

J-REIT Monthly

November 2018

For your information only



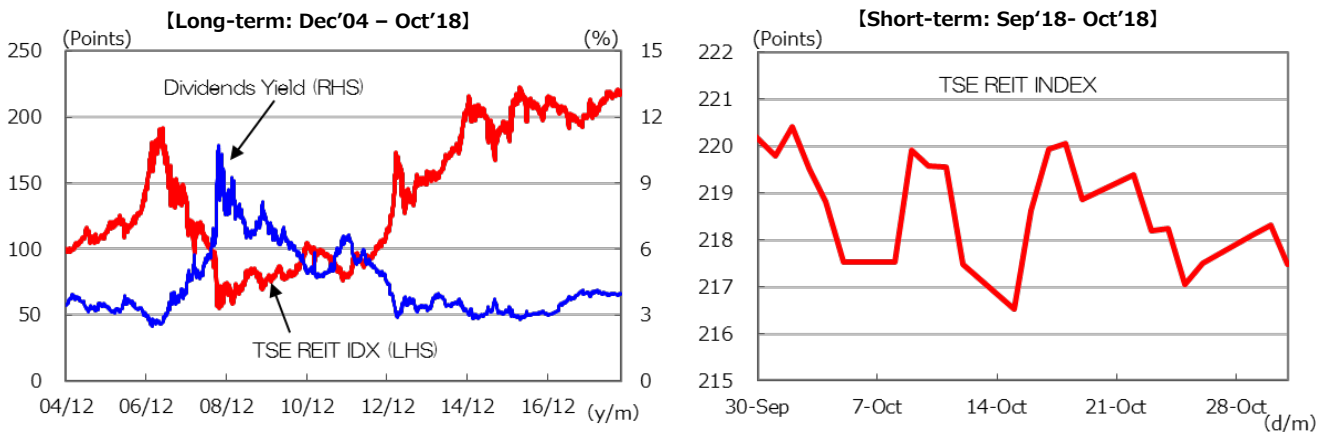
Sumitomo Mitsui Asset Management

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

In October, the TSE REIT Index (with dividends) declined 1.53% from the previous month. J-REIT market slightly dropped as October global stock price fall continued on intensifying trade friction and US interest rate hike. However, J-REIT market showed strength compared to stock market, as its volatility stayed relatively low with investors favoring its defensive earnings and solid fundamentals of real estates. By sector of TSE REIT Index, only office sector underperformed in October. The Japan property market remains firm as September office vacancy rate in Tokyo five central wards improved to 2.33% with rents continuously increasing. In October, BOJ bought JPY3.6bn worth of J-REITs, by three times purchase. However, its actual consumption only stays slightly over 50% of its annual purchasing capacity.

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 Oct 18	24 Oct 18	30 Sep 18	31 Jul 18	30 Apr 18	31 Oct 17	31 Oct 15
Index	3,459.73	3,471.65	3,513.39	3,468.88	3,358.59	3,099.44	3,061.58
% Change	-	-0.3%	-1.5%	-0.3%	3.0%	11.6%	13.0%

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

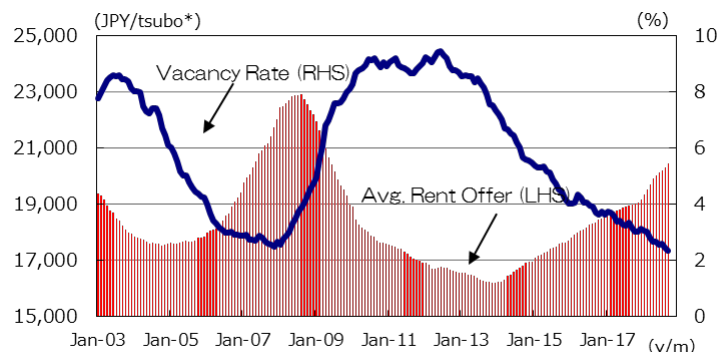
(# of TSE REIT Index Components:60)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.4%
2	JAPAN REAL ESTATE INV.	J8952	6.9%
3	NOMURA RLST. MASTER FUND	J3462	5.1%
4	JAPAN RET.FD.INV.	J8953	4.6%
5	UNITED URB.INV.	J8980	4.5%
6	ORIX JREIT	J8954	4.1%
7	DAIWA HOUSE REIT INV.	J8984	3.6%
8	NIPPON PROLOGIS REIT INC	J3283	3.6%
9	ADVANCE RESIDENCE INV.	J3269	3.3%
10	GLP JAPAN REIT	J3281	3.3%
	Others		53.7%
	Total		100.0%

Source: SMAM, based on Datastream data.

(As of the end of Oct 2018)

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to Sep 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 October 2018)

In October, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) dropped 3.3%. On a local currency basis, the REIT return decreased 2.8% and the Forex return declined 0.5%.

