



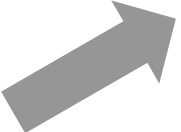
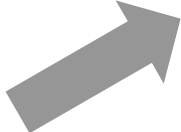






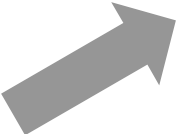

APPENDIX

Real Estate Market in Japan

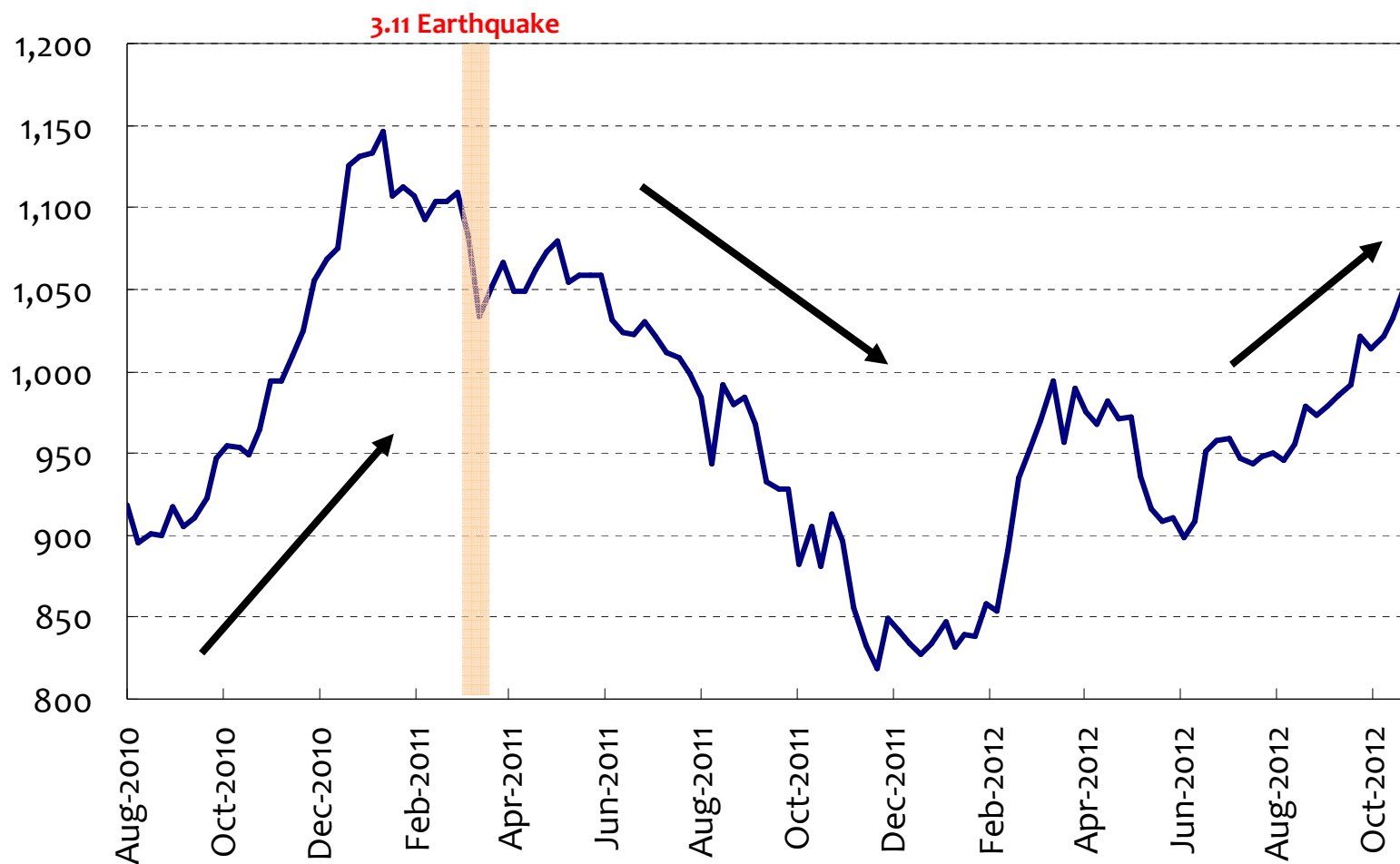
Japan Investment Briefing
13 November 2012 | London



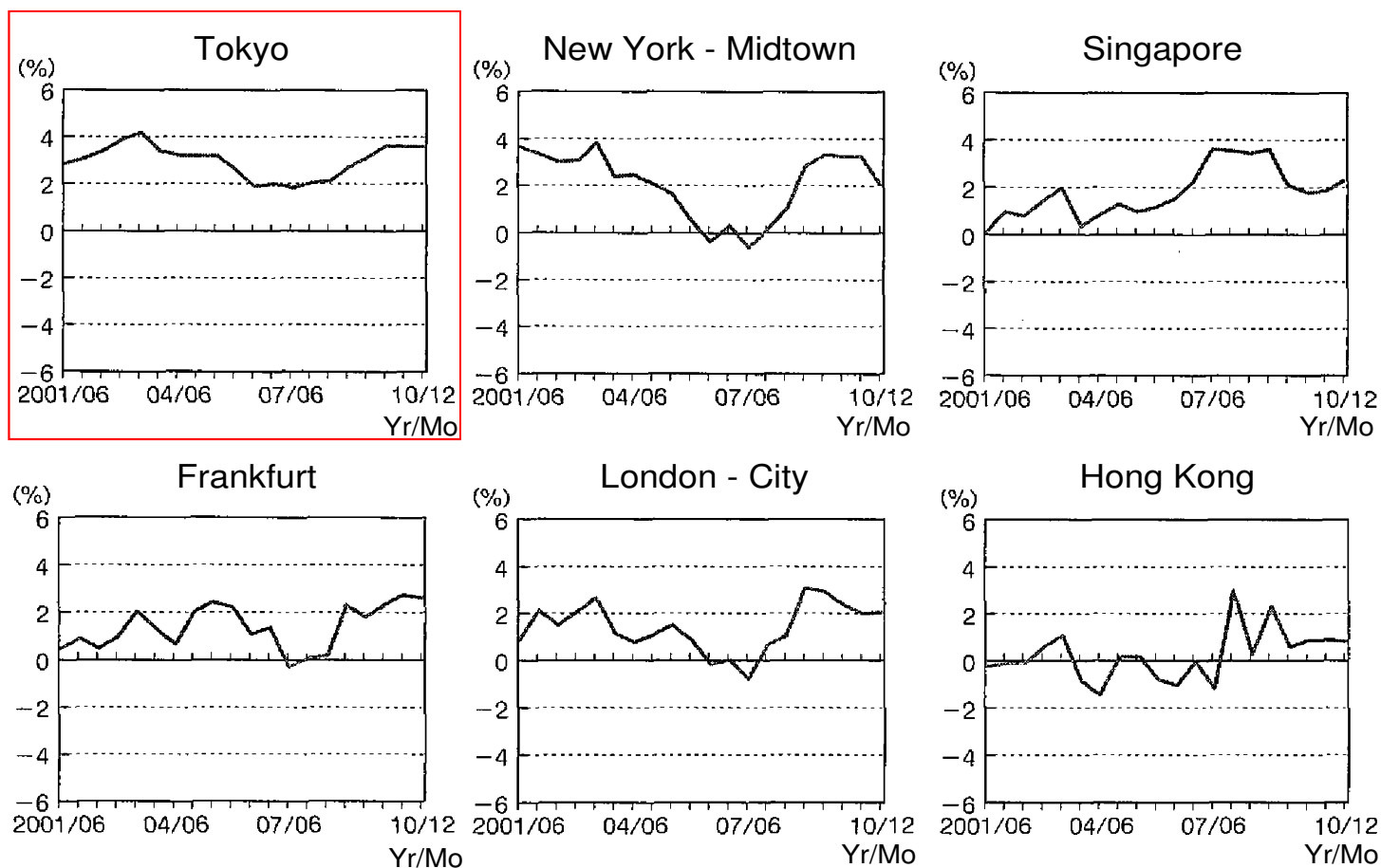
Opportunity in 2013 by sector

Sector	Space Market	Capital Market
Office	 Bottomed out	 Concentrated on prime buildings
Residential	 Relatively stable	 Dominated by REITs
Retail	 Sluggish retail sales	 Wide gap between prime area and others
Logistics	 Strong demand	 Severe competition
Hotel	 Recovered	 Not many transactions

J-REIT Index (2010-2012)

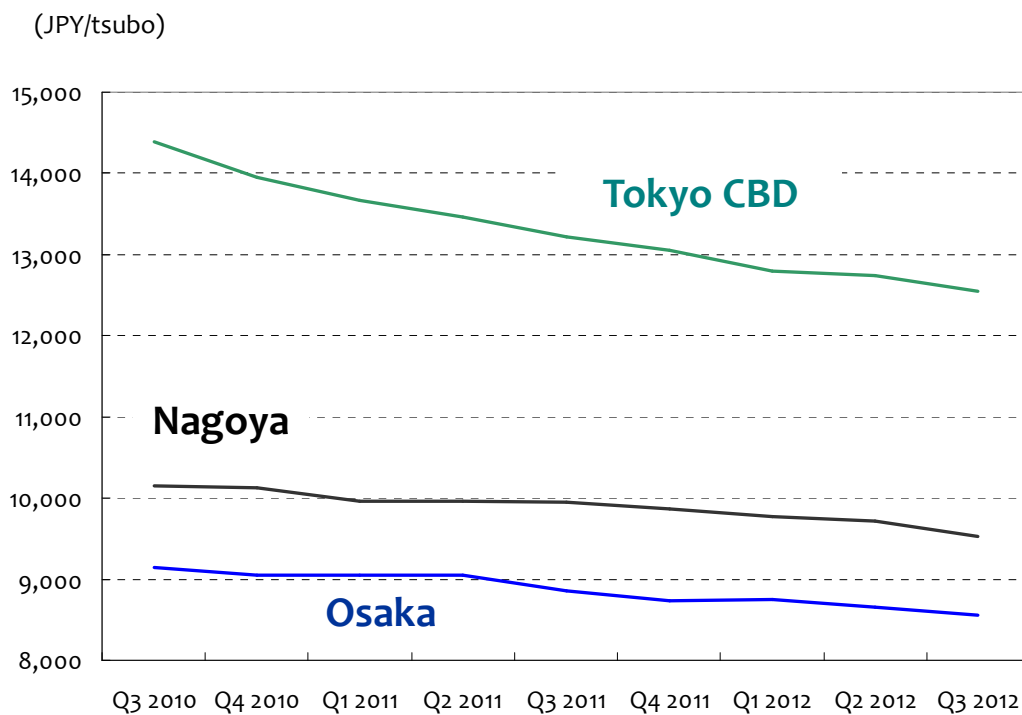


Tokyo is keeping stable and high yield gap.

