

2021 VOL. 32

DAIWA REAL ESTATE MARKET REPORT

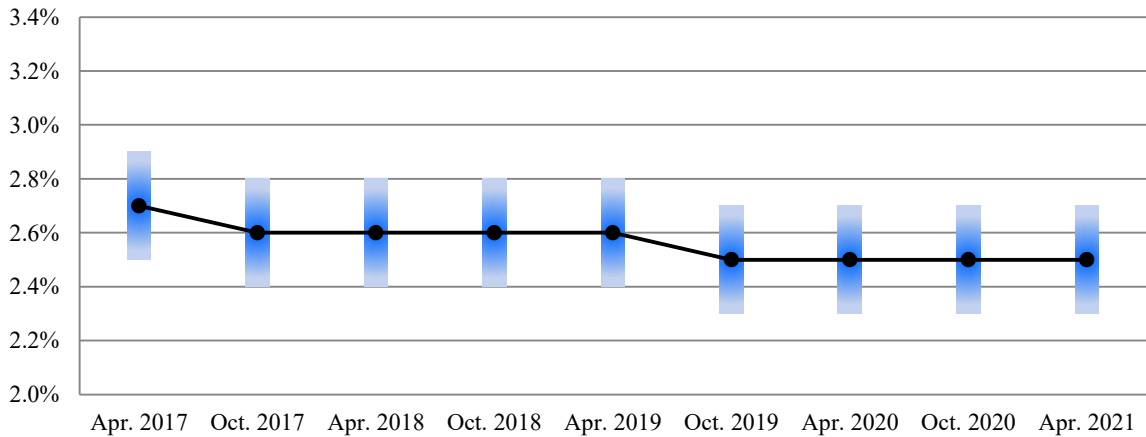
English

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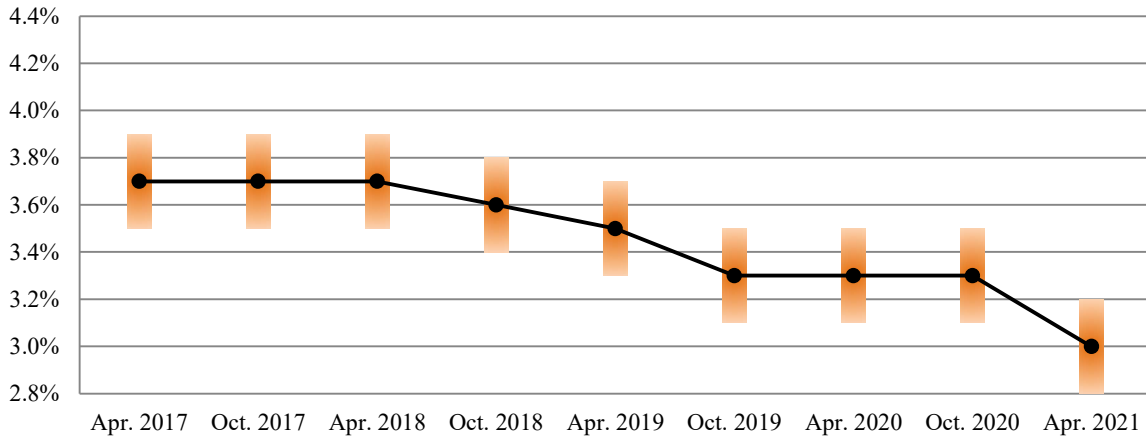
● Daiwa's Cap Rate Trend by Property Segment

■ Office Cap Rate Trend



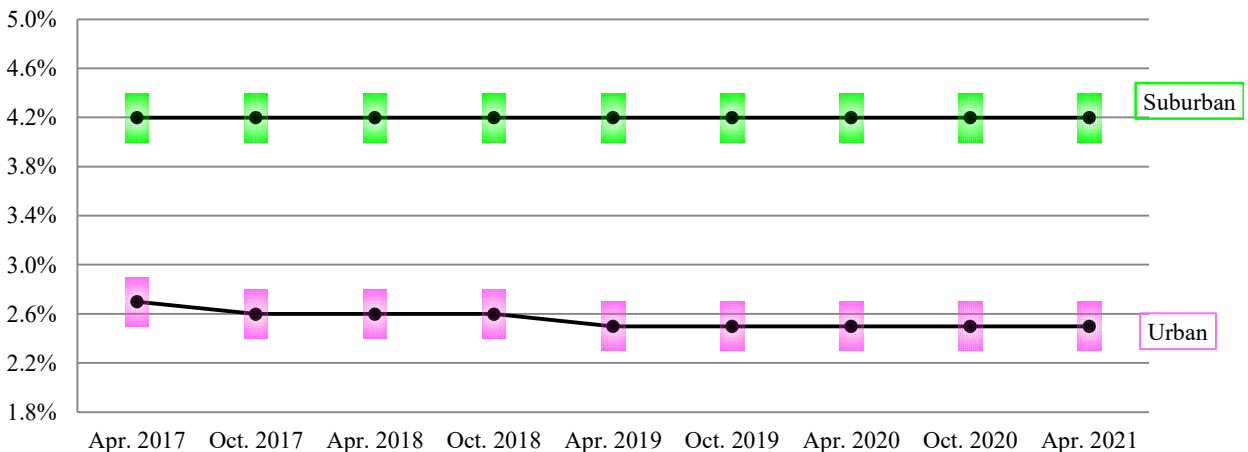
* The trend of Cap Rate for Grade-A offices in Marunouchi, Otemachi, and Yurakucho areas

■ Residential Cap Rate Trend



* The trend of Cap Rate for high-spec and middle-size to large-size apartments in the prestige residential areas in Minato-ku, Shibuya-ku, and Chiyoda-ku

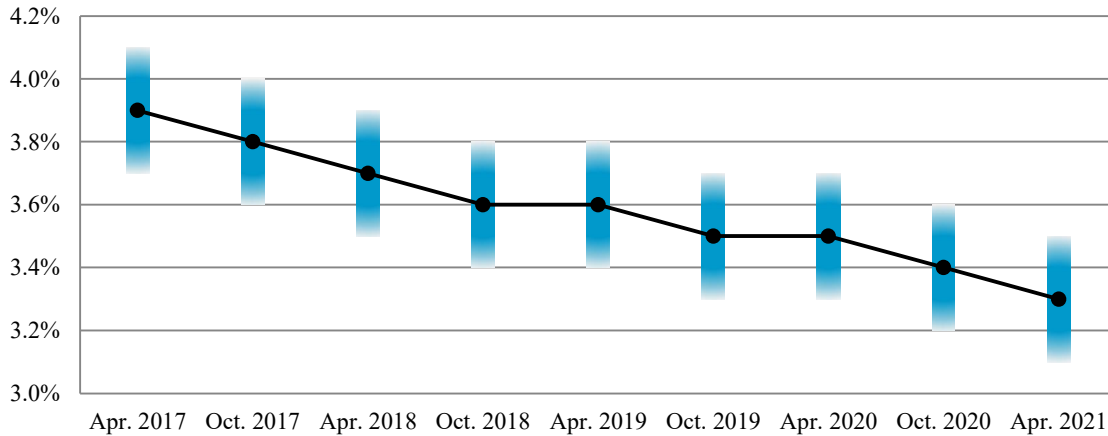
■ Retail (Urban and Suburban areas) Cap Rate Trend



* Urban: the trend of Cap Rate for retail buildings on main streets in the Ginza area

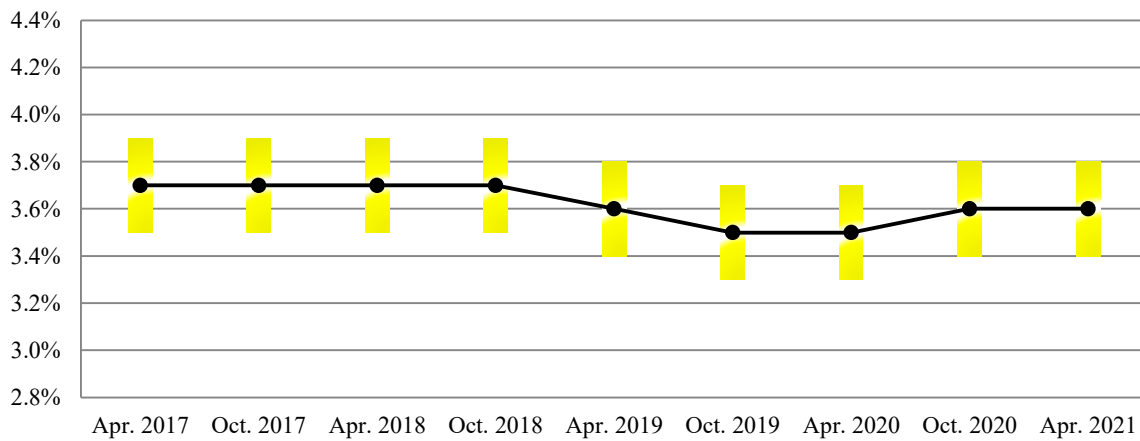
* Suburban: the trend of Cap Rate for large-size shopping centers with gross building area of 30,000 m² and over in Tokyo

