

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



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Press Release

For press — July 29, 2014

Daiwa Real Estate Appraisal publishes ‘Office Price Index’ Price per tsubo of Grade-A offices in Central Tokyo increases by 10.5% year-on-year

Daiwa Real Estate Appraisal (Headquarters: Nishi-ku, Osaka/ President: Shigeaki Yasugi) newly creates ‘Office Price Index’ and releases it as ‘Office Price Index’ from 2Q 2014.

The ‘Office Price Index’ is an estimation of a price based on rentable areas for Grade-A offices in Central Tokyo, indicated by a price per tsubo. With regard to the rent of Grade-A offices, which is the premise of this estimation, ‘Office Rent Index’ developed by Sanko Estate Co., Ltd. and NLI Research Institute is adopted. In ‘Office Price Index #1’, the index is provided from 1Q 2000. We will publish the ‘Office Price Index’ for the same time of ‘Office Rent Index’ quarterly.

We, DAIWA REAL ESTATE APPRAISAL will surely contribute to revitalize the real estate property business by organizing market information such as ‘Office Price Index’ to meet expectations of our customers including investors, owners of building, and developers who are dealing with real estate properties.

<Summary of ‘Office Price Index #1’, in 2Q 2014 (April-June)>

- Price of Grade-A offices in Central Tokyo is 6,710,000 yen/tsubo in 2Q 2014; it increased by 10.5 % year-on- year. (6,070,000 yen/tsubo in 2Q 2013.) It also decreased by 4.0 % quarter-on-quarter. (6,990,000 yen/tsubo in 1Q 2014)

For further Information, please contact:

DAIWA REAL ESTATE APPRAISAL CO.,LTD.

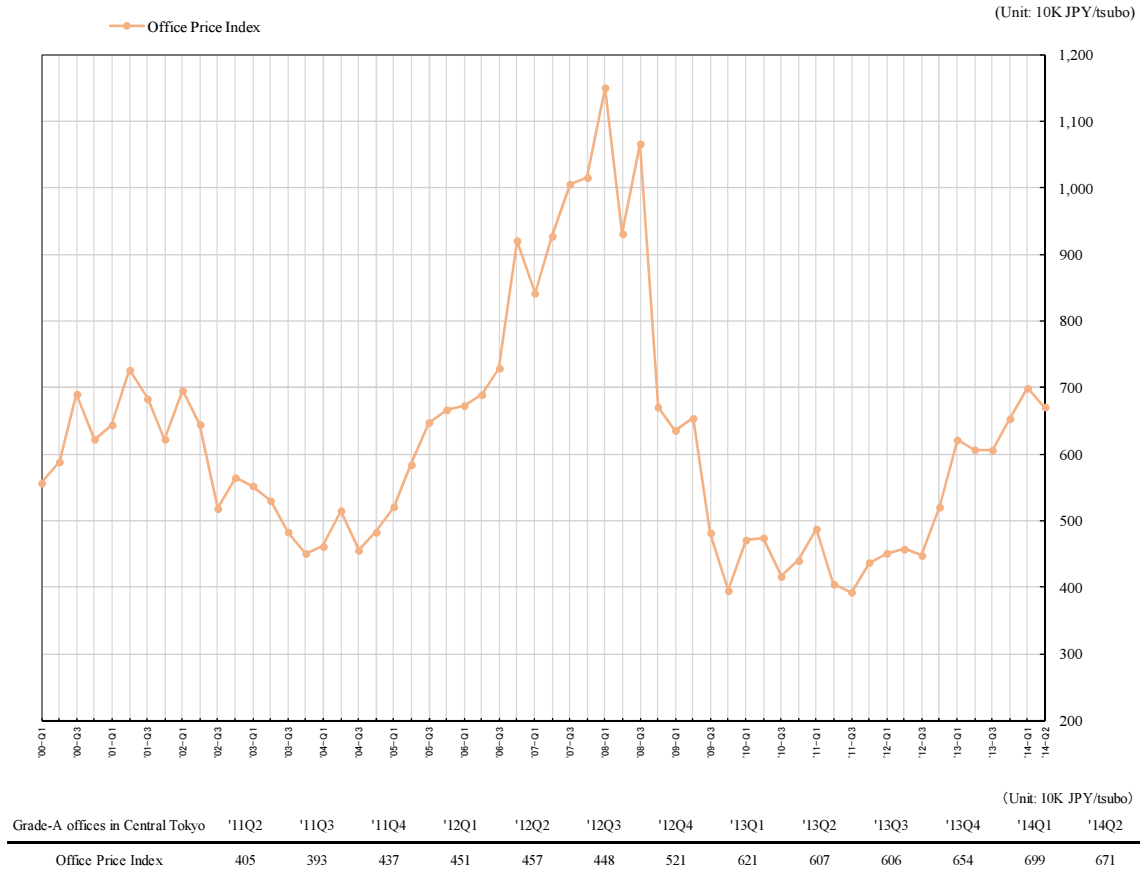
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‘Office Price Index #1’

