



Opportunity for European Investors in Japan

Japan Real Estate Market Overview, Opportunities and The Bridge to Success in Real Estate Japan

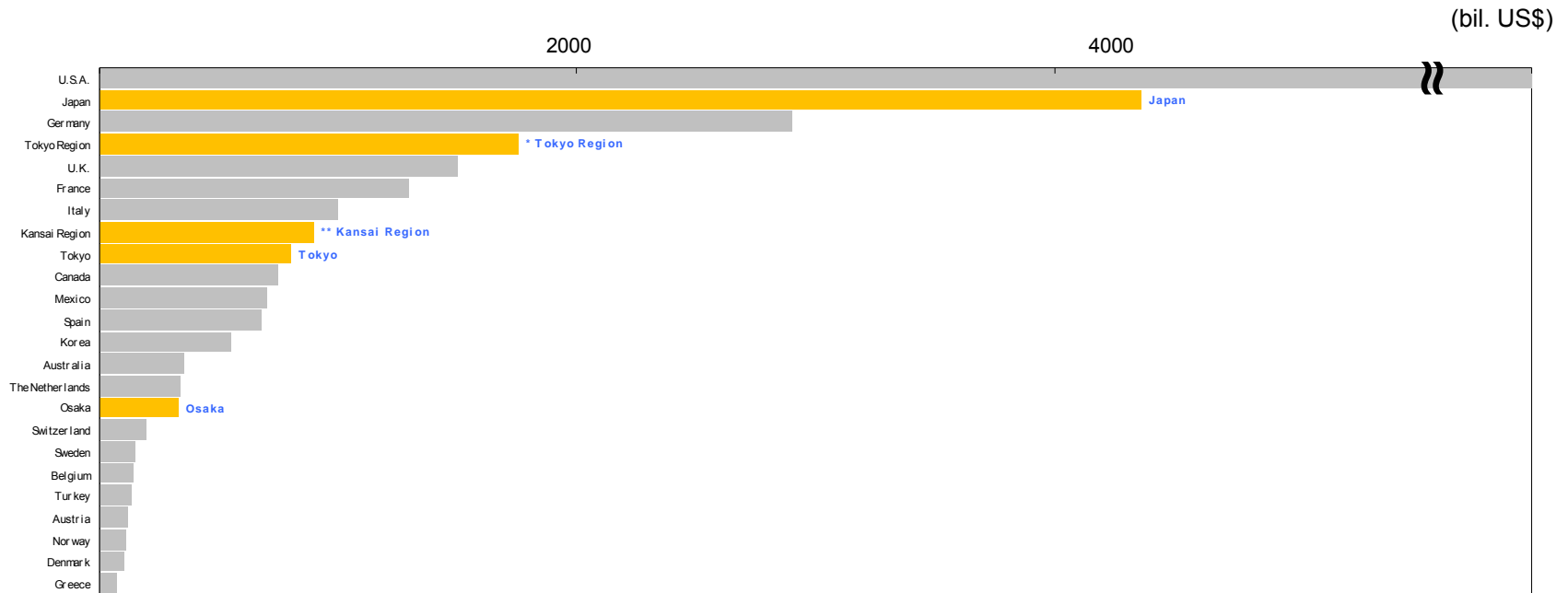
June 2009

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2. Today's Business Environment for Real Estate Investment
3. Mission Kenzo: The Bridge to Success in Real Estate Japan

