

Wave of Record-Setting Transactions Observed in September 2007 NIKKEI REAL ESTATE MARKET REPORT Releases Top 30 Deals in Japan

Tokyo – October 24, 2007 – *The NIKKEI REAL ESTATE MARKET REPORT*, an online media operated by Nikkei Business Publications, Inc. (Headquarters: Tokyo, President: Seiichi Oteru), recently carried out a fact-finding survey on large real estate deals in Japan, and released the top 30 deals based on price. It is based on roughly 8,000 transactions on commercial real estate made in this century.

Large Real Estate Deals exceeding One Billion Dollars Rapidly Increase over the Past Year

The number of large real estate deals exceeding USD 1 billion is rapidly increasing in the Japanese real estate market. Among the deals made over the past six years and nine months since January 2001, 14 cases exceeded USD 1 billion (calculated at JPY 117 per USD) in transaction price. Of the 14 cases, eight deals were made in the past one year.

In particular, a wave of record-setting deals was observed in September 2007. A major real estate developer Mori Trust and a fund management company DaVinci Advisors made the winning bid of JPY 231 billion (approximately USD 2 billion, 11,400 per ft²) to buy the Toranomom Pastoral Hotel. Tokyu Land acquired the Ginza Toshiba Building, located at major commercial district, for JPY 161 billion (USD 1.4 billion, 33,900 per ft²). Mitsubishi Estate and Heiwa Real Estate won with a bid of JPY 115 billion (USD 1 billion, 6,400 per ft²) for a plot of land in North-Shinjuku, Tokyo. Mitsui Fudosan acquired a 33% stake in Imperial Hotel Ltd. for JPY 86 billion (USD 740 million). All of these four deals were made with the aim of redevelopment in central Tokyo. In addition, U.S.-based ProLogis and Singapore-based GIC Real Estate acquired 17 logistics facilities of Matsushita Group for JPY 85 billion (USD 730 million).

The highest in price was a development area nearby Osaka Station

The top 30 deals based on transaction price are shown on the next page. The highest in price was the land in the A and C blocks of Umeda North Yard, a development area stretching out from the north exit of JR Osaka Station. A joint organization formed by companies such as Mitsubishi Estate and Orix Real Estate won the tender in November 2006. The price is about JPY 310 billion (USD 2.7 billion, 10,800 per ft²), according to sources. The second highest in price was JPY 281 billion (USD 2.4 billion) for the 13 hotels of All Nippon Airways (ANA), acquired by the Morgan Stanley Group in April 2007. Toranomom Pastoral Hotel was the third highest transaction. Most of the buyers are major real estate developers, but acquisitions by fund management companies are also prominent.

“During the years surveyed, the long process of adjustment since the bursting of the bubble economy in the early 1990s came to an end, and the real estate market began to recover, starting with urban areas”, says Taro Tokunaga, editor in chief of *the NIKKEI REAL ESTATE MARKET REPORT*. “Through this period, the real estate market continued to expand, supported by investment from overseas and the listing of REITs (Real Estate Investment Trusts) on stock exchanges. It is expected that the market will continue to expand with plans to sell large-scale government-owned plots.”

About the NIKKEI REAL ESTATE MARKET REPORT: An online media by *Nikkei Business Publications, Inc.*, which is a wholly owned subsidiary of the leading business newspaper publisher *NIKKEI, Inc.* It offers exclusive news on real estate deals and developments in Japan, as well as in-depth market analysis to the specialists. More information can be found at <http://realestate.nikkeibp.co.jp/>

Note to Editors: The original chart and additional photographs are available at the URL below.
<http://realestate.nikkeibp.co.jp/re/info/release/>

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Top 30 Deals in Japanese real estate market (January 2001-September 2007)

