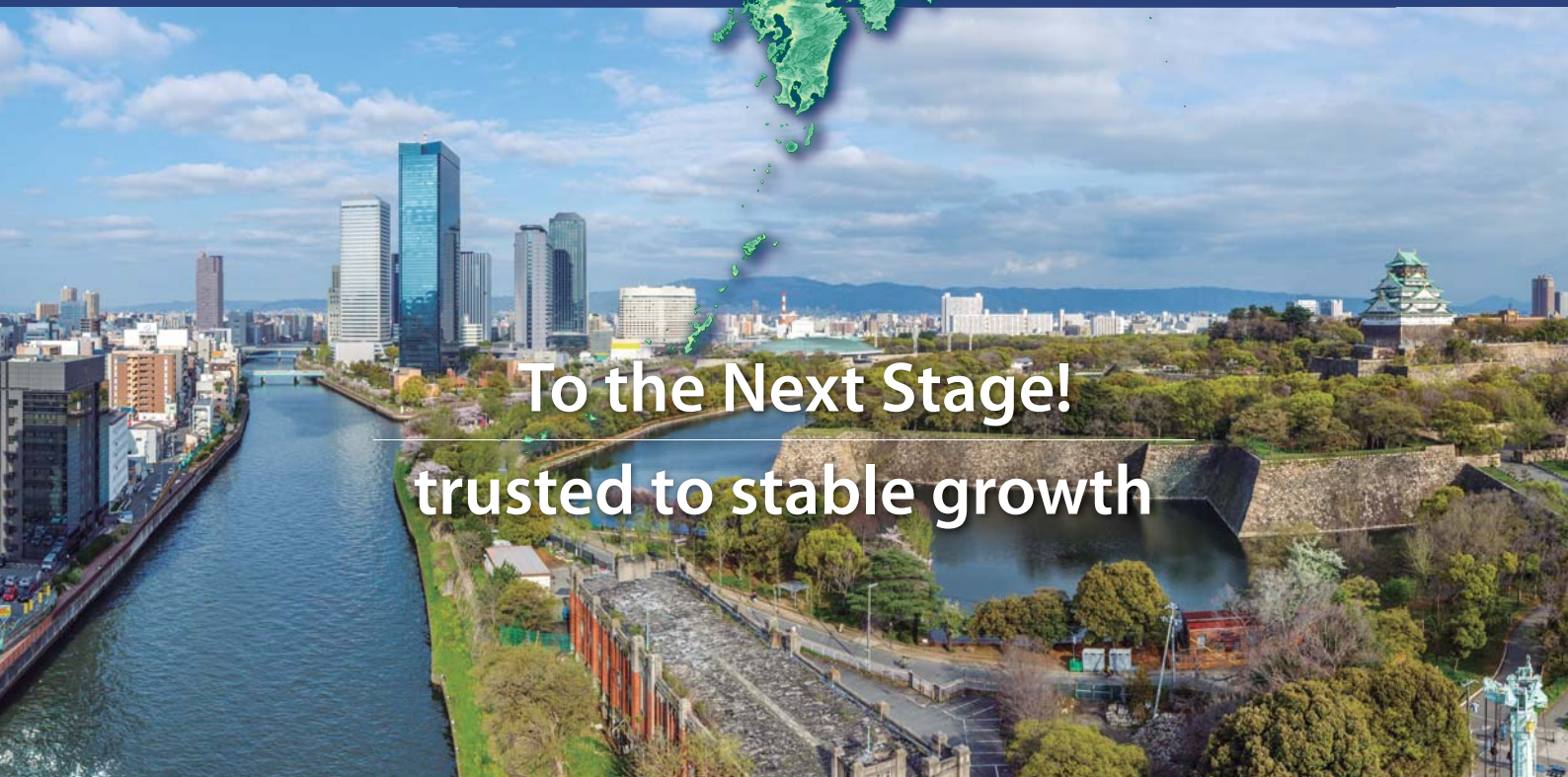




JAPANESE REAL ESTATE MARKET, TODAY



To the Next Stage!
trusted to stable growth

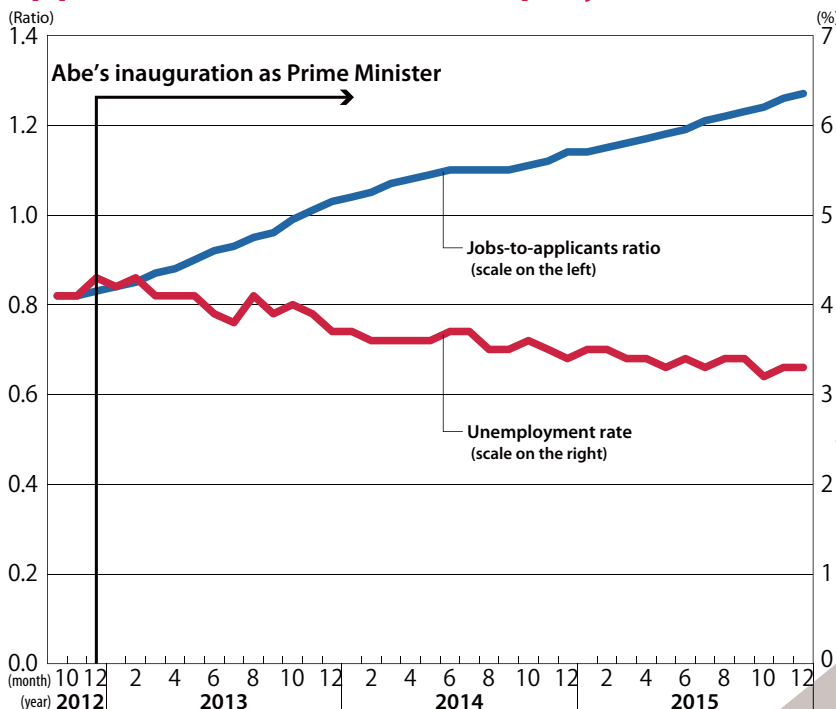
Carrying out structural reform of Japanese economy

Structural reform that enables sustainable growth of Japanese economy

Sustainable economic growth is made possible by the so-called “three arrows”: “Bold monetary policy,” “Flexible fiscal policy,” and “Bold, speedy growth strategy.”

Japan promotes foreign direct investment in Japan by being “the best country in the world in which to do business.”

[Figure] Japan’s Economy Track: jobs-to-applicants ratio and unemployment rate



NOTE : Both are seasonally adjusted values

SOURCE : Ministry of Health, Labour and Welfare, and Ministry of Internal Affairs and Communications

1. Monetary policy

The Bank of Japan introduced quantitative and qualitative easing in April 2013, aiming to “achieve the inflation target rate as soon as possible, that is, within about two years.”

Bold monetary policy

Monetary easing to increase the amount of money in circulation and eliminate the deflationary mindset

First arrow

2. Fiscal policy

Along with the implementation of its agile financial policy, Japan intends to achieve a surplus in its primary balance by 2020

Flexible financial policy

The government’s initiative to ignite the dampened demand by formulating economic stimulus packages

Second arrow

3. Growth strategy