1. Why to invest in Real Estate Japan – Market Overview

I GDP Comparison: Japan, Tokyo and Osaka Region



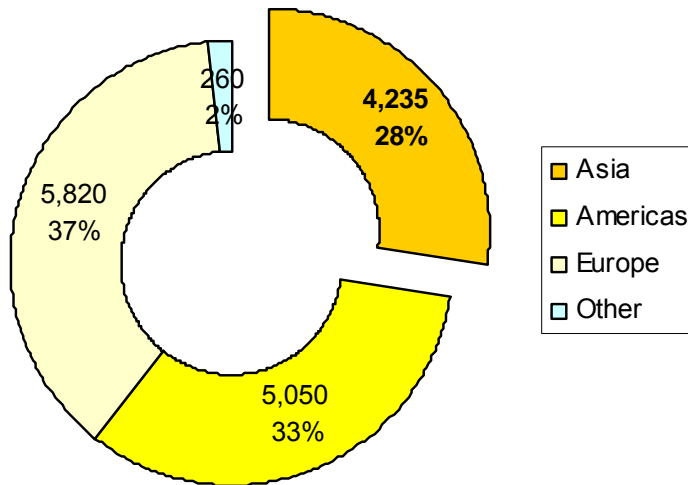
I Japan is the 2nd largest world economy with Tokyo region representing over 40% of the country's GDP

1. Why to invest in Real Estate Japan – Market Overview

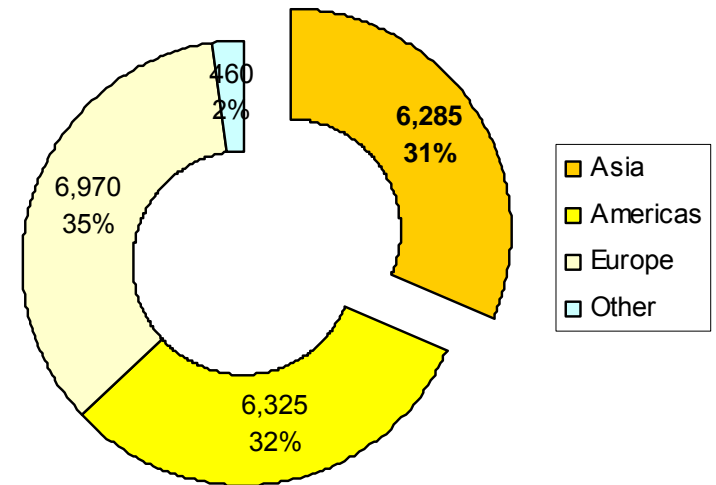
The Global Real Estate Universe

I Investment Grade Real Estate Universe

2007: USD 15,4 trillion



2012: USD 20 trillion



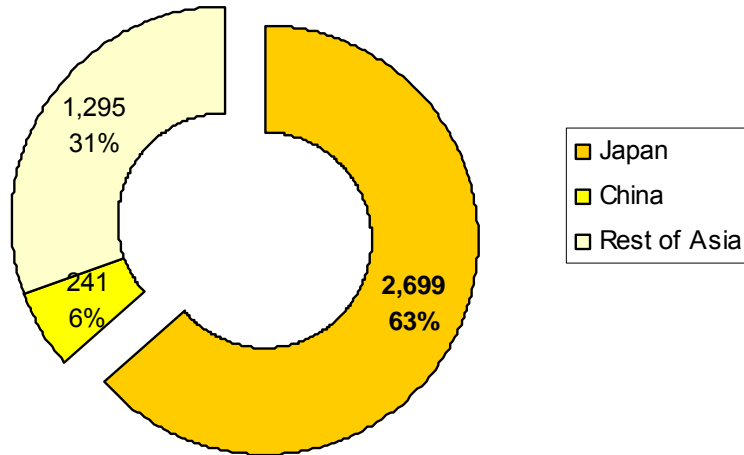
I Growth strongest in Asia both, in % of the existing stock (48%) as well as in absolute figures (US\$ 2.050 bio)

