

J-REIT Monthly

June 2017

For your information only



Sumitomo Mitsui Asset Management

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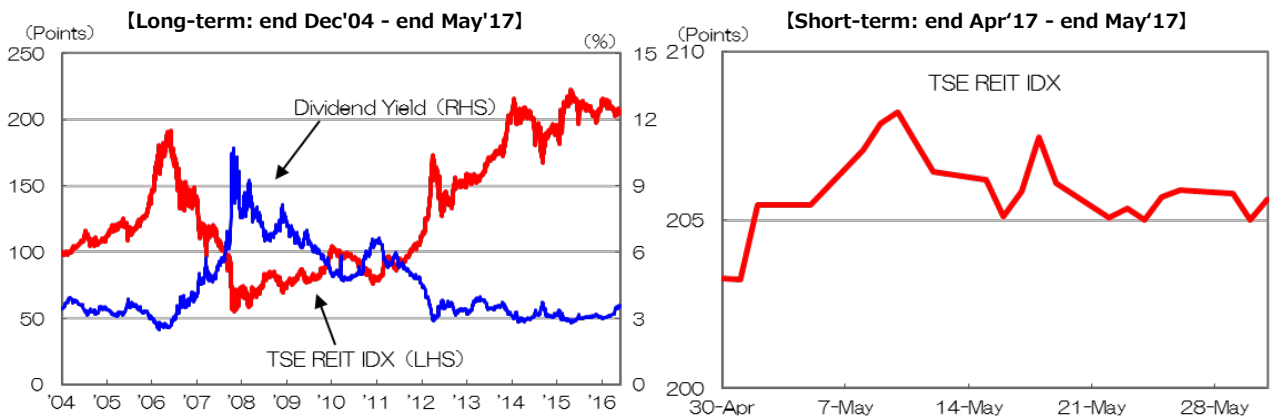
1. J-REIT Market Monthly Review (for May 2017)

In May 2017, the TSE REIT Index (with dividends) halted downward trend since the beginning of the year and rose 1.1% MOM. Despite continuous tension surrounding North Korea, the J-REIT market rebounded in early May because investors sentiment improved as the political event in Europe, the French presidential election, carried out smoothly with no negative surprise. After mid-May, although long-term interest rates remained flat, the upside of TSE REIT Index was weighted down by expectation toward future rise in interest rates. By sector, residential sector outperformed and other sectors underperformed.

April office vacancy rate in Tokyo five central wards improved further to 3.39%. However, reaction of the J-REIT market was limited, even though the property market was continuously robust and major office REITs showed positive outlook for steady increase in dividends.

In May, BOJ bought JPY6 bn worth of J-REITs, by five time purchases.

2. TSE REIT Index (with dividends)



TSE REIT Index	As of 31-May-17	1week ago 24-May-17	1month ago 30-Apr-17	3months ago 28-Feb-17	6months ago 30-Nov-16	1year ago 31-May-16	3years ago 31-May-14
Index	3,271.22	3,260.98	3,234.60	3,376.46	3,298.65	3,422.69	2,645.27
%change	-	0.3%	1.1%	-3.1%	-0.8%	-4.4%	23.7%

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.

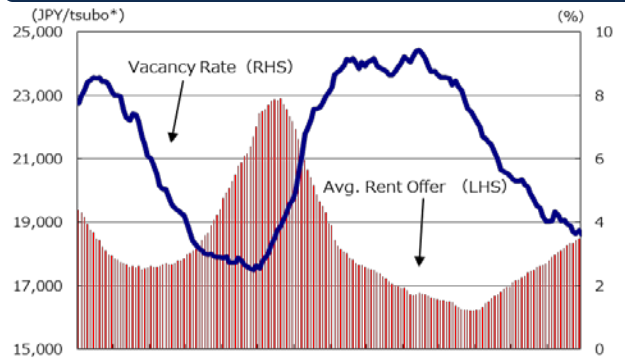
3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:58)

REIT	CODE	Weight (%)
1 NIPPON BUILDING FUND	J8951	7.3
2 JAPAN REAL ESTATE INV.	J8952	7.0
3 NOMURA RLST.MASTER FUND	J3462	6.1
4 JAPAN RET.FD.INV.	J8953	5.3
5 UNITED URB. INV.	J8960	4.6
6 ORIX JREIT	J8954	4.3
7 DAIWA HOUSE REIT INV.	J8984	3.8
8 NIPPON PROLOGIS REIT	J3283	3.6
9 ADVANCE RESIDENCE INV.	J3269	3.5
10 JAPAN PRIME REALTY INV.	J8955	3.4
Others		51.0
Total		100.0

Source: DataStream, compiled by SMAM (As of the end of May 2017)

