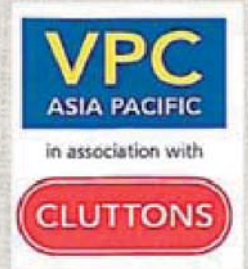


GUIDELINES ON FOREIGNERS PURCHASE AND OWNERSHIP OF REAL ESATE : JAPAN

(A) Snapshots of the Economy

- Per Capital Income : US\$42,820 (2010)
- GDP Growth Rate : -6%
- Gross Dev. Savings @ % of GDV :
110 Trillion Yen (US\$1.25 Trillion)
Against GNI 20-25%
Mostly by corporate sectors
Individual saving rate is around 3%
- Inflation Rate : -1.6%
- Bank Borrowing Rate : 1-3%
- NPL to loan ration : around 5%
- Unemployment Rate : 4.6%
- Major Exports : Automobiles

(B) Guidelines on Foreigners Purchase of Real Estate



- No Regulation. Japan is very liberal on foreigners buying property in Japan.
- Foreigners can buy all types of property and no limit on numbers and sizes except the one related security of the country.

(C) Special Incentives to Attract Foreigners to Purchase Real Estate

- No Incentive.

(D) Financing for Foreigners to Purchase Property

- Big companies and property fund can borrow from the banks. 60% – 80% of the value can be financed by the bank.
- Individuals are difficult to get financing from the local banks.
- Many foreign banks are active in Japan.
- For example Korean banks are financing Korean investment of property.
- Borrowing Rate : 1% - 3%

(E) Foreign Exchange Regulations

- No Regulation.

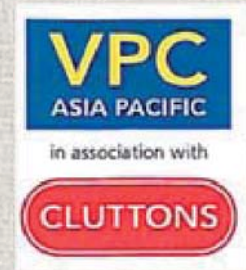
(F) Return on Property Investments by Foreigners

- Offices, Residences, Ski Resorts.
- Funds & REITs prefer mostly Grade A offices or residences.
- Grade A offices & luxurious Condos gross 6% – 7% Net 4% - 5%.

(G) Ownership Structure of Properties

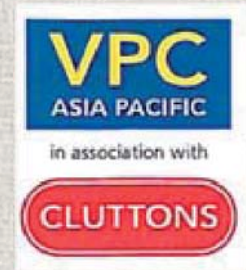
- Freehold is most common.
- Land lease hold has two types.
- Rent Right based on the old law, the leasee can transfer the right to other parties.
- Rent Right based on the new law. The rent period is decide by the law.
- Transferable but the term cannot be extended.

(H) Properties Purchase : Fees and Taxes



- The regulation is the same, regardless of nationality.
- Purchase
 - Registered Tax 2% as the principle.
 - Postal Tax is property transfer tax which is attached to the contract by stamp.
 - Postal Tax US\$2.5 – 7,000 up to the contracted amount.
 - Acquisition Tax 4%% as principle, reduction is possible by the type.
 - Calculated by property tax price, around half – 70% of the market.
 - Agent Fee is 3% each from selling & buying as principle.

(H) Properties Purchase : Fees and Taxes (Con't)



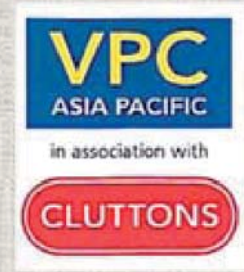
- Selling
 - Holding period more than 5 years, 20% against net income
 - Holding period less than 5 years, 39% against net income.
- Procedure
 - Negotiation, Contract, Register
 - Normally agents will arrange procedure.
 - Partial payment when contracted.
 - Payment schedule will be decided by the contract.
- Sale
 - The same as purchase.
- Renting
 - Total 1 month rent will be charged, half each from the owner and tenant.

(I) Taxation

- Nationality is disregarded.
- Resident foreigners in Japan are taxed the same as Japanese.
- Taxed against the whole income including income from foreign countries.
- Non-resident (including living less than 1 year)
- Taxed against the income from Japan.

(I) Taxation (con't)

- Withholding Tax
 - Withholding tax is 20%.
 - Non-resident cannot be taxed in Japan.
 - Withholding tax can be taxed with income of non-resident in the resident country. If at loss, the withholding tax will be returned to the non-resident.



THANK YOU