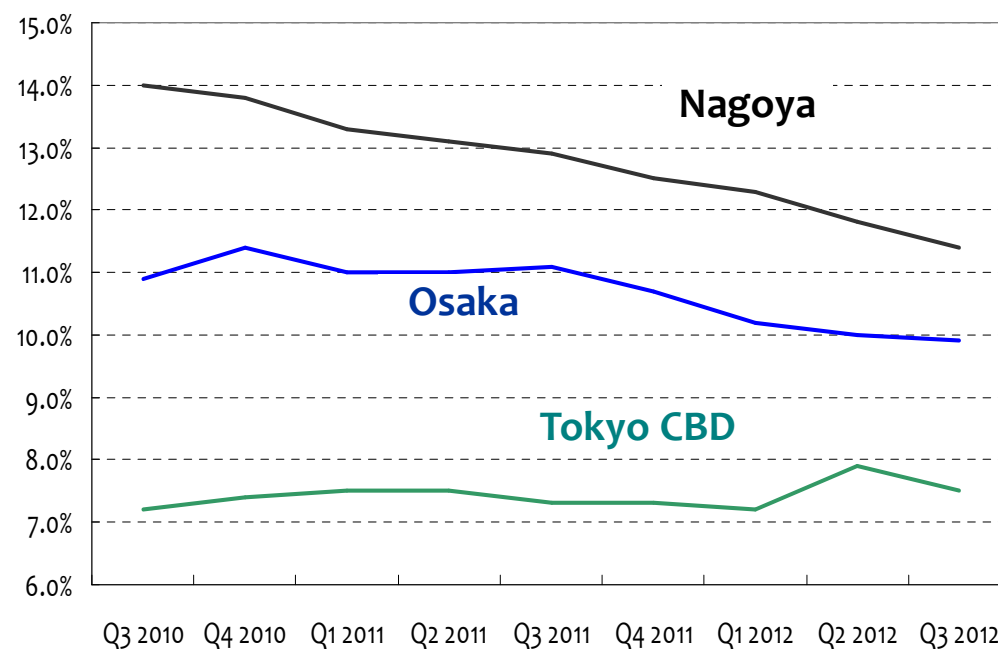


Office Space Market

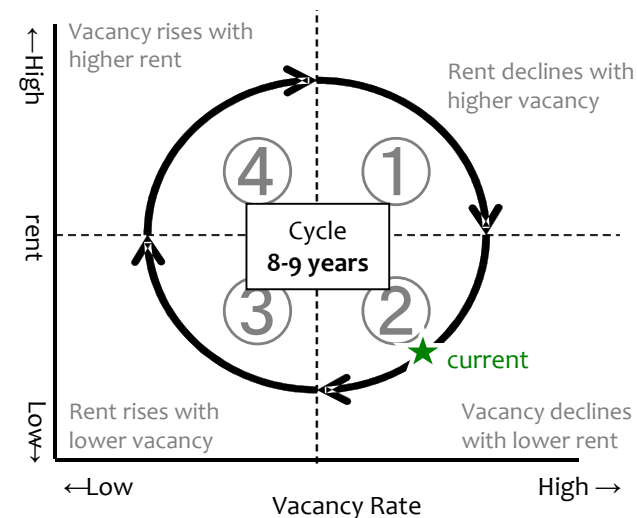
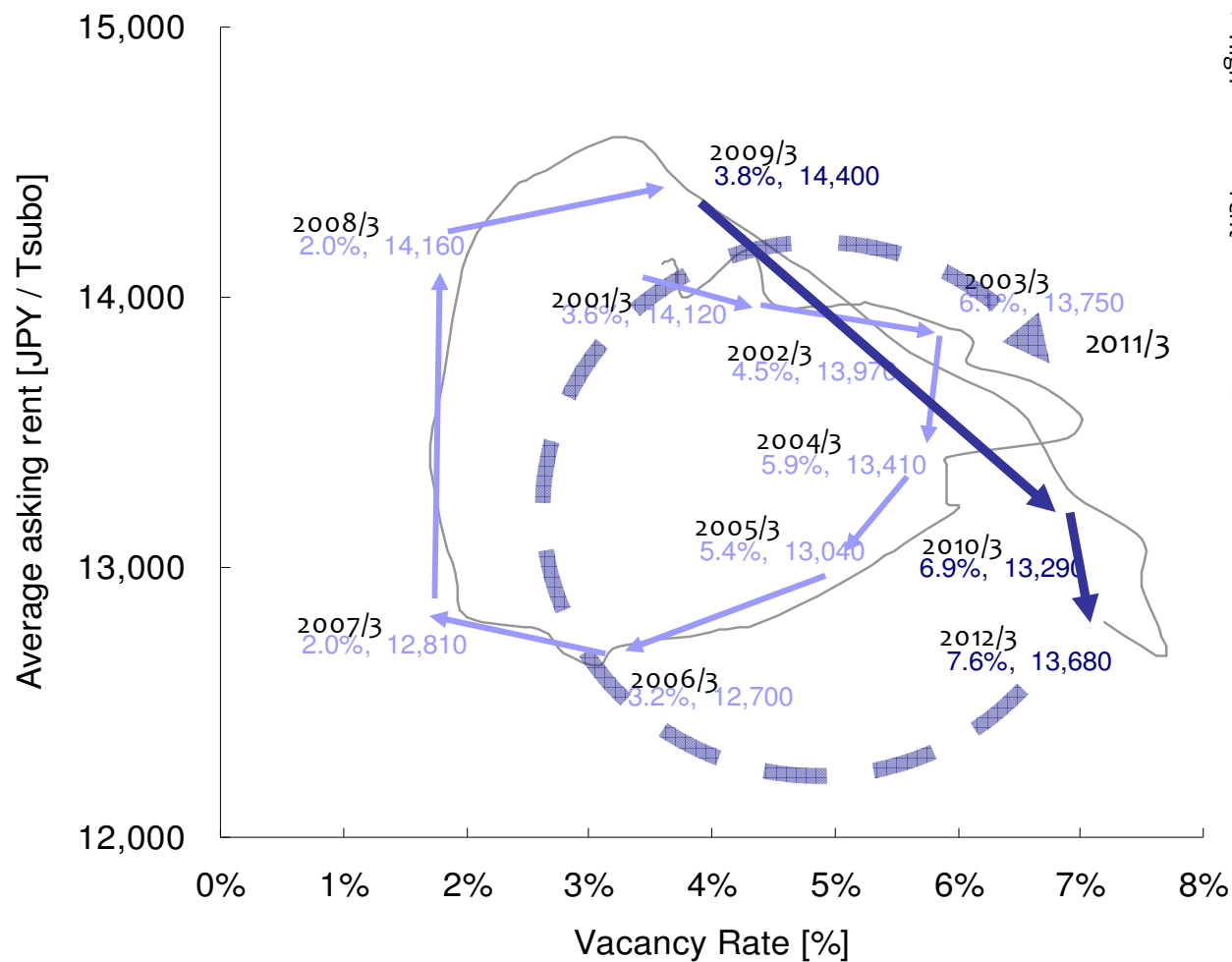
Average Asking Rent



Vacancy Rate

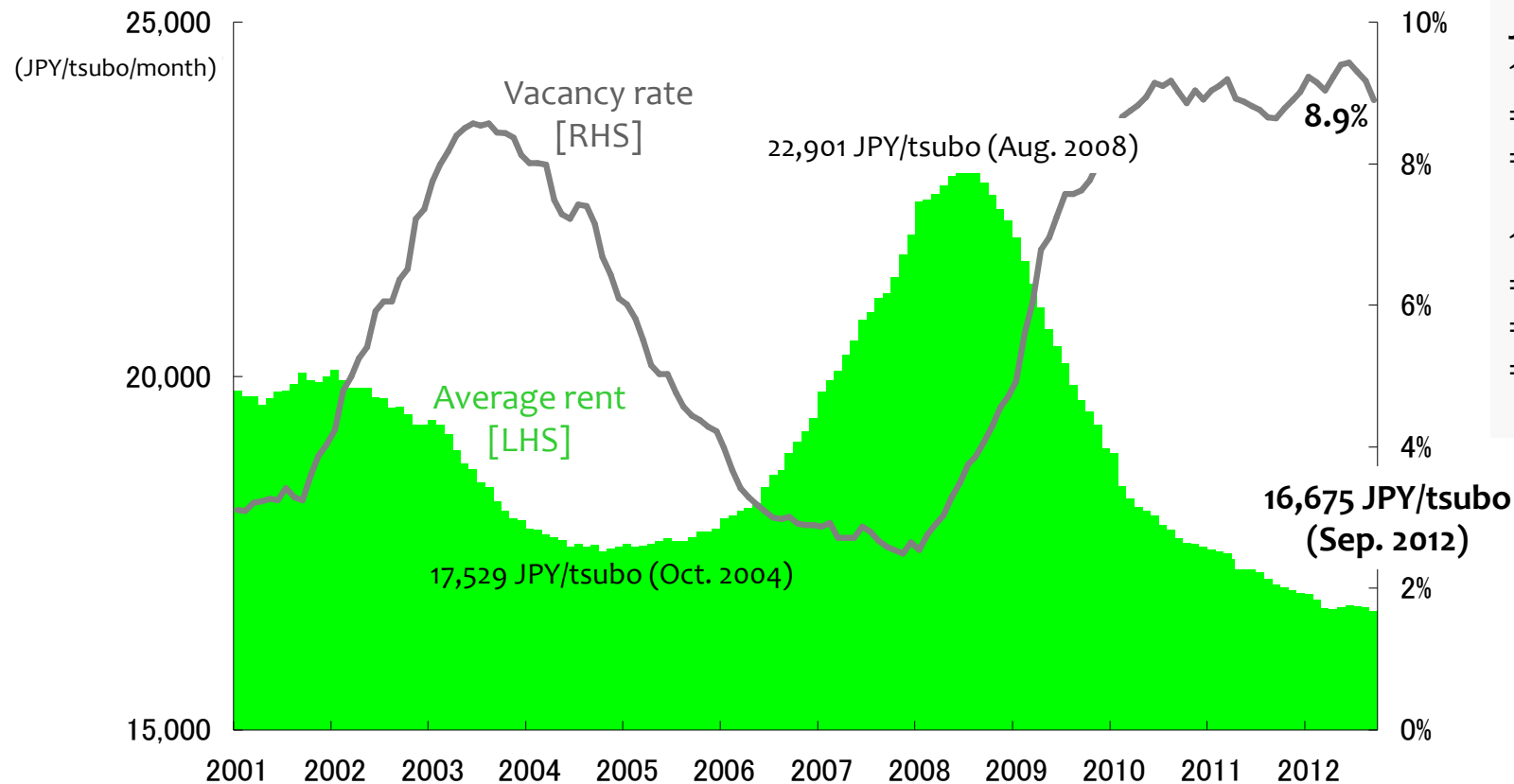


Cycle of Tokyo Office Market



- Past : Rent decreased and vacancy rate increased
- Now : Rent decreases and vacancy increases have slowed down

Asking rent per tsubo and Vacancy rate
(Office, Tokyo central 5 wards, monthly)



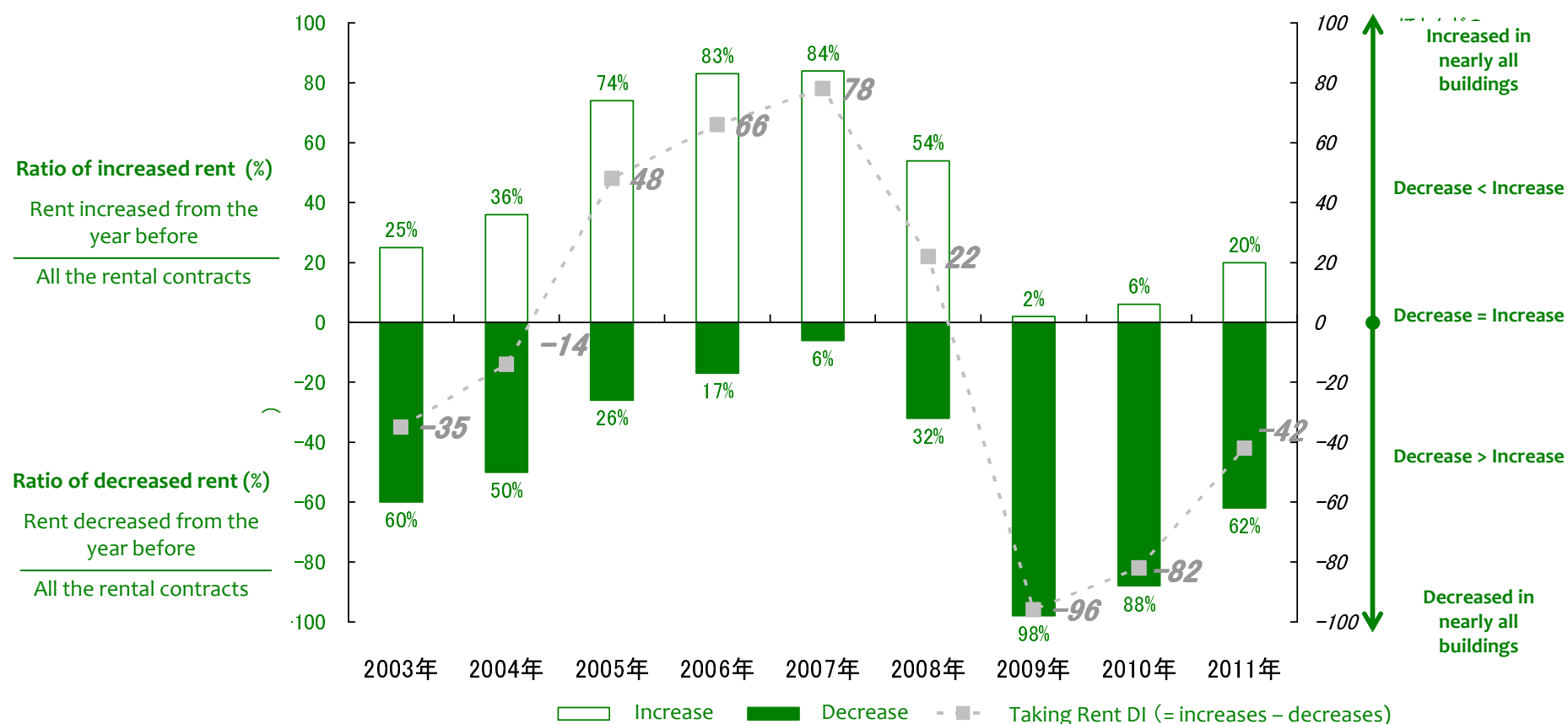
Japanese unit

1 Tsubo
= 3.30578 sqm
= 35.58 sqf

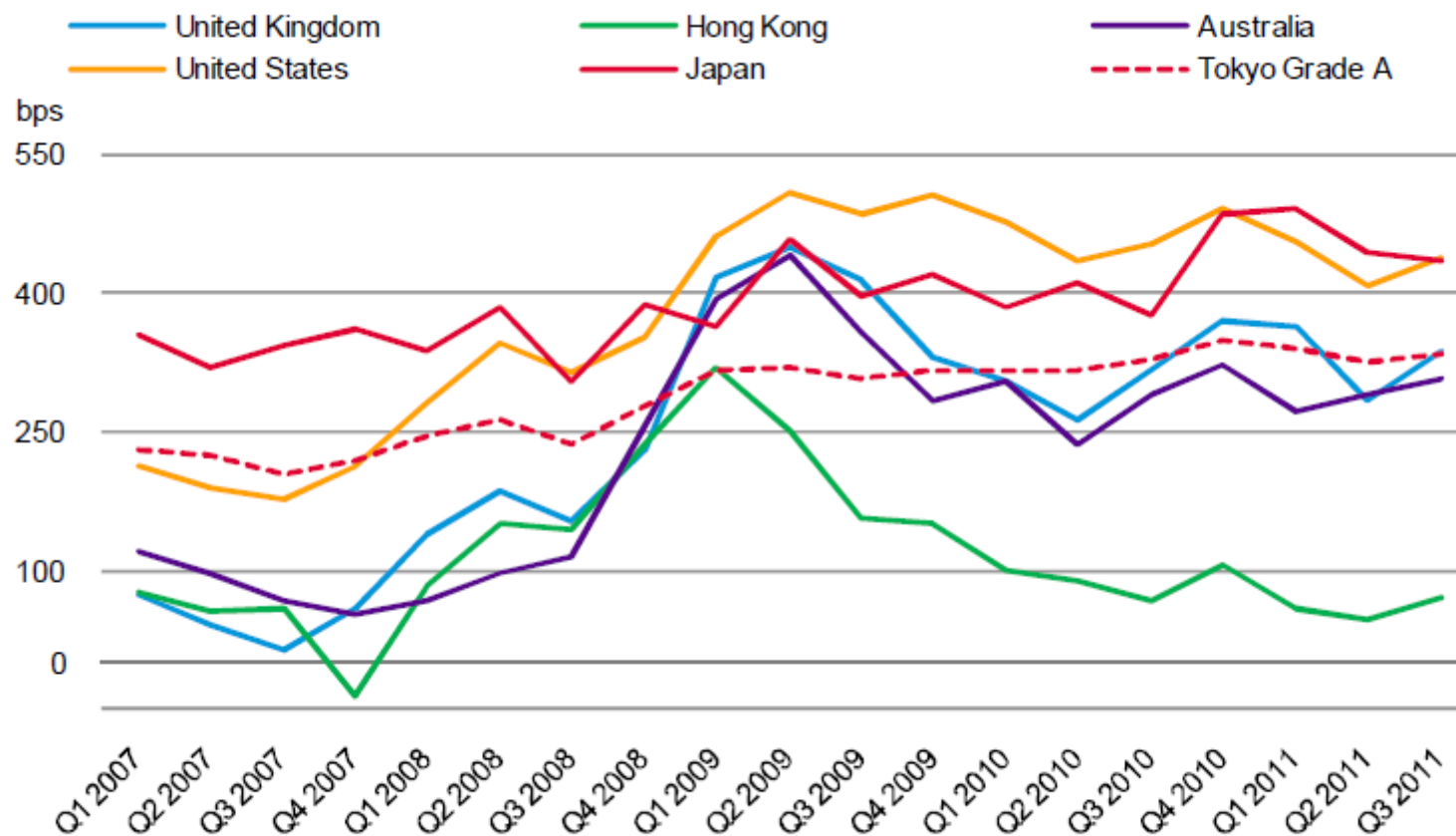
10,000 JPY/Tsubo/month
= 30.25 EUR/sqm/month
= 42.15 USD/sqf/year
= 25.94 GBP/sqf/year

Rent decreases have also slowed

Rent DI
(properties managed by Xymax, Tokyo 23 wards)