1. Why to invest in Real Estate Japan – Market Overview

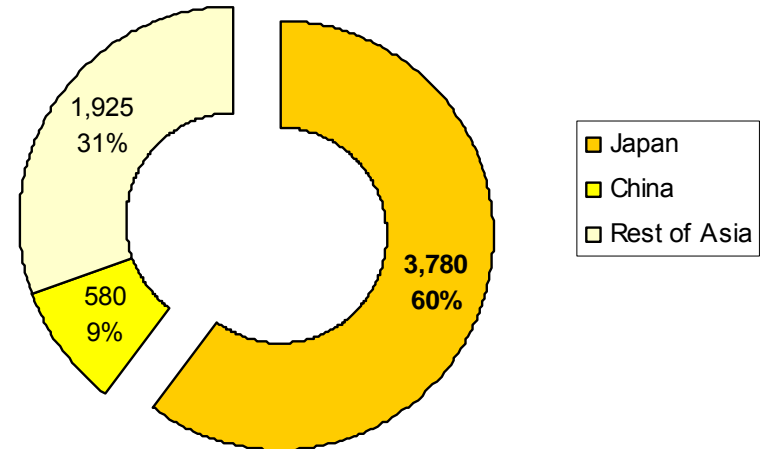
The Global Real Estate Universe

I Investment Grade Real Estate Universe Asia

2007: USD 4,2 trillion



2012: USD 6,3 trillion

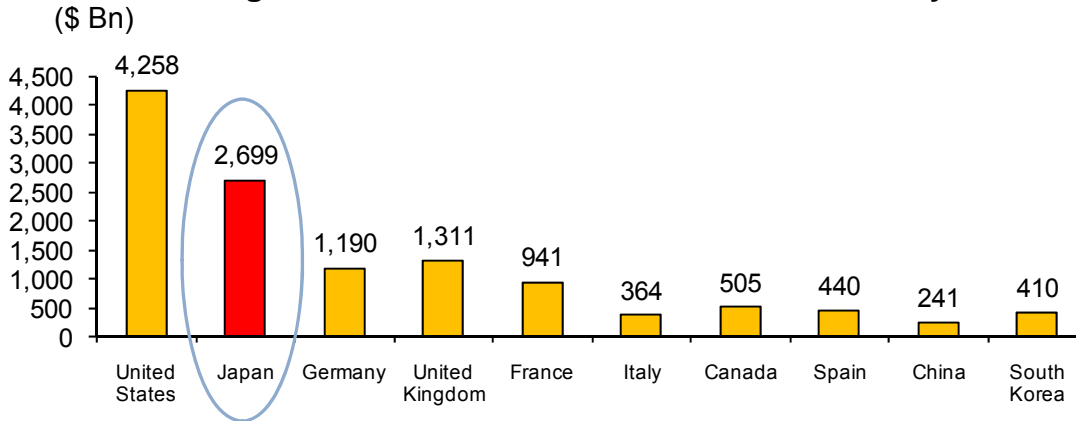


I Despite strong growth in emerging Asian countries (e.g. India and China), Japan remains a dominant share of the Asian Real Estate Universe (60%)

