY6.0 bn worth of J-REITs, by five time purchases.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of 28-Feb-17	1week ago 21-Feb-17	1month ago 31-Jan-17	3months ago 30-Nov-16	6months ago 31-Aug-16	1year ago 29-Feb-16	3years ago 28-Feb-14
Index	3,376.46	3,330.63	3,407.69	3,298.65	3,325.60	3,361.11	2,524.48
%change	-	1.4%	-0.9%	2.4%	1.5%	0.5%	33.7%

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

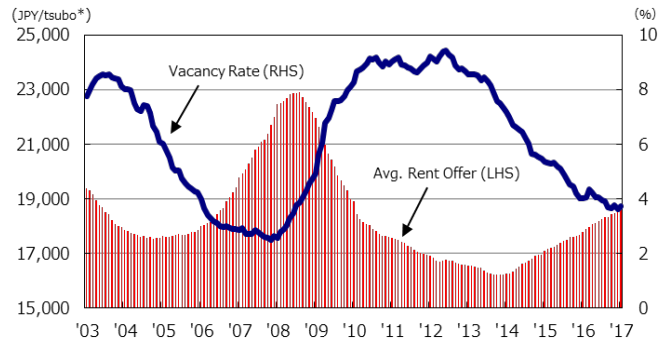
(# of TSE REIT Index Components: 57)

REIT	CODE	Weight (%)
1 NIPPON BUILDING FUND	J8951	7.5
2 JAPAN REAL ESTATE INV.	J8952	7.0
3 NOMURA RLST.MASTER FUND	J3462	6.0
4 JAPAN RET.FD.INV.	J8953	5.0
5 UNITED URB.INV.	J8960	4.6
6 ORIX JREIT	J8954	3.9
7 NIPPON PROLOGIS REIT	J3283	3.7
8 DAIWA HOUSE REIT INV.	J8984	3.6
9 JAPAN PRIME REALTY INV.	J8955	3.5
10 ADVANCE RESIDENCE INV.	J3269	3.5
Others		51.9
Total		100.0

Source: DataStream, compiled by SMAM

(As of the end of February 2017)

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Based on a monthly basis, covering a period from January 2003 to January 2017
(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.

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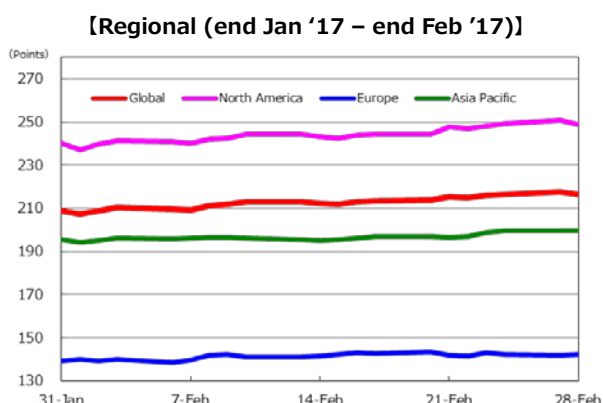
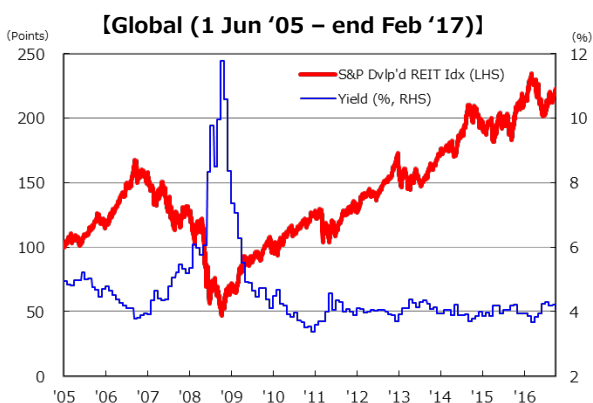
1. Global REIT Market Monthly Review (for February 2017)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) gained 3.5% in February. On a local currency basis, the REIT return posted +3.6% whereas the Forex return was negative at -0.1%.

Over the month, the US REIT market moved upward on the back of lower US long-term treasury yields. The US yields dropped slightly due to Fed Chair Janet Yellen's Congressional testimony, which were almost in line with market projection, as well as concerns over political risk in Europe. The European REIT markets climbed thanks to declines in long-term bond yields of the major countries in the region. In particular, the UK market jumped as the market reflecting on the preceding over-reaction to Brexit issue. Continued capital inflow from foreign investors also boosted the market. As for Australia, the REIT market grew as a result of falling long-term yields and favorable earnings of some individual REITs.

Regarding the Forex factor, the yen advanced against US dollar and euro except versus Australian dollar.

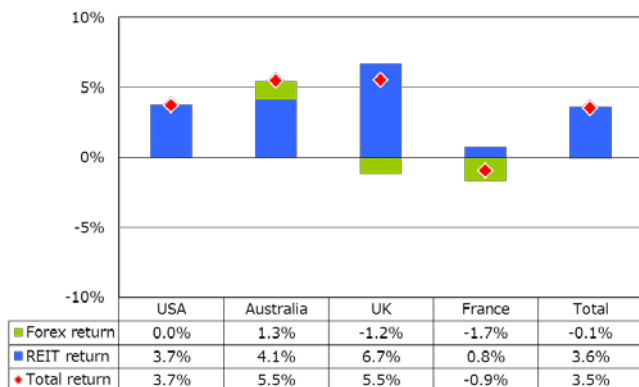
2. Global REIT Index (in USD)



As of 28 February 2017	1week ago 21-Feb-17	1month ago 31-Jan-17	3months ago 30-Nov-16	6months ago 31-Aug-16	1year ago 29-Feb-16	3years ago 28-Feb-14
Global	0.5%	3.5%	7.9%	-2.7%	14.1%	28.9%
North America	0.5%	3.7%	8.2%	-1.4%	16.6%	35.9%
Europe	0.3%	2.2%	5.6%	-9.7%	-2.4%	-7.2%
Asia Pacific	0.7%	4.0%	7.8%	-3.4%	16.2%	32.0%

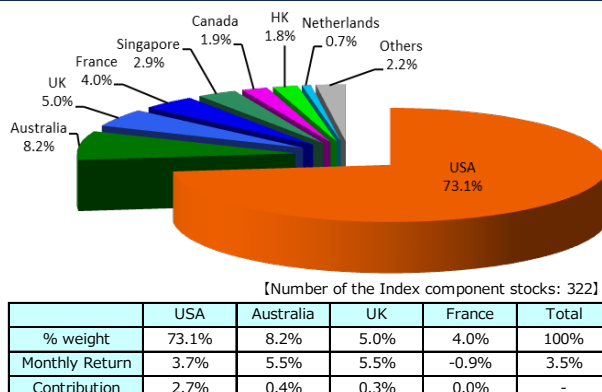
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

3. Return Contribution by Factors (Feb'17)



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 (Feb'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: FactSet, compiled by SMAM.

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