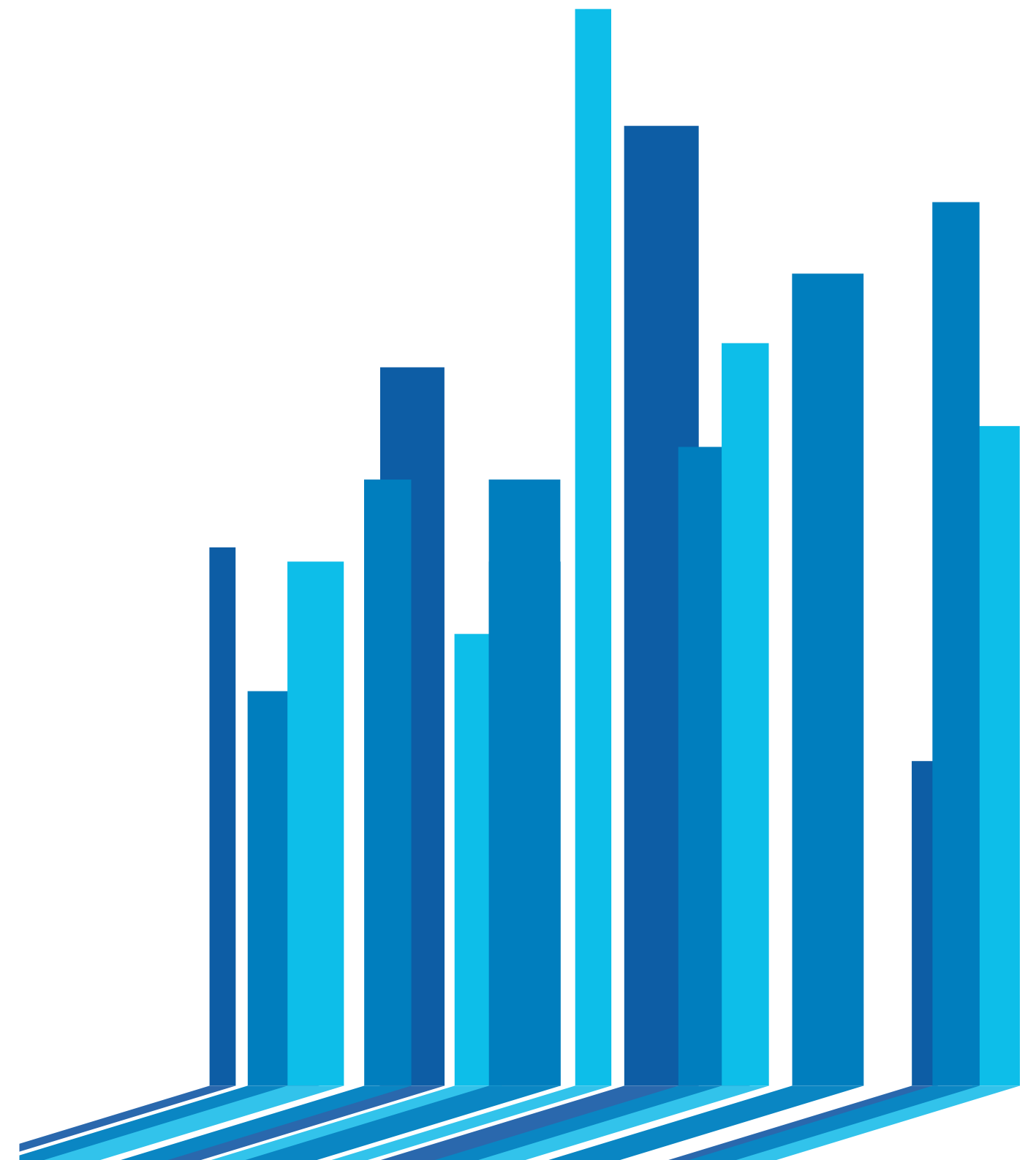


2021

OFFICE RENTDATA

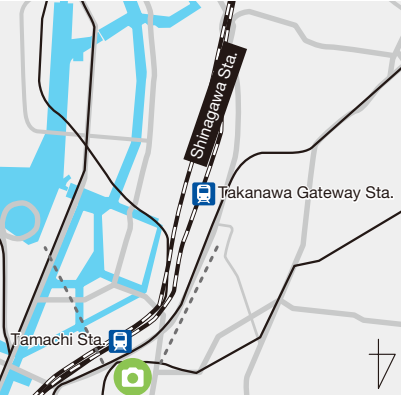


Aerial Photo
TOKYO

Tokyo Bay
Date: October 20, 2020 Altitude: approx. 600m

CONTENTS

| | |
|--|-------|
| Aerial Photo | 1-2 |
| Redevelopment Report | 3-4 |
| Redevelopment Project Map | 5-6 |
| Completion Timeline | 7-8 |
| New Supply | 9-10 |
| Transition in Office Rents and Economic Trends | 11-12 |
| Office Market | 13-16 |
| Guidelines for Opening an Office | 17-18 |
| Important Terms | 19-22 |
| Special Report | 23-24 |
| Company Outline | 25-26 |



TOKYO MITA RE-DEVELOPMENT PROJECT

(Tentative Name)



Completion Rendering

Large-Scale Re-development Project Transforming the Tokyo-Mita Area

“The Tokyo Mita Re-development Project (tentative name)” is located on the west side of JR “Tamachi Station (Mita Exit)”, around the Fuda-no-tsuji intersection where National Route 15 and Mita-dori Street meets. With close proximity to “Mita Station” on the Toei Lines and “Tamachi Station” on the JR Lines, easy access to “Tokyo International Airport (Haneda Airport)” and “Shinagawa Station” for Shinkansen, excellent transport convenience is one of the draws of the project.

The project owner is Mita 3 & 4-Chome District Type 1 Urban Redevelopment Association. Sumitomo Realty & Development Co., Ltd. is promoting the project,

participating as a landowner/leaseholder and a member of the association.

On the adjacent land stands “Sumitomo Fudosan Mita Twin Building West Wing” completed in 2006. Sumitomo Realty & Development has envisioned an integrated development for the future from the time they acquired this adjacent land.

Moss phlox is planted on the hill in Mita Twin Building West Wing, and more will be planted on the redevelopment areas to maintain a continuous landscape from the adjacent land. When it is completed, people will see a landscape with greenery and flowers that can be seen nowhere else in Tokyo. The project is positioned as an urban renaissance project among National Strategic Special Zones set by the government, which is regional development and improvement of international competitiveness.

Contributing to Greater Convenience of the Entire Area through Landscaping and the Creation of a Pedestrian Network

After completing the project, there will be a residential building, office tower, and educational facility. Plazas and parks will be placed everywhere, not just for the office tenants but for the people working in the area and local residents.

This project will also contribute to improving the pedestrian network and convenience for the entire community. Constructing a barrier-free pedestrian deck will facilitate easy access between the office tower and Tamachi Station. An additional deck will improve the flow of people from Shibaura as well, where coming and going is inconvenient due to the sloping land. The landscape is one of the features of this project. Cherry trees and azaleas planted throughout the premises will provide spaces for people to enjoy various activities such as walking, resting, having lunch, and doing light exercises while feeling the season.

The Tallest and Largest Per-Floor Size in the Area; Safe and Reliable Office Tower

The height of the office tower will be approximately 215 meters. It will have 42 floors above ground and 4 below with approximately 1,200 tsubo (≒ 3,967㎡) per floor. The total floor area will be roughly 60,400 tsubo (≒199,670 ㎡), the largest among the office buildings Sumitomo Realty & Development has developed. With this scale, it aims to attract tenants who are relocating their company headquarters.

The office space will have a ceiling height of 3 meters with a 10cm raised floor. It will also be equipped with a grid ceiling for effective layouts and VRV air-conditioning for zone wise individual control. Adopting ventilation hoppers for easy natural ventilation, Low-e double-glazed glass, electric blinds, will help save energy, and enhance air-conditioning efficiency, providing an eco-friendly office space.

The most notable feature is the ‘vibration-control and seismic isolation structure.’ A vibration-control device to curb swaying in the wind will be installed on the rooftop, which will absorb vibratory energy. Vibration-control walls will be used to reduce the sway due to winds and earthquakes. These structures will mitigate the direct impact of earthquake energy on the building. Besides a two-line loop method adopted for receiving electricity as a response to power outages, power generators operated with city gas (medium pressure gas) and heavy oil in stock are also in place, realizing a three-layer backup.

Sumitomo Realty & Development has been involved in development in the Mita area in the past. They will continue to create an attractive town that gives joy and thrill to residents in the surrounding area by improving disaster preparedness and convenience.



Rendering of Completed Sidewalk

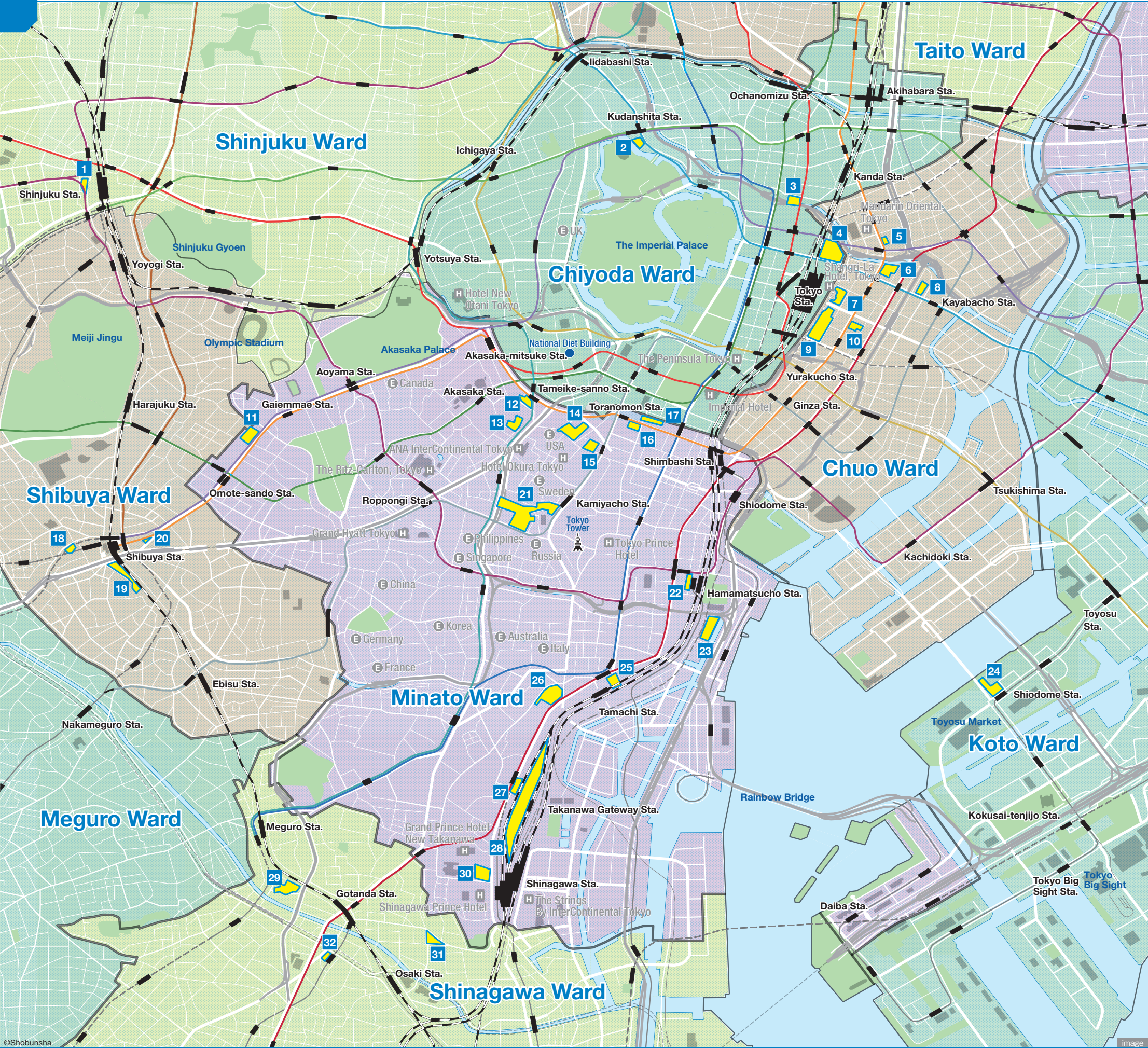
Prepared in Collaboration with Sumitomo Realty & Development Co., Ltd.

