

# J-REIT Monthly

April 2018

For your information only



Sumitomo Mitsui Asset Management

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

In March, the TSE REIT Index (with dividends) declined by -0.5% from the previous month.

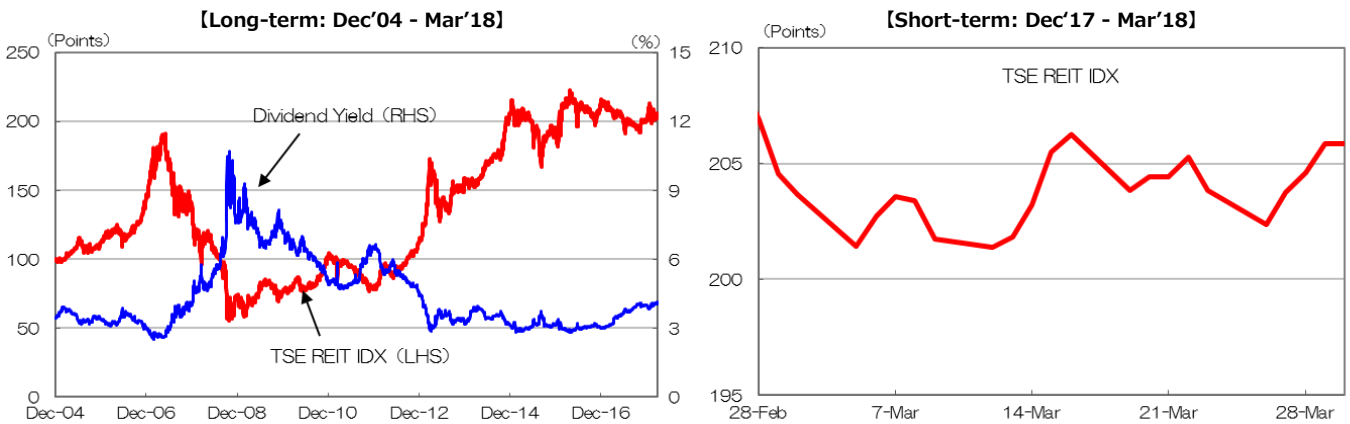
J-REITs market weakened under the pressure of worsening balance of supply and demand conditions due to active capital raise through public offering. Meanwhile, J-REITs market declined marginally for the month, as capital inflow through purchase of ETF by Japanese financial institutions attracted by J-REITs' relatively high dividend yield and some immunity against business cycle, underpinned the market.

By sector, residential sector outperformed the TSE REITs Index as business results of large-scaled residential REITs were robust.

February 2018 office vacancy rate in Tokyo five central wards was 3.0%, maintaining a low level. The Japan property market remains firm with rents continuously increasing.

In March, BOJ bought JPY8.4bn worth of J-REITs, by seven 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
	30-Mar-18	23-Mar-18	28-Feb-18	31-Dec-17	30-Sep-17	31-Mar-17	31-Mar-15
Index	3,274.92	3,242.33	3,291.44	3,189.59	3,139.87	3,307.66	3,241.62
% change	-	1.0%	-0.5%	2.7%	4.3%	-1.0%	1.0%

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

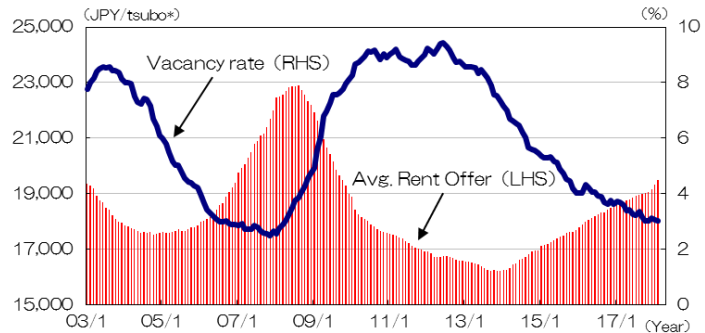
(# of TSE REIT Index Components:60)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.2
2	JAPAN REAL ESTATE INV.	J8952	6.6
3	NOMURA RLST.MASTER FUND	J3462	5.5
4	JAPAN RET.FD.INV.	J8953	4.9
5	UNITED URB.INV.	J8960	4.7
6	ORIX JREIT	J8954	4.1
7	NIPPON PROLOGIS REIT	J3283	3.9
8	DAIWA HOUSE REIT INV.	J8984	3.8
9	ADVANCE RESIDENCE INV.	J3269	3.2
10	GLP J-REIT	J3281	3.1
	Others		52.9
	Total		100.0

Source: SMAM, based on Datastream data.

