



KENZO CAPITAL CORPORATION

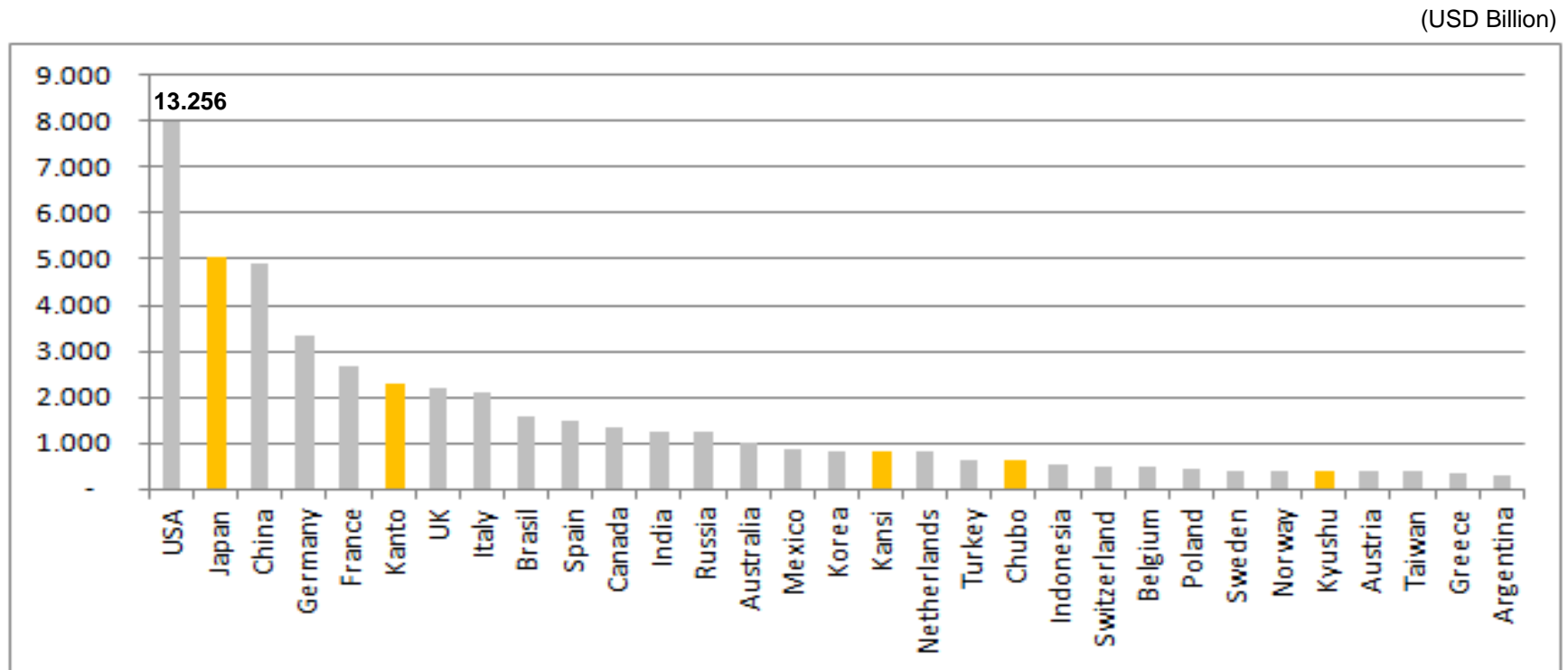
**The Japanese Real Estate Market
Investment Opportunity for stability and long term oriented European Investors**

Agenda

- 📦 Why to invest in Japan? – Solid Growth based on Asian Economies
- 📦 Japan Real Estate – Market Overview
- 📦 Japan Real Estate – Basics and Performance
- 📦 Back up Overview FX Rates