Redevelopment Project Map

List of Redevelopment Projects in Tokyo

- 1 Nishi-Shinjuku 1chome PJ.*
- 2 Kudan-Minami 1chome PJ.*
- 3 Uchikanda 1chome District Urban PJ.*
- 4 TOKYO TORCH
- 5 Nihombashi Muromachi 1chome A*
- 6 Nihombashi 1chome Central District PJ.*
- 7 Yaesu 1chome East District*
- 8 KABUTO ONE
- 9 Yaesu 2chome PJ.*
- 10 New TODA BUILDING
- 11 Kita-Aoyama 3chome District PJ.*
- 12 Akasaka 2chome PJ.*
- 13 Akasaka 2chome PJ.*
- 14 T-2 PJ.*
- 15 Toranomon Hills Station Tower*
- 16 Toranomon 1chome East District Redevelopment*
- 17 HIBIYA FORT TOWER
- 18 Dogenzaka 2chome South District PJ.*
- 19 Sakuragaoka Area PJ.*
- 20 Shibuya 2chome 17 District PJ.*
- 21 Toranomon-Azabudai PJ.*
- 22 Hamamatsucho 2chome PJ.*
- 23 Shibaura 1chome PJ.*
- 24 MEBKS TOYOSU
- 25 TTM PJ.*
- 26 Tokyo Mita PJ.*
- 27 Sengakuji Station Area PJ.*
- 28 The Shinagawa Development PJ.* (North area of Shinagawa Sta.)
- 29 Nishi-Gotanda 3chome PJ. A*
- 30 Keikyuu Shinagawa PJ.*
- 31 Sumitomo Fudosan Osaki Higashi PJ.*
- 32 Gotanda PJ.*

E:Embassy
H:Hotel
* Tentative name: Building names and project (PJ.) names are provisional and may change depending on the progress of future work.



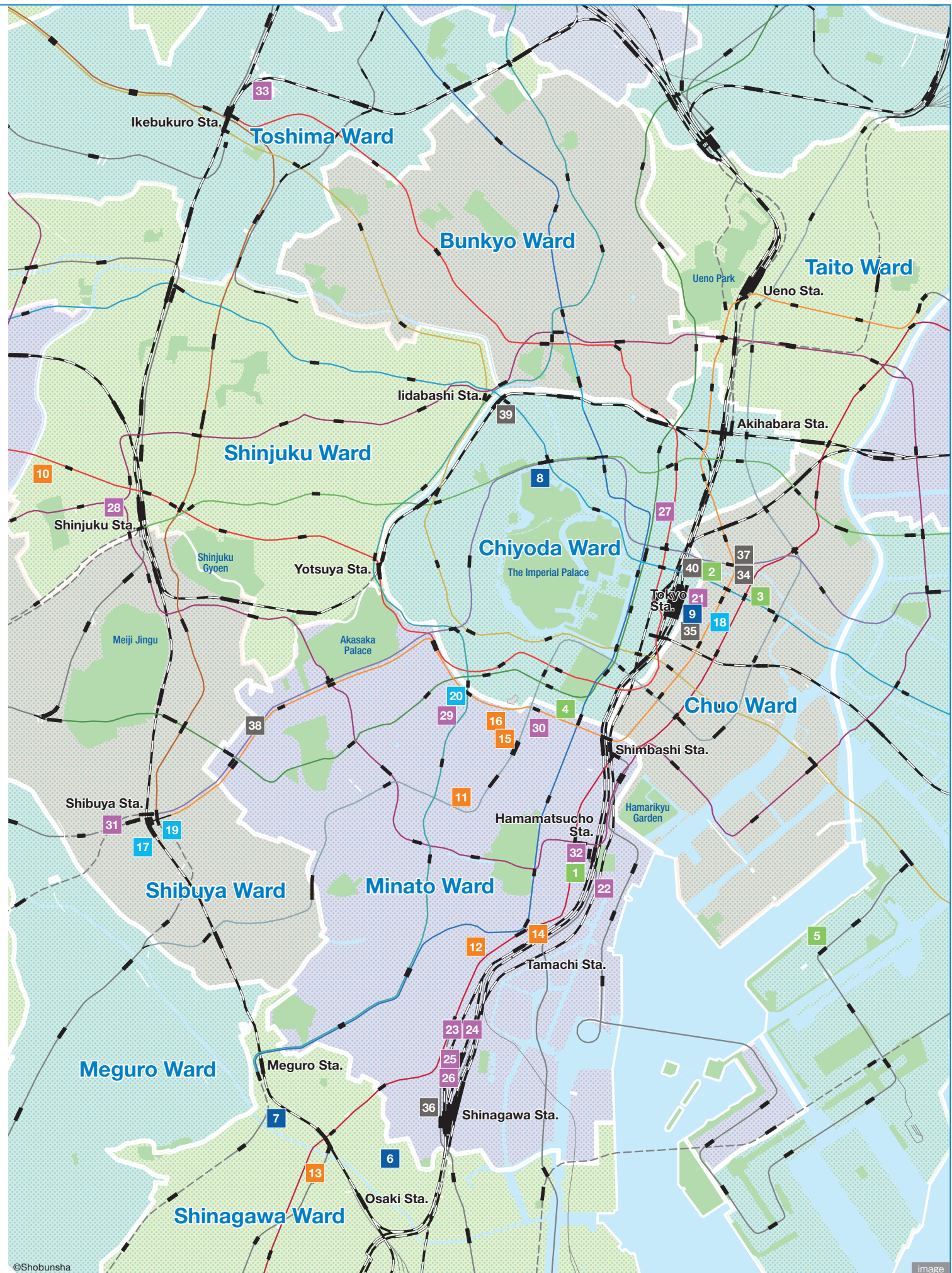
Completion Timeline

New Large-scale Buildings in Tokyo

2020-2027 Current as of February 1, 2021

| | | | | Scale | 1Floor |
|------|----|-----|---|------------------------------------|-------------|
| 2021 | 1 | Mar | World Trade Center Bldg. South* | Minato Ward / Hamamatsucho 2 | 39/B3 514 |
| | 2 | Jun | Tokiwabashi Tower | Chiyoda Ward / Otemachi 2 | 38/B5 800 |
| | 3 | Jun | KABUTO ONE | Chuo Ward / Nihombashi Kabutocho 7 | 15/B2 574 |
| | 4 | Jun | HIBIYA FORT TOWER | Minato Ward / Nishi-Shimbashi 1 | 27/B2 830 |
| | 5 | Aug | MEBKS TOYOSU | Koto Ward / Toyosu 6 | 11/0 1,986 |
| 2022 | 6 | Feb | Sumitomo Fudosan Osaki Higashi PJ.* | Shinagawa Ward / Kita-Shinagawa 5 | 19/B2 543 |
| | 7 | Mar | Nishi-Gotanda 3chome PJ. A* | Shinagawa Ward / Nishi-Gotanda 3 | 13/B1 610 |
| | 8 | Jul | Kudan-Minami 1chome PJ.* | Chiyoda Ward / Kudan-Minami 1 | 17/B3 775 |
| | 9 | Aug | Yaesu 2chome North A-1* | Chuo Ward / Yaeu 2 | 45/B4 1,267 |
| 2023 | 10 | Jan | Nishi-Shinjuku 5chome North A* | Shinjuku Ward / Nishi-Shinjuku 5 | 33/B2 599 |
| | 11 | Mar | Toranomon-Azabudai PJ.* | Minato Ward / Azabudai 1 | 65/B5 1,460 |
| | 12 | Mar | Tokyo-Mita PJ.* | Minato Ward / Mita 3 | 42/B4 1,204 |
| | 13 | Mar | Gotanda PJ.* | Shinagawa Ward / Nishi-Gotanda 8 | 21/B3 1,000 |
| | 14 | May | TTM PJ.* | Minato Ward / Shiba 5 | 29/B2 786 |
| | 15 | Jul | Toranomon Hills Station Tower* | Minato Ward / Toranomon 2 | 49/B4 1,000 |
| | 16 | Nov | T-2 Project* | Minato Ward / Toranomon 2 | 38/B2 1,054 |
| 2024 | 17 | Mar | Sakuragaoka Area PJ.* | Shibuya Ward / Sakuragaokacho | 39/B4 500 |
| | 18 | Apr | New TODA BUILDING* | Chuo Ward / Kyobashi 1 | 28/B3 724 |
| | 19 | May | Shibuya 2chome 17 PJ.* | Shibuya Ward / Shibuya 2 | 23/B2 514 |
| | 20 | Jun | Akasaka 2chome PJ.* | Minato Ward / Akasaka 2 | 28/B3 600 |
| 2025 | 21 | Mar | Yaesu 1chome East B* | Chuo Ward / Yaeu 1 | 51/B4 755 |
| | 22 | Mar | Shibaura 1chome PJ. S* | Minato Ward / Shibaura 1 | 45/B3 1,500 |
| | 23 | Mar | Sengakuji Station Area PJ.* | Minato Ward / Takanawa 2 | 30/B3 1,000 |
| | 24 | Mar | The Shinagawa Development PJ. Block III* | Minato Ward / Konan 2 | 31/B5 1,500 |
| | 25 | Mar | The Shinagawa Development PJ. Block IV North Tower* | Minato Ward / Konan 2 | 30/B3 1,500 |
| | 26 | Mar | The Shinagawa Development PJ. Block IV South Tower* | Minato Ward / Konan 2 | 30/B3 1,000 |
| | 27 | Apr | Uchikanda 1chome PJ.* | Chiyoda Ward / Uchikanda 1 | 26/B3 580 |
| | 28 | Jul | Nishi-Shinjuku 1chome PJ.* | Shinjuku Ward / Nishi-Shinjuku 1 | 23/B4 825 |
| | 29 | Oct | Akasaka 2chome PJ.* | Minato Ward / Akasaka 2 | 43/B3 1,000 |
| | 30 | Dec | Toranomon 1chome East District Redevelopment* | Minato Ward / Toranomon 1 | 30/B5 750 |
| | 31 | Dec | Dogenzaka 2chome South Area PJ.* | Shibuya Ward / Dogenzaka 2 | 31/0 600 |
| | 32 | Dec | World Trade Center Bldg. Main* | Minato Ward / Hamamatsucho 2 | 37/B3 800 |
| | 33 | Dec | Higashi-Ikebukuro 1chome PJ.* | Toshima Ward / Higashi-Ikebukuro 1 | 30/B3 800 |
| 2026 | 34 | Mar | Nihombashi 1chome Central District PJ.* | Chuo Ward / Nihombashi 1 | 49/B5 1,500 |
| | 35 | Mar | Yaesu 2chome Central District PJ.* | Chuo Ward / Yaeu 2 | 46/B4 2,000 |
| | 36 | Mar | Keikyū Shinagawa PJ.* | Minato Ward / Takanawa 3 | 29/B4 2,300 |
| 2027 | 37 | Mar | Nihombashi Muromachi 1chome A* | Chuo Ward / Nihombashi Muromachi 1 | 36/B4 800 |
| | 38 | Mar | Kita-Aoyama 3chome PJ.* | Minato Ward / Kita-Aoyama 3 | 38/B2 1,200 |
| | 39 | Mar | Iidabashi Station Central District Redevelopment* | Chiyoda Ward / Iidabashi 4 | 27/0 530 |
| | 40 | Apr | Torch Tower | Chiyoda Ward / Otemachi 2 | 63/B4 1,800 |

