

# J-REIT Monthly

May 2018

For your information only



Sumitomo Mitsui Asset Management

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## 1. J-REIT Market Monthly Review (for April 2018)

In April, the TSE REIT Index (with dividends) rose +2.6% from the previous month.

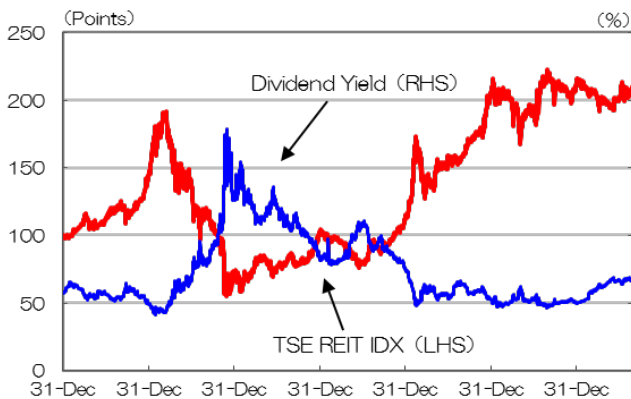
J-REIT market advanced in favor of solid fundamentals such as earnings and financial conditions, while its supply and demand condition improved. Furthermore, 1)diminishing trend of cash outflow from investment funds and slowing down of active capital raise through public offerings from the beginning of the year were positive factors. The growing expectations for profit growth of J-REITs, mainly in office sector, seemed like the trigger of inflow from overseas investors and domestic financial institutions that boosted up the market price. By sector, office sector in TSE REIT index outperformed.

The Japan property market remains firm as March 2018 office vacancy rate in Tokyo five central wards improved to 2.8%, with rents continuously increasing.

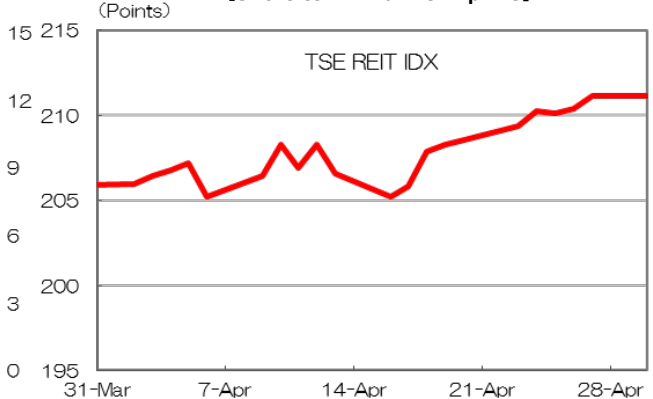
In April, BOJ bought JPY2.4bn worth of J-REITs, by twice purchases.

## 2. TSE REIT Index (with dividends)

[Long-term: Dec'04 - Apr'18]



[Short-term: Mar'18- Apr'18]



TSE REIT Index	As of	1 week ago	1 month ago	3 months ago	6 months ago	1 year ago	3 years ago
	30-Apr-18	23-Apr-18	31-Mar-18	31-Jan-18	31-Oct-17	30-Apr-17	30-Apr-15
Index	3,358.59	3,331.05	3,274.92	3,357.09	3,099.44	3,234.60	3,267.36
% change	-	0.8%	2.6%	0.0%	8.4%	3.8%	2.8%

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

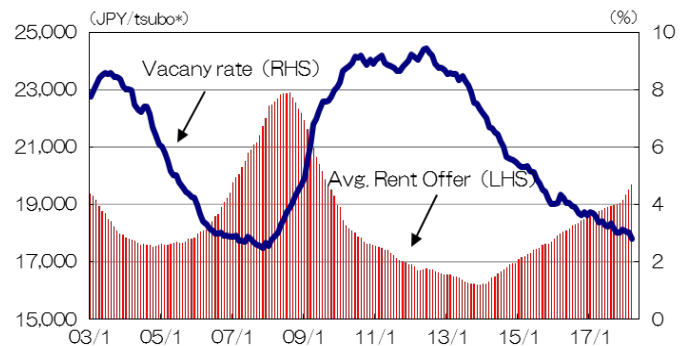
(# of TSE REIT Index Components: 59)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.4%
2	JAPAN REAL ESTATE INV.	J8952	7.0%
3	NOMURA RLST.MASTER FUND	J3462	5.6%
4	JAPAN RET.FR.INV.	J8953	4.8%
5	UNITED URB.INV.	J8960	4.6%
6	ORIX JREIT	J8954	4.1%
7	NIPPON PROLOGIS REIT	J3283	3.8%
8	DAIWA HOUSE REIT INV.	J8984	3.8%
9	ADVANCE RESIDENCE INV	J3269	3.2%
10	GLP J-REIT	J3281	3.1%
	Others		52.6%
	Total		100.0%

Source: SMAM, based on Datastream data.

