

# J-REIT Monthly

October 2017

For your information only



Sumitomo Mitsui Asset Management

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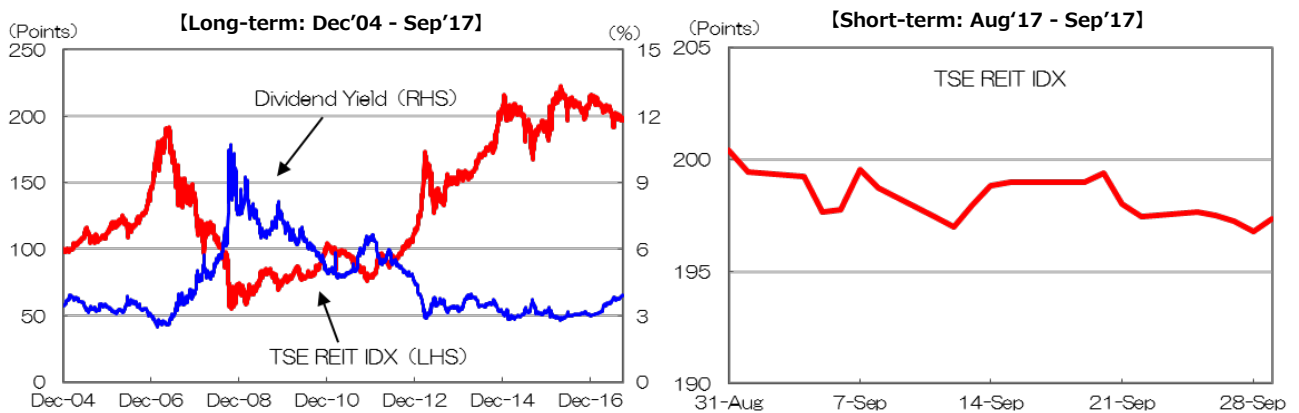
## 1. J-REIT Market Monthly Review (for September 2017)

In Sep 2017, the TSE REIT Index (with dividends) dropped 1.53% MOM. In the first half of the month, the J-REIT market moved on a weak tone negatively affected by continuous geopolitical risks surrounding North Korea. In the latter half of the month, the market declined and tried to find a price to bottom out, since long term yields moved on an upward trend as caution over geopolitical risks moderately receded and fiscal discipline further loosened on the upcoming lower house snap election. The market's supply and demand trend was lackluster, as outflow from investment trusts seemed to continue and investors remained on a wait and see mood.

By sector, commercial logistics sector underperformed. August office vacancy rate in Tokyo five central wards slightly rose to 3.55%. However, vacancy rate is still at a low level and the Japan property market remains firm with rents increasing for forty four straight months.

In September, BOJ bought JPY10.8bn worth of J-REITs, by nine time purchases.

## 2. TSE REIT Index (with dividends)



TSE REIT Index	As of 29-Sep-17	1week ago 22-Sep-17	1month ago 31-Aug-17	3months ago 30-Jun-17	6months ago 31-Mar-17	1year ago 30-Sep-16	3years ago 30-Sep-14
Index	3,139.87	3,140.96	3,188.63	3,180.48	3,307.66	3,336.34	2,859.23
%change	-	0.0%	-1.5%	-1.3%	-5.1%	-5.9%	9.8%

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.

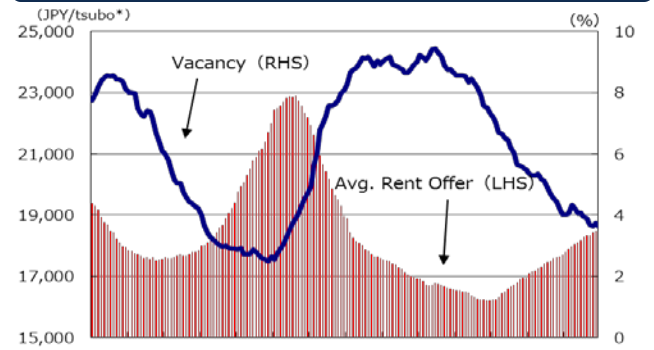
## 3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:58)

REIT	CODE	Weight (%)
1 NIPPON BUILDING FUND	J8951	7.3
2 JAPAN REAL ESTATE INV.	J8952	6.9
3 NOMURA RLST.MASTER FUND	J3462	5.6
4 JAPAN RET.FD.INV.	J8953	5.2
5 UNITED URB.INV.	J8960	4.9
6 ORIX JREIT	J8954	4.2
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	3.2
Others		51.5
Total		100.0

Source: SMAM, based on Datastream data. (As of the end of September 2017)

## 4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to August 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 September 2017)