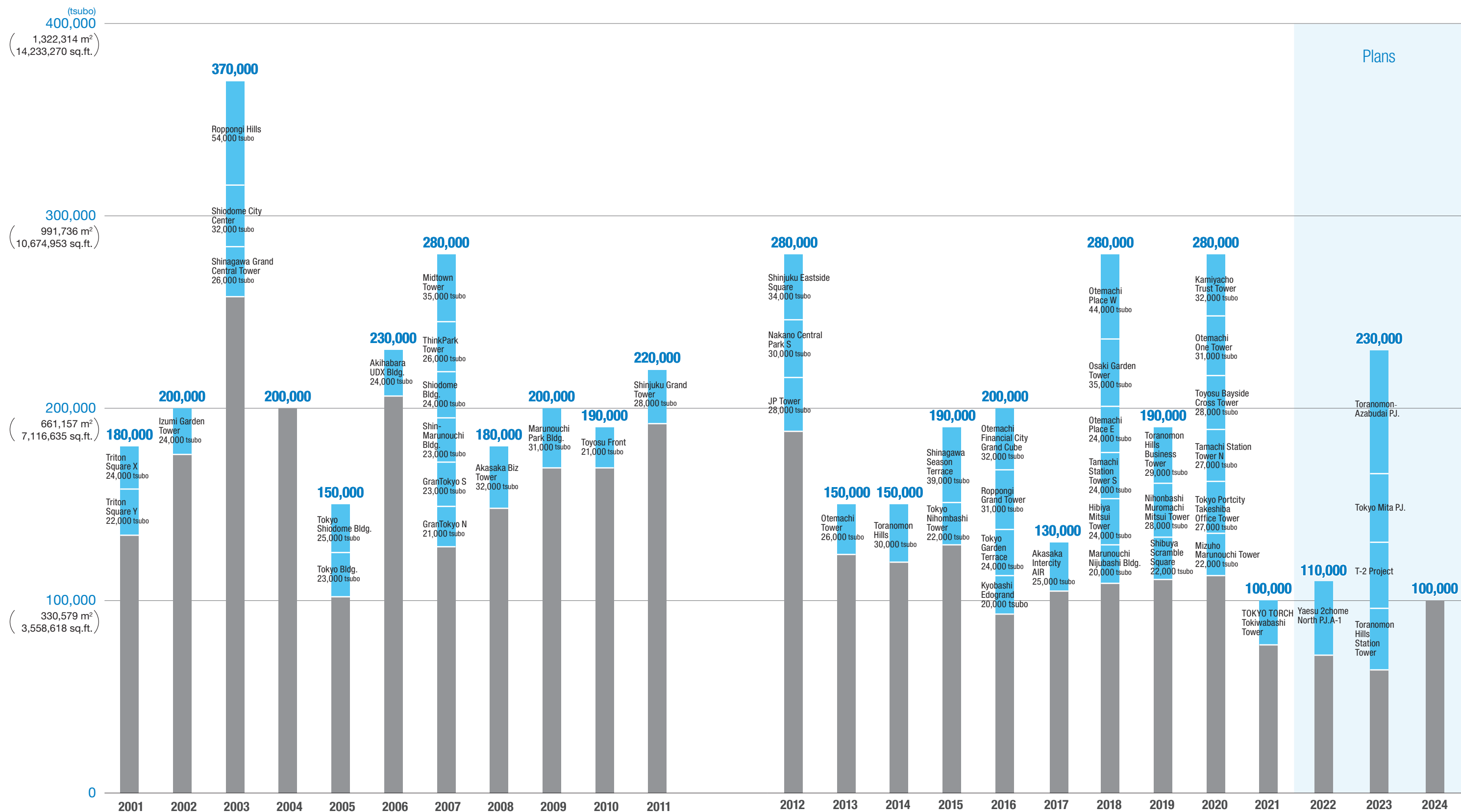
1 tsubo ≒ 3.3 sq. m ≒ 35.58 sq. feet
- Abbreviations are used in some parts.
- Scale refers to the number of floors above ground, and one floor refers to the standard floor area in tsubo.
- Building names, completion times, structure, etc. may change depending on the progress of future work.
* Tentative name



New Supply TOKYO

Change in Amount of New Supply Buildings of 100 tsubo (330 m²) or more per floor

Abbreviations are used in some parts
■ Leasable Floor Area of 20,000 tsubo (66,000m²) or more
1 tsubo ≈ 3.3 sq. m ≈ 35.58 sq. ft.



Transition in Office Rents and Economic Trends

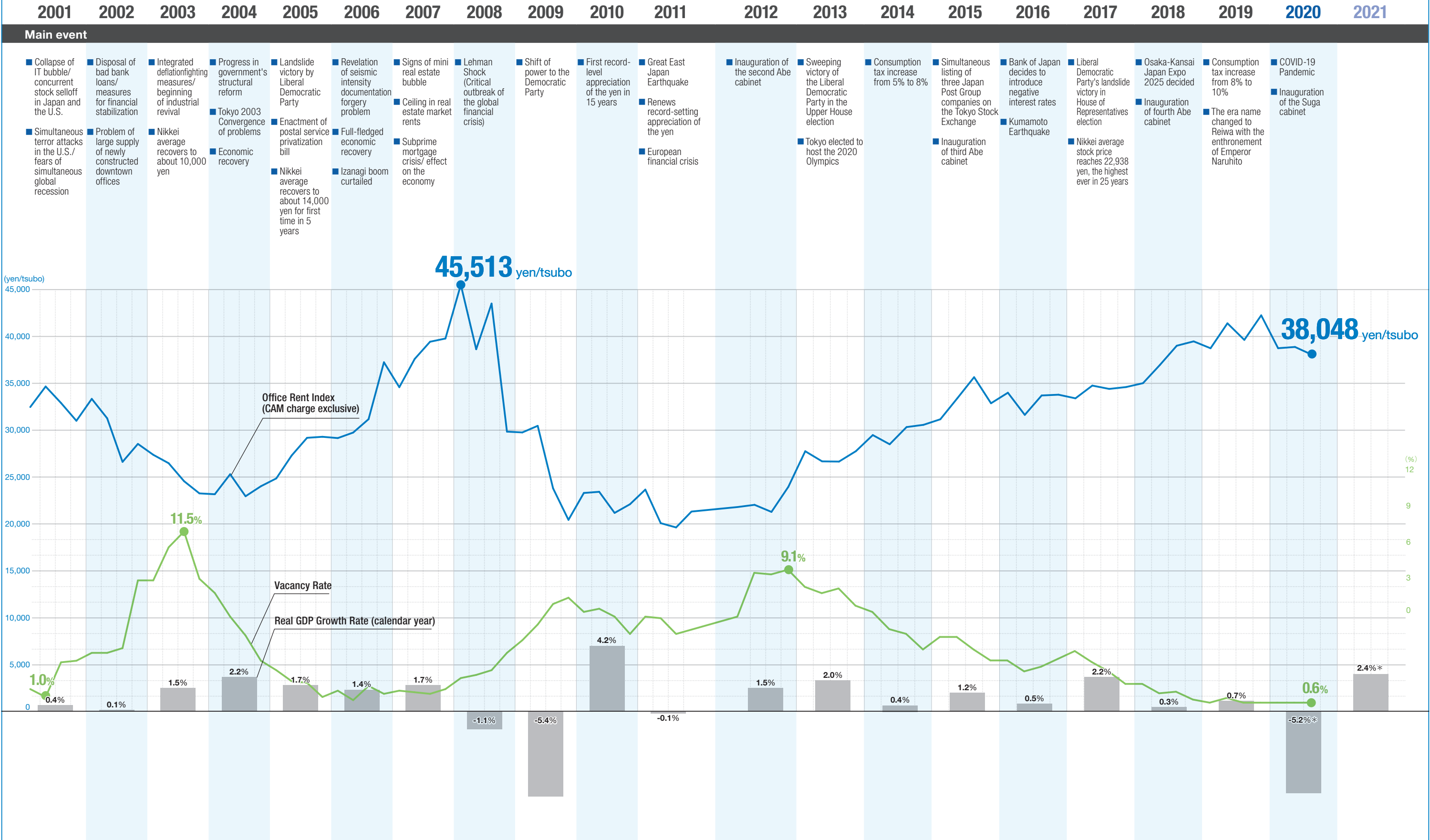
2001-2021 Current as of December 1, 2021

Class A Buildings in Central Tokyo

Office Rent Index
Vacancy Rate
Real GDP Growth Rate (calendar year)
Source: Cabinet Office, SNA (System of National Accounts)
Projected values source: NLI Research Institute

Class A Building Guidelines

· Tokyo Central 5 Wards and major business districts
· Total floor area is 10,000 tsubo or more
· 300 tsubo or more/standard floor
· Completed within 15 years
· Ceiling height 2.7m or more, individual air conditioning, high anti-seismic and environment performance



※ 1 tsubo ≒ 3.3 sq.m ≒ 35.58 sq.feet

*Values for 2020 and 2021 are projections.

Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward, Shibuya Ward, Shinagawa Ward / Ota Ward



Reading Guide

About the Survey

Survey period
July 1 - December 1, 2020

Survey time (rent, vacancy rate)
December 1 each year

Subject buildings
Office buildings that were seeking tenants during the above period

Building class (area per floor)
Large-scale buildings: 200 tsubo or more
Medium/large-scale buildings: 100 to less than 200 tsubo
Medium-scale buildings: 50 to less than 100 tsubo
Small-scale buildings: 20 tsubo to less than 50 tsubo
*1 tsubo ≈ 3.3 sq. m ≈ 35.58 sq. feet

About the Terminology

Area per floor
The maximum leasable area on a standard office floor (3rd floor or higher) for each building

Rent (including common area maintenance (CAM) charge)
Average value of asking rent for each individual property

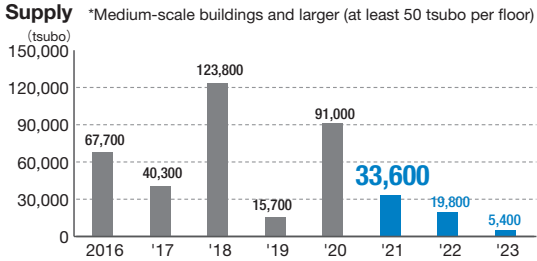
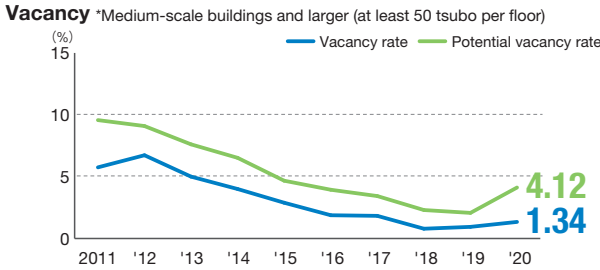
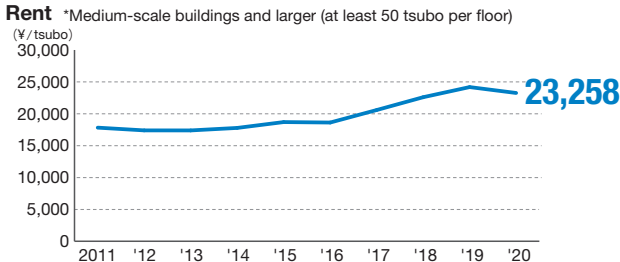
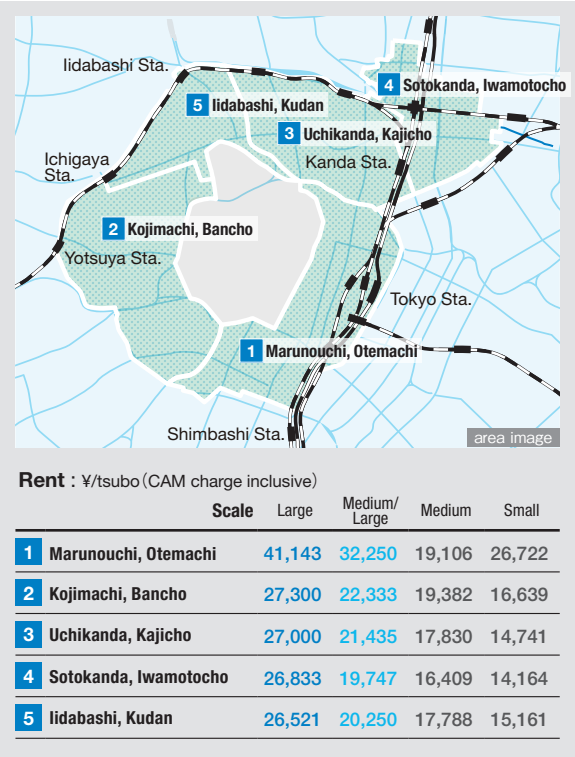
Vacancy rate
Ratio of currently vacant space to the total leasable space

Potential vacancy rate
Ratio of currently vacant space and space to be vacant by termination of the lease contract to the total leasable space

New supply
Total leasable floor space in new buildings completed during the data collection period

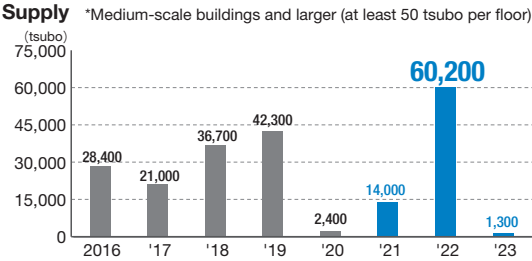
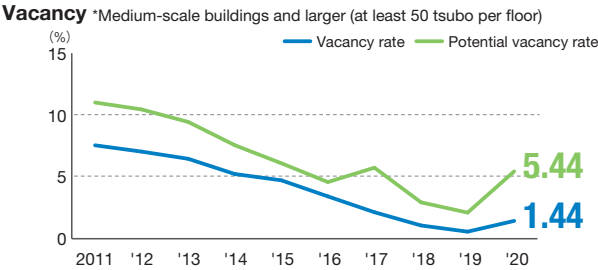
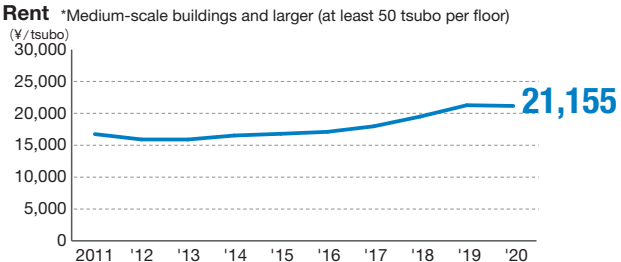
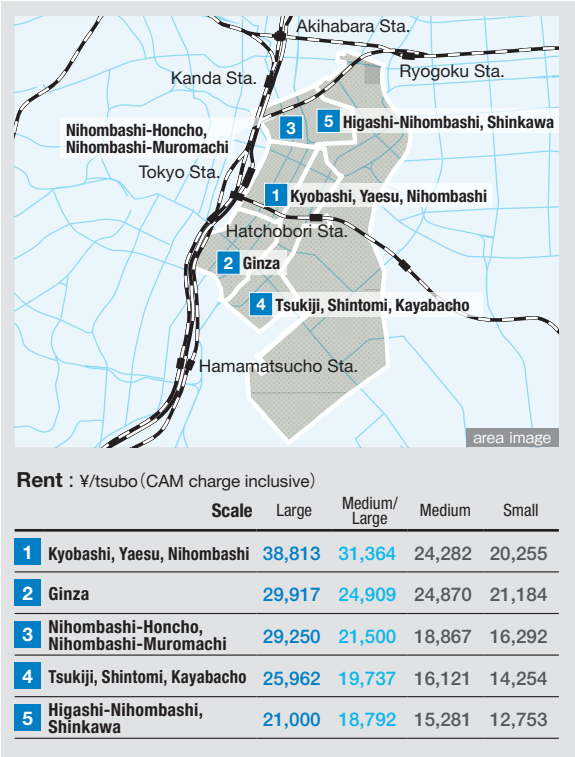
Chiyoda Ward

While the vacancy rate remains low at the 1% level, the potential vacancy rate has turned upward. The recovery of demand has been slow even after the state of emergency was lifted, and asking rents have turned downward. On another front, new supply is likely to remain relatively low over the next three years.



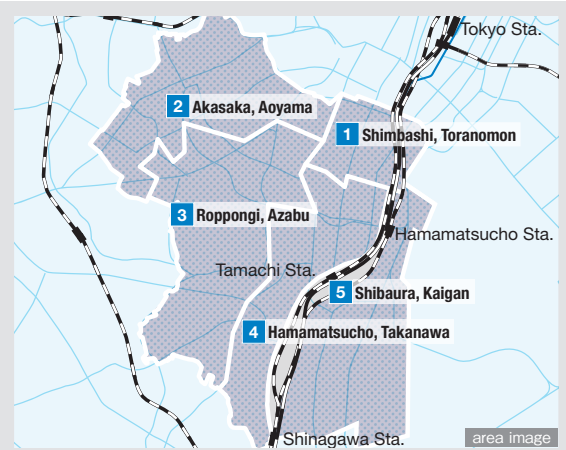
Chuo Ward

Both the vacancy rate and potential vacancy rate have turned upward after hitting bottom in 2019, and the latter rose significantly from the previous year. Asking rents stand at the low 21,000 yen/tsubo level, indicating that the upward trend is about to end. New supply in 2022 is expected to be the largest volume since 2016.



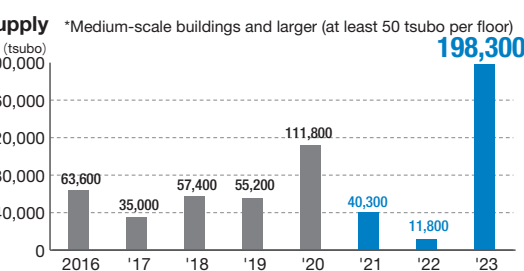
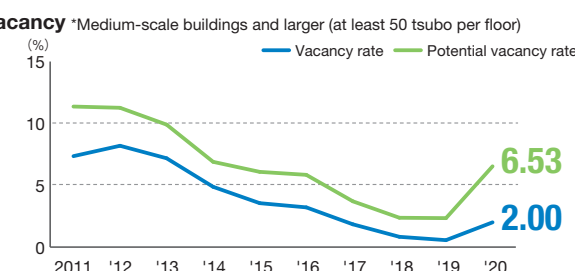
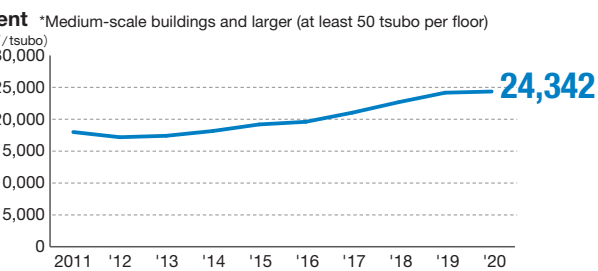
Minato Ward

Although the vacancy rate remained at a low level, the potential vacancy rate increased significantly due to the vacancy expected to arise from relocations to newly constructed buildings. Asking rents have reached the highest level since 2011. Approximately 200,000tsubo (661,157㎡) of several large scale buildings are projected to be supply in 2023.



