



Activia Properties Inc.

Financial Results Presentation for the Period ended May 2018 (the 13th Period) July 2018

(Ticker symbol: 3279/API)



TLC REIT Management Inc.

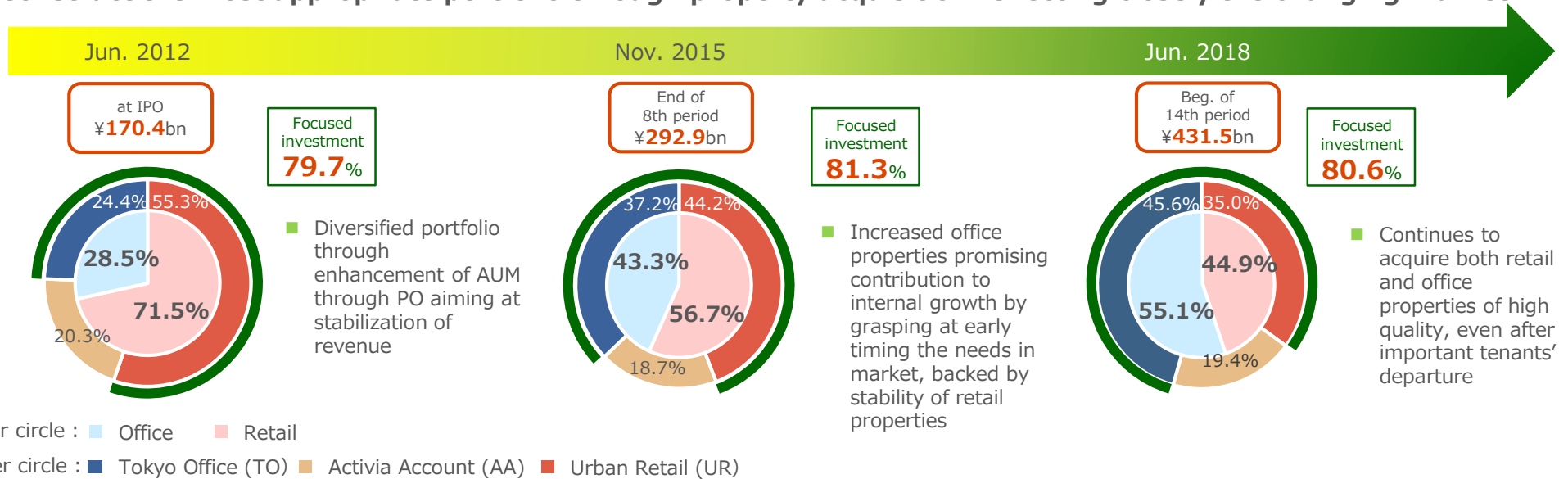


1. Financial Highlights
2. External Growth, Internal Growth and Financial Strategies
3. Financial Forecasts
4. Others
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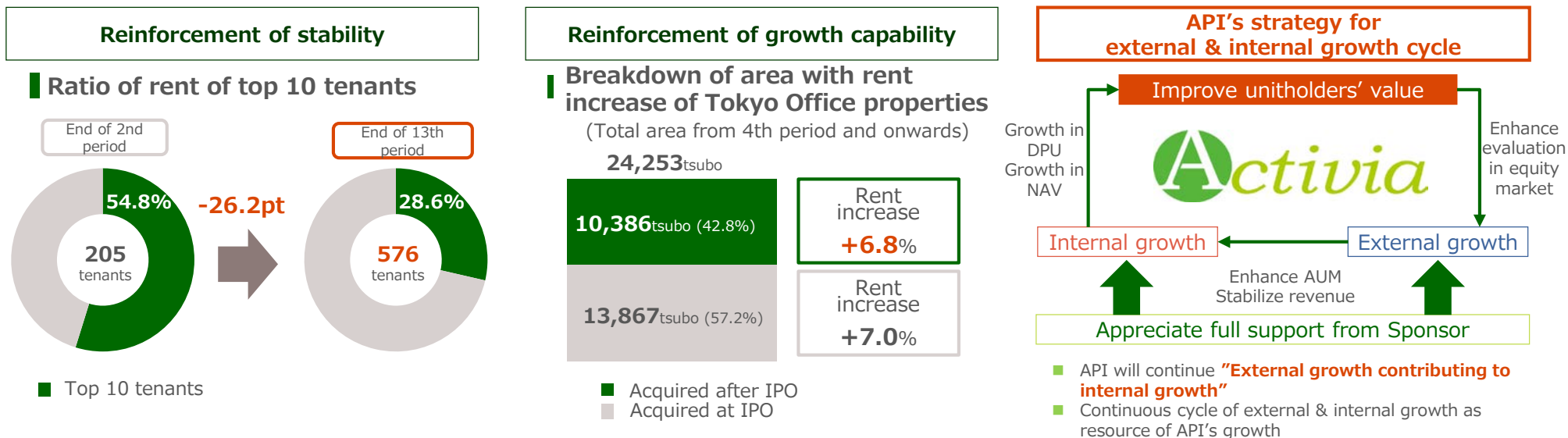
Portfolio Strategy backed by High Asset Management Capability and External & Internal Growth Strategy generating Virtuous Cycle

2

✓ Construct the most appropriate portfolio through property acquisition reflecting closely the changing market



✓ Continual external growth created virtuous cycle reinforcing portfolio and generating growth capability



External Growth

◆ Secured further acquisition capacity through 5th PO

■ Assets acquired through PO
(Dec. 2017 / Jan. 2018)

UR-14

**A-FLAG KITA
SHINSAIBASHI**

Acquisition price: ¥4.725bn

UR-15

**DECKS Tokyo
Beach**

Acquisition price: ¥12.74bn
(co-ownership interest 49%)

AA-12

**Commercial Mall
Hakata**

Acquisition price: ¥6.1bn

- Portfolio **42** properties
- AUM **¥431.5**bn
- LTV **44.7**%
- Acquisition capacity approx. **¥47.2**bn
(as of May 31, 2018)

Internal Growth



Tokyo Office

◆ Continued upward rent revisions

- Increased rent in **4,977** tsubo, the largest area ever (period ended May 2018)
- Achieved upside for **11 consecutive periods** (from the period ended Nov. 2013 to the period ending Nov. 2018)



Urban Retail

◆ Achieved tenant replacement with large rent increase

- Rent change from the period ended May 2018 (per full six month period) **+¥72**mn
(Excludes Shinbashi Place)

Financial Strategies

◆ Strengthened financial base through refinance

- Achieved both average interest rate cut and lengthening period remaining to maturity

Ave. interest rate : **0.65%** → **0.63%**
Ave. period remaining to maturity : **4.4**years → **4.9**years
(end of Nov. 2017) (as of Jul. 13, 2018)

◆ Issued investment corporation bonds and diversified lenders

- Issued 20-year and 4.5-year investment corporation bonds in Feb. 2018
total **¥2.0**bn (ave. **12.2**years, ave. **0.61**%)
- Refinanced with including 2 new lenders in Mar. 2018
before refinancing **16**banks → after refinancing **18**banks

Continual growth in unitholders' value

Achieved increase in DPU

DPU: **¥9,462** (end of May 2018)
(vs. Nov. 2017: **+¥116** / **+1.2**%)
(vs. forecast: **+¥62** / **+0.7**%)

Achieved continual growth in NAV per unit

NAV per unit : **¥426,311** (end of May 2018)
(vs. end of Nov. 2017: **+¥9,201** / **+2.2**%)

Financial Results for the Period ended May 2018 (the 13th Period): Statement of Income

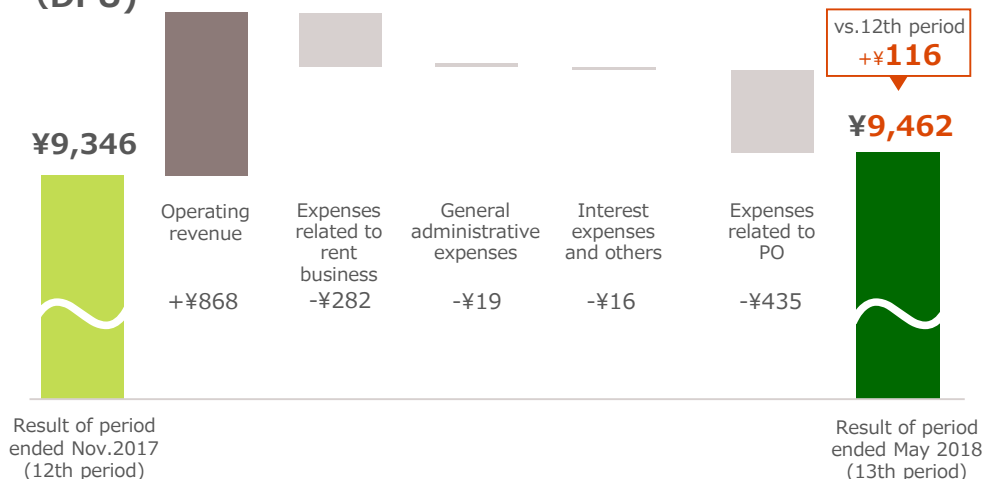
- ◆ **Both revenue and profit increased** vs. the 12th period results and the 13th former forecasts due to (i) new operation of 3 properties acquired at the beg. of the 13th period and (ii) consistent internal growth
- ◆ DPU is **¥9,462**, up **¥116** from the previous period and up **¥62** from the former forecast

1. 13th period vs. 12th period/ former 13th period forecasts (2018.1.17)

(in millions of yen)

| | 12th Period | Period ended May 2018 (13th period) | | 13th Period (forecasts) | | |
|---------------------|-------------|-------------------------------------|----------------------------|-------------------------|--------------------------------|-------------------------------|
| | Results | Results | vs. 12th Period Difference | (%) | Forecasts 2017.11.28 2018.1.17 | Change (vs. former forecasts) |
| Operating revenue | 12,720 | 13,327 | +606 | +4.8% | 13,258 | +68 |
| Operating expenses | 5,645 | 5,855 | +209 | +3.7% | 5,763 | +91 |
| Taxes & public dues | 887 | 895 | +7 | +0.9% | 895 | -0 |
| Operating profit | 7,074 | 7,471 | +396 | +5.6% | 7,494 | -23 |
| Ordinary profit | 6,218 | 6,611 | +393 | +6.3% | 6,569 | +42 |
| Profit | 6,217 | 6,610 | +393 | +6.3% | 6,568 | +42 |
| DPU | ¥9,346 | ¥9,462 | +¥116 | +1.2% | ¥9,400 | +¥62 |

3. Variance between the 12th and the 13th period results (DPU)



2. Variance analysis (vs. 12th period results)

(in millions of yen)

| | vs. 12th results | Details | |
|-----------------------------------|------------------|----------|--|
| Operating revenue | +606 | Increase | New operation +739, Rent of existing properties +84, Other revenue +13, Cancellation fee +10, Parking lot fees +8, Restoration works fee +3 |
| | | Decrease | Sales-linked rent at hotels -150, Utility fee -100, Facilities usage fee -2 |
| Expenses related to rent business | +196 | Increase | New operation +323, Management operation expenses +43, Depreciation +10, Taxes & public dues +7, Advertisement fee +5, Payment commission +2 |
| | | Decrease | Repair & Maintenance -85, Utilities expenses -69, other leasing costs -40 |
| NOI after depreciation | +409 | | |
| General administrative expenses | +12 | Increase | Asset management fee +20, Taxes & Public dues +1 |
| | | Decrease | Miscellaneous expenses -8, Other payment commission -2 |
| Operating profit | +396 | | |

4. Variance analysis (vs. 13th former forecasts)

(in millions of yen)

| | vs. 13th former forecasts | Details | |
|-----------------------------------|---------------------------|----------|--|
| Operating revenue | +68 | Increase | Rent of existing properties +30, Other fees +18, Utility fee +7, Facilities usage fee +5, Restoration work fee +3, Cancellation penalty +2 |
| | | Decrease | |
| Expenses related to rent business | +126 | Increase | Repair & Maintenance +81, Management operation expenses +48, Other leasing cost +20 |
| | | Decrease | Utilities expenses -23, Advertisement fee -1 |
| NOI after depreciation | -57 | | |
| General administrative expenses | -34 | Increase | Taxes & public dues +1 |
| | | Decrease | Miscellaneous expenses -31, Asset management fee -2, Payment commission -2 |
| Operating profit | -23 | | |

Financial Results for the Period ended May 2018 (the 13th Period): Balance Sheet

- ◆ Through acquisition of 3 properties (including 1 acquired with cash in hand) in the 13th period, **AUM grew by ¥19.1bn**
- ◆ At the end of 13th period, **LTV stood at 44.7%, -1.3pt** from the previous period through 5th PO, and **unrealized gain** grew to **¥74bn, up ¥5.1bn** from the previous period

1. Comparison of the 12th and 13th periods (Balance sheet)

(in millions of yen)

| | 12th Period (2017/11) | 13th Period (2018/5) | Change |
|-------------------------------------|--------------------------|-------------------------|--------|
| Assets | | | |
| Current assets | 18,670 | 13,770 | -4,900 |
| Cash and deposits | 17,889 | 12,615 | -5,274 |
| Other | 781 | 1,155 | 374 |
| Noncurrent assets | 408,167 | 432,171 | 24,003 |
| Total property, plant and equipment | 397,815 | 421,768 | 23,952 |
| Total intangible assets | 9,133 | 9,132 | 0 |
| Other | 1,218 | 1,270 | 51 |
| Total assets | 426,838 | 445,941 | 19,103 |

| | | | |
|--|---------|---------|--------|
| Liabilities | | | |
| Short-term borrowings | 10,000 | 9,100 | -900 |
| Long-term loans payable to be repaid within a year | 25,000 | 22,500 | -2,500 |
| Investment corporation bonds | 16,000 | 14,000 | -2,000 |
| Long-term loans payable | 145,150 | 153,750 | 8,600 |
| Tenant leasehold and security | 22,165 | 22,814 | 648 |
| Total liabilities | 218,315 | 222,164 | 3,848 |
| Net assets | | | |
| Unitholders' equity | 208,523 | 223,777 | 15,254 |
| Unitholders' capital | 202,233 | 217,091 | 14,858 |
| Surplus | 6,289 | 6,686 | 396 |
| Total net assets | 208,523 | 223,777 | 15,254 |
| Total liabilities and net assets | 426,838 | 445,941 | 19,103 |

2. Changes in LTV

| 12th period (2017/11) | 13th period (2018/5) | vs Previous period |
|--------------------------|-------------------------|-----------------------|
| 46.0% | 44.7% | -1.3pt |

Fund in hand for the acquisition of A-FLAG KITA SHINSAIBASHI

Acquisition of three properties: +¥23.565bn
A-FLAG KITA SHINSAIBASHI, DECKS Tokyo Beach (49%),
Commercial Mall Hakata

