

# J-REIT Monthly

January 2018

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 2017)

In December 2017, the TSE REIT Index (with dividends) remained almost flat from the previous month.

While cash outflow of investment trusts continues, the J-REIT market was supported through purchase by investors focusing on undervalued REITs with strong fundamentals.

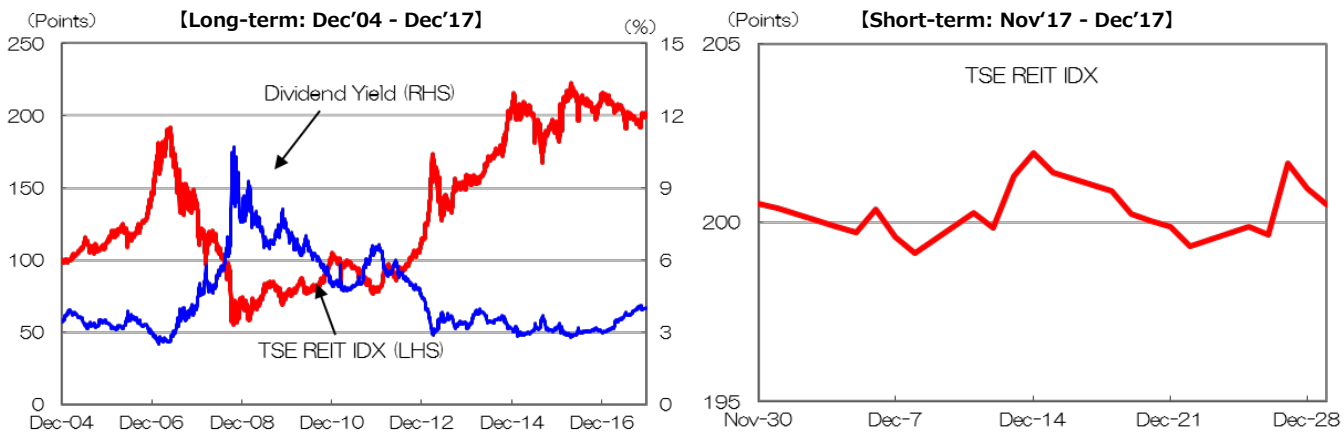
BOJ maintained its current policy, monetary easing, however the market see-sawed as its upside was capped on expectations for higher interest rates.

By sector, office sector underperformed. Meanwhile, performance of individual names differed within each sectors.

November office vacancy rate in Tokyo five central wards was 3.0%, maintaining a low level. The Japan property market remains firm with rents continuously increasing.

In December, BOJ bought JPY3.6bn worth of J-REITs, by three time purchases. Total purchase amount of J-REITs by BOJ in 2017 was broadly in line with BOJ's estimated purchase amount for 2017.

## 2. TSE REIT Index (with dividends)



TSE REIT Index	As of	1 week ago	1 month ago	3 months ago	6 months ago	1 year ago	3 years ago
	29-Dec-17	22-Dec-17	30-Nov-17	30-Sep-17	30-Jun-17	31-Dec-16	31-Dec-14
Index	3,189.59	3,170.98	3,189.89	3,139.87	3,180.48	3,422.06	3,273.60
% change	-	0.6%	0.0%	1.6%	0.3%	-6.8%	-2.6%

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.

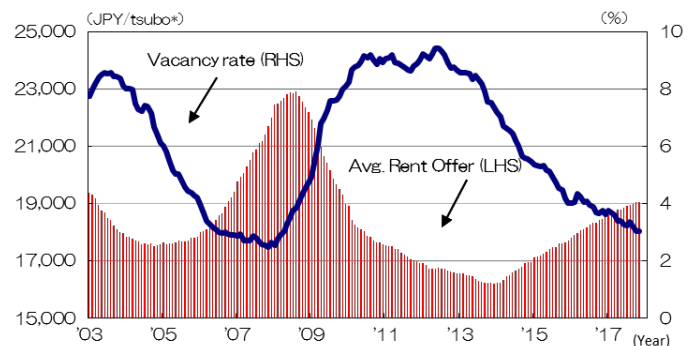
## 3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:59)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.1
2	JAPAN REAL ESTATE INV.	J8952	6.7
3	NOMURA RLST. MASTER FUND	J3462	5.3
4	JAPAN RET. FD. INV.	J8953	5.3
5	UNITED URB. INV.	J8960	4.7
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	3.4
10	JAPAN PRIME REALTY INV.	J8955	3.0
	Others		53.0
	Total		100.0

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

## 4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to November 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.