Rent : ¥/tsubo (CAM charge inclusive)

| | Scale | Large | Medium/Large | Medium | Small |
|--------------------------|-------|--------|--------------|--------|--------|
| 1 Shimbashi, Toranomon | | 32,818 | 25,561 | 20,410 | 17,068 |
| 2 Akasaka, Aoyama | | 32,149 | 26,869 | 21,483 | 19,822 |
| 3 Roppongi, Azabu | | 28,465 | 23,121 | 19,340 | 17,352 |
| 4 Hamamatsucho, Takanawa | | 26,536 | 21,773 | 18,628 | 14,764 |
| 5 Shibaura, Kaigan | | 25,117 | 20,167 | 18,200 | 14,731 |



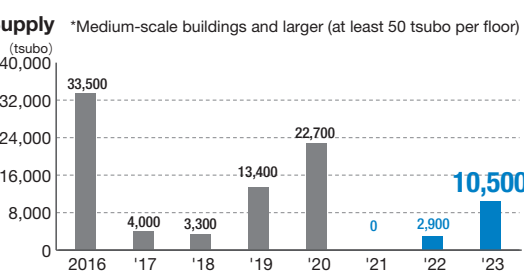
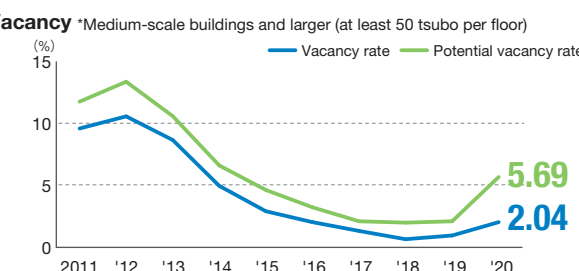
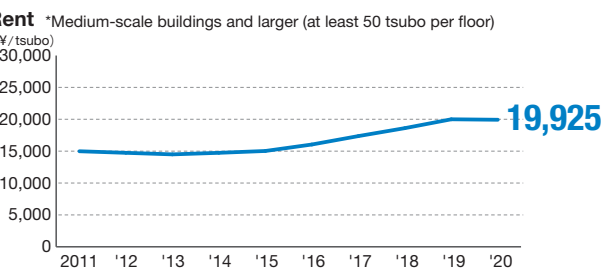
Shinjuku Ward

Although the vacancy rate still remains low at the 2% level, the potential vacancy rate has risen significantly to the 5% level. Asking rents that have continued to rise after bottoming out in 2013 are now almost flat against the backdrop of an increase in available floor space and delay in demand recovery. New supply for the next three years is expected to remain at a low level.



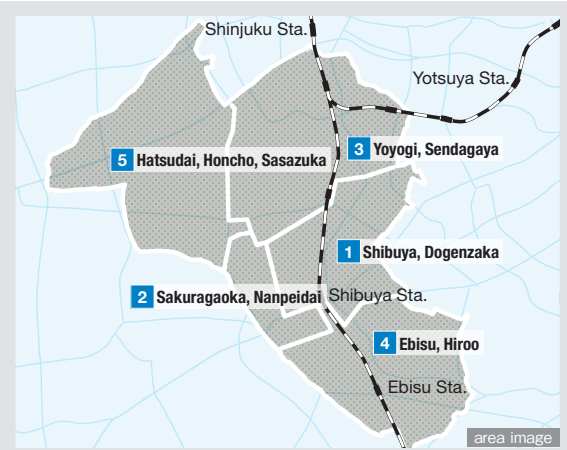
Rent : ¥/tsubo (CAM charge inclusive)

| | Scale | Large | Medium/Large | Medium | Small |
|-----------------------|-------|--------|--------------|--------|--------|
| 1 Nishi-Shinjuku | | 29,541 | 21,607 | 19,145 | 18,261 |
| 2 Shinjuku, Kabukicho | | 28,667 | 20,399 | 18,383 | 16,352 |
| 3 Yotsuya, Ichigaya | | 24,875 | 19,344 | 15,253 | 13,697 |
| 4 Takadanobaba, Okubo | | 20,667 | 14,585 | 14,396 | 13,180 |
| 5 Waseda, Kagurazaka | | 17,750 | 18,806 | 14,457 | 12,336 |



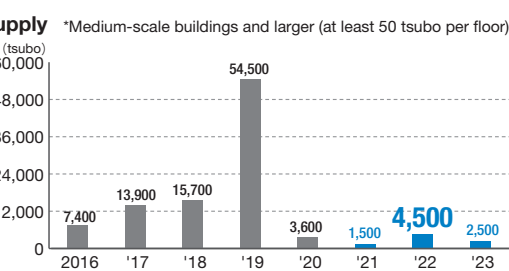
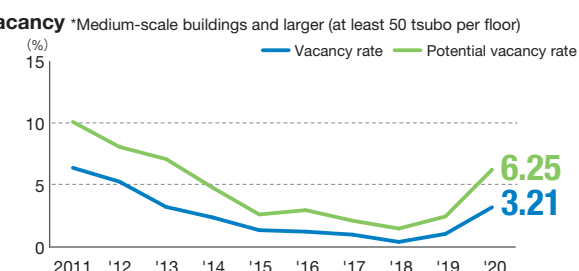
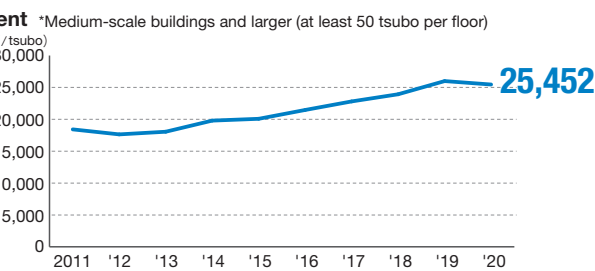
Shibuya Ward

Both the vacancy rate and the potential vacancy rate have surged because of the increase in cancellation of offices due to the introduction of remote work and cost reduction. With this trend, asking rents are shifting to a downward trend. On the other hand, new supply is likely to remain low over next three years, following the trend in 2020.



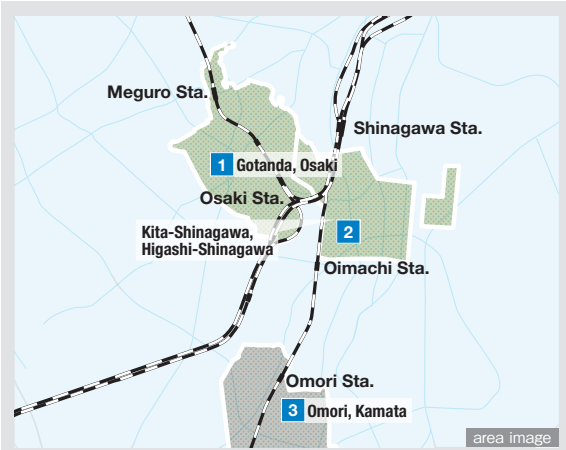
Rent : ¥/tsubo (CAM charge inclusive)

| | Scale | Large | Medium/Large | Medium | Small |
|------------------------------|-------|--------|--------------|--------|--------|
| 1 Shibuya, Dogenzaka | | 30,857 | 29,619 | 25,052 | 22,776 |
| 2 Sakuragaoka, Nanpeidai | | 32,833 | 23,889 | 23,318 | 18,827 |
| 3 Yoyogi, Sendagaya | | 28,500 | 25,571 | 20,025 | 18,686 |
| 4 Ebisu, Hiroo | | 33,667 | 27,900 | 22,390 | 20,504 |
| 5 Hatsudai, Honcho, Sasazuka | | 20,000 | 15,667 | 16,061 | 12,185 |



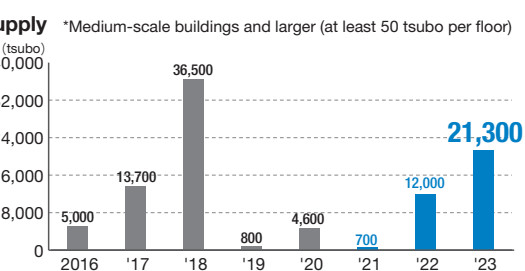
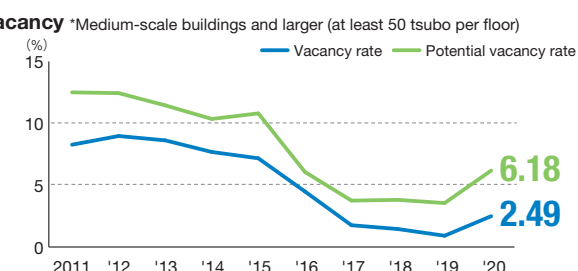
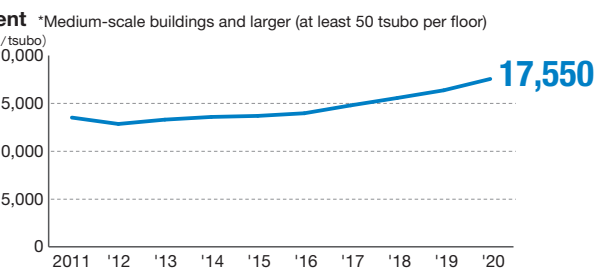
Shinagawa Ward / Ota Ward

Although the vacancy rate is still low at the 2% level, it has turned upward while the potential vacancy rate also rose to the 6% level. Asking rents have reached the 17,000 yen/tsubo level after continuing to rise since 2013 against the backdrop of a tight supply-demand balance.

