

J-REIT Monthly

June 2018

For your information only



Sumitomo Mitsui Asset Management

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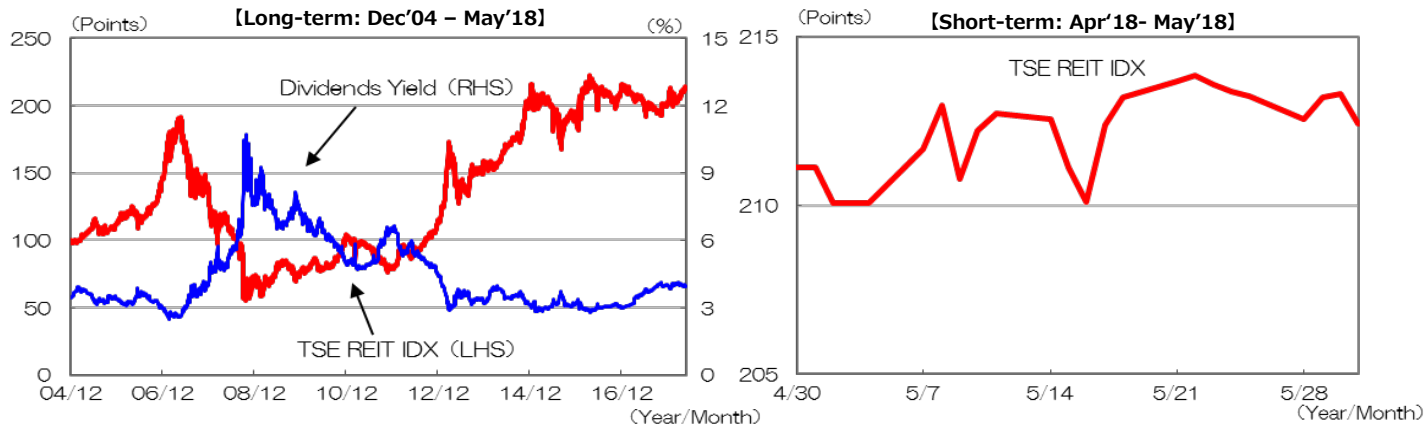
1. J-REIT Market Monthly Review (for May 2018)

In May, the TSE REIT Index (with dividends) rose +0.62% from the previous month. J-REIT market remained firm supported by 1) solid fundamentals such as earnings and financial conditions and 2) improvement of supply and demand conditions, as well as continuously low interest rate. Office demand was strong in May due to improvement of corporate earnings, as office vacancy rate in Tokyo central district renewed the ten-year-low that it marked in March. As to supply and demand conditions, inflow from overseas investors and domestic financial institutions into J-REITs continues led by expanding expectations for rent rises. By sector, office sector in TSE REIT Index has outperformed for five consecutive months since the beginning of the year.

The Japan property market remains firm as April 2018 office vacancy rate in Tokyo five central wards improved to 2.65%, with rent continuously rising.

In May, BOJ bought JPY9.6bn worth of J-REITs, by eight times 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-May-18	24-May-18	30-Apr-18	28-Feb-18	30-Nov-17	31-May-17	31-May-15
Index	3,379.45	3,394.20	3,358.59	3,291.44	3,189.89	3,271.22	3,257.97
% change	-	-0.4%	0.6%	2.7%	5.9%	3.3%	3.7%

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

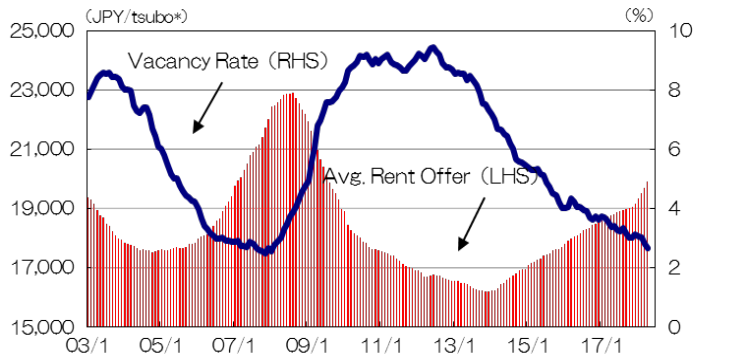
(# of TSE REIT Index Components: 59)

	REIT	CODE	Weight(%)
1	NIPPON BUILDING FUND	J8951	7.3%
2	JAPAN REAL ESTATE INV.	J8952	7.0%
3	NOMURA RLST.MASTER FUND	J3462	5.5%
4	JAPAN RET.FRI.INV.	J8953	4.6%
5	UNITED URB.INV.	J8960	4.5%
6	ORIX JREIT	J8954	4.2%
7	NIPPON PROLOGIS REIT	J3283	3.7%
8	DAIWA HOUSE REIT INV.	J8984	3.7%
9	ADVANCE RESICE INV	J3269	3.2%
10	GLP J-REIT	J3281	3.1%
	Others		53.2%
	Total		100.0%

Source: SMAM, based on Datastream data.

