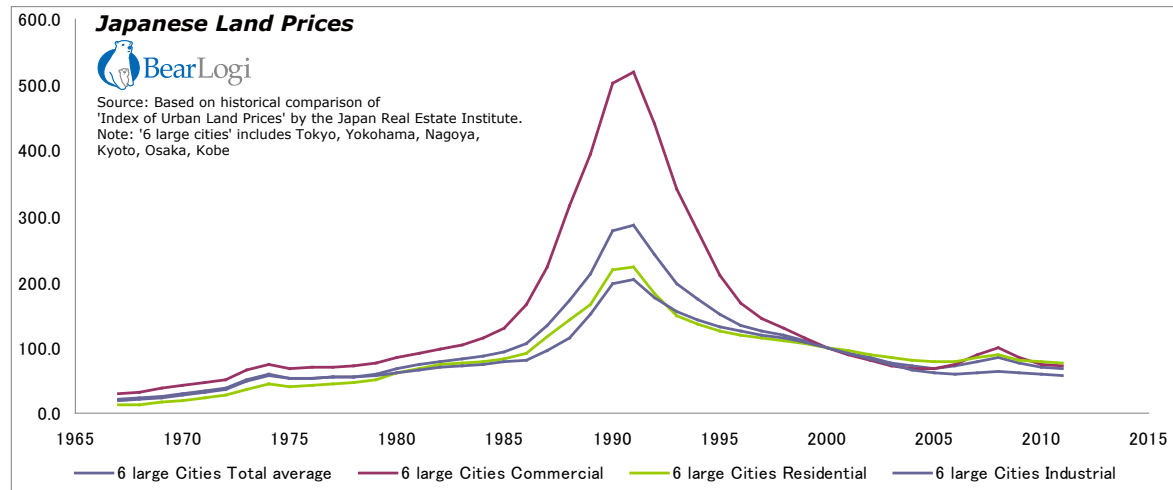


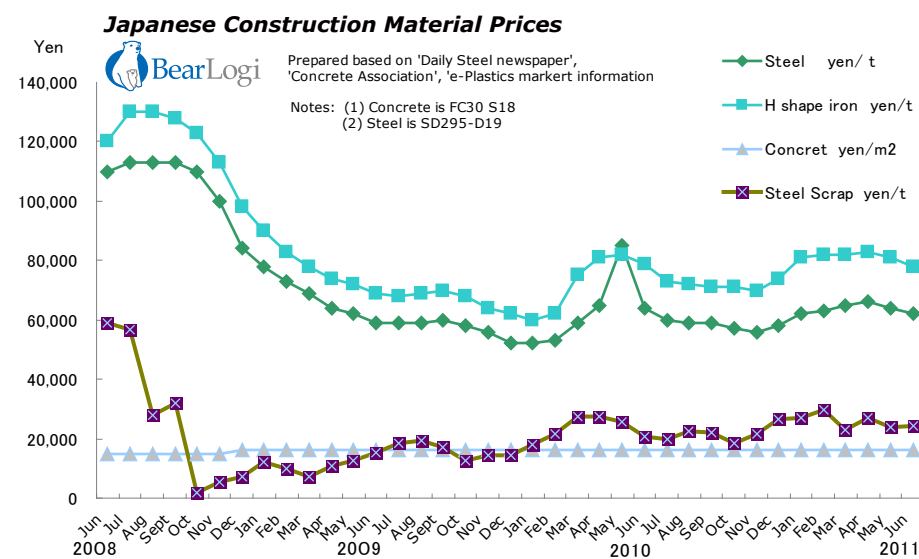
Land Prices: Although Japanese land prices appeared to have bottomed around 2009/10 after the prices increases of 2007/8 associated with the pre Lehman crisis, along came the Great East Japan Earthquake in March 2011. Whilst this event did not lead to an immediate drastic reduction in land prices, it had the negative impact of halting the green shoots of renewed interest that were observed late 2010. The current Japan land price is almost



equal to the level of that in 1980. Japanese land price statistics indicate that Commercial & Industrial lands are forecast to continue their decline into 2012, with the exception of Tokyo which is seeing renewed interest. Residential land has likely bottomed in the major 6 cities and may grow in 2012 but with some declines still present in regional locations.

However given the unstable macro-economic risk in Europe and with foreign investors monitoring the post 3.11 earthquake rebuilding stimulus, Japanese real estate land prices are likely to remain flat aside from pockets of grow in the main cities of Tokyo and Osaka.

Construction Prices: Japanese construction prices currently remain depressed despite the construction demand generated after the earthquake and ensuing tsunami in Tohoku area in March 2011. Other factors keeping construction material prices down are the record high Yen, which sees no immediate signs of dropping given the financial instability in the Euro region as well as actions of the US Federal Reserve with its loose monetary policy. These global financial issues cannot be solved in the short term, therefore Bear Logi would anticipate that the strong yen will continue to shield the key building material prices keeping them low in Q1 2012. As the Tohoku rebuilding effect gathers pace there may be a slight increase in prices moving to Q3 2012, but this is also dependent on what transpires with the global economy over the next 6 months.



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