

# J-REIT Monthly

February 2018

For your information only



Sumitomo Mitsui Asset Management

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

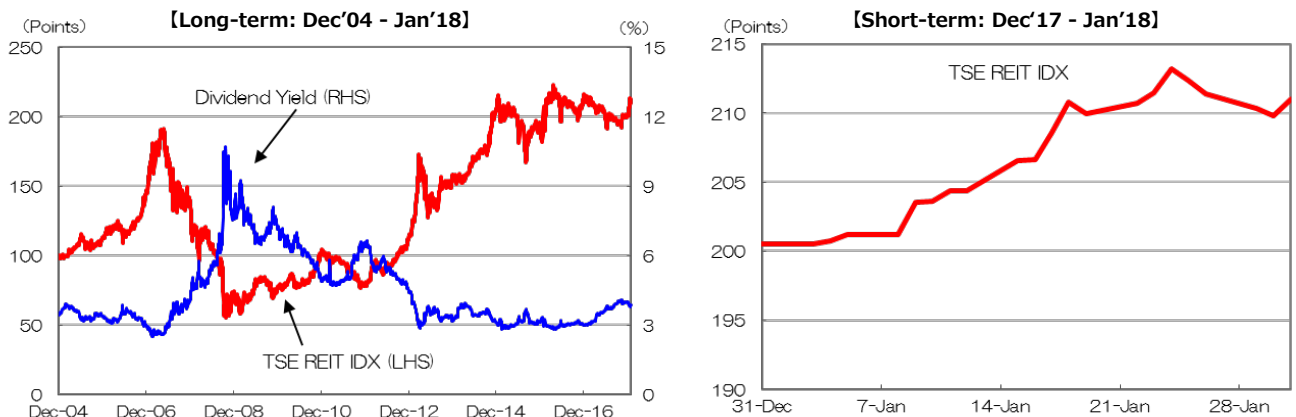
In January, the TSE REIT Index (with dividends) was strong and gained 5.3% from the previous month, since the market noticed this asset class was oversold during last year.

The market advanced due to increase in purchase of J-REITs through ETFs by domestic financial institutions as investors viewed that strong fundamentals of J-REITs were undervalued. In addition, self-effort of J-REIT management companies such as replacement of properties and mergers of REITs, were also positive for the market. By sector, office sector outperformed.

December office vacancy rate in Tokyo five central wards was 3.1% maintaining a low level. The Japan property market remains firm with rents continuously increasing.

In December, BOJ bought JPY4.8bn worth of J-REITs, by four time 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
	31-Jan-18	24-Jan-18	31-Dec-17	31-Oct-17	31-Jul-17	31-Jan-17	31-Jan-15
Index	3,357.09	3,391.38	3,189.59	3,099.44	3,220.02	3,407.69	3,260.64
% change	-	-1.0%	5.3%	8.3%	4.3%	-1.5%	3.0%

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.

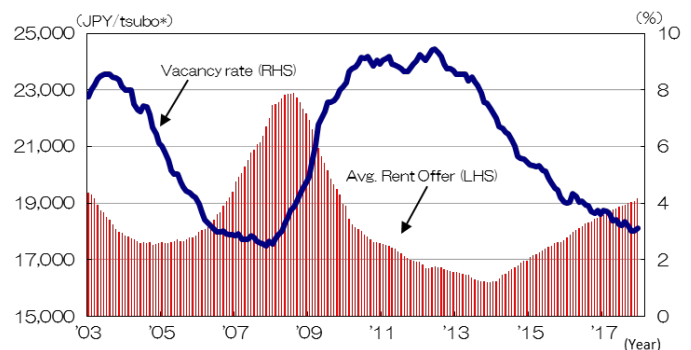
## 3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:59)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.1
2	JAPAN REAL ESTATE INV.	J8952	6.7
3	NOMURA RLST. MASTER FUND	J3462	5.5
4	JAPAN RET. FD. INV.	J8953	5.3
5	UNITED URB. INV.	J8960	4.8
6	ORIX REIT	J8954	4.1
7	NIPPON PROLOGIS REIT	J3283	4.0
8	DAIWA HOUSE REIT INV.	J8984	3.5
9	ADVANCE RESIDENCE INV.	J3269	3.3
10	JAPAN PRIME REALTY INV.	J8955	3.1
	Others		52.8
	Total		100.0

Source: SMAM, based on Datastream data. (As of the end of January 2018)

## 4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to December 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.

