

Issue Date: May 17, 2013

Issue No.: 13000062

**SUMMARY**  
**APPRAISAL OF THE CONDOMINIUM IN EBISU 2 CHOME**  
**SHIBUYA-KU, TOKYO, JAPAN**

XYZ Bank Limited  
Muromachi Building  
1-2-3 Nihonbashi-Muromachi, Chuo-ku  
Tokyo 103-8000  
Japan

Re: **THE CONDOMINIUM IN EBISU 2 CHOME SHIBUYA-KU, TOKYO**

Dear Sir or Madame:

As requested, we have prepared an appraisal of the above referenced property located at X banchi X, Ebisu 2 chome, Shibuya-ku, Tokyo. The subject property is one unit within a condominium.

The purpose of this appraisal is to provide the asset value of the property's unencumbered fee simple estate. This appraisal was prepared in conformity with, and subject to, the Japanese Appraisal Standards.

Attached is our appraisal report in Japanese, which documents the investigation and analyses of the economics of the subject property. Based on our analyses and subject to our certification, inclusive of basic assumptions and limiting conditions, we have concluded that as of May 13, 2013, the asset value of the subject property's unencumbered fee simple estate was:

**FIFTY SEVEN MILLION, SEVEN HUNDRED THOUSAND YEN**

**¥57,700,000.-**

Sincerely,

**SANYU APPRAISAL CORPORATION**

## THE SUBJECT PROPERTY

---

**PROPERTY IDENTIFICATION:** X banchi X, Ebisu 2 chome, Shibuya-ku, Tokyo, Japan

### Whole Building

<b>Building Name</b>	The Hiroo Residence	
<b>Building Structure</b>	Reinforced concrete building	
<b>Roof Structure</b>	Flat roof	
<b>Number of Stories</b>	7 stories with a basement	
<b>Floor Area</b>	Total	2,043.25 sqm
	1F	320.90 sqm
	2F	367.42 sqm
	3F	305.51 sqm
	4F	294.30 sqm
	5F	257.91 sqm
	6F	167.29 sqm
	7F	167.29 sqm
	B1F	162.63 sqm

### Land

<b>Residence Indication</b>	2-X-X, Ebisu, Shibuya-ku, Tokyo	
<b>Lot Number</b>	X ban X, Ebisu 2 chome, Shibuya-ku, Tokyo	
<b>Area</b>	660.56 sqm	
<b>Right to Use the Site</b>	Ownership: ABC Homes Corporation (5,854/195,274)	

### Exclusively Owned Unit

<b>Registered Number</b>	XX ban X no 702, Ebisu 2 chome
<b>Unit Number</b>	702
<b>Building Type</b>	House
<b>Building Structure</b>	Reinforced concrete building
<b>Number of Stories</b>	1 story (9F)
<b>Floor Area</b>	52.97 sqm
<b>Owner Name</b>	ABC Homes Corporation

### Annex Building

<b>Registered Number</b>	XX ban X no 702-1, Ebisu 2 chome
<b>Building Type</b>	Storage
<b>Building Structure</b>	Reinforced concrete building
<b>Number of Stories</b>	1 story (B1F)
<b>Floor Area</b>	2.32 sqm
<b>Owner Name</b>	ABC Homes Corporation

## CONDITIONS OF APPRAISAL

---

<b>PROPERTY TYPE:</b>	Tenant occupied dividedly owned building and site
<b>INTEREST APPRAISED:</b>	Fee simple interest
<b>TYPE OF VALUE:</b>	Market value
<b>DATE OF VALUE:</b>	May 13, 2013
<b>DATE OF INSPECTION:</b>	May 13, 2013

## OVERVIEW OF THE SUBJECT PROPERTY

---

### ZONING:

<b>City Planning Area</b>	Urbanization promotion area
<b>Zoning</b>	Semi-industrial district
<b>Building Coverage Ratio</b>	60%
<b>Floor Area Ratio (FAR)</b>	300%

### AREA MARKET TREND:

<b>Condominium Price Range</b>	¥900,000/sqm - ¥1,150,000/sqm
--------------------------------	-------------------------------

The market is showing signs that land and condominium prices are bottoming out against the backdrop of heightened expectations to new government's adventurous economic policies.

The potential customers are individuals or corporations who purchase for the purpose of their own use or investment. They are likely to screen properties to find those that best meet their needs such as certain living amenities or yieldability.

