

J-REIT Monthly

August 2018

For your information only



Sumitomo Mitsui Asset Management

Sumitomo Mitsui Asset Management Company, Limited
Atago Green Hills MORI Tower 28th Floor
2-5-1 Atago, Minato-ku, Tokyo 105-6228, Japan
<http://www.smam-jp.com/english/>

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

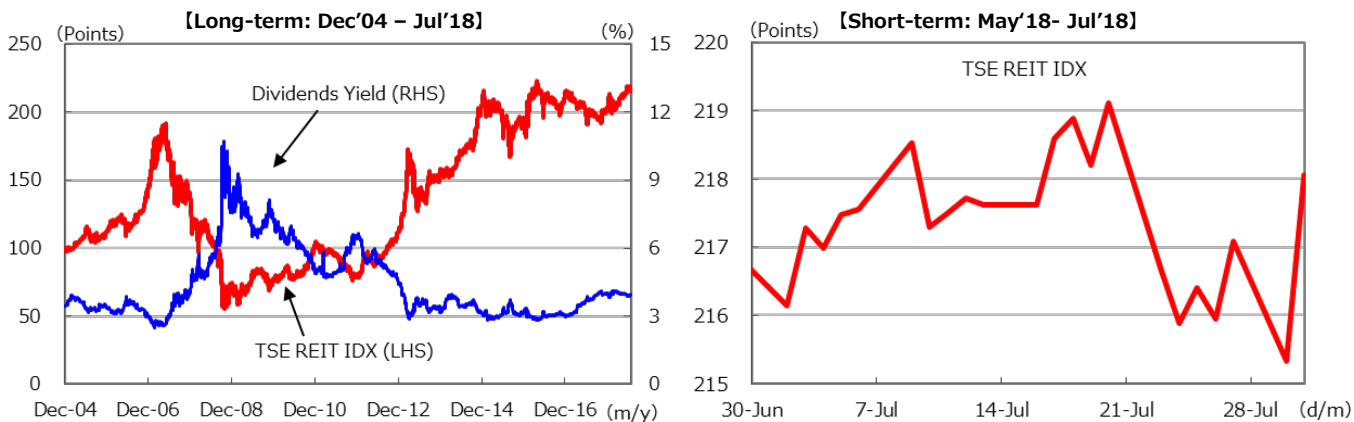
In July, the TSE REIT Index (with dividends) rose +0.52% from the previous month.

The J-REIT market was in favor of dividend growth on the back of continuously strong property market. In late July, the market temporarily corrected, as long term interest rates fluctuated led by expectations towards BOJ's policy adjustment of monetary easing. However, relief spread in the market as BOJ maintained its monetary easing framework and as a result, the market increased in July. It is most likely that BOJ will keep its monetary stance and prolong monetary easing, since policy sustainability was stressed in the Monetary Policy Meeting held in July.

By sector of TSE REIT Index, residential sector outperformed. The Japan property market remains firm as June office vacancy rate in Tokyo five central wards improved to 2.57% with rents continuously increasing.

In July, BOJ bought JPY4.8bn worth of J-REITs, by four 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
	2018/7/31	2018/7/24	2018/6/30	2018/4/30	2018/1/31	2017/7/31	2015/7/31
Indec	3,468.88	3,434.22	3,450.92	3,358.59	3,357.09	3,220.02	3,100.40
% Change	-	1.0%	0.5%	3.3%	3.3%	7.7%	11.9%

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

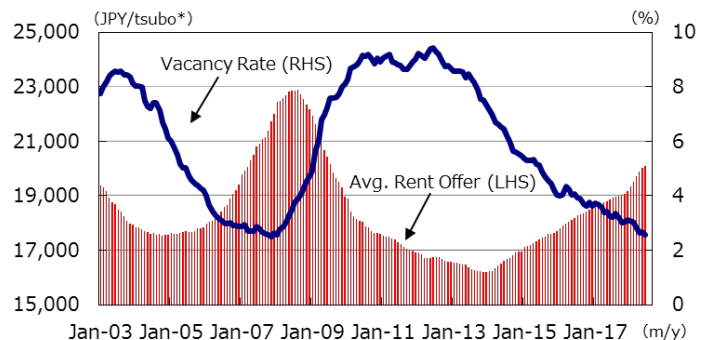
(# of TSE REIT Index Components:59)

	REIT	CODE	Weight(%)
1	NIPPON BUILDING FUND	J8951	7.1%
2	JAPAN REAL ESTATE INV.	J8952	6.9%
3	NOMURA RLST. MASTER FUND	J3462	5.5%
4	JAPAN RET. FD. INV.	J8953	4.6%
5	UNITED URB. INV.	J8960	4.5%
6	ORIX JREIT	J8954	4.1%
7	DAIWA HOUSE REIT INV.	J8984	4.1%
8	NIPPON PROLOGIS REIT	J3283	3.6%
9	ADVANCE RESIDENCE INV.	J3269	3.3%
10	GLP JAPAN REIT	J3281	3.1%
	Others		53.1%
	Total		100.0%

Source: SMAM, based on Datastream data.