Logistics Cap Rate Trend



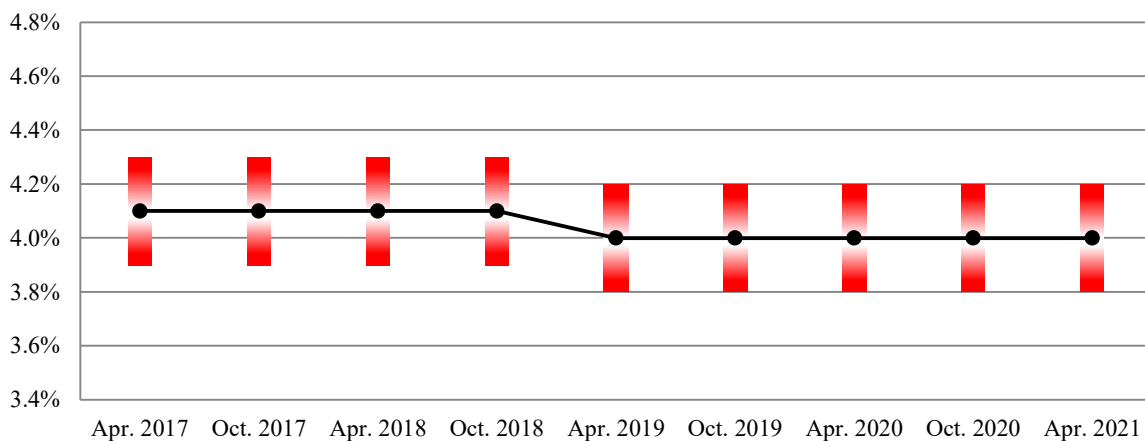
* The trend of Cap Rate for logistics with gross building area of 15,000 m² and over in the waterfront area in Greater Tokyo

Hotel Cap Rate Trend



* The trend of Cap Rate for business hotels in Ginza and Shimbashi area

Healthcare Cap Rate Trend



* The trend of Cap Rate for private nursing homes in 23 wards of Tokyo

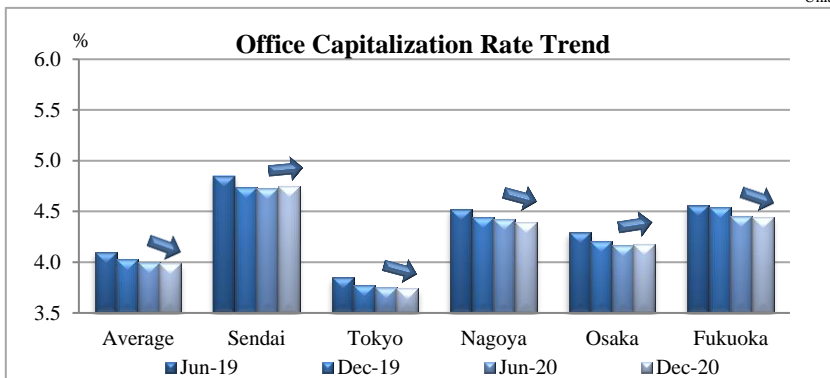
Capitalization Rate *Office*

Intermixed Areas of Rising and Declining Rates

In Dec. 2020, there was a 0.01 point decline in the national average capitalization rate compared to the previous six-month period. Some areas decreased in the same manner as the previous period, while others increased. By areas, the rate decreased by 0.01 points in Tokyo, 0.04 points in Nagoya and 0.01 points in Fukuoka, on the other hand it increased by 0.02 points in Sendai and 0.01 points in Osaka. Both rates of lowering and rising remained within a limited fluctuation.

	Jun-19	Dec-19	Jun-20	Dec-20
Average	4.10	4.03	4.00	3.99
Sendai	4.85	4.74	4.73	4.75
Tokyo	3.85	3.78	3.75	3.74
Nagoya	4.52	4.44	4.43	4.39
Osaka	4.29	4.21	4.17	4.18
Fukuoka	4.56	4.54	4.45	4.44

Unit: %



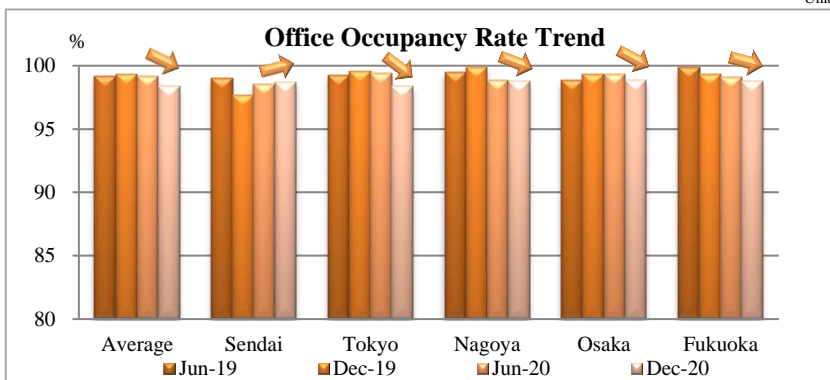
Occupancy Rate *Office*

Many Declined in Occupancy Rate

In Dec. 2020, there was a 0.81 point decline in the national average occupancy rate compared to the previous six-month period. By areas, the rate decreased by 1.00 point in Tokyo, 0.06 points in Nagoya, 0.50 points in Osaka and 0.33 points in Fukuoka while there was an increase of 0.18 points in Sendai. Although there were some declines in many areas mainly in Tokyo, Osaka and Fukuoka, overall the occupancy rate remains high nationally.

	Jun-19	Dec-19	Jun-20	Dec-20
Average	99.18	99.30	99.16	98.35
Sendai	99.04	97.64	98.51	98.69
Tokyo	99.28	99.54	99.38	98.38
Nagoya	99.46	99.88	98.80	98.74
Osaka	98.88	99.29	99.34	98.84
Fukuoka	99.85	99.34	99.12	98.79

Unit: %



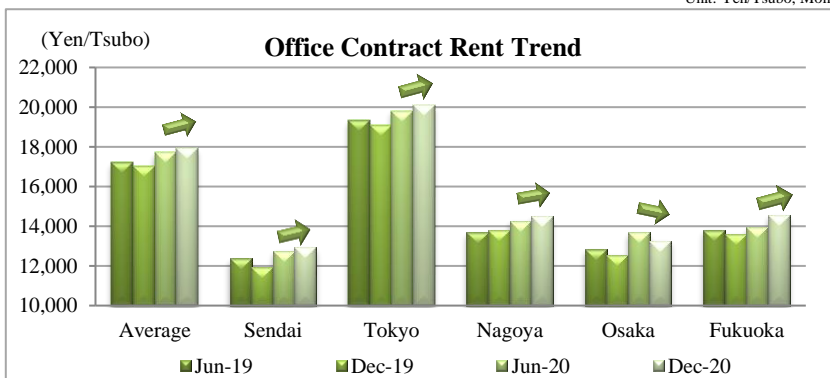
Contract Rent *Office*

Some Slight Increases in Many Areas

In Dec. 2020 the contract rent increased by 228 yen/tsubo for the national average compared to the previous six-month period. Although it declined by 411 yen/tsubo in Osaka, there were some increases of 187 yen/tsubo in Sendai, 278 yen/tsubo in Tokyo, 219 yen/tsubo in Nagoya and 604 yen/tsubo in Fukuoka. Despite the fact that there were some increases in many areas as in the previous period, the trend has been slightly slowing.

	Jun-19	Dec-19	Jun-20	Dec-20
Average	17,218	17,038	17,696	17,924
Sendai	12,365	11,941	12,751	12,938
Tokyo	19,335	19,092	19,809	20,087
Nagoya	13,665	13,814	14,258	14,477
Osaka	12,842	12,561	13,673	13,262
Fukuoka	13,809	13,611	13,953	14,557

Unit: Yen/Tsubo, Monthly



Number of Acquisitions Increased Compared to the Previous Period

- Acquisition: 26 properties in Tokyo, 4 properties in Aichi, 1 property in Osaka, and 1 property in Miyagi, out of all 32 properties.



Source: "Nippon Building Fund. Inc." HP

Acquisition① Shinjuku Mitsui Bldg. (Left)

Location: 1-1, Nishishinjuku 2-chome, Shinjuku-ku, Tokyo

Nearest Station: A 8-minute walk from "Shinjuku" Station
(JR Yamanote Line, Chuo Line, Saikyo Line, Odakyu Line, and Keio Line)

A 2-minute walk from "Nishi-shinjuku" Station
(Tokyo Metro Marunouchi Line)

A 1-minute walk from "Tochomae" Station
(Toei Oedo Line)

A 11-minute walk from "Shinjuku" Station
(Toei Shinjuku Line)

Floor Area: 179,696.87 m²

Construction: Sep. 1974

Acquisition② Nagoya Mitsui New Building (Right)

Location: 24-20, Meieki-minami 1-chome,
Nakamura-ku, Nagoya-shi, Aichi

Nearest Station: A 7-minute walk from "Nagoya" Station
(JR Line)

A 5-minute walk from "Nagoya" Station

(Metro Higashiyama Line and Sakuradori Line)

A 5-minute walk from "Nagoya" Station
(Mitetsu Line)

A 4-minute walk from "Nagoya" Station
(Kintetsu Line)