Global comparison : average cap rate

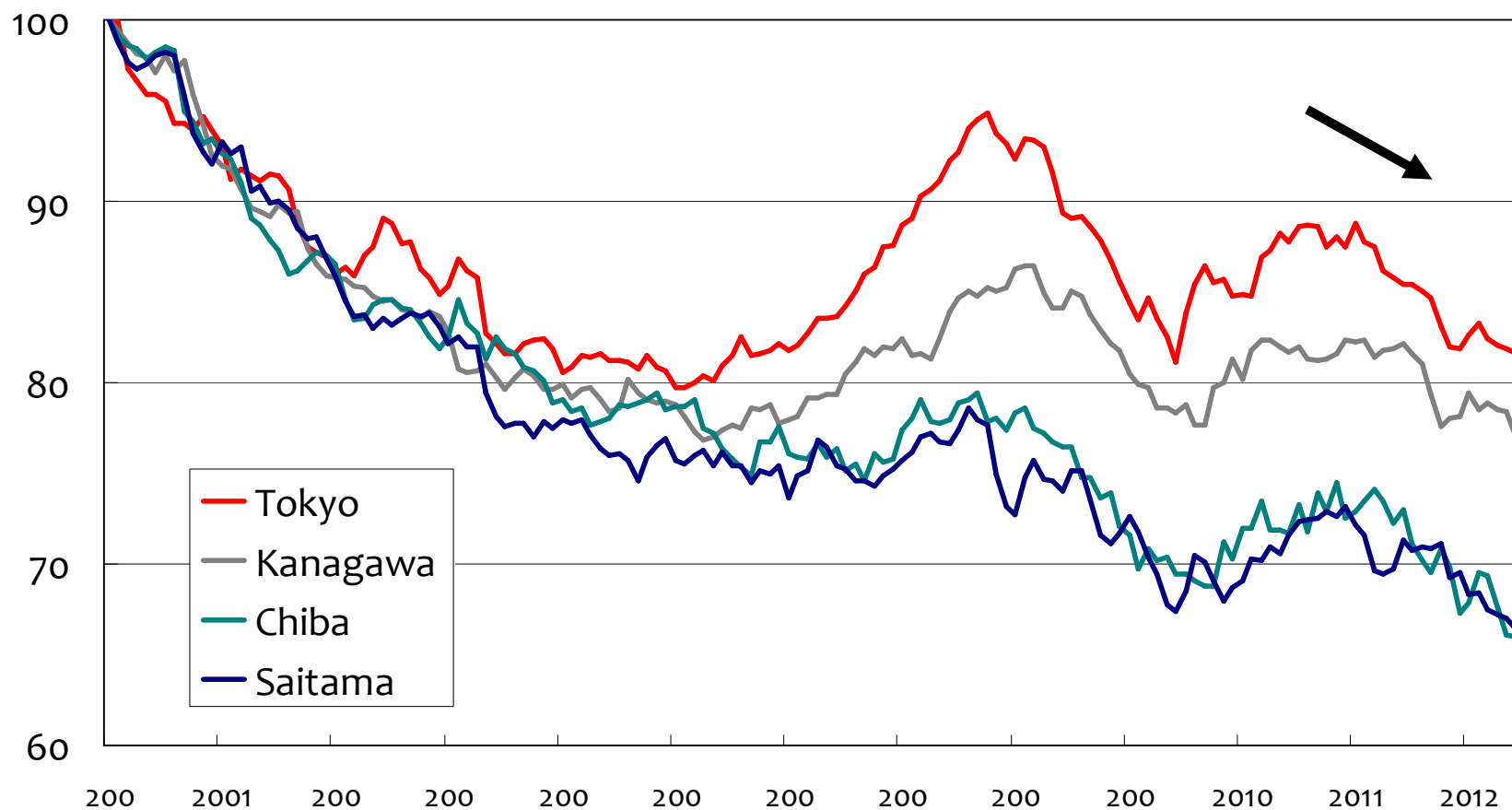


Source: Real Capital Analytics, Bloomberg, RREEF Real Estate Research

Data as of January 2012

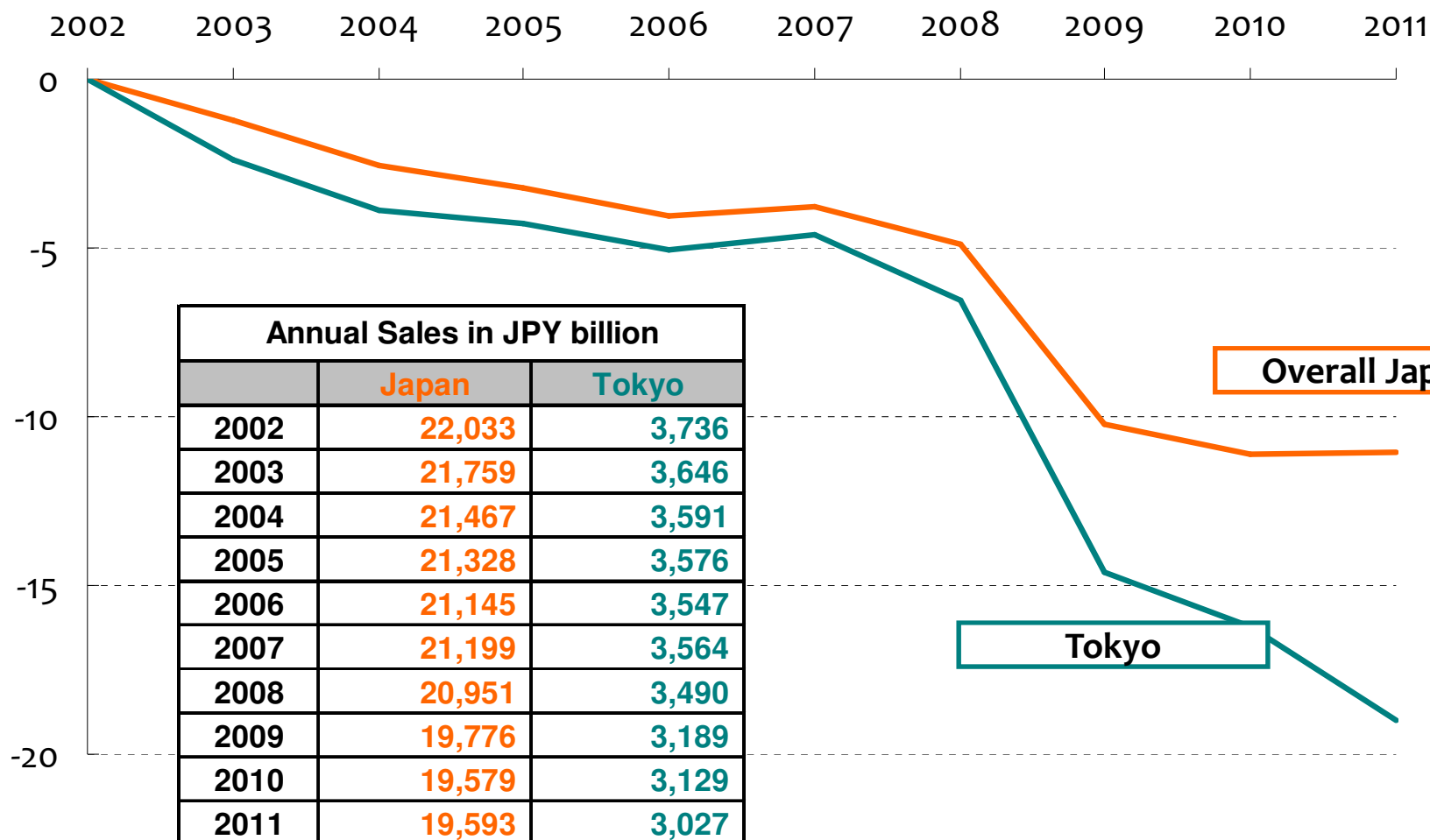
TSE Home Price Indices (Existing Condominiums)

(Jan. 2000 = 100)



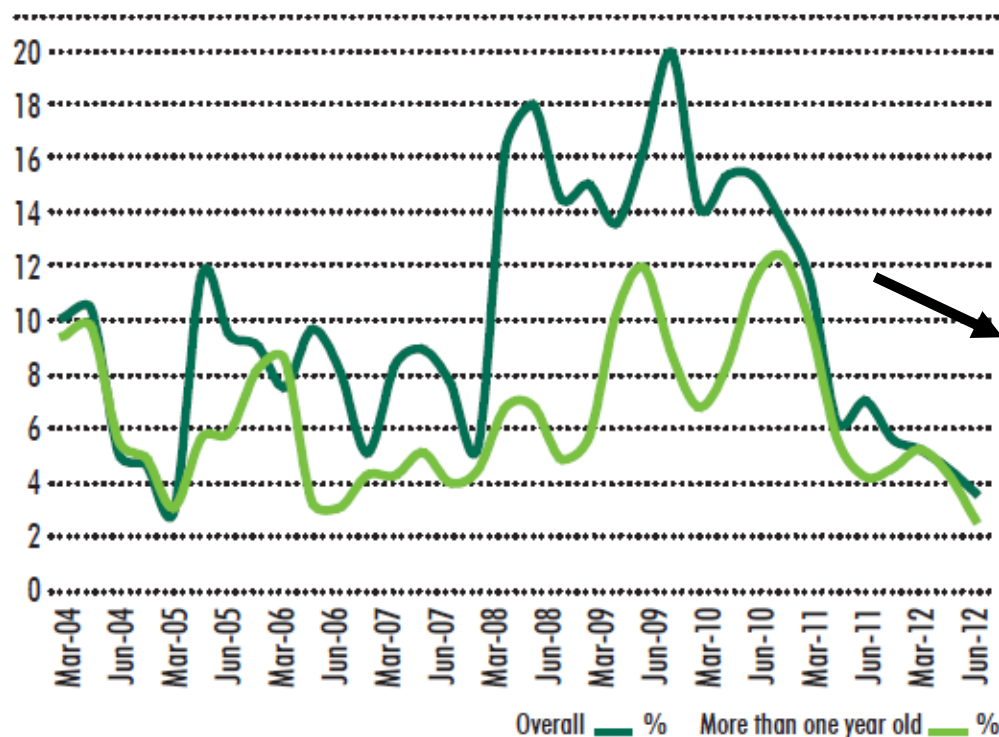
Annual Sales of Department Stores and Supermarkets

(2002 = 0)



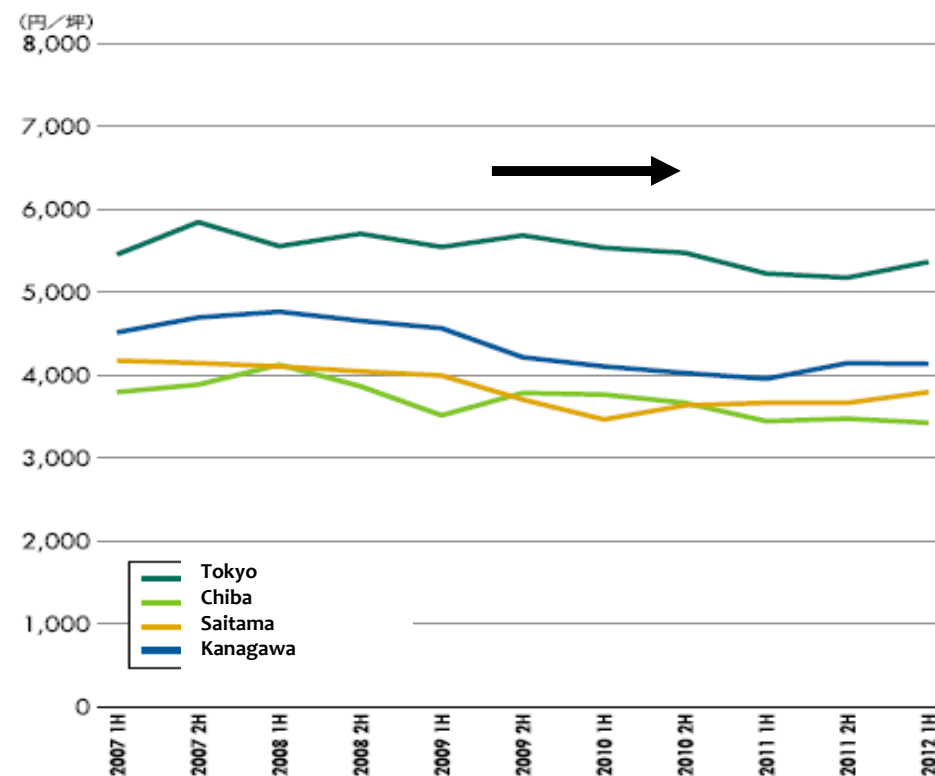
Vacancy Rate

(Large Multi-tenant Properties in Tokyo Metropolitan Area)

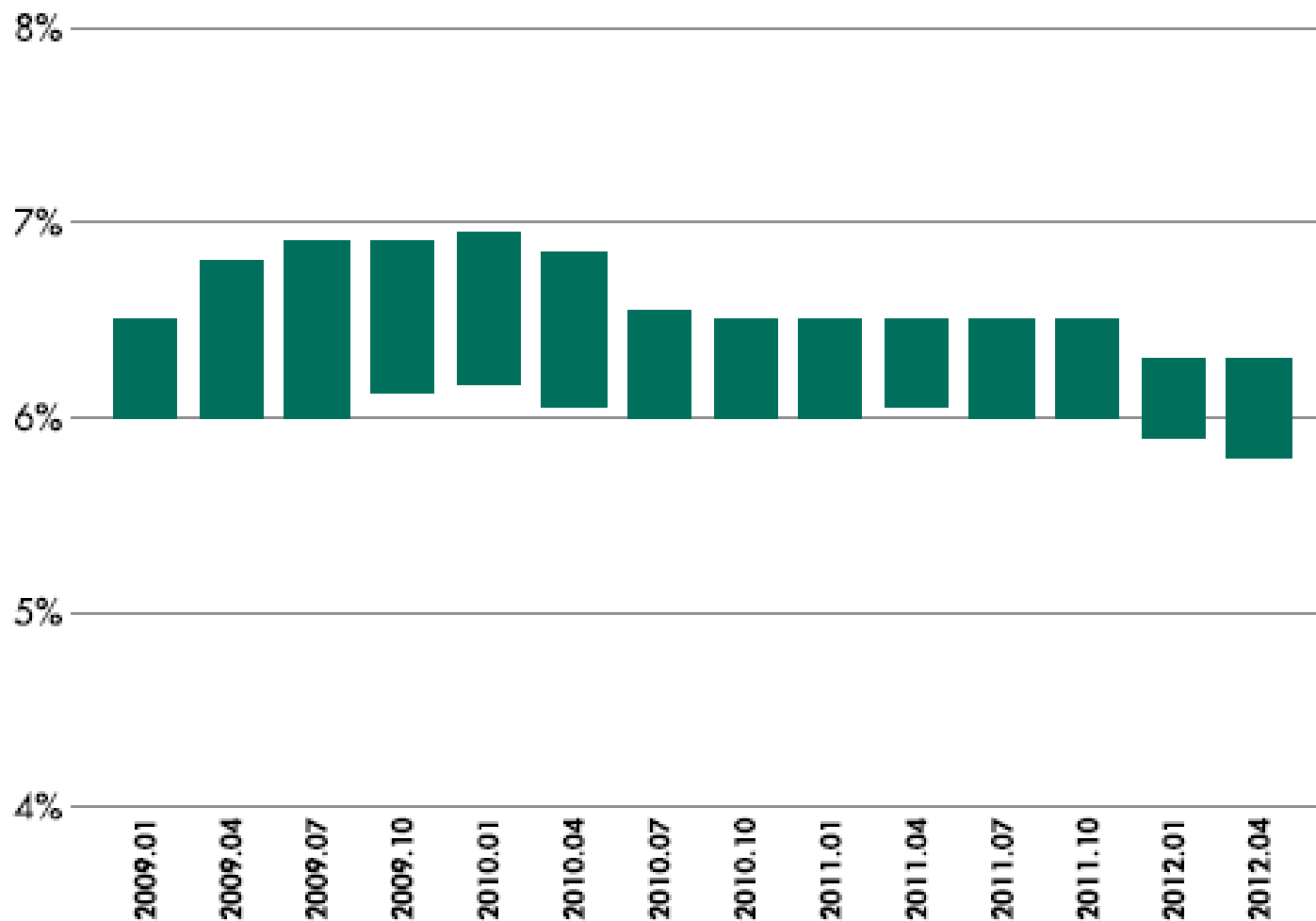


Asking Rent

(Medium and Large Properties in Tokyo Metropolitan Area)



