

Today's

Topic

**Solid Asia Pacific REIT Market (July 2018)**

## Market focuses on defensive nature of REITs

### Point 1

**All 3 Major Asia Pacific REIT markets rose, supported by strong earnings results**

- In July 2018, all 3 major Asia Pacific REIT markets rose in local currency basis.
- Singapore REIT market rose due to expectation on knock-on effect of announcement of first share buy-back by major REIT to the rest of industry.
- Hong Kong REIT market rose due to stable earnings results.
- Australian REIT market rose due to stable long term interest rate thanks to Reserve Bank of Australia (RBA) maintaining its policy rate at historically low level.

### Point 2

**Rose also in JPY terms  
Currency played positively for JPY investors**

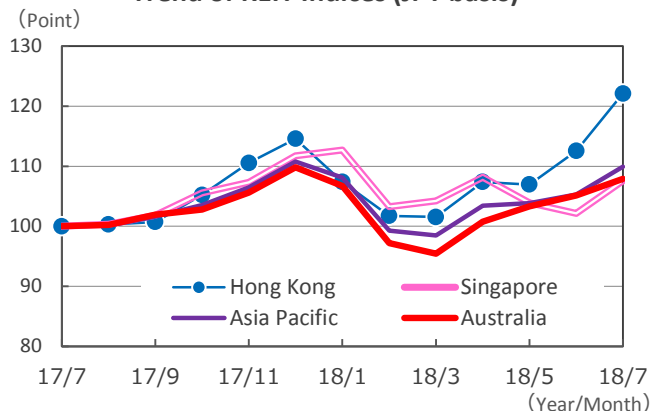
- In JPY terms, July 2018 return of Asia Pacific REIT market was +4.4% MoM surpassing that in local currency. Singapore, Hong Kong and Australia rose +5.3%, +8.5% and +2.6% MoM, respectively.
- In July, JPY strengthened at some stage due to concern over trade friction and US President Trump complaining on stronger USD and on hike of policy rate by FRB. However, JPY weakened for the month due to expectation on continuation of US rate hike. Hence, currency factor contributed positively to the JPY investors.

“Percentage Change of Market by Country/Region”

Country/Region	Monthly Change		Yearly Change	
	Local Currency	JPY	Local Currency	JPY
Singapore	4.1%	5.3%	6.5%	7.6%
Hong Kong	7.4%	8.5%	21.1%	22.1%
Australia	0.9%	2.6%	14.4%	7.9%
Asia Pacific	2.9%	4.4%	13.4%	9.9%
Japan	0.6%	0.6%	7.9%	7.9%
USA	0.7%	1.7%	3.2%	4.5%
Global	0.9%	1.9%	5.5%	6.0%

(Note) Country/Region Sub-indices of S&P Developed REIT Index (incl. dividend). 1 Year Change is from July end 2017 to July end 2018.  
(Source) SMAM, based on FactSet data.

“Trend of REIT Indices (JPY basis)”



(Note) Country/Region Sub-indices of S&P Developed REIT Index (incl. dividend) From July end 2017 to July end 2018. Indexation as at July end 2017 = 100.  
(Source) SMAM, based on FactSet data.

### Future Outlook

**REIT is interesting with its defensive nature under current uncertain market environment and with its solid earnings results**

- Asia Pacific REITs market is expected to remain solid due to its defensive nature under current uncertain market environment and solid earnings results. Valuation of Singapore REIT market has a room to be upgraded as financial results indicate improvement in economy and property market. Hong Kong REIT market is expected to keep its solid trend thanks to improvement in business sentiment. Australian REIT market is expected to continue growing as financial environment is stable.



## Disclaimer

### Please read this disclaimer carefully.

- This material is for non-Japanese institutional investors only.
- The research and analysis included in this report, and those opinions or judgments as outcomes thereof, are intended to introduce or demonstrate capabilities and expertise of Sumitomo Mitsui Asset Management Company, Ltd. (hereinafter "SMAM"), or to provide information on investment strategies and opportunities. Therefore this material is not intended to offer or solicit investments, provide investment advice or service, or to be considered as disclosure documents under the Financial Instruments and Exchange Law of Japan.
- The expected returns or risks in this report are calculated based upon historical data and/or estimated upon the economic outlook at present, and should be construed no warrant of future returns and risks.
- Past performance is not necessarily indicative of future results.
- The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc.
- The investment products or strategies do not guarantee future results nor guarantee the principal of investments. The investments may suffer losses and the results of investments, including such losses, belong to the client.
- The recipient of this report must make its own independent decisions regarding investments.
- The opinions, outlooks and estimates in this report do not guarantee future trends or results. They constitute SMAM's judgment as of the date of this material and are subject to change without notice.
- The awards included in this report are based on past achievements and do not guarantee future results.
- The intellectual property and all rights of the benchmarks/indices belong to the publisher and the authorized entities/individuals.
- This material has been prepared by obtaining data from sources which are believed to be reliable but SMAM can not and does not guarantee its completeness or accuracy.
- All rights, titles and interests in this material and any content contained herein are the exclusive properties of SMAM, except as otherwise stated. It is strictly prohibited from using this material for investments, reproducing/copying this material without SMAM's authorization, or from disclosing this material to a third party.

Registered Number: Kanto Local Finance Bureau (KINSHO) No.399  
Member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and  
Type II Financial Instruments Firms Association  
© Sumitomo Mitsui Asset Management Company, Limited

---