Why to invest in Japan? – Solid Growth based on Asian Economies

□ GDP of the World's largest Economies by Country



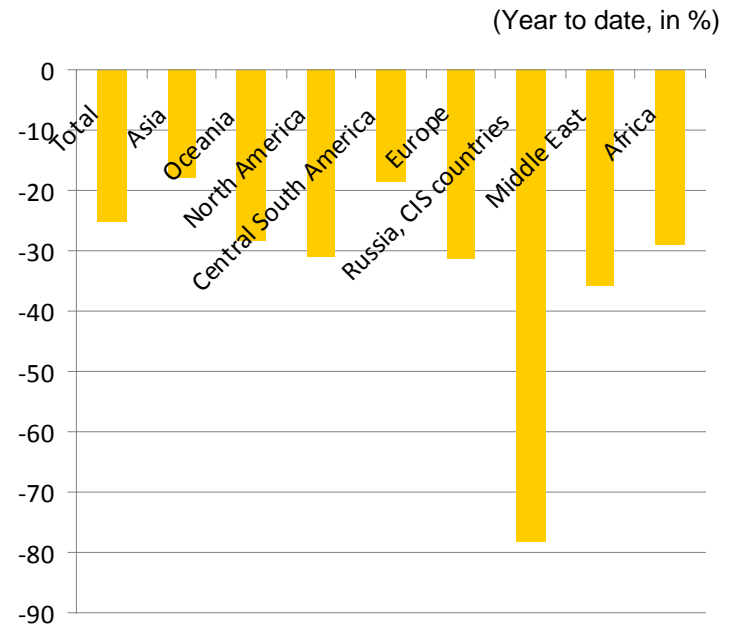
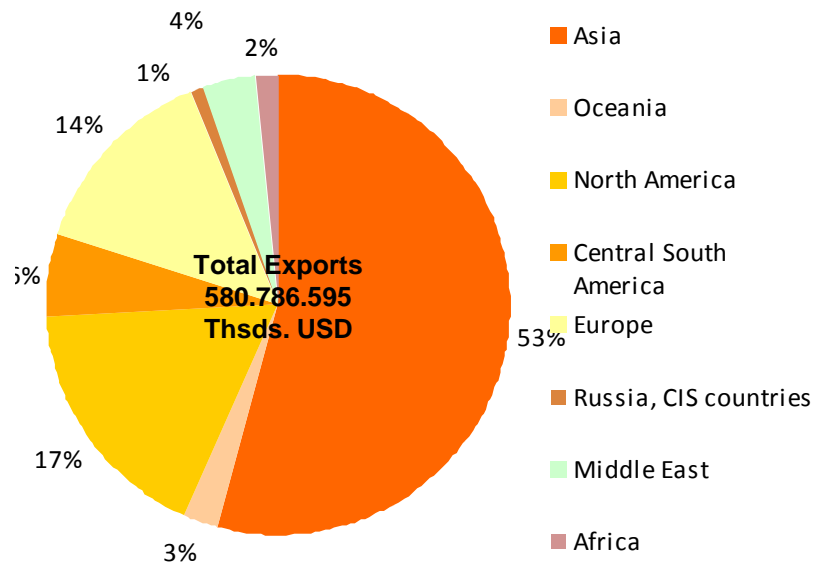
□ Japan is the 2nd largest world economy with Tokyo region representing over 40% of the country's GDP

□ Kanto (Tokyo area), Kansai (Osaka area), Chubo (Nagoya area) and the island of Kyushu are economic regions that meet each the size of the 25 world's largest economies

Why to invest in Japan? – Solid Growth based on Asian Economies

- The early recovery of Japan's economy already in Q2 of 2009 is besides internal stimulation a result of relatively robust demand from its Asian partners