(As of the end of May 2018)

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to April 2018 (monthly basis). (Year/Month)

(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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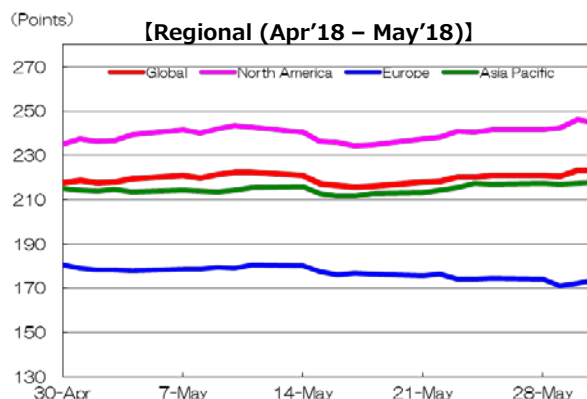
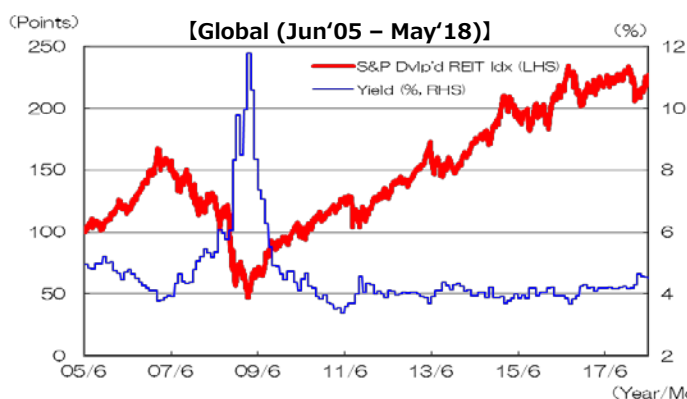
1. Global REIT Market Monthly Review (for May 2018)

The S&P Developed Index (ex-Japan, with dividends, USD base) rose +2.7%. On a local currency basis, the REIT return increased +3.2% and Forex return decreased -0.5%.

The US REIT market advanced owing to decline in US interest rate as FOMC reports indicated that Fed will hold US interest rate rise at a steady pace. The European REIT market remained flat due to uncertainty of Italian politics, while European long-term interest rates dropped in favor of European CPI of April that ended up lower than expected. The Australian REIT market edged up due to long-term interest rate decline, despite RBA's unchanged cash rate.

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

2. Global REIT Index (in USD)

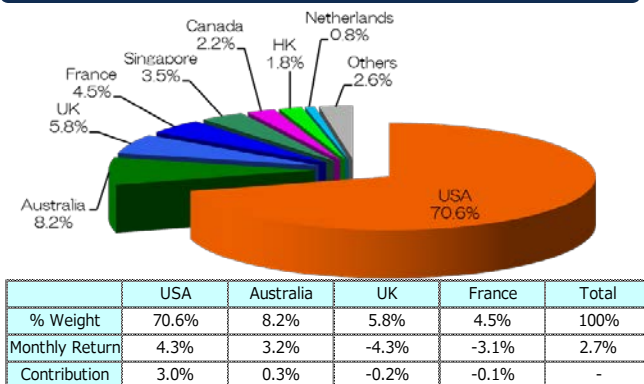
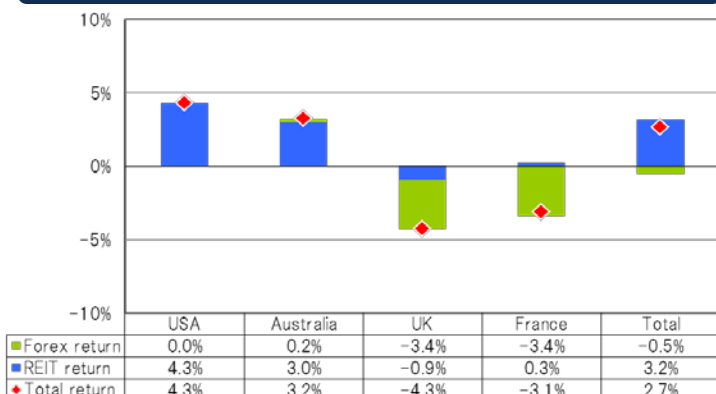


As of 31 May 2018	1 week ago 2018/5/24	1 month ago 2018/4/30	3 months ago 2018/2/28	6 months ago 2017/11/30	1 year ago 2017/5/31	3 years ago 2015/5/29
Global	1.3%	2.7%	7.8%	-1.6%	3.9%	15.2%
North America	1.9%	4.3%	9.7%	-2.7%	2.0%	14.9%
Europe	-0.3%	-3.9%	3.0%	2.7%	8.3%	4.1%
Asia Pacific	0.1%	1.1%	2.8%	0.5%	9.6%	28.4%

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 (May'18)

4. Global % Weight by Markets (May'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.

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.

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