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

January 2018

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 2017)

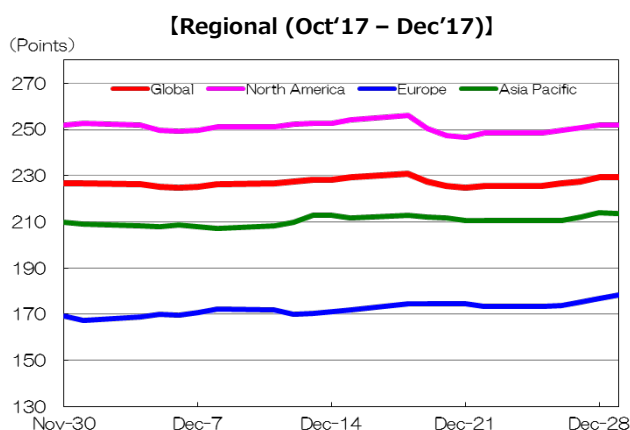
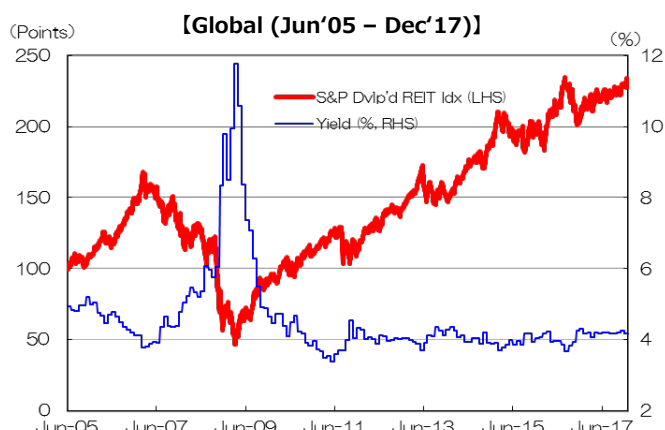
The S&P Developed REIT Index (ex-Japan, with dividends, USD base) gained 1.1% in December. On a local currency basis, the REIT return increased 0.7% and the Forex return rose 0.4%.

The US REIT market remained almost flat in December. Retail sector was strong following the news that a major French retail REIT acquired an Australian retail REIT. However, rise in US long term yields, led by expectations on early legislation of US Tax Cuts and Jobs Act into Law on 22 December, weighed on the market.

The European REIT market rose in favor of (i) agreement in principle on conditions of UK's exit from EU and (ii) progress in German coalition talks. The Australian REIT market was pushed up by rise in the price of a major Australian REIT that was offered acquisition by a major French retail REIT. The Singapore and Hong Kong market both gained ground on robust stock market and brisk economic indicators.

Regarding the Forex factor, USD, EUR, GBP, AUD and SGD, all advanced against JPY.

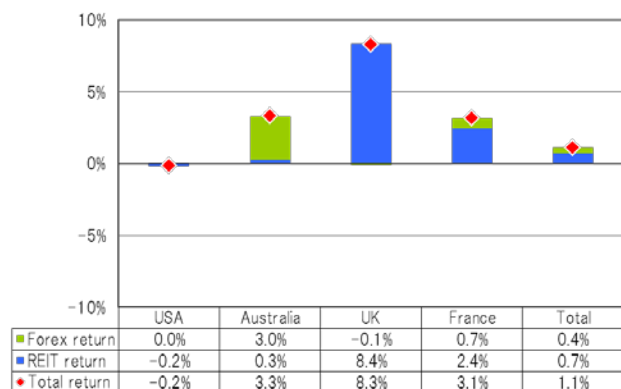
## 2. Global REIT Index (in USD)



As of 29 Dec 2017	1 week ago 22-Dec-17	1 month ago 30-Nov-17	3 months ago 29-Sep-17	6 months ago 30-Jun-17	1 year ago 30-Dec-16	3 years ago 31-Dec-14
Global	1.6%	1.1%	3.3%	5.1%	9.5%	18.4%
North America	1.4%	0.0%	1.5%	2.4%	4.7%	16.1%
Europe	2.7%	5.3%	7.8%	12.1%	24.4%	14.2%
Asia Pacific	1.6%	3.4%	8.9%	13.3%	23.6%	35.4%

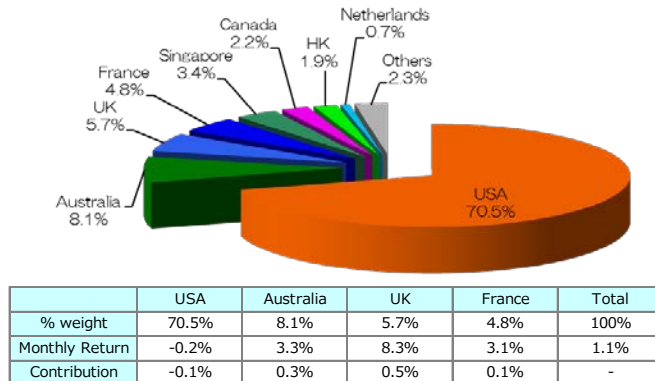
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMAM, based on FactSet data.

## 3. Return Contribution by Factors (Dec'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 (Dec'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: SMAM, based on FactSet data.