

J-REIT Monthly

March 2021

For your information only



Sumitomo Mitsui DS Asset Management

Sumitomo Mitsui DS Asset Management Company, Limited
Toranomon Hills Business Tower 26F, 1-17-1 Toranomon,
Minato-ku, Tokyo 105-6426, Japan
<https://www.smd-am.co.jp/english/>

1. J-REIT Market Monthly Review (for February 2021)

In February, the TSE REIT index (with dividends) rose +5.1%MoM.

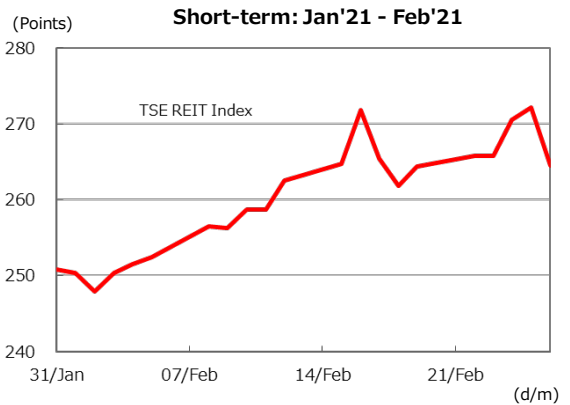
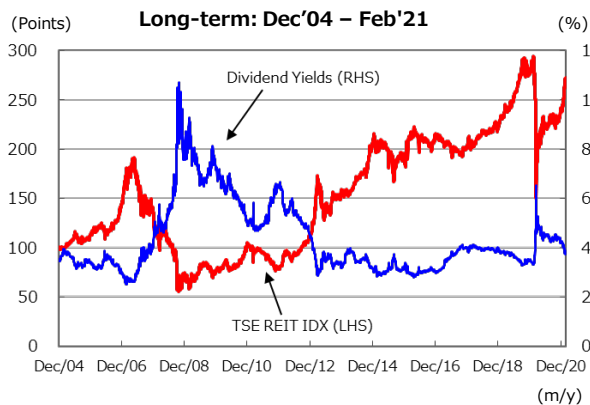
J-REIT market was on its recovery trajectory until the middle of the month, recording high for the first time in almost a year, supported by rise in risk appetite in favor of decline in new infection cases and start of Covid-19 vaccination. In the late half of the month, the market turned volatile with profit-takings with rising concern over change in risk appetite based on monetary easing and low rate environment underpinned by global rise in long-term interest rates.

By sector, office sector continued outperforming for four consecutive months. Residential sector, which has been weak, also outperformed the market. Among the commercial and logistics sector, hotel REITs dramatically outperformed while logistics REITs performed poorly.

January office vacancy rate in Tokyo five central wards rose for eleven consecutive months at 4.82%. Cancellation of office contracts continued along with office space reduction by companies. Average rent has also continued to decline.

In February, BoJ purchased J-REIT twice (total JPY2.4bn 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
	26/Feb/21	19/Feb/21	31/Jan/21	30/Nov/20	31/Aug/20	29/Feb/20	28/Feb/18
Index	4,207.24	4,205.01	4,004.00	3,635.82	3,735.15	4,218.40	3,291.44
% Change	-	0.1%	5.1%	15.7%	12.6%	-0.3%	27.8%

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.

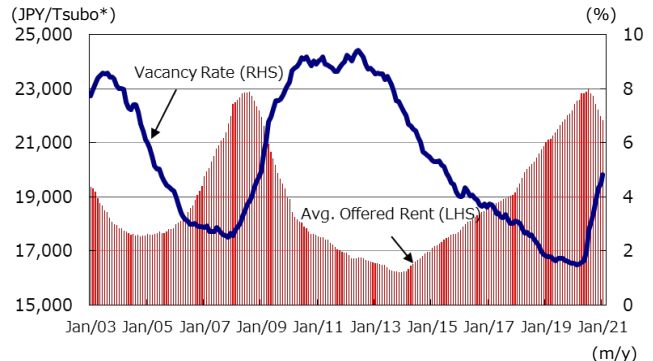
3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components: 61)

	REIT	Code	Weight
1	NIPPON BUILDING FUND	J8951	7.2%
2	JAPAN REAL ESTATE INV.	J8952	6.4%
3	GLP J-REIT	J3281	5.3%
4	NIPPON PROLOGIS REIT	J3283	5.2%
5	NOMURA RLST.MASTER FUND	J3462	5.2%
6	DAIWA HOUSE REIT INV.	J8984	4.1%
7	JAPAN RET.FD.INV.	J8953	3.8%
8	ORIX JREIT	J8954	3.5%
9	UNITED URB.INV.	J8960	3.1%
10	ADVANCE RESIDENCE INV.	J3269	3.0%
	Others		53.3%
	Total		100.0%

Source: SMDAM, based on Datastream data. (As of the end of Feb 2021)

