

# J-REIT Monthly

February 2017

For your information only



Sumitomo Mitsui Asset Management

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

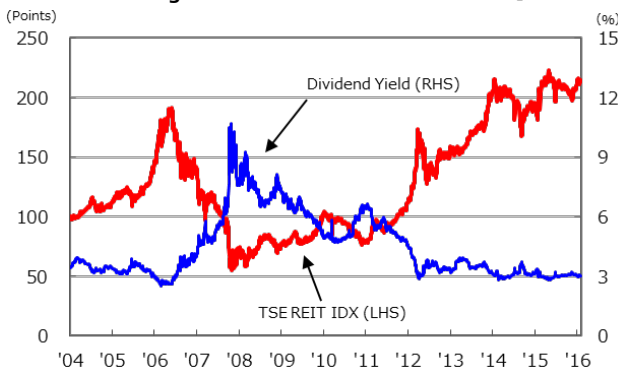
In January 2017, the TSE REIT Index (with dividends) closed the month moderately lower with -0.42% after a rally in the second half of the previous month.

The J-REIT market was on a downward trend until the mid-month on worries about possible deterioration in the supply-demand balance caused by selling pressure to generate cash to apply for new IPOs and public offerings. Yet, the REIT index regained steam toward month end as steadfast dividend growth was confirmed in earnings announcements of J-REITs on the back of firm property market, and investors paid attention to the attractive valuation in terms of dividend yields. December office vacancy rate in Tokyo five central wards declined moderately to 3.61%, while rent increases continued to improve stably.

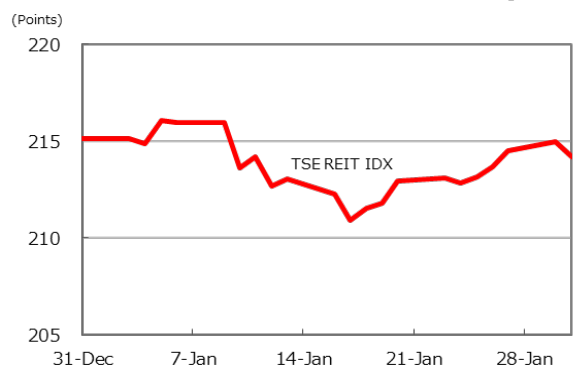
In January, BoJ bought JPY3.7 bn worth of J-REITs, by three time purchases and each purchase amount was smaller than that in the previous month.

## 2. TSE REIT Index (with dividends)

[Long-term: end Dec '04 - end Jan '17]



[Short-term: end Dec '16 - end Jan '17]



TSE REIT Index	As of 31-Jan-17	1week ago 24-Jan-17	1month ago 31-Dec-16	3months ago 31-Oct-16	6months ago 31-Jul-16	1year ago 31-Jan-16	3years ago 31-Jan-14
Index	3,407.69	3,385.41	3,422.06	3,269.40	3,394.01	3,182.12	2,500.79
%change	-	0.7%	-0.4%	4.2%	0.4%	7.1%	36.3%

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

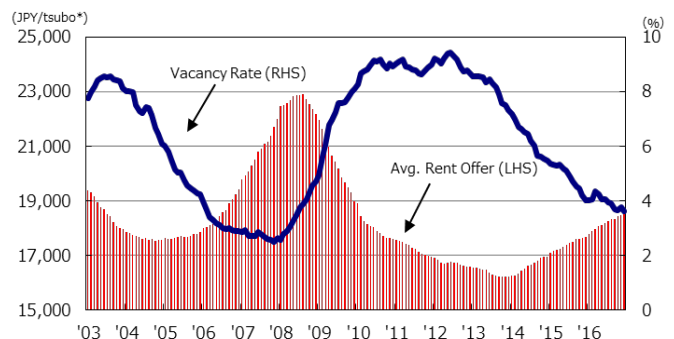
(# of TSE REIT Index Components: 57)

REIT	CODE	Weight (%)
1 NIPPON BUILDING FUND	J8951	7.6
2 JAPAN REAL ESTATE INV.	J8952	7.1
3 NOMURA RLST.MASTER FUND	J3462	6.1
4 JAPAN RET.FD.INV.	J8953	5.2
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	3.5
9 JAPAN PRIME REALTY INV.	J8955	3.5
10 ADVANCE RESIDENCE INV.	J3269	3.4
Others		51.3
Total		100.0

Source: DataStream, compiled by SMAM

(As of the end of January 2017)

