

J-REIT Monthly

December 2018

For your information only



Sumitomo Mitsui Asset Management

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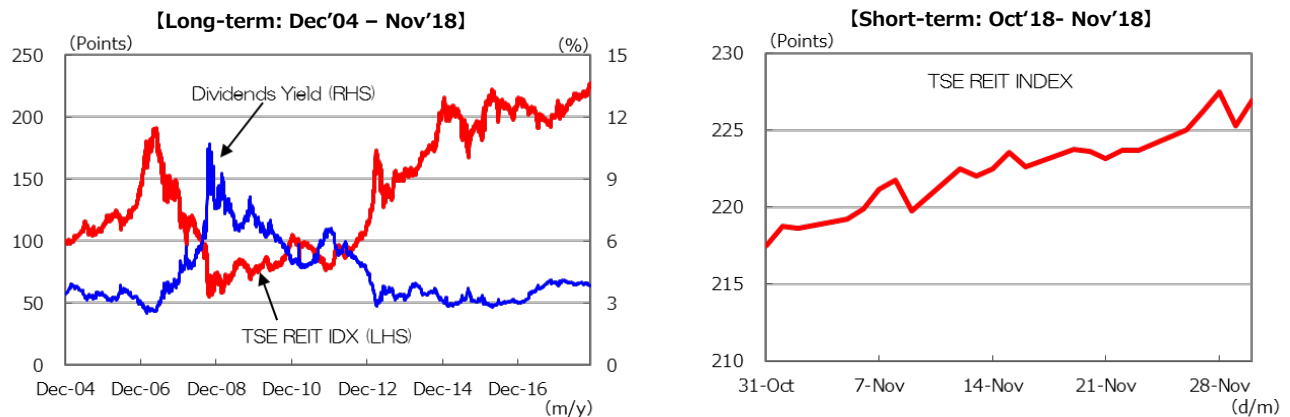
1. J-REIT Market Monthly Review (for November 2018)

In November, the TSE REIT Index (with dividends) rose 4.36% from the previous month. Long term interest rates had been relatively weakening due to (i) expanding bets on US interest rate hikes pause and (ii) Consumer Price Index affected by drastic fall in oil prices. TSE REIT Index remained solid for the month as public offering calmed down and supply/demand conditions of J-REIT market improved, and also, large REITs enjoyed the benefit of periodic revisions of global stock market indices (including REIT Index.) TSE REIT Index with dividends on November 28th reached 3,619.10 points, updated its record high.

By sector of TSE REIT Index, only office sector outperformed in November. The Japan property market remains firm as October office vacancy rate in Tokyo five central wards improved to 2.20% with rents continuously increasing.

In November, BOJ bought JPY1.2bn worth of J-REITs, by one time purchase. Its actual consumption stays at 55% of its annual purchasing capacity.

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 Nov 18	23 Nov 18	31 Oct 18	31 Aug 18	31 May 18	30 Nov 17	30 Nov 15
Index	3,610.49	3,559.05	3,459.73	3,457.71	3,379.45	3,189.89	3,110.54
% Change	-	1.4%	4.4%	4.4%	6.8%	13.2%	16.1%

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

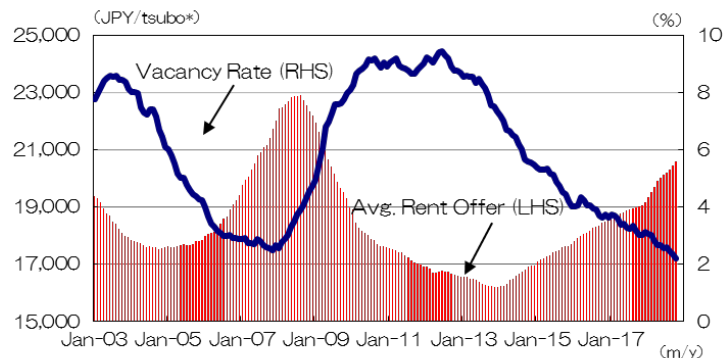
(# of TSE REIT Index Components:61)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.7%
2	JAPAN REAL ESTATE INV.	J8952	7.1%
3	NOMURA RLST. MASTER FUND	J3462	5.1%
4	JAPAN RET. FD. INV.	J8953	4.6%
5	UNITED URB. INV.	J8980	4.5%
6	ORIX JREIT	J8954	4.2%
7	DAIWA HOUSE RESIDENTIAL	J8984	3.6%
8	NIPPON PROLOGIS REIT INC	J3283	3.6%
9	ADVANCE RESIDENCE INV.	J3269	3.5%
10	GLP JAPAN REIT	J3281	3.2%
	Others		52.9%
	Total		100.0%

Source: SMAM, based on Datastream data.

