

## STIX<sup>®</sup> calculation methods

### Rate of total return, rate of income return, rate of capital return

The rate of total return is based on two different portions of earnings: income gain/loss (net earnings over the period of a single fiscal year) and capital gain/loss (fluctuations in prices of office-building. It is calculated using the following formulas.

Rate of total return = rate of income return + rate of capital return

Rate of Income return

= (2) Net operating income (income gain) / (1) Asset value at the beginning of the year

Rate of Capital return =

((3) Asset value at the end of the year – asset value at the beginning of the year (capital gain) ) / (1) Asset value at the beginning of the year

1. Asset value = (land value) + (building value)

Land value is calculated based on the publicly announced land prices for each year.

Building value is calculated based on construction costs for the year, assuming new office building was constructed at the beginning of the year.

2. Net operating income = (leasing revenues) – (all operating costs)

Leasing revenues are calculated based on the average offering rent for each area specified in the Preliminary Report on Office Building Survey Results released by the Building Owners and Managers Association, Tokyo.

Leasing costs include building administration and repair costs, fire-insurance premiums, fixed-asset taxes, city planning taxes, and the like.

3. Asset value at the end of the year – asset value at the beginning of the year  
=( fluctuation in land value over the year )+( fluctuation in building value over  
the year )  
Land fluctuations : ( Land value in following year ) – ( Land value in the  
current year )  
Building fluctuations : ( Building value in the current year ) – ( Annual  
depreciation expense)

### Current rate of return

The current rate of return indicates the estimated annual profitability of investments made in each fiscal year since 1976, and sold now.

[Where (t) indicates the time at which the investment was made]

Current rate of return = { (asset value at the beginning of 2006 - asset value at  
the beginning of period (t) ) + total net income from period (t) to 2005} /  
investment period (2006 - (t)) / asset value at the beginning of period (t)