## 4. Tokyo Office Rents and Vacancy Rates



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

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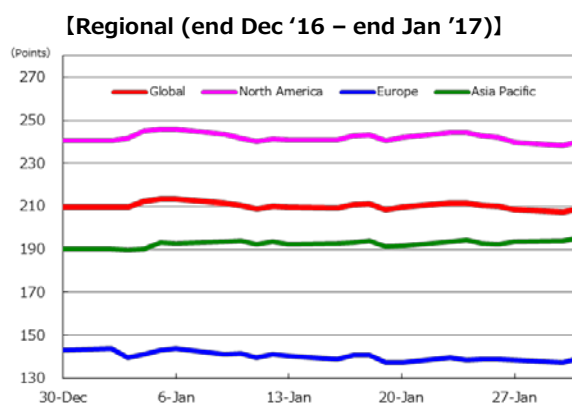
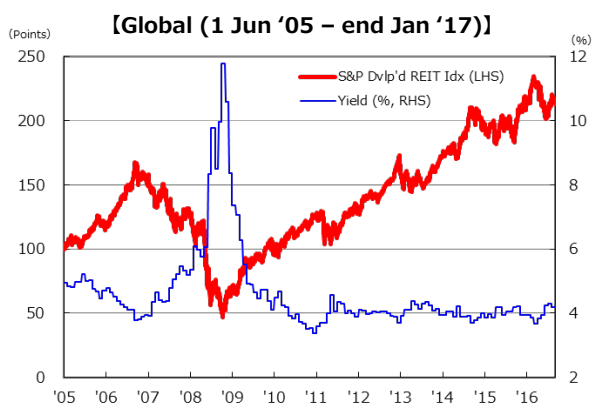
## 1. Global REIT Market Monthly Review (for January 2017)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) sagged 0.2% in January. On a local currency basis, the REIT return dropped 1.0% whereas the Forex return was positive with +0.8%.

The US REIT market faced a slight fall. US long-term yields, which were stabilizing in the first half of the month, rose in the second half reflecting firm economic indicators and earnings announcements, weighing on the REIT market. In UK, the market sentiment was damped by looming uncertainties caused by Prime Minister Theresa May's statement that the UK would completely exit the European single market. As for Australia having stable domestic economy and high long-term yields, the REIT market dropped mainly due to profit taking.

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

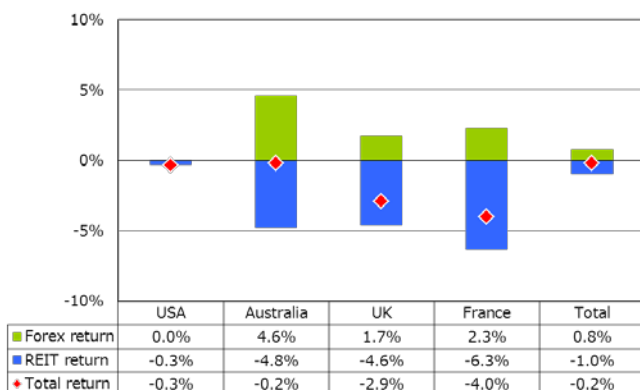
## 2. Global REIT Index (in USD)



As of 31 January 2017	1week ago 24-Jan-17	1month ago 30-Dec-16	3months ago 31-Oct-16	6months ago 29-Jul-16	1year ago 29-Jan-16	3years ago 31-Jan-14
Global	-1.2%	-0.2%	2.1%	-9.0%	10.0%	31.5%
North America	-1.7%	-0.2%	2.8%	-8.5%	12.4%	37.6%
Europe	0.5%	-2.7%	-0.6%	-11.8%	-9.1%	-1.0%
Asia Pacific	0.1%	2.3%	0.6%	-9.3%	16.1%	33.9%

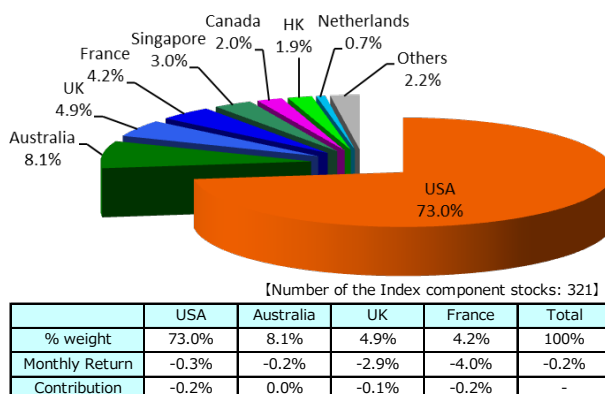
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: FactSet, compiled by SMAM.

## 3. Return Contribution by Factors (Jan'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 (Jan'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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