

J-REIT Monthly

October 2020

For your information only



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1. J-REIT Market Monthly Review (for September 2020)

In September, the TSE REIT index (with dividends) declined -1.0%MoM.

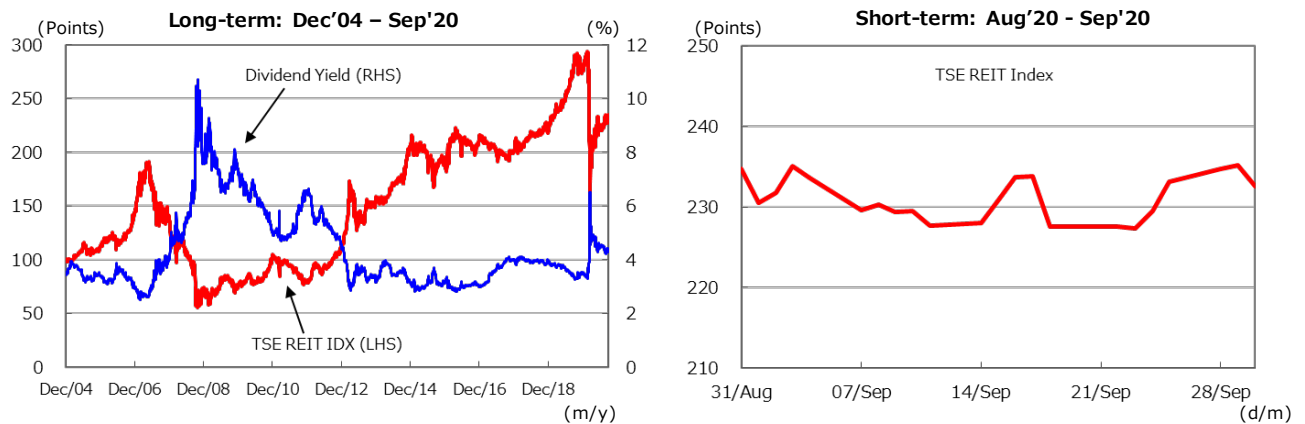
J-REIT market sharply rebounded with receding concern over earnings in August but slowed in September, ended up moving within a narrow range for the month.

By sector, commercial sector outperformed and hotel sector was stable due to decline in number of new Covid-19 infection cases and start of "Go to Travel" Campaign of Tokyo. Meanwhile, office and residential sectors were weak as the market has been cautious on the supply/demand situation. Furthermore, small sized REITs tended to outperform across sectors.

August office vacancy rate in Tokyo five central wards rose for 6 consecutive months to 3% level for the first time in 30 months, while average rent has declined for the first time in 80 months on month-on-month basis on the backdrop of rental contract cancellations of mid-small sized offices.

In September, BoJ purchased J-REIT by three times (total JPY3.6bn worth).

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	30 Sep 20	23 Sep 20	31 Aug 20	30 Jun 20	31 Mar 20	30 Sep 19	30 Sep 17
% Change	-	2.3%	-1.0%	4.9%	10.6%	-17.4%	17.8%

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: SMDAM, based on Datastream data.

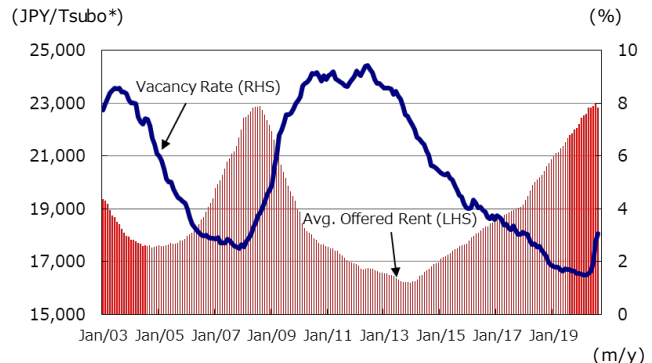
3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:62)

	REIT	Code	Weight
1	NIPPON BUILDING FUND	J8951	6.4%
2	JAPAN REAL ESTATE INV.	J8952	5.9%
3	NIPPON PROLOGIS REIT	J3283	5.9%
4	GLP J-REIT	J3281	5.2%
5	NOMURA RLST.MASTER FUND	J3462	4.7%
6	DAIWA HOUSE REIT INV.	J8984	4.2%
7	ORIX JREIT	J8954	3.5%
8	JAPAN RET.FD.INV.	J8953	3.4%
9	ADVANCE RESIDENCE INV.	J3269	3.3%
10	INDL.& INFR.FUND INV.	J3249	2.8%
	Others		54.6%
	Total		100.0%

Source: SMDAM, based on Datastream data. (As of the end of Sep 2020)

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from Jan 2003 to Aug 2020.
(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: SMDAM, based on Datastream data.

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1. Global REIT Market Monthly Review (for September 2020)

In September, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) dropped -3.6%. On a local currency basis, both REIT return and Forex declined -3.0% and -0.6%, respectively.

The US REIT market declined mainly in shopping centers, offices and data center due to uncertainty of outcome of US presidential election and additional economic stimulus besides unstable situation under Covid-19 environment.