Borrowings for property acquisition: +¥3.2bn

Issuance of new unit through 5th PO, etc.: +¥14.858bn

3. Changes in unrealized gains on portfolio

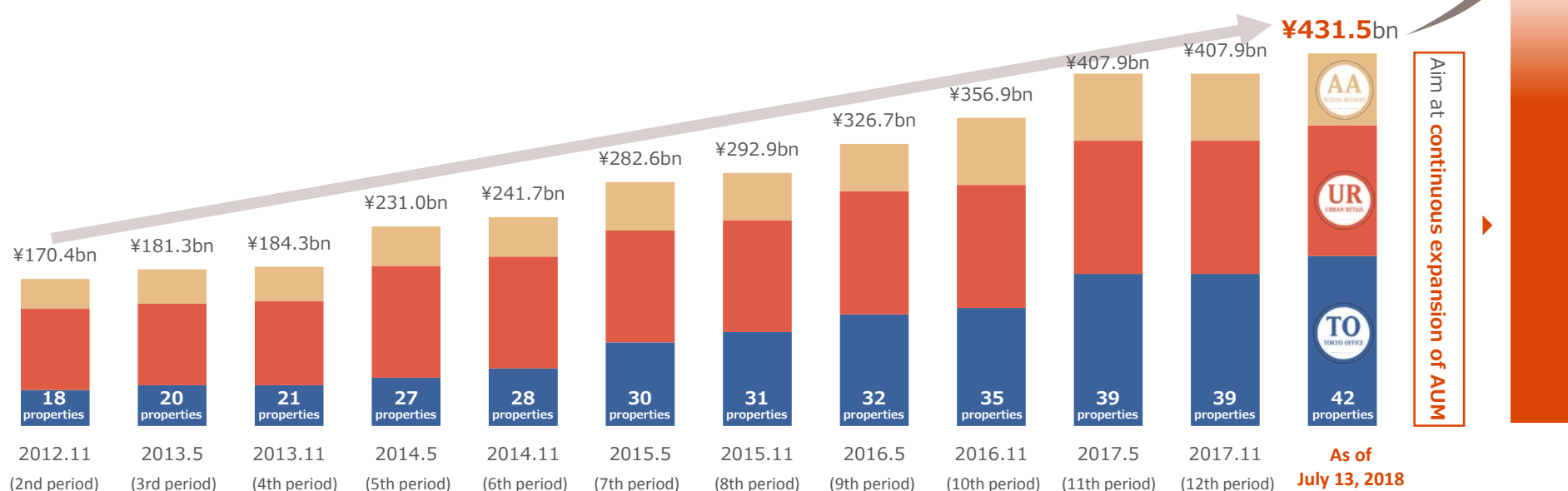
(in millions of yen)

| 12th Period (2017/11) | 13th Period (2018/5) | vs. Previous period |
|--------------------------|-------------------------|------------------------|
| 68,944 | 74,088 | +5,143 |

External Growth ~Continual Expansion of Asset size~

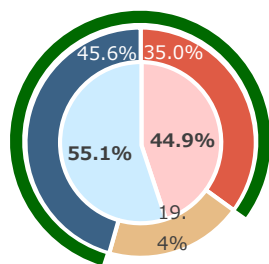
- ◆ Conducted **PO for 5 consecutive years** at the beg. of the 13th period and acquired **3 properties (¥23.6bn)** from Sponsor Group and a third party
- ◆ We aim at further **continuous expansion of our portfolio** contributing to unitholders' value through **rigorous selection of assets** with a focus on location and quality

Trends in AUM



Investment Ratio

- Proportion of office doubled from at IPO



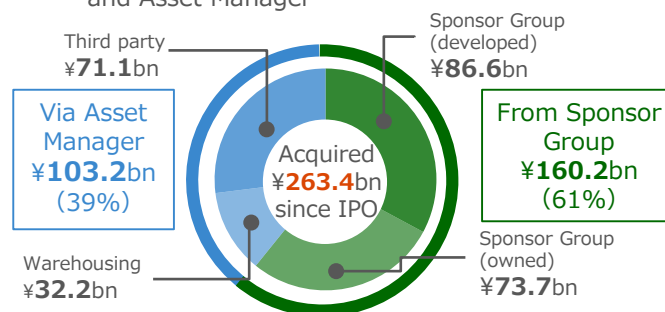
Focused investment (UR and TO)
80.6%

*As of Jul.13, 2018

Inner circle: Office Retail
Outer circle: TO AA UR

Acquisition Route

- Since IPO, achieved external growth utilizing source both from Sponsor Group and Asset Manager



Acquisition Capacity

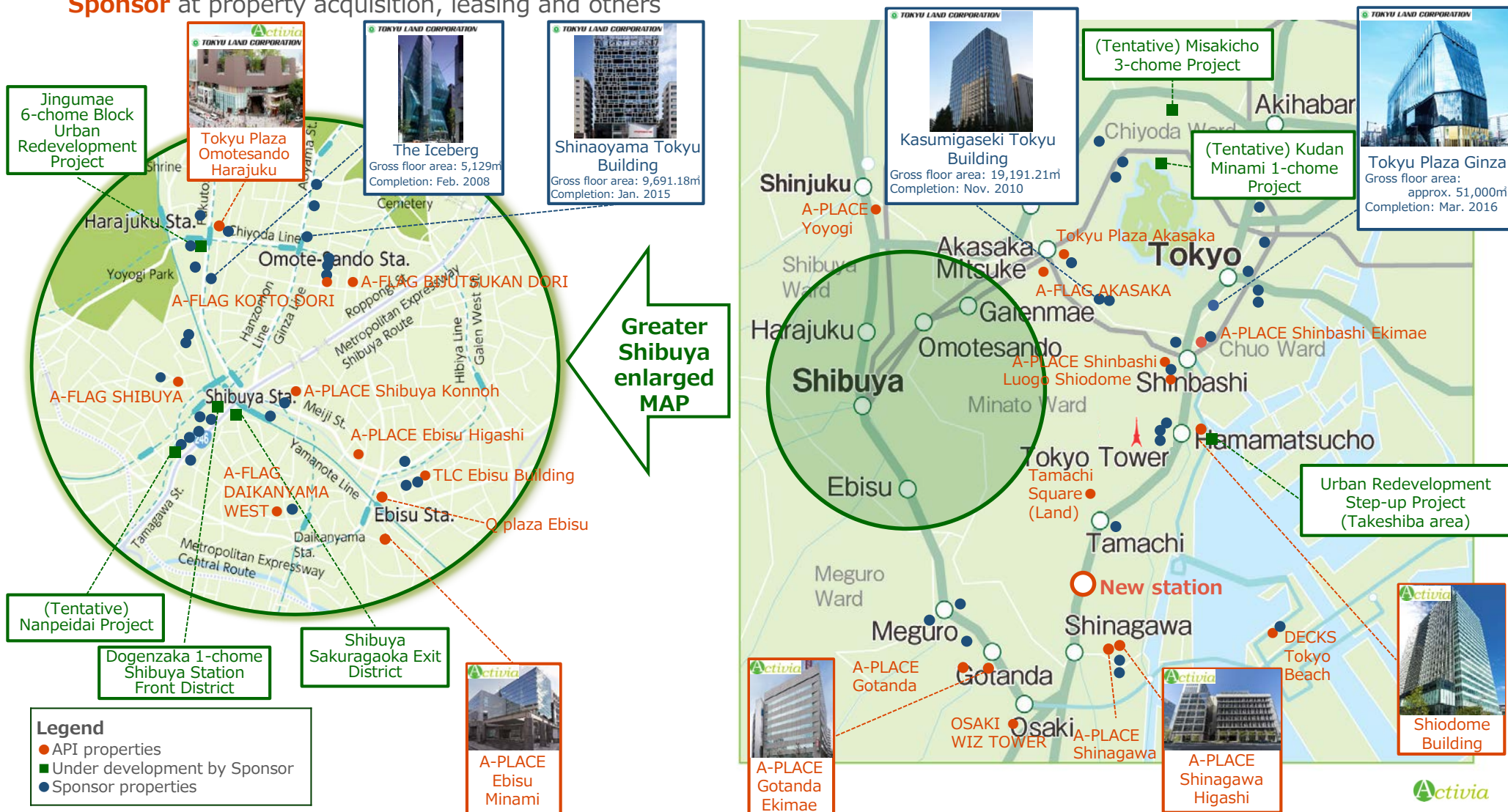
- Capacity sufficiently secured for flexible asset acquisition through 5th PO

approx. **¥47.2bn**

* at LTV 50%

External Growth ~Characteristics of API's portfolio and Focused Investment Area~

- ◆ API's portfolio centers on **Greater Shibuya·Gotanda area** with significant growth of tenants and **Shinagawa·Hamamatsucho area** with development potential
- ◆ API has and Sponsor Group have **similarly shaped portfolios**, which permits API to receive **maximum support from Sponsor** at property acquisition, leasing and others



External Growth ~Medium-Term Management Plan and Major Development Projects of Sponsor Group~

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- ◆ Sponsor Group has deemed **"Expansion of Associated Assets"** including REITs business as an essential part of the policy under its Medium-Term Management Plan
- ◆ For 2018 and onwards, Sponsor Group is planning development projects including **the area surrounding Shibuya Station**, expecting **expansion in its asset size on a continual basis**

1. Medium-Term Plan (FY2020)

Target Value

FY2017 (Actual)

FY2020 (Target)

D/E ratio

D/E ratio

2.6x

approx. 2.3x

Two basic policies

① Expansion of associated assets

Owned assets
AUM of REITs·funds
Assets owned by customers

② Boost of new needs

AM
BM·PM
CRE, etc.

Expansion of AUM

Total Assets of REITs and others sponsored by TLC

FY2013

FY2016

FY2020 (Target)

¥0.4
trn¥0.8
trn¥1.3
trn

(Tentative) Ginza 7-chome Project (Tentative) Osaka Naniwa-ku Motomachi Hotel Project (Tentative) Jingumae 6-chome area redevelopment project

FY2018

FY2019

FY2020

FY2021 and onwards

(Tentative) Nanpeidai Project

Location: Shibuya-ku
Usage: office
Gross floor area: 47 thousand m²



(Tentative) Higashi-Ikebukuro 1-chome Cinema Complex Project

Location: Toshima-ku
Usage: retail, cinema
Gross floor area: 17 thousand m²



(Tentative) Misakicho 3-chome Project

Location: Chiyoda-ku
Usage: office
Gross floor area: 11 thousand m²



Urban Redevelopment Step-up Project (Takeshiba District)

Location: Minato-ku
Usage: office, retail, residence
Gross floor area: 201 thousand m²



(Tentative) Kudan Minami 1-chome Project

Location: Chiyoda-ku
Usage: office, retail
Gross floor area: 68 thousand m²
Opening: FY2022 (scheduled)



2. Major development projects (plan)



Dogenzaka 1-chome Shibuya Station Front District

Project owner: Dogenzaka 1-chome Shibuya Station front district urban redevelopment project type 1 (participants: TLC)

Usage: office, retail
Gross floor area: approx. 59 thousand m²



Shibuya Station Sakuragaoka Exit District

Project owner: Shibuya Station Sakuragaoka Exit district urban redevelopment project (participants: TLC)

Usage: office, retail, residence
Gross floor area: approx. 258 thousand m²
Opening: FY2023 (scheduled)

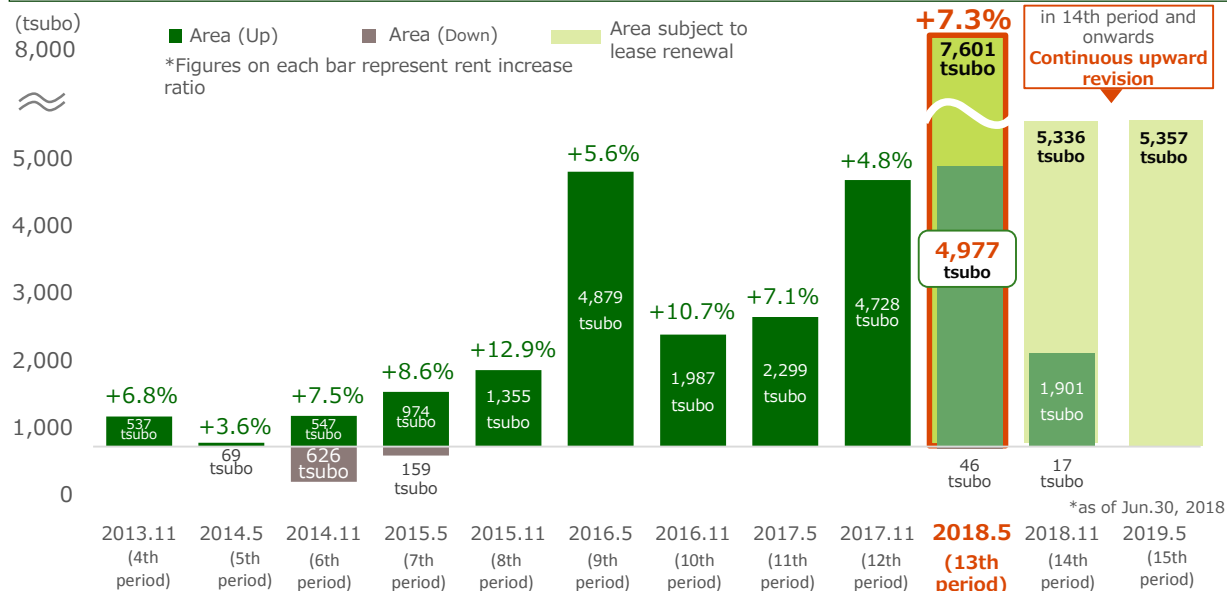


Internal Growth ~Management of Office Properties 1~

1. Upward rent revisions (Tokyo Office properties)

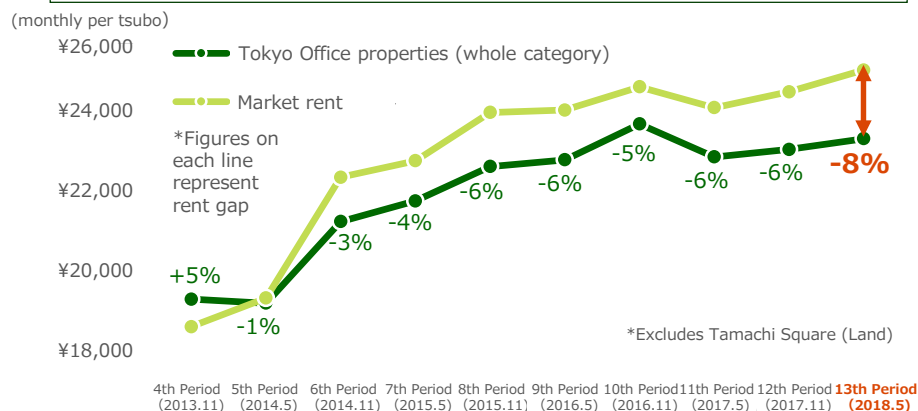
- ▶ Rent increase achieved for **11 consecutive periods** from the 4th period ended Nov. 2013 to the 14th period ending Nov. 2018. And achieved in **4,977 tsubo**, the largest area, in the 13th period ended May 2018 with continuous favorable situation of ave.**7.3%** of rent increase