Floor Area: 16,672.44 m²

Construction: May 2011



Source: "Nippon Building Fund. Inc." HP

[Acquisition] 12 properties out of all 32 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
SRE	S-GATA AKASAKA	Minato-ku, Tokyo	Jul. 2015	Oct. 2020	4,200	6,995	3.2%
NBF	OSAKI BRIGHT TOWER	Shinagawa-ku, Tokyo	Apr. 2015	Oct. 2020	13,970	7,608	3.2%
NBF	Nagoya Mitsui New Building.	Nakamura-ku, Nagoya-shi, Nagoya	May 2011	Oct. 2020	13,200	3,889	3.7%
HLI	Hulic Nakano Building	Nakano-ku, Tokyo	Oct. 1994	Oct. 2020	3,200	4,042	3.9%
UUR	Toranomon PF Building	Minato-ku, Tokyo	Mar. 1986	Dec. 2020	3,435	3,152	3.7%
HFR	TORYO BUILDING	Aoba-ku, Sendai-shi, Miyagi	Mar. 1996	Dec. 2020	2,501	2,574	4.2%
IOR	Ichigo Tachikawa Building	Tachikawa-shi, Tokyo	Dec. 1992	Dec. 2020	3,830	2,595	4.2%
JPR	Otemachi Financial City North Tower	Chiyoda-ku, Tokyo	Oct. 2012	Dec. 2020	11,400	8,990	2.5%
NBF	Shinjuku Mitsui Bldg.	Shinjuku-ku, Tokyo	Sep. 1974	Jan. 2021	170,000	5,550	3.3%
MIRAI	TCA Building	Naniwa-ku, Osaka-shi, Osaka	Feb. 1994	Jan. 2021	2,120	2,181	4.1%
NRI	TENSHO OFFICE SHINBASHI 5	Minato-ku, Tokyo	Sep. 2018	Feb. 2021	1,200	4,790	3.6%
ONE	D'SVARIE HONGO BLDG	Bunkyo-ku, Tokyo	Dec. 1987	Mar. 2021	5,406	4,000	3.7%

*NRV:Net Rentable Value

[Disposal] 3 properties out of all 25 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Estimated CR (%)
KDO	KDX Shin-Nihonbashi Building	Chuo-ku, Tokyo	Nov. 2002	Nov. 2020	3,200	3,979	3.7%
PIC	Urbannet Kojimachi Building	Chiyoda-ku, Tokyo	May 1987	Dec. 2020	5,550	4,304	3.5%
NBF	NBF Minami-Aoyama Bldg.	Minato-ku, Tokyo	Jan. 1995	Mar. 2021	31,600	10,846	3.0%

Capitalization Rate Residential

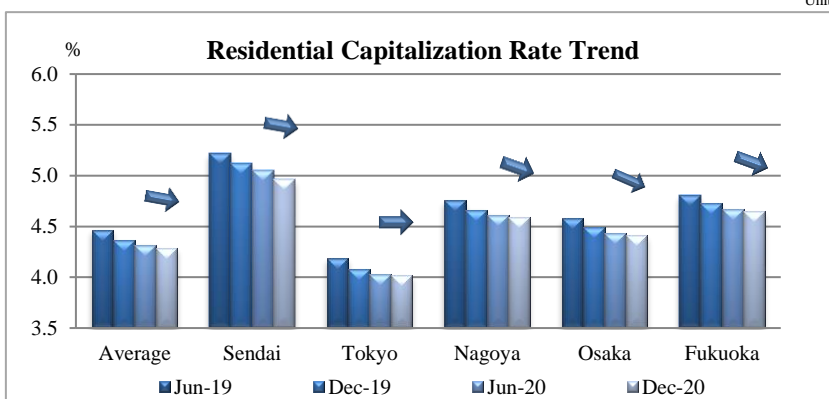
Still on a Downward Trend in All Areas

In descending order from the previous six months, the capitalization rate in Dec. 2020 decreased by 0.09 points in Sendai, 0.03 points in Nagoya, and 0.02 points in Osaka and Fukuoka, while it leveled off in Tokyo. The national average was 4.29%, a decrease of 0.03 points.

The decline is smaller than the previous six months and one area flattened off. We must keep a close watch on the effects of the widespread COVID-19 pandemic.

	Jun-19	Dec-19	Jun-20	Dec-20
Average	4.47	4.36	4.32	4.29
Sendai	5.22	5.12	5.05	4.96
Tokyo	4.18	4.08	4.02	4.02
Nagoya	4.76	4.66	4.62	4.59
Osaka	4.58	4.49	4.43	4.41
Fukuoka	4.81	4.72	4.67	4.65

Unit: %



Occupancy Rate Residential

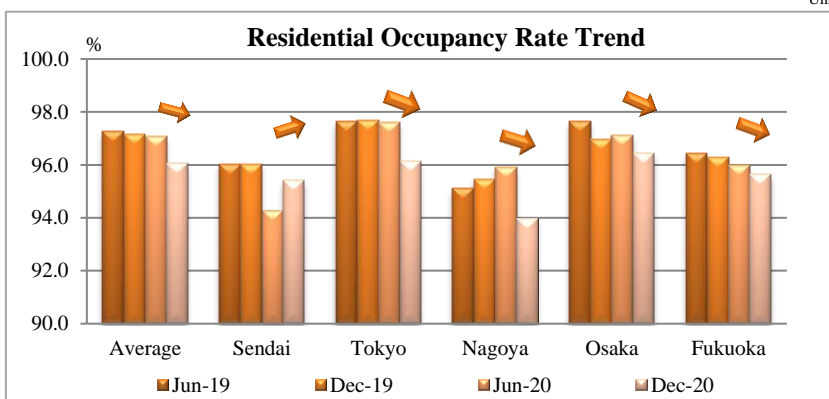
Occupancy Rate Shows High Performance Nationwide

The national average of the occupancy rate in Dec. 2020 was 96.06%, a decrease of 1.01 points.

By area, it decreased by 1.45 points in Tokyo, by 1.93 points in Nagoya, by 0.70 points in Osaka, and 0.35 points in Fukuoka while Sendai recovered by 1.12 points, compared with the previous period. Although it still remained high, some say that the demand of relocation has been changing with the spread of the COVID-19 pandemic. As the next period includes March, which is when many transfers occur, it should offer a good opportunity to see whether intercity moving will pick up.

	Jun-19	Dec-19	Jun-20	Dec-20
Average	97.25	97.16	97.07	96.06
Sendai	96.04	96.03	94.29	95.41
Tokyo	97.63	97.67	97.60	96.15
Nagoya	95.11	95.46	95.92	93.99
Osaka	97.63	96.95	97.12	96.42
Fukuoka	96.43	96.30	95.99	95.64

Unit: %



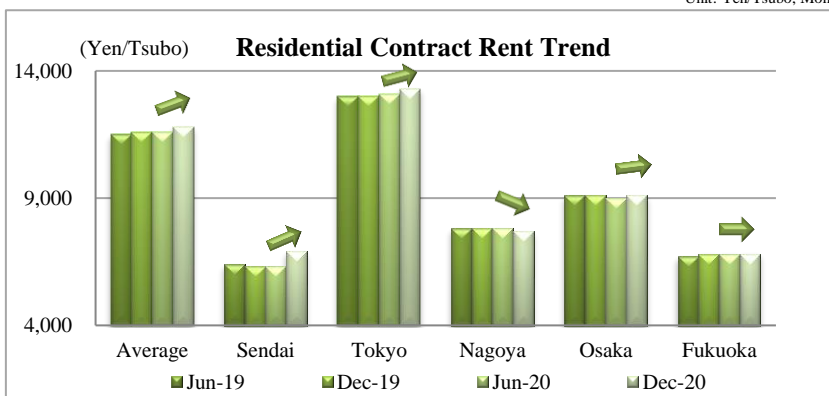
Contract Rent Residential

On a Slightly Upward Trend Nationwide

The contract rent in Dec. 2020 remind the same in Fukuoka, increased by 100 yen/tsubo in Osaka, by 200 yen/tsubo in Tokyo, and by 600 yen/tsubo in Sendai while it decreased by 100 yen/tsubo in Nagoya compared with the previous period. Due to the recent rise in rents, there is a price gap between new rentals and existing contracts, and rent increases at the time of replacement is likely to continue. Overall, we observed that rental supply is low.