1. Why to invest in Real Estate Japan – Market Overview

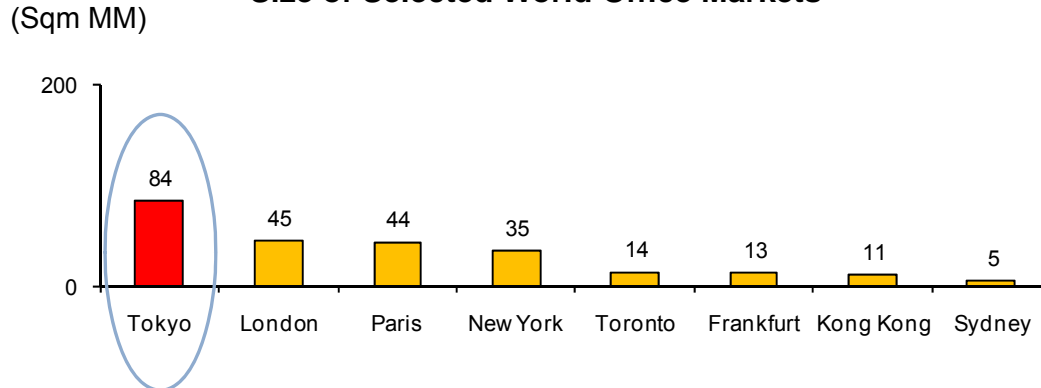
The Japanese Real Estate Universe

10 Largest Commercial Real Estate Markets Globally



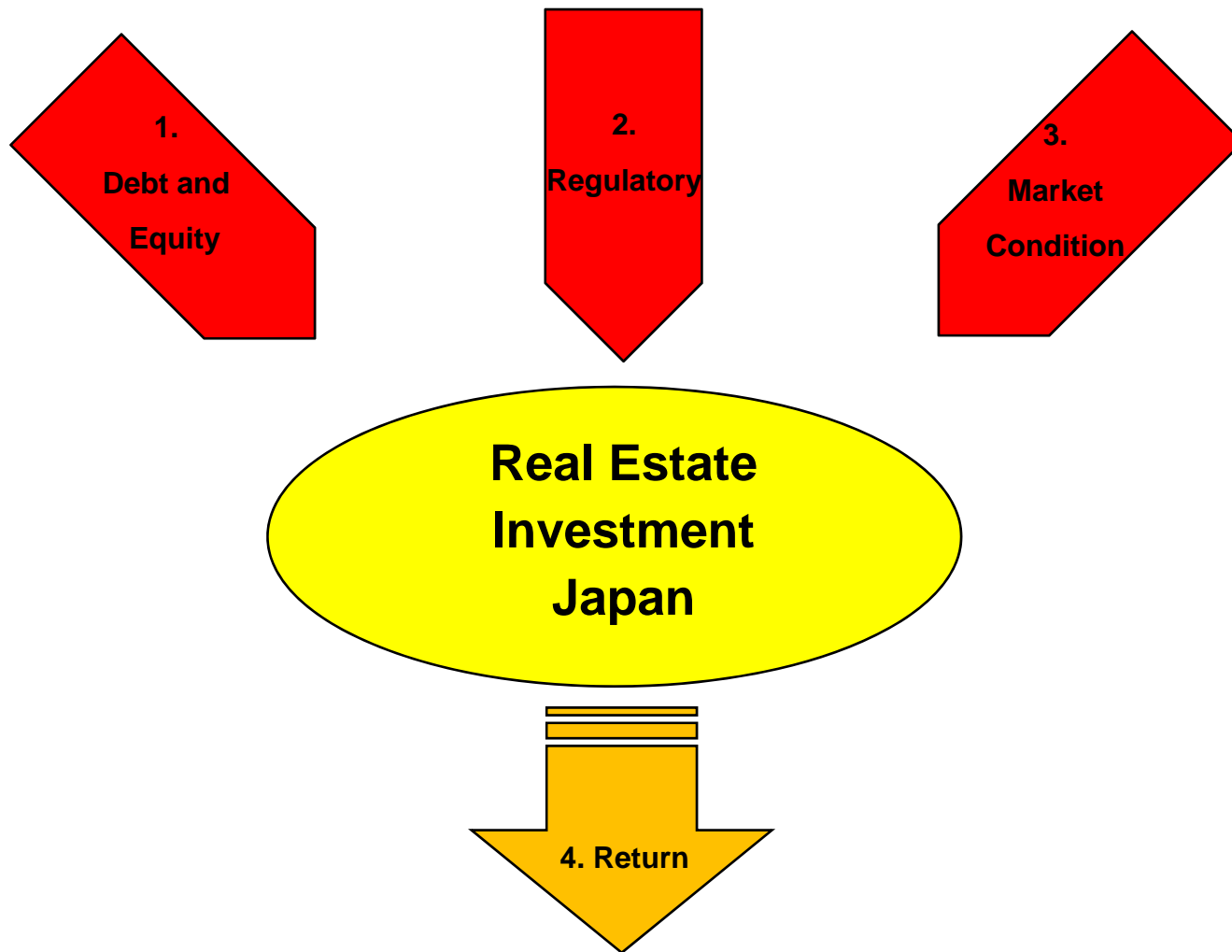
Japan represents the world's 2nd largest commercial real estate market amounting USD 2.7 trillion

Size of Selected World Office Markets

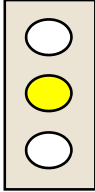
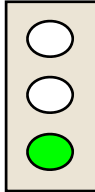
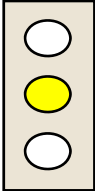