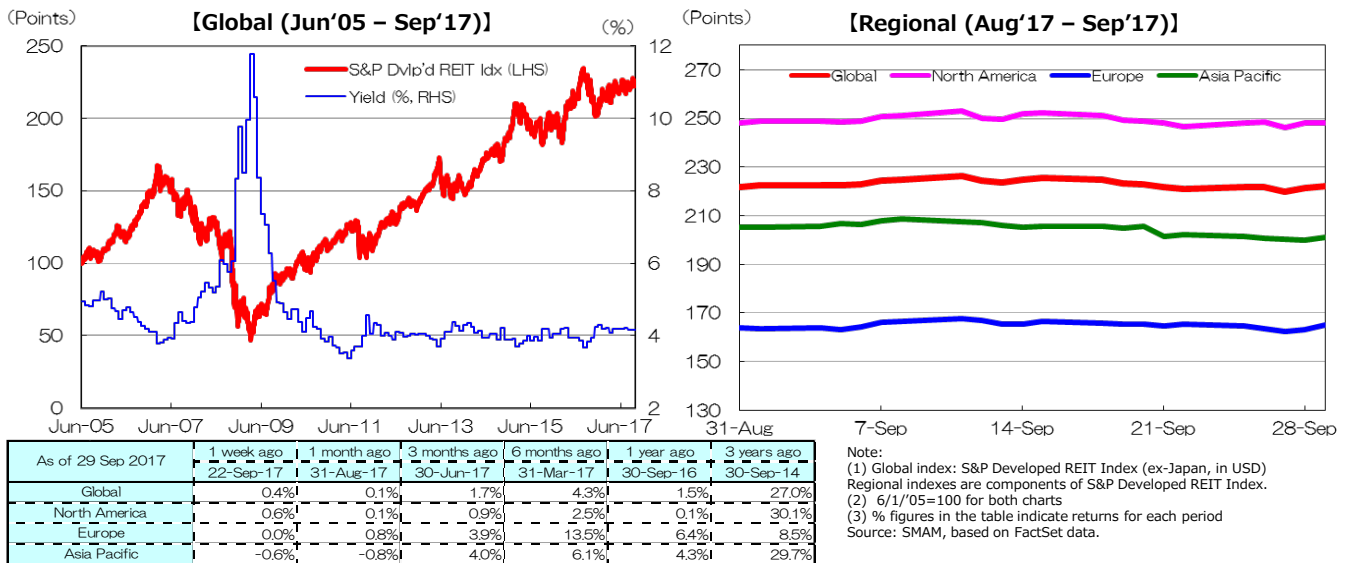
The S&P Developed REIT Index (ex-Japan, with dividends, USD base) gained 0.1% in September. On a local currency basis, the REIT return remained flat and the Forex return rose 0.1%.

The US REIT market seasawed during the month and ended almost flat. While, the European REIT market declined, negatively reacting to the rise in long term yields led by ECB's upward revision of Eurozone growth outlook for 2017. The UK REIT market also lost ground on the long term interest rate hike reflecting BOE's suggestion on the possible raise of policy interest rates.

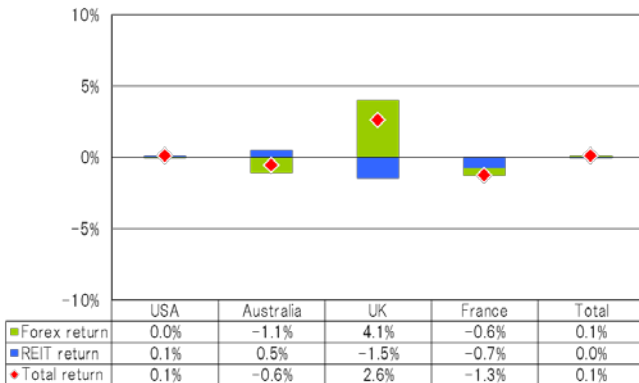
As for the Asian REIT market, Singapore and Hong Kong market went down negatively reacting on mounting geopolitical risks over North Korea situation. On the other hand, the Australian market increased modestly in September.

Regarding the Forex factor, USD, EUR, GDP, CAD, AUD, HKD and SGD all advanced against JPY.

## 2. Global REIT Index (in USD)

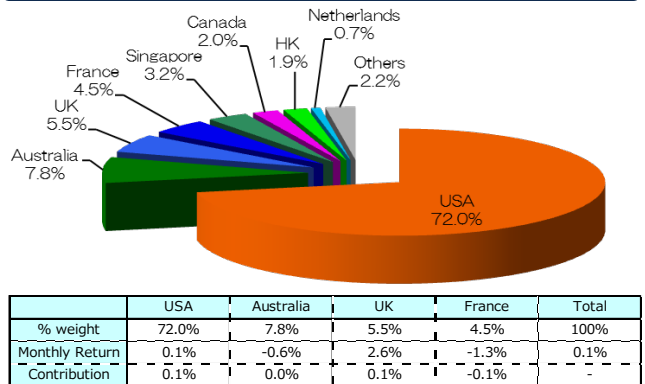


## 3. Return Contribution by Factors (Sep'17)



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 (Sep'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  
Source: SMAM, based on FactSet data.

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