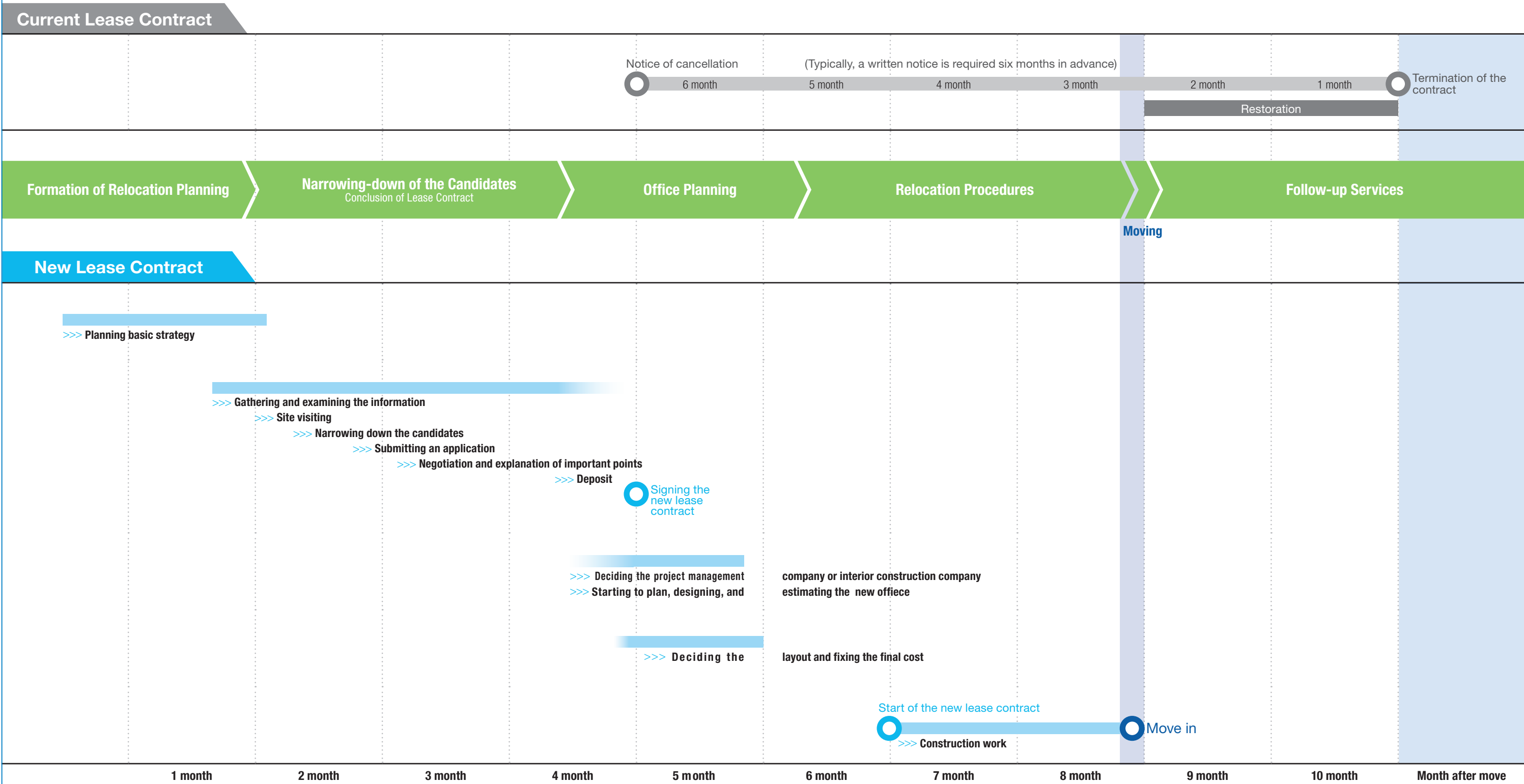


Rent : ¥/tsubo (CAM charge inclusive)

| | Scale | Large | Medium/Large | Medium | Small |
|-------------------------------------|-------|--------|--------------|--------|--------|
| 1 Gotanda, Osaki | | 23,840 | 19,634 | 16,655 | 14,651 |
| 2 Kita-Shinagawa, Higashi-Shinagawa | | 20,150 | 15,667 | 12,834 | 11,665 |
| 3 Omori, Kamata | | 17,833 | 15,825 | 12,176 | 11,837 |



This is a typical case of an office relocation process for reference. The length of the schedule may change depending on the office sizes and various other reasons. Please feel free to contact us for more details.



Important Terms

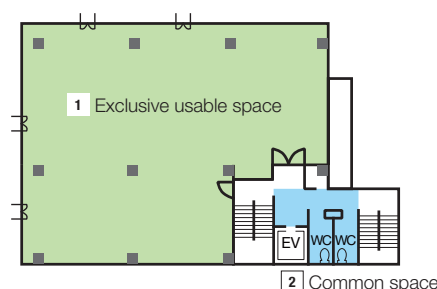
The following are some of the terms unique to the Japanese office rental market that you may find useful to know.

Contracted Space

Keiyaku Menseki 契約面積

This term may apply to exclusive usable space, or to both exclusive usable space and a part of the common space

(**1** green part only, or **1** + **2** blue part).



1 Exclusive usable space

Senyu Menseki [専有面積]

This term refers to the space used exclusively by the tenant; it is measured from wall center to wall center.

2 Common space

Kyoyo Menseki [共用面積]

This term refers to space used in common by two or more tenants. It might include elevator halls, corridors, restrooms, kitchenettes, and the like.

Unit of Space

Menseki Tan-i [面積単位]

The official unit used to measure floor space is the square meter, but many property owners still use the older term “tsubo” in their floor plans and advertisements.

(1 tsubo \approx 3.3 sq. m \approx 35.58 sq. feet)

Deposit Money

Hoshokin or Shikikin 保証金・敷金

The terms “Hoshokin” and “Shikikin” are both used to mean “deposit money.” Though they have slightly different meanings, they essentially refer to a sum which is paid to the owner as a non-interest deposit when signing the lease contract. Legally this money could be classified as “guarantee money” against any liability that the tenant might incur against his duties as a tenant.

Return Period

The deposit money will be returned to the tenant after the “surrender by the lessee of the leased premises to the lessor.” Any unpaid rent or damages recoverable from the lessee will first be deducted from the deposit, and the difference will be refunded.

Sum

As a normal rule, 10-12 month’s rent will be charged as deposit money.

Depreciation Fee

Shokyaku-hi [償却費]

Owners of small-sized buildings often demand that tenants pay a depreciation fee. This is deducted as a percentage from the deposit (usually 10% to 20%) when the contract ends, and the deposit minus the fee is then returned to the lessee. The term “depreciation” is used here, but there is no direct relationship between the fee and building depreciation.

Rent

Chinryo 賃料

Beginning of Rent

In general, two periods are included in a term of the lease. The one is for interior finish work before a tenant move in the leased premise, and the other one is for restoration work. And rent starts on the beginning date of the term of the lease. A tenant is required to complete a restoration work by the termination of the term of the lease.

Rental Payments Due

The common practice is to pay rent a month in advance, with the payment for the following month coming due at the end of the current month (between the 25th and the last day of the month).

Method of Payment

In general bank transfers or postal transfers have become the most common way to pay one’s rent.

Increases in Rent (Case of regular lease contract)

Three basic reasons for rent increases during the contract period or signing a new lease contract.

1. Taxes on the land or on the building itself have increased.
2. There has been a sharp increase in the general cost of living due to inflation, etc.
3. The rent is shown to be lower than rents for similar facilities in the same neighborhood.

Such increases can be implemented with the agreement of both parties.

Other Expenses

In addition to monthly rent and common area maintenance charges, the following expenses may be incurred. It will depend on the operating systems of the building and several reasons. Please check each time.

・Parking lot fees ・Gas charge ・Fees for the use of building signboards
・Cleaning charge ・Air-conditioning & heating
・Electric charge ・Water charge, etc.

Common Area Maintenance (CAM) Charge

Kyoeikihi 共益費

In most cases, a fee is charged monthly in addition to the actual rent. This fee is calculated on the basis of the running costs of the building, such as Electric Charge, Water Charge, Gas Charge, Cleaning Charge, Air-conditioning & Heating Charge for the common space such as entrance hall, elevator, toilet, etc. Generally the fee is between 3,000 yen and 7,000 yen per tsubo. Recently there have been cases of the common area maintenance (CAM) charges being included in the rent.

Lease Type and Terms

Keiyaku Keitai・Keiyaku Kikan 契約形態・契約期間

Lease terms in Japan generally fall into two categories.

One is a regular or standard lease that usually runs for 2-3 years but can be automatically renewed unless either party wishes to terminate the contract. Under this lease, tenants wanting to vacate before the end of the lease period can usually give written notice, typically six months in advance, and then vacate without incurring penalties.

A second type of lease being increasingly adopted by owners of Class A buildings is the fixed term lease. Such leases run for 2-5 years, and at the end of the lease period, tenants cannot renew. Tenants wishing to remain in the property must renegotiate a new contract with the owner. Also, tenants wishing to vacate ahead of the lease expiry date must pay a penalty equivalent to the number of months’ rent remaining in the contract.

Renewal Fee

Koshin-ryo 更新料

Some landlords demand a renewal fee when lease contracts are renewed, and this fee is usually one month’s rent at the rate stipulated in the new lease contract.

Explanation of Important Lease Conditions

Juyojiko Setsumeisho 重要事項説明書

Based on Article 35 of the Land and House Lease Law, Sanko Estate will explain lease terms and conditions in writing (“Important Lease Conditions”) prior to signing of the Lease agreement.

Repair Fees

Shuzenhi 修繕費

The following types of repair fees are the most commonly encountered.

Obligations of the Property Owner

1. Repairs on the building itself
2. Repairs on office ceilings, walls, floors, and other structural members that are a part of the building itself
3. Repairs for the common areas of the building
4. Repairs for equipment and machinery

Obligations of the Tenant

1. Repainting or papering of ceilings, walls, floors, and other space inside the office
2. Replacing or repairing fixtures, blinds, glass, lighting, switches, or electrical outlets inside the office
3. Repair any partitions, fixtures, special-use equipment, or the like that the tenant has installed in the office. Check your contract carefully for any other obligations that may be faced by the tenant

Interior Finish Work

Naiso Koji 内装工事

A tenant is required to submit a plan of interior finish work in the leased premise to the building owner, and need to obtain the owner’s consent in advance to avoid having troubles related with the body of the building.

Prohibitions, etc.

Kinshi-jiko 禁止事項

In general, the lessee may not

1. Reassign the lease of the leased premises or sublet the leased premises in any form
2. Assign or offer the leased premises as security to third parties including any of the rights under the contract
3. Transfer any of the rights under the contract to any person other than the lessee through assignment of business, merger, or other such transactions

In addition, without the lessor’s consent, the lessee may not co-occupy the leased premises with another person/party or use any name other than that of the lessee as the name of occupant. It may be permissible for the leased premises be co-occupied with the prior consent of the lessor if the other party is financially related to the lessee.

Restoring to Original Condition

Genjo Kaifuku 原状回復

The lessee is under obligation to restore the leased premises to the original condition by the termination of the contract.

