

J-REIT Monthly

December 2017

For your information only



Sumitomo Mitsui Asset Management

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

In November 2017, the TSE REIT Index (with dividends) gained 2.9% MOM.

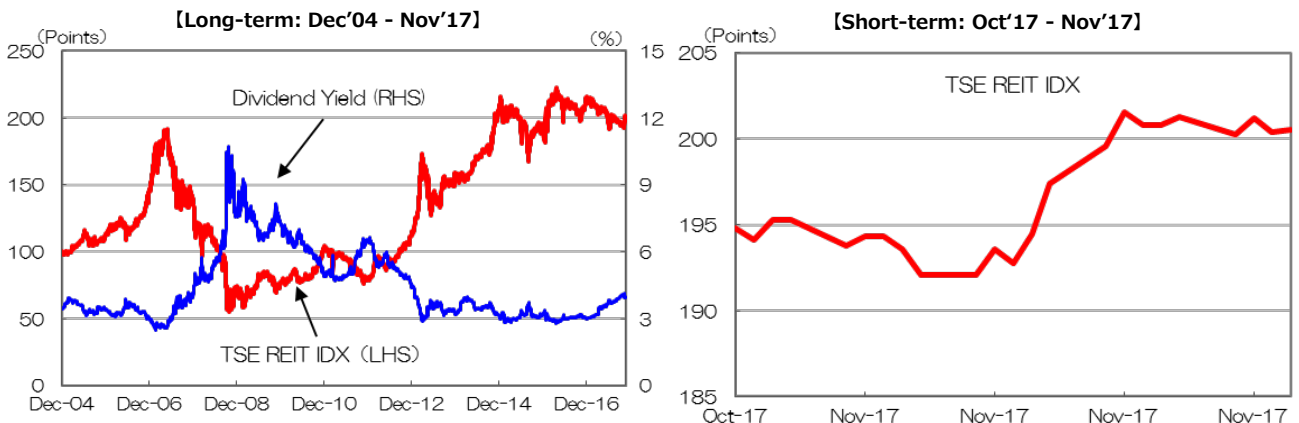
In the beginning of the month, the J-REIT market moved on a weak tone and hit the lowest level for the year due to continuous cash outflow of investment trusts. However, in the middle of the month, the market largely rebounded since a global equity index that contains J-REITs, announced an unexpected review of its' portfolio and in accordance, expectations for rise in allocation rate of large-cap J REITs in the index spread in the market and led to cash inflow in the J-REIT market.

By sector, commercial logistics sector underperformed.

October office vacancy rate in Tokyo five central wards improved to 3.0%. The Japan property market remains firm with rents continuously increasing.

There was no purchase of J-REITs by BOJ in November.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of 30-Nov-17	1week ago 23-Nov-17	1month ago 31-Oct-17	3months ago 31-Aug-17	6months ago 31-May-17	1year ago 30-Nov-16	3years ago 30-Nov-14
Index	3,189.89	3,194.64	3,099.44	3,188.63	3,271.22	3,298.65	3,139.72
%change	-	-0.1%	2.9%	0.0%	-2.5%	-3.3%	1.6%

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: SMAM, based on Datastream data.

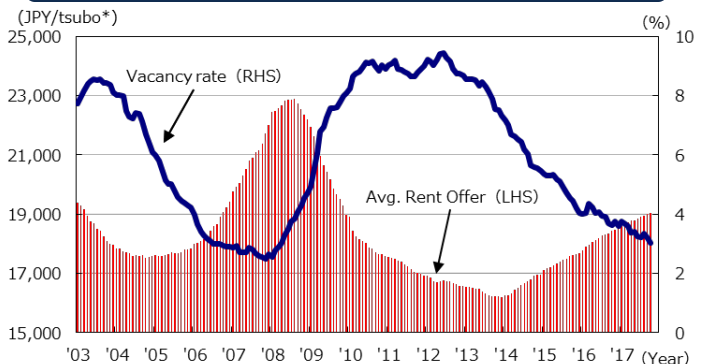
3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:59)

REIT	CODE	Weight (%)
1 NIPPON BUILDING FUND	J8951	7.2
2 JAPAN REAL ESTATE INV.	J8952	6.8
3 NOMURA RLST.MASTER FUND	J3462	5.4
4 JAPAN RET.FD.INV.	J8953	5.0
5 UNITED URB.INV.	J8960	4.6
6 ORIX JREIT	J8954	4.0
7 NIPPON PROLOGIS REIT	J3283	4.0
8 DAIWA HOUSE REIT INV.	J8984	3.6
9 ADVANCE RESIDENCE INV.	J3269	3.3
10 JAPAN PRIME REALTY INV.	J8955	3.1
Others		52.9
Total		100.0

Source: SMAM, based on Datastream data. (As of the end of November 2017)

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to October 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 Datastream data.