The office market of Tokyo is by far the largest market in the world matching the size of New York and London together

2. Today's Business Environment for Real Estate Investment



2. Today's Business Environment for Real Estate Investment Availability of Debt and Equity

Private	 <ul style="list-style-type: none"> Foreign lenders affected by Sub-prime problems Japanese lenders taking more cautious approach	 <ul style="list-style-type: none"> More diversified investment Money shift from overseas investors
	Public	 <ul style="list-style-type: none"> Limited access Spread widening among issuers
	Debt	Equity

2. Today's Business Environment for Real Estate Investment Regulatory

I The Financial Instruments and Exchange Law „Kinsho-ho“ (Sept. 2007)

- I Real Estate Asset Managers are now under the supervision of the FSA

Internal Control

Registration

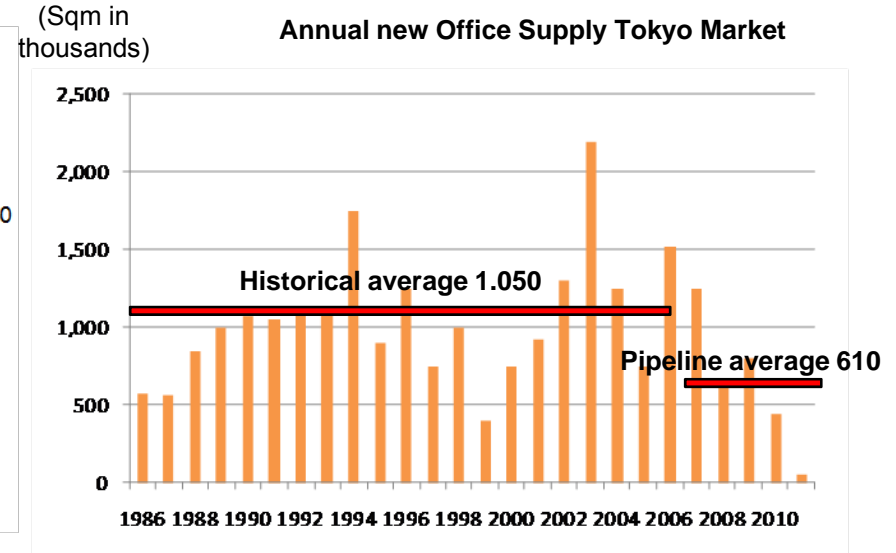
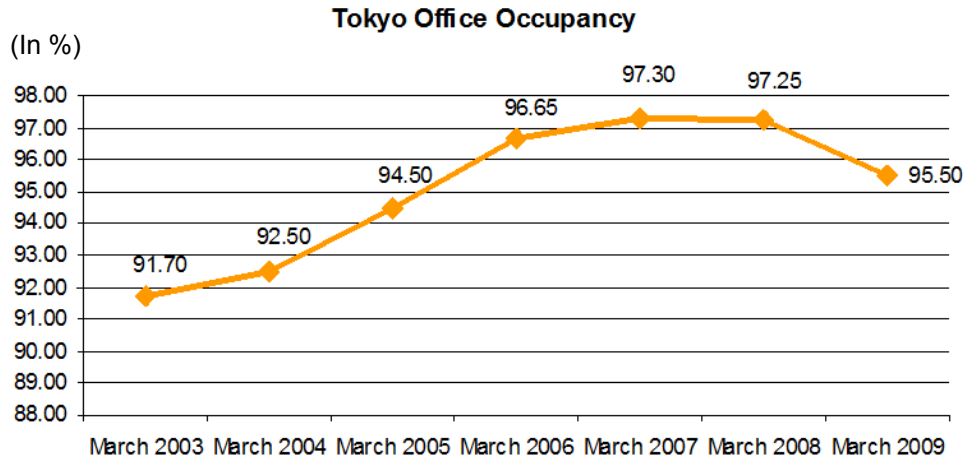
Disclosure

