

Japan Inbound Capital Intelligence

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INVESTABLE THEMES · JAPAN INBOUND CAPITAL INTELLIGENCE #004

Rates have reached property income, while the listed discount keeps drawing take-private bids

Sources: [Tokyo Kantei release](#), 2026-09-24; [Tokyo Kantei market index](#), 2026-09-24; [Ichigo Hotel REIT earnings](#), 2026-09-17; [City Index Fifth tender notice \(TDnet\)](#), 2026-09-25; [Sankei REIT opinion statement](#), 2026-09-25; [MFLP-REIT notice](#), 2026-09-17; [JNTO](#), 2026-09-16

Income is slipping. The BOJ raised its rate to 1.25% on 18 September. Tokyo used-condo prices fell 0.2% in August to ¥112.74m, the first fall in 28 months. The 23 wards fell for a third month and the central six wards for a fourth. Prices are still up 18.2% on the year in the 23 wards, so this is a peak turning over, not a crash. The leading signs are weaker than the price: 23-ward listings rose to 15,218 from 12,145 a year ago, and 48.9% of listings had a price cut in the past three months. Ichigo Hotel REIT cut its payout to ¥3,761 per unit from ¥4,136 and guides ¥3,091 next. It names fewer Chinese guests and higher floating-rate borrowing costs. Chinese arrivals fell 59.0% in August.

Private buyers still pay above book. MFLP-REIT sold half of a 17-year-old warehouse at 25.5% over book. Ichigo sold a hotel at 1.3x book. And City Index Fifth, linked to the former Murakami fund, launched a ¥125,000-per-unit tender for Sankei Real Estate REIT on 28 September. That is 18.93% over the last close and about 9.6% above NAV (net asset value) per unit of ¥114,099. Before the bid the units traded at about 0.92x NAV. The same price failed in May, when a Tosei-led bid co-funded by GIC affiliates fell short of its 53% minimum. The Murakami-linked group had bought 26.12% during that offer, judging the price cheap. It now bids itself with a 25.42% minimum, and ATRA and Aya Nomura (19.58%) will not tender. The only foreign-registered account above 5% is a BNY custody nominee at 5.90%; foreign corporations held 32.9% of units.

Why this is the next 12 months. Listed J-REITs have traded at a double-digit discount to NAV through 2026, and Sankei says some trade at 0.7–0.8x. The TSE REIT index fell about 14.3% between 6 January and 24 September and yields 5.52%. The entry maths has split in two [S]. Buying buildings directly means underwriting falling income and dearer debt. Buying the listed wrapper gets the same kind of buildings at a discount, and 2026 has shown a take-private bid can close that discount. For a foreign allocator, the pairing of Kobayashi and Sankei makes the same point twice: on Japanese registers, a blocking holder decides who wins. At Sankei, GIC's side learned it as the bidder. J-REIT Discount to NAV

How to act: Sankei holders must decide by 10 November; settlement is 17 November. The REIT supports the bid but is neutral on tendering. Before buying Tokyo buildings directly, price the

same exposure in listed form at 0.7–0.9x NAV. For hotels, test Chinese-guest exposure and floating-rate debt asset by asset. For residential, track the Kantei leading indicators monthly.

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