(Price per tsubo of Grade-A office in Central Tokyo from 1Q 2000 to 2Q 2014)



● 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 Price Index’ Tokyo Grade-A offices (data from Sanko Estate·NLI Research Institute)

Expenses are estimated by Daiwa Real Estate Appraisal.

● Definition of ‘Grade-A office in Central Tokyo’

The definition of the ‘Grade-A 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: 600tsubo

Floor above the ground: 35 floors

Age of building: 12 years

Distance from the nearest station: 3minutes’walk

‘Central Tokyo’

Tokyo Central 5 Wards and major business districts in surrounding areas

● **‘Office Rent Index’**

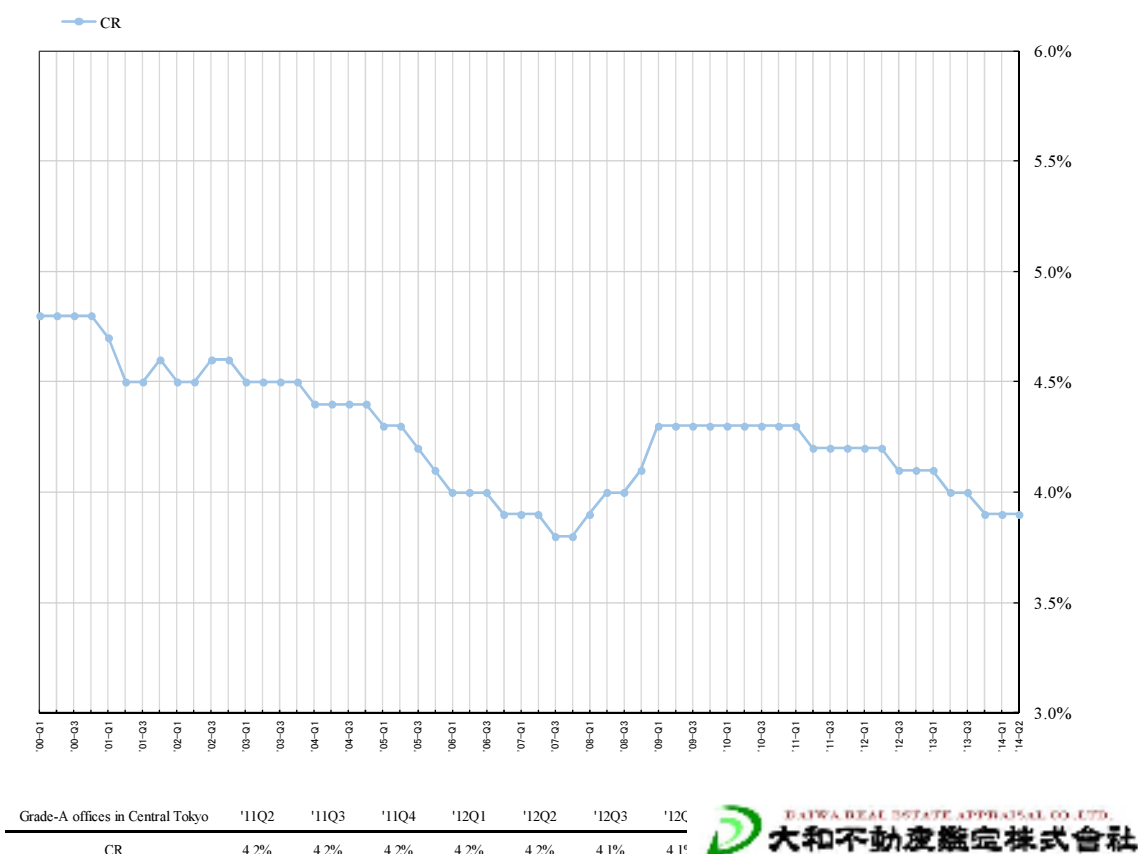
The ‘Office Rent Index’ is the rent index based on contract rents jointly developed by Sanko Estate and NLI Research Institute. The ‘Office Rent Index’ has been published quarterly since January 2011.