- I The market is forced to differentiate between strong and capable asset managers and the small ones that will not be able to comply and consequently need to withdraw
- I The profile of the asset manager, the sponsor and the property is becoming more important in order to obtain the necessary leverage from the debt market



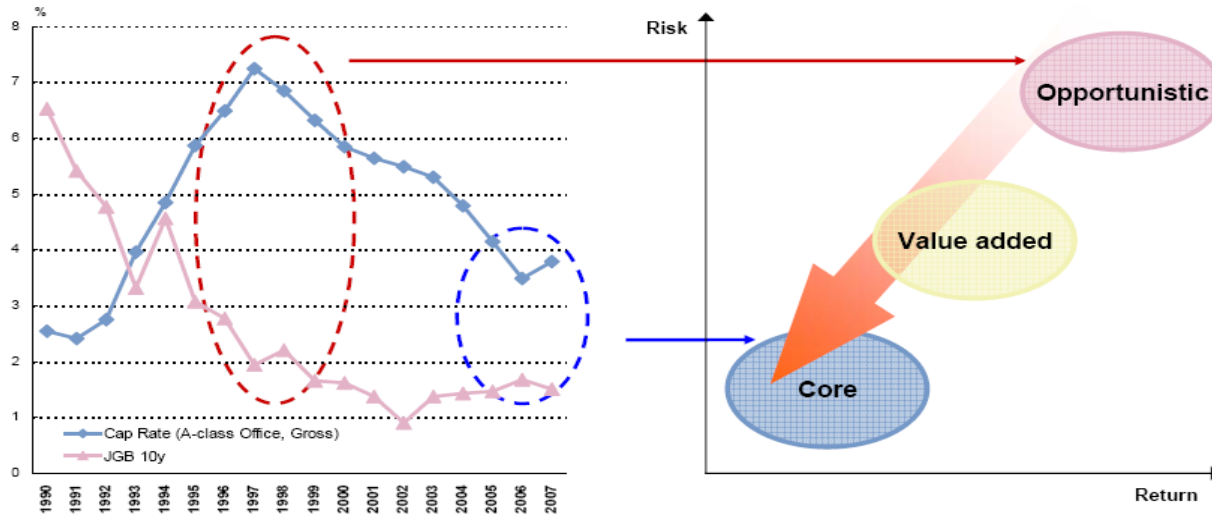
New Regulations create a more sophisticated business environment and protect professional asset and fund managers who are capable to adopt to changes

2. Today's Business Environment for Real Estate Investment Market Condition



- | Tokyo Office vacancy high in 2003 due to large supply of large new office projects (Roppongi Hills Tower Building, Shiodome building)
- | Historically: vacancy rates low, even during the difficult 1990s below 10%
- | New office supply over next 5 years moderate

2. Today's Business Environment for Real Estate Investment Return



- I As a result of the burst of the real estate bubble real estate returns gained record gaps over government bonds
- I With the market maturing and transparency improving the yield gap (cap minus JGB yields) closed to a still rewarding 2.5% in 2007 (London and New York at zero or minus), presently with well rewarding yield gaps at 3.5% (plus)

3. Mission Kenzo: The Bridge to Success in Real Estate Japan Business Activities

I Real Estate Investment Advisory Business

- I Services and activities to assist real estate investment of client investors: structuring investment schemes, originating and analysing candidate properties, arranging non-recourse finance until deal execution

I Asset Management Business

- I Services and Activities to optimise the return of an investment of a client investor: develop and execute plans to increase the asset value and/or return, supervise the ongoing operation and take corrective initiative, ongoing reporting to the client, lenders and other related parties

I Real Estate Co-Investment Advisory

- I Based on strong relationship with Japanese Institutional Investors, co-investments through such investors can be arranged on a case by case basis

3. Mission Kenzo: The Bridge to Success in Real Estate Japan Success Factors

- I Highly talented and experienced team with successful track record in a variety of Investment Advisory and Asset Management core tasks
- I Commitment to grow the business by building, expanding and maintaining Client Relationships
- I Clear focus on European Investor Clients and the Japanese Real Estate Market