4. Tokyo Office Rents and Vacancy Rates



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

Global REIT Monthly

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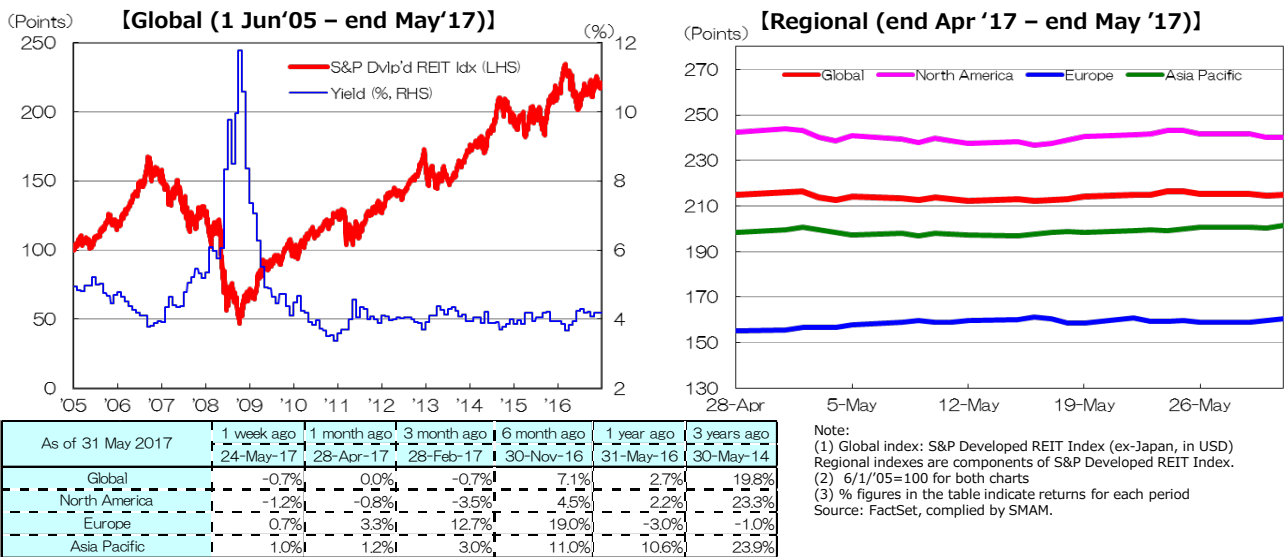
1. Global REIT Market Monthly Review (for May 2017)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) remained flat in May. On a local currency basis, the REIT return dropped 0.3% and the Forex return improved 0.2%.

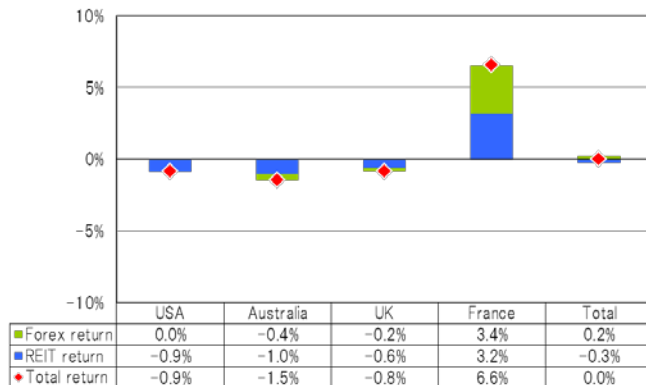
In the first half of the month, the US REIT market declined due to expectations toward rise in US interest rates as US employment data showed higher than estimated increase in number of employees. In the second half of the month, although the market rebounded led by decline in long-term interest rates, the market upside was capped due to (i) risk of political stagnation led by suspicion over Trump administration related to Russia and (ii) North Korea's missile firing. The European REIT markets advanced in favor of the victory of Emmanuel Macron, a pro-EU centrist, in the French presidential election. The Australian REIT market went down because of (i) plans to impose tax on major banks and (ii) correction of the Australian stock market following political uncertainty in the US.

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

2. Global REIT Index (in USD)

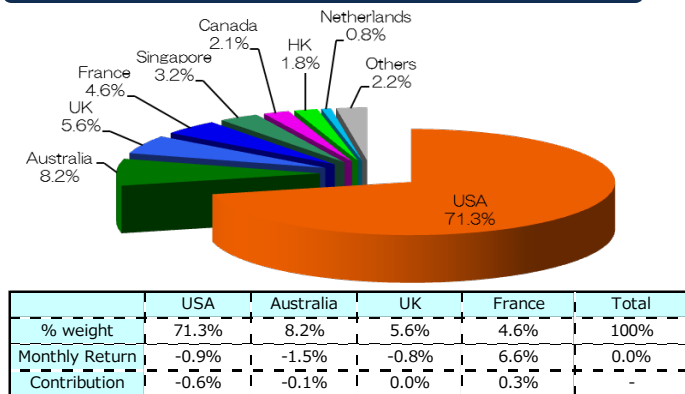


3. Return Contribution by Factors (May'17)



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 (May'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.