Trend in rent increase results

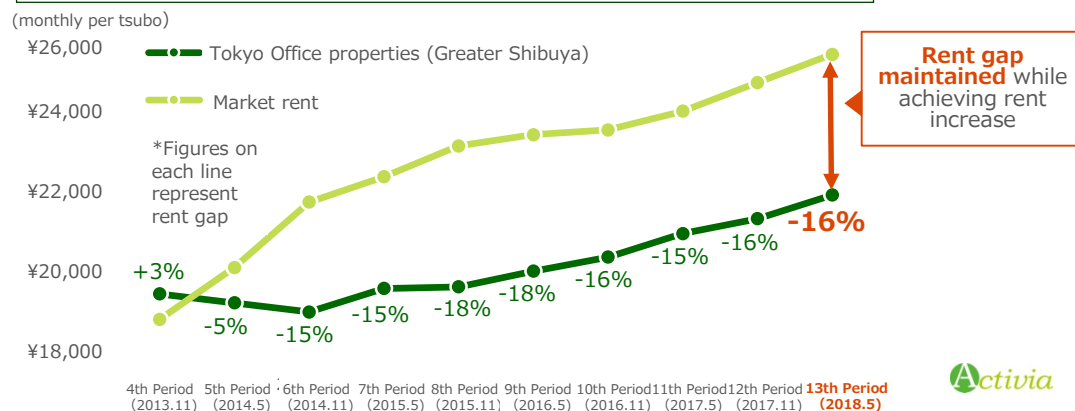


2. Trend in average rent and rent gap

Tokyo Office properties (whole category)

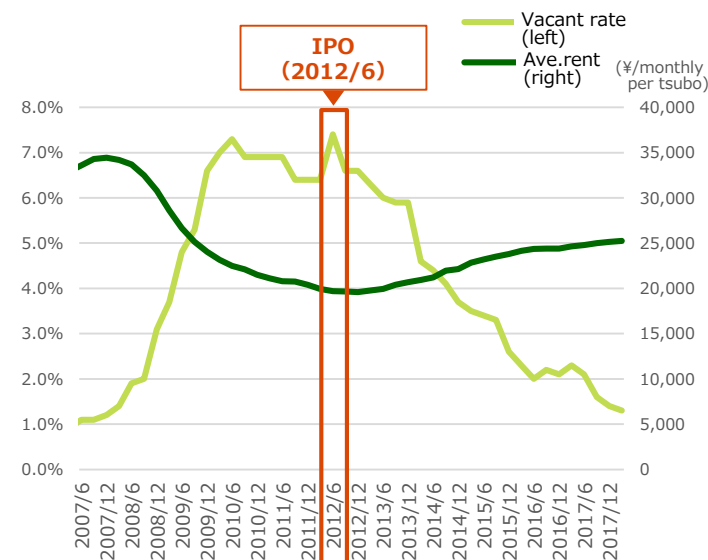


Tokyo Office properties (Greater Shibuya)



3. Office market trend

Trends in vacant rate and average rent



Source: CBRE

(Note) Vacancy rate refers to that of 5 central wards of Tokyo, average rent is based on the properties of Grade A- within Tokyo 23 wards.

Internal Growth ~Management of Office Properties 2~

1. A-PLACE Shinbashi Ekimae

(Note) Category and property name changed as of June 1, 2018

■ Tenant replacement

- **All floor delivered to new tenants w/o down-time** by assessing the needs of opening new stores and terminating promptly leasing to 2 key tenants
- Although rent revenue decreased due to area decrease by tenant replacement, **achieved to secure larger revenue than previous assumption** thanks to leasing mainly to tenants with customers visiting in-person, able to be lessee of entire floors



«Tenants from May 15, 2018 and onwards»

| | |
|------|--------------------------------|
| 10F | COSMOHEALTH |
| 9F | Shonan Beauty Clinic |
| 6-8F | Business-Airport Shimbashi |
| 3-5F | AP Shimbashi |
| 2F | retail store |
| 1F | Sugi Pharmacy Shinbashi Ekimae |

«New tenants»



Membership satellite office operated by Tokyu Land Corporation, opened its 7th office in Shinbashi



Rental meeting room operated by Tokyu Community Group, opened its 18th office in Shinbashi



Drug store catering to community healthcare, counting 1,105 stores all over the country at end-Feb. 2018

2. Examples of upward rent revisions

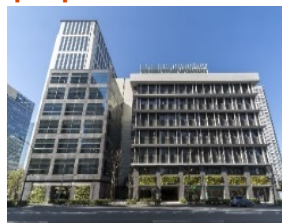
(Period ended May 2018 and onwards)

TO-16 A-PLACE Shinagawa Higashi

(Acquired in Mar. 2017 (11th period))

- ▶ **Rent increase achieved in all TO properties**

*Excludes Tamachi Square (Land)



Area with rent increase: **2,846**tsubo
(Rent increased in all area subjected to revision)
Rent increase: **+5%** (3 rent revisions)

TO-4 A-PLACE Aoyama
(Acquired in Jun. 2012 (2th period))

Area with rent increase: **778**tsubo
Rent increase: **+11%**
(2 rent revisions)

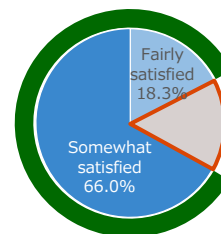
TO-13 A-PLACE Ebisu Minami
(Acquired in Jul. 2015 (8th period))

Area with rent increase: **640**tsubo
Rent increase: **+11%**
(4 rent revisions, 2 tenant replacements)

3. Build good relations with tenants

- ▶ Response to latent needs of tenants contributed to rent increase

■ Tenant satisfaction survey (implemented in Mar. 2018)



To maintaining high occupancy and increase rent further by placing emphasis on measures to respond promptly to requests / opinions of 15.7% of unsatisfied tenants

Ave. **84.3%** of tenants replied "Satisfied"
(377 valid responses from 7 properties)

■ Major requests and opinions from tenants and countermeasures

UR-11 A-FLAG KOTTO DORI



Request, opinion

1. Insufficient brightness of lighting in owned area
2. Aged deterioration of wet area

Countermeasures

- Works done at tenant replacement
1. Conversion to LED
 2. Repair work of the area

Area with rent increase: **229**tsubo
Rent increase: **+61%** (1 rent revision, 2 tenant replacements)

AA-7 Osaka Nakanoshima Building



Request, opinion

1. Bad manners of cleaning staff
2. Unclear rule for toilet use during cleaning

Countermeasures

1. Conducted training for all staff
2. Placed notice when toilet is available

Area with rent increase: **406**tsubo
Rent increase: **+7%** (2 rent revisions, 2 tenant replacements)

TO-16 A-PLACE Shinagawa Higashi



Request, opinion

- Noise during office cleaning

Countermeasures

- Introduced silent vacuum cleaner

Area with rent increase: **2,846**tsubo
Rent increase: **+5%** (3 rent revisions)

(Note) All rent increases mentioned are achieved from 13th period ended May 2018 and onwards

Internal Growth ~Management of Retail Properties 1~

1. "Stability" and "Profitability" anchoring API's urban retail properties

| Fixed-rent rate | Ave. leasehold | Ave. NOI yield (Before depreciation) |
|-----------------|----------------|---|
| 96% | 9.0 years | 4.9% (Ave. of 12th & 13th periods) |

2. Measures in retail properties for future

- AA-4 icot Mizonokuchi** ▶ Lease contract concluded with Room's-taishodo (whole building lease)
- **5-year fixed lease contract concluded** following termination of current lease
 - Achieved in stabilization of revenue and property management

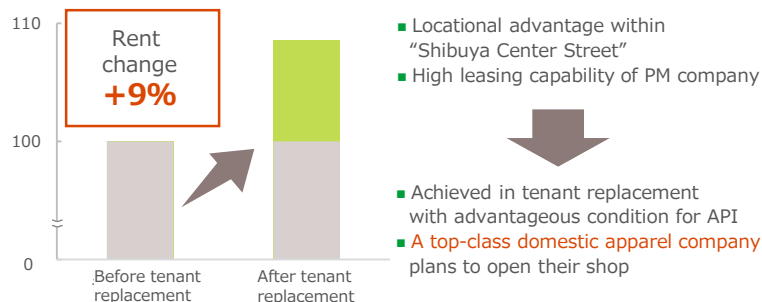


Contracted area: 4,245 tsubo
Termination of current lease: Jul. 24, 2018
Leasehold period: from Jul. 25, 2018 to Jul. 24, 2023 (fixed term)

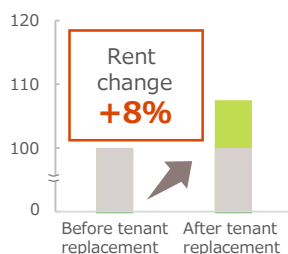
3. Continuous internal growth maximizing potentials

- ▶ **Achieved replacement with rent increase w/o down-time** after intense leasing activity

UR-9 A-FLAG SHIBUYA
(Acquired in Aug. 2013 (4th period))



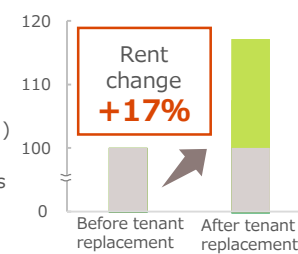
UR-6 A-FLAG AKASAKA
(Acquired in Aug. 2013 (4th period))



- Enjoys a high visibility by facing busy Hitotsugi Street. Bio c'Bon, a talked-about supermarket coming from Paris, France plans to open their shop
- Their planned 7th shop in Japan (after Azabu Juban, Nakameguro, etc.)
- Wide variety of goods from food to commodities

AA-8 icot Omori

(Acquired in Dec. 2013 (5th period))



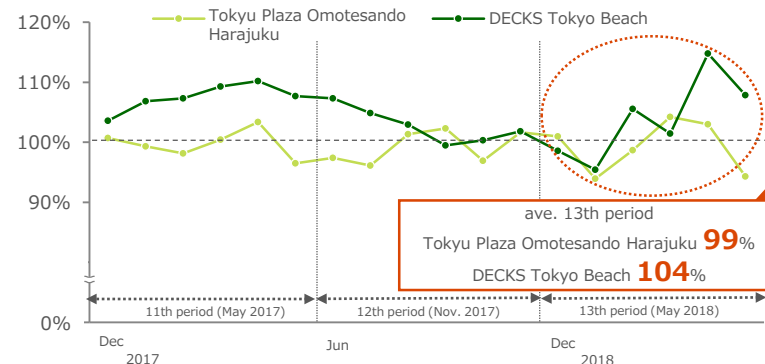
- The drug store, an existing tenant whose business relates to people's daily life is recording favorable sales and expanded its leasing area



4. Tokyu Plaza Omotesando Harajuku/ DECKS Tokyo Beach

Sales transition (Year-on-Year)

- ▶ Sales remains robust owing to strategic renovation and measures taken such as to appeal to inbound tourists



Examples of strategic renovation

- ▶ Invited a make-up brand to open its first shop in Japan (Tokyu Plaza Omotesando Harajuku)

NYX Professional Makeup (Newly opened on Mar. 16, 2018)



- A make-up brand for professionals established in L.A.
- Achieved to stabilize and increase revenue by converting POP-UP (event) space into leasable area

- ▶ Increased capacity to draw visitors by creating "buzz" (DECKS Tokyo Beach)

Odaiba Takoyaki Museum

(Renovated and re-opened on Mar. 20, 2018)



- Installed multilingual ticket vendor, expanded eating area, changed layout and extended opening hours
- Sales of the area increased after renovation by **53%** (result of Apr. 2018, Y-on-Y)

Internal Growth ~Management of Retail Properties 2~

1. Urban Retail properties with hotel zone

Overview of each hotel

- ▶ Highly competitive due to high visibility of the building as landmark and excellent accessibility

| Property | Tokyu Plaza Akasaka | A-FLAG SAPPORO | Kobe Kyu Kyoryuchi 25Bankan |
|------------------|---|---|---|
| |  |  |  |
| Hotel (Operator) | Akasaka Excel Hotel Tokyu (Tokyu Hotels) | Sapporo Tokyu REI Hotel (Tokyu Hotels) | Oriental Hotel (Plan·Do·See) |
| Location | 1-min walk from Akasaka-mitsuke Station | 2-min walk from Susukino Station | 5-min walk from Kyukyoryuchi·Daimarumae Station |
| # of rooms | 487 | 575 | 116 |

Key indices of hotel

(Results from Dec. 2017 to May 2018)
(ave. of 3 hotels)

Occupancy rate of hotel rooms

86% (Y-on-Y+2pt)
(Ref) Nationwide occupancy for city hotels **78%**

RevPAR trends

Y-on-Y **104%**

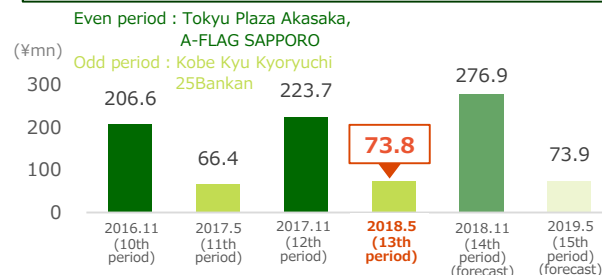
Inbound sales trend

12%

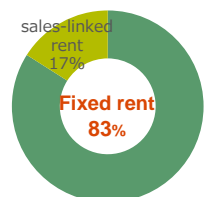
Trend in Sales-linked rent and fixed rent rate

- ▶ Sales-linked rent continually expands with fixed rent ratio since a year of **83%**

Trends in sales-linked rent



Ratio of fixed rate



(Based on the actual of the 12th & 13th periods)

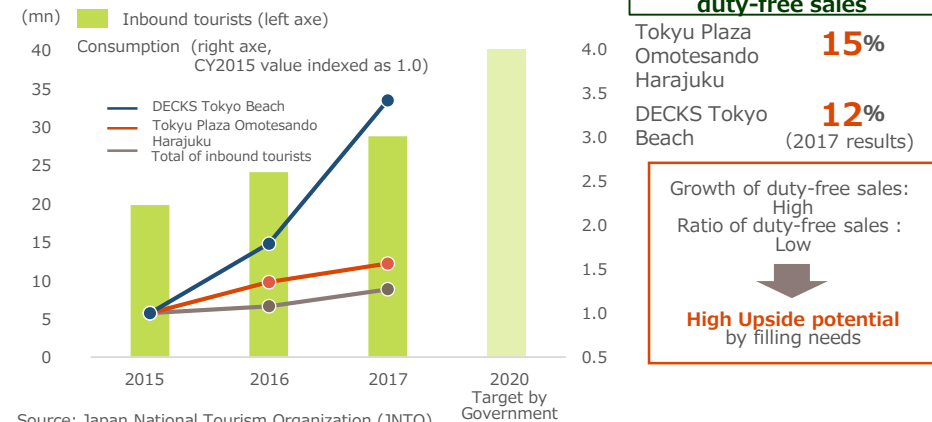
- ▶ Measures taken at major hotels for differentiation in diversified hotel business



2. Measures taken in Urban Retail properties

Trends in inbound tourists and duty-free sales

- ▶ Duty-free sales of API's retail properties are in increase in association with growth in the number of inbound tourists



Source: Japan National Tourism Organization (JNTO)

- ▶ Various measures to address accelerating demand of inbound tourists



1. Initiatives taking properties' locational advantage

■ Efficient use of idle space on roof (Invited BBQ company)

UR-15 DECKS Tokyo Beach

- Suitable for special occasion with outstanding view of Tokyo Bay area
- Increased attractions of the property for visitors in addition to **revenue increase along with larger leased area**



■ Converted to office building taking locational advantage in front of station

TO-17 A-PLACE Shinbashi Ekimae



- **Invested approx. ¥700mn for large-scaled renovation** following vacating of whole building by a retail tenant
- **Newly constructed office entrance and converted former ownership area to office, etc.** to meet various tenant needs for an office building in front of station

2. Effort to enhance AM・PM capability

■ Regular market review



- Organize **on regular basis** latest market **review (office / retail / hotel / transaction)** by **external specialist to be aware of market trend and problems of each property**
- Major review companies
 - ・CBRE Japan K.K.
 - ・Japan Hotel Appraisal Co., Ltd.
 - ・Sumitomo Mitsui Trust Research Institute Co., Ltd.
 - ・Japan Real Estate Institute



TLC REIT Management Inc.

