

J-REIT Monthly

February 2020

For your information only



Sumitomo Mitsui DS Asset Management

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

In January, the TSE REIT index (with dividends) rose 3.6%MoM.

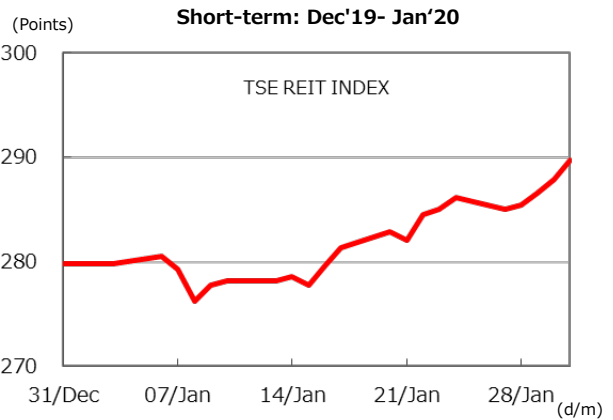
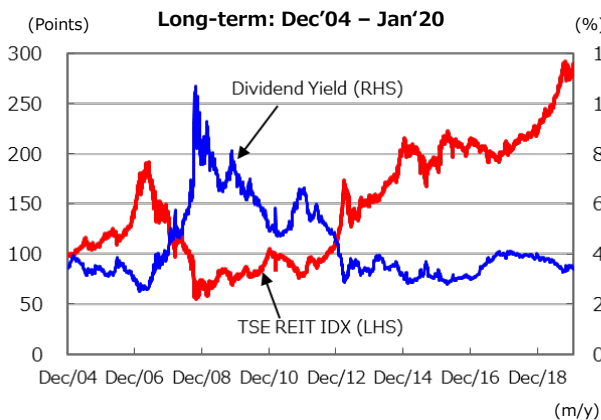
J-REIT market was supported by capital flight from stock markets to the REIT markets due to Corona virus outbreak during the second half of the month. Despite the series of POs from the beginning of the month, supply/demand situation of J-REITs remained firm as the POs confirmed declined management of REIT operators.

By sector, only office sector outperformed mainly due to the sharp rise of 2 largest office REITs by market capitalization. Also, some REITs who went PO sharply outperformed with expectation for growth.

December office vacancy rate in Tokyo five central wards improved to 1.55% while average rent has risen for 72 consecutive months.

In January, BoJ purchased J-REIT by once (total 12bn 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
	31 Jan 20	24 Jan 20	31 Dec 19	31 Oct 19	31 Jul 19	31 Jan 19	31 Jan 17
Index	4,608.85	4,551.36	4,450.34	4,625.77	4,120.33	3,709.11	3,407.69
% Change	-	1.3%	3.6%	-0.4%	11.9%	24.3%	35.2%

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.

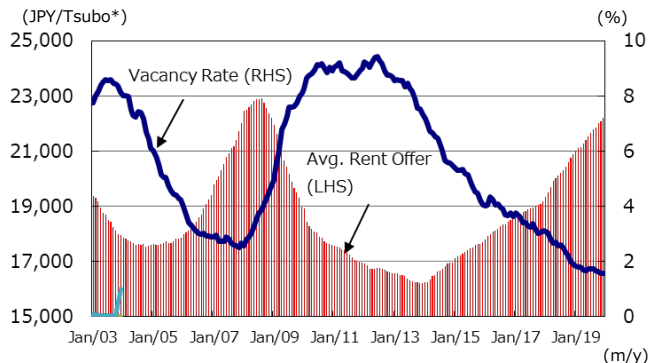
3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:64)

	REIT	Code	Weight
1	NIPPON BUILDING FUND	J8951	7.0%
2	JAPAN REAL ESTATE INV.	J8952	6.6%
3	NOMURA RLST.MASTER FUND	J3462	5.5%
4	ORIX JREIT	J8954	4.3%
5	UNITED URB.INV.	J8960	4.2%
6	JAPAN RET.FD.INV.	J8953	4.0%
7	NIPPON PROLOGIS REIT	J3283	3.6%
8	DAIWA HOUSE REIT INV.	J8984	3.5%
9	GLP J-REIT	J3281	3.1%
10	ADVANCE RESIDENCE INV.	J3269	3.0%
	Others		55.3%
	Total		100.0%

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

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from January 2003 to Dec 2019(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: SMDAM, based on Datastream data.

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

In January, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) increased 0.6%. On a local currency basis, the REIT return rose 1.2% and Forex decreased -0.5%.

