

J-REIT Monthly

March 2019

For your information only



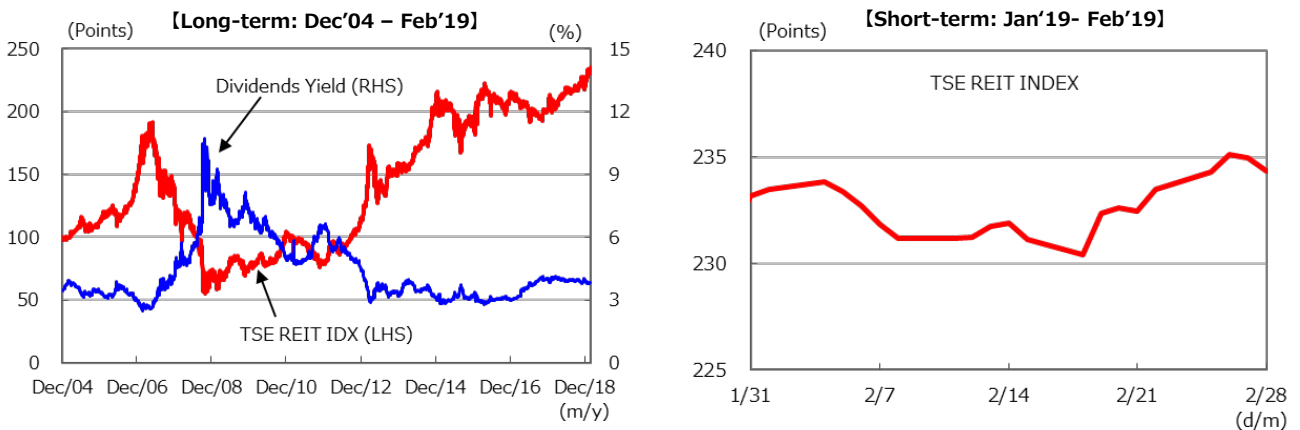
Sumitomo Mitsui Asset Management

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1. J-REIT Market Monthly Review (for February 2019)

In February, the TSE REIT Index (with dividends) rose 0.51% from the previous month. Strong demand was seen in J-REIT as (1) long term interest rate moved in the negative territory and (2) earnings growth of J-REITs was expected with favorable property market. J-REIT market was solid with the limited correction despite (1) POs by REITs with large market capitalization and (2) possible profit-taking throughout the month. By sector of TSE REIT Index, residential sector underperformed reacted to the large outperformance in January. The Japan property market remains firm as January office vacancy rate in Tokyo five central wards improves to 1.82% with rent continuously increasing. In February, BoJ purchased J-REIT by four times (JPY 4.8bn).

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
	28 Feb 19	21 Feb 19	31 Jan 19	30 Nov 18	31 Aug 18	28 Feb 18	29 Feb 16
Index	3,728.00	3,697.47	3,709.11	3,610.49	3,457.71	3,291.44	3,361.11
% Change	-	0.8%	0.5%	3.3%	7.8%	13.3%	10.9%

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

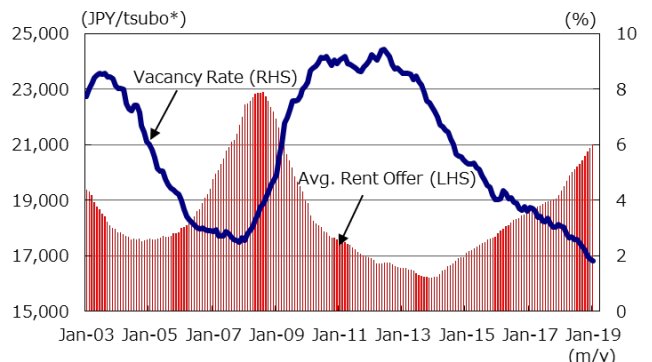
(# of TSE REIT Index Components: 61)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.7%
2	JAPAN REAL ESTATE INV.	J8952	7.1%
3	NOMURA RLST.MASTER FUND	J3462	5.0%
4	JAPAN RET.FD.INV.	J8953	4.7%
5	UNITED URB.INV.	J8960	4.2%
6	ORIX JREIT	J8954	4.0%
7	NIPPON PROLOGIS REIT	J3283	3.5%
8	DAIWA HOUSE REIT INV.	J8984	3.4%
9	ADVANCE RESIDENCE INV.	J3269	3.3%
10	GLP J-REIT	J3281	3.2%
	Others		54.0%
	Total		100.0%

Source: SMAM, based on Datastream data.

(As of the end of Feb 2019)

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to January 2019(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 February 2019)

In February, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) rose 0.4%. On a local currency basis, the REIT return increased 0.6% and Forex declined 0.2%.

