

J-REIT Asset Size

Number of properties: 2,768 (Last month: 2,745)

Total assets (acquisition price) : ¥12,413.6bn (Last month: ¥12,266.4bn)

Total assets (appraised price) : ¥12,138.8bn (Last month: ¥11,969.9bn)

Investment corporations: 46 investment corporations

(Last month: 46 investment corporations)

(as of September 30, 2014)

The NOI cap rate Declined

◆The results of the 2014 Prefectural Land Prices Survey (as of July 1, 2014) have been published. For a year from July 2013, the national average of land prices continued to decline both in residential areas and commercial areas, but the pace of decline continued to slow. In the three major metropolitan areas, the average land price in residential areas started to rise, and in commercial areas, where the average land price already started to rise last year, the rate of climb increased. In both residential and commercial areas in the three major metropolitan areas, land prices rose at about the same pace in the first half and second half of the year.

◆Nippon Healthcare Investment Corporation (Chuo-ku, Tokyo) announced that the Tokyo Stock Exchange approved its listing on October 1. The investment corporation was established in January 2014 as Japan's first investment corporation specializing in healthcare facilities and made preparations to be listed with the help of Daiwa Securities Group Inc., the sponsor, and AIP-JAPAN GK, the advisor. The asset manager is Daiwa Real Estate Asset Management Co., Ltd. Nippon Healthcare Investment Corporation plans to list on November 5.

I. Trends of REIT stock prices (September 2014)

◆Trends of Japanese stock market

Early in the month, the Japanese stock market rose, mainly reflecting the sharp weakening of the yen against the dollar following the announcements of overall favorable U.S. economic indicators. In the middle of the month, the market was temporarily at a standstill but rose again due chiefly to the confirmation of the U.S. financial authorities' policy to maintain their monetary policy and Scotland's rejection of independence. In late September, the Nikkei Stock Average hit a new high for this year, but subsequently, declined slightly due to geopolitical risks, including the commencement of air strikes against ISIS, the situation in Hong Kong, and deterioration in domestic economic indicators.

The Nikkei Stock Average at the end of September was 16,173.52, up 4.86% from the end of August.

◆REIT Index

While the stock market rose early in the month, the J-REIT market was soft due to profit taking after rises for five consecutive months and increases in long-term interest rates. In mid-September, the J-REIT market ceased to decline as the yen started to weaken and stock prices started to rise after a standstill. Towards the end of the month, the market was on an upward trend, reflecting falling domestic long-term interest rates due to the trend of risk aversion. In the end, the J-REIT market rose for the sixth consecutive month.

The Tokyo Stock Exchange REIT Index was 2,859.23 (including dividends) at the end of September, up 1.56% from the end of August.

TOREIT Monthly and Quarterly Reports
Annual subscription fee: ¥162,000

Tokyu Land Corporation

Report for October 2014 (October 15, 2014)

1

All rights reserved. We have made every possible effort to prepare the information that Tokyu Land Corporation J-REIT System (TOREIT) and this survey provides. However, we do not guarantee the accuracy and completeness of the information. Users of the information are requested to determine the accuracy of the information for themselves.

Copyright (C) 2013 TOKYU LAND CORPORATION. All rights reserved.

II. NOI Cap Rate: **5.4%** (Last month: 5.5%)

 -0.1 P

◆By area

Minato-ku, Chuo-ku, Chiyoda-ku: **4.7%** (Last month: 4.7%)

Other major cities: **6.2%** (Last month: 6.3%)

◆By asset type

Office: **5.2%** (Last month: 5.2%) Residential: **5.5%** (Last month: 5.5%)

III. Acquisition Trends: **27** (Last month: 14)

 +13

IV. Sales Trends: **4**(Last month: 2)

 +2

The red number shows a rise, the yellow numbers show remaining level, and the green number shows a decline from the previous month.