

# J-REIT Monthly

November 2017

For your information only



Sumitomo Mitsui Asset Management

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

In October 2017, the TSE REIT Index (with dividends) dropped 1.29% MOM.

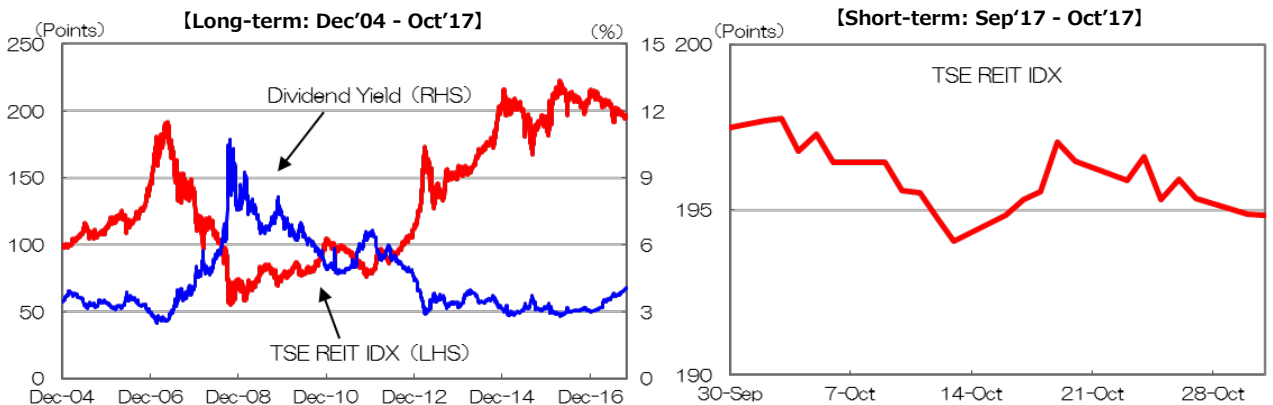
The effect of supply and demand weighed on the J-REIT market due to continuous cash outflow from investment trusts and investors selling of holding REITs to meet public offerings. In the middle of the month, a large-cap REIT announced share buyback, however impact on the TSE REIT Index was limited and the J-REIT market moved on a weak tone, while the Japanese stock market was upbeat.

By sector, office sector underperformed. Small and mid-cap REITs were strong, while large-cap REITs were generally weak and this effected on the sector performance, rather than actual preference of sectors.

September office vacancy rate in Tokyo five central wards improved to 3.17%. The Japan property market remains firm with rents continuously increasing.

In October, BOJ bought JPY12.9bn worth of J-REITs, by ten time purchases.

## 2. TSE REIT Index (with dividends)



TSE REIT Index	As of 31-Oct-17	1week ago 24-Oct-17	1month ago 30-Sep-17	3months ago 31-Jul-17	6months ago 30-Apr-17	1year ago 31-Oct-16	3years ago 31-Oct-14
Index	3,099.44	3,127.58	3,139.87	3,220.02	3,234.60	3,269.40	2,942.29
%change	-	-0.9%	-1.3%	-3.7%	-4.2%	-5.2%	5.3%

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.

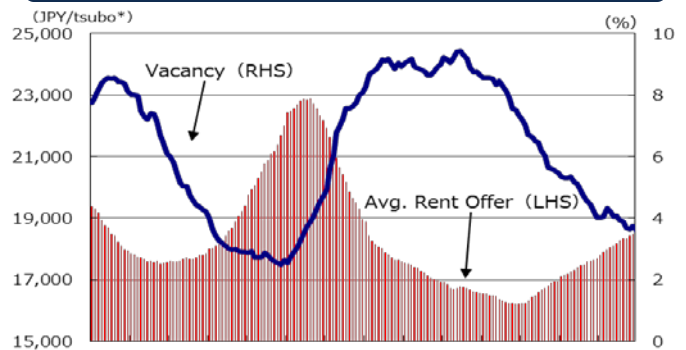
## 3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:59)

REIT	CODE	Weight (%)
1 NIPPON BUILDING FUND	J8951	7.2
2 JAPAN REAL ESTATE INV.	J8952	6.8
3 NOMURA RLST.MASTER FUND	J3462	5.5
4 JAPAN RET.FD.INV.	J8953	5.3
5 UNITED URB.INV.	J8960	4.9
6 ORIX JREIT	J8954	4.1
7 NIPPON PROLOGIS REIT	J3283	4.1
8 DAIWA HOUSE REIT INV.	J8984	3.7
9 ADVANCE RESIDENCE INV.	J3269	3.4
10 JAPAN PRIME REALTY INV.	J8955	3.1
Others		52.0
Total		100.0

Source: SMAM, based on Datastream data. (As of the end of October 2017)

## 4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to September 2017 (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 October 2017)

