

J-REIT Monthly

February 2019

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 January 2019)

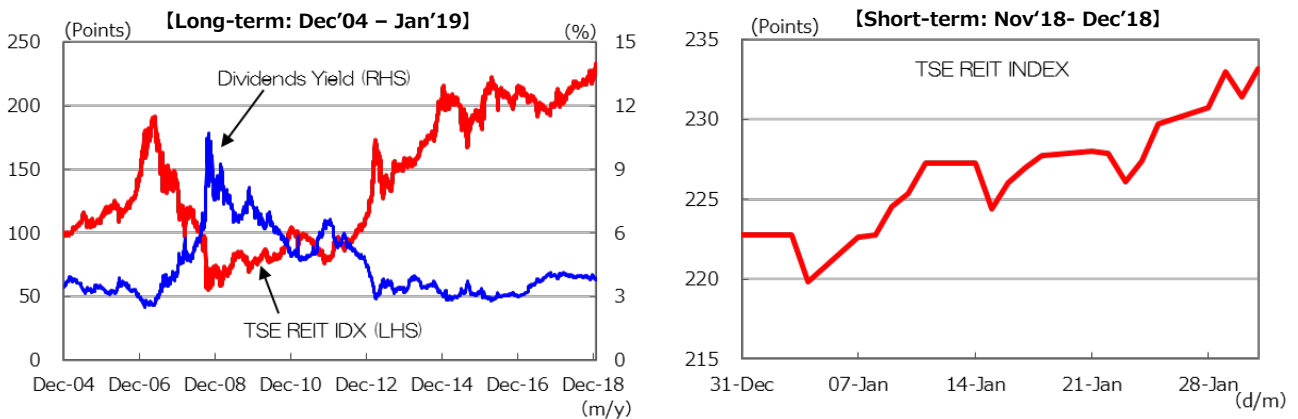
In January, the TSE REIT Index (with dividends) increased 4.66% from the previous month, revised its record high. Relatively high dividend yield of J-REIT was favored due to (1) strong property market and (2) stable long term interest rate around 0%. While there was concern over Jan-Mar J-REITs' supply/demand situation to deteriorate due to tendency of increase in public offerings and 4 public offerings were announced in January as investors expected. However, the public offerings saw new inflow as quality and expected earnings contribution of newly acquired properties were highly evaluated, which reduced the downside risk of supply/demand deterioration. Moreover, J-REIT market is still in the favorable environment as BoJ's monetary easing is expected to continue for a while.

By sector of TSE REIT Index, residential sector outperformed led by large REITs.

The Japan property market remains firm as December office vacancy rate in Tokyo five central wards improved to 1.88% with rents continuously increasing.

In January, BoJ bought J-REIT once (JPY1.2bn).

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
Index	31 Jan 19	24 Jan 19	31 Dec 18	31 Oct 18	31 Jul 18	31 Jan 18	31 Jan 16
% Change	-	2.5%	4.7%	7.2%	6.9%	10.5%	16.6%

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

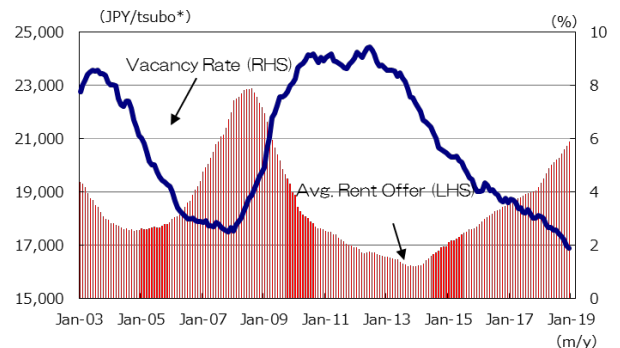
(# of TSE REIT Index Components:61)

	REIT	CODE	Weight (%)
1	NIPPON BUILDING FUND	J8951	7.5%
2	JAPAN REAL ESTATE INV.	J8952	7.0%
3	NOMURA RLST.MASTER FUND	J3462	5.1%
4	JAPAN RET.FD.INV.	J8953	4.6%
5	UNITED URB.INV.	J8960	4.2%
6	ORIX JREIT	J8954	4.2%
7	DAIWA HOUSE REIT INV.	J8984	3.5%
8	NIPPON PROLOGIS REIT	J3283	3.5%
9	ADVANCE RESIDENCE INV.	J3269	3.5%
10	GLP J-REIT	J3281	3.2%
	Others		53.6%
	Total		100.0%

Source: SMAM, based on Datastream data.