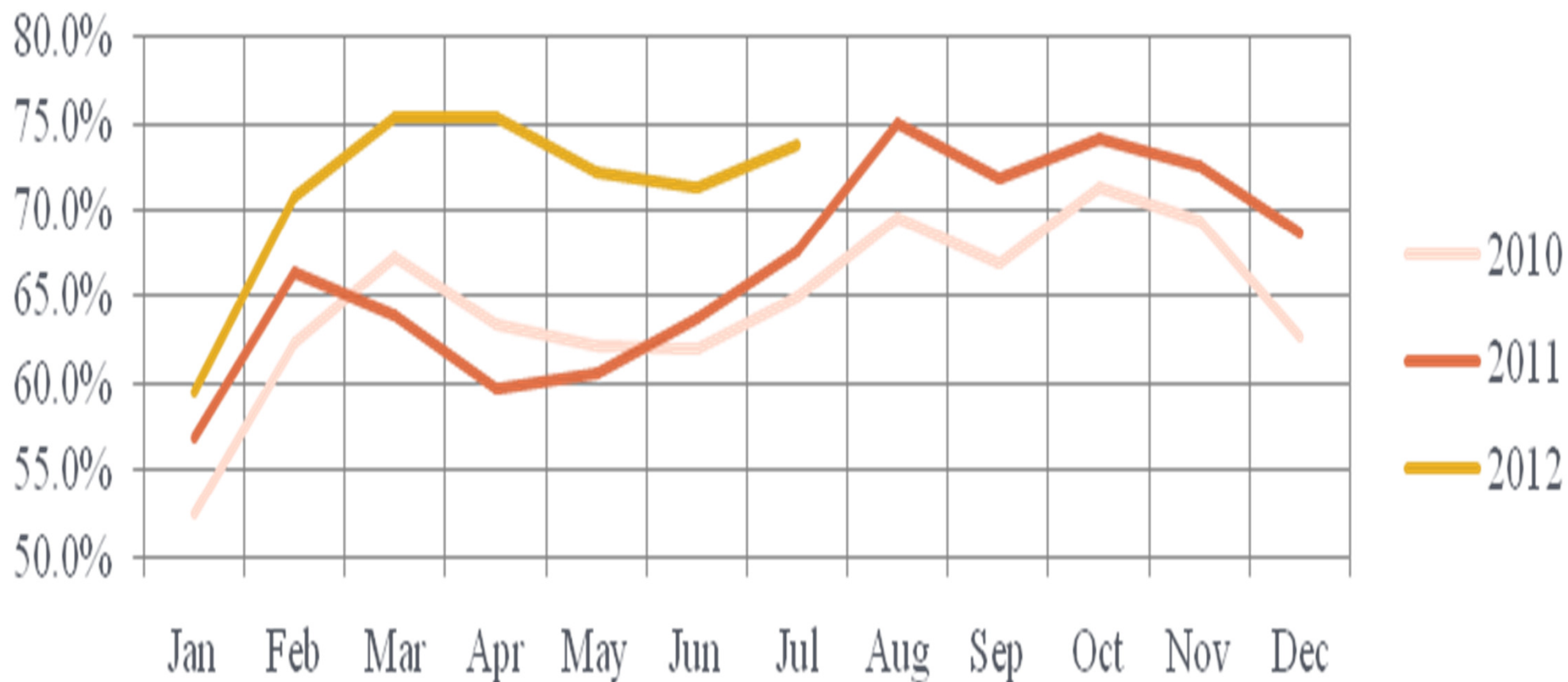
Expected NOI Cap Rate for Multi-tenant Property in Tokyo's Waterfront



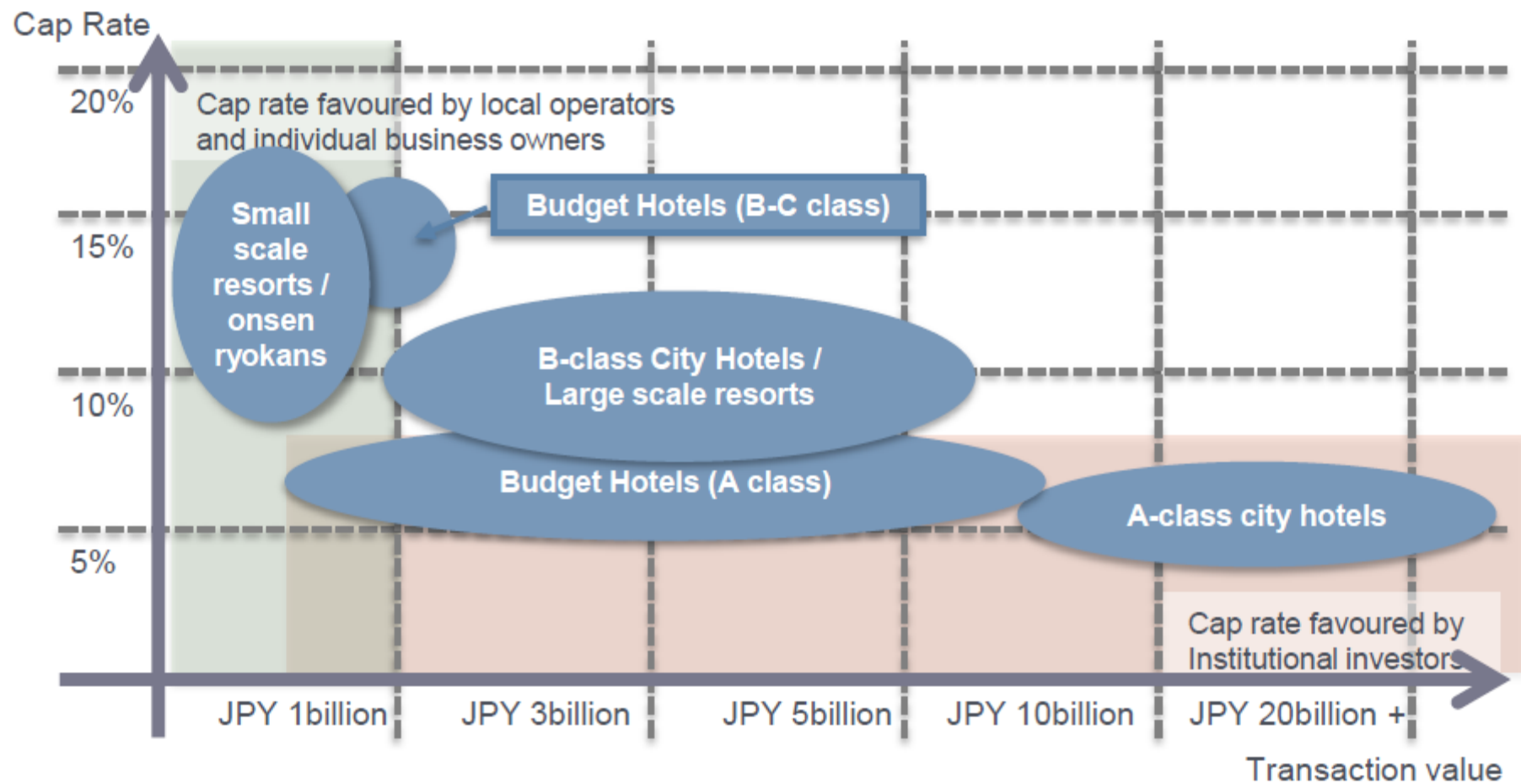
Major Developments of Multi-tenant Lease Properties

Project Name	Developer	City Prefecture	Inland or Waterfront	Land Area (sqm)	Gross Floor Area (sqm)	Completion
Prologis Park Zama 2	Prologis	Zama Kanagawa	Inland	49,821	115,952	Aug. 2012
Logiport Kitakashiwa	LaSalle Investment Management	Kashiwa Chiba	Inland	53,486	127,164	Oct. 2012
GLP Misato III	Global Logistic Properties	Misato Saitama	Inland	38,901	93,831	May 2013
Tokorozawa Logistics Center	Orix Real Estate	Miyoshi Saitama	Inland	51,820	72,126	April 2013
Kawagoe Logistics Center	Orix Real Estate	Kawagoe Saitama	Inland	25,501	54,888	May 2013
SGH Logistics Kashiwa MLT2	SG Realty (Sagawa Express)	Kashiwa Chiba	Inland	103,734*	122,000	June 2012
D Project Sagamihara Logistics Center	Daiwa House	Sagamihara Kanagawa	Inland	41,777	104,201	June 2012
Prologis Park Narashino 4	Prologis	Narashino Chiba	Waterfront	46,168	108,500	Aug. 2013
Ichikawa Shiohama Project	Global Logistic Properties and Mitsui Fudosan	Ichikawa Chiba	Waterfront	52,921	121,086	Dec. 2013
GLP Atsugi	Global Logistic Properties	Atsugi Kanagawa	Inland	44,511	107,657	Dec. 2013
Logiport Sagamihara	LaSalle Investment Management and Mitsubishi Estate	Sagamihara Kanagawa	Inland	94,197	210,826	Aug. 2013