■ PM awarding program

- Implemented awarding program to honor notable achievements such as large rent increase
- Contribution **to enhance partnership between AM and PM** in addition to **improve motivation of PM person in charge**

<PM awarding ceremony>



TOKYU COMMUNITY CORP.



TOKYU LAND SC MANAGEMENT CORPORATION

Aim at revenue maximization by “Proactive Management” along with taking full advantage of “Location and Quality” of API's portfolio

Internal Growth ~Various Initiatives toward API's Continual Growth 2~

1. Measures to increase revenue

- ▶ Acquired another secondary revenue by active initiatives

Utilization of front space of the property (Mobile lunch catering)

TO-1 TLC Ebisu Building



- The area is especially concentrated by offices, which high-needs for lunch of office workers is expected
- Achieved **ancillary revenue increase** in addition to improving tenants' convenience by utilizing effectively front space of the property

Other efforts

UR-2 Tokyu Plaza Akasaka



- Rent revenue largely increased by **conversion of warehouse** to office

UR-6 A-FLAG AKASAKA



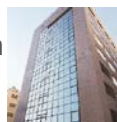
- Revenue increased by placing extra **tenant signage**

AA-9 Market Square Sagami-hara



- Revenue increased by **installation of ID photo booth**

TO-8 A-PLACE Shinbashi and 2 other properties



- Installed and extended **antennas**

TO-14 A-PLACE Shibuya Konnoh



- Revenue increased by **switching supplier of vending machines**

2. Efforts for cost reduction and environment

- ▶ Actively implemented cost reduction measures such as switching power companies and conversion to LED

UR-2 Tokyu Plaza Akasaka and 2 other properties



- Reduced electric cost by ave. **5%** by **replacing power companies** with attention to reduction of gas emission

UR-15 DECKS Tokyo Beach and 6 other properties



- Reduced electric cost by **upgrade of light to LED**

UR-10 Q plaza SHINSAIBASHI



- Reduced cost by changing **mandatory attached parking facilities**
- Changed **security organization** (cost cut by revision of security operation time)

3. Strategic value-ups contributing to tenant satisfaction

- ▶ Continual value-ups to maintain and improve asset value

UR-11 A-FLAG KOTTO DORI



Improved finish of hand wash basin and toilet

TO-13 A-PLACE Ebisu Higashi



Improved interior finish of common area

Achieved revenue increase by **¥13.4mn per full six months per period** through revenue increase by grasping needs and active cost-reduction

1. External assessment of measures for sustainability

- **Over half of API's existing properties** is awarded environmental certificates by outside certification authorities

GRESB Real Estate Assessment



- **"Sector Leader"** in "Diversified - Office/Retail/Asia" sector in 2017
- Since its participation in 2013, API has **obtained the highest grade "Green Star" for four consecutive years** from 2014
- Awarded **Four stars** in the comparative assessment introduced in 2016

CASBEE Property Assessment Certification



Covers **28%** at the end of the period
※Based on gross floor area

12 properties have been assessed and all evaluated **top level evaluation** out of 5 classes
S class(5 stars):6 properties (A-PLACE Ebisu Minami, etc.)
A class(4 stars):6 properties (Q plaza EBISU, etc.)

DBJ Green Building Certification



Covers **23%** at the end of the period
※Based on gross floor area

8 properties have been awarded **3 stars to 5 stars**
5 stars:2 properties (Shiodome Building, etc.)
4 stars:2 properties (Tokyu Plaza Omotesando, etc.)
3 stars: 4 properties (Tokyu Plaza Akasaka, etc.)

BELS Assessment



Covers **6%** at the end of the period
※Based on gross floor area

6 properties have been awarded **3 stars to 1 star**
3 stars:2 properties (A-PLACE Shibuya Konnoh, etc.)
2 stars:3 properties (A-PLACE Yoyogi, etc.)
1 star: 1 property (A-PLACE Shinagawa)

2. Examples of measures taken by API

Investment related to energy saving

UR-11 A-FLAG KOTTO DORI



Conversion to LED lighting

TO-14 A-PLACE Shibuya Konnoh



Renewal of common area air conditioning

UR-8 A-FLAG SAPPORO

TO-12 A-PLACE Ebisu Minami



Energy saving check-up

Initiatives for local societies through planning and participation to events

UR-1 Tokyu Plaza Omotesando Harajuku



AA-10 Umeda Gate Tower



Establishment of Environmental Engineering Department

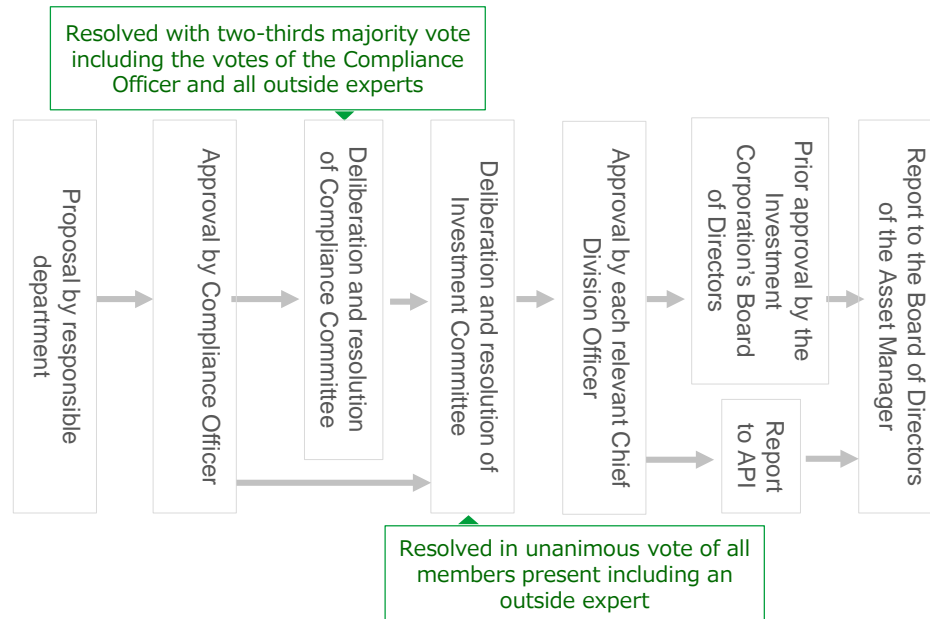
- **"Environmental Engineering Department"** is newly established as of Apr. 1, 2018 within Tokyu REIT Management, the asset manager of API, aiming to enhance the organization to maintain and improve the value of API's assets
- The dept. supervises matters concerning repairs and other works of assets and environmental responsiveness of properties, aiming at concentration of management know-how for **a more advanced management**

- Experience of vegetable farming by local nursery school kids at **"Yasai-no-mori (garden of vegetables)"** project in terrace on 6th floor
- Celebrated the first harvest in June, the property will continue to engage in local community through various projects

- Participated to **"Challywood"**, an event to boost the Chayamachi area, organized by Kita Umeda town planning council

1. Governance structure aimed at maximizing unitholders' value

- Any acquisition of properties involving a related-party transaction is required to be approved by the Compliance Committee of the Asset Manager and Board of Directors of API



2. Alignment of the interests of the unitholders and Sponsor

Sponsor's investment in API

The Sponsor holds 61,913 units issued by API (approx. 9% of the total units outstanding) as of May 31, 2018 and expressed the following intention to the Asset Manager in the Sponsor Support Agreement:

Common ownership of properties with Sponsor

We align our interests in operating individual properties with the Sponsor group's interests by jointly owning properties (holding co-ownership interests)

| Property Name | API's Share | Share held by the Sponsor Group |
|---------------------------------|-------------|---------------------------------|
| Tokyu Plaza Omotesando Harajuku | 75% | 25% |
| Tokyu Plaza Akasaka | 50% | 50% |
| DECKS Tokyo Beach | 49% | 51% |

3. Fee structure of Asset Manager and API's directors

- Fee structures enabling to incentivize to maximize unitholders' value

Asset management fee

| | Fee I (annual) | Fee II |
|-----------------------------------|---|--|
| Basis for calculation of fee rate | Total assets at the end of the previous fiscal period × 0.3% | DPU before deduction of Fee II × NOI × 0.0002% |
| | The sum of Fee I and Fee II may not exceed 0.5% of our total assets at the end of each period | |

Acquisition / Disposition fee

| Ratio of acquisition Fee | Ratio of disposition Fee |
|----------------------------------|--|
| 0.7% | 0.5% |
| Related-party transactions: 0.5% | Related-party transactions: no fee |
| | No disposition fees when loss on sale is accrued |

Executive compensation

| Title | Director's name | Other responsibilities | Total compensation (thousand of yen) |
|----------------------|-------------------|---|--------------------------------------|
| Executive Director | Kazuyuki Murayama | General Manager of Strategy Department, Activia Management Division, TLC REIT Management Inc. | - |
| Supervisory Director | Yonosuke Yamada | Managing Partner of Yamada, Goya and Suzuki law offices | (Total) 3,300 (13th period actual) |
| | Yoshinori Ariga | Ariga Yoshinori tax advisor office | |

(Note) None of directors holds any of API's units in their own or the name of another. Supervisory directors might be directors of other entities, though there are no special interests between API and those entities or either of the entities referred to above.

4. Measures to improve expertise in Asset Manager

In-house training program

- Regularly holds seminar by external guest lecturer rich in experience



Support system for certification acquisition & list of qualified employees

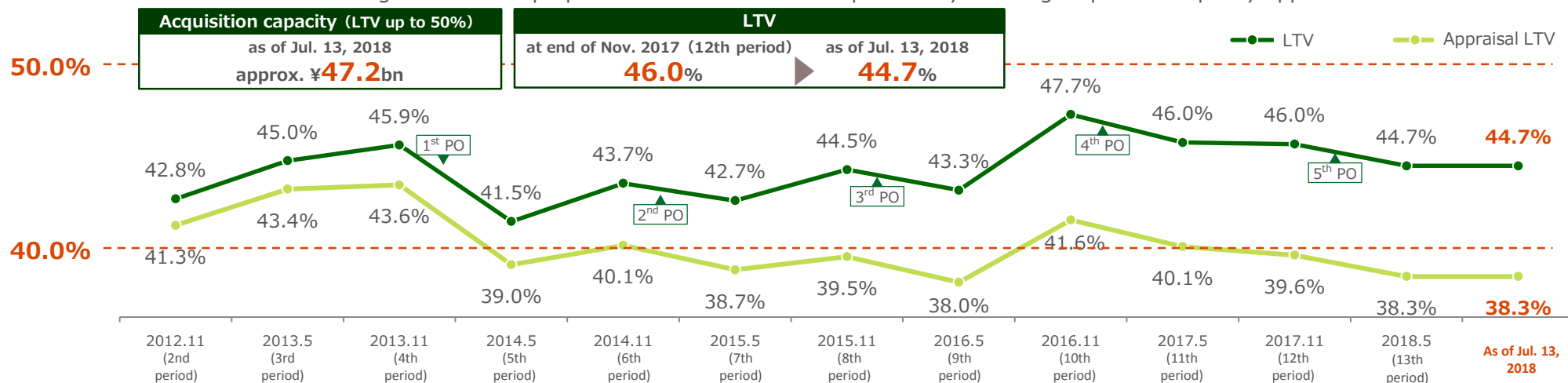
- Test cost and seminar fees for acquisition/holding of qualification/certification were funded by Asset Manager
- List of the qualification/certification w/number of employees as of Apr. 1, 2018

| | | | |
|--|----------|---|----------|
| Registered real estate notary | 71 pers. | First-class registered architect | 4 pers. |
| ARES Real estate securization master | 36 pers. | Certified public tax accountant | 1 pers. |
| Real estate appraisers | 7 pers. | Certified Building Administrator | 17 pers. |
| Chartered Member of the Securities Analysts Association of Japan | 2 pers. | (Note) Includes those are qualified but not registered. | |

Financial Strategies ~Status of Financing 1~

1. Trends in LTV and borrowing indicators

- ▶ Reduced LTV to **44.7%** through 5th PO and prepared for further flexible acquisition by securing acquisition capacity approx. of **¥47.2bn**



2. Average years remaining to maturity and interest rate

- ▶ Secured **high rate of fixed interest** in interest-bearing debt in preparation for increase of future increase of interest



3. Issuer rating

Long-term issuer rating

JCR
AA
(Stable)

| Interest bearing debt (¥mn) | 77,000 | 85,000 | 88,000 | 100,800 | 110,800 | 127,100 | 136,900 | 147,150 | 177,150 | 196,150 | 196,150 | 199,350 | 199,350 |
|-----------------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ratio of fixed-rate | 70.1% | 74.1% | 71.6% | 79.2% | 77.4% | 85.1% | 82.6% | 88.6% | 86.5% | 92.8% | 92.8% | 95.4% | 95.4% |

