

*This press release was distributed at the press conference of Ministry of Land, Infrastructure, Transport and Tourism.



Palaceside Building, 1-1-1 Hitotsubashi,
Chiyoda-ku, Tokyo 100-0003 Japan
<http://daiwakantei.co.jp/>

Press Release

For press—July 28, 2017

**Price of Grade-A Offices per tsubo in Central Tokyo
increased by 4.6% quarter-on- quarter**
Grade-B Offices decreased by 2.5%, Grade-C Offices increased by 6.5%
‘Office Price Index’ in 2Q 2017 (Apr-Jun)
by Daiwa Real Estate Appraisal

Daiwa Real Estate Appraisal (Headquarters: Nishi-ku, Osaka/ President: Shigeo Watanabe) releases ‘Office Price Index’ in 2Q 2017 on July 28, 2017.

<Summary of ‘Office Price Index #13’, in 2Q 2017 (April -June)>

- The price of Grade-A offices in Central Tokyo is 8,450,000 yen/tsubo in 2Q 2017; it increased by 4.6% quarter-on-quarter (8,080,000 yen/tsubo in 1Q 2017), and increased by 11.8% year-on-year (7,560,000 yen/tsubo in 2Q 2016).
- The price of Grade-B offices in Central Tokyo is 3,870,000 yen/tsubo in 2Q 2017; it decreased by 2.5% quarter-on-quarter (3,970,000 yen/tsubo in 1Q 2017), and remained relatively steady year-on-year (3,880,000 yen/tsubo in 2Q 2016).
- The price of Grade-C offices in Central Tokyo is 2,800,000 yen/tsubo in 2Q 2017; it increased by 6.5% quarter-on-quarter (2,630,000 yen/tsubo in 1Q 2017), and increased by 12.4% year-on-year (2,490,000 yen/tsubo in 2Q 2016).

For further Information, please contact:

DAIWA REAL ESTATE APPRAISAL CO.,LTD.

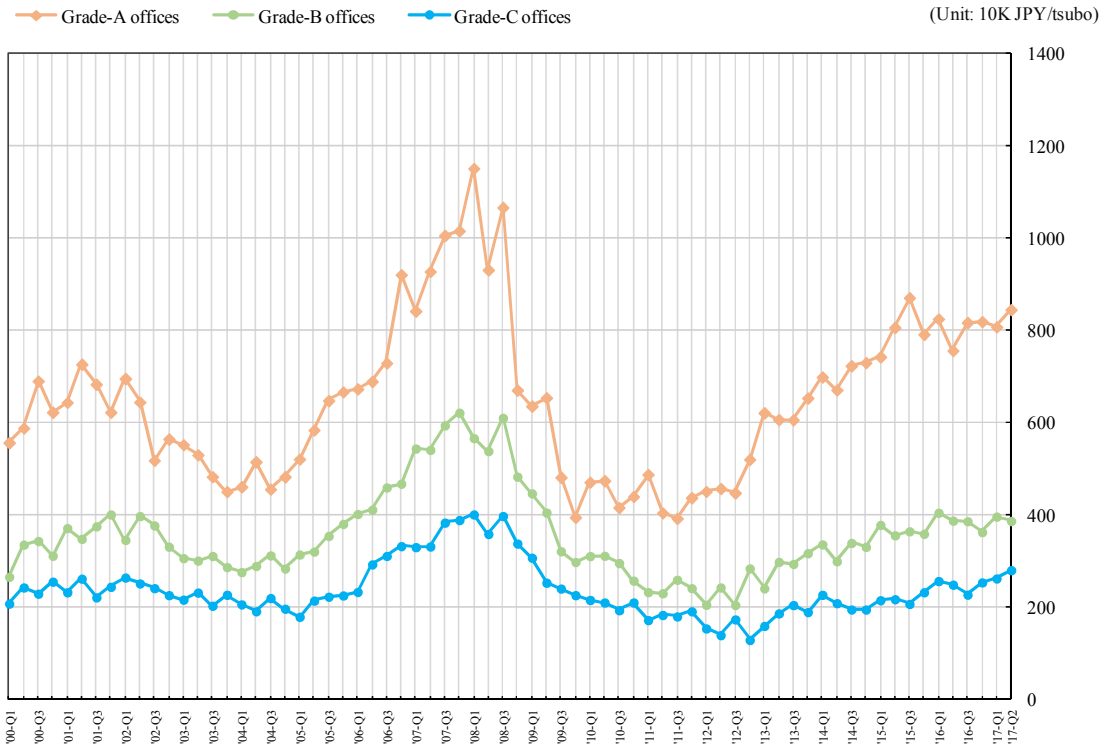
Business Promotion Dept.- Murao, Watanabe

TEL : +81-3-5219-3217 FAX : +81-3-5219-3221

tokyo_gyousui@daiwakantei.co.jp

‘Office Price Index’ in 2Q 2017

(Price per tsubo of Grade-A , -B and -C offices in Central Tokyo from 1Q 2000 to 2Q 2017)



Office Price Index	'14Q2	'14Q3	'14Q4	'15Q1	'15Q2	'15Q3	'15Q4	'16Q1	'16Q2	'16Q3	'16Q4	'17Q1	'17Q2
Grade-A offices in Central Tokyo	671	723	730	743	806	871	792	825	756	817	819	808	845
Grade-B offices in Central Tokyo	300	340	331	379	356	365	359	405	388	387	363	397	387
Grade-C offices in Central Tokyo	209	195	195	216	218	207	233	257	249	227	254	263	280

● Methodology of ‘Office Price Index’

‘Office Price Index’ is generated based on the income capitalization approach (direct income capitalization method: annual net cash flow is capitalized by cap rate.)