### PROPERTY DESCRIPTION:

<b>Neighboring Environment</b>	The subject's neighborhood is a residential area containing medium high-rise apartment and office buildings and is approximately a seven-minute walk to Hiroo Station, along the Tokyo Metro Hibiya Subway Line. The town's scenery is relatively orderly.
<b>Year Built</b>	February 2013 (Building Age: 0.2 years)
<b>Building Grade</b>	Average
<b>Maintenance Condition</b>	Average
<b>Management Type</b>	Commissioned Management (details unknown)
<b>Elevator</b>	Available

**Subject Unit**

<b>Sunshine/Natural Drafts</b>	Average
<b>View</b>	Average
<b>Noise/ Vibration</b>	None
<b>Floor</b>	7 <sup>th</sup> floor of a 7-story building
<b>Location</b>	Corner unit
<b>Orientation of Openings</b>	Northwest
<b>Floor Layout</b>	2 bedrooms with a living / dining room and kitchen
<b>Car Parking</b>	None
<b>Self Storage (Trunk Room)</b>	Available
<b>Balcony</b>	Available
<b>Market Competitiveness</b>	Excellent

SAMPLE

## PRICE OF THE SUBJECT UNIT

### SALES COMPARISON APPROACH

Comparable Sales	A	B	C
Location	Ebisu 2 chome	Nishiazabu 3 chome	Minamiazabu 1 chome
Sales Price	¥1,097,868/sqm	¥1,082,057/sqm	¥1,036,998/sqm
Floor Area	43.63 sqm	58.13 sqm	38.38 sqm
Transaction Date	November 2011	March 2013	September 2012
Traffic Access	Hiroo St. 500m	Hiroo St. 650m	Azabu juban St. 720m
Building Grade	Fair	Very Good	Average
Building Age	3.0 years	3.0 years	2.0 years
Number of Stories	6	19	11
Floor/Layout	5F/1LDK	5F/1LDK	5F/1LDK
Adjusted Price	¥1,080,000/sqm	¥936,000/sqm	¥1,020,000/sqm
Comparison Price	<b>¥1,010,000/sqm</b>		

#### Exclusively Owned Unit

Standard Price	Difference Correction Rate	Size Adjustment	Floor Area	Price
¥1,010,000/sqm	× 107/100	× 106/100	× 52.97 m <sup>2</sup>	≐ ¥60,700,000 (¥1,150,000/sqm)

#### Annex Building

Standard Price	Difference Correction Rate	Size Adjustment	Floor Area	Price
¥517,000/sqm	× 100/100	× 100/100	× 2.32 m <sup>2</sup>	≐ ¥1,200,000 (¥517,000/sqm)

**Sales Comparison Approach Value: ¥61,900,000** (¥1,120,000/sqm)

## INCOME CAPITALIZATION APPROACH

\* Rental conditions (income) are based on the assumptions.

	Item	Amount
(1) Total Income		
<i>Rentable Area: House - 58.54 sqm</i>		
<i>Rent: ¥265,000/month (¥4,527/sqm)</i>		¥3,146,876
<i>Common Area Maintenance Fee: included into rent</i>		
<i>Vacancy Ratio: 5.0%</i>		
(2) Total Expense	<i>OER(Total Expense / Total Income): 20.4%</i>	¥642,048
(3) Net Operating Income	(1) - (2)	¥2,504,828
(4) Profit from Investment of Deposit		¥5,035
Capital Expenditure		¥39,600
(5) Net Cash Flow	(3) + (4)	¥2,470,263
(6) Capitalization Rate		5.0%
Income Capitalization Approach Value	(5) / (6)	<b>¥49,400,000</b> (¥893,000/sqm)

**Income Capitalization Approach Value: ¥49,400,000 (¥893,000/sqm)**

## VALUE CONCLUSIONS

Sales Comparison Approach	¥61,900,000 (¥1,120,000/sqm)
Income Capitalization Approach	¥49,400,000 (¥893,000/sqm)
<b>Final Conclusion of Market Value</b>	<b>¥ 57,700,000</b> (¥1,040,000/sqm)

The Sales Comparison Approach value was derived from comparable sales of similar areas and are value indications showing market conditions that reflect current trends.

In contrast, the Income Capitalization Approach value was mostly based on assumption in estimating its incomes and expenses. Although it was estimated lower compared to the Sales Comparison Approach value, it is thought to be due to that occupant comfort is valued more than yieldability in the subject area.

Therefore, we gave weight to the Sales Comparison Approach value while giving consideration to the balance with the Income Capitalization Approach value.