Occupancy Rate of Hotels in Japan

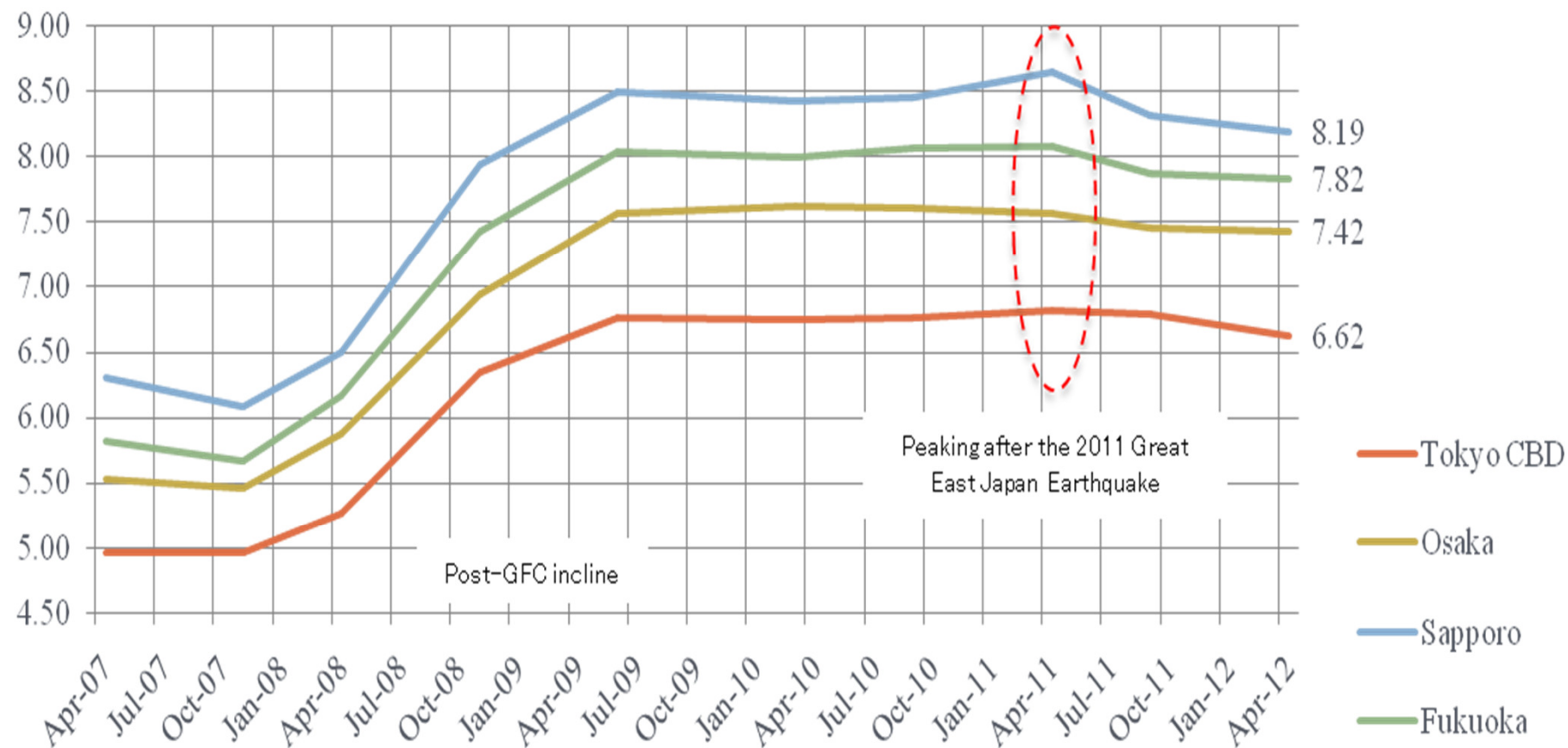


Buyers and Cap Rate by Hotel Types



Source : Hearing from brokers

Cap Rate of Full-service Hotels

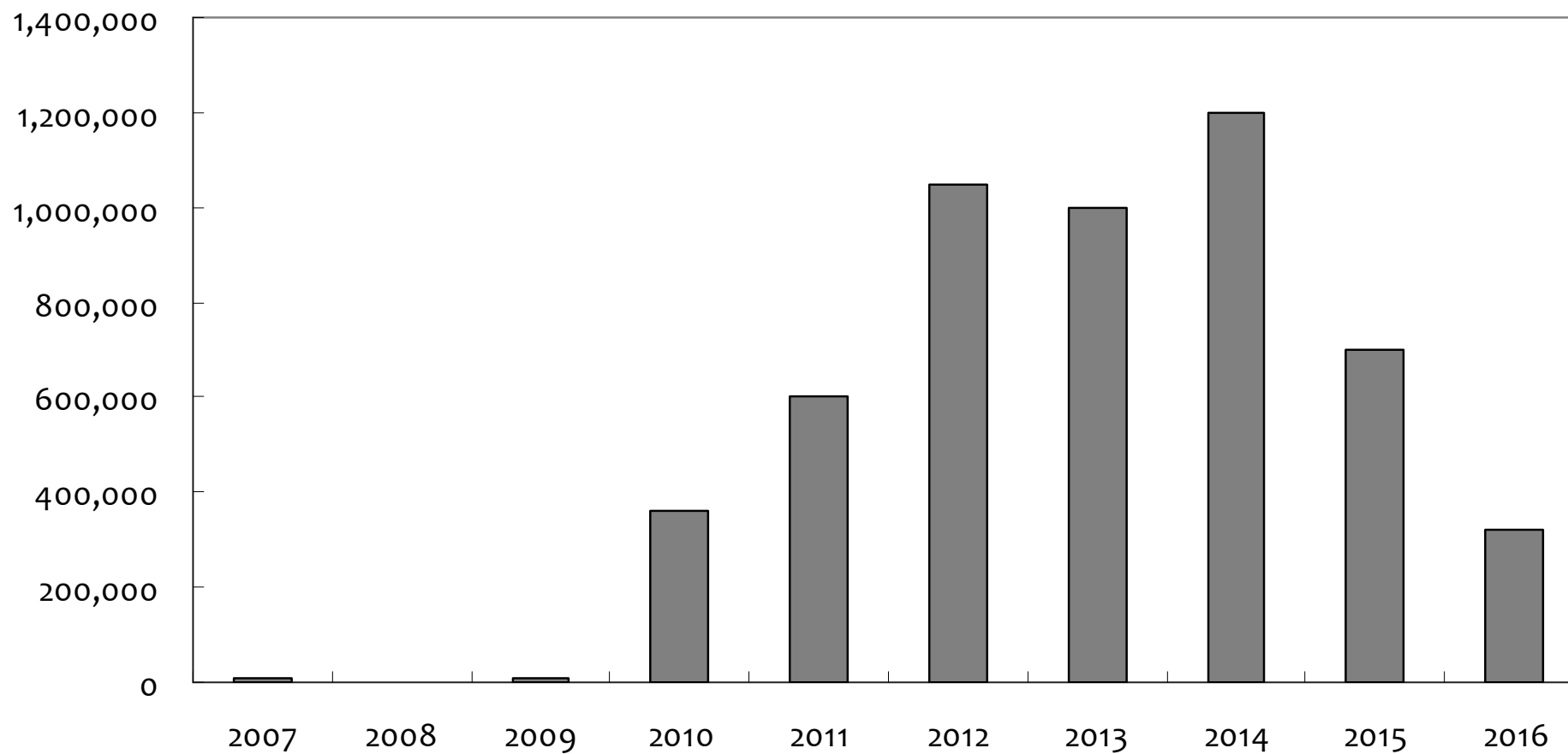


Major Transactions of Hotels in Tokyo (2011)

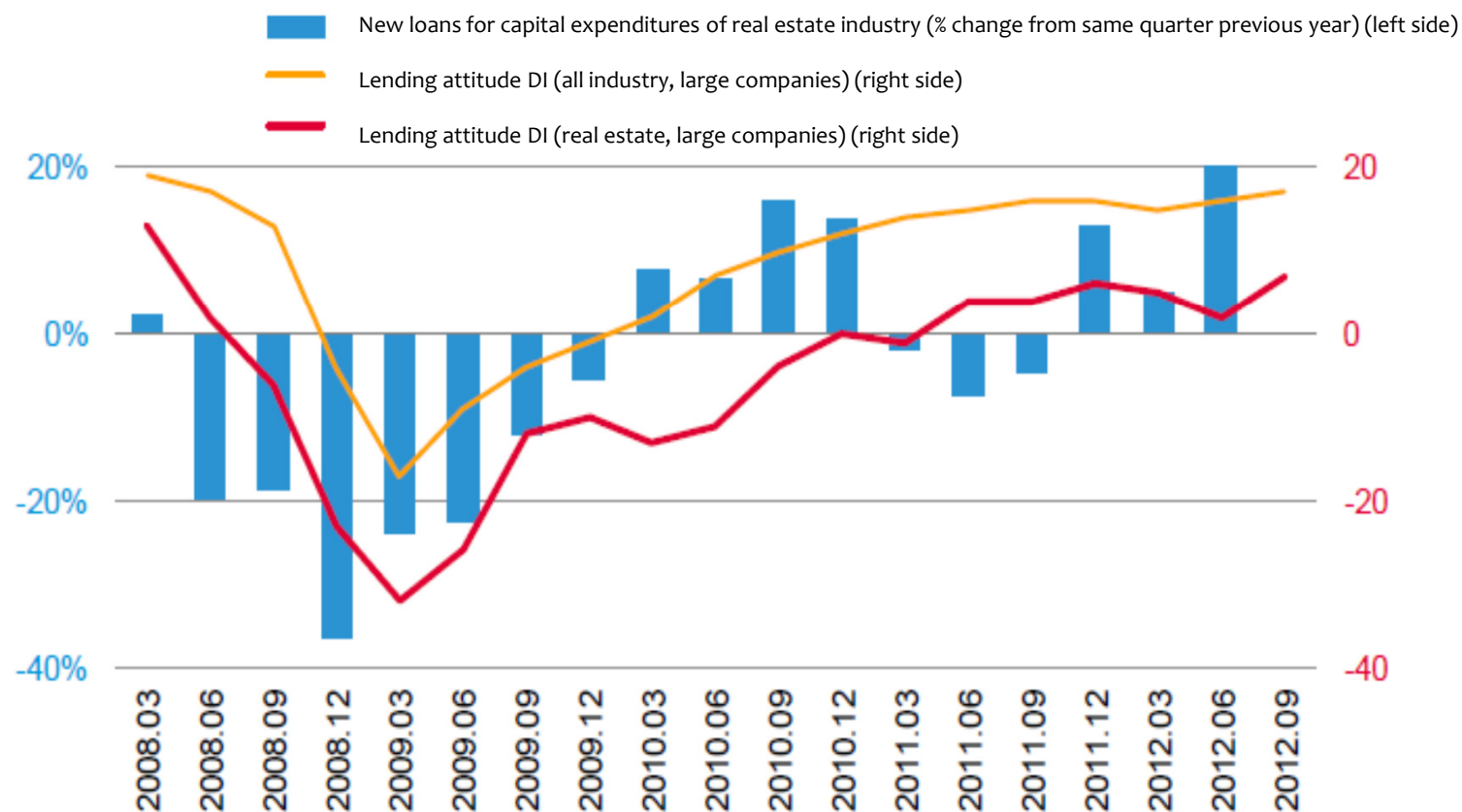
Month	Hotel	Guest rooms	Seller	Buyer	Price (mil. JPY)
Mar.	Hotel Avanshell Akasaka	71	Lone Star	Mitsubishi Estate	-
Mar.	Hotel Ascent Shinjuku	63	Leopalace 21	Daiwa House Industry	-
Apr.	Comfort Hotel Tokyo Higashi Nihonbashi	259	Maya Investment Godo Kaisha	Japan Hotel Fund	3,746
Jun.	Art Hotels Hamamatsucho	120	City Group	Fortress Investment Group	-
Jun.	Art Hotels Omori	220	City Group	Fortress Investment Group	-
Jul.	Ofu Hotel Kamata	92	Araigumi	Aoki	-
Aug.	Hotel Monterey Sanno	166	Sanno Estate	Mitsubishi Corp.	-
Nov.	Chisan Ground Akasaka	136	Lone Star	Sotetsu Holdings	-
Dec.	Asakusa Vista Hotel	136	Galileo Japan Trust	Tokai Kanko	1,050
Dec.	JAL City Yotsuya	185	Tokyo Tatemono	United Urban Investment Corp.	4,200

Legal Final Maturity of CMBS

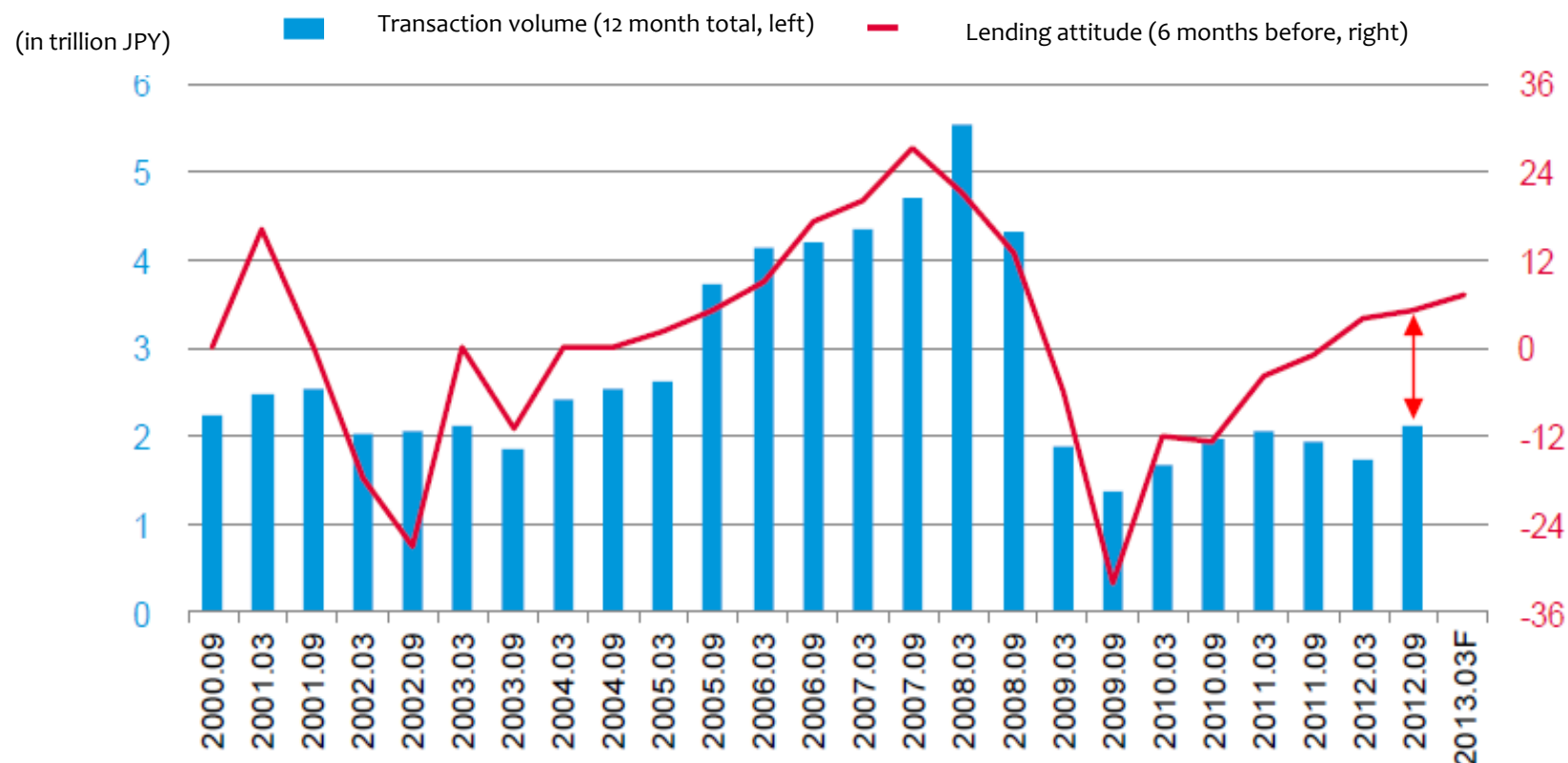
(in JPY millions)



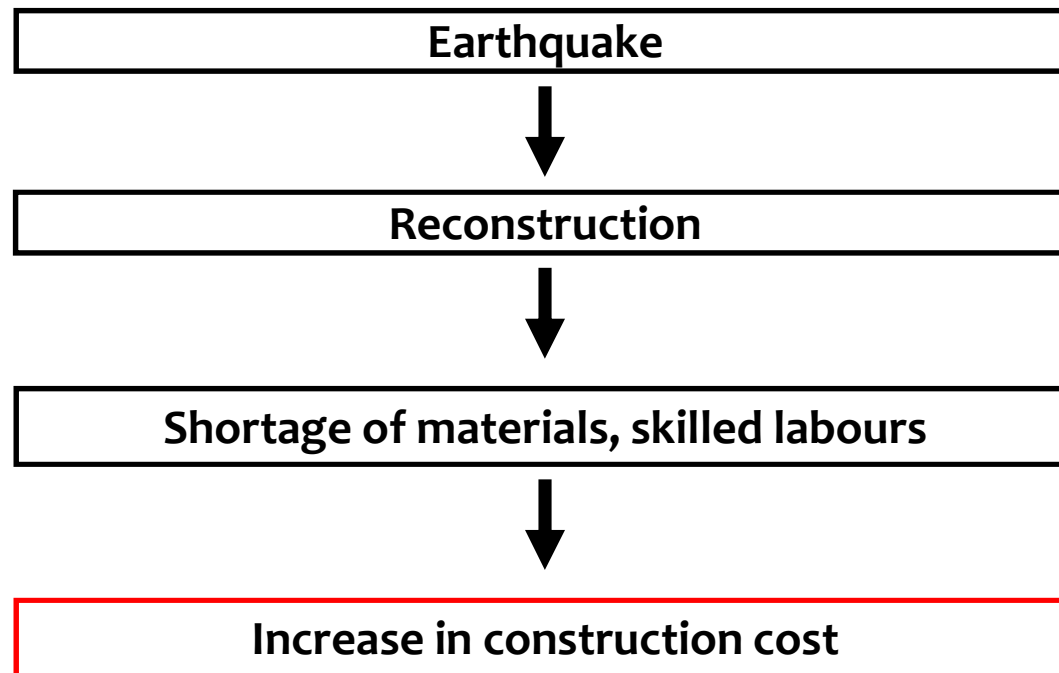
Changes in new loans for real estate and lending index of financial institutions



Real estate transaction volume and real estate lending index of financial institutions