# Global REIT Monthly

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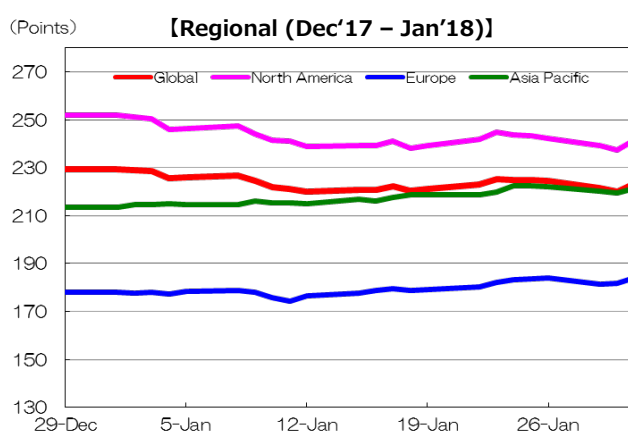
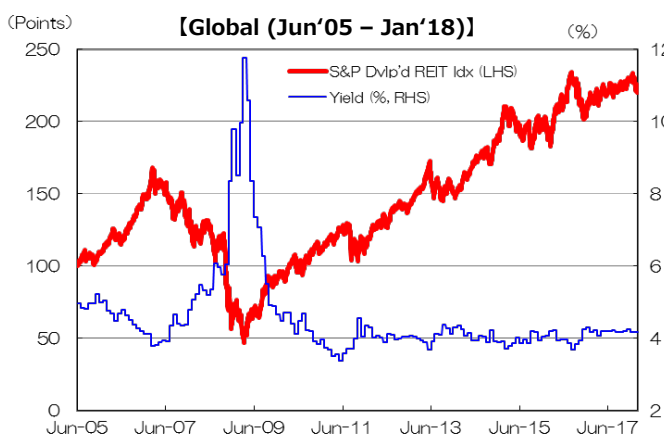
## 1. Global REIT Market Monthly Review (for January 2018)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) dropped 2.5%. On a local currency basis, the REIT return declined 3.5% and the Forex return rose 1.0%.

The US REIT market declined negatively reacting to rise in US long term yields led by increasing expectations of US economic growth due to tax reduction under the new enactment of US Tax Cuts and Jobs Act. The European REIT market decreased negative on rise in long term interest rates following rising expectations that ECB will scale back quantitative easing at an early point. The Australian REIT market also went down negatively reacting to increase in long term interest rates. In addition, the Singapore REITs declined as rise in long term yields weighed on the market.

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

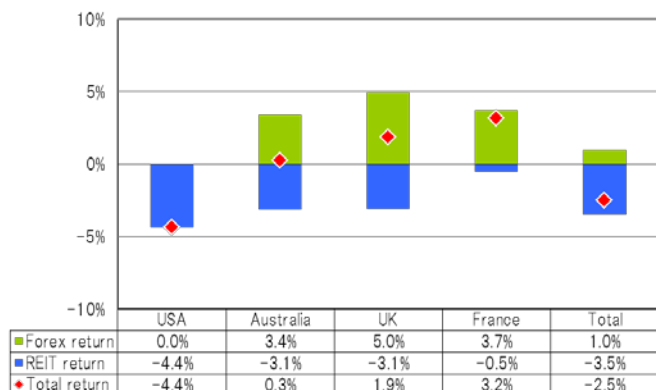
## 2. Global REIT Index (in USD)



As of 31 Jan 2018	1 week ago 24-Jan-18	1 month ago 29-Dec-17	3 months ago 31-Oct-17	6 months ago 31-Jul-17	1 year ago 31-Jan-17	3 years ago 30-Jan-15
Global	-0.6%	-2.5%	1.5%	0.6%	6.9%	9.1%
North America	-0.9%	-4.2%	-1.6%	-3.0%	0.5%	4.4%
Europe	0.3%	3.2%	12.0%	12.3%	31.9%	11.4%
Asia Pacific	-0.2%	0.7%	8.7%	9.5%	21.6%	32.9%

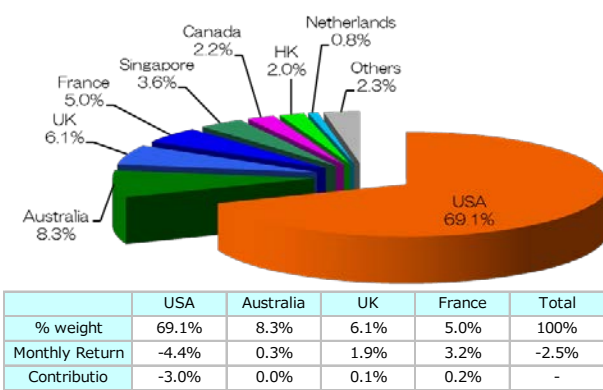
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMAM, based on FactSet data.

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



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.