(As of the end of July 2018)

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to Jun 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.

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/indexes 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: Kanjo 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

Global REIT Monthly

For your information only



Sumitomo Mitsui Asset Management

August 2018

Sumitomo Mitsui Asset Management Company, Limited
Atago Green Hills MORI Tower 28th Floor
2-5-1 Atago, Minato-ku, Tokyo 105-6228, Japan
<http://www.smam-jp.com/english/>

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

In July, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) rose 2.0%. On a local currency basis, the REIT return increased 0.9% and the Forex return rose +1.1%.

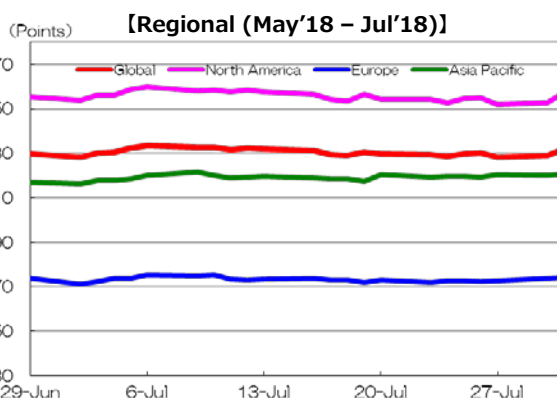
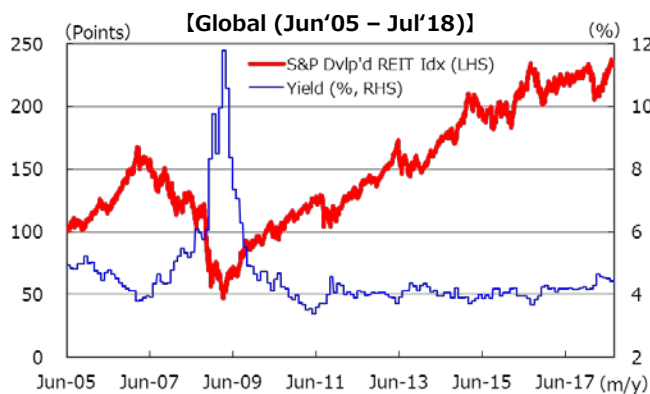
The US REIT market advanced in favor of strong US stock market, although long term yields increased as the market expected interest rate hike to continue, following Fed Chair Jerome Powell's FRB speech confirming further rate hikes.

The European REIT market negatively reacted to rise in long term interest rates, however it slightly increased owing to mostly favorable corporate earnings of European companies.

The Australian REIT market also went up, positively reacting to the firm stock market, despite disappointing market situation due to commodity price fall.

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

2. Global REIT Index (in USD)



As of 31 Jul 2018	1 week ago 2018/7/24	1 month ago 2018/6/29	3 months ago 2018/4/30	6 months ago 2018/1/31	1 year ago 2017/7/31	3 years ago 2015/7/31
Global	1.5%	1.0%	6.7%	3.8%	4.4%	19.2%
North America	1.8%	0.7%	9.3%	6.6%	3.3%	19.8%
Europe	0.8%	0.1%	-3.8%	-5.4%	6.3%	1.5%
Asia Pacific	0.7%	3.3%	3.9%	-0.9%	8.5%	35.4%

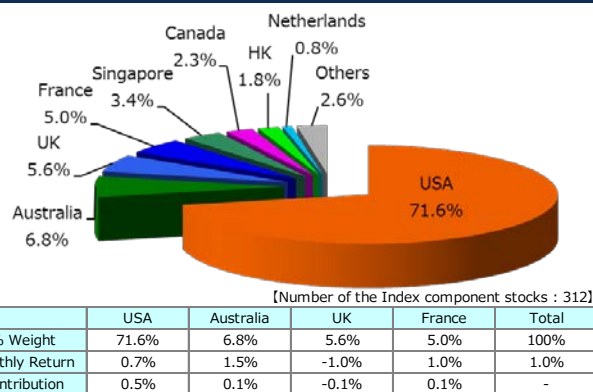
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: SMAM, based on FactSet data.

3. Return Contribution by Factors (Jul'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 (Jul'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.