	Jun-19	Dec-19	Jun-20	Dec-20
Average	11,500	11,600	11,600	11,800
Sendai	6,400	6,300	6,300	6,900
Tokyo	13,000	13,000	13,100	13,300
Nagoya	7,800	7,800	7,800	7,700
Osaka	9,100	9,100	9,000	9,100
Fukuoka	6,700	6,800	6,800	6,800

Unit: Yen/Tsubo, Monthly



J-REITs: 28 Acquisitions and 15 Disposals in This Period

- Acquisition: 5 properties in Tokyo, 7 properties in Kanagawa, 6 properties in Aichi, 7 properties in Osaka, 1 property in Hokkaido, and 2 properties in Fukuoka out of all 28 properties
- Disposal: 9 properties in Tokyo, 3 properties in Hokkaido, 2 properties in Miyagi, and 1 property in Chiba, out of all 15 properties



Source: "Nippon Accommodations Fund" HP

Acquisition① Park Axis Toyocho Shinsui Koen (Left)

Location: 34-4, Minamisuna 2-chome, Koto-ku, Tokyo
 Nearest Station: A 10-minute walk from "Toyocho" Station
 (Tokyo Metro Tozai Line)

Floor Area: 9,450.49 m²
 Construction Date: Aug. 2014
 Rentable Room: 67 (residence), 1 (retail)

Acquisition② City hills Andoji (Right)

Location: 4-1, Andoji 2-chome, Chuo-ku, Osaka-shi, Osaka
 Nearest Station: A 4-minute walk from "Tanimachi 6-chome" Station
 (Osaka Metro Tanimachi Line and others)

Floor Area: 2,906.41 m²
 Construction Date: Mar. 2008
 Rentable Room: 69



Source: "NIPPON REIT Investment Corporation" HP

[Acquisition] 8 properties out of all 28 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
NAF	Park Axis Toyocho Shinsui Koen	Koto-ku, Tokyo	Aug. 2014	Oct. 2020	2,233	3,021	4.0%
SAI	Urban Park Tokiwadai Koen	Hodogaya-ku, Yokohama-shi, Kanagawa	Feb. 1994	Oct. 2020	3,506	887	4.6%
DLI	Gran Casa Magome I	Ota-ku, Tokyo	May 2020	Oct. 2020	602	3,434	3.8%
NRI	City hills Andoji	Chuo-ku, Osaka-shi, Osaka	Mar. 2008	Oct. 2020	1,750	2,233	4.1%
NRI	Sun・Meiekininami Building	Nakamura-ku, Nagoya-shi, Aichi	Jan. 2014	Oct. 2020	950	1,911	4.2%
NRI	Tenjinhighashi residence	Hakata-ku, Fukuoka-shi, Fukuoka	Aug. 2005	Oct. 2020	913	1,612	4.3%
UUR	UUR Court Ibaraki Higashi-Chujo	Ibaraki-shi, Osaka	Feb. 2009	Dec. 2020	1,665	1,503	4.5%
TRI	T's garden Center Minami	Tsuzuki-ku, Yokohama-shi, Kanagawa	Jan. 2007	Dec. 2020	1,140	2,064	4.1%

[Disposal] 8 properties out of all 15 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Initial Acquisition Cost (Million yen)
SRI	S-FORT Miyamachi	Aoba-ku, Sendai-shi, Miyagi	Mar. 2001	Nov. 2020	1,160	1,673	1,085
DHR	Castalia Maruyama Urasando	Chuo-ku, Sapporo-shi, Hokkaido	Aug. 2007	Dec. 2020	720	1,109	411
CRR	COMFORIA ICHIKAWAMYODEN	Ichikawa-shi, Chiba	Apr. 2007	Dec. 2020	805	1,798	606
CRR	COMFORIA NISHIMAGOME	Ota-ku, Tokyo	Aug. 2005	Dec. 2020	1,261	2,362	990
ADR	RESIDIA Kyodo	Setagaya-ku, Tokyo	Feb. 2005	Dec. 2020	357	2,296	286
HFR	HF TAKANAWA RESIDENCE	Minato-ku, Tokyo	Feb. 2003	Jan. 2021	1,130	2,825	749
ADR	RESIDIA Yoyoginomori	Shibuya-ku, Yoyogi	Mar. 2007	Jan. 2021	919	3,570	732
DHR	Castalia Maruyama Omotesando	Chuo-ku, Sapporo-shi, Hokkaido	Feb. 2008	Jan. 2021	2,055	1,084	1,740

Capitalization Rate (Urban) Retail

Remains Stable in All Areas

The capitalization rate for commercial buildings in urban areas remains stable in national average, as seen in the graph on the right.

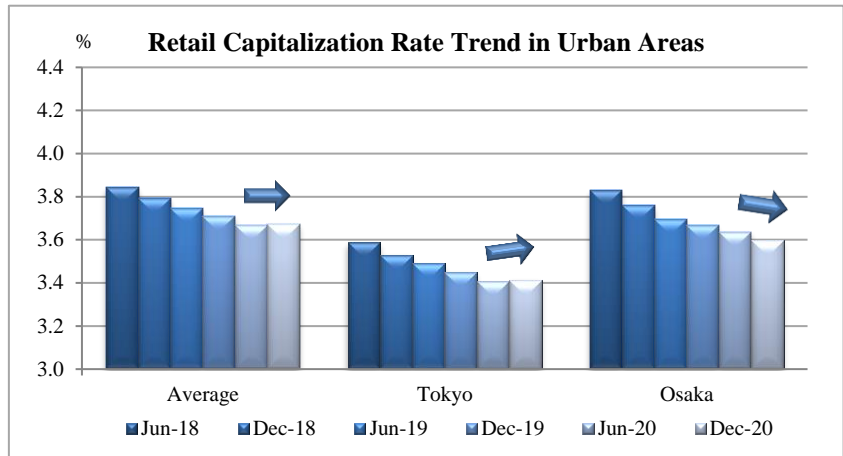
Since commercial buildings shortened their business hours as requested by the government, it was difficult for many restaurants to sustain sales and many decided to withdraw from business.

For this reason, the investment evaluation remains uncertain.

As for the future, it will be necessary to pay close attention to the areas where sales were supported by customers from overseas, taking account of the impact of COVID-19.

	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20
Average	3.85	3.79	3.75	3.71	3.67	3.67
Tokyo	3.59	3.53	3.49	3.45	3.40	3.41
Osaka	3.83	3.76	3.70	3.67	3.64	3.60

Unit: %



Capitalization Rate (Suburb) Retail

Remains Stable in All Areas

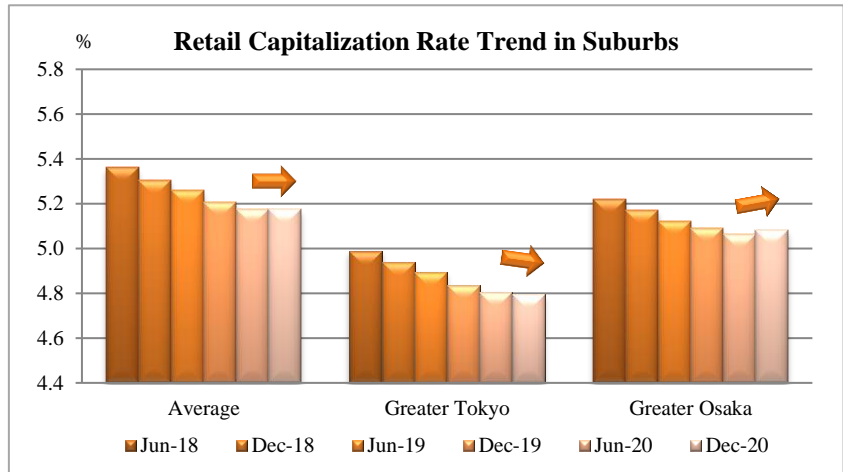
The capitalization rate for commercial buildings in suburban areas generally remains stable in all areas such as national average, Greater Tokyo and Greater Osaka as seen in the graph on the right.

The fluctuation was insignificant in all areas. Through the COVID-19 pandemic, suburban supermarket sales increased; on the other hand specialty shop sales in shopping center dropped. The effect on sales varies from shop to shop.

Therefore, careful attention should focus on future impacts on the sales market.

	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20
Average	5.36	5.31	5.26	5.21	5.18	5.18
Greater Tokyo	4.99	4.94	4.90	4.84	4.81	4.80
Greater Osaka	5.22	5.17	5.12	5.09	5.06	5.08

Unit: %



Contract Rent Retail

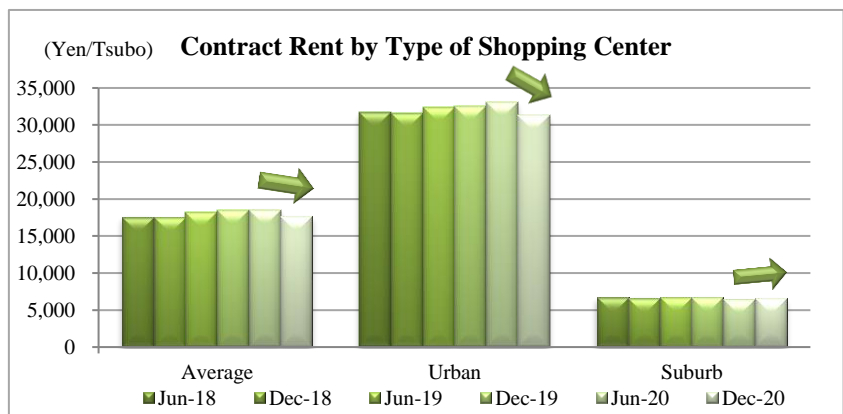
Uncertainty in Future Trend

Contract rent in the nationwide average and in urban areas lowered while that in suburban areas raised slightly in this term. Regarding future trends, downward pressure on rents is expected as it is difficult for urban restaurants in particular to maintain sales because of the forced temporary closures, and changes in consumer behavior due to the COVID-19 outbreak. Increased vacancy rates are a cause of downward pressure on rents.

In suburban areas, there is a mix of industries with good and bad performance. It appears that the average rents are softening.

