

*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—February 7, 2018

**Price of Grade-A Offices per tsubo in Central Tokyo
remained nearly level quarter-on- quarter
Grade-B Offices decreased by 6.0%, Grade-C Offices increased by 2.5%
'Office Price Index' in 4Q 2017 (Oct-Dec)
by Daiwa Real Estate Appraisal**

Daiwa Real Estate Appraisal (Headquarters: Nishi-ku, Osaka/ President: Shigeo Watanabe) releases 'Office Price Index' in 4Q 2017 on February 7, 2018.

<Summary of 'Office Price Index #15', in 4Q 2017 (October -December)>

- The price of Grade-A offices in Central Tokyo is 8,400,000 yen/tsubo in 4Q 2017; it increased by 0.6% quarter-on-quarter (8,360,000 yen/tsubo in 3Q 2017), and increased by 2.6% year-on-year (8,190,000 yen/tsubo in 4Q 2016).
- The price of Grade-B offices in Central Tokyo is 3,990,000 yen/tsubo in 4Q 2017; it decreased by 6.0% quarter-on-quarter (4,240,000 yen/tsubo in 3Q 2017), and increased by 9.8% year-on-year (3,630,000 yen/tsubo in 4Q 2016).
- The price of Grade-C offices in Central Tokyo is 2,680,000 yen/tsubo in 4Q 2017; it increased by 2.5% quarter-on-quarter (2,610,000 yen/tsubo in 3Q 2017), and increased by 5.5% year-on-year (2,540,000 yen/tsubo in 4Q 2016).

For further Information, please contact:

DAIWA REAL ESTATE APPRAISAL CO.,LTD.

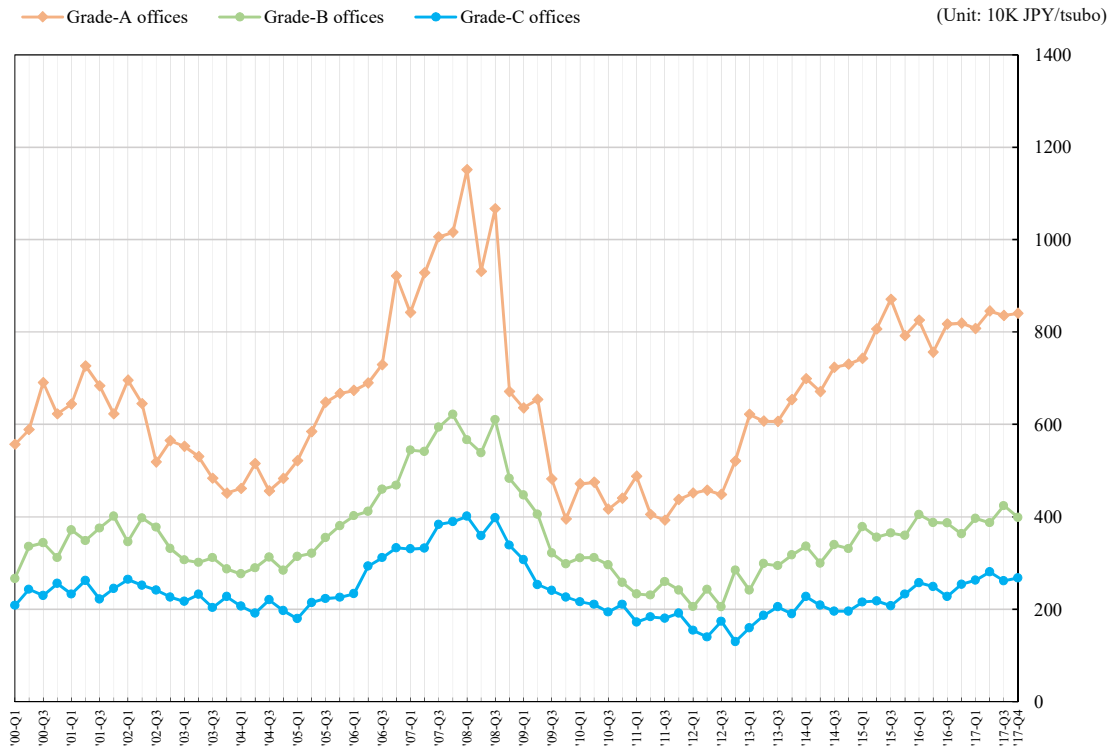
Kinya Murotsu, Yasuhiro Mori, Takafumi Shimoyama

