

J-REIT Monthly

January 2016

For your information only



Sumitomo Mitsui Asset Management

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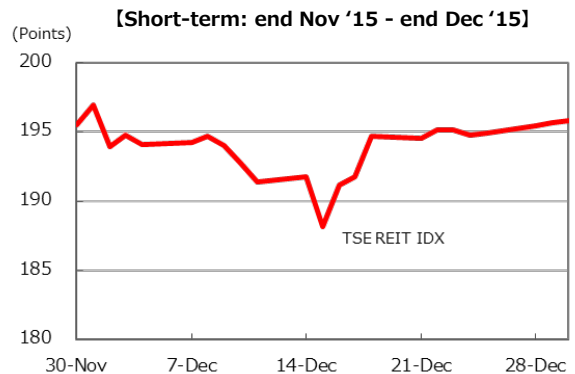
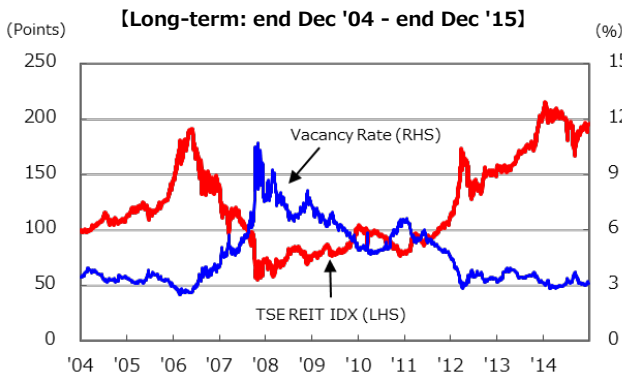
1. J-REIT Market Monthly Review (for December 2015)

In December 2015, the TSE REIT Index (with dividends) slightly gained 0.1% MoM.

Whereas the index was on a downward trend until the mid-month dragged down by declining stock markets, it later rebounded on receded uncertainties over the U.S. monetary policy. The U.S. rate hike was implemented as expected, however, the pace of the possible further hikes is expected to be moderate. This heightened the market expectations for long-term note yields to stay at a low level. Another positive factor for the market was the BoJ's supplemental measures for the quantitative and qualitative monetary easing increasing the maximum purchase limit for each qualified J-REIT from the current 5% to 10% of the outstanding issues. The property market remained firm as November office vacancy rate in Tokyo 5 central wards declined to 4.19%. The market was buoyed by expectations for the internal growth with rent increase in holding properties especially in office buildings.

Purchases of J-REITs by the BOJ decreased to JPY4.8bn in December from JPY8.3bn in the previous month.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of 30-Dec-15	1week ago 23-Dec-15	1month ago 30-Nov-15	3months ago 30-Sep-15	6months ago 30-Jun-15	1year ago 31-Dec-14	3years ago 31-Dec-12
Index	3,115.04	3,104.07	3,110.54	2,964.58	3,157.69	3,273.60	1,788.86
%change	-	0.4%	0.1%	5.1%	-1.4%	-4.8%	74.1%

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.

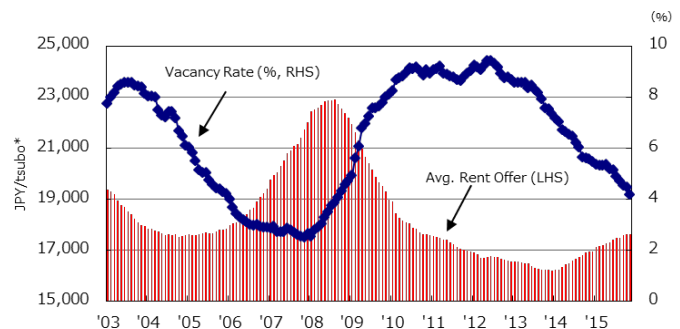
3. Top 10 REIT Constituents in J-REIT

(# of J-REIT Components: 52)

REIT	CODE	Weight
1 NIPPON BUILDING FUND	J8951	7.7%
2 JAPAN REAL ESTATE INV.	J8952	7.3%
3 JAPAN RET.FD.INV.	J8953	5.6%
4 NOMURA RLST.MASTER FUND	J3462	5.3%
5 UNITED URB.INV.	J8960	4.3%
6 NIPPON PROLOGIS REIT	J3283	3.6%
7 ORIX JREIT	J8954	3.4%
8 JAPAN PRIME REALTY INV.	J8955	3.4%
9 ADVANCE RESIDENCE INV.	J3269	3.3%
10 DAIWA OFFICE INVESTMENT	J8976	3.0%
Others		53.2%
Total		100.0%

Source: DataStream, compiled by SMAM (As of the end of December 2015)

4. Tokyo Office Rents and Vacancy Rates



Notes: (1) Monthly, January 2003 - November 2015
(2) 5 wards: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku.
(3) One tsubo is 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 December 2015)