Ave. interest rate (Ave. borrowing period)

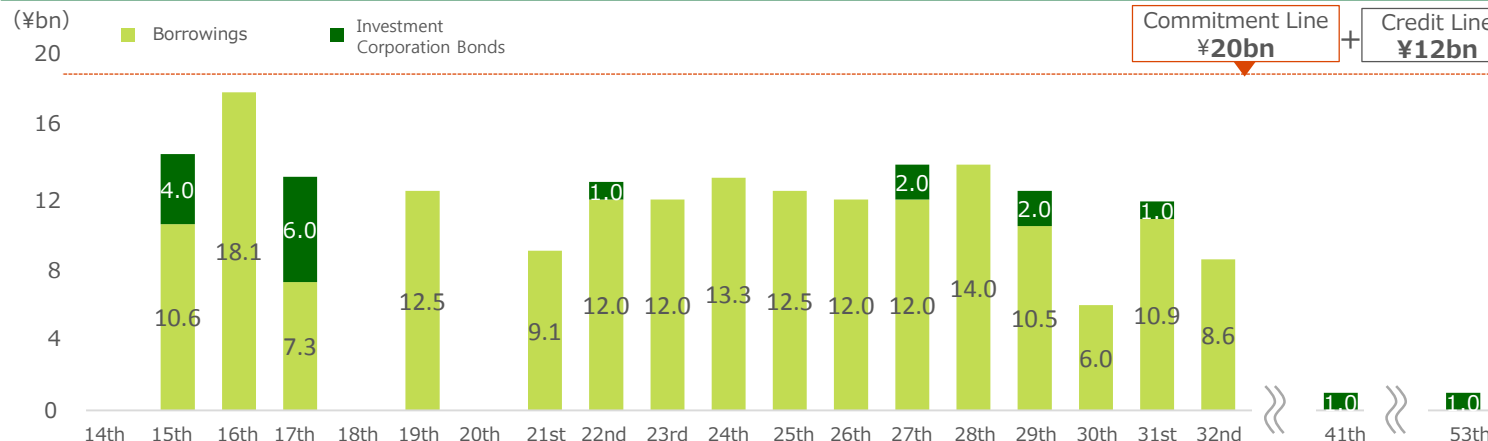
| | Amount | Ave. period | Ave. interest rate |
|-------------------|----------------|------------------|--------------------|
| 14th period | ¥0.0bn | - | -% |
| 15th period | ¥10.6bn | 3.6 years | 0.54% |
| 16th period | ¥18.1bn | 4.2 years | 0.58% |
| 17th period | ¥7.3bn | 5.3 years | 0.65% |
| Total/Ave. | ¥36.0bn | 4.3 years | 0.58% |

| Aim for low financing cost | | ¥10.6bn | ¥18.1bn | ¥7.3bn |
|---|-----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| 5.8yrs 0.43% | *All refinanced | 3.6yrs 0.54% | 4.2yrs 0.58% | 5.3yrs 0.65% |
| Ave. interest rate after introduction of negative interest rate policy | Nov. 30, 2018 (14th period) | May. 31, 2019 (15th period) | Nov. 30, 2019 (16th period) | May 31, 2020 (17th period) |

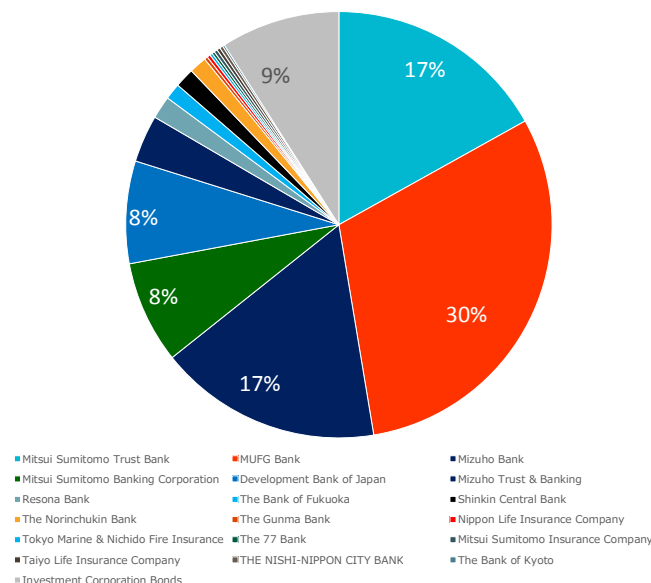
2. Maturity ladder, rating and borrowing status

- **Diversified maturity periods** with attention to refinance of investment corporation bonds

Interest-bearing Debt Maturity Ladder (as of Jul.13, 2018)



Lenders list (as of Jul. 13, 2018)



| | Outstanding amount (¥mm) | Ratio |
|---------------------------------------|--------------------------|---------------|
| Mitsui Sumitomo Trust Bank | 33,715 | 16.9% |
| MUFJ Bank (*1) | 60,740 | 30.5% |
| Mizuho Bank | 33,715 | 16.9% |
| Mitsui Sumitomo Banking Corporation | 15,490 | 7.8% |
| Development Bank of Japan | 15,490 | 7.8% |
| Mizuho Trust & Banking | 7,140 | 3.6% |
| Resona Bank | 3,440 | 1.7% |
| The Bank of Fukuoka | 2,440 | 1.2% |
| Shinkin Central Bank | 2,940 | 1.5% |
| The Norinchukin Bank | 2,640 | 1.3% |
| The Gunma Bank | 500 | 0.3% |
| Nippon Life Insurance Company | 500 | 0.3% |
| Tokyo Marine & Nichido Fire Insurance | 400 | 0.2% |
| The 77 Bank | 400 | 0.2% |
| Mitsui Sumitomo Insurance Company | 500 | 0.3% |
| Taiyo Life Insurance Company | 500 | 0.3% |
| THE NISHI-NIPPON CITY BANK (*2) | 500 | 0.3% |
| The Bank of Kyoto (*2) | 300 | 0.2% |
| Investment Corporation Bonds | 18,000 | 9.0% |
| Total | 199,350 | 100.0% |

(*2) Newly invited lenders at the refinancing in Mar. 2018

3. Issuance of Investment Corporation Bonds




- ▶ Issued 8th & 9th investment corporation bonds **at low interest rates** in Feb. 2018

Issuance in Feb. 2018

| Debt | Value of issuance | Interest rate |
|------------------------|-------------------|---------------|
| 8th 4.5year-bond | ¥1.0bn | 0.160% |
| 9th 20year-bond | ¥1.0bn | 1.050% |
| Total/ Ave. | ¥2.0bn | 0.605% |

Appraisal Values of Properties

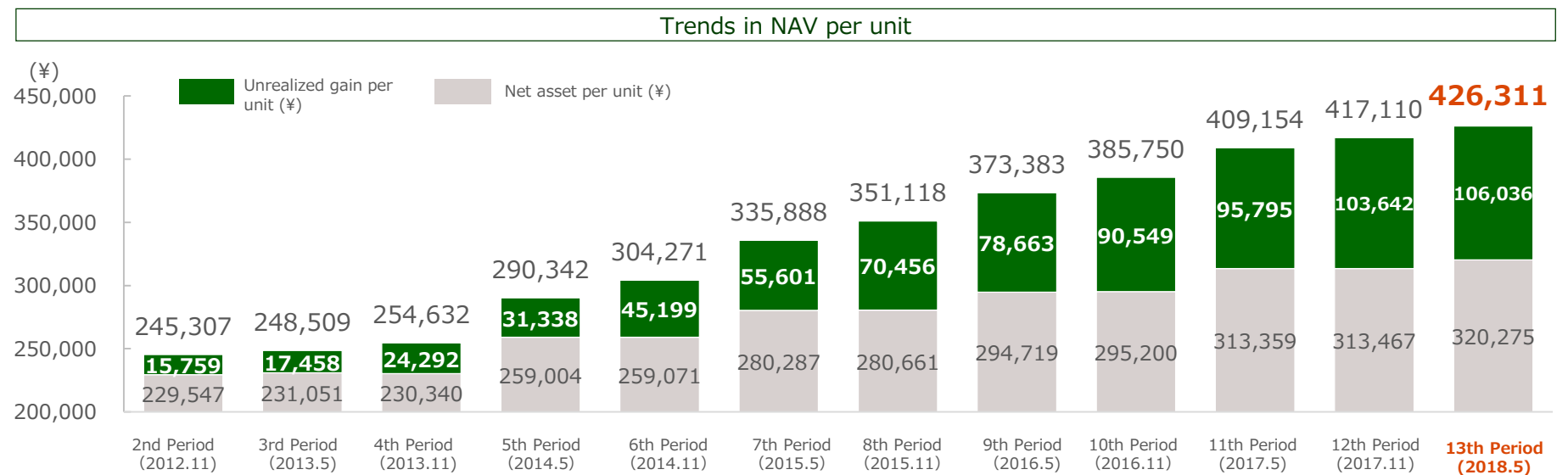
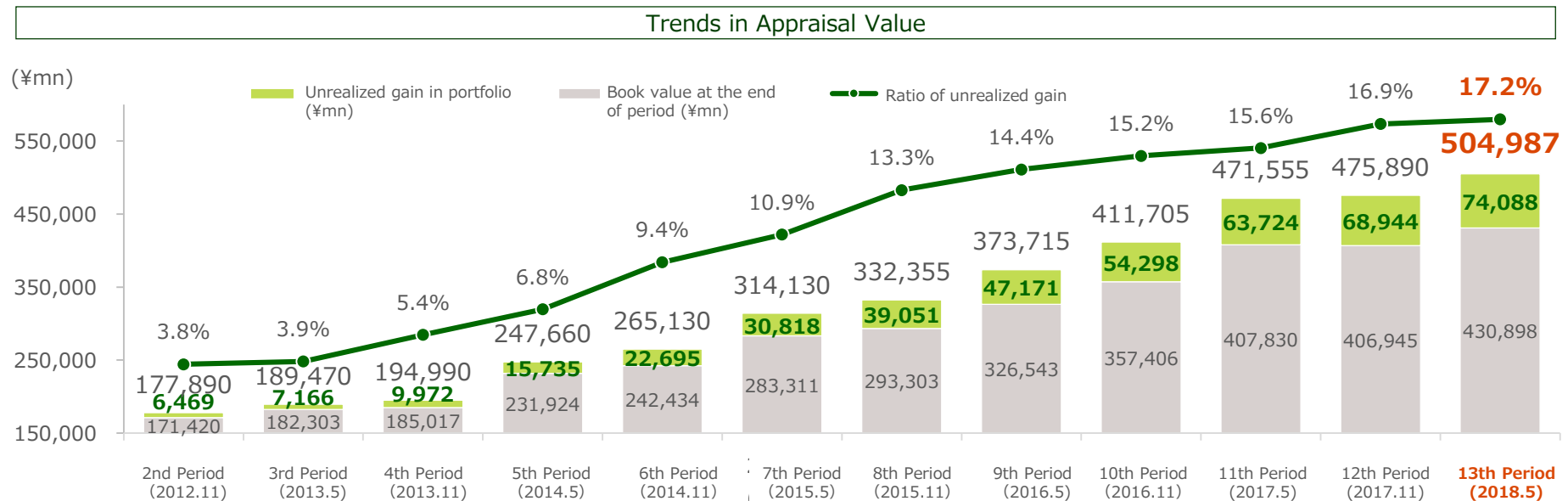
- ◆ The appraisal values of properties at the end of May 2018 (the 13th period) is **up ¥5.2b** from the previous period, with unrealized gain expanded to **¥74bn**.

