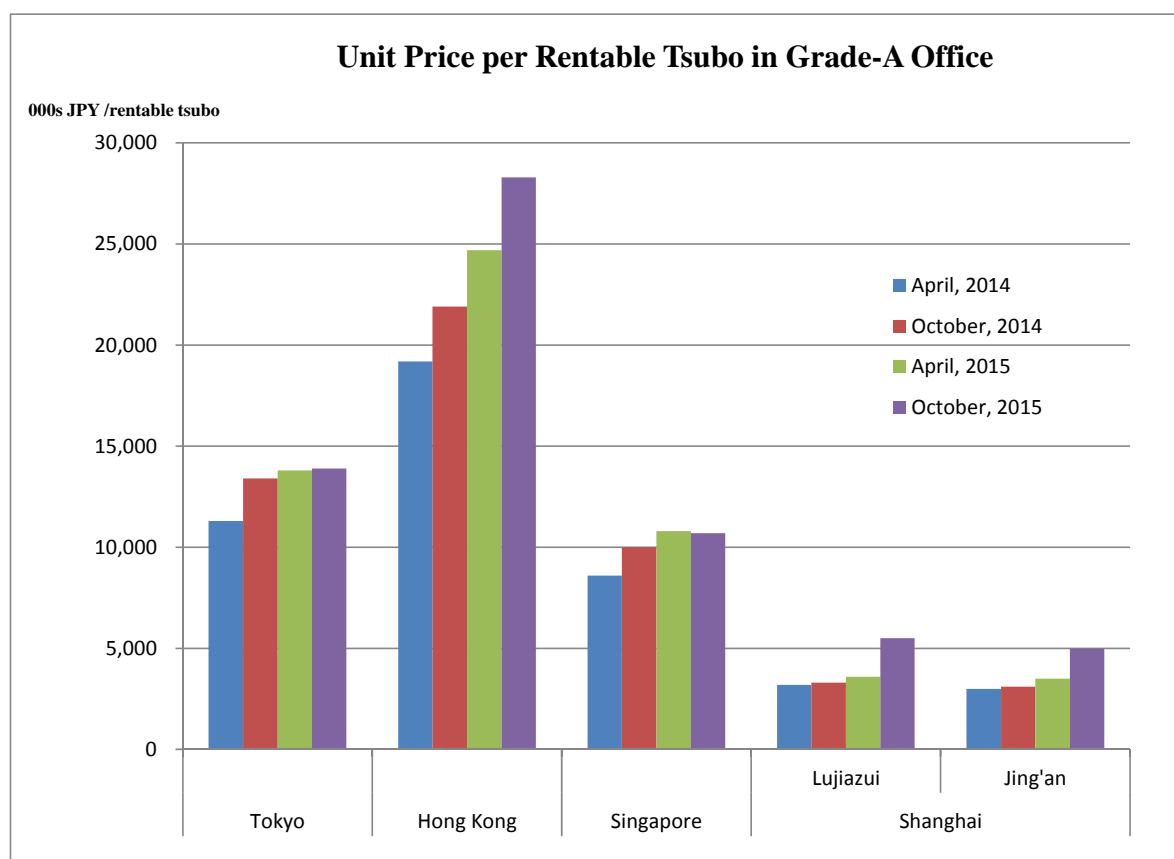


The 4th Survey of MAP's ⁽¹⁾ Asia

-Index of the Unit Price per Rentable Tsubo ⁽²⁾

This survey reports a result of “the unit price per rentable tsubo” in offices, located in Asian CBD (as of October, 2015).



	Tokyo	Hong Kong	Singapore	Shanghai	
				Lujiazui	Jing'an
Rent Level	Around 45,000 yen	Higher 70,000 yen range	Around 45,000 yen	Higher 30,000 yen range	Lower 30,000 yen range
Cap Rate	Lower 3% range	Higher 2% range	Lower 4% range	Around 5.5%	Around 5.5%

Overview:

- In Hong Kong, the highest unit price per rentable tsubo was recorded, and it became JPY 28.3 million.

- Rents in Hong Kong and Shanghai, based on both the yen and home currency increased. However, rents in Singapore, based on both the yen and home currency slightly decreased while the yen have slightly depreciated over the last six months.
- The largest yield gap ⁽³⁾ was 270bp in Tokyo. The next was 220bp in Shanghai, 150bp in Singapore, and then 110bp in Hong Kong. The gaps in Singapore and Hong Kong have declined abruptly.

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- (1) MAP's stands for Market Area Price System. As one of the features of MAP's, the price levels can be determined as "the unit price per rentable tsubo".
- (2) 1 tsubo \doteq 3.3 m²
- (3) yield gap = cap rate — 10-year JGB interest rate

Outline of each Area:

Tokyo(Marunouchi and Otemachi)

There are downside risks of the Japanese economy because of slowing down of emerging Asian economies, including the Chinese economy. Some corporate activities are taking a cautious approach to office relocations and expansion, and "Unit Price per Rentable Tusbo" in offices continues its upward trend at a slowing pace.

However, as a result of the strong investment environment, the upward trend leads to more and more influx of foreign investors' money. Also, vacancy indices still continue a gentle decline, and Tokyo rents in Class A offices have increased at a slowing pace. Therefore, strong activity levels in Tokyo market remains steady.

Hong Kong (Central)

Over the last six months, Vacancy levels have still improved. Hong Kong(Central) rents continues their upward trend because of the financial institution's demand. Because new office supply in Hong Kong Island, including Central area is limited since 2015, rents will be expected to remain at high level. The cap rate and yield gap are the lowest in four cities.

Singapore (Marina Bay)

Since starting this survey, "Unit Price per Rentable Tusbo" in Singapore slightly declined for the first time. The decline may be caused by new office supply in 2016 and cost reduction for companies. However, demand for Grade-A office remains stable, and the decline has been gentle.

Shanghai (Lujiazui, Jing'an)

Cap rate and average vacancy rate in Grade-A building have declined and rents have tended to rise. Shanghai Tower, the highest office building in China, was completed in Lujiazui on last September. However, there was no effect on leasing market.

Since China-shock in the summer of 2015, there has been gloomy prospect toward Chinese economy. However, there is no significant influence on leasing market.

Survey Procedure:

Investigation areas are Tokyo(Marunochi and Otemachi), Hong Kong Central, Singapore(Marina Bay) and Shanghai(Pudong, Jing'an). Our company selects 5 office buildings from each city's CBD area. We calculated the unit price per rentable tsubo of typical floor (as of value date) by the same formula, and converted home currency into JPY. We did not add the initial cost necessary for acquisition, but the normal operating cost.

We received local data from our cooperative company, Colliers International (Japan).

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