Through the “Japan revitalization strategy,” the Japanese government will boost the “earnings power” of the Japanese economy to keep the positive economic cycle rotating. The following are some examples of relevant measures:

- Corporate tax reform

The effective corporate tax rate will be reduced to the twenties (%) in several years

- Stimulation of financial and capital markets

The portfolio of the Government Pension Investment Fund (GPIF) was reviewed in October 2014, adopting a new policy asset mix

- Utilizing of National Strategic Special Zones

Six areas have been designated as National Strategic Special Zones, including the base area for global business innovation with exceptional relaxation of floor area ratios and urban planning (Greater Tokyo Area) and the base area for medical innovation (Kansai Area). Thus, the growth of the Japanese economy is powerfully promoted

Bold, speedy growth strategy

Aiming not only to secure Japan’s medium to long-term growth in the global community but also to restore vigor in regional communities and allow individual citizens to feel affluent

Third arrow

Sustainable economic growth (increase of wealth)

Gross domestic product*1 : growth rate 3%*2

*1 Total amount of value added created domestically *2 Average value in the coming 10 years including the impact of price fluctuations

REFERENCE: Prime Minister of Japan and His Cabinet “Japan Revitalization Strategy”, “Abenomics is Progressing!”, and Bank of Japan

Flexible planning for national land by taking advantage of local community diversity and co-operation