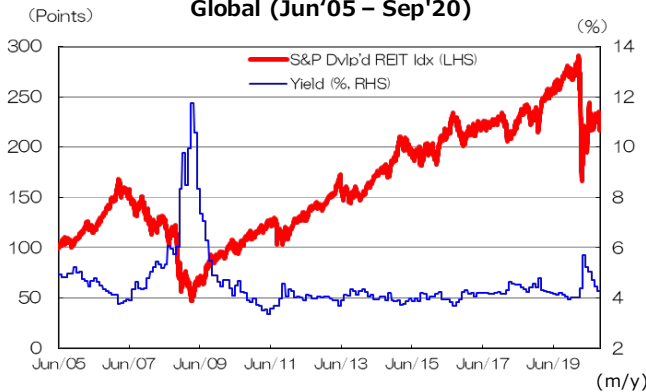
The European REIT market also sank including France negatively affected by re-expansion of Covid-19 infections. The British REIT market declined with re-expanding infections in addition to concern over possible confusion in economy due to Brexit.

The Australian REIT market slightly declined with profit-taking of the stocks which were purchased in August. The Singaporean REIT market also slightly declined with future uncertainty. Retail declined due to lockdown of Victoria State while other sectors were firm. The Hong Kong REIT market rose positively reacted to partial relaxation of economic restrictions including that of restaurants with slowdown of virus infection expansion.

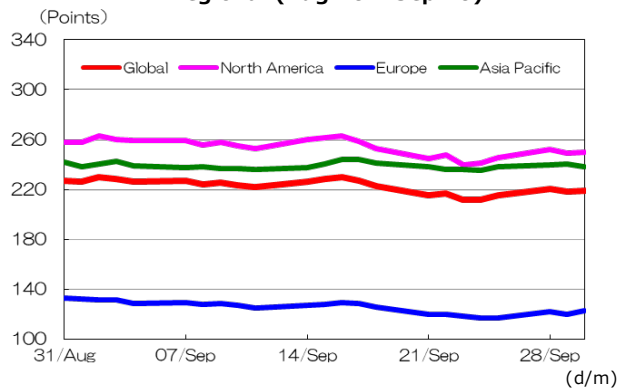
Regarding the Forex, HKD remained flat while GBP, AUD, CAD and EUR weakened against USD.

2. Global REIT Index (in USD)

Global (Jun'05 – Sep'20)



Regional (Aug'20 – Sep'20)



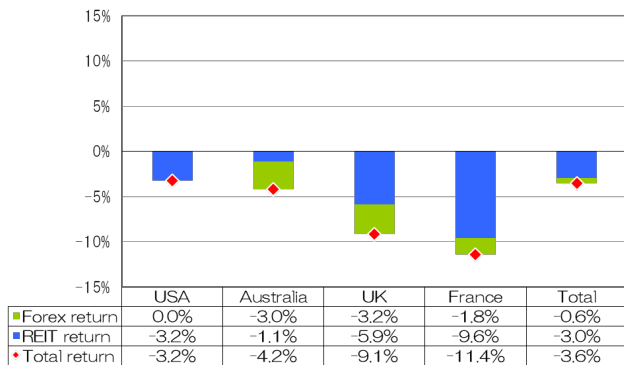
As of 30 Sep 2020	1 week ago	1 month ago	3 months ago	6 months ago	1 year ago	3 years ago
	23 Sep 20	31 Aug 20	30 Jun 20	31 Mar 20	30 Sep 19	29 Sep 17
Global	3.5%	-3.6%	2.2%	14.5%	-17.6%	-1.4%
North America	4.1%	-3.2%	1.6%	13.5%	-17.9%	0.6%
Europe	3.7%	-7.9%	-0.7%	3.3%	-24.3%	-25.8%
Asia Pacific	-0.1%	-2.2%	8.4%	31.4%	-9.8%	12.5%

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

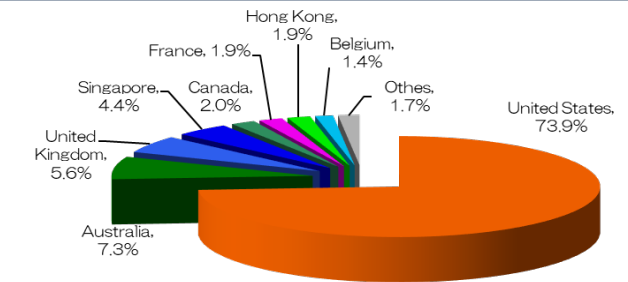
Source: SMDAM, based on FactSet data.

3. Return Analysis by Country (Sep'20)



Note: Total return breakdown of S&P Developed REIT Index (in USD) by forex and market factors, by countries.
Source: SMDAM, based on FactSet data.

4. Country Allocation (Sep'20)



	USA	Australia	UK	France	Total
% Weight	73.9%	7.3%	5.6%	1.9%	100%
Monthly Return	-3.2%	-4.2%	-9.1%	-11.4%	-3.6%
Contribution	-2.4%	-0.3%	-0.5%	-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: SMDAM, based on FactSet data.

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