

# J-REIT Monthly

September 2017

For your information only



Sumitomo Mitsui Asset Management

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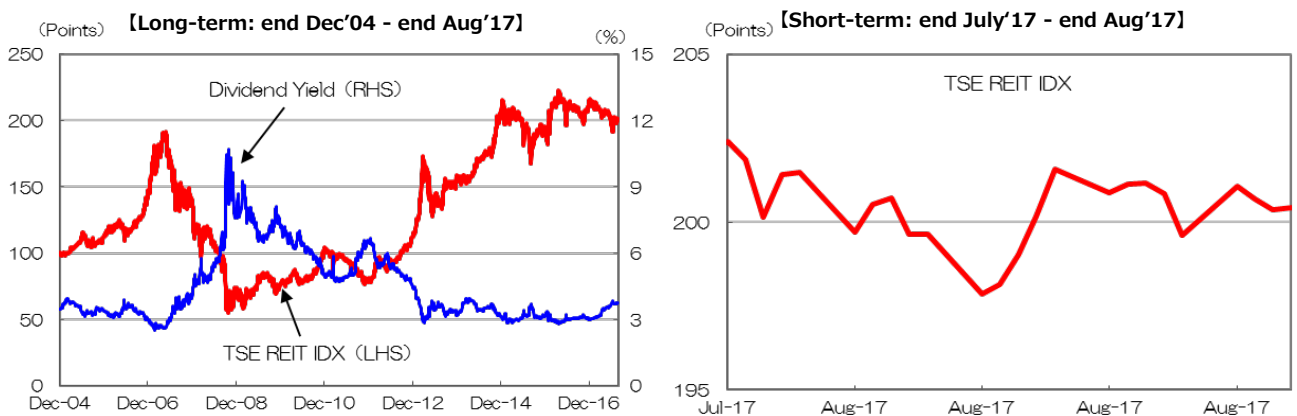
## 1. J-REIT Market Monthly Review (for August 2017)

In August 2017, the TSE REIT Index (with dividends) dropped 0.97% MOM. The market declined in the first half of August due to mounting geopolitical risks surrounding North Korea. Later on, Japan long term yields declined following the decrease in global long term interest rates as market participants expected the start of monetary tightening among US and Europe to postpone, and this supported the J-REIT market. However, the market remained slow in the latter half of the month, since investors' concern over geopolitical risks lingered on.

By sector, office sector underperformed, while residential sector outperformed and commercial logistics sector performed near index level. July office vacancy rate in Tokyo five central wards slightly improved to 3.22%. Meanwhile, rent is continuously rising and robust business environment remain unchanged.

In August, BOJ bought JPY8.4bn worth of J-REITs, by seven time purchases.

## 2. TSE REIT Index (with dividends)



TSE REIT Index	As of	1week ago	1month ago	3months ago	6months ago	1year ago	3years ago
	31-Aug-17	24-Aug-17	31-Jul-17	31-May-17	28-Feb-17	31-Aug-16	31-Aug-14
Index	3,188.63	3,195.07	3,220.02	3,271.22	3,376.46	3,325.60	2,815.18
%change	-	-0.2%	-1.0%	-2.5%	-5.6%	-4.1%	13.3%

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

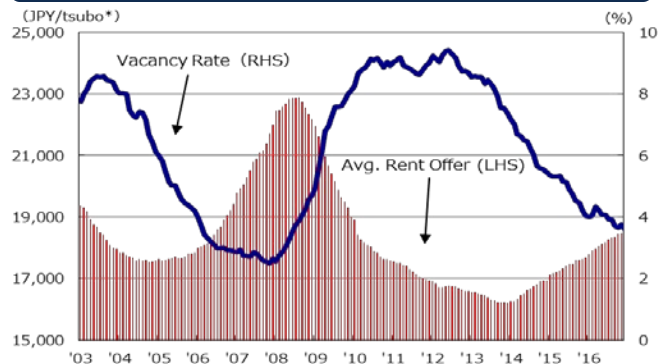
(# of TSE REIT Index Components:58)

REIT	CODE	Weight (%)
1 NIPPON BUILDING FUND	J8951	7.5
2 JAPAN REAL ESTATE INV.	J8952	7.1
3 NOMURA RLST.MASTER FUND	J3462	5.5
4 JAPAN RET.FD.INV.	J8953	5.1
5 UNITED URB.INV.	J8960	4.8
6 ORIX JREIT	J8954	4.0
7 NIPPON PROLOGIS REIT	J3283	4.0
8 DAIWA HOUSE REIT INV.	J8984	3.7
9 ADVANCE RESIDENCE INV.	J3269	3.4
10 JAPAN PRIME REALTY INV.	J8955	3.3
Others		51.4
Total		100.0

Source: SMAM, based on Datastream data.