(As of the end of March 2018)

## 4. Tokyo Office Rent and Vacancy Rate



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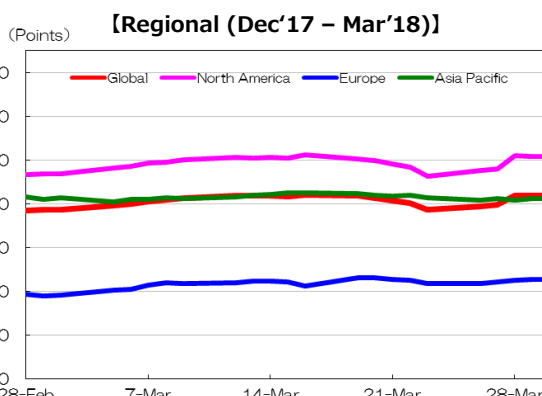
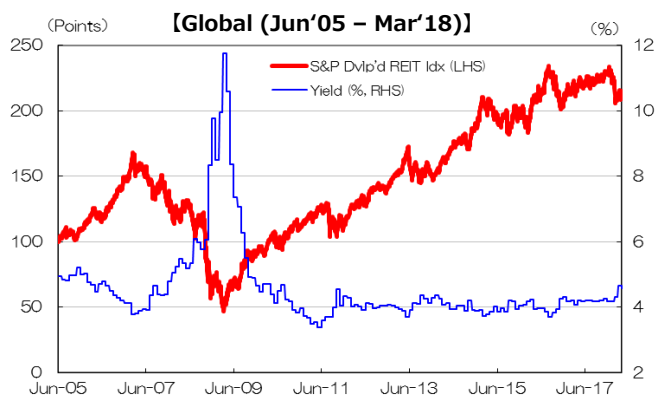
## 1. Global REIT Market Monthly Review (for March 2018)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) rose + 3.1%. On a local currency basis, the REIT return increased + 3.1% and the Forex return increased + 0.1%.

The US REIT market rose as 1) expectation on US interest rate acceleration receded due to US employment statistics confirming slower pace of wage growth and 2) it positively reacted to economic indicators such as industrial production which were better than market expectation. The European REIT market rose positively reacting to declining long-term yield in Europe due to 1) retreatment of political uncertainty as formation of German coalition government was finally confirmed and 2) ECB governor Draghi indicated prudent stance on inflation outlook. The Australian REIT market remained flat as it negatively reacted to weak equity market whereas positively reacted to decrease in long term interest rates during the month.

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

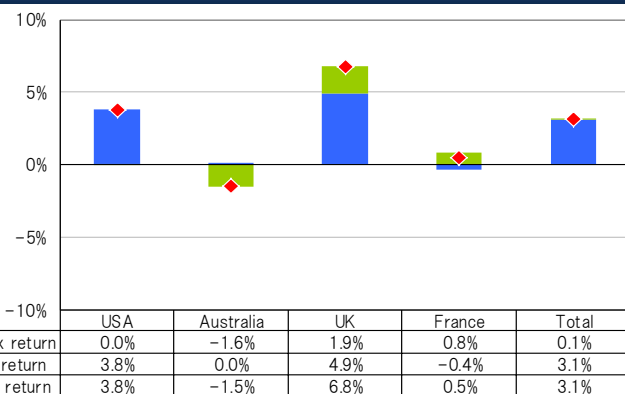
## 2. Global REIT Index (in USD)



As of 31 Mar 2018	1 week ago 23-Mar-18	1 month ago 28-Feb-18	3 months ago 29-Dec-17	6 months ago 29-Sep-17	1 year ago 31-Mar-17	3 years ago 31-Mar-15
Global	3.0%	3.1%	-6.8%	-3.8%	0.4%	5.7%
North America	4.1%	3.7%	-8.0%	-6.6%	-4.4%	2.1%
Europe	1.1%	4.0%	-1.5%	6.2%	20.6%	5.9%
Asia Pacific	0.0%	-0.5%	-5.9%	2.6%	8.8%	25.4%

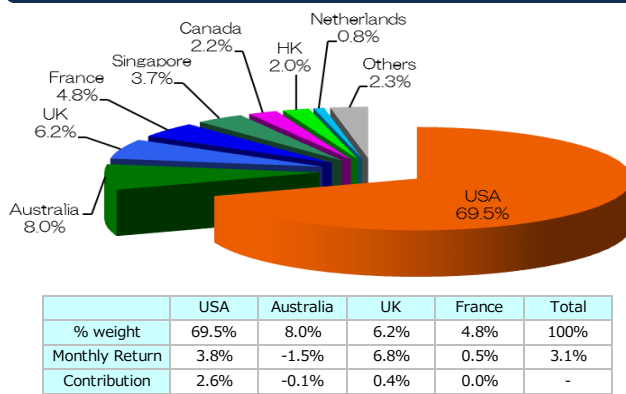
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMAM, based on FactSet data.

## 3. Return Contribution by Factors (Mar'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 (Mar'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.