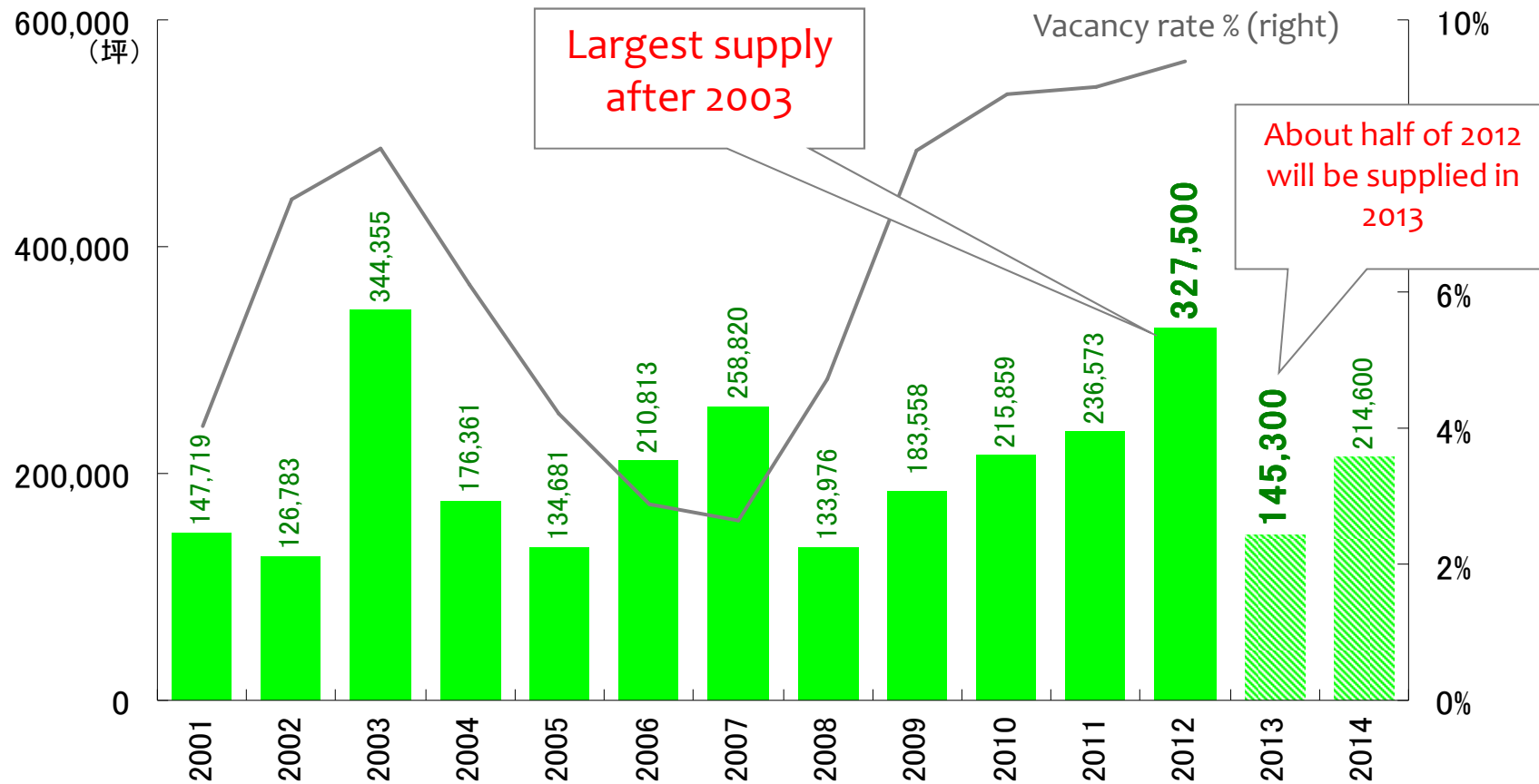


Construction Cost

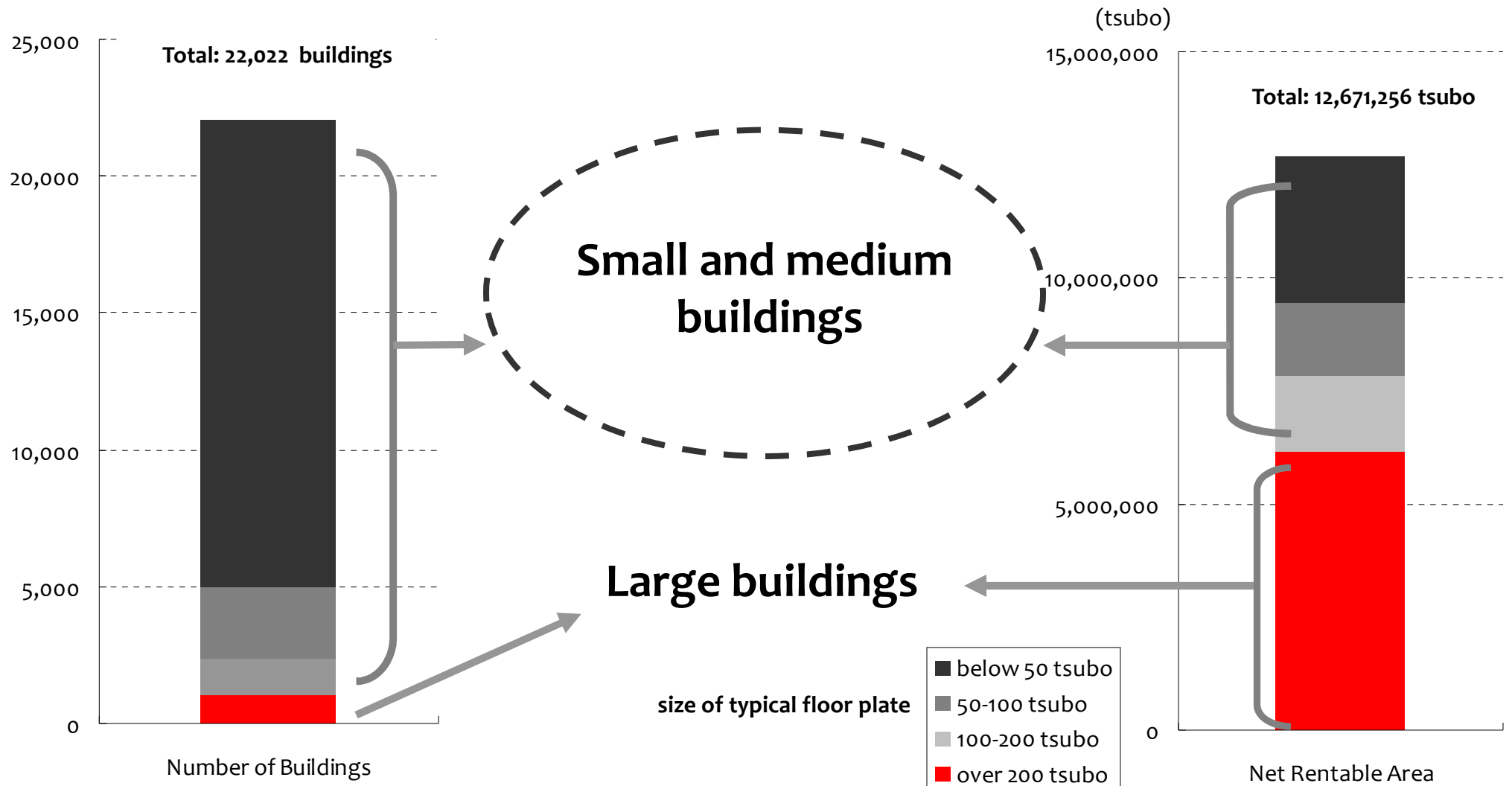


Large new supply in 2012 but halved in 2013

New supply of office buildings (Tokyo 23 wards, annual)



Office Buildings in Tokyo CBD

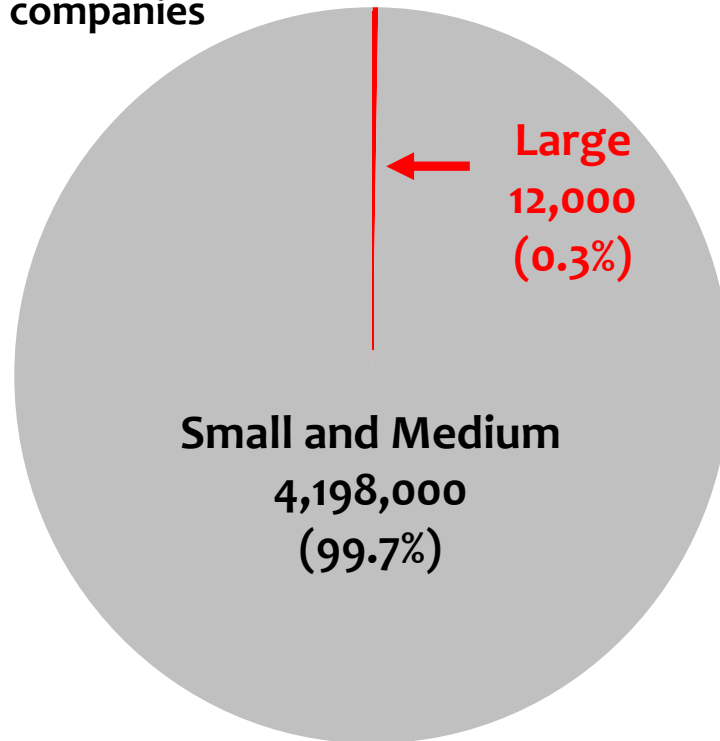


Companies in Japan

Number of Companies

(including private business establishments)

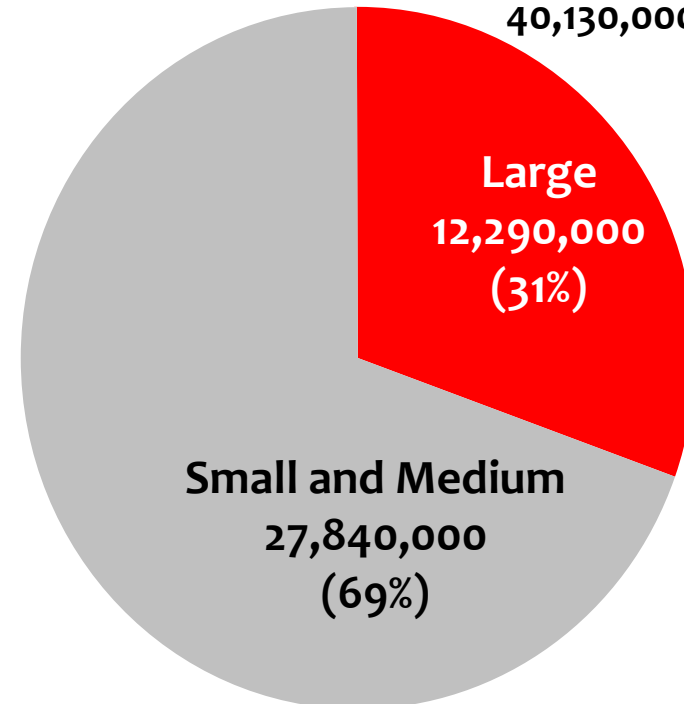
4,210,000 companies



Number of Employees

(including private business establishments)

40,130,000 employees



Definitions of small- and Medium-size companies

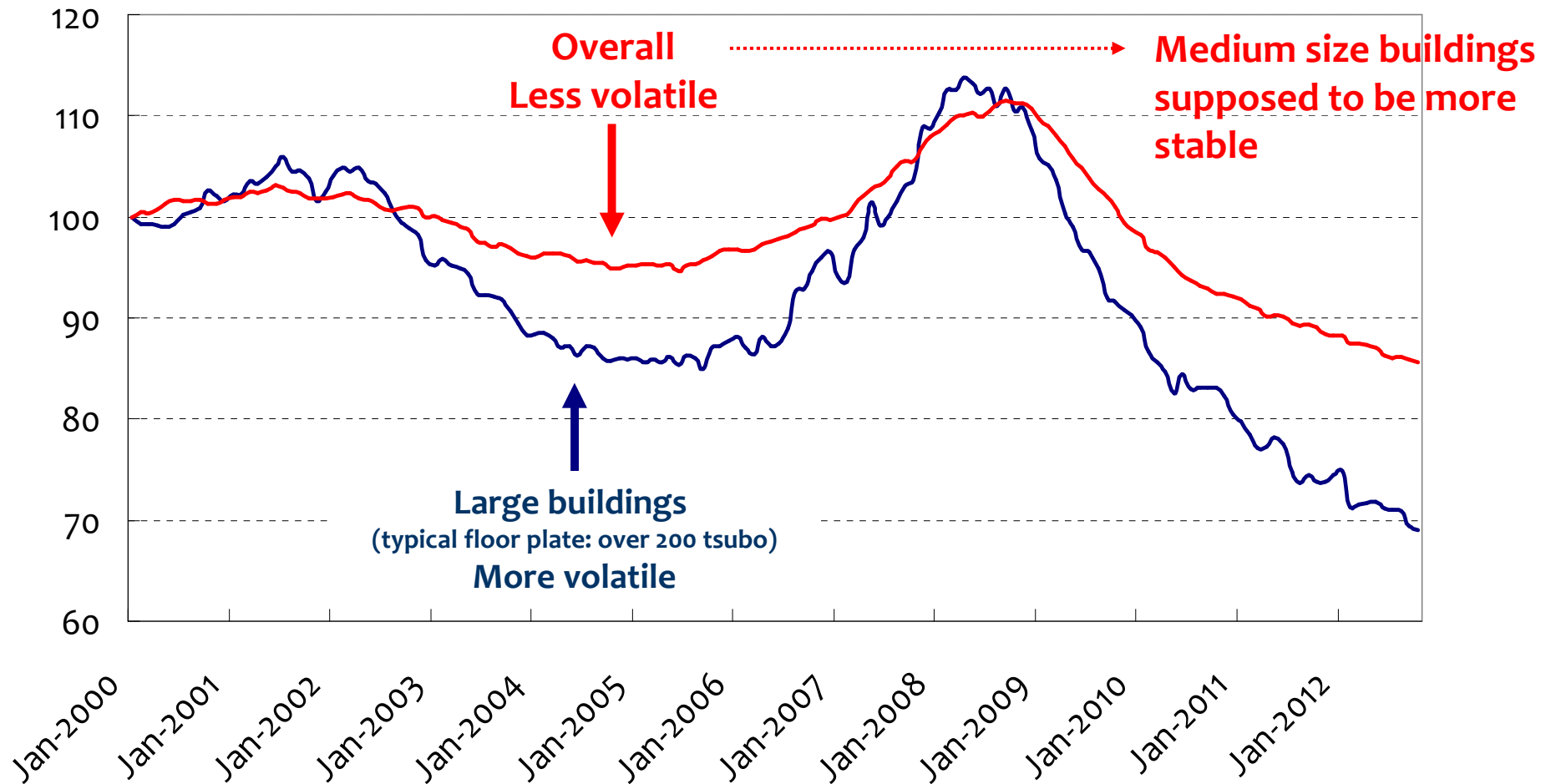
Manufacturer: capital less than JPY 300 million, or employees less than 300