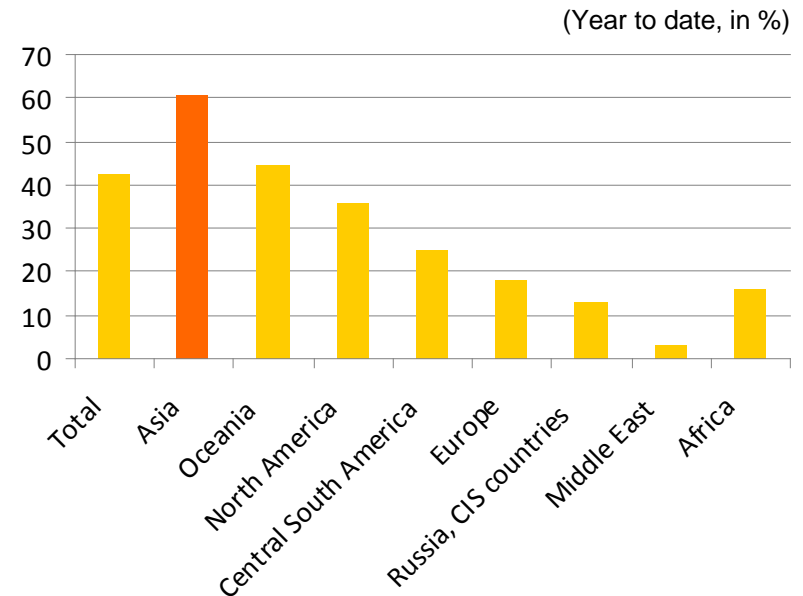
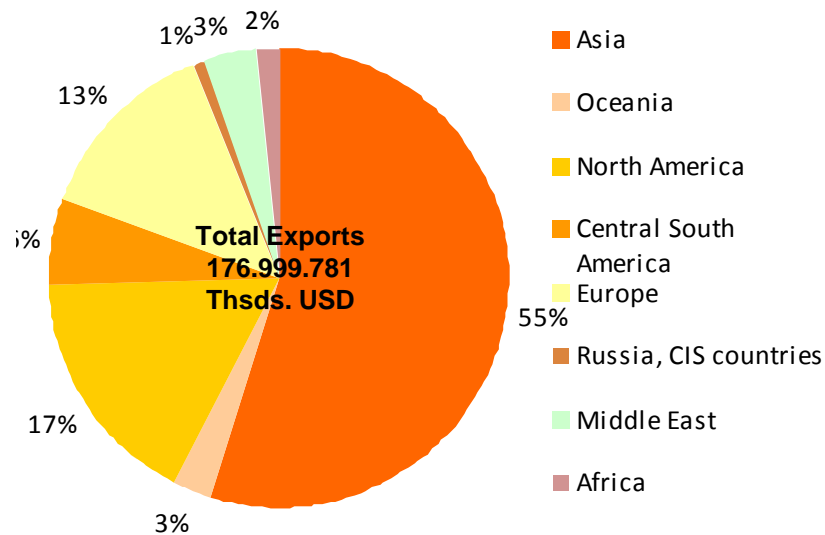
Japan's 2009 Full Year Export Volume by Region versus 2008



Why to invest in Japan? – Solid Growth based on Asian Economies

- While export to Asian countries reduced less drastically in 2009 than that to Europe and North America, it recovered much faster during the first month of 2010, resulting in a further upgrading of the Bank of Japan's 2010 growth expectations

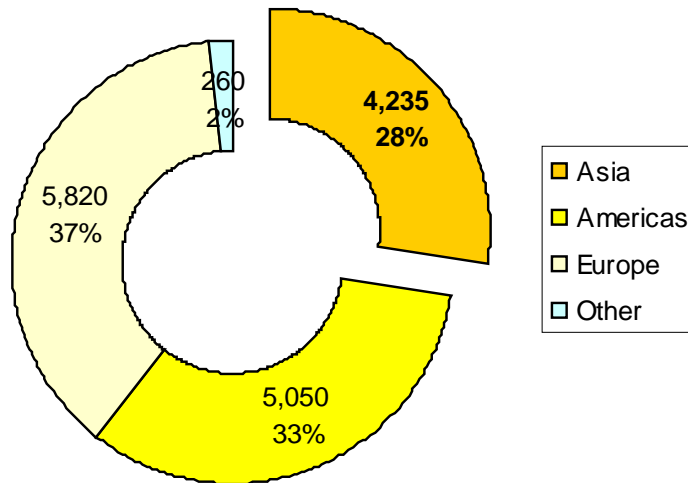
Japan's Q1 2010 Year to Date Export Volume by Region and versus 2009