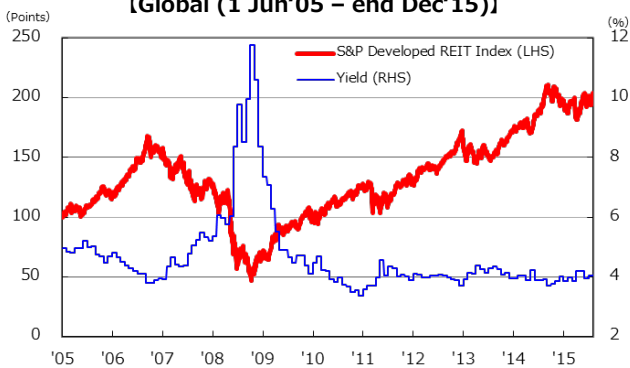
The S&P Developed REIT Index (ex-Japan, with dividends, USD base) gained 1.2% in December. Local currency-denominated REIT factor contributed positively to the performances led by rises in U.S. and Australia despite substantially negative REIT returns in UK and France.

The U.S. REIT market remained slightly weak in the first half of the month. After Fed's rate hike decision, the market picked up on growing expectation that the pace of further rate increase would be gradual. European REIT markets resulted in large negative performances on rising government bond yields due to less-than-expected additional monetary easing. Australia enjoyed a positive REIT return on strong indicators reflecting its solid economic situation.

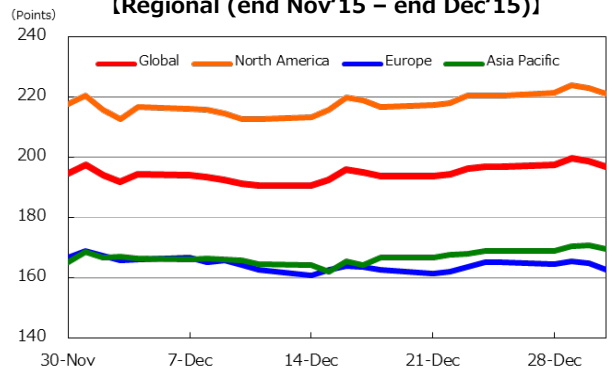
Forex factor was almost neutral to the total performance.

2. Global REIT Index (in USD)

[Global (1 Jun'05 – end Dec'15)]



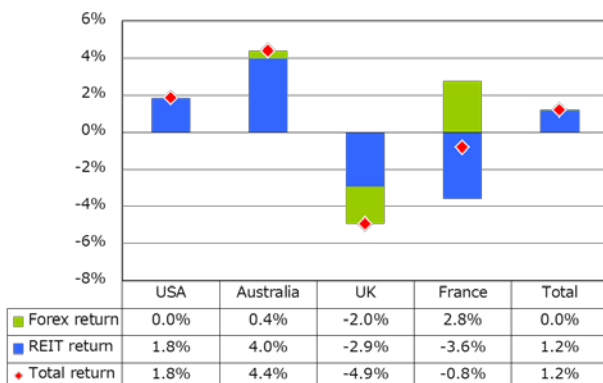
[Regional (end Nov'15 – end Dec'15)]



As of 31 December 2015	1week ago 24-Dec-15	1month ago 30-Nov-15	3months ago 30-Sep-15	6months ago 30-Jun-15	1year ago 31-Dec-14	3years ago 31-Dec-12
Global	0.1%	1.2%	5.6%	6.0%	1.8%	29.3%
North America	0.3%	1.6%	6.6%	8.5%	1.9%	33.8%
Europe	-1.5%	-2.4%	-1.8%	0.6%	4.3%	33.0%
Asia Pacific	0.3%	2.6%	8.3%	-1.4%	-1.5%	8.0%

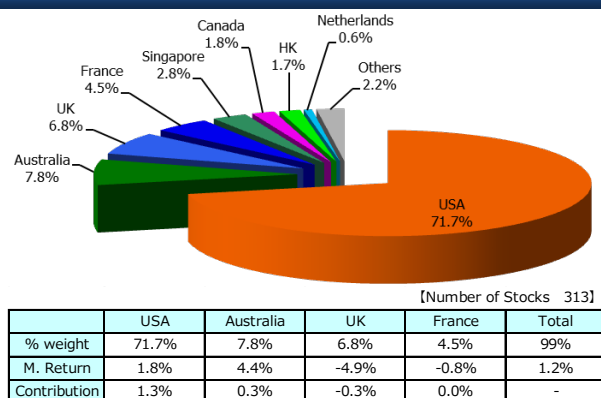
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: FactSet, compiled by SMAM.

3. Return Contribution by Factors (Dec '15)



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 '15)



Note: (1) S&P Developed REIT Index breakdown by country (ex-Japan, in USD).
(2) Contribution = Composition % weight x Monthly Return
Source: FactSet, compiled by SMAM.