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>

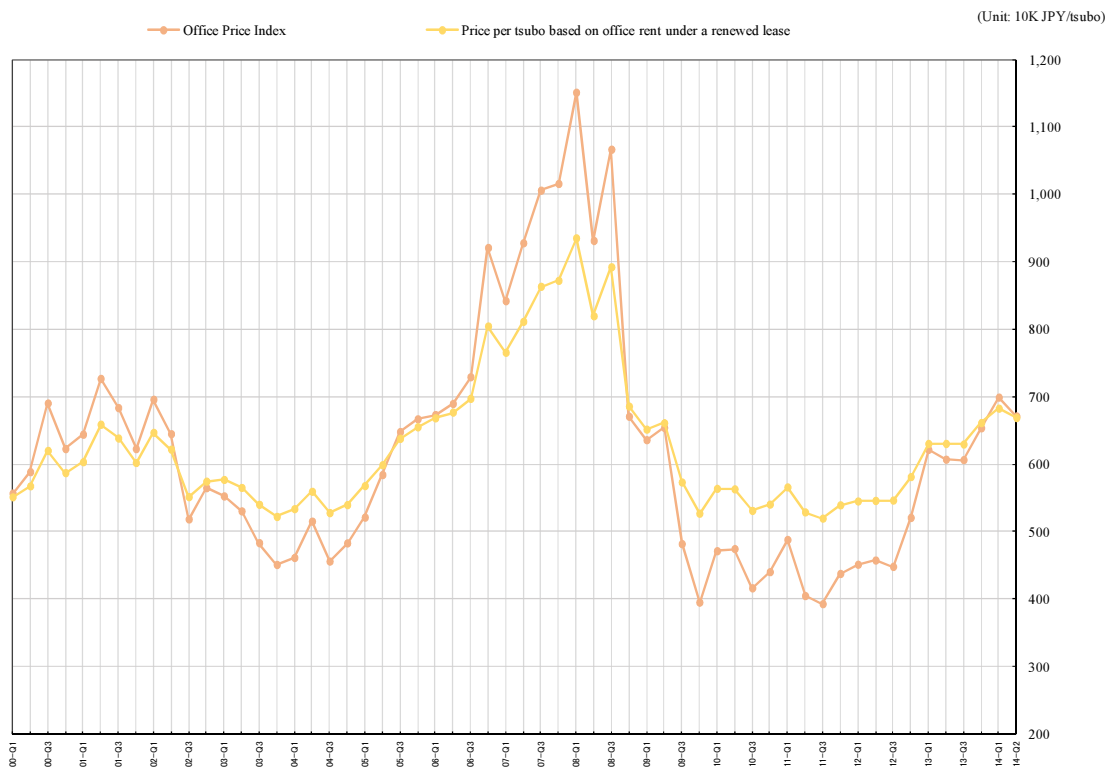
● **Transition of ‘Capitalization Rate (Cap rate)’**

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.



<Reference>

Comparison between ‘Office Price Index’ and ‘Price per tsubo based on office rent under a renewed lease’



(Unit: 10K JPY/tsubo)

Grade-A offices in Central Tokyo	'11Q2	'11Q3	'11Q4	'12Q1	'12Q2	'12Q3	'12Q4	'13Q1	'13Q2	'13Q3	'13Q4	'14Q1	'14Q2
Office Price Index	405	393	437	451	457	448	521	621	607	606	654	699	671
Price per tsubo based on office rent under a renewed lease	529	520	539	545	546	546	581	630	630	629	661	683	669

‘Office Price Index’ is generated based on the ‘Office Rent Index’ of Grade-A offices in Central Tokyo which is market rent for new tenants.

The rent of occupied office buildings are not the same as that of new ones in most cases because of contracts concluded in different periods unlike newly-built buildings.

Price per tsubo based on office rent under a renewed lease is shown above described in yellow line.

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.

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