| Unrealized gain expanded to 47.4bn. | | | | | | | | | | | (¥mn) |
|---|-----------------|--|-----------------------|----------------------|---|-------------------------|------------------------|-----------------------------|---------------------------------------|---|----------------------------------|
| Category | Property number | Property name | Acquisition price (A) | Investment ratio (%) | Book value at the end of May 2018 (13th period) | As of Nov. 30, 2017 (C) | Appraisal value | | Difference from previous period (D-C) | Difference from acquisition price (D-A) | Difference from book value (D-B) |
| | | | | | | | As of May 31, 2018 (D) | Cap rate as of May 31, 2018 | | | |
|  | UR-1 | Tokyu Plaza Omotesando Harajuku (Note 1) | 45,000 | 10.4% | 44,796 | 58,200 | 59,100 | 2.8% | 900 | 14,100 | 14,304 |
| | UR-2 | Tokyu Plaza Akasaka (Note 1) | 11,450 | 2.7% | 11,755 | 15,000 | 15,000 | 4.1% | 0 | 3,550 | 3,245 |
| | UR-3 | Q plaza EBISU | 8,430 | 2.0% | 8,269 | 11,100 | 11,300 | 3.3% | 200 | 2,870 | 3,031 |
| | UR-4 | Shinbashi Place | 20,500 | 4.8% | 20,971 | 20,500 | 20,300 | 3.6% | -200 | -200 | -671 |
| | UR-5 | Kyoto Karasuma Parking Building | 8,860 | 2.1% | 8,752 | 11,100 | 11,000 | 4.9% | -100 | 2,140 | 2,248 |
| | UR-6 | A-FLAG AKASAKA | 3,000 | 0.7% | 3,078 | 3,730 | 3,730 | 3.6% | 0 | 730 | 652 |
| | UR-7 | Kobe Kyu Kyoryuchi 25Bankan | 21,330 | 4.9% | 20,847 | 26,800 | 26,800 | 4.0% | 0 | 5,470 | 5,953 |
| | UR-8 | A-FLAG SAPPORO | 4,410 | 1.0% | 4,650 | 6,880 | 7,080 | 5.5% | 200 | 2,670 | 2,430 |
| | UR-9 | A-FLAG SHIBUYA | 6,370 | 1.5% | 6,350 | 7,400 | 7,430 | 4.0% | 30 | 1,060 | 1,080 |
| | UR-10 | Q plaza SHINSAIBASHI | 13,350 | 3.1% | 13,449 | 14,400 | 14,600 | 3.6% | 200 | 1,250 | 1,151 |
| | UR-11 | A-FLAG KOTTO DORI | 4,370 | 1.0% | 4,406 | 4,780 | 4,880 | 3.5% | 100 | 510 | 474 |
| | UR-12 | A-FLAG BIJUTSUKAN DORI | 4,700 | 1.1% | 4,713 | 4,760 | 4,760 | 3.6% | 0 | 60 | 47 |
| | UR-13 | A-FLAG DAIKANYAMA WEST | 2,280 | 0.5% | 2,348 | 2,400 | 2,340 | 3.9% | -60 | 60 | -8 |
| | UR-14 | A-FLAG KITA SHINSAIBASHI | 4,725 | 1.1% | 4,849 | - | 4,740 | 4.0% | - | 15 | -109 |
| | UR-15 | DECKS Tokyo Beach (Note 1) | 12,740 | 3.0% | 12,907 | - | 12,887 | 4.0% | - | 147 | -20 |
| Sub-total | | | 171,515 | 39.7% | 172,148 | 187,050 | 205,947 | - | 1,270 | 34,432 | 33,798 |
|  | TO-1 | TLC Ebisu Building | 7,400 | 1.7% | 7,315 | 9,860 | 10,300 | 3.7% | 440 | 2,900 | 2,985 |
| | TO-2 | A-PLACE Ebisu Minami | 9,640 | 2.2% | 9,443 | 13,600 | 13,900 | 3.6% | 300 | 4,260 | 4,457 |
| | TO-3 | A-PLACE Yoyogi | 4,070 | 0.9% | 3,922 | 4,610 | 4,710 | 3.9% | 100 | 640 | 788 |
| | TO-4 | A-PLACE Aoyama | 8,790 | 2.0% | 8,638 | 9,680 | 9,970 | 4.0% | 290 | 1,180 | 1,332 |
| | TO-5 | Luogo Shiodome | 4,540 | 1.1% | 4,279 | 6,220 | 6,220 | 3.6% | 0 | 1,680 | 1,941 |
| | TO-6 | TAMACHI SQUARE (Land) (Note 2) | 2,338 | 0.5% | 2,362 | 2,770 | 2,770 | 3.7% | 0 | 432 | 408 |
| | TO-7 | A-PLACE Ikebukuro | 3,990 | 0.9% | 3,778 | 5,010 | 5,020 | 4.2% | 10 | 1,030 | 1,242 |
| | TO-8 | A-PLACE Shinbashi | 5,650 | 1.3% | 5,712 | 6,670 | 6,670 | 3.9% | 0 | 1,020 | 958 |
| | TO-9 | A-PLACE Gotanda | 5,730 | 1.3% | 5,556 | 6,930 | 6,940 | 3.7% | 10 | 1,210 | 1,384 |
| | TO-10 | A-PLACE Shinagawa | 3,800 | 0.9% | 3,788 | 4,300 | 4,300 | 3.7% | 0 | 500 | 512 |
| | TO-11 | OSAKI WIZTOWER | 10,690 | 2.5% | 10,761 | 14,500 | 14,600 | 3.5% | 100 | 3,910 | 3,839 |
| | TO-12 | Shiodome Building (Note 1) | 71,600 | 16.6% | 71,280 | 74,550 | 75,600 | 3.4% | 1,050 | 4,000 | 4,320 |
| | TO-13 | A-PLACE Ebisu Higashi | 7,072 | 1.6% | 7,128 | 7,680 | 7,700 | 3.7% | 20 | 628 | 572 |
| | TO-14 | A-PLACE Shibuya Konnoh | 4,810 | 1.1% | 4,979 | 5,340 | 5,350 | 3.6% | 10 | 540 | 371 |
| | TO-15 | A-PLACE Gotanda Ekimae | 7,280 | 1.7% | 7,549 | 7,650 | 7,690 | 3.8% | 40 | 410 | 141 |
| | TO-16 | A-PLACE Shinagawa Higashi | 18,800 | 4.4% | 18,905 | 19,500 | 19,500 | 3.9% | 0 | 700 | 595 |
| Sub-total | | | 176,200 | 40.8% | 175,402 | 198,870 | 201,240 | - | 2,370 | 25,040 | 25,837 |
|  | AA-1 | Amagasaki Q's MALL (Land) | 12,000 | 2.8% | 12,113 | 13,900 | 13,900 | 4.3% | 0 | 1,900 | 1,787 |
| | AA-2 | icot Nakamozu | 8,500 | 2.0% | 8,172 | 10,200 | 10,300 | 5.1% | 100 | 1,800 | 2,128 |
| | AA-4 | icot Mizonokuchi | 2,710 | 0.6% | 2,637 | 3,250 | 3,230 | 5.4% | -20 | 520 | 593 |
| | AA-5 | icot Tama Center | 2,840 | 0.7% | 2,664 | 3,810 | 3,890 | 5.1% | 80 | 1,050 | 1,226 |
| | AA-6 | A-PLACE Kanayama | 6,980 | 1.6% | 6,428 | 7,900 | 8,530 | 5.1% | 630 | 1,550 | 2,102 |
| | AA-7 | Osaka Nakanoshima Building | 11,100 | 2.6% | 11,035 | 13,800 | 14,100 | 4.1% | 300 | 3,000 | 3,065 |
| | AA-8 | icot Omori | 5,790 | 1.3% | 5,688 | 6,590 | 6,750 | 4.4% | 160 | 960 | 1,062 |
| | AA-9 | Market Square Sagamihara | 4,820 | 1.1% | 4,733 | 5,020 | 5,030 | 5.3% | 10 | 210 | 297 |
| | AA-10 | Umeda Gate Tower | 19,000 | 4.4% | 19,498 | 21,000 | 21,300 | 3.7% | 300 | 2,300 | 1,802 |
| | AA-11 | A-PLACE Bashamichi | 3,930 | 0.9% | 4,031 | 4,500 | 4,500 | 4.9% | 0 | 570 | 469 |
| | AA-12 | Commercial Mall Hakata | 6,100 | 1.4% | 6,344 | - | 6,270 | 4.8% | - | 170 | -74 |
| | Sub-total | | | 83,770 | 19.4% | 83,348 | 89,970 | 97,800 | - | 1,560 | 14,030 |
| Total | | | 431,485 | 100.0% | 430,898 | 475,890 | 504,987 | - | 5,200 | 73,502 | 74,088 |

(Note 1) Values for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach and Shiodome Building are calculated based on the pro rata share of the respective co-ownership interests (75%, 50%, 49% and 35% respectively).

(Note 2) The acquisition price for TAMACHI SQUARE (Land) represents the acquisition price of the land as of the acquisition date (Jun. 13, 2012).

Trends of Appraisal Value/NAV per Unit



(Note) To reflect the 2-for-1 split of investment units as of October 1, 2015 as the effective date, the figures of NAV per unit before the 7th period are shown as half of actual value.

(Reference) Financial Forecasts for the Period Ending Nov. 2018 (the 14th Period)

- ◆ **Both revenue and profit are forecasted to increase** from the previous period due to (i) full-period operation of 2 properties acquired in 13th period and (ii) sales-linked rent at hotels, absorbing the decrease in revenue of existing properties and increased taxes & public dues
- ◆ (Forecast) DPU is expected to be **¥9,500, up ¥38** from the previous period

1. 14th period latest forecast vs. 13th period results/14th period former forecasts

(In millions of yen)

| | 13th period | 14th period ending Nov. 2018 | | | 14th period (vs. former forecast) | |
|---------------------|-------------|------------------------------|--------------------------------|--------|-----------------------------------|-------------------------------|
| | Results | Forecast 2018.7.13 | vs. previous period Difference | (%) | Forecast 2017.11.28 2018.1.17 | Change (vs. former forecasts) |
| Operating revenue | 13,327 | 13,717 | +390 | +2.9% | 13,600 | +117 |
| Operating expenses | 5,855 | 6,230 | +374 | +6.4% | 6,094 | +136 |
| Taxes & public dues | 895 | 987 | +92 | +10.3% | 1,001 | -13 |
| Operating profit | 7,471 | 7,487 | +15 | +0.2% | 7,506 | -18 |
| Ordinary profit | 6,611 | 6,639 | +27 | +0.4% | 6,575 | +63 |
| Profit | 6,610 | 6,638 | +27 | +0.4% | 6,574 | +63 |
| DPU | ¥9,462 | ¥9,500 | +¥38 | +0.4% | ¥9,410 | +¥90 |

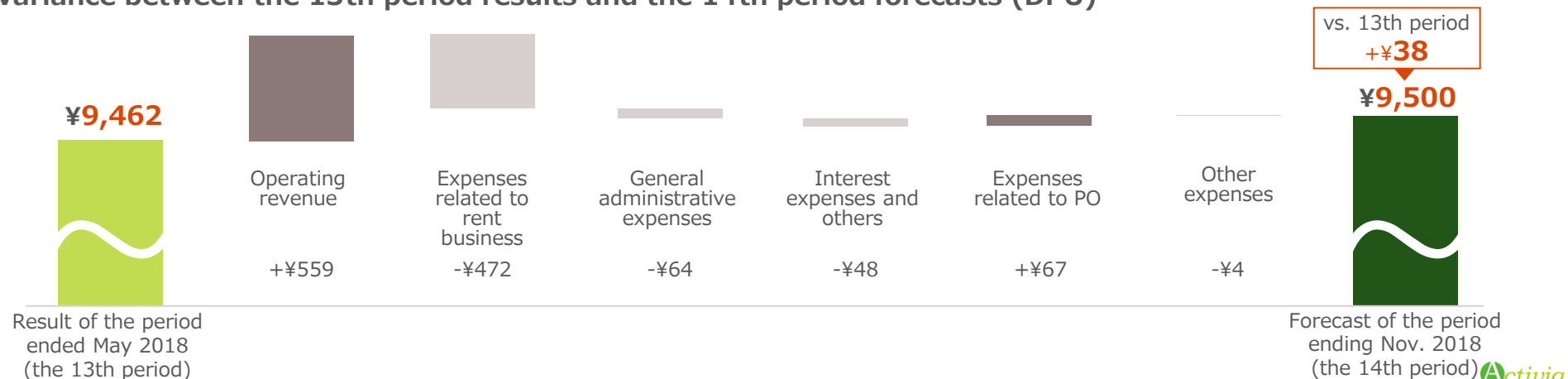
2. Variance analysis (vs. 13th period results)

(In millions of yen)

| | vs. 13th results | Details | |
|-----------------------------------|------------------|----------|--|
| Operating revenue | +390 | Increase | Full-period operation +201, Sales-linked rent at hotels +203, Utility fee +145, Cancellation fee +4, Other revenues +1 |
| | | Decrease | Rent of existing properties -158, Restoration works -3, Facilities usage fee -2, Parking lot fees -1 |
| Expenses related to rent business | +329 | Increase | Full-period operation +71, Utility expense +115, Taxes & public dues +92, Other expenses +26, Repair & maintenance +25, Depreciation +21 |
| | | Decrease | Management operation expense -14, Advertisement fee -3, Payment commission -2 |
| NOI after depreciation | +60 | | |
| General administrative expenses | +44 | Increase | Asset management fee +35, Miscellaneous expenses +8, Payment commission +1 |
| | | Decrease | Taxes & public dues -1 |
| Operating profit | +15 | | |

3. Variance between the 13th period results and the 14th period forecasts (DPU)

Interest rate assumption: 0.825%



(Note) The forecasts are calculated based on certain assumptions that reflect present conditions, and are subject to change. The forecasts do not guarantee any amount of distributions.

(Reference) Financial Forecasts for the Period Ending May 2019 (the 15th Period)

- ◆ **Profit is forecasted to increase** due to (i) rent increase backed by internal growth and (ii) controlled cost such as repair & maintenance, despite a large decrease in revenue caused by gap in periods generating sales-linked rent at hotels
- ◆ (Forecast) DPU is expected to be **¥9,502**, slightly up from the previous period

1. Comparison to the 14th forecasts

(In millions of yen)

| | 14th period | 15th period ending May 2019 | | |
|---------------------|---------------------|-----------------------------|--------------------------------|-------|
| | Forecasts 2018.7.13 | Forecasts 2018.7.13 | vs. previous period Difference | (%) |
| Operating revenue | 13,717 | 13,431 | -285 | -2.1% |
| Operating expenses | 6,230 | 5,922 | -307 | -4.9% |
| Taxes & public dues | 987 | 997 | +9 | +0.9% |
| Operating profit | 7,487 | 7,509 | +21 | +0.3% |
| Ordinary profit | 6,639 | 6,640 | +0 | +0.0% |
| Profit | 6,638 | 6,639 | +0 | +0.0% |
| DPU | ¥9,500 | ¥9,502 | +¥2 | +0.0% |

2. Variance analysis (vs. the 14th period latest forecasts)

(In millions of yen)

| | vs. 14th forecasts | Details | |
|-----------------------------------|--------------------|----------|--|
| | | | |
| Operating revenue | -285 | Increase | Rent of existing properties +74 |
| | | Decrease | Sales-linked rent at hotels -203, Utility fee -109, Other revenue -24 |
| Expenses related to rent business | -310 | Increase | Cancellation fee -14, Parking lot fees -4, Facility usage fee -2 |
| | | Decrease | Taxes & public dues +9, Depreciation +8, Advertisement fee +7 |
| NOI after depreciation | +24 | | Repair & maintenance -168, Management operation expenses -64, Utility expenses -52, Other expenses -50 |
| | | | |
| General administrative expenses | +2 | Increase | Miscellaneous expenses +4 |
| | | Decrease | Asset management fee -1 |
| Operating profit | +21 | | |

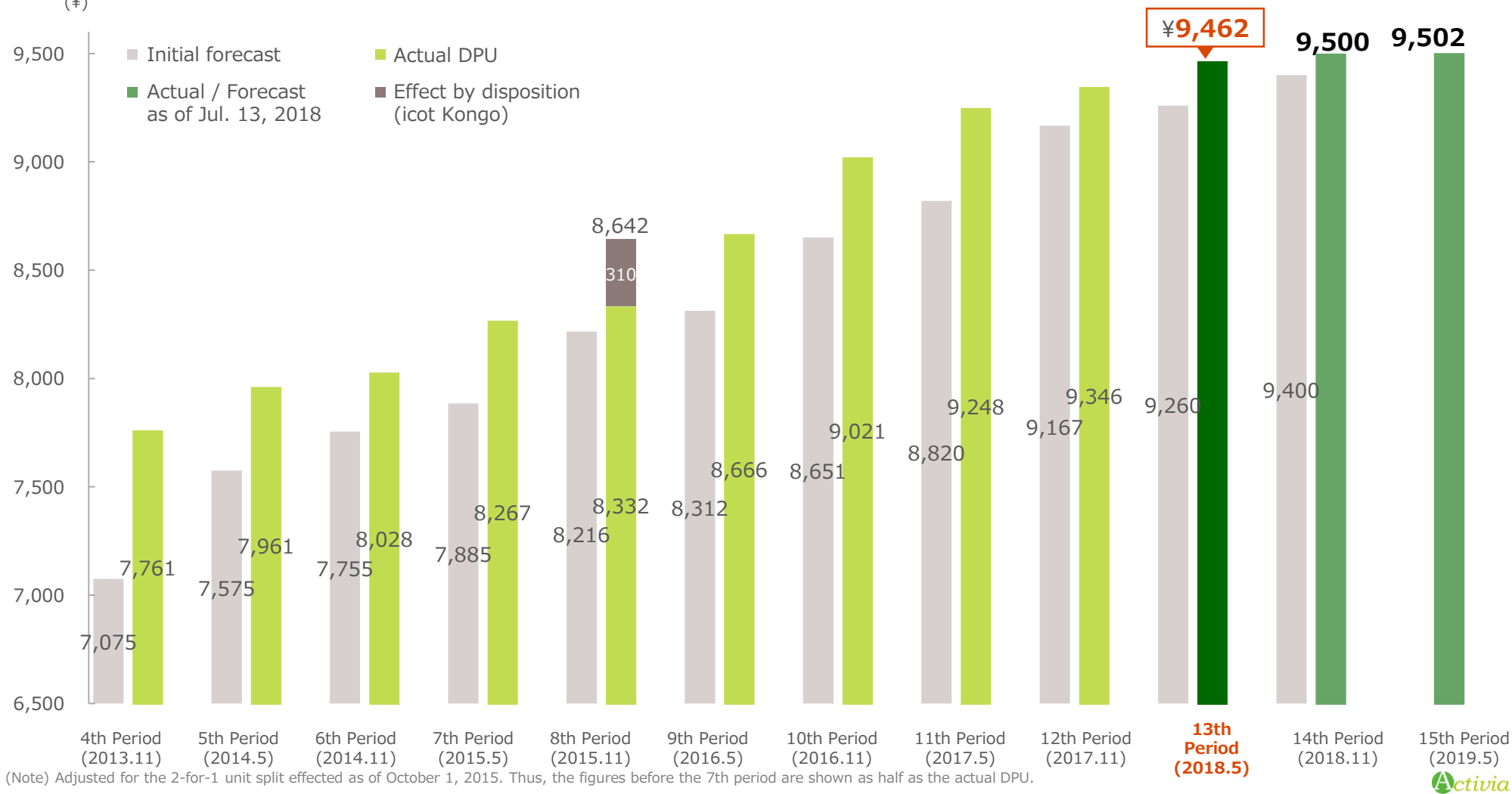
3. Variance between the 15th period forecasts and the 14th period forecasts (DPU)



(Note) The forecasts are calculated based on certain assumptions that reflect present conditions, and are subject to change. The forecasts do not guarantee any amount of distributions.