	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20
Average	17,588	17,539	18,138	18,451	18,539	17,657
Urban	31,662	31,652	32,413	32,607	33,074	31,241
Suburb	6,714	6,634	6,675	6,747	6,466	6,584

Unit: yen/Tsubo, Monthly



Number of Acquisitions Decreased Compared to Previous Period (All 2 Properties)

- Acquisition by area: 1 in Chubu area and 1 in Chugoku area



Disposal① Almost Blue (Left)

Location: 4-6, Minamiaoyama 6-chome, Minato-ku, Tokyo
 Nearest Station: "Omotesando" Station (Tokyo Metro Ginza Line, Hanzomon Line, Chiyoda Line)

Floor Area: 2,053.03 m²
 Construction Date: Dec. 2001
 Main Use: Retailer, office

Source: "Takara Leben Real Estate Investment Corporation" HP

Disposal② AEON MALL Yamato (Right)

Location: 2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa
 Nearest Station: "Tsuruma" Station (Odakyu Enoshima Line)
 Floor Area: 85,226.68 m²
 Construction Date: Nov. 2001
 Main Use: Retailer, restaurant, service



Source: "Japan Metropolitan Fund Investment Corporation" HP

[Acquisition] All 2 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/subo)	CR (%)
ARI	AEON Ueda Shopping Center	Ueda-shi, Nagano	Jun. 2004	Oct. 2020	5,350	300	6.5%
TLR	AEON STYLE Onomichi (Leased fee interests)	Onomichi-shi, Hiroshima	-	Mar. 2021	900	-	4.7%

[Disposal] All 8 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/subo)	Initial Acquisition Cost (Million yen)
SAI	Suroy Mall Nagamine	Higashi-ku, Kumamoto-shi, Kumamoto	Aug. 2007	Oct. 2020	3,500	900	4,180
HLI	Hulic Omori Building	Shinagawa-ku, Tokyo	Jan. 2017	Oct. 2020	3,705	-	3,420
NRI	Komyoike Act	Minami-ku, Sakai-shi, Osaka	Apr. 1988	Nov. 2020	2,158	1,157	2,063
KRR	Daikanyama Address Dixsept (40% of quasi co-ownership interest)	Shibuya-ku, Tokyo	Aug. 2000	Dec. 2020	2,657	4,001	5,390
JMF	AEON MALLYamato (50% of quasi co-ownership interest)	Yamato-shi, Kanagawa	Nov. 2001	Dec. 2020	8,600	663	16,823
TRI	Selection Hatsutomi	Kamagaya-shi, Chiba	Jun. 2003	Mar. 2021	386	700	310
HLI	Orchid Square	Chiyoda-ku, Toyko	Jan. 2009	Mar. 2021	1,945	-	3,502
TLR	Almost Blue	Minato-ku, Tokyo	Dec. 2001	Mar. 2021	5,047	12,300	6,520

Capitalization Rate *Logistics*

Still on a Downward Trend, Nationwide

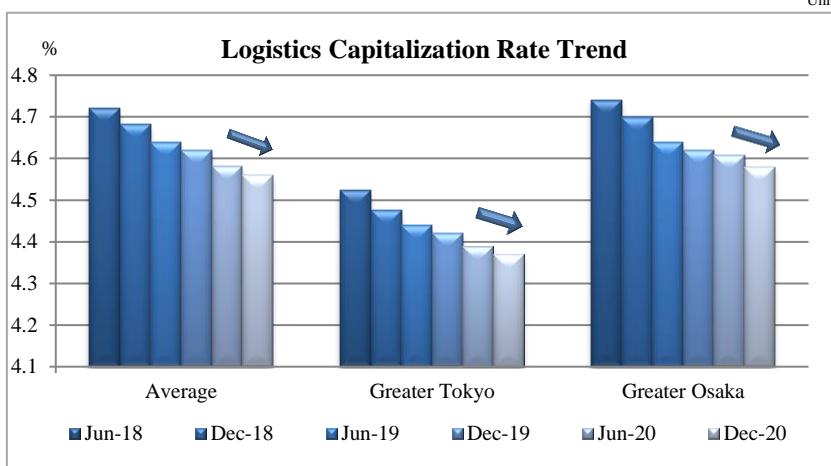
The capitalization rate was on a downward trend nationwide.

In Greater Tokyo, it has been in the mid-4% range since 2017. The national average in Dec. 2020 was 4.56% compared to 4.37% in Greater Tokyo and 4.58% in Greater Osaka.

During the COVID-19 outbreak, there has been a declining trend in the national average, as well as in the capitalization rates for Greater Tokyo and Greater Osaka, but we must continue pay close attention to situation.

	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20
Average	4.72	4.68	4.64	4.62	4.58	4.56
Greater Tokyo	4.52	4.48	4.44	4.42	4.39	4.37
Greater Osaka	4.74	4.70	4.64	4.62	4.61	4.58

Unit: %



Book Value at Fiscal Year End *Logistics*

Upward Trend Nationwide

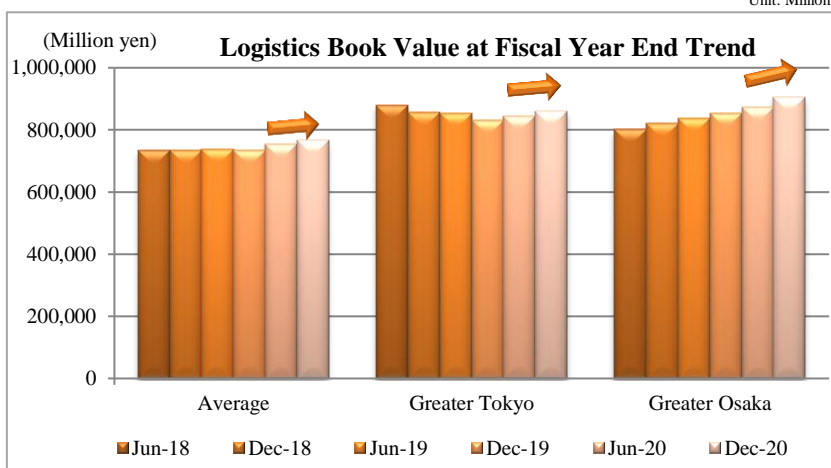
This table indicates trends in the book value at the end of the fiscal year for logistics facilities.

Slight increases were shown in the book value of logistics facilities resulting from the growing demand for online shopping, driven by the increasing "Stay-at-home consumption" as well as the expansion of e-commerce markets.

Although it slightly decreased nationwide and in Greater Tokyo as of the end of Dec. 2019, it has started to increase since Jun. 2020.

	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20
Average	733,521	734,340	736,126	732,678	754,830	768,378
Greater Tokyo	880,725	856,727	854,334	832,257	845,126	858,636
Greater Osaka	801,470	821,828	838,437	853,097	871,596	906,149

Unit: Million yen

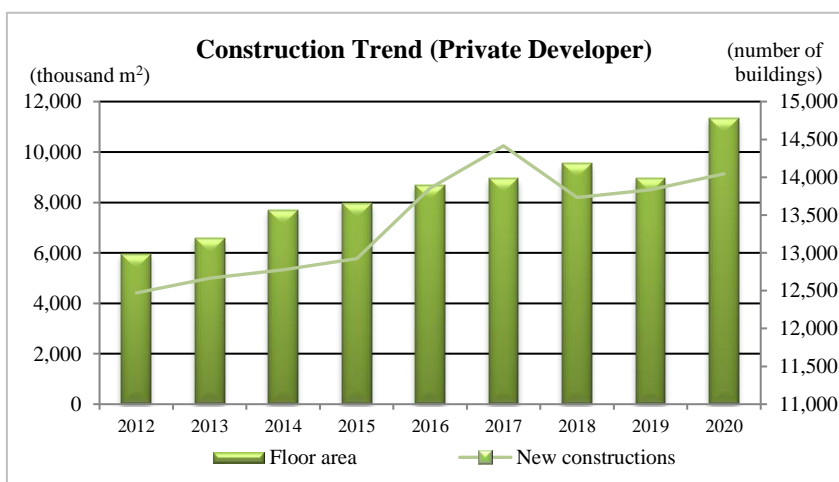


Construction Trend *Logistics*

Both of Floor Area and the Number of New Construction Increased

According to "Building Starts Statistical Survey" (Jan. 2020 - Dec. 2020), issued by the Ministry of Land, Infrastructure, Transport and Tourism, the number of new construction in 2020 was 14,044, and floor area was 11,348 thousand square meters. Both of them increased compared with last year.

Developers are still optimistic for their developments due to the high demand for logistics facilities.



Building construction starts

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total floor area (thousand m ²)	5,958	6,591	7,709	7,955	8,693	8,943	9,555	8,956	11,348
Number of buildings	12,471	12,667	12,775	12,925	13,856	14,416	13,732	13,832	14,044

Source: Ministry of Land, Infrastructure, Transport and Tourism "Building starts statistical survey"

Acquisition: 27 Properties

19 properties in Kanto area, 5 properties in Kansai area, 3 properties in other areas (2 in Aichi and 1 in Hokkaido)



Source: "Mitsui Fudosan Logistics Park Inc."HP

Acquisition① MFLP Ibaraki (Left)

Location: 4, Saitoakane, Ibaraki-shi, Osaka

Nearest I.C.: "Ibaraki" I.C.