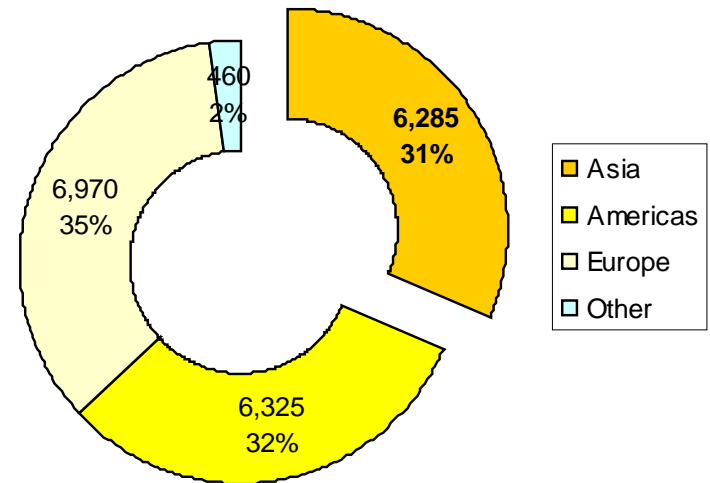
Japan Real Estate – Market Overview

□ The Global Real Estate Universe: Investment Grade Real Estate Universe

2007: USD 15,4 trillion



2012: USD 20 trillion

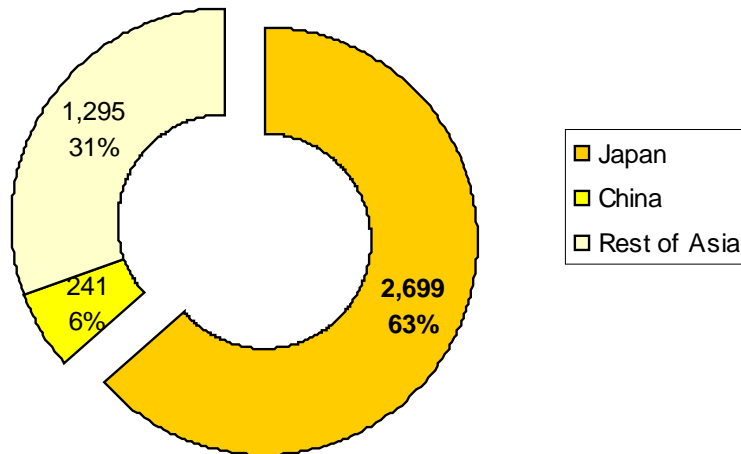


□ Growth strongest in Asia both, in % of the existing stock (48%) as well as in absolute figures (US\$ 2.050 bio)

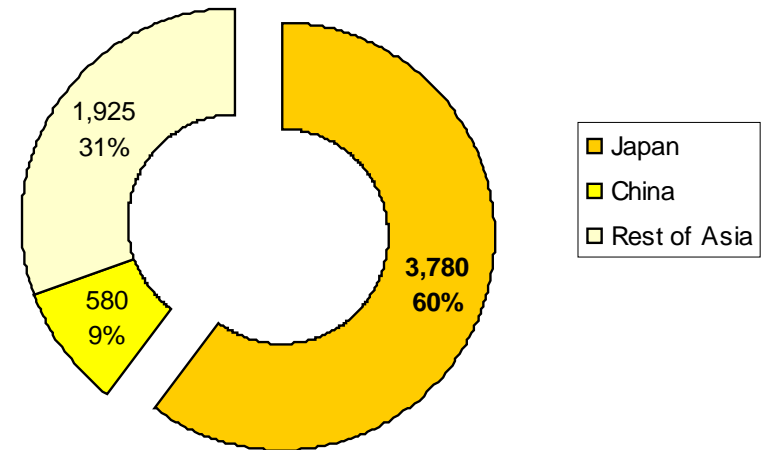
Japan Real Estate – Market Overview

□ The Global Real Estate Universe: Investment Grade Real Estate Universe Asia

2007: USD 4,2 trillion



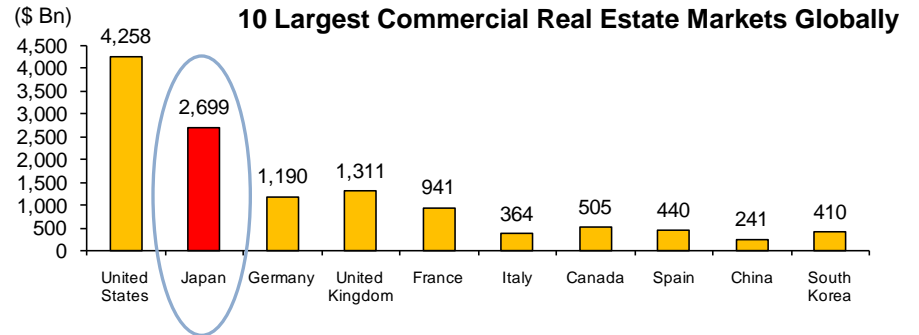
2012: USD 6,3 trillion



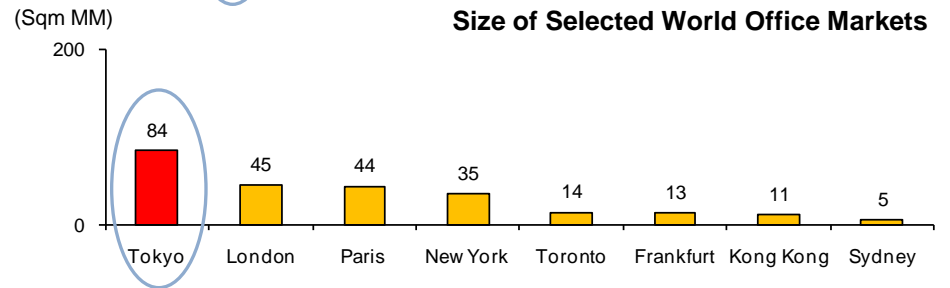
□ Despite strong growth in emerging Asian countries (e.g. India and China), Japan remains a dominant share of the Asian Real Estate Universe (60%)