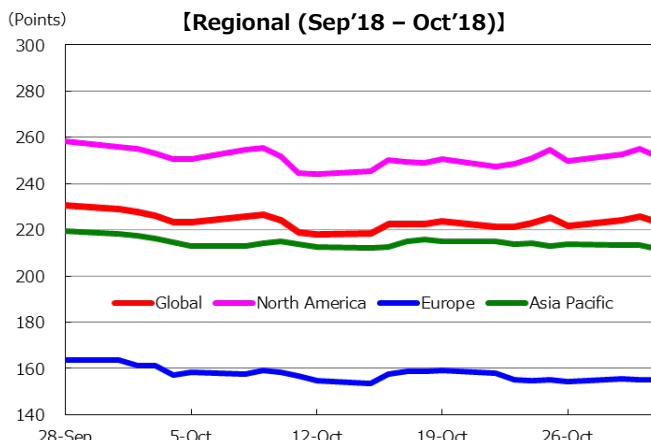
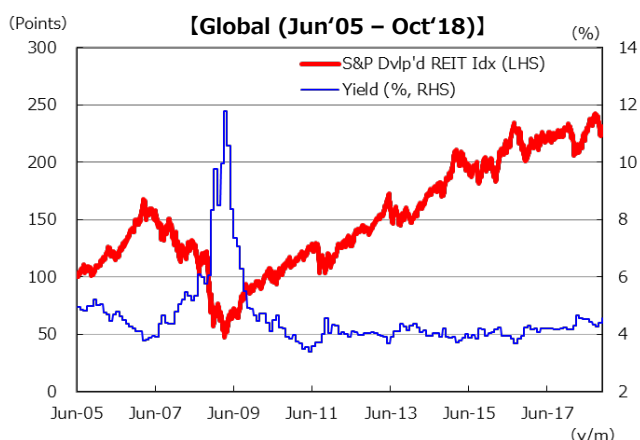
The US REIT market dropped due to concerns over continuation of US long term interest rate hike by FRB and US stock market's fall.

The European REIT market declined negatively reacting to (i) increasing worries over economic slowdown led by the sluggish economic indicators for the Eurozone and (ii) rising political uncertainty over Italy's government budget deficit issues.

The Australian REIT market went down as Australian stock market weakened due to fall in global stocks and decline in resource prices.

Regarding the Forex factor, EUR, GBP, CAD, SGD and HKD all weakened against USD.

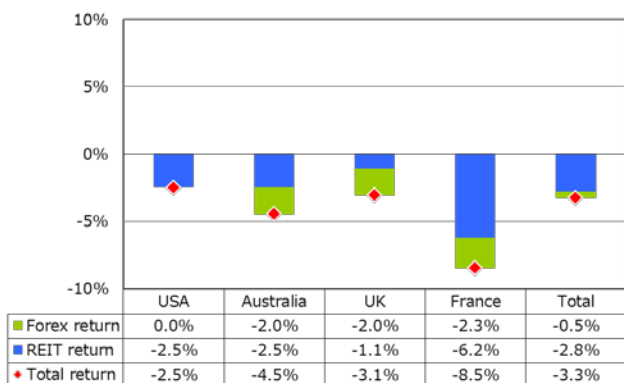
2. Global REIT Index (in USD)



As of 31 Oct 2018	1 week ago 24 Oct 18	1 month ago 28 Sep 18	3 months ago 31 Jul 18	6 months ago 30 Apr 18	1 year ago 31 Oct 17	3 years ago 30 Oct 15
Global	0.1%	-3.3%	-3.8%	2.6%	1.4%	12.8%
North America	0.3%	-2.5%	-2.1%	7.1%	2.6%	15.0%
Europe	0.3%	-5.2%	-10.7%	-14.1%	-5.4%	-12.8%
Asia Pacific	-1.5%	-5.6%	-6.3%	-2.7%	1.0%	29.9%

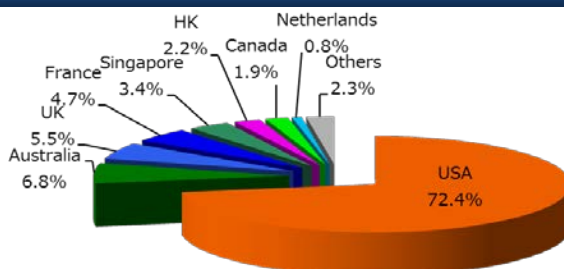
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: SMAM, based on FactSet data.

3. Return Contribution by Factors (Oct'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 (Oct'18)



	USA	Australia	UK	France	Total
% Weight	72.4%	6.8%	5.5%	4.7%	99%
Monthly Return	-2.5%	-4.5%	-3.1%	-8.5%	-3.3%
Contribution	-1.8%	-0.3%	-0.2%	-0.4%	-

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.