

Asset Size

Total assets (based on acquisition prices): 12,852.7 billion yen
 Number of properties: 2,862 properties
 (P7-9)

As the total asset amount continues to expand, investment companies appear to be remaining very eager to acquire properties. The number of acquired properties for the period October – December 2014, which stood at 118 properties, exceeded 100 properties for the first time in three quarters since the January – March 2014 period, reflecting the impact of 26 additional properties purchased by the three newly listed investment corporations.

Meanwhile, the number of properties sold for the period October – December 2014, which stood at 24, showed a significant increase, which was attributable to 15 properties resulting from asset replacement implemented by Ichigo Real Estate Investment Corporation. It should be added that the said investment company acquired nine properties during the quarter, resulting in the long position amounting to approximately 7.7 billion yen.

In terms of total transactions in 2014, the number of acquisitions was 370 properties, while sales stood at 56 properties.

Appraisal cap rate during acquisition

Appraisal cap rate at time of acquisition: Average 5.1% (5.4% in the last quarter)
 (P10-13)

The appraisal cap rate at the time of acquisition (hereinafter referred to as “CR”) stood at 5.1%, indicating a continued decline. The CRs of appraisal companies, based on appraisals conducted at the end of quarter, also continued to show signs of decline (see pages 47 to 49 of the “Range of Fluctuations in Appraisal CRs”), which appears to reflect an upward trend in real estate prices. From this perspective, it is also estimated that investment companies will continue to be extremely interested in acquiring properties.

NOI cap rate

NOI yield for assets under management: Average 5.4% (5.5% in the last quarter)
 (P14-17)

The NOI yield during the time of asset management (annual NOI / amount of appraisal at the end of the quarter) stood at 5.4%, showing a slight dip compared with that of the previous quarter.

Looking at the trend from 2013 in terms of asset types, NOI yields have been hovering at the level of 5.2% – 5.4% for offices, 5.4% – 5.7% for condominiums, and 5.5% – 5.6% for commercial facilities, showing signs of moderate decline in the recent one-year period.

On the other hand, NOI yields for hotels and warehouses showed relatively significant fluctuations. This appears to be attributable to the comparatively substantial impact of an increase in the number of properties as a result of new listings of investment companies that acquired new properties or focused on such types of acquisitions, because the number of properties was fewer than that of offices, condominiums, etc.

TOREIT Monthly/Quarterly Report annual subscription rate: 162,000 yen

J-REIT Asset Size (as of December 31)

Number of properties: **2,862** (last quarter: 2,768)

Total assets (acquisition price): **¥12,852.7 bn** (last quarter: ¥12,413.6 bn)

+¥439.1bn.
(acquisition price)

Total assets (appraised price): **¥12,670.6 bn** (last quarter: ¥12,138.8bn)

+¥531.8bn
(appraised price)

Investment corporations: 49 investment corporations
(last quarter: 46 investment corporations)

Acquired: 118 properties ¥505.2bn. (acquisition price)

(last quarter: 63 properties, ¥306.2bn.)

Sold: 24 properties, ¥67.8 bn. (sale price)

(last quarter: 8 properties, ¥26.5 bn.)

(P7-9)

TOREIT Monthly/Quarterly Report annual subscription rate: 162,000 yen

Appraisal cap rate during acquisition: 5.1% on average

(5.4% last quarter)

−0.3P



◆Area /Minato, Chuo, & Chiyoda wards: **4.3%** (4.5% last qtr.)
Other major cities: **5.5%** (5.7% last qtr.)

◆Asset type /Offices: **4.8%** (4.8% last qtr.) Residential: **5.2%** (5.0% last qtr.)

◆Offices /Minato, Chuo, & Chiyoda wards: **4.3%** (4.1% last qtr.)
Other major cities : **5.3%** (5.4% last qtr.)