Japan Real Estate – Market Overview

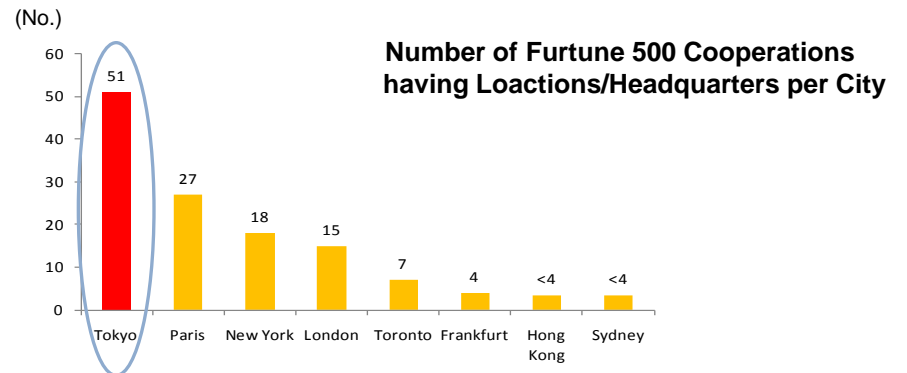
Japan represents the world's 2nd largest commercial real estate market amounting USD 2.7 trillion



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



Tokyo chosen as the top location for headquarters of 10% of Fortune 500 Cooperations

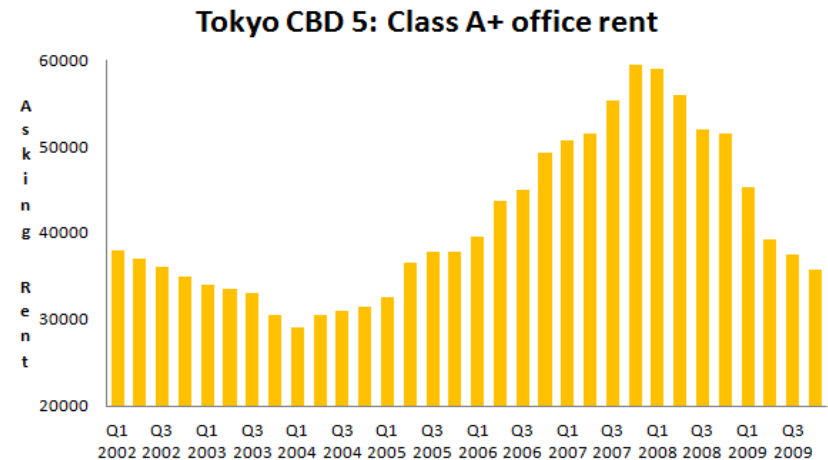
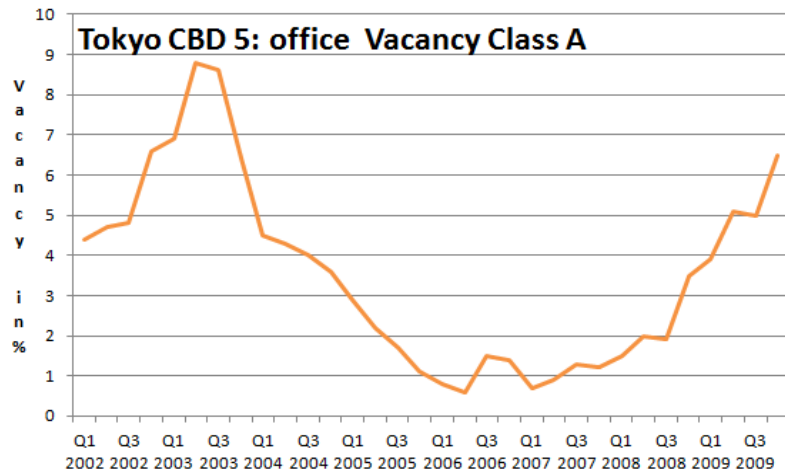