Wholesaler: capital less than JPY 100 million, or employees less than 100

Retailer: capital less than JPY 50 million, or employees less than 50

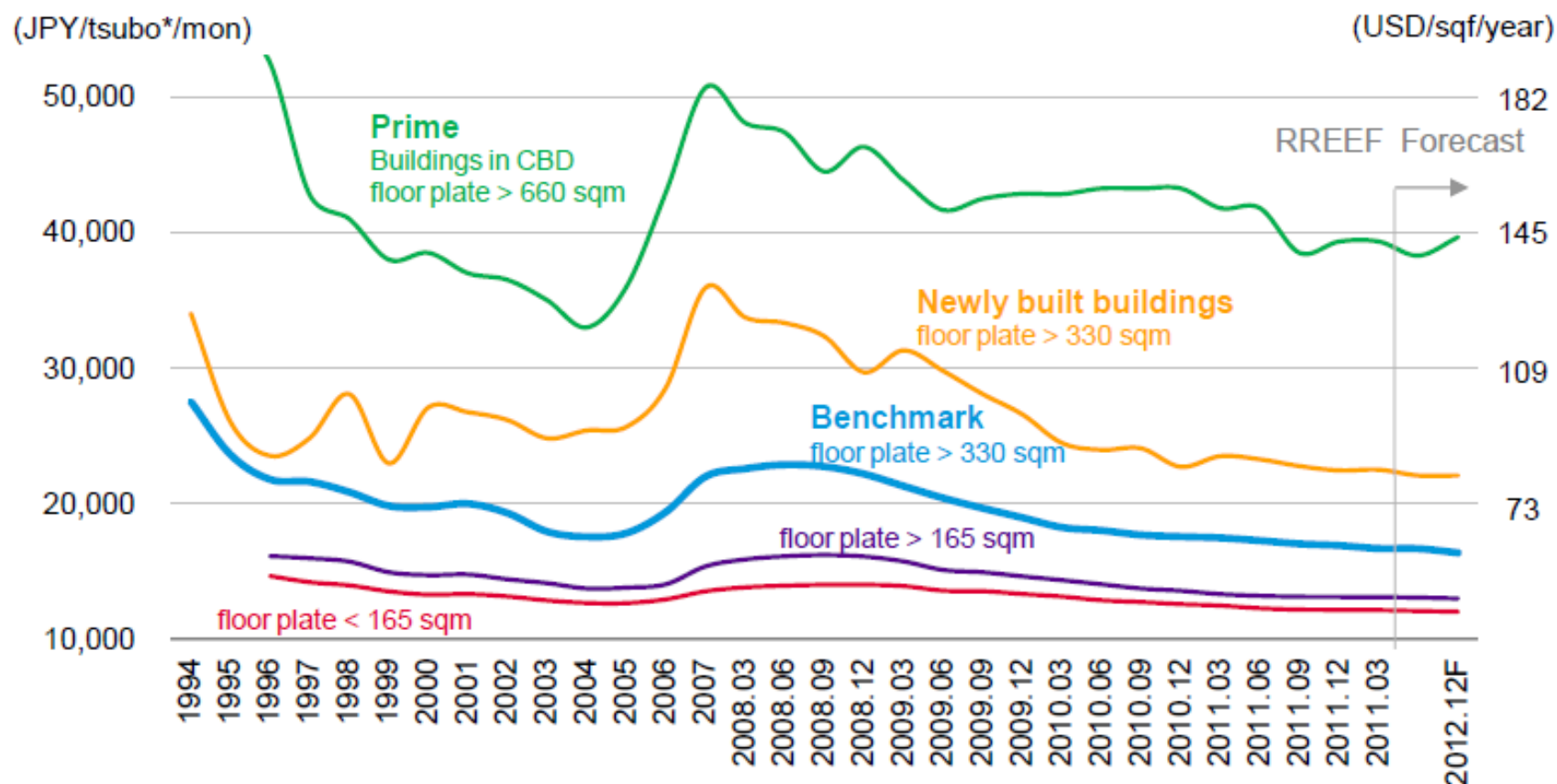
Service: capital less than JPY 50 million, or employees less than 100

Office Market Index (Vacancy Rate X Asking Rent)



Jan. 2000 = 100

Volatility of office rent by floor plate size

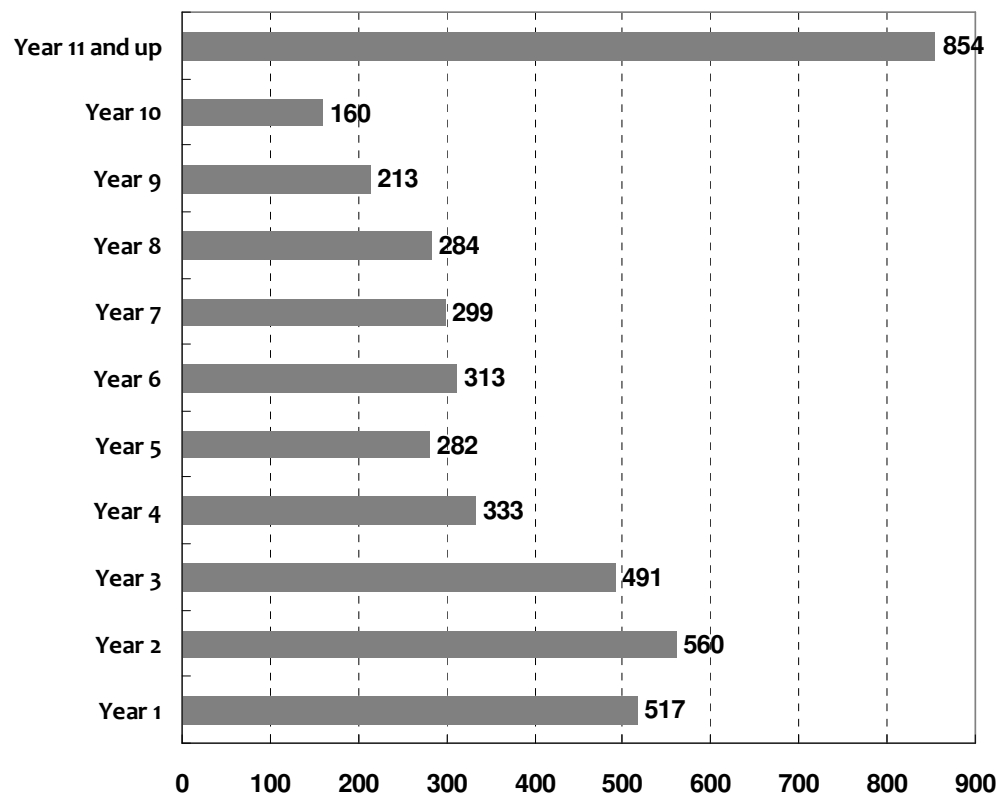


Notes: F = forecast. The tsubo is a traditional measure of floor area in Japan. It is equivalent to 3.3 square metres (35.6 square feet)

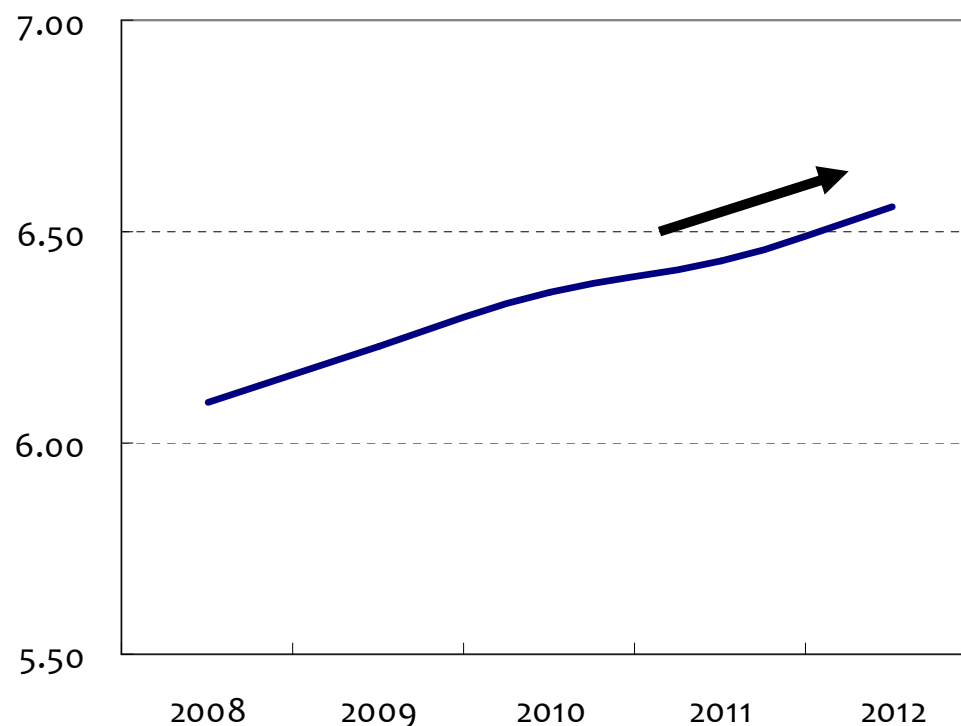
Sources: Miki Shoji, Sanko Estate, RREEF Real Estate

Occupancy Period of Offices Managed by Xymax

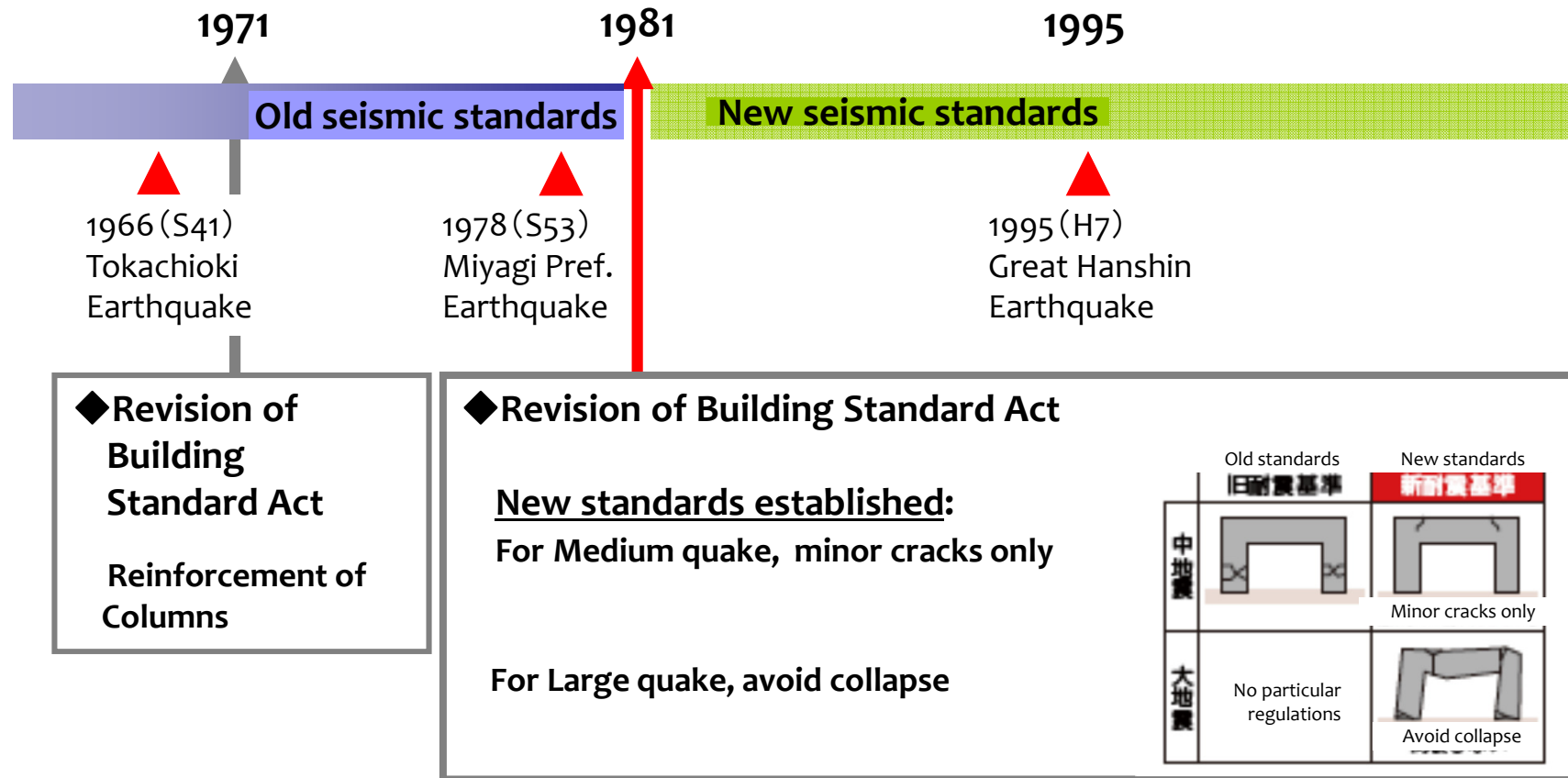
Distribution of 4,306 tenants as of April 2012



Average Occupancy Period
(as of April each year)