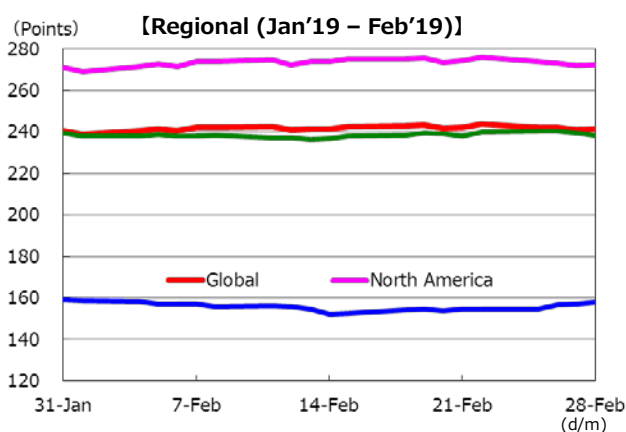
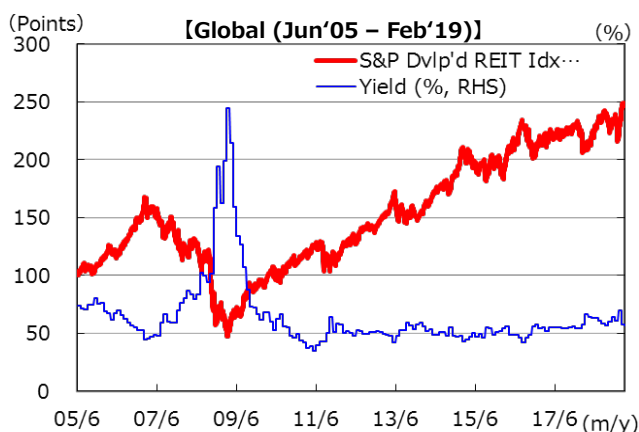
The US REIT market rose slightly in favor of (1) declining concern over US interest rate hike and (2) avoided US government shutdown.

The European REIT market dropped negatively reacted to (1) downward revision of economic outlook by European commission and (2) rising concern over economic slowdown with weak economic indicators of Eurozone.

Australian REIT market rose due to long term interest rate decrease as RBA kept the policy interest rate on hold and changed its opinion of monetary policy from tightening to neutral.

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

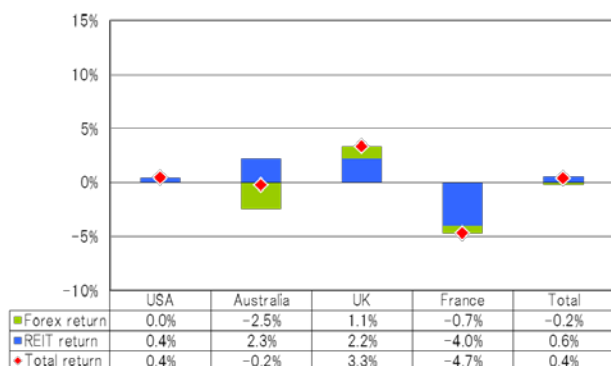
2. Global REIT Index (in USD)



As of 28 Feb 2019	1 week ago 21 Feb 19	1 month ago 31 Jan 19	3 months ago 30 Nov 18	6 months ago 31 Aug 18	1 year ago 28 Feb 18	3 years ago 29 Feb 16
Global	-0.2%	0.4%	4.5%	2.1%	16.6%	27.3%
North America	-0.7%	0.5%	3.2%	2.6%	21.9%	27.6%
Europe	2.1%	-0.7%	6.1%	-6.6%	-6.4%	8.1%
Asia Pacific	0.1%	0.5%	10.2%	7.8%	13.9%	45.4%

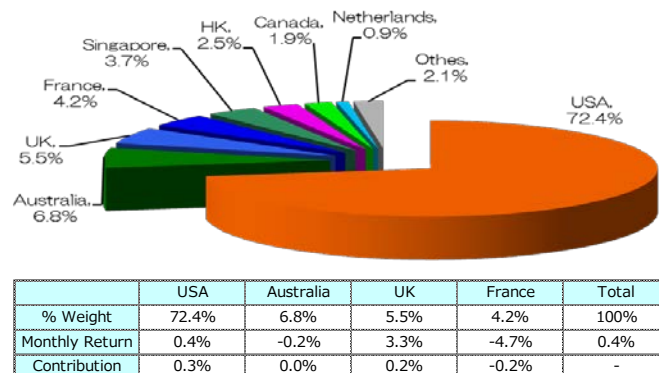
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: SMAM, based on FactSet data.

3. Return Contribution by Factors (Feb'19)



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 (Feb'19)



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.