Our national land vision plans to deal with issues and trends affecting Japan

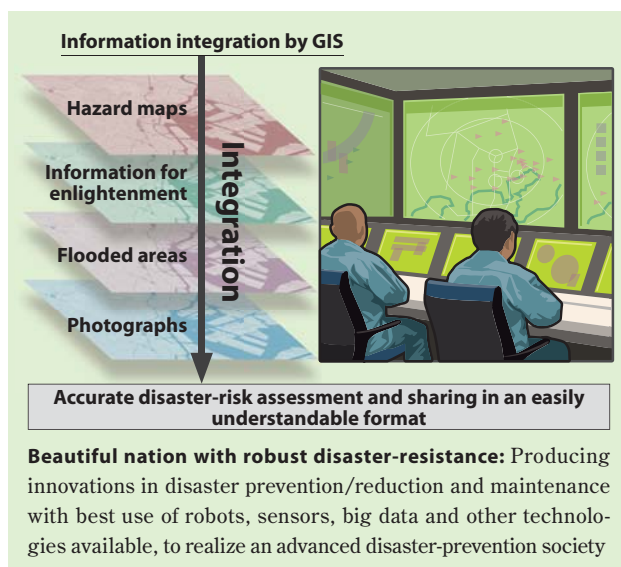
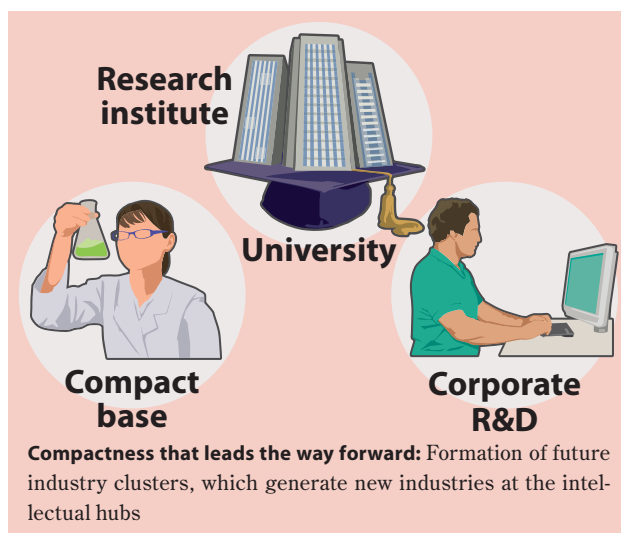
In July 2014, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) formulated the “Grand Design of National Spatial Development toward 2050.” Targeting the year 2050, the planning of national land has started under the keyword of Compact + Network.

*MLIT is the ministry responsible for the comprehensive and systematic utilization, exploitation and conservation of national land, consistent maintenance of infrastructure for these regards, promotion of transport policy, development of meteorological services, and maritime safety and security.

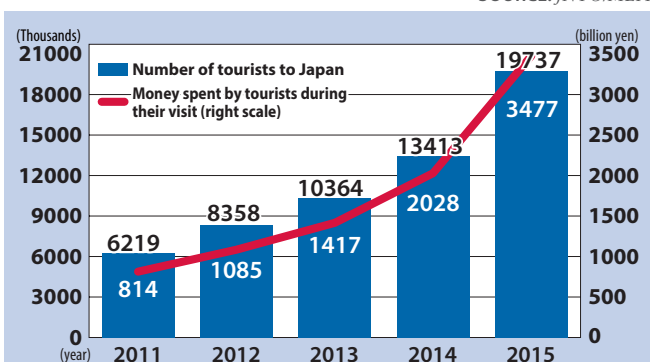
Keyword is <Compact + Network>

- Concentration of the functions necessary for everyday life in a specific area to realize efficiency (= attainment of compactness)
 - Regional cooperation beyond municipal boundaries to provide urban services (functions) of higher level (= creation of network)
 - Realization of high-density interaction between people, goods and information to bring about innovations
- Through <Compact + Network>, **creation of national land with enhanced “productivity” of the country as a whole**

An example of basic strategies



SOURCE: JNTO/MLIT



Building a tourism nation allowing visitors to experience Japan’s appeal: Local communities vitalized by discovering and cherishing their own treasures proudly and lovingly, based on thinking about what is tourism

Both the number of foreign tourists to Japan and their spending during their visits hit record highs!

- A total of **19,737,000** foreign tourists to Japan in 2015, a **year-on-year increase of 47.1%**
- A total of **¥3,477 billion** worth of spending (estimate) by foreign tourists to Japan in 2015, a **year-on-year increase of 71.5%**

SOURCE: Japan Tourism Agency

The following are prioritized measures to create local tourist attractions comparable not only with Tokyo but also any other places in the world, which can lead to a marked increase in the number of inbound tourists:

- ✓ Construct a welcoming environment for foreign tourists
- ✓ Encourage to attract/host MICE and give foreign entrepreneurs a chance to see business potential
- ✓ Promote ubiquitous use of multiple languages in road signs, tourist information guides/centers or the like

REFERENCE: MLIT “Grand Design of National Spatial Development toward 2050”