To estimate gross income, the rent is adopted from ‘Office Rent Index’ Grade-A , -B and -C offices in Central Tokyo (data from Sanko Estate·NLI Research Institute).

Expenses are estimated by Daiwa Real Estate Appraisal.

● ‘Office Rent Index’

The ‘Office Rent Index’ is the rent index based on contract rents jointly developed by Sanko Estate and NLI Research Institute. The ‘Office Rent Index’ has been published quarterly since January 2011. A press release and published data of the current ‘Office Rent Index’ can be seen from the following URL.

<http://www.sanko-e.co.jp>

●Definition of ‘Grade-A, -B and -C office in Central Tokyo’

The definition of the ‘Grade-A, -B and -C office in Central Tokyo’ in the ‘Office Price Index’ is the same as the one by Sanko Estate·NLI Research Institute.

‘Grade-A office’

Standard floor area: 600 tsubo

Floor above the ground: 35 floors

Age of building: 12 years

Distance from the nearest station: 3minutes’walk

‘Grade-B office’

Standard floor area: 450 tsubo

Floor above the ground: 18 floors

Age of building: 16 years

Distance from the nearest station: 3minutes’walk

‘Grade-C office’

Standard floor area: 145 tsubo

Floor above the ground: 9 floors

Age of building: 15 years

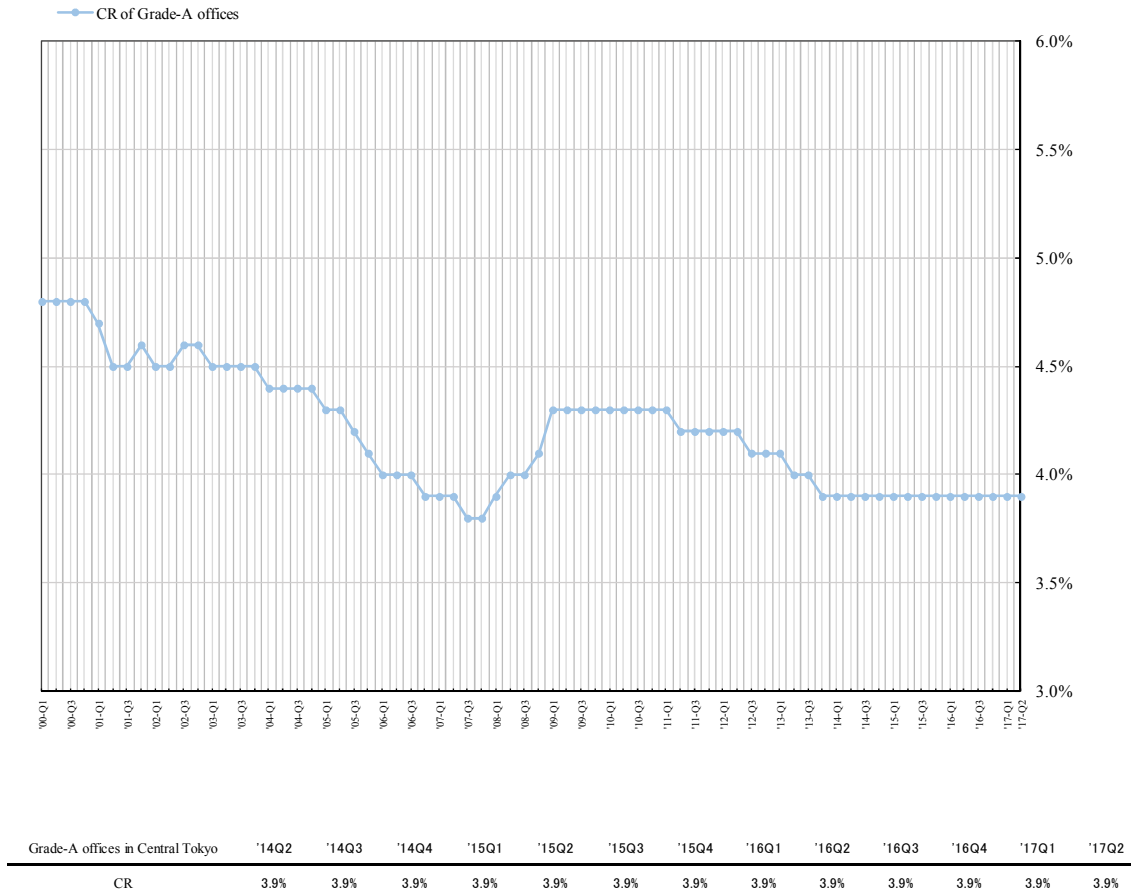
Distance from the nearest station: 3minutes’walk

‘Central Tokyo’

Tokyo Central 5 Wards and major business districts in surrounding areas

● **Transition of ‘Capitalization Rate(Caprate)’**

The ‘Office Price Index’ is generated based on the income capitalization approach. Cap rate which is used to capitalize annual Net Cash Flow is seen in the graph below.



About DAIWA REAL ESTATE APPRAISAL

DAIWA REAL ESTATE APPRAISAL CO., LTD is an all-around consulting firm related to real estate with many license holders including licensed real estate appraisers and first-class architects. We offer various consulting services including real estate appraisal, fixed assets system valuation, real estate consulting, compensation consultation and architectural engineering including creating engineering reports and soil contamination assessment. DAIWA will help you create new business opportunities.