The standard for offices usually entail

- Replacement of carpet tile flooring
- Wallpaper renewal
- Painted walls
- Sound-absorbent plates on the ceiling and fluorescent lighting

At the termination of the contract, the lessee removes at his own expense the fixtures and equipment installed or added at his expense and the property owned by him prior to delivering the leased premises to the lessor. If the lessee fails to restore the leased premises to its original condition at the termination of the contract, the lessor may restore the leased premises and charge the expenses to the lessee. It must be done by contractors the owner designates or approves of, and the tenant bears all construction costs. The construction work must be completed within the contracted period.

Cancellation Notice of Contract (Case of regular lease contract)

Kaiyaku Yokoku 解約予告

If the lessee desires to terminate the contract at any time during the term of the lease, it is stipulated that the lessee must present advance notice of cancellation to the lessor in the time designated by the lessor (usually within 6 months prior to the lessee’s expected day of the termination, with the need to restore to the original state). If the lessee wants to cancel the contract without prior notice, the lessee is obliged to pay a penalty for cancellation of contract equivalent to the 6 month’s rent, as stipulated in the article of advance notice. However, in principle, early cancellation of a fixed-term lease contract is not possible.

Commission

Chukai Tesu-ryo 仲介手数料

In Japan, at the time of contracting for new space, it is the tenant and not the landlord who pays the introducer, the agent, a fee equal to one month’s rent. This practice gives the tenant important advantages by ensuring that the agent represents the tenant only while diligently maintaining the tenant’s position and acting in the tenant’s best interests in all negotiations.

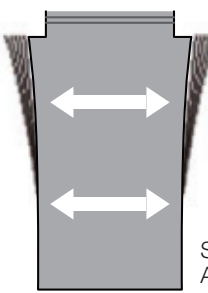
Building Rules and Regulations

Kanri Kisoku 管理規則

Most buildings have their own “Administrative Regulations” concerning daily administration and management of the building such as opening and closing times (regular hours) of the building, regular air-conditioning and heating hours, use of the building beyond the regular hours, working hours of janitors, and stipulations concerning keys, etc. It is recommended that the regulations be confirmed with the lessor in advance, since each building has its own set of regulations.

Seismic Performance

Taishin Seino 耐震性能

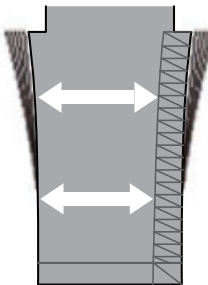


Earthquake-resistant structure

Taishin Kozo [耐震構造]

Structure designed and built to withstand earthquakes, wind and other forces.

Seismic Engineering Approaches



Vibration-controlling structure

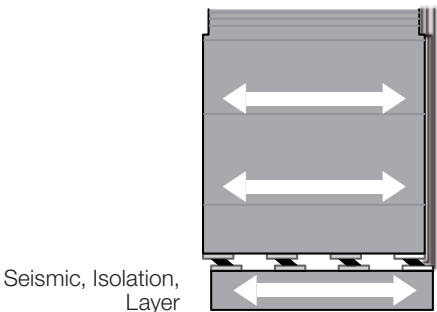
Seishin Kozo [制振構造]

Structure equipped with devices such as dampers to control and curb vibration energy.

Seismically-isolated structure

Menshin Kozo [免震構造]

Structure mitigates the effect of earthquakes with devices that reduce swaying, commonly rubber bearings and dampers placed between the building and its foundation that move flexibly horizontally.



Emergency Power Supply

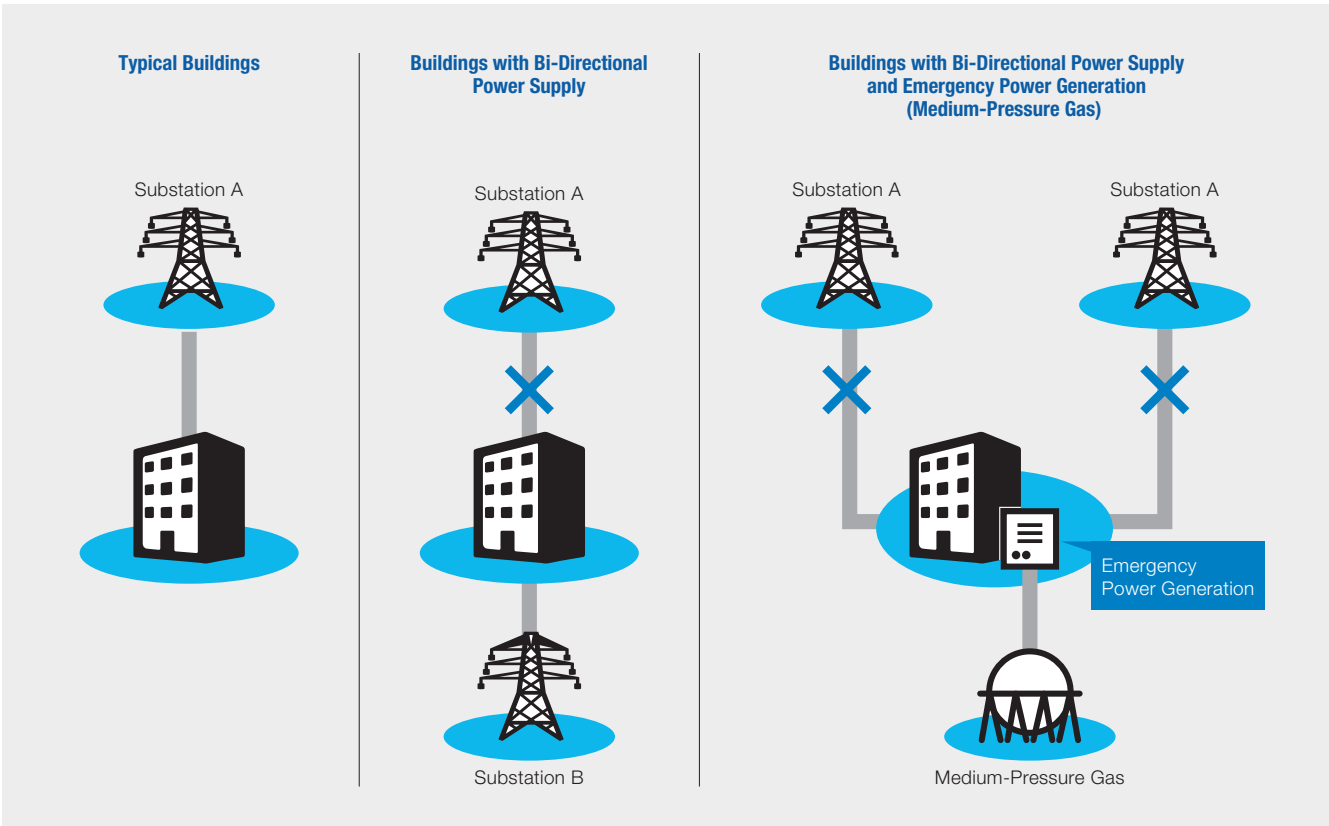
非常時における電源供給

Office buildings equipped with emergency power generation systems

Typical office buildings have uni-directional power supply systems that receive power from a single transformer substation, so if the supply from a substation is cut off during an incident or disaster, it takes time to restore power to the building. In contrast, office buildings with bi-directional power supply systems receiving power from another transformer substation on a separate network can continue to provide power to the building’s exclusive areas even if the supply from one substation is cut off.

Recently an increasing number of high-spec buildings are making this bi-directional power supply system even more safe and BCP*-ready by adding emergency power generation systems powered by medium-pressure gas and oil tanks installed in the buildings.

*BCP (Business Continuity Planning)



Serviced Offices (including co-working offices, shared offices, flexible offices, etc.)

“Serviced offices” typically refers to rental spaces that come equipped with the desks, chairs, and other furniture required in offices, along with internet access, conference rooms, and so forth. Many serviced offices also provide reception and secretarial services at the request of tenants.

The advantage of serviced offices may be summed up as the ease with which tenants can move in and move out. More specifically, the advantages include the following:

1. Moving in is possible with lower initial costs than a standard rental office.
 - Small deposit
 - Office infrastructure such as communications-related services and utilities are already set up
 - Interior construction work is not required
2. Short interval between when the decision to move in is made and actual move in.
3. In the case of companies entering the Japanese market for the first time, it is often possible to use the serviced office’s address for company registration.
4. Depending on the vacancy conditions at the time, it may be possible to adjust the lease duration and leased floor area to suit the tenant’s needs.

In recent times, serviced offices have become available at a wide range of building types, from high-rises to medium/small-scale buildings, increasing the choices available to companies.

The Appeal of Japan's Business Environment

In 2020, many countries and regions experienced economic slowdown due to the impact of the novel coronavirus (COVID-19) pandemic. Against such background, the Japanese government compiled a supplementary budget and implemented policies to seek economic recovery while co-existing with COVID-19. However, the economic expansion that has continued since 2011 is expected to halt temporarily. This column discusses the future of Japanese market based on "JETRO Invest Japan Report 2020."

Special Report

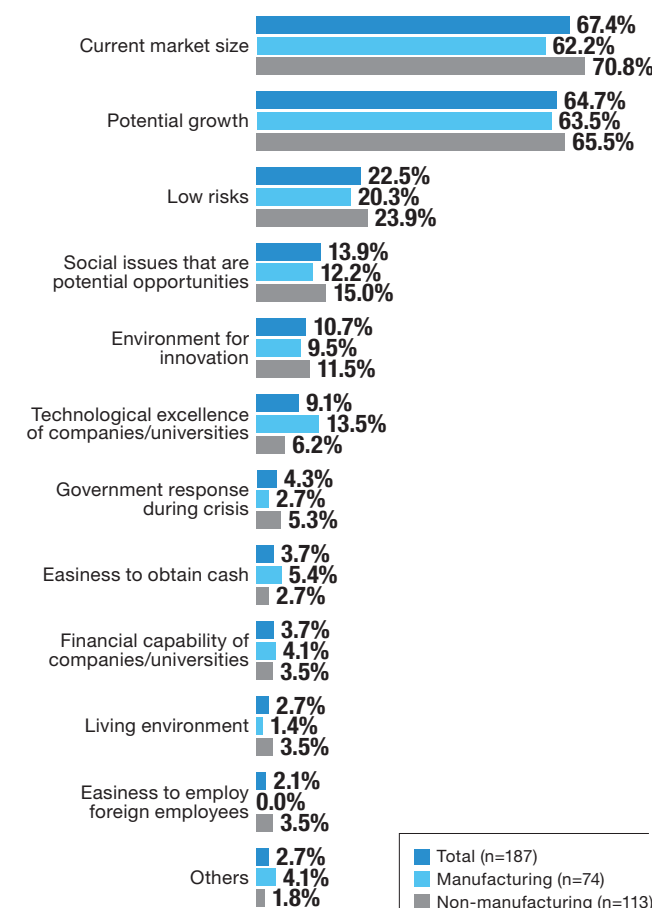
Business Environment Seen by Foreign-Affiliated Companies

According to the results of "Survey on Operations of Foreign-affiliated Companies in Japan" conducted by Japan External Trade Organization (JETRO), the largest number of companies responded that they would "maintain the current business" when asked about future business development in Japan having undergone the COVID-19 pandemic. While the motivation to expand business declined, very few enterprises are considering withdrawing from the Japanese market.