(As of the end of April 2018)

## 4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to March 2018 (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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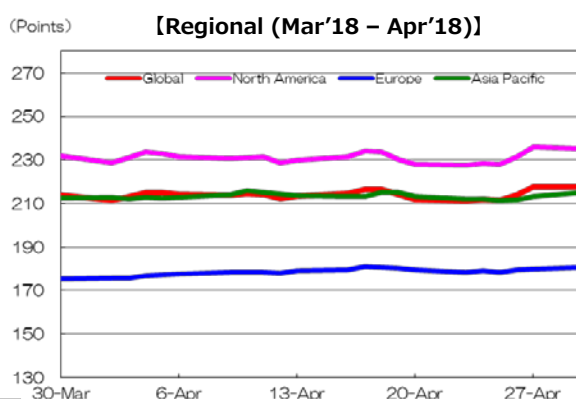
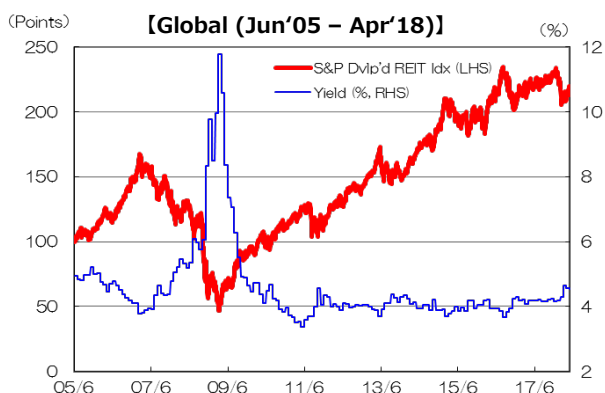
## 1. Global REIT Market Monthly Review (for April 2018)

The S&P Developed Index (ex-Japan, with dividends, USD base) rose +1.8%. On a local currency basis, the REIT return increased +2.2% and the Forex return decreased -0.4%.

Although US interest rate hike was a concern, the US REIT market slightly rose owing to 1) retreating concerns for geopolitical risks of Syria and North Korea and 2) strong earnings of US companies. The European REIT market also edged up due to 1) receding worries over trade war and geopolitical risks and 2) expectations for corporate earnings expansion in Europe prompted by the strong earnings results. The Australian REIT market gained ground on the rising expectation for economic improvement according to firm domestic economic indicators and increasing resource prices.

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

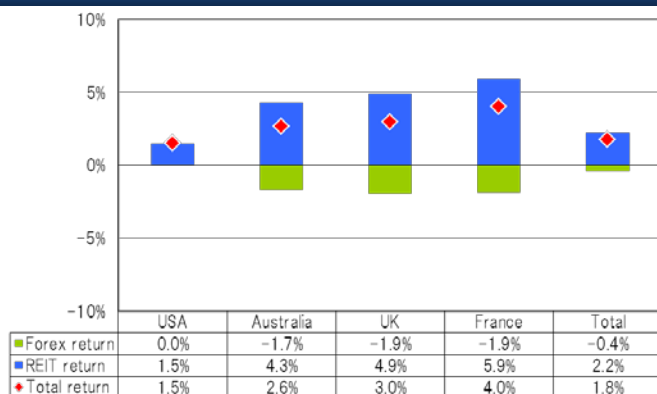
## 2. Global REIT Index (in USD)



As of 30 Apr 2018	1 week ago	1 month ago	3 months ago	6 month ago	1 year ago	3 years ago
	2018/4/23	2018/3/30	2018/1/31	2017/10/31	2017/4/28	2015/4/30
Global	2.9%	1.8%	-2.7%	-1.2%	1.2%	11.3%
North America	3.4%	1.5%	-2.5%	-4.2%	-2.9%	9.7%
Europe	1.3%	3.0%	-1.7%	10.1%	16.4%	6.1%
Asia Pacific	2.3%	2.1%	-4.6%	3.7%	9.7%	24.9%

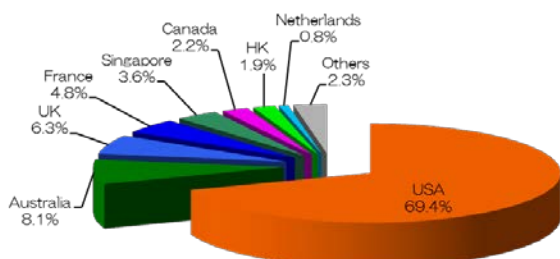
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMAM, based on FactSet data.

## 3. Return Contribution by Factors (Apr'18)



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 (Apr'18)



	USA	Australia	UK	France	Total
% Weight	69.4%	8.1%	6.3%	4.8%	100%
Monthly Return	1.5%	2.6%	3.0%	4.0%	1.8%
Contribution	1.0%	0.2%	0.2%	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.