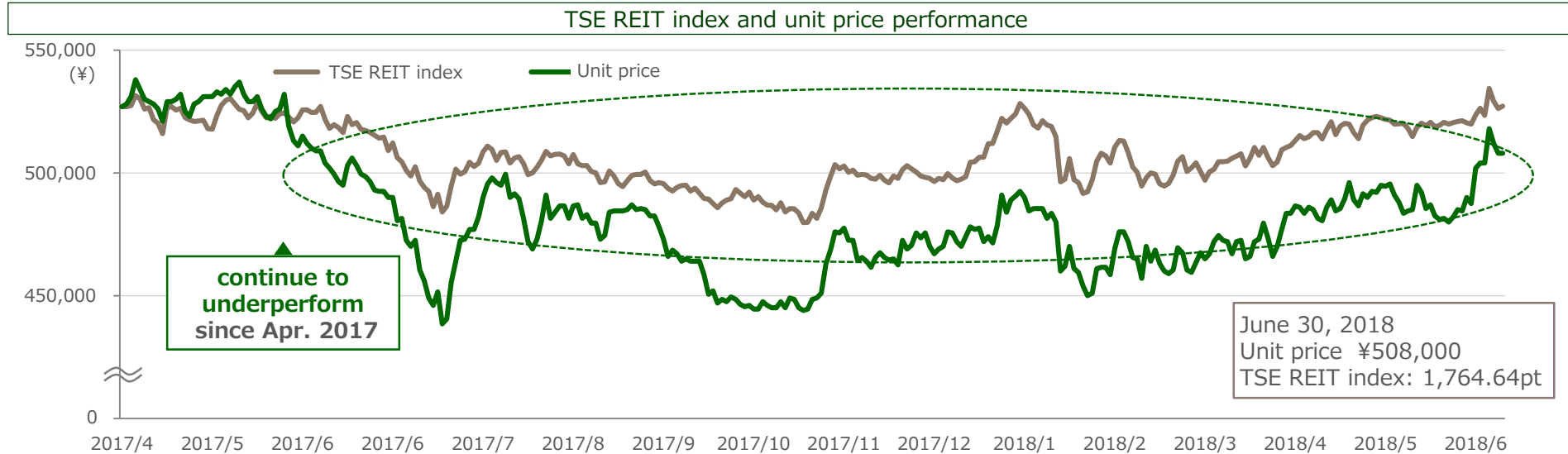
Trends in Distributions per Unit

- ◆ Actual DPU for the 13th period reached **¥9,462**, mainly due to (i) external growth due to new contribution of properties acquired at the beg. of the period and (ii) continued steady internal growth, exceeding the initial forecast for the 13th period as well as the 12th period results
- ◆ Forecast **¥9,500** for the 14th period and **¥9,502** for the 15th period, aiming to **steadily realize** formerly targeted DPU level of **¥9,500** (¥)



Business Strategy for Step-up toward Top-class Brand of J-REIT

**API unit price underperforms TSE REIT index since Apr. 2017
in persistently sluggish J-REIT market**



(Note) The performance of TSE REIT index is indexed to API unit price as of Apr. 3, 2017

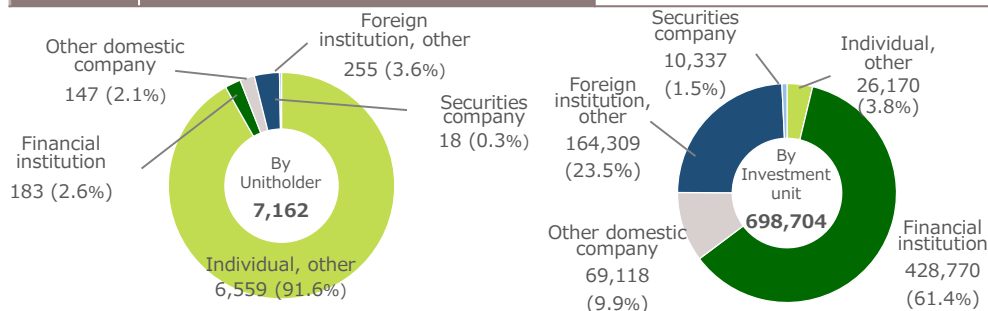
**Aim to shift promptly to next stage enhancing the evaluation of API
to be a top-class brand representing J-REIT by driving proactive business strategies**



Distribution of Unitholders, IR Activities and Selection to Index

1. Distribution of Unitholders by # of Unitholders and # of Units

| | End of May 2018 (13th period) | | | | End of Nov. 2017 (12th period) | | | |
|----------------------------|-------------------------------|-------|------------|-------|--------------------------------|-------|------------|-------|
| | # of unit-holders | Ratio | # of units | Ratio | # of unit-holders | Ratio | # of units | Ratio |
| Individual, other | 6,559 | 91.6% | 26,170 | 3.8% | 6,311 | 91.8% | 27,117 | 4.1% |
| Financial institution | 183 | 2.6% | 428,770 | 61.4% | 156 | 2.3% | 410,500 | 61.7% |
| Other domestic company | 147 | 2.1% | 69,118 | 9.9% | 145 | 2.1% | 68,468 | 10.3% |
| Foreign institution, other | 255 | 3.6% | 164,309 | 23.5% | 246 | 3.6% | 151,170 | 22.7% |
| Securities company | 18 | 0.3% | 10,337 | 1.5% | 13 | 0.2% | 7,959 | 1.2% |
| Total | 7,162 | 100% | 698,704 | 100% | 6,871 | 100% | 665,214 | 100% |



3. IR activities

- ▶ For the communication of the result of the period ended Nov. 2017 (12th) published in Jan. 2018, we have met **122 institutional investors & others**, including **15 for first time**

| Total | Domestic | Oversea | Individual |
|-------|----------|---------|--------------------|
| 122 | 77 | 34 | 11 (1,167pers.) |



Seminar co-organized with Comforia Residential REIT Inc. held in Apr. 2018

2. Top 10 Unitholders

| Name | Investment units | Ratio (%) |
|---|------------------|-----------|
| 1. Japan Trustee Services Bank, Ltd. (Trust accounts) | 149,033 | 21.3 |
| 2. The Master Trust Bank of Japan, Ltd. (Trust accounts) | 107,549 | 15.4 |
| 3. Tokyu Land Corporation | 61,913 | 8.9 |
| 4. The Nomura Trust and Banking Co., Ltd (Investment accounts) | 28,237 | 4.0 |
| 5. Trust & Custody Services Bank, Ltd. (Securities investment trust accounts) | 26,472 | 3.8 |
| 6. THE BANK OF NEW YORK 133970 | 10,246 | 1.5 |
| 7. State Street Bank & Trust Company | 9,317 | 1.3 |
| 8. State Street Bank & Trust Company 505012 | 8,425 | 1.2 |
| 9. State Street Bank West Client Treaty 505234 | 8,193 | 1.2 |
| 10. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 7,283 | 1.0 |
| Total | 416,668 | 59.6 |

4. Selected for a new index

- ▶ **API was selected for "TSE REIT Core Index"**, operated since Mar. 26, 2018 in response to various needs for security index

| | | | |
|----------------------|--|-----------------|---|
| Index | TSE REIT Core Index | Related product | MAXIS J-REIT Core Listed investment trust(2517) *Listed in Apr. 2018 |
| component securities | 26 J-REITs including API (as of Jun. 30, 2018) | Operated by | Mitsubishi UFJ Kokusai Asset Management |

Appendix



Portfolio ~Urban Retail Properties~ (1/3)

| Property name | Tokyu Plaza Omotesando Harajuku (Note 1) | Tokyu Plaza Akasaka (Note 1) | Q plaza EBISU | Shinbashi Place | Kyoto Karasuma Parking Building |
|------------------------------|--|--|---|---|---|
| |  |  |  |  |  |
| Location | Jingu-mae, Shibuya-ku, Tokyo | Nagatacho, Chiyoda-ku, Tokyo | Ebisu, Shibuya-ku, Tokyo | Shinbashi, Minato-ku, Tokyo | Moto Honenji-cho, Nakagyo-ku, Kyoto |
| Access | A 1-minute walk from Tokyo Metro Chiyoda Line, Fukutoshin Line, "Meiji Jingu-mae" Station | A 1-minute walk from Tokyo Metro Ginza Line, Marunouchi Line "Akasaka-mitsuke" Station A 1-minute walk from Tokyo Metro Yurakucho Line, Hanzomon Line, Namboku Line "Nagatacho" Station | A 1-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Tokyo Metro Hibiya Line "Ebisu" Station | A 1-minute walk from JR Tokaido Line, Yamanote Line, Keihin-Tohoku Line, Yokosuka Line/ Tokyo Metro Ginza Line, Toei Asakusa Line/Yurikamome "Shinbashi" Station | A 1-minute walk from Hankyu Kyoto Line "Karasuma" Station A 1-minute walk from subway Karasuma Line "Shijo" Station |
| Acquisition price (A) | ¥45,000mn | ¥11,450mn | ¥8,430mn | ¥20,500mn | ¥8,860mn |
| Appraisal value (B) | ¥45,200mn | ¥11,500mn | ¥8,770mn | ¥22,500mn | ¥9,430mn |
| vs appraisal value (A/B) | 99.6% | 99.6% | 96.1% | 91.1% | 94.0% |
| Appraisal NOI yield | 3.9% | 6.1% | 4.5% | 5.4% | 6.2% |
| Structure | Steel framed, RC, SRC | SRC | Steel framed, RC | Steel framed, SRC | Steel framed |
| Number of floors | 7 floors above and 2 floors underground | 14 floors above and 3 floors underground | 6 floors above and 1 floor underground | 10 floors above and 1 floor underground | 9 floors above and 1 floor underground |
| Gross floor area (Note 2) | 11,368.11m ² (Total) | 51,491.66m ² (Total) | 4,670.02m ² | 8,541.70m ² | 21,495.47m ² |
| Total leasable area (Note 2) | 4,999.87m ² | 16,579.26m ² | 4,024.88m ² | 6,484.57m ² | 21,616.04m ² |
| Occupancy rate (Note 2) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Key tenants (Note 2) | Baroque Japan Limited | Tokyu Hotels Co., Ltd. | Tokyu Sports Oasis Inc. | - | Times24 Co., Ltd. |
| Number of tenants (Note 2) | 30 | 97 | 4 | 6 | 2 |
| Key points of properties | <ul style="list-style-type: none"> Located at the crossing of Omotesando and Meiji Street, the center of Japan's fashion culture Aiming to develop a "fashion theme park" that enables customers to enjoy the latest fashion and life-style themes in an environment full of greenery Many tenants have positioned their shops in this building as their flagship or prototype shop considering the building's excellent location and high visibility | <ul style="list-style-type: none"> The strong international flavor stems from the many foreign companies and embassies in this area. The Nagatacho and Kasumigaseki areas are located behind the site Located in the busy commercial area of Tokyo city-center, it has good commercial potential to attract diversified businesses Property is facing Akasakamitsuke crossing between Sotobori Dori and Route 246, with high visibility | <ul style="list-style-type: none"> Located in the Ebisu area which is, unlike Shibuya or Daikanyama, well known as an area for grown-up High-profile building located in front of a station with a large façade made of terracotta bars and glass One of the few buildings with significant presence in the West exit area of "Ebisu" station where there are very few large-sized retail properties | <ul style="list-style-type: none"> A 1-minute walk from convenient "Shinbashi" station, one of the busiest terminal stations in Japan Shinbashi Place is in an area with diverse properties, such as office buildings, restaurants, apparel shops, and entertainment facilities, including karaoke facilities | <ul style="list-style-type: none"> Located in the Shijo Karasuma area, which is one of Kyoto's most prominent city center areas Highly visible building with a façade facing Karasuma Street, it is a high-profile building with an automated parking lot open 24 hours a day Highly important facility as it provides parking space to retail centers in the neighborhood such as Daimaru Kyoto and Takashimaya Kyoto |

(Note 1) Tokyu Plaza Omotesando Harajuku and Tokyu Akasaka are calculated based on the pro rata share of the co-ownership interests (75% and 50%, respectively) , except the gross floor area and number of tenants, which indicate the amount for the whole building.

(Note 2) As of May 31, 2018. The same shall apply hereafter in the Portfolio pages.