Structure/ Floor: S/6F

Floor Area: 230,435 m²

Construction Date: Aug. 26, 2017

Transaction Date: Oct. 6, 2020

Sales Price: 58,900 million yen

NRV: 933 thousand yen/subo

CR: 4.1 %

Acquisition② Prologispark Chiba New Town (Right)

Location: 1-2, Izumino, Inzai-shi, Chiba

Transportation Facility: Near by National road No. 464

Structure/ Floor: S,RC/5F

Floor Area: 109,981.80 m²

Construction Date: Apr. 21, 2016

Transaction Date: Feb. 8, 2021

Sales Price: 26,300 million yen

NRV: 813 thousand yen/subo

CR: 4.3%



Source: "Nippon Prologis REIT, Inc."HP

[Acquisition] 10 properties out of all 27 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (thousand yen/subo)	CR (%)
NMF	Landport Ome II	Ome-shi, Toyko	Feb. 2020	Oct. 2020	14,620	758	4.3%
MFLP	MFLP Ibaraki	Ibaraki-shi, Osaka	Aug. 2017	Oct. 2020	58,900	933	4.1%
MFLP	MFLP Kawaguchi I	Kawaguchi-shi, Saitama	Oct. 2019	Oct. 2020	18,500	1,271	4.0%
SLR	SOSiLA Ebina (62% of quasi co-ownership interest)	Ebina-shi, Kanagawa	Feb. 2020	Dec. 2020	14,694	1,155	4.1%
GLP	GLP Yokohama (60% of quasi co-ownership interest)	Tsurumi-ku, Yokohama-shi, Kanagawa	Jun. 2005	Dec. 2020	24,272	1,403	3.7%
GLP	GLP Sayama Hidaka II	Hidaka-shi, Saitama	Sep. 2016	Dec. 2020	21,630	944	4.3%
CRE	LogiSquare Sayama Hidaka (80% of quasi co-ownership interest)	Hanno-shi, Saitama	May 2020	Jan. 2021	14,066	816	4.2%
NPR	Prologis Park Chiba New Town	Inzai-shi, Chiba	Apr. 2016	Feb. 2021	26,300	813	4.3%
NPR	Prologis Park Tsukuba 2	Tsukuba-shi, Ibaraki	Aug. 2020	Feb. 2021	20,900	699	4.6%
MEL	Logicross Narashino	Narashino-shi, Chiba	Mar. 2018	Mar. 2021	11,851	1,001	4.0%

[Disposal] 1 property out of all 2 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Initial Acquisition Cost (Million yen)
GLP	GLP Hatsukaichi	Hatsukaichi-shi, Hiroshima	Jul. 2006	Oct. 2020	2,930	-	1,980

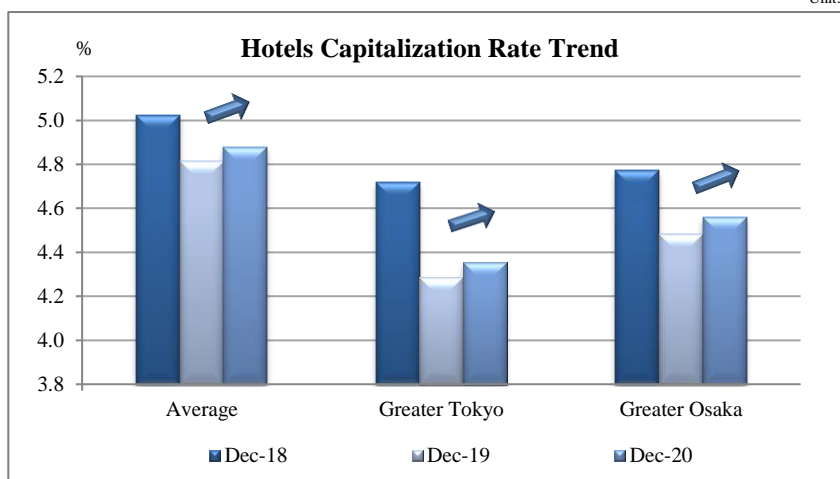
Capitalization Rate *Hotel*

Leveling off or Upward Trend

Due to the spread of COVID-19 infection, transactions in the market stagnated, and the capitalization rate leveled off or showed an upward trend. Key Performance Indicators, such as occupancy rate, ADR and RevPAR, remained low under the influence of the second State of Emergency declaration, etc. although they saw a slight recovery after Apr. 2020.

	Dec-18	Dec-19	Dec-20
Average	5.03	4.82	4.88
Greater Tokyo	4.72	4.29	4.36
Greater Osaka	4.77	4.48	4.56

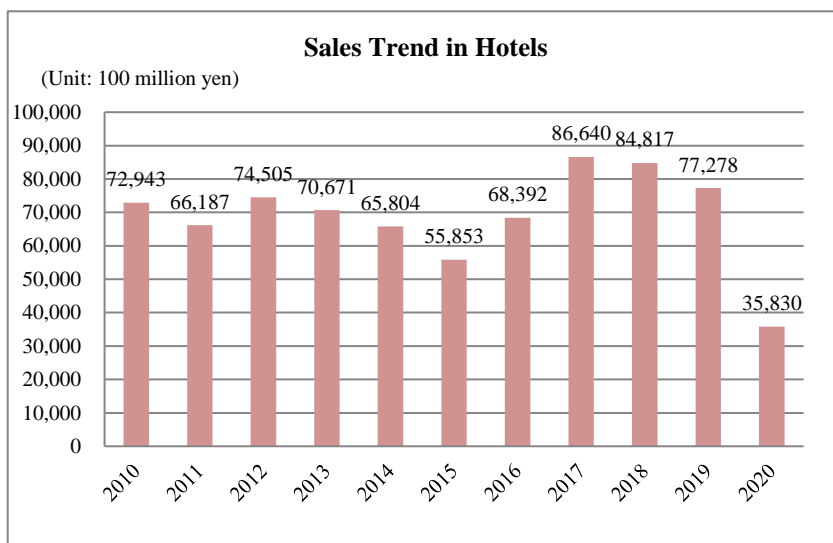
Unit: %



Hotel Sales *Hotel*

Need to Monitor the Future Trend

The number of foreign visitors had remained on an upward trend, reaching over 31.1 million (YoY+8.7%) in 2018, and over 31.8 million (YoY+2.2%) in 2019. However, due to the spread of COVID-19, it plunged to 4.1 million (YoY -87.1%) in 2020. Government efforts to revive the tourism industry, such as the launch of the "GOTO Travel" promotion, were initiated. However, a rebound in COVID-19 cases led to the second State of Emergency declaration, etc. Future trends must be monitored.

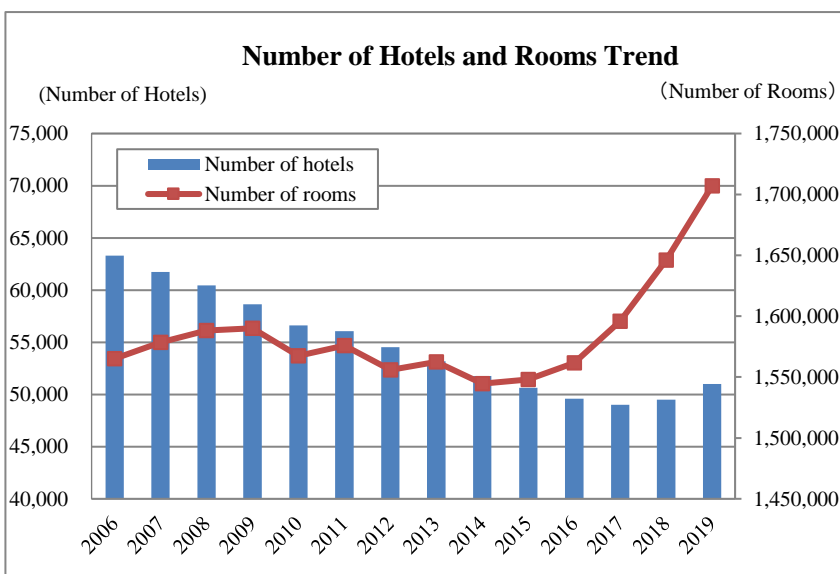


Source: Policy Research Institute, Ministry of Finance Japan

Number of Hotels and Rooms *Hotel*

Attention to Oversupplies

The number of hotel rooms showed an upward trend, reaching 164 million in 2018 (YoY+3.1%) and 170 million in 2019 (YoY+3.7%) due to the increase of development projects of hotels, while the number of facilities decreased to 51 thousand in 2019 (YoY+3.0%) along with a decrease in the number of Japanese-style inns. Regarding upcoming construction plans, 512 facilities are scheduled nationwide, which is the equivalent of 73,478 rooms. Plans focus on urban areas, with 106 in Tokyo and 89 in the Kinki area. Oversupply concerns are foreseen in some areas.