Ranking	Property Name	City	Type	Price (USD mil.)	Buyer	Dealing Period
1	Umeda North Yard A and C blocks	Osaka	land	(2,650)	Mitsubishi Estate, Orix Real Estate, etc.	Nov. 2006
2	13 hotels of All Nippon Airways (ANA)	Nationwide	hotel	2,404	Morgan Stanley	Apr. 2007
3	Toranomon Pastoral Hotel	Tokyo	hotel	1,973	Mori Trust, DaVinci Advisors	Sep. 2007
4	Pacific Century Place Marunouchi (office floors)	Tokyo	office	1,709	DaVinci Advisors	Sep. 2006
5	Former site of Self Defense Agency (development site for Tokyo Midtown)	Tokyo	land	1,538	Mitsui Fudosan, etc.	Sep. 2001
6	Ginza Toshiba Building	Tokyo	retail	1,376	Tokyu Land	Sep. 2007
7	180 stores and logistics facilities of Mitsubishi Fuso Truck & Bus	Nationwide	-	over 1,368	Secured Capital Japan, DLJ Real Estate Capital Partners	Jun. 2007
8	Mizuho Bank Otemachi Headquarters Building, Otemachi Financial Center	Tokyo	office	1,239	Tokyo Tatemono, Taisei	Feb. 2004
	UFJ Tokyo Building (currently Bank of Tokyo-Mitsubishi UFJ Otemachi Building)	Tokyo	office	1,239	Mitsubishi Estate	Mar. 2005
10	Former site of Nakano National Police Academy	Tokyo	land	1,228	Tokyo Tatemono, Shoei	Jun. 2007
11	Shiba Park Building (known as the Battleship Building)	Tokyo	office	1,222	DaVinci Advisors	Jul. 2006
12	Shinagawa Mitsubishi Building (currently Shinagawa Grand Central Tower)	Tokyo	office	1,198	Morgan Stanley	Dec. 2004
13	Mitsui Sumitomo Banking Corporation Otemachi Headquarters Building	Tokyo	office	1,069	Mitsui Sumitomo Banking Corporation	Mar. 2007
14	Takashimaya Times Square	Tokyo	retail	1,034	Tokyu Land	Dec. 2006
15	North-Shinjuku Commercial District Redevelopment Project Block 1	Tokyo	land	986	Mitsubishi Estate, Heiwa Real Estate	Sep. 2007
16	Mizuho Bank Headquarters Building	Tokyo	office	897	The Dai-ichi Mutual Life Insurance	Feb. 2004
17	Main building of Tokyo-Mitsubishi Bank (currently Bank of Tokyo-Mitsubishi UFJ)	Tokyo	office	884	Bank of Tokyo-Mitsubishi UFJ	Aug. 2005
18	Kokusai Akasaka Building, East and West wings of Kokusai Shin-Akasaka Building	Tokyo	office	over 855	Lone Star	Sep. 2004
19	Hawks Town (a complex of baseball stadium, hotel and retail mall)	Fukuoka	-	(855)	GIC Real Estate	Apr. 2007
20	JFE Building	Tokyo	office	778	Mitsui Fudosan	Feb. 2006
21	Daiei Group's 31 properties	Nationwide	retail	748	Tokyo Tatemono, Tokyu Land	Jan. 2007
22	Mizuho Corporate Bank Headquarters Building	Tokyo	office	738	Mitsubishi Estate	Dec. 2003
23	Imperial Hotel	Nationwide	hotel	737	Mitsui Fudosan	Sep. 2007
24	Harumi Island Triton Square Office Tower Y	Tokyo	office	735	Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Securities, etc.	Apr. 2005
25	17 facilities of Matsushita Logistics	Nationwide	logistics	726	ProLogis, GIC Real Estate	Sep. 2007
26	Kitanomaru Square	Tokyo	office	697	Japan Real Estate Investment (a REIT sponsored by Mitsubishi Estate)	Aug. 2005
27	Daikyo's office, retail, residential buildings and a golf course	Nationwide	-	684	Morgan Stanley, Unimat, etc.	Dec. 2004
28	Mitsui Life Insurance's 11 properties including its Otemachi Building	Nationwide	office	641	Unknown (an SPC of institutional investors)	Mar. 2005
29	Former site of Nissan Motors Murayama Factory	Tokyo	land	632	Shinnyo-en (a buddist organization)	Sep. 2002
30	Land in Kyobashi 3-chome	Tokyo	land	626	Tokyo Tatemono	Feb. 2007

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Notes: Main usage is indicated in the Type column. Prices are calculated at JPY 117 per USD. The figures in parentheses are estimated values. If the deal was implemented through a subsidiary or an SPC, the name of the parent company or the forming company is written in the Buyer column. Regarding the Dealing Period column, deals implemented within the past one year are indicated in bold. Ownership transfer to a consolidated subsidiary or sale to an SPC for off-balance transactions were excluded. The buyer ranked 15th, which was selected as the developer through a tender held by the Tokyo Metropolitan Government, will sign a contract in or after November. In the deal ranked 18th, a nonrecourse loan of USD 855 million was provided, but the transaction price is reportedly higher. In the deal ranked 23rd, a 33.16% stake in a company that owns four hotels, including the Imperial Hotel Tokyo, was the target of the deal.

Nikkei Business Publications Press Release



No.1 – Umeda North Yard
(The aerial photograph courtesy of Osaka City)



No.2 – 13 hotels of All Nippon Airways
(Manza Beach Hotel & Resort shown above)



No.3 – Toranomom Pastoral Hotel



No.4 – Pacific Century Place Marunouchi
(Photograph by Tsuyoshi Tamai)



No.5 – Development site for Tokyo Midtown
(Above photograph was taken after its completion)



No.6 –Ginza Toshiba Building