Portfolio ~Urban Retail Properties~ (2/3)

| Property name | A-FLAG AKASAKA | Kobe Kyu Kyoryuchi 25Bankan | A-FLAG SAPPORO | A-FLAG SHIBUYA | Q Plaza SHINSAIBASHI |
|--------------------------|---|---|--|---|---|
| |  |  |  |  |  |
| Location | Akasaka, Minato-ku, Tokyo | Kyomachi, Chuo-ku, Kobe, Hyogo | Minami-Yonjo-Nishi, Chuo-ku, Sapporo, Hokkaido | Udagawa-cho, Shibuya-ku, Tokyo | Shinsaibashisuji, Chuo-ku, Osaka-city, Osaka |
| Access | A 3-minute walk from Tokyo Metro Chiyoda Line "Akasaka" Station A 5-minute walk from Tokyo Metro Ginza Line, Marunouchi Line "Akasaka-mitsuke" Station | A 5-minute walk from Kobe subway Kaigan Line "Kyu Kyoryuchi, Daimarumae" Station 9-minute walk from JR Tokaido Line "Sannomiya" Station A 9-minute walk | A 2-minute walk from Sapporo subway Nanbou Line "Susukino" Station A 8-minute walk from Sapporo subway Toho Line "Hosui-susukino" Station | A 4-minute walk from Tokyo Metro Ginza Line, Hanzoumon Line, Fukutoshin Line/ Tokyu Denentoshi Line, Toyoko Line "Shibuya" Station A 6-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line "Shibuya" Station | A 1-minute walk from Osaka Metro Midousuji Line, Nagahori Tsurumi-ryokuchi Line "Shinsaibashi" Station |
| Acquisition price (A) | ¥3,000mn | ¥21,330mn | ¥4,410mn | ¥6,370mn | ¥13,350mn |
| Appraisal value (B) | ¥3,150mn | ¥21,600mn | ¥4,800mn | ¥6,400mn | ¥13,400mn |
| vs appraisal value (A/B) | 95.2% | 98.8% | 91.9% | 99.5% | 99.6% |
| Appraisal NOI yield | 4.5% | 4.8% | 8.7% | 4.9% | 3.9% |
| Structure | Steel framed, SRC | Steel framed, SRC | Steel framed, RC | RC | Steel framed, SRC, RC |
| Number of floors | 7 floors above and 1 floor underground | 18 floors above and 3 floors underground | 12 floors above and 1 floor underground | 5 floors above and 1 floor underground | 8 floors above and 2 floors underground |
| Gross floor area | 2,429.01㎡ | 27,010.67㎡ | 27,277.85㎡ | 3,340.70㎡ | 3,822.45㎡ |
| Total leasable area | 2,280.22㎡ | 19,653.90㎡ | 21,229.16㎡ | 3,413.80㎡ | 2,820.23㎡ |
| Occupancy rate | 100.0% | 100.0% | 100.0% | 100.0% | 88.4% |
| Key tenants | - (Disclosed) | Plan Do See Inc. | Tokyu Hotels Co., Ltd. | BOOKOFF CORPORATION LIMITED | cocokara fine Inc. |
| Number of tenants | 8 | 7 | 18 | 2 | 5 |
| Key points of properties | <ul style="list-style-type: none"> A 3-minute walking distance from Tokyo Metro Chiyoda Line "Akasaka" Station, and is convenient location where multiple stations and lines may be used Facing "Hitotsugi Street", the street with the heaviest foot traffic in Akasaka area where concentrates various restaurants Leasing area is wide and enables versatile use suiting needs of diverse tenants | <ul style="list-style-type: none"> Located in Kobe, a port city with long history, the area "Kyu Kyoryuchi" has various historic sites/buildings and is one of the leading commercial districts in West Japan in terms of the number of visitors Kobe Luminarie takes place in December every year Tenants include Louis Vuitton shop in the "Louis Vuitton Maison" format offering a full lineup Long-term lease of minimum five years contributing to a stable income | <ul style="list-style-type: none"> Located in Susukino, the most popular entertainment district in Hokkaido and one of Japan's major tourist spots A retail property holding a hotel and restaurants with high visibility in a 2-minute walk from "Susukino" Station Sapporo Snow Festival is held every February in the city | <ul style="list-style-type: none"> Located in Shibuya area, one of the major commercial districts in Japan and the fashion centers for "young generations" An urban retail property in "Shibuya Center Street", designed to fit the district feature attracting people all day and night Club Quattro is a long-established club, hosts live music and has invited a variety of artists from both Japan and abroad for over 30 years | <ul style="list-style-type: none"> Located in the front entrance of "Shinsaibashi", the top commercial area in Western Japan Shinsaibashi has the ability to attract customers as commercial focal point with passersby reaching about 98,000 people Conveniently located with a 1-minute walk from Osaka Metro "Shinsaibashi" Station, directly connecting to Crysta Nagahori |

Portfolio ~Urban Retail Properties~ (3/3)

| Property name | A-FLAG KOTTO DORI | A-FLAG BIJUTSUKAN DORI | A-FLAG DAIKANYAMA WEST | A-FLAG KITA SHINSAIBASHI | DECKS Tokyo Beach (Note) |
|--------------------------|---|--|--|--|--|
| |  |  |  |  |  |
| Location | Minami-Aoyama, Tokyo | Minami-Aoyama, Tokyo | Sarugakuchō, Shibuya-ku, Tokyo | Senba, Chuo-ku, Osaka-city, Osaka | Daiba, Minato-ku, Tokyo |
| Access | A 4-minute walk from "Omotesando" Station on the Tokyo Metro | A 7-minute walk from "Omotesando" Station on the Tokyo Metro | A 4-minute walk from "Daikanyama" Station on the Tokyu Toyoko Line | A 3-minute walk from "Shinsaibashi" Station on the Osaka Metro Midosuji Line | A 2-minute walk from "Odaibakaihinkoen" Station on the Tokyo Waterfront New Transit Waterfront Line A 5-minute walk from "Tokyo Teleport" Station on the Tokyo Waterfront Area Rapid Transit Rinkai Line |
| Acquisition price (A) | ¥4,370mn | ¥4,700mn | ¥2,280mn | ¥4,725mn | ¥12,740mn |
| Appraisal value (B) | ¥4,570mn | ¥4,740mn | ¥2,300mn | ¥4,770mn | ¥12,887mn |
| vs appraisal value (A/B) | 95.6% | 99.2% | 99.1% | 99.1% | 98.9% |
| Appraisal NOI yield | 4.3% | 3.9% | 4.0% | 4.3% | 4.4% |
| Structure | Reinforced concrete | SRC, steel framed | SRC | SRC, steel framed | Steel framed |
| Number of floors | 5 floors above and 2 floors underground | 2 floors above and 2 floors underground | 4 floors above and 2 floor underground | 7 floors above and 1 floor underground | 8 floors above |
| Gross floor area | 3,358.28m ² | 2,221.98m ² | 4,036.27m ² | 3,096.18m ² | 67,506.91m ² |
| Total leasable area | 2,656.53 m ² | 2,055.97 m ² | 2,579.08 m ² | 2,536.75m ² | 16,112.00m ² |
| Occupancy rate | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Key tenants | AMAN CO., LTD. | BLUE NOTE JAPAN, INC. | - (Disclosed) | PRESS Corporation Inc. | CA Sega Joypolis Ltd. |
| Number of tenants | 7 | 3 | 1 | 5 | 86 |
| Key points of properties | <ul style="list-style-type: none"> A high versatile space able to meet various commercial needs ranging from small-scale units of approx. 6 tsubo to large-scale units of approx. 130 tsubo Office spaces are equipped with sufficiently high-specification facilities to meet tenants' needs and are highly competitive in this area | <ul style="list-style-type: none"> Located on Museum Street, connecting "Kotto Street" and "Miyuki Street", where many visitors stroll around Location near Nezu Museum, Taro Okamoto Memorial Museum and other cultural facilities Rare property in the fashion-conscious Omotesando/Minami-Aoyama Area, including unique tenants such as Blue Note Tokyo, a famous jazz club based in New York, and the flagship store of Jil Sander, one of the world's premium fashion brands | <ul style="list-style-type: none"> Located along "Hachiman Street", the main street of Daikanyama area Very close to Daikanyama crossing, center of the area with sophisticated apparel shops, cafés and restaurants scattered throughout Area draws visitors from broader areas since the opening of large-scale retail properties in 2011 Elaborated design appeals to tenants who prefer the high-end image of the area | <ul style="list-style-type: none"> Located at a 3-min walk from "Shinsaibashi" Station Facing the arcade of Shinsaibashisuji North shopping street, a busy street with many stores Standing on a highly visible corner Accessible directly to 2nd floor and underground floor by stairs from streetlevel in addition to an elevator Diverse tenants meeting various daily needs such as fitness gym, live music club and cellular phone store | <ul style="list-style-type: none"> Located next to "Odaiba-kaihinkoen" Station 3rd floor with wood decks connected to neighbor commercial facilities and Odaiba Kaihin park "Hands-on experience" tenants such as "Tokyo Joypolis", "LEGOLAND Discovery Center Tokyo" and "Madame Tussauds Tokyo" Offers a great view of the Rainbow Bridge and illumination of Odaiba-kaihin Park, attracting both overseas and domestic tourists |

(Note) Figures of DECKS Tokyo Beach are calculated based on pro rata share of the co-ownership of interest (49%) except of gross floor area and number of tenants (the entire building).

Portfolio ~Tokyo Office Properties~ (1/3)


| Property name | TLC Ebisu Building | A-PLACE Ebisu Minami | A-PLACE Yoyogi | A-PLACE Aoyama | Luogo Shiodome | TAMACHI SQUARE (Land) |
|--------------------------|--|--|--|---|---|--|
| |  |  |  |  |  |  |
| Location | Ebisu, Shibuya-ku, Tokyo | Ebisu-Minami, Shibuya-ku, Tokyo | Sendagaya, Shibuya-ku, Tokyo | Kita-Aoyama, Minato-ku, Tokyo | Higashi Shinbashi, Minato-ku, Tokyo | Shiba, Minato-ku, Tokyo |
| Access | A 4-minute walk from JR Yamanote Line, Saikyo Line, Shonan-shinjuku Line "Ebisu" Station A 6-minute walk from Tokyo Metro Hibiya Line "Ebisu" Station | A 4-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Tokyo Metro Hibiya Line "Ebisu" Station | A 3-minute walk from JR Yamanote Line, Chuo Line, Sobu Line/ Toei Oedo Line "Yoyogi" Station | A 4-minute walk from Tokyo Metro Ginza Line "Gaienmae" Station | A 4-minute walk from Toei Oedo Line/ Yurikamome "Shiodome" Station A 5-minute walk from JR Tokaido Line, Yamanote Line, Keihin-Tohoku Line, Yokosuka Line/ Tokyo Metro Ginza Line/ Toei Asakusa Line/ Yurikamome "Shinbashi" Station | A 2-minute walk from Toei Asakusa Line, Mita Line "Mita" Station A 4-minute walk from JR Yamanote Line, Keihin-Tohoku Line "Tamachi" Station |
| Acquisition price (A) | ¥7,400mn | ¥9,640mn | ¥4,070mn | ¥8,790mn | ¥4,540mn | ¥2,338mn |
| Appraisal value (B) | ¥7,420mn | ¥9,950mn | ¥4,180mn | ¥8,850mn | ¥4,570mn | ¥2,400mn |
| vs appraisal value (A/B) | 99.7% | 96.9% | 97.4% | 99.3% | 99.3% | 97.4% |
| Appraisal NOI yield | 5.4% | 4.9% | 5.1% | 5.0% | 4.7% | 4.7% |
| Structure | SRC | SRC | Steel framed | RC | Steel framed, RC | - |
| Number of floors | 9 floors above and 1 floor underground | 6 floors above and 1 floor underground | 10 floors above and 1 floor underground | 9 floors above and 1 floor underground | 11 floors above and 1 floor underground | - |
| Gross floor area | 10,297.73m ² | 12,167.57m ² | 4,201.59m ² | 9,958.33m ² | 8,242.61m ² | - |
| Total leasable area | 7,342.60m ² | 7,950.49m ² | 3,106.17m ² | 7,303.69m ² | 4,476.35m ² | 1,287.96m ² |
| Occupancy rate | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Key points of properties | <ul style="list-style-type: none"> The building is in the high profile area of Ebisu, which has the highest concentration of office buildings Compared with other buildings in the neighborhood, its large floor size of approx. 805m² on standard floors makes it highly competitive Large-scale renovations were completed in 2011, and the building continues to be a high grade property | <ul style="list-style-type: none"> Suited to the high traffic of Ebisu area and high demand by IT companies including software developers, apparel companies, as well as service providers such as restaurants, beauty salons and clinics and schools Large standard floor area of approx. 1,655 m² Common area renovation underwent in 2017 | <ul style="list-style-type: none"> Highly visible building located on the roadside of Meiji Street Approx. 346m² astylar space on one floor allows highly efficient space usage Versatile rectangular building shape equipped with shared facilities along the sides allows partial leasing of the floor | <ul style="list-style-type: none"> Has strong competitive advantages compared with the office buildings in the neighborhood due to its large size Large-scale renovation of the building including seismic strengthening completed in 2008 Above-ground ample parking spaces provides an attractive feature to companies including apparel companies that need to deliver products and equipment | <ul style="list-style-type: none"> Located on the north side of Shiodome Siosite's western district, known as "Italy Town" which has a high traffic convenience Higher competitiveness compared with other office properties in the neighborhood due to its quakeabsorbing structure Strong demand expected from affiliates and customers of the large corporations in other large buildings around "Shiodome" station | <ul style="list-style-type: none"> Convenient location close to center of the city with a good traffic convenience with several JR and Toei lines Area around "Tamachi" Station is highly concentrated of large companies because of easy access to "Shinagawa" Station providing Tokaido Shinkansen (bullet train), and to "Hamamatsu" Station providing direct access to Haneda Airport on JR Line |

Portfolio ~Tokyo Office properties~ (2/3)

| Property name | A-PLACE Ikebukuro | A-PLACE Shinbashi | A-PLACE Gotanda | A-PLACE Shinagawa | OSAKI WIZTOWER (4-11th floors) | Shiodome Building (Note) |
|--------------------------|--|--|---|--|--|--|
| |  |  |  |  |  |  |
| Location | Minami Ikebukuro, Toshima-ku, Tokyo | Shinbashi, Minato-ku, Tokyo | Nishigotanda, Shinagawa-ku, Tokyo | Konan, Minato-ku, Tokyo | Osaki, Shinagawa-ku, Tokyo | Kaigan, Minato-ku, Tokyo |
| Access | A 6-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Tokyo Metro Marunouchi Line, Yurakucho Line, Fukutoshin Line/ Seibu Ikebukuro Line/ Tobu Tojo Line "Ikebukuro" Station | A 3-minute walk from JR Tokaido Line, Yamanote Line, KeihinTohoku Line, Yokosuka Line/ Tokyo Metro Ginza Line/ Toei Asakusa Line/ Yurikamome "Shinbashi" Station | A 3-minute walk from Toei Asakusa Line "Gotanda" station A 4-minute walk from JR Yamanote Line "Gotanda" Station | A 4-minute walk from JR Tokaido Shinkansen, Tokaido Line, Yamanote Line, KeihinTohoku Line, Yokosuka Line/ Keikyu Main Line "Shinagawa" Station | A 4-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Rinkai Line "Osaki" Station | A 3-minute