Source: Ministry of Health "Report on Public Health Administration and Services"

Acquisition: 2 Properties/ Disposal: 1 Property

- Hoshino Resorts REIT, Inc. acquired 1 property (1,050 million yen)
- Daiwa House REIT Investment Corporation acquired 1 property (3,140 million yen)
- MIRAI Corporation disposed 1 property (920 million yen)



Source: "Hoshino Resorts REIT, Inc." HP

Acquisition① KAI Enshu (Left)

Location: 399-1, Kanzanjicho, Nishi-ku
Hamamatsu-shi, Shizuoka
Floor Area: 7,829.48 m²
Construction Date: Apr. 1997
Planned operator: Kanzanji Hotel Management Co., Ltd.
Hotel Type: Resort
Hotel Grade: Luxury
Number of Rooms: 33

Disposal① Comfort Hotel Shin-Yamaguchi (Right)

Location: 1255-1, Ogorishimogo, Yamaguchi-shi, Yamaguchi
Floor Area: 2,999.01 m²
Construction Date: Aug. 2007
Operator: GREENS Co., Ltd.
Hotel Type: Limited Service
Hotel Grade: Mid-price
Number of Rooms: 139



Source: "MIRAI Corporation" HP

[Acquisition] All 2 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
HRR	KAI Enshu	Nishi-ku, Hamamatsu-shi, Shizuoka	Apr. 1997	Nov. 2020	1,050	443	5.6%
DHR	Candeo Hotels Nagasaki Shinchi Chinatown	Nagasaki-shi, Nagasaki	Jan. 2020	Sep. 2020	3,140	1,533	5.0%

[Disposal] All 1 property

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	Defference from Acquisition Cost (Million yen)
MIRAI	Comfort Hotel Shin-Yamaguchi	Yamaguchi-shi, Yamaguchi	Aug. 2007	Nov. 2020	920	1,014	49

Capitalization Rate *HealthCare*

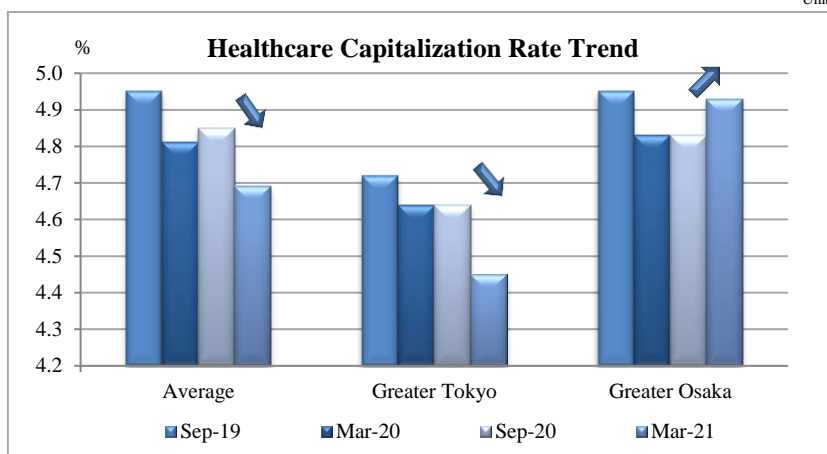
Downward Trend in National Average and Greater Tokyo

Demand for investment in healthcare assets had remained high, due to new healthcare-specialized REITs in 2014 and 2015 being listed on the stock market. The capitalization rate had been on a downward trend in all categories such as national average, Greater Tokyo and Greater Osaka.

The declining trend was stopped by COVID-19 in the previous period. As for this period, whereas national average and Greater Tokyo are once again trending downward, Greater Osaka is on an upward trend in comparison to the previous period.

	Sep-19	Mar-20	Sep-20	Mar-21
Average	4.95	4.81	4.85	4.69
Greater Tokyo	4.72	4.64	4.64	4.45
Greater Osaka	4.95	4.83	4.83	4.93

Unit: %



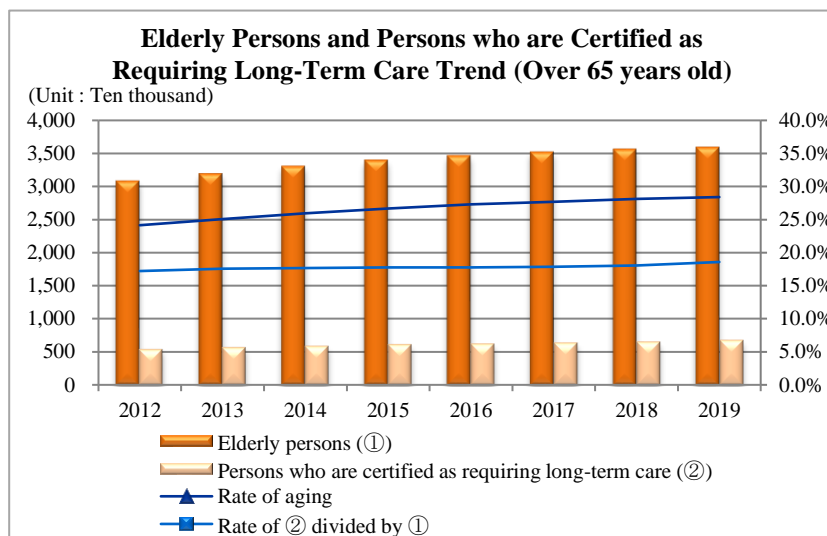
Elderly Persons and Persons who are Certified as Requiring Long-Term Care *HealthCare*

The Number Increases Steadily

The number of elderly persons and persons who are certified as requiring long-term care had been increasing yearly by approximately 0.50 million to a million and 0.10 million to 0.30 million, respectively. In 2019, the former increased by 0.31 million and the latter by 0.25 million year-on-year, growing in the same way as past years.

The increasing trend of elderly persons and persons who are certified as requiring long-term care is expected to continue, due to the increase of the average life span, the decrease of birth rate, and others.

①&② Unit: ten thousand



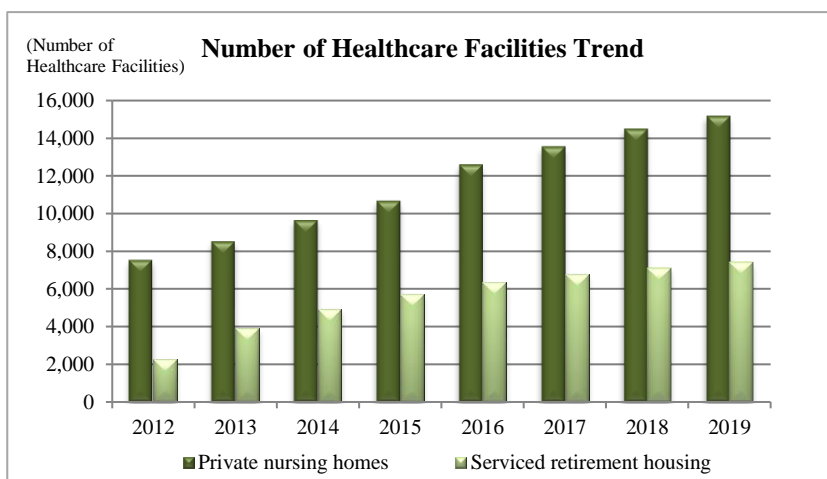
	2012	2013	2014	2015	2016	2017	2018	2019
Elderly persons (①)	3,079	3,190	3,300	3,392	3,459	3,515	3,558	3,589
Persons who are certified as requiring long-term care (②)	530	561	583	603	615	627	642	667
Rate of aging	24.1%	25.1%	26.0%	26.7%	27.3%	27.7%	28.1%	28.4%
Rate of ② divided by ①	17.2%	17.6%	17.7%	17.8%	17.8%	17.8%	18.0%	18.6%

Source: Cabinet Office "Annual Report on the Aging Society", Ministry of Health, Labour and Welfare "Long-term care insurance business report"

Healthcare Facilities *HealthCare*

More Healthcare Facilities Due to Demand

The number of persons who are certified as requiring long-term care is increasing as seen above. The demand for private nursing homes and serviced retirement housing is also rising as follows; in 2019, the number of private nursing homes increased by 680 and that of serviced retirement housing by 318 year-on-year.



	2012	2013	2014	2015	2016	2017	2018	2019
Private nursing homes	7,519	8,502	9,632	10,651	12,570	13,525	14,454	15,134
Serviced retirement housing	2,245	3,906	4,932	5,734	6,342	6,786	7,107	7,425

Source: Ministry of Health, Labour and Welfare "Survey of social welfare facilities etc" and "Serviced Residence Directory"

Acquisition: 5 Properties in This Period

Acquisition① Sunny Life Hiyoshi (Right)

Location: 15-8, Yagami, Saiwai-ku,
Kawasaki-shi, Kanagawa
Nearest Station: Approximately 1.8km from
"Hiyoshi" Station (Tokyu Toyoko Line and
Yokohama Municipal Subway Green Line)
Floor Area: 4,079.21 m²
Construction Date: Feb. 2020



Source: "Daiwa Securities Living Investment Corporation"HP



Acquisition② Medical-home Granda Kurakuen (Left)

Location: 6-6, Okuhata, Nishinomiya-shi, Hyogo
Nearest Station: A 13 minute walk from
"Kurakuenguchi" Station
(Hankyu Railway Koyo Line)
Floor Area: 3,900.59 m²
Construction Date: Nov. 2020

Source: "Kenedix Residential NEXT Investment Corporation"HP

[Acquisition] All 5 properties

REIT	Name of Property	Location	Construction Date	Transaction Date	Sales Price (Million yen)	@NRV (Thousand yen/Tsubo)	CR (%)
DLI	Sunny Life Hiyoshi	Saiwai-ku, Kawasaki-shi, Kanagawa	Feb. 2020	Dec. 2020	2,060	1,764	4.6%
DLI	Sunny Life Chofu	Chofu-shi, Tokyo	Jan. 2020	Dec. 2020	1,920	2,036	4.2%
DLI	Good Time Living Osaka-Bay	Minato-ku, Osaka-shi, Osaka	Aug. 2006	Dec. 2020	4,700	1,965	4.5%
KDR	Medical-home Granda Kurakuen	Nishinomiya-shi, Hyogo	Nov. 2020	Mar. 2021	2,709	2,356	4.6%
HMIC	Nichii home Nishikokubunji	Kokubunji-shi, Tokyo	Sep. 1990	Mar. 2021	720	1,611	4.3%