What is the appeal of the Japanese market for foreign-affiliated companies, then? The above-men-

tioned survey by JETRO indicated that they were attracted by the vast size of the Japanese market.

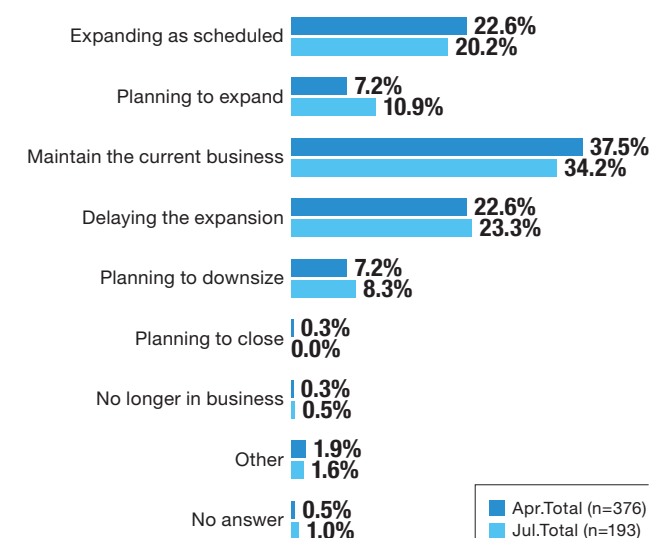
Attractiveness of the Japanese Market (Multiple answers,%)



Note "n" is the number of companies that would continue business in Japan. Respondents could choose up to three answers.

Source "Survey on Operations of Foreign-affiliated Companies in Japan"(JETRO)

Future Business Development in Japan



Source "Survey on Operations of Foreign-affiliated Companies in Japan"(JETRO)

JETRO Offers One-Stop Service Supporting Business Establishment in Japan

JETRO, as Japan's only public organization promoting foreign investment to Japan, provides services including support for establishing bases and support for expanding business in the country.

1. Information dissemination on Japanese business environment

- Disseminating information on the "Investing in Japan" website
- Providing various materials/brochures
- Holding overseas seminars and symposiums
- Distributing an e-mail newsletter

2. Research/analysis of the Japanese market and provision of proposals

- Finding companies at business events and through networking
- Providing information on markets, regulations, etc. and consultation
- Providing market entry proposals
- Business matching with potential partners

3. Supporting setting up of business through the business support center

- Providing temporary offices (Tokyo, Osaka, Yokohama, Nagoya, Kobe, Fukuoka)
- Providing advice on registration procedures and legal, labor, and tax affairs
- Providing support in finding human resources and office spaces
- Providing support in acquiring "Business Manager" status of residence while using coworking spaces

4. Expansion of business with Japanese partners

- Providing opportunities for business matching with Japanese companies
- Providing support for collaboration with local governments

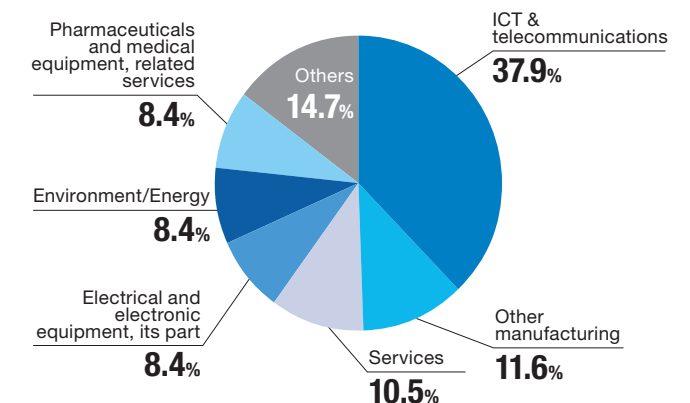
•Providing support for secondary investment and business expansion

JETRO's website: <https://www.jetro.go.jp/en/invest>

The Japanese government has stated that it will work to further Promote foreign direct investment in Japan and continue to place importance on supporting foreign companies' expansion into Japan. JETRO supported 943 projects in fiscal 2019 (April 2019 to March 2020) and led 95 investment projects by foreign companies to success.

Among the 95 successful investment projects, about 70% were from companies that utilize digital technologies. JETRO will continue to focus on supporting foreign companies that contribute to creating innovation.

JETRO-attracted Investments by Industry



Source "Survey on Operations of Foreign-affiliated Companies in Japan"(JETRO) (n=95)

A Key to Successful Expansion / Establishment in Japan

There are several keys for foreign-affiliated companies to succeed in business expansion or establishment in Japan. One of these is choosing an office that suits the company's requirements. To do this, it is essential to acquire in-depth information about office buildings from various standpoints. Sanko Estate has information on 100,000 buildings nationwide. This includes not only the vacancy information publicly

available but also information before public disclosure that Sanko Estate is able to obtain through its deep trust relationship with building owners.

Moreover, Sanko Estate supplies a wide range of valuable information needed by companies when choosing an office, including information on real estate business practices specific to Japan, legal issues to be considered, and the

surrounding environment and distinctive features of each area. In addition to this, Sanko Estate supports clients from various perspectives, such as mid- to long-term schedule management based on their office strategy, negotiations with building owners, and following up after relocation to a new office. Naturally, all these services are available in English, enabling clients to use them with peace of mind.

Inquiries | International Department, Sanko Estate | www.sanko-e.co.jp/en | +81-3-3564-8051 | contact@sanko-e.co.jp

Sanko Estate Co., Ltd.

| | |
|---------------------------|--|
| Established | May 17, 1977 |
| President | Shigeo Takei |
| Capital | ¥100,000,000 |
| Employees | 253 (423 for entire group) |
| Company Services | <ul style="list-style-type: none">Office consulting servicesOffice leasing servicesProject management services |
| License | <ul style="list-style-type: none">Real estate agent: License authorized by Minister of Land, Infrastructure, Transport, and Tourism (10) No. 3105First-class Architect Office Registration: Governor of Tokyo No. 61819 |
| Professional Affiliations | <ul style="list-style-type: none">Japan Facility Management AssociationNational Real Estate Guarantee AssociationTokyo Real Estate Brokers AssociationThe American Chamber of Commerce in JapanThe British Chamber of Commerce in JapanThe Swedish Chamber of Commerce and Industry in JapanThe Tokyo Chamber of Commerce in Japan |
| Group Companies | <p>Sanko Office Management Co., Ltd. MS Building Support Co., Ltd. Commercial Property Research Institute, Inc.</p> |

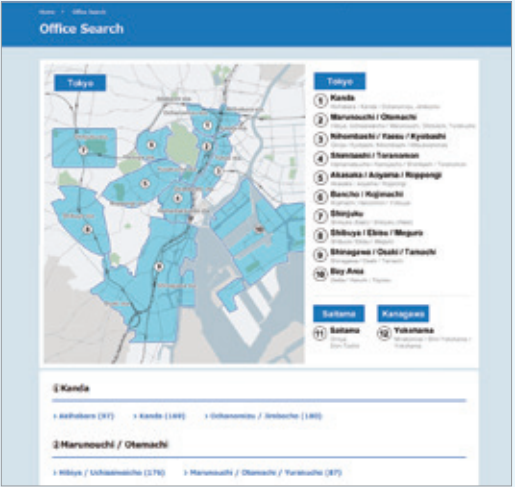
Office Location

| | |
|---------------------|--|
| Ginza (Head Office) | Ginza Sanwa Bldg., 4-6-1 Ginza, Chuo-ku, Tokyo |
| Shinjuku Office | Kowa Bldg., 1-23-3 Nishi-Shinjuku, Shinjuku-ku, Tokyo |
| Shibuya Office | Towa Miyamasuzaka Bldg., 1-14-9 Shibuya, Shibuya-ku, Tokyo |
| Toranomon Office | Unpin Toranomon Bldg., 1-1-23 Toranomon, Minato-ku, Tokyo |
| Kanda Office | Shibashin-Kanda Bldg., 1-26 Kanda Sudacho, Chiyoda-ku, Tokyo |
| Sapporo Office | Sapporo Kita-Sanjo Bldg., 3-1 Nishi, Kita 3-jo, Chuo-ku, Sapporo-shi, Hokkaido Area: Hokkaido |
| Sendai Office | Aoba-Dori Plaza, 3-2-1 Chuo, Aoba-ku, Sendai-shi, Miyagi Area: Miyagi, Aomori, Akita, Iwate, Fukushima, Yamagata |
| Nagoya Office | Sakura-Dori Otsu Daiichi Seimei Bldg., 3-4-6 Nishiki, Naka-ku, Nagoya-shi, Aichi Area: Aichi, Mie, Gifu, Shizuoka, Nagano, Fukui, Ishikawa, Toyama |
| Osaka Office | Midosuji Mitsui Bldg., 4-1-3 Bingomachi Chuo-ku, Osaka-shi, Osaka Area: Osaka, Kyoto, Hyogo, Shiga, Nara, Wakayama, Okayama, Hiroshima, Shimane, Tottori, Kagawa, Tokushima, Kochi, Ehime |
| Fukuoka Office | Hakata Taihaku Dori Bldg., 1-5-1 Hakata-ekimae, Hakata-ku, Fukuoka-shi, Fukuoka Area: Kyushu, Okinawa, Yamaguchi |

If you have any inquiries, please contact
International Department. (Head Office)

Tel +81-3-3564-8051
www.sanko-e.co.jp/en
E-mail:contact@sanko-e.co.jp

WEBSITE



Office Building Search System

Our website has a search system for offices located in the major areas of Tokyo as Yokohama. Please visit our website for more information.

www.sanko-e.co.jp/en/search

OFFICE RENTDATA 2021

March 2021

Published by Sanko Estate Co., Ltd.
Ginza Sanwa Bldg., 4-6-1 Ginza,
Chuo-ku, Tokyo

Copyright Sanko Estate Co., Ltd. All rights reserved.



Only environmentally-friendly,
zero-VOC (Volatile organic
compounds) 100% vegetable
oil inks were used in the
printing of this report.