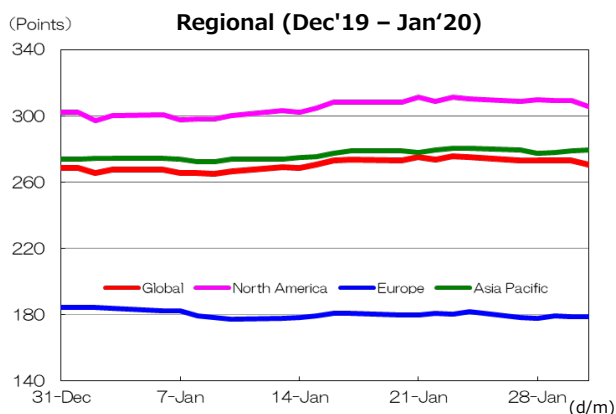
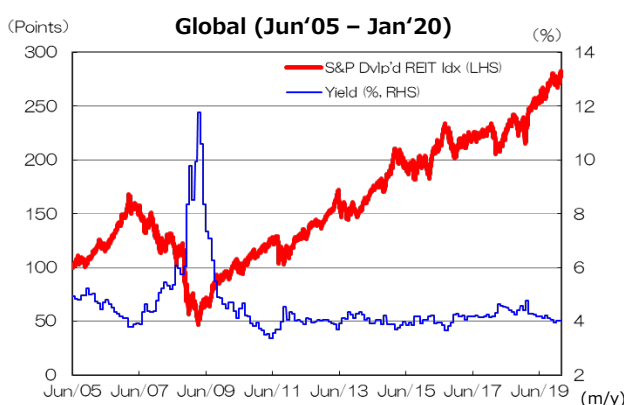
The US REIT market was supported by rise in the defensive sectors, which are less affected by change of business sentiment, due to Corona virus outbreak. Also, it rose with decline in US long term interest rates and strong 2019 earnings of logistic sector.

The European REIT market dropped due to concern over valuation of retail sector and slow down of direct investment in real estates.

The Australian REIT market rose as interest rate declined due to the large-scaled bushfires in the country and outbreak of Corona virus globally.

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

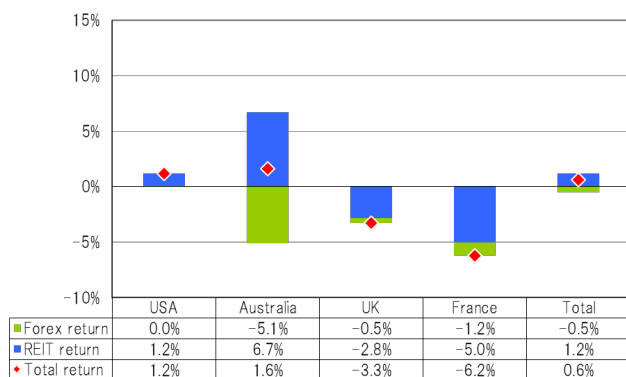
2. Global REIT Index (in USD)



As of 31 Jan 2020	1 week ago 24 Jan 2020	1 month ago 31 Dec 2019	3 months ago 31 Oct 2019	6 months ago 31 Jul 2019	1 year ago 31 Jan 2019	3 years ago 31 Jan 2017
Global	-1.7%	0.6%	-0.4%	7.0%	12.4%	29.3%
North America	-1.6%	1.2%	-0.9%	6.5%	12.8%	27.3%
Europe	-1.5%	-2.9%	1.9%	18.9%	12.5%	28.4%
Asia Pacific	-2.5%	0.5%	0.8%	0.5%	10.3%	42.8%

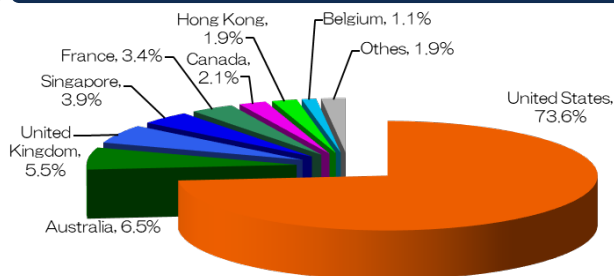
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: SMDAM, based on FactSet data.

3. Return Contribution by Factors (Jan'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. Global % Weight by Markets (Jan'20)



	USA	Australia	UK	France	Total
% Weight	73.6%	6.5%	5.5%	3.4%	100%
Monthly Return	1.2%	1.6%	-3.3%	-6.2%	0.6%
Contribution	0.9%	0.1%	-0.2%	-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.