

# J-REIT Monthly

July 2018

For your information only



Sumitomo Mitsui Asset Management

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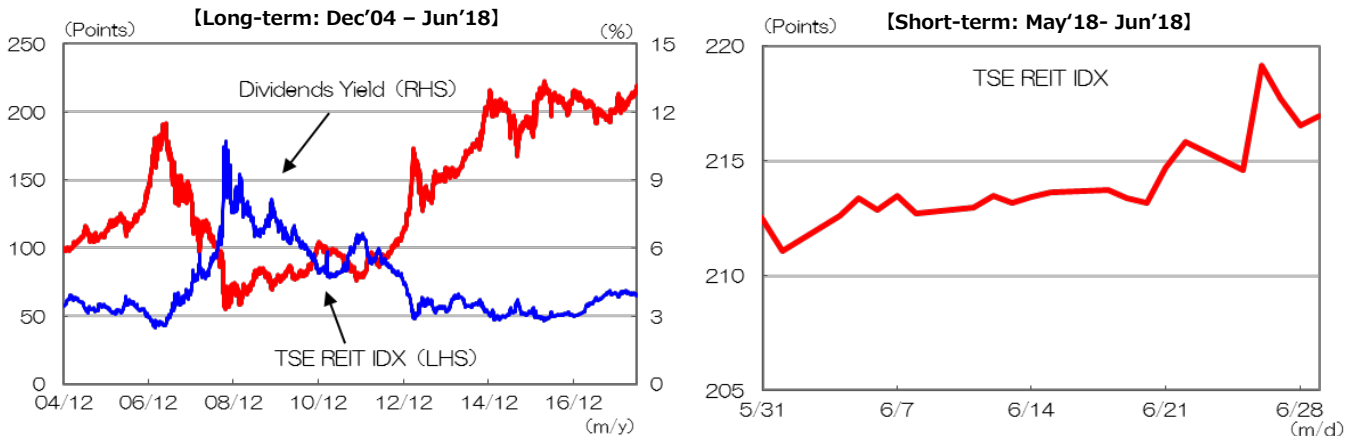
## 1. J-REIT Market Monthly Review (for June 2018)

In June, the TSE REIT Index (with dividends) rose +2.11% from the previous month. J-REIT market remained strong in favor of 1) positive fundamentals such as earnings and financial conditions mainly in office sector and 2) relatively high dividend yield. Furthermore, BOJ's current monetary easing policy is forecasted persistently to prolong for a long term due to stagnation of consumer price index. The market seemed to be pushed up by inflow from overseas investors. Meanwhile, the impact of 18 June earthquake in northern Osaka was quite limited. As for the TSE REIT Index by sectors, office sector outperformed for 6 consecutive months since the beginning of the year.

As for real estate market, May 2018 office vacancy rate in Tokyo five central wards stayed low at 2.68%. Average asking rent reached up to JPY20,000 level per 3.3 square meters for the first time since July 2009. Accordingly, real estate market remained solid.

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

## 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
	2018/6/29	2018/6/22	2018/5/31	2018/3/31	2017/12/31	2017/6/30	2015/6/30
Index	3,450.92	3,433.40	3,379.45	3,274.92	3,189.59	3,180.48	3,157.69
% Change	-	0.5%	2.1%	5.4%	8.2%	8.5%	9.3%

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: SMAM, based on Datastream data.

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

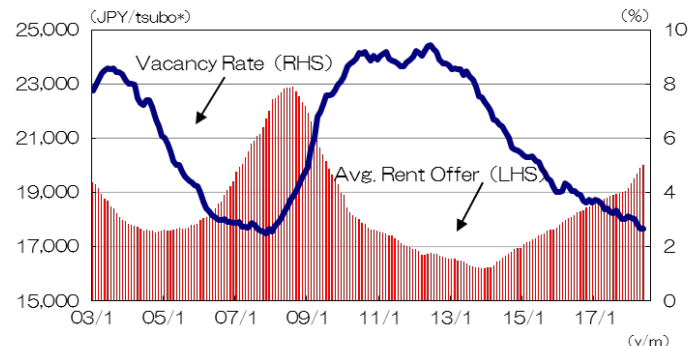
(# of TSE REIT Index Components: 59)

	REIT	Code	Weight(%)
1	NIPPON BUILDING FUND	J8951	7.5%
2	JAPAN REAL ESTATE INV.	J8952	7.0%
3	NOMURA RLST.MASTER FUND	J3462	5.6%
4	UNITED URB.INV.	J8960	4.6%
5	JAPAN RET.FD.INV.	J8953	4.6%
6	ORIX JREIT	J8954	4.2%
7	NIPPON PROLOGUS REIT	J3283	3.7%
8	DAIWA HOUSE REIT INV.	J8984	3.7%
9	ADVANCE RESIDENCE INV.	J3269	3.2%
10	JAPAN PRIME REALTY INV.	J8955	3.1%
	Others		52.9%
	Total		100.0%

Source: SMAM, based on Datastream data.