Japan Real Estate – Basics and Performance

- ❑ **Solid, stable, transparent and proven legal system:** Civil law code based on European/German blueprint
- ❑ **Traditional Leases:** 2 year lease with perpetual lease rights. The tenant has the option to terminate part or all giving 6 month notice
- ❑ **Fixed Term Lease:** Since the tenancy law revision in 2000 landlords and tenants can agree long term fixed leases. Fixed Term Leases do not provide the tenant with the right to unilaterally renew
- ❑ **Office Sector:** Traditional Leases still by far dominate the commercial office market
- ❑ **Retail and Logistic/Warehouse:** Fixed Term Lease have become standard for Logistic and warehouse real estate and for Shopping malls
- ❑ **Risk Mitigation:**
 - ❑ Tenants are required to provide large cash deposits (10 to 14 month of rent payment)
 - ❑ Landlord provides 'Ready to Rent' space with carpet, light air conditioning. Tenants have to arrange and pay for all tailor made construction like walls within the floor, cabling etc. and have to return the space in its original condition

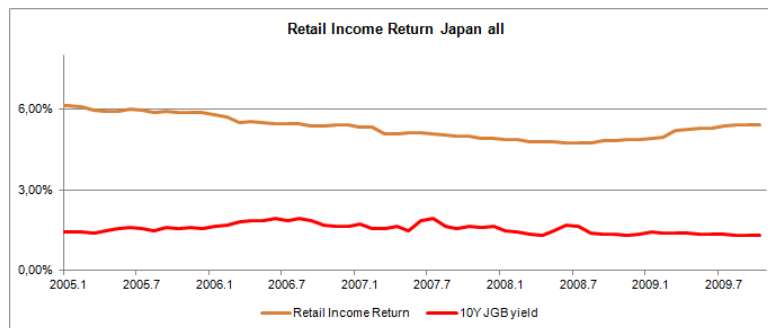
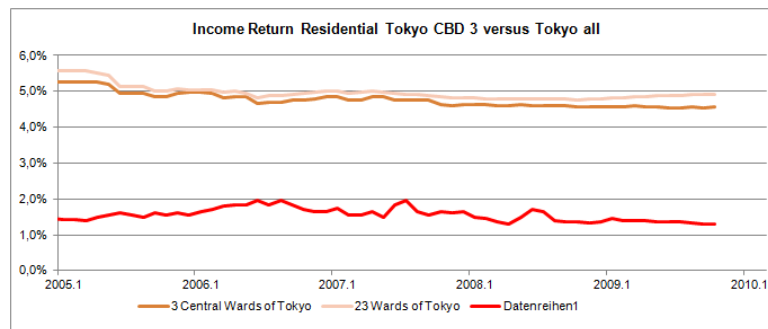
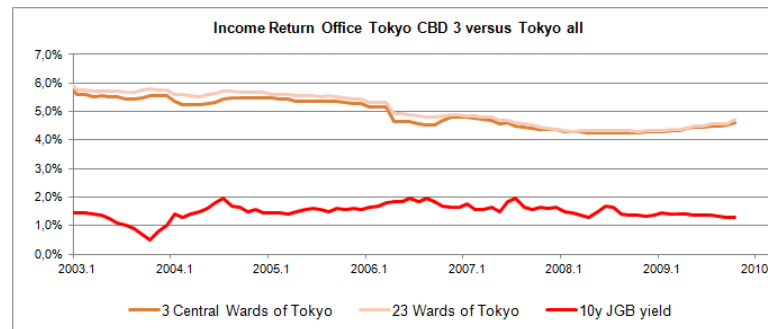
Japan Real Estate – Basics and Performance

- ❑ Statistical data show a considerable volatility
- ❑ In comparison to other large cities like New York, London or Hong Kong, Tokyo shows rather a moderate volatility in vacancy and office rent



Japan Real Estate – Basics and Performance

In Summary: The Japanese Real Estate Market presents an opportunity for stable rewarding returns with a considerable risk premium over 10 year JGB yields in all three major asset classes



Back up Overview FX Rates

□ The following FX rates have been applied:

EUR / JPY: 1 Euro = 125 JPY

USD / JPY: 1 USD = 100 JPY

EUR / USD: 1 EUR = 1.25 USD