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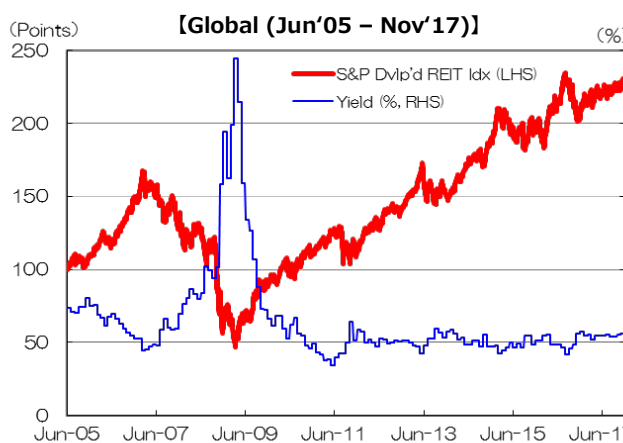
1. Global REIT Market Monthly Review (for November 2017)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) gained 3%. On a local currency basis, the REIT return rose 2.8% and the Forex return increased 0.2%.

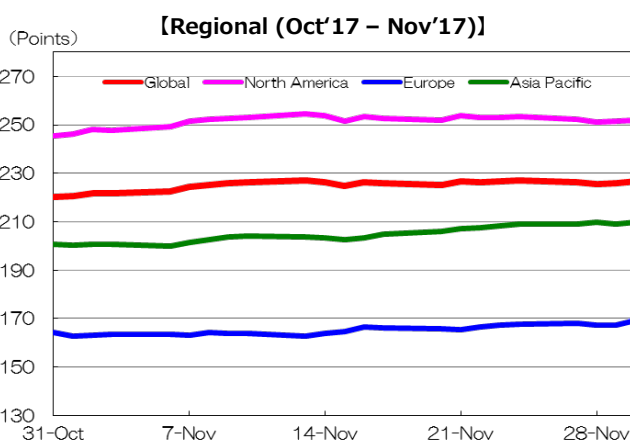
The US REIT market rose in November, as (i) US economic indicators and corporate earnings were basically strong and (ii) President Trump nominated Jerome Powell, who supports continuous interest rate hike at a moderate pace, as the next FED chair. The European REIT market negatively reacted to collapse of German coalition talks, but meanwhile it edged up in favor of strong economic readings in the Eurozone and broadly positive corporate earnings in Europe. The Australian REIT market also advanced on decline in long term yields led by the decision of RBA, Reserve Bank of Australia, to keep the official cash rate on hold. The Singapore and Hong Kong market both gained ground in favor of robust stock markets and brisk earnings results of major REITs.

Regarding the Forex factor, AUD weakened against USD, while EUR and GDP advanced against USD.

2. Global REIT Index (in USD)

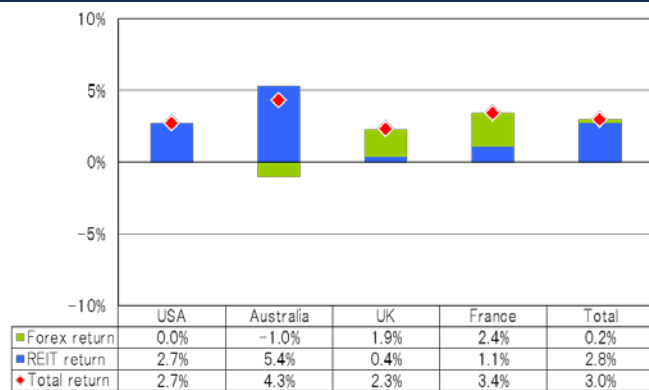


As of 30 Nov 2017	1 week ago 23-Nov-17	1 month ago 31-Oct-17	3 months ago 31-Aug-17	6 months ago 31-May-17	1 year ago 30-Nov-16	3 years ago 28-Nov-14
Global	0.0%	3.0%	2.2%	5.5%	13.0%	18.1%
North America	-0.5%	2.7%	1.6%	4.9%	9.6%	18.1%
Europe	1.1%	3.0%	3.2%	5.4%	25.4%	6.0%
Asia Pacific	1.6%	4.4%	4.6%	9.1%	21.1%	30.5%



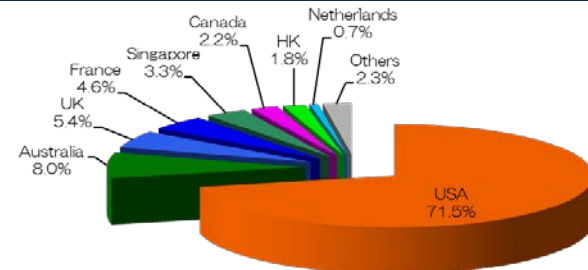
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: SMAM, based on FactSet data.

3. Return Contribution by Factors (Nov'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 (Nov'17)



	USA	Australia	UK	France	Total
% weight	71.5%	8.0%	5.4%	4.6%	100%
Monthly Return	2.7%	4.3%	2.3%	3.4%	3.0%
Contribution	1.9%	0.3%	0.1%	0.2%	-

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.