(As of the end of June 2018)

## 4. Tokyo Office Rent and Vacancy Rate



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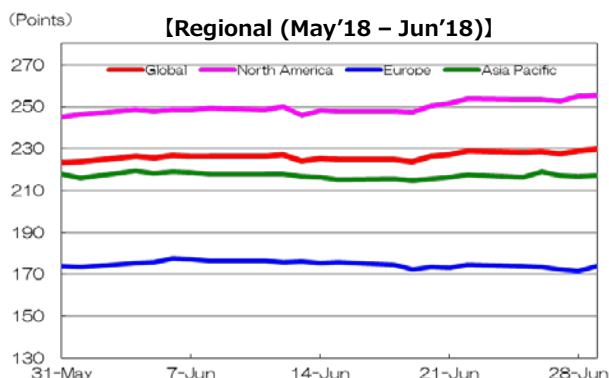
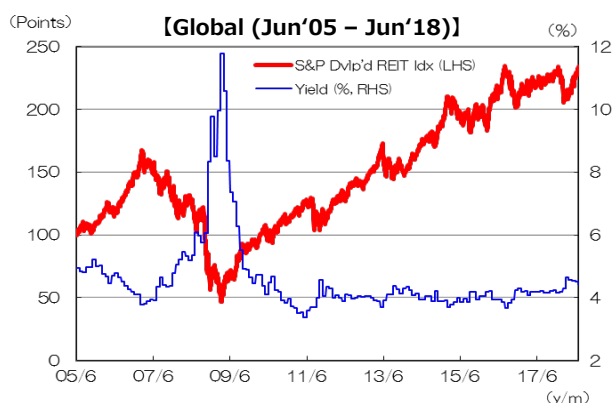
## 1. Global REIT Market Monthly Review (for June 2018)

The S&P Developed Index (ex-Japan, with dividends, USD base) rose +2.9%. On a local currency basis, the REIT return increased +3.3% and Forex return decreased -0.3%.

The US REIT market rose in favor of rising confidence in economic condition on strong US economic indicators such as employment statistics and retail sales that exceeded market forecasts. Meanwhile, the European REIT market was positive on decline in European major countries' long-term interest rates after ECB's announcement to hold policy interest rate unchanged. However, the market remained flat with increasing worries over trade war. The Australian REIT market advanced due to the solid stock market, despite the downturn in commodity market.

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

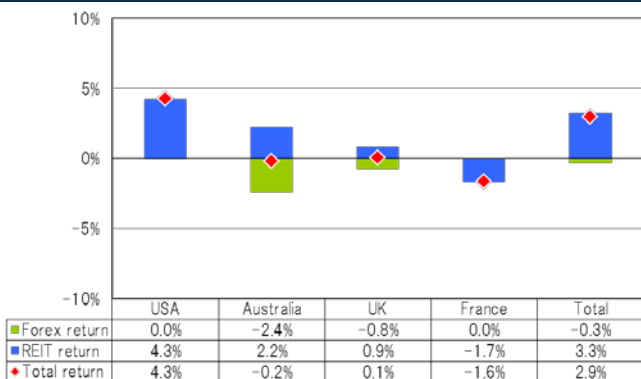
## 2. Global REIT Index (in USD)



As of 29 Jun 2018	1 week ago	1 month ago	3 months ago	6 months ago	1 year ago	3 years ago
	2018/6/22	2018/5/31	2018/3/30	2017/12/29	2017/6/30	2015/6/30
Global	0.4%	2.9%	7.6%	0.2%	5.3%	23.6%
North America	0.7%	4.2%	10.2%	1.4%	3.8%	25.3%
Europe	-0.5%	0.0%	-1.0%	-2.5%	9.3%	7.3%
Asia Pacific	0.0%	-0.6%	2.7%	-3.3%	9.5%	30.9%

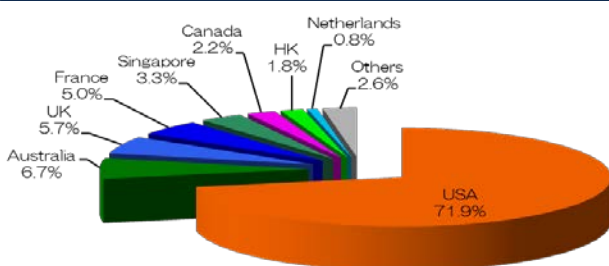
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMAM, based on FactSet data.

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



	USA	Australia	UK	France	Total
% Weight	71.9%	6.7%	5.7%	5.0%	100%
Monthly Return	4.3%	-0.2%	0.1%	-1.6%	2.9%
Contribution	3.1%	0.0%	0.0%	-0.1%	-

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.

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