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

daiwa-opi@daiwakantei.co.jp

‘Office Price Index’ in 4Q 2017

(Price per tsubo of Grade-A ,-B and -C offices in Central Tokyo from 1Q 2000 to 4Q 2017)



(Unit: 10K JPY/tsubo)

Office Price Index	'14Q4	'15Q1	'15Q2	'15Q3	'15Q4	'16Q1	'16Q2	'16Q3	'16Q4	'17Q1	'17Q2	'17Q3	'17Q4
Grade-A offices in Central Tokyo	730	743	806	871	792	825	756	817	819	808	845	836	840
Grade-B offices in Central Tokyo	331	379	356	365	359	405	388	387	363	397	387	424	399
Grade-C offices in Central Tokyo	195	216	218	207	233	257	249	227	254	263	280	261	268

● 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

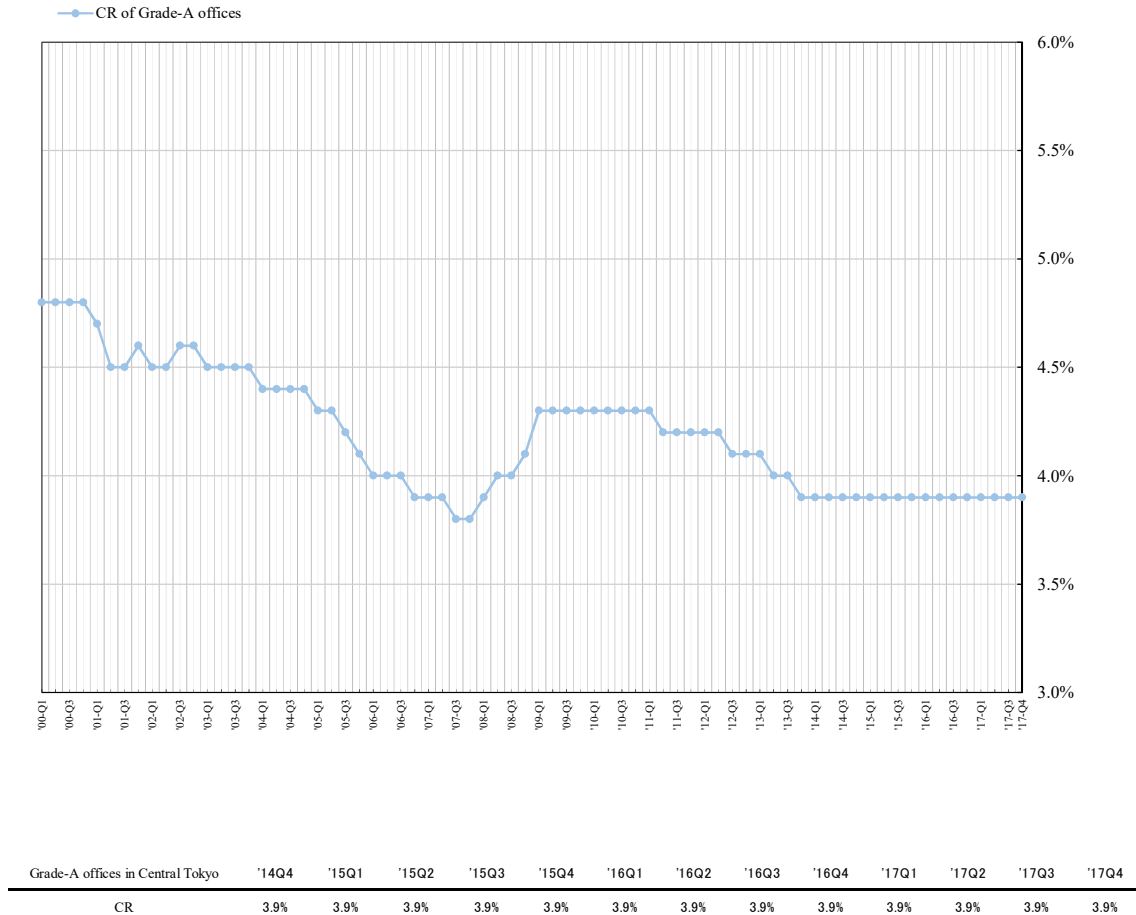
Floor above the ground: 9 floors

Age of building: 15 years

Distance from the nearest station: 3minutes’walk

●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.



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 architects. We offer various consulting services including real estate appraisal, systematic valuation for property tax, real estate consulting, compensation consultation and architectural engineering including creating engineering reports and soil contamination assessment. DAIWA will help you create new business opportunities.