(As of the end of Jan 2019)

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to December 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 belonging 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

February 2019



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. Global REIT Market Monthly Review (for January 2019)

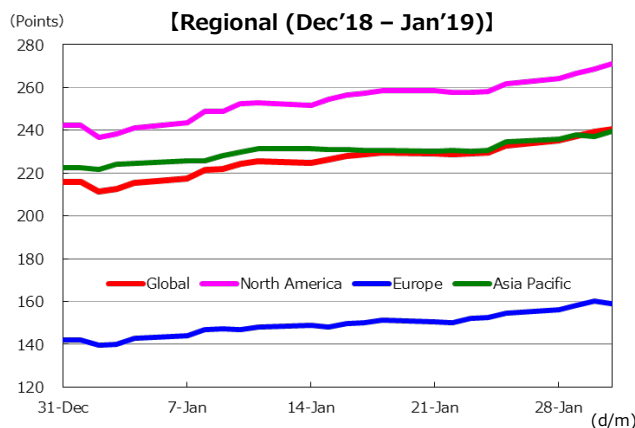
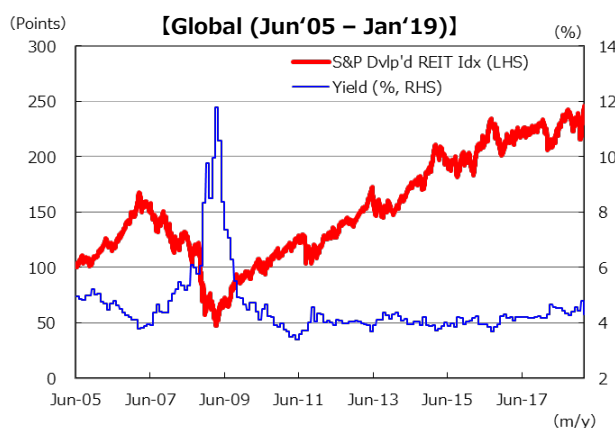
In January, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) rose 11.5%. On a local currency basis, the REIT return increased 10.8% and Forex return rose 0.6%.

The US REIT market rose supported by (1) declining concern over interest rate hike as Federal Reserve chairman Jerome Powell indicated a cautious approach on monetary policy and (2) increasing expectation on progress in US-China trade talks. The European REIT market improved as (1) expectation for monetary easing to continue expanded due to economic outlook presented by president of ECB Mario Draghi and (2) long term interest rates of major European countries decreased.

The Australian REIT market rose on expectation of resource price hike to benefit Australian economy.

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

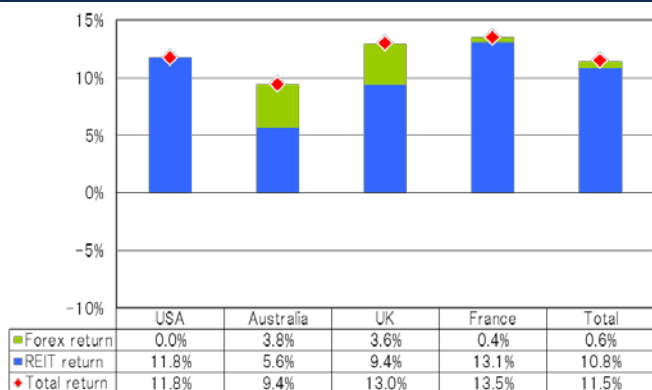
2. Global REIT Index (in USD)



As of 31 Jan 2019	1 week ago 24 Jan 19	1 months ago 31 Dec 18	3 months ago 31 Oct 18	6 months ago 31 Jul 18	1 year ago 31 Jan 18	3 years ago 29 Jan 16
Global	4.8%	11.5%	7.8%	3.7%	7.6%	26.6%
North America	5.0%	11.8%	7.6%	5.4%	12.3%	26.8%
Europe	4.2%	12.2%	2.4%	-8.6%	-13.5%	3.8%
Asia Pacific	4.1%	9.2%	14.6%	7.3%	6.4%	50.3%

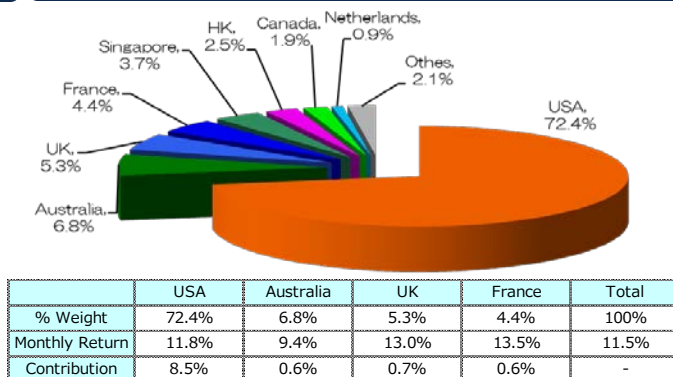
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: SMAM, based on FactSet data.

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

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/indices 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: Kanto 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