---Aspire to be a total property consulting firm---

Revenue of Appraisal firms in Japan

(Between January 1 to December 31 of each year)

2018		2019		2020	
Company's name	Revenue (Thousand yen)	Company's name	Revenue (Thousand yen)	Company's name	Revenue (Thousand yen)
Daiwa Real Estate Appraisal	3,706,440	Daiwa Real Estate Appraisal	3,954,161	Daiwa Real Estate Appraisal	4,175,869
Japan Real Estate Institute	8,151,609	Japan Real Estate Institute	8,121,271	Japan Real Estate Institute	9,595,772
Tanizawa Sogo Appraisal	2,757,738	Tanizawa Sogo Appraisal	2,632,947	Tanizawa Sogo Appraisal	2,978,320
MU Real Estate Appraisal	2,179,986	MU Real Estate Appraisal	2,085,355	MU Real Estate Appraisal	2,045,124
SMBC Real Estate Appraisal Services	1,621,867	SMBC Real Estate Appraisal Services	1,564,501	SMBC Real Estate Appraisal Services	1,485,134
Sanyu Appraisal Corporation	1,086,492	CBRE	1,329,863	CBRE	1,289,311
CBRE	962,283	Sanyu Appraisal Corporation	1,089,040	JLL Morii Valuation & Advisory	1,144,864
JLL Morii Valuation & Advisory	634,822	JLL Morii Valuation & Advisory	940,594	Sanyu Appraisal Corporation	1,053,983
TAS	601,844	COSMO SYSTEM	555,459	TOKYO KANTEI	692,131
Rich Appraisal Institute	496,071	TOKYO KANTEI	530,872	Chuo Real Estate Appraisal	614,745

Number of Appraisers

(As of January 1 of each year)

2018		2019		2020	
Company's name	Number of Appraisers	Company's name	Number of Appraisers	Company's name	Number of Appraisers
Daiwa Real Estate Appraisal	109	Daiwa Real Estate Appraisal	116	Daiwa Real Estate Appraisal	118
Japan Real Estate Institute	258	Japan Real Estate Institute	265	Japan Real Estate Institute	274
Tanizawa Sogo Appraisal	66	Tanizawa Sogo Appraisal	73	Tanizawa Sogo Appraisal	78
Sanyu Appraisal Corporation	28	JLL Morii Valuation & Advisory	33	JLL Morii Valuation & Advisory	38
JLL Morii Valuation & Advisory	23	Sanyu Appraisal Corporation	25	Sanyu Appraisal Corporation	29
Chuo Real Estate Appraisal	22	Chuo Real Estate Appraisal	23	Chuo Real Estate Appraisal	24
CBRE	21	TOKYO KANTEI	21	CBRE	22
TOKYO KANTEI	21	CBRE	20	TOKYO KANTEI	21
Japan Valuers	18	Mitsubishi UFJ Trust Bank	20	Japan Valuers	21
Nihon Land & Building	17	Japan Valuers	19	Mitsubishi UFJ Trust Bank	21
Mitsubishi UFJ Trust Bank	17	Nihon Land & Building	18	Nihon Land & Building	19
Mitsui Sumitomo Trust Bank	17				

---Major share in real estate securitization market---

Performance of J-REITs' Appraisal by Types of Assets and Appraisal Firms

(As of March 1, 2021)

(1) Number of Appraisals

Appraisal Firms Types	Japan Real Estate Institute	DAIWA REAL ESTATE APPRAISAL	Tanizawa Sogo Appraisal	JLL Morii Valuation & Advisory	Japan Valuers	Chuo Real Estate Appraisal	CBRE	Rich Appraisal Institute	Others	Total
Office	350	361	145	40	36	33	4	10	22	1,001
Residence	586	393	238	222	98	148		24	68	1,777
Retail	193	82	94	9	26	7	31	1	3	446
Hotel	94	61	44	31	32	2	2	27	3	296
Elderly Housing & Facilities	37	26	28	4		1		1		97
Logistics	128	26	169	27	6		34		16	406
Leased Fee Interests	43	22	48	9	4	2	7	1		136
Parking Lot		1								1
Others	29	7	3	3		1	7		84	134
Total	1,460	979	769	345	202	194	85	64	196	4,294

(2) Book Value of Appraised Assets

Unit: Million yen

Appraisal Firms Types	Japan Real Estate Institute	DAIWA REAL ESTATE APPRAISAL	Tanizawa Sogo Appraisal	JLL Morii Valuation & Advisory	Japan Valuers	Chuo Real Estate Appraisal	CBRE	Rich Appraisal Institute	Others	Total
Office	2,869,621	3,631,262	1,058,529	439,000	209,940	346,164	25,220	228,720	144,920	8,953,376
Residence	1,161,242	701,307	411,104	491,097	94,734	246,371		25,966	70,832	3,202,653
Retail	1,512,906	453,345	688,558	35,387	175,481	23,410	364,410	8,620	29,347	3,291,464
Hotel	855,544	215,332	247,630	127,258	88,101	5,100	42,016	152,661	19,540	1,753,182
Elderly Housing & Facilities	74,743	44,177	44,517	4,624		421		2,140		170,622
Logistics	981,741	164,817	1,170,680	300,340	60,210		411,014		316,780	3,405,582
Leased Fee Interests	157,358	149,811	113,018	64,418	13,059	6,930	19,680	10,480		534,754
Parking Lot		11,200								11,200
Others	133,164	7,872	76,300	1,131		6,210	71,280		26,076	322,033
Total	7,746,319 35.8%	5,379,123 24.9%	3,810,336 17.6%	1,463,255 6.8%	641,525 3.0%	634,606 2.9%	933,620 4.3%	428,587 2.0%	607,495 2.8%	21,644,866 100.0%

Abbreviations and formulas used in J-REIT report are as follows.

Capitalization Rate It is the average capitalization rate of each area announced by investment corporations on their account settlements.	NBF Nippon Building Fund, Inc.	ONE One REIT, Inc.
Occupancy Rate It is the average occupancy rate of each area at the end of terms announced by investment corporations on their settlement.	JRE Japan Real Estate Investment Corporation	ARI AEON REIT Investment Corporation
Contract Rent It is the average income from real estate which is divided by floor area.	JMF Japan Metropolitan Fund Investment Corporation	HLI Hulic REIT, Inc
NRV Abbreviation for Net Rentable Value It is the unit price per tsubo for the rentable area.	OJR ORIX JREIT, Inc.	NRI Nippon REIT Investment Corporation
CR Abbreviation for Capitalization Rate Capitalization Rate is shown. The values are from when the acquisition was published, thus may not be same as the sales price etc.	JPR Japan Prime Realty Investment Corporation	IOJ Invesco Office J-REIT, Inc
Major transactions are compiled by our company using data from the Tokyo Stock Exchange etc.	PIC Premier Investment Corporation	TRI Tosei REIT, Inc.
	TRE TOKYU REIT, Inc.	SHR Sekisui House Reit, Inc.
	GOR Global One Real Estate Investment Corporation	KRR Kenedix Retail REIT Corporation
	UUR United Urban Investment Corporation	SRI Samty Residential Investment Corporation
	MTR MORI TRUST Sogo Reit, Inc.	HMIC Healthcare & Medical Investment Corporation
	INV Invincible Investment Corporation	NMF Nomura Real Estate Master Fund, Inc.
	FRI Frontier Real Estate Investment Corporation	IHR Ichigo Hotel REIT Investment Corporation
	HFR HEIWA REAL ESTATE REIT, Inc.	LSL LaSalle Logiport REIT
	JLF Japan Logistics Fund, Inc.	SAI Star Asia Investment Corporation
	FRC Fukuoka REIT Co.,Ltd.	MIRAI MIRAI Corporation
	KDO KENEDIX Office Investment Corporation	MTHR MORI TRUST Hotel Reit, Inc.
	IOR Ichigo Office REIT Investment Corporation	MRR marimo Regional Revitalization REIT, Inc
	DOI Daiwa Office Investment Corporation	MFLP Mitsui Fudosan Logistics Park Inc.
	HHR HankyuHanshin REIT, Inc.	OOM Ooedo Onsen Reit Investment Corporation
	SPI Starts Proceed Investment Corporation	MEL Mitsubishi Estate Logistics REIT Investment Corporation
	JHR Japan Hotel REIT Investment Corporation	CRE CRE Logistics REIT, Inc.
	JEI Japan Excellent, Inc.	XYM XYMAXREIT Investment Corporation
	NAF Nippon Accommodations Fund	TLR Takara Leben Real Estate Investment Corporation
	MHR MORI HILLS REIT INVESTMENT CORPORATION	IAL ITOCHU Advance Logistics Investment Corporation
	IIF Industrial&Infrastructure Fund Investment Corporation	EJR ESCON JAPAN REIT Investment Corporation
	ADR Advance Residence Investment Corporation	SRE SANKEI REAL ESTATE Inc.
	KDR Kenedix Residential NEXT Investment Corporation	CRR COMFORIA RESIDENTIAL REIT
	API Activia Properties, Inc.	NPR Nippon Prologis REIT
	DHR Daiwa House REIT Investment Corporation	HRR Hoshino Resorts REIT, Inc.
	GLP GLP J-REIT	SLR SOSiLA Logistics REIT, Inc
	DLI Daiwa Securities Living Investment Corporation	



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