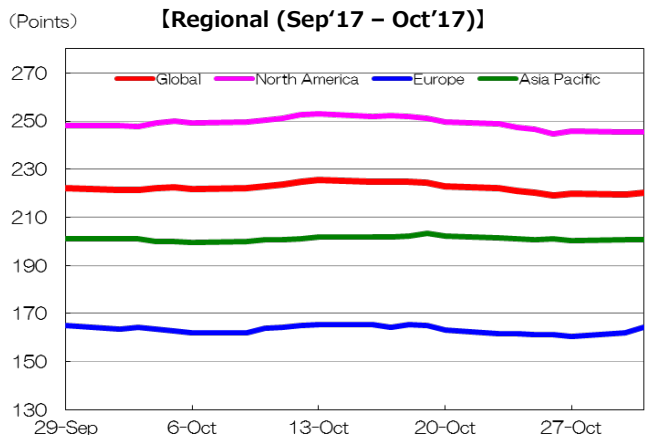
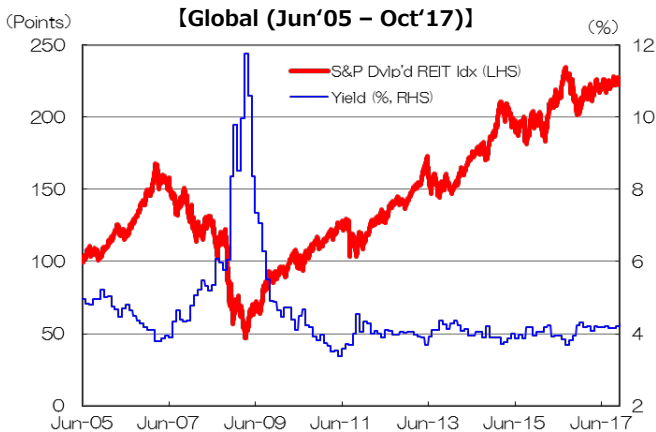
The S&P Developed REIT Index (ex-Japan, with dividends, USD base) dropped 0.8% in October. On a local currency basis, the REIT return declined 0.4% and the Forex return also decreased 0.4%.

The US REIT declined in October negatively affected by the rise in US long term yields on the back of (i) frequent comments of Fed officials showing support for additional US interest rate hike and (ii) the budget resolution approval at the US congress. In contrast, the European REIT market advanced, positive on decline in long term interest rates led by ECB's decision to cut the level of asset purchase but extend the time length of buying program.

In addition, Australian REIT market rose on (i) halt of interest rate hike and (ii) strong economic indicators such as Consumer Confidence Index. The Singapore and Hong Kong market both gained ground in favor of robust stock markets.

Regarding the Forex factor, EUR, GDP, CAD and AUD all weakened against JPY.

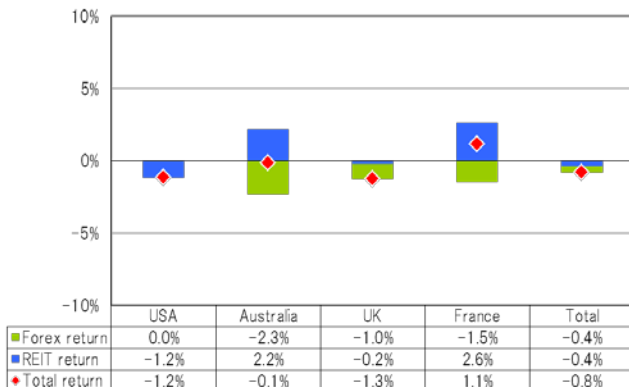
## 2. Global REIT Index (in USD)



As of 31 Oct 2017	1 week ago 24-Oct-17	1 month ago 29-Sep-17	3 months ago 31-Jul-17	6 months ago 28-Apr-17	1 year ago 31-Oct-16	3 years ago 31-Oct-14
Global	-0.4%	-0.6%	-0.9%	2.5%	7.5%	16.7%
North America	-0.7%	-1.2%	-1.4%	1.3%	5.0%	17.2%
Europe	1.6%	-0.6%	0.3%	5.8%	17.1%	5.8%
Asia Pacific	-0.1%	0.9%	0.7%	5.7%	12.6%	24.6%

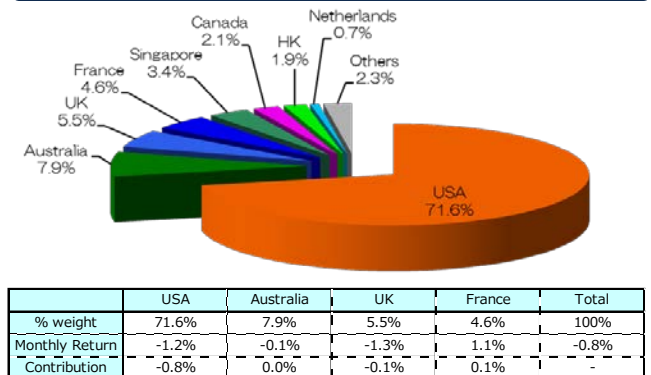
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMAM, based on FactSet data.

## 3. Return Contribution by Factors (Oct'17)



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 (Oct'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: SMAM, based on FactSet data.