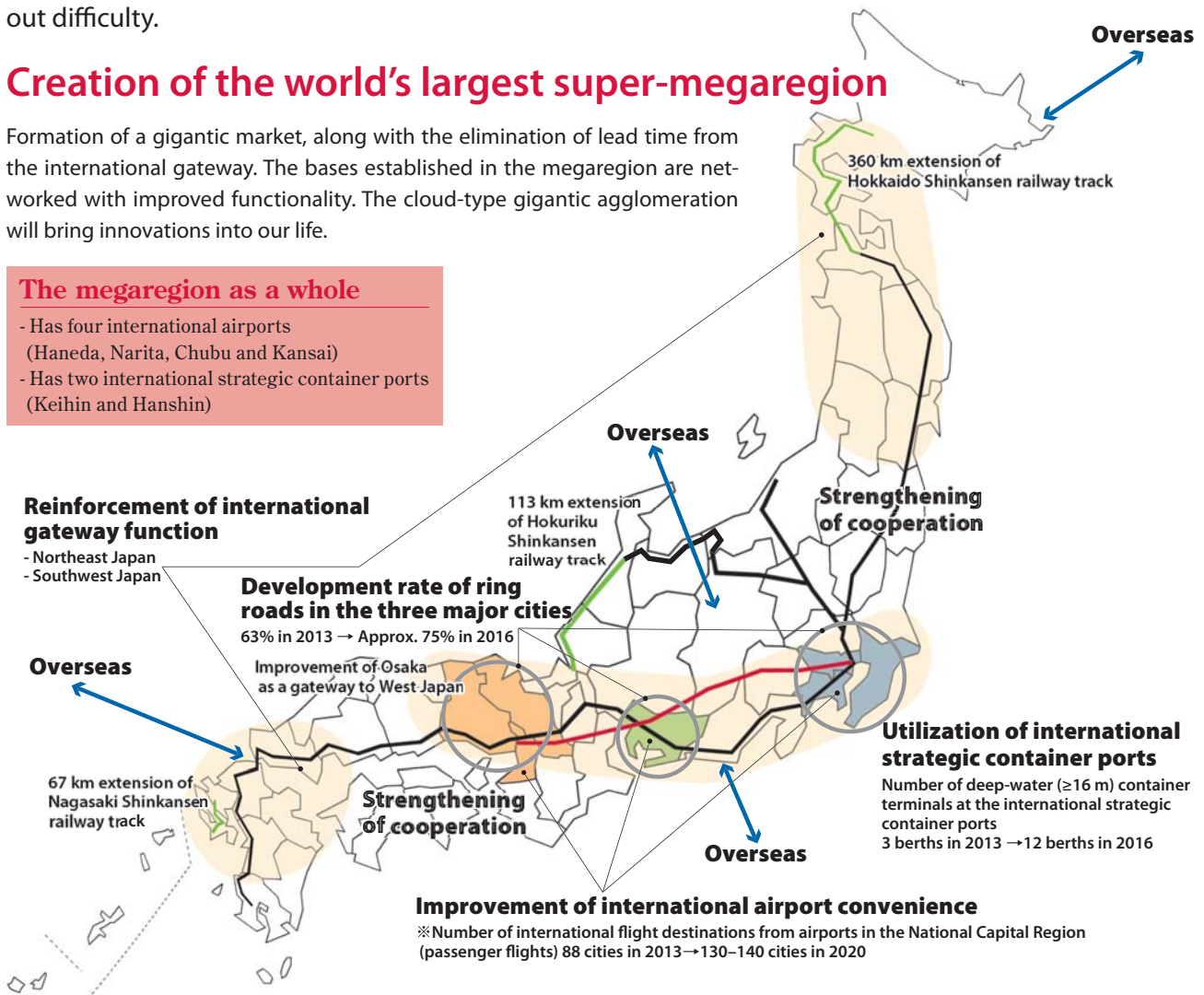
Construction of global business cities open to the world

Formation of super-megaregion

The three major cities in Japan (Tokyo, Nagoya and Osaka) will be interconnected by the Linear Chuo Shinkansen, forming the world's largest super-megaregion with 67,600,000 inhabitants. This urban agglomeration, as the "setting" in which people and goods of domestic or foreign origin come and meet, will bring innovations into our life. More people, goods, money and information from all over the world will head to this region, further propelling the engine of the Japanese economy. Global competitiveness will be strengthened by enabling the smooth international flow of people and goods (facilitation of gateway function) and creating an environment in which foreign residents can live without difficulty.

Creation of the world's largest super-megaregion

Formation of a gigantic market, along with the elimination of lead time from the international gateway. The bases established in the megaregion are networked with improved functionality. The cloud-type gigantic agglomeration will bring innovations into our life.



Ranking of urban population (January 2015) (Unit: 10 thousands)

Tokyo · Osaka · Nagoya 6760

Compiled by MLIT based on the "Thomas Brinkhoff; Major Agglomerations of the World (<http://www.citypopulation.de/>)."

1 Tokyo	3940	...	13 Beijing	2030	...	29 Tianjin	1110
2 Guangzhou	3430		14 Osaka	1780		30 Nagoya	1040
3 Shanghai	3020		15 Los Angeles	1740		31 Kinshasa	1030

REFERENCE: MLIT "Grand Design of National Spatial Development toward 2050", and "Basic Plan on Transport Policy"