◆Residential /Minato, Chuo, & Chiyoda wards: **4.5%** (4.7% last qtr.)
Other major cities : **5.5%** (5.6% last qtr.)

(P10-13)

NOI cap rate: 5.4% on average (5.5% last qtr.)

−0.1P



◆Area /Minato, Chuo, & Chiyoda wards: **4.7%** (4.7% last qtr.)
Other major cities : **6.2%** (6.3% last qtr.)

◆Asset type /Offices: **5.2%** (5.2% last qtr.) Residential: **5.4%** (5.5% last qtr.)

◆Offices /Minato, Chuo, & Chiyoda wards: **4.5%** (4.5% last qtr.)
Other major cities : **6.3%** (6.3% last qtr.)

◆Residential /Minato, Chuo, & Chiyoda wards: **4.8%** (4.9% last qtr.)
Other major cities : **6.2%** (6.3% last qtr.)

(P14-17)

Rent level: ¥12,750/tsubo/mon. (P18) Occupancy rate: 97.0% (P19)

Expense ratio: 26.4% (P20) NOI index: ¥34,240/sq. meters/yr. (P21)

Qtr.-end total amount index: ¥2,268,860/tsubo (P22)

NOI cap rate (compared to previous settlement): 5.4%

(previously 5.5%)

−0.1P 

Properties whose accounts were settled between July and September 2014 are selected and the values of the previous accounts are then compared.

◆Area /Minato, Chuo, & Chiyoda wards: **4.6%** (previously 4.7%)

Other major cities : **6.2%** (previously 6.3%)

◆Asset type /Offices:**5.1%** (previously 5.2%) Residential: **5.4%** (previously 5.5%)

◆Offices /Minato, Chuo, & Chiyoda wards: **4.4%** (previously 4.5%)

Other major cities : **6.3%** (previously 6.4%)

◆ Residential /Minato, Chuo, & Chiyoda wards: **4.8%** (previously 4.8%)

Other major cities : **6.2%** (previously 6.4%)

(P23-24)

Rent level: ¥12,540/tsubo/mon. (P25) Occupancy rate: 97.0% (P26)

Expense ratio: 24.8% (P27)

NOI index: ¥34,670 /sq. meters/yr. (P28)

Quarter-end total amount index: ¥2,326,000/tsubo (P29)

Acquisition trends: List of properties acquired

(acquisition prices, appraisal cap rates during acquisition, etc.) (P30-38)

Sales trends: List of properties sold

(sale prices, NOI cap rates at the time of sale, etc.)(P39-41)

The rates are indicated in **red** for an increase, **yellow** for the same level, and **green** for a decline from the previous period.

Latest financial appraisal CR – previous financial appraisal CR:

Down 9.9bp



During this half year, the appraisal CR (cap rate based on direct capitalization method) declined by 9.9bp.

* bp: basis point, 1bp = 0.01%

◆Offices	Avg. down 9.1bp
Minato, Chuo, & Chiyoda wards:	down 8.4bp
Other major cities :	down 9.6bp
◆Residential	Avg. down 10.4bp
Minato, Chuo, & Chiyoda wards:	down 10.0bp
Other major cities :	down 10.3bp
◆Retail	Avg. down 9.3bp
◆Hotels	Avg. down 9.6bp
◆Warehouses	Avg. down 8.9bp
◆Limited proprietary right of land	Avg. down 7.8bp
◆Parking facilities	Avg. down 10.0bp.
◆Healthcare facilities	Avg. down 20.0bp
◆Industrial facilities	Avg. down 10.0bp

The list shows the fluctuation ranges of appraisal CRs, which are so defined in terms of the capitalization rate adopted in the direct capitalization method, in appraisals conducted at the end of the quarter for properties owned by J-REIT. The fluctuation ranges are calculated by deducting the appraisal CRs for the end of the previous fiscal period (November 2013 – April 2014) from those for the end of the most recent fiscal period (May 2014 – October 2014).

(P49-51)