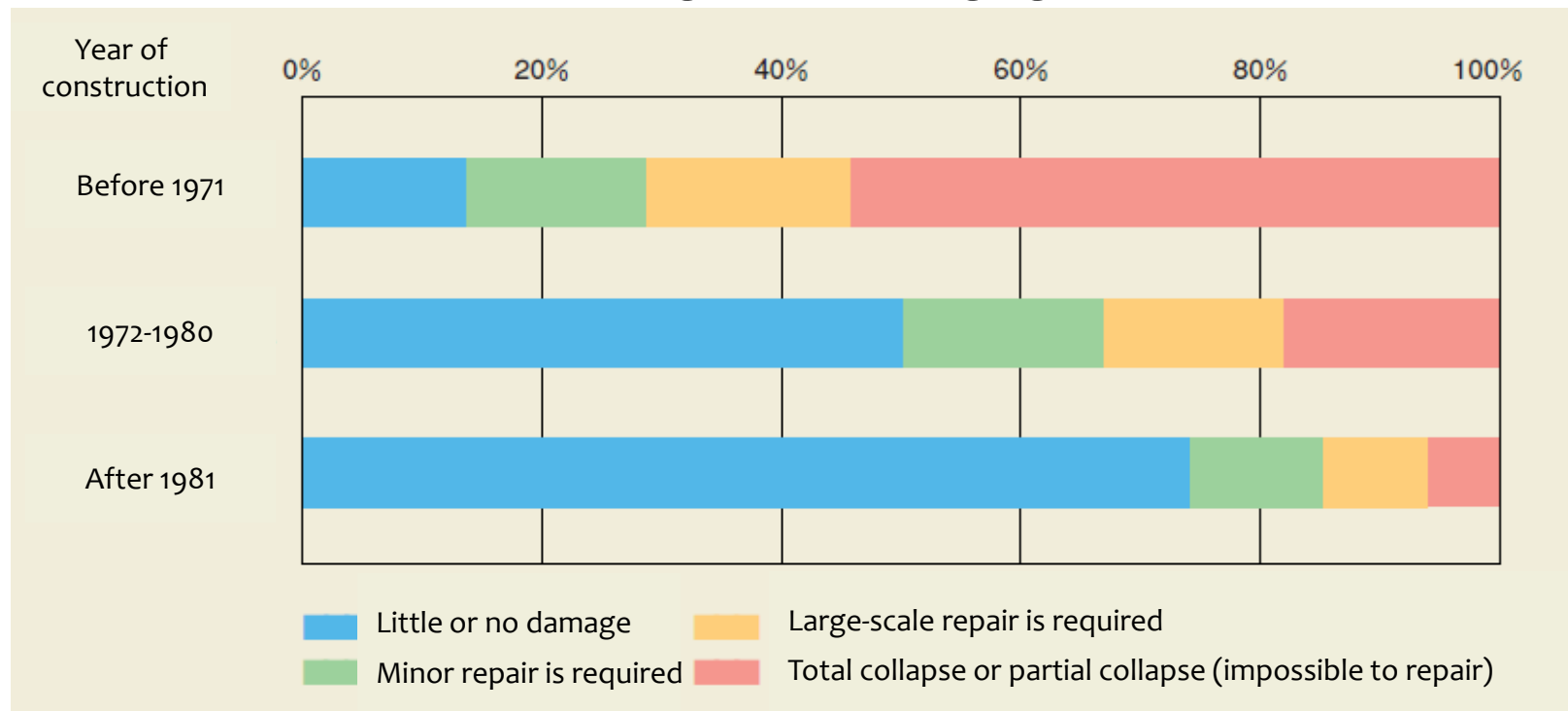


History of seismic standards



Building damage in Great Hanshin Earthquake

Damage by building age



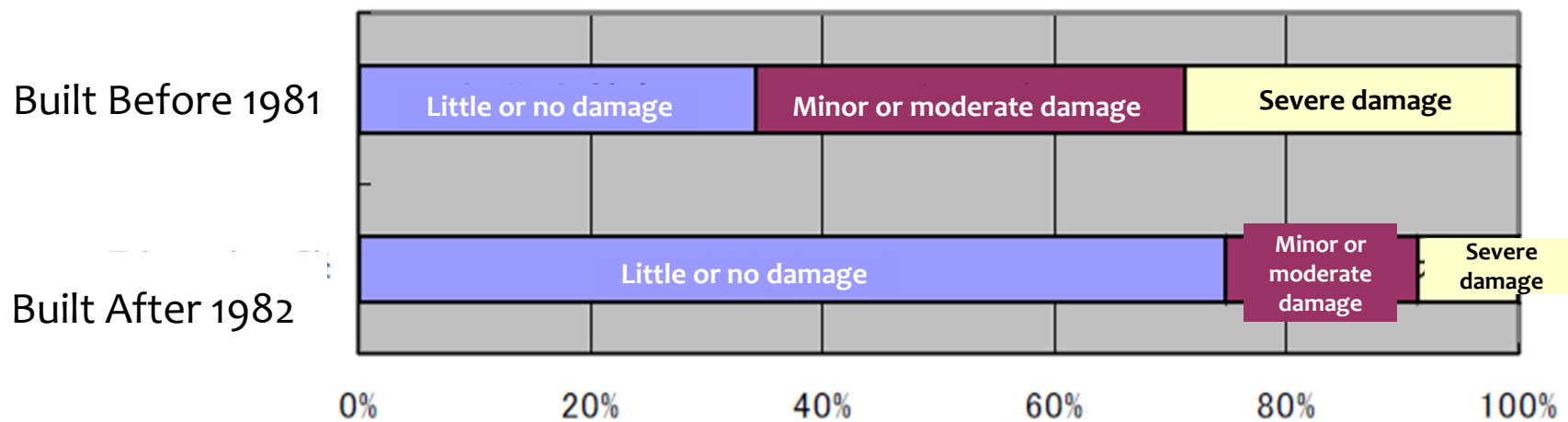
* Special attentions should be paid to the buildings constructed under the old seismic standards (before 1971). Such buildings had severe damage and were not able to repair.

* Damage was also observed in buildings constructed under the new seismic standards. However, in terms of saving human life (avoid total collapse and secure spaces to live until being rescued), such buildings were much better than those constructed under the old seismic standards.

Building damage in Great Hanshin Earthquake

Comparison of damage by earthquake

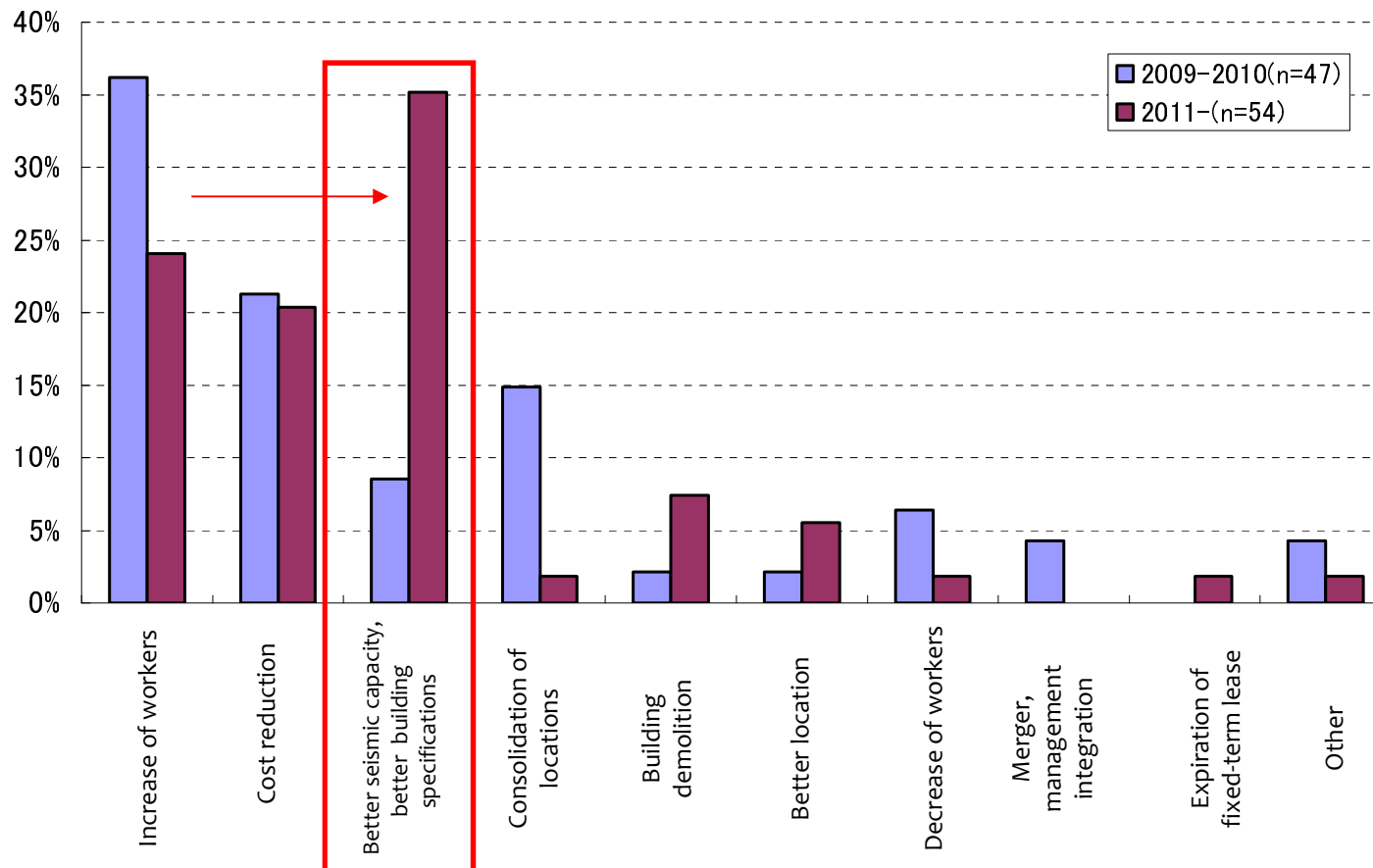
Buildings constructed before 1981 (before the new seismic standards) and after



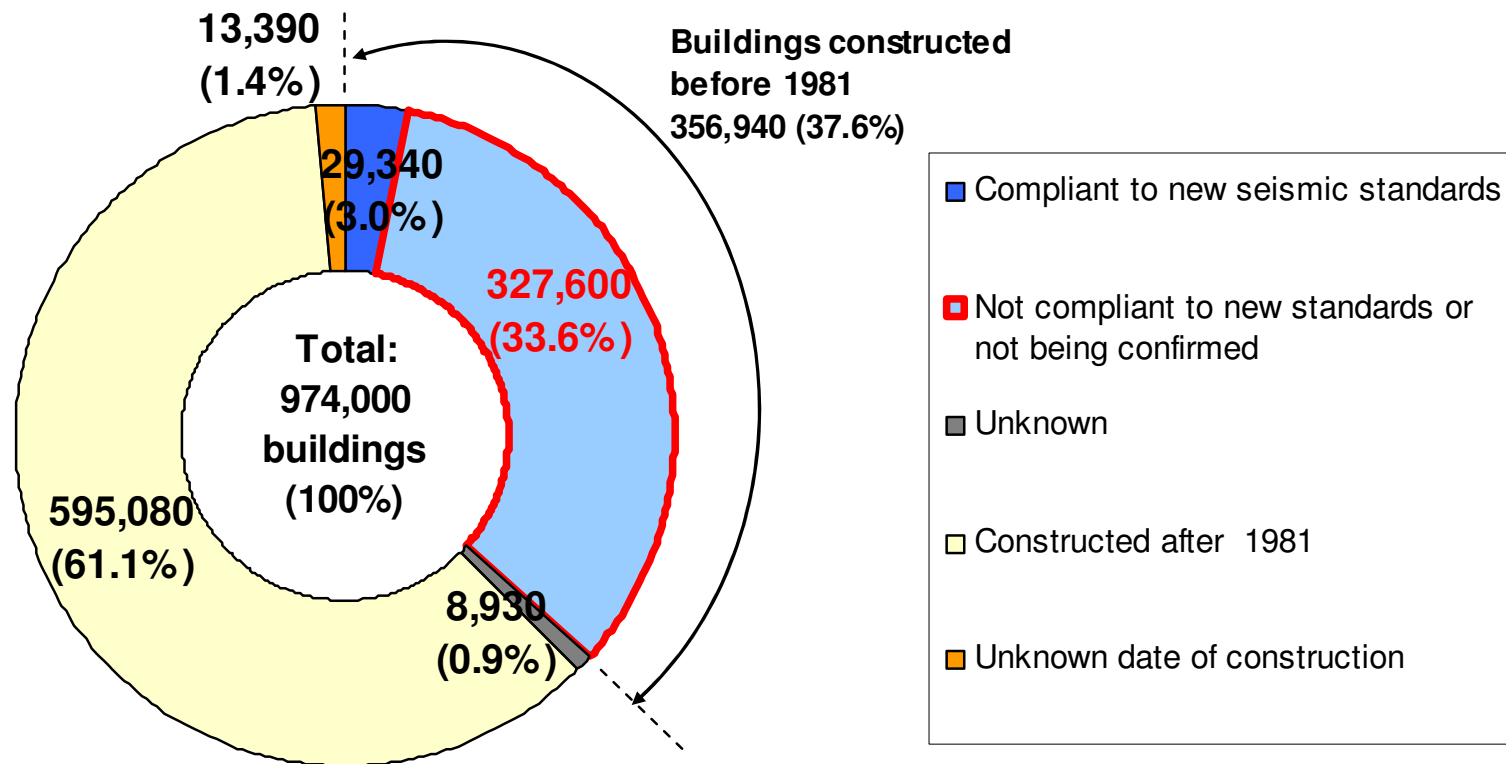
Tenants places greater emphasis on seismic safety

Purpose of relocation

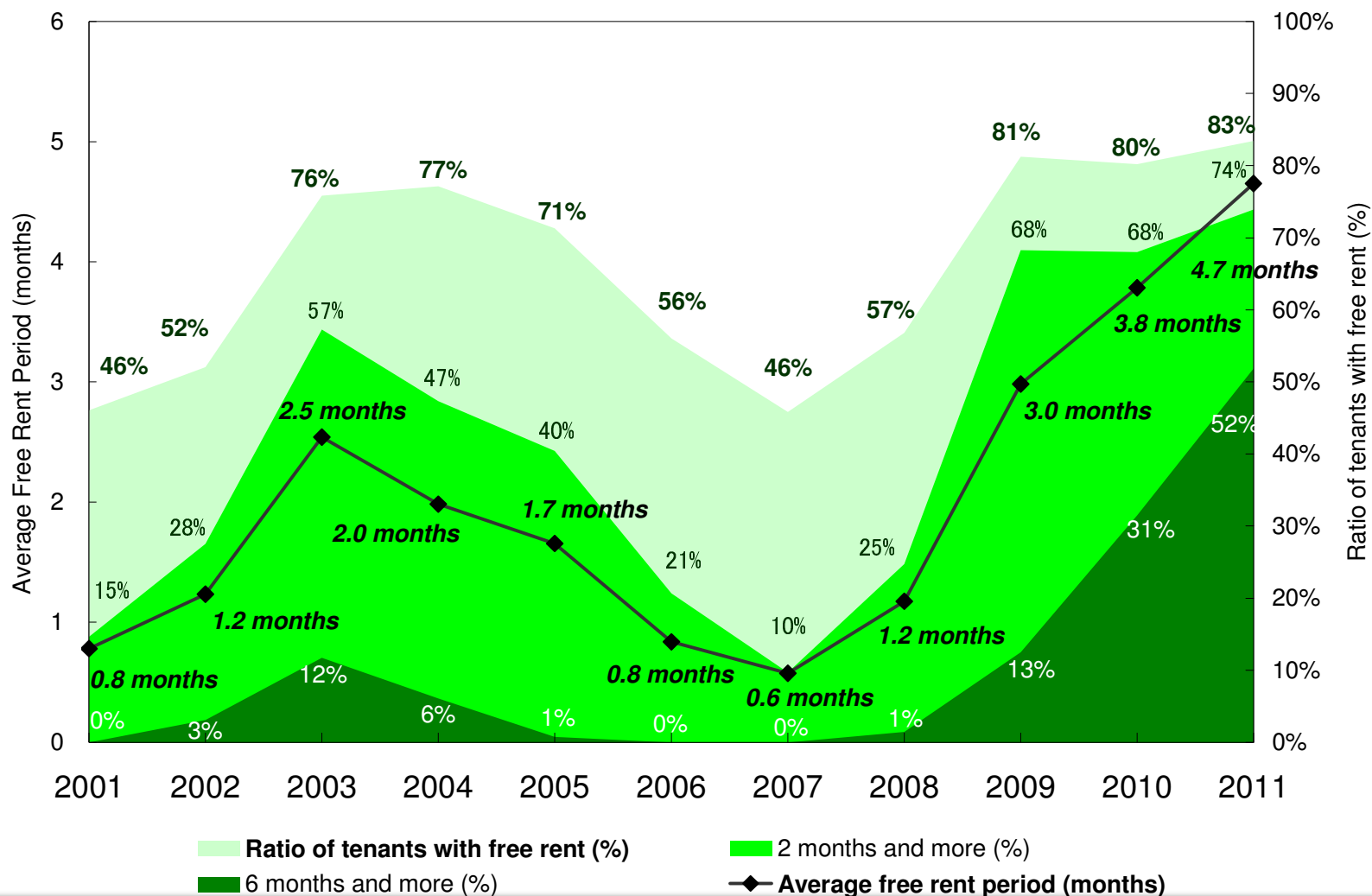
(Interviews with tenants of buildings managed by Xymax, Tokyo 23 wards)



Less quake-resistant buildings consist 34%



Free Rent Period of Offices Managed by Xymax Tokyo



“Tsubo” : Japanese traditional unit to measure area

1.00 Tsubo	=	3.30578 sqm
	=	35.5831 sqf

10,000 JPY/Tsubo/month	=	30.25 EUR/sqm/month
	=	42.15 USD/sqf/year
	=	25.94 GBP/sqf/year

1.00 USD	=	80 JPY
1.00 GBP	=	130 JPY
1.00 EUR	=	100 JPY



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