(As of the end of August 2017)

## 4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to July 2017 (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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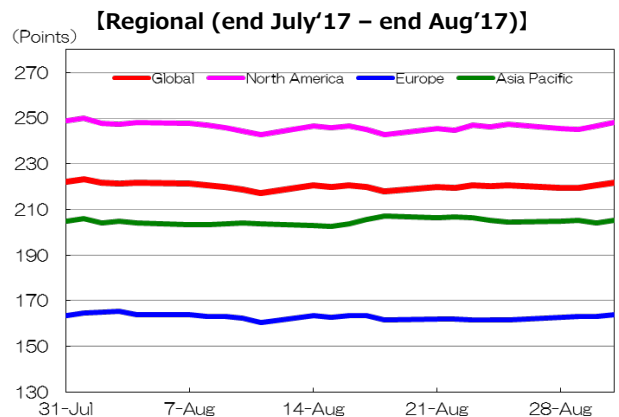
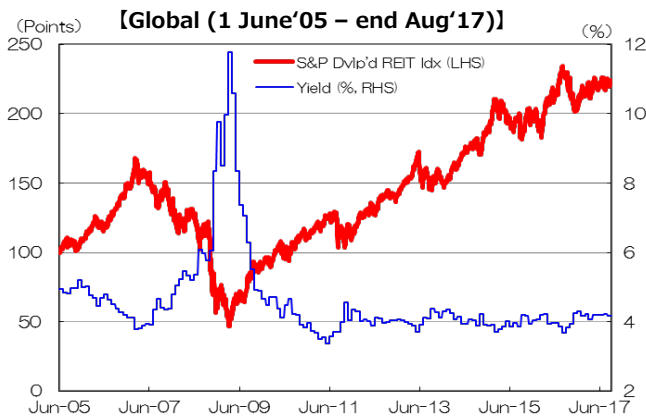
## 1. Global REIT Market Monthly Review (for August 2017)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) dropped 0.2% in August. On a local currency basis, the REIT return remained flat and the Forex return declined 0.2%.

The US REIT market was in favor of the decline in long term interest rates led by expectations on the FRB's interest rate rise to continue at a moderate pace. However, it negatively reacted on rising geopolitical risks over North Korea's situation and also, increasing incredibility towards US President Trump's capability of administration management. Hence, overall, the US REIT market remained nearly flat for the month. Furthermore, the European and UK REIT market were both almost unchanged. As for the Asian REIT market, Singapore, Hong Kong and Australia all advanced since long term interest rates were generally stable.

Regarding the Forex factor, EUR advanced against JPY, while USD, HKD and SGD remained almost flat. GBP, CAD and AUD declined against JPY.

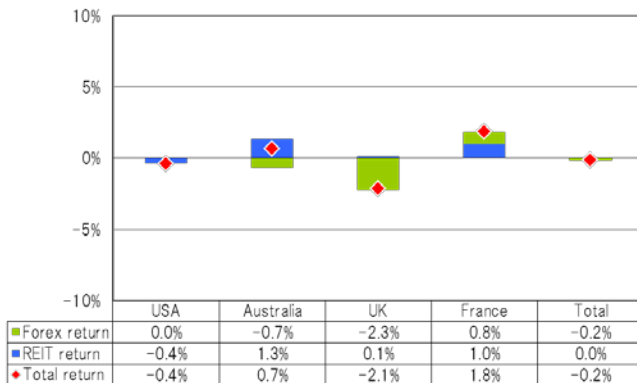
## 2. Global REIT Index (in USD)



	As of 31Aug 2017	1 week ago 24-Aug-17	1 month ago 31-Jul-17	3 months ago 31-May-17	6 months ago 16 months ago 28-Feb-17	1 year ago 31-Aug-16	3 years ago 29-Aug-14
Global	0.8%	-0.2%	3.2%	2.5%	-0.3%	-1.8%	18.7%
North America	0.7%	-0.3%	3.2%	2.5%	-0.4%	-1.8%	22.2%
Europe	1.4%	0.2%	2.2%	1.5%	1.1%	4.0%	0.8%
Asia Pacific	0.4%	0.5%	4.3%	7.4%	3.8%	19.2%	-

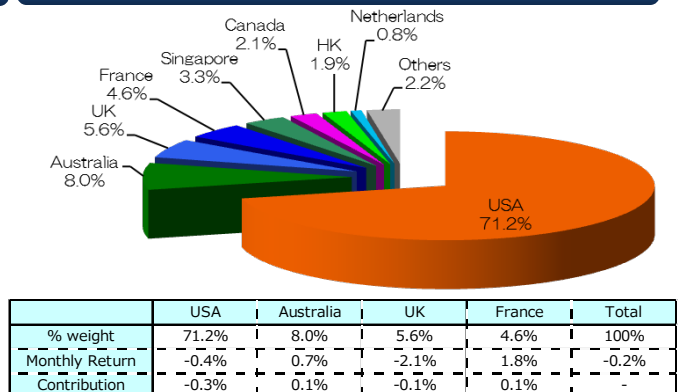
Note:  
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)  
Regional indexes are components of S&P Developed REIT Index.  
(2) 6/1/05=100 for both charts  
(3) % figures in the table indicate returns for each period  
Source: SMAM, based on FactSet data.

## 3. Return Contribution by Factors (Aug'17)



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 (Aug'17)



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 Contribution  
Source: SMAM, based on FactSet data.