(As of the end of Nov 2018)

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to Oct 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 November 2018)

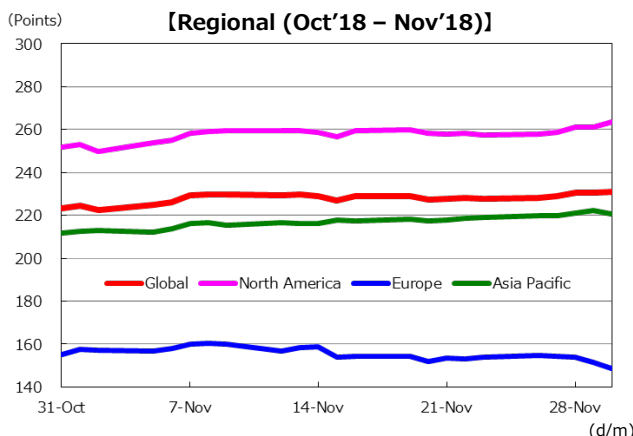
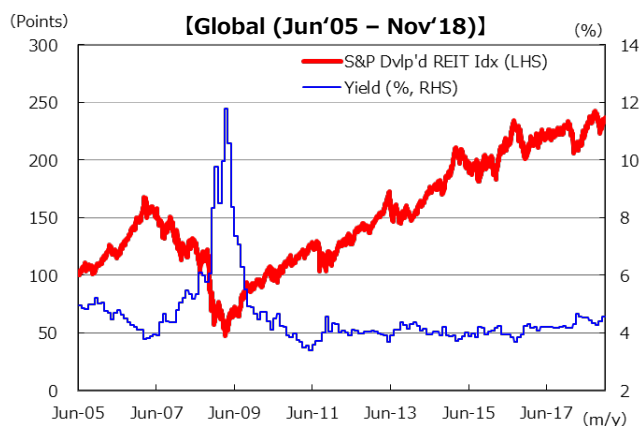
In November, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) increased 3.6%. On a local currency basis, the REIT return gained 3.3% and the Forex return rose 0.2%.

The US REIT market rose in favor of (i) the results of US midterm election that was almost in line with market expectations and (ii) receding concerns over interest rate hikes owing to US Fed chair Jerome Powell's comments.

The European REIT market declined negatively reacting to (i) rising possibility of economic slowdown led by weakening economic indicators in Europe and (ii) conflict between the Italian government and EU over the national budget of Italy.

The Australian REIT market improved as RBA has put off policy interest rate and revised up the outlook of economic growth. Regarding the Forex factor, AUD and SGD strengthened, and CAD weakened against USD, while EUR, GBP and HKD remained neutral against USD.

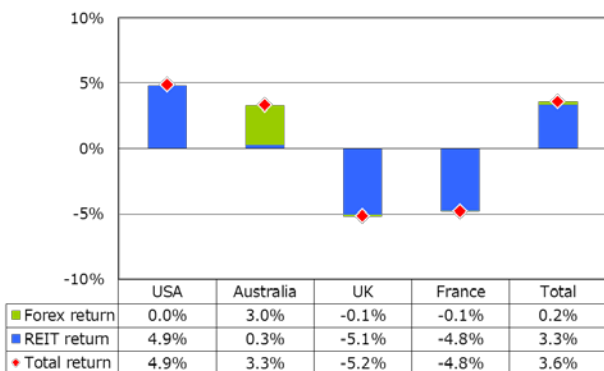
2. Global REIT Index (in USD)



As of 30 Nov 2018	1 week ago 23 Nov 18	1 month ago 31 Oct 18	3 months ago 31 Aug 18	6 months ago 31 May 18	1 year ago 30 Nov 17	3 years ago 30 Nov 15
Global	1.4%	3.6%	-2.3%	3.5%	1.9%	18.7%
North America	2.4%	4.7%	-0.6%	7.6%	4.7%	21.2%
Europe	-3.2%	-4.2%	-12.0%	-14.4%	-12.0%	-10.7%
Asia Pacific	0.5%	4.5%	-2.2%	0.5%	1.0%	37.7%

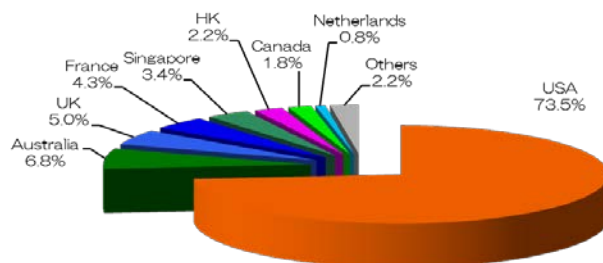
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: SMAM, based on FactSet data.

3. Return Contribution by Factors (Nov'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 (Nov'18)



	USA	Australia	UK	France	Total
% Weight	73.5%	6.8%	5.0%	4.3%	100%
Monthly Return	4.9%	3.3%	-5.2%	-4.8%	3.6%
Contribution	3.6%	0.2%	-0.3%	-0.2%	-

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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