4. Tokyo Office Rent and Vacancy Rate



Notes: (1) Covering a period from Jan 2003 to Jan 2021.
(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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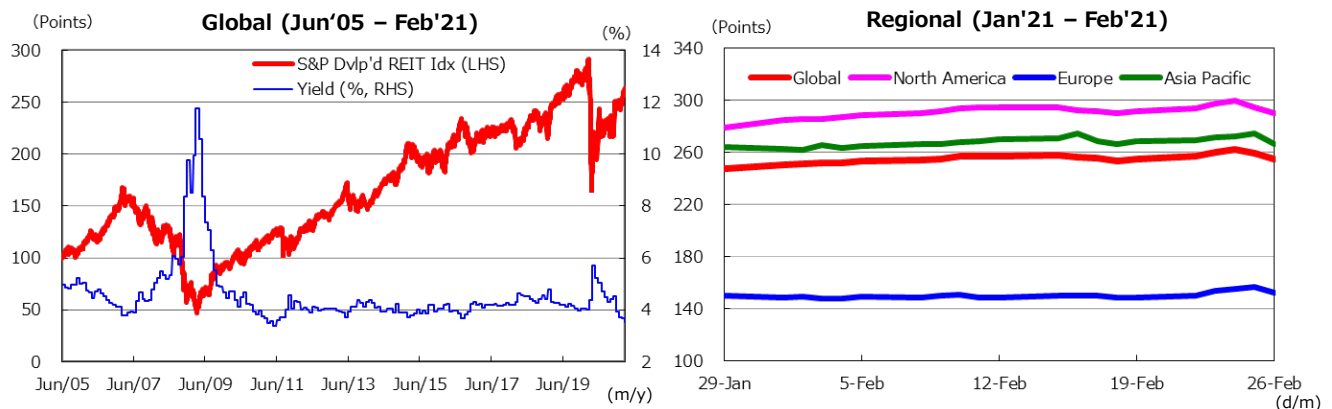
In February, the S&P Developed REIT Index (ex-Japan, with dividends, USD base) gained +3.0%. On a local currency basis, REIT return and Forex rose +2.8% and +0.2%, respectively.

The US REIT market gained with rising expectation on recovery in economy as Covid-19 vaccination has developed and earnings forecasts of many of REITs were higher than the market expectation. The European REIT market also rose. The UK REIT market rose mainly led by retail sector in favor of progress in Covid-19 vaccination and government announcement of steps to gradual relaxation of the lockdown.

The Australian REIT market declined. The market started strong for the month due to expectation on economic recovery with decline in infection cases by lockdown, however, declined by profit-taking and rise in long term interest rates in the late half of the month. The Singaporean REIT market also dropped with long term interest rates hike despite economic recovery driven by domestic demands. The Hong Kong REIT market rose in favor of announcement of ease in restriction which was set to control virus infections.

Regarding the Forex, AUD and GBP strengthened while EUR slightly weakened against USD due to rising risk appetite.

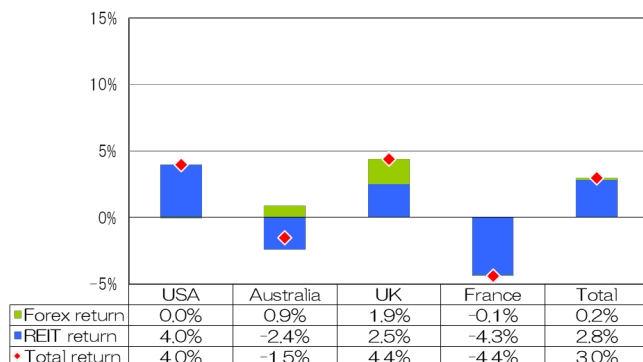
2. Global REIT Index (in USD)



As of 26 Feb 2021	1 week ago 19 Feb 21	1 month ago 29 Jan 21	3 months ago 30 Nov 20	6 months ago 31 Aug 20	1 year ago 28 Feb 20	3 years ago 28 Feb 18
Global	-0.1%	3.0%	6.4%	12.3%	2.5%	23.0%
North America	-0.4%	4.0%	7.5%	12.6%	3.1%	30.0%
Europe	2.4%	1.5%	6.5%	14.6%	-4.9%	-9.6%
Asia Pacific	-0.9%	-1.1%	0.8%	8.8%	5.2%	21.5%

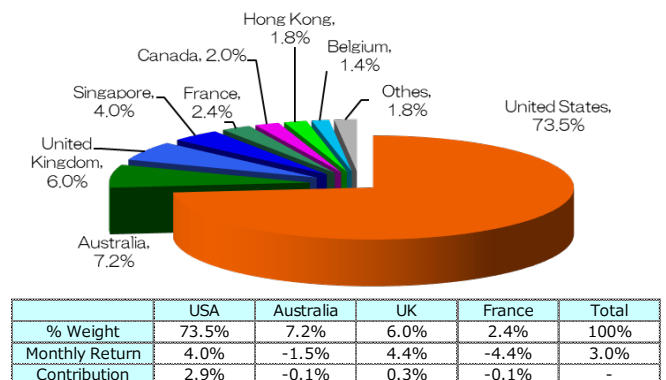
Note:
(1) Global index: S&P Developed REIT Index (ex-Japan, in USD)
Regional indexes are components of S&P Developed REIT Index.
(2) 6/1/05=100 for both charts
(3) % figures in the table indicate returns for each period
Source: SMDAM, based on FactSet data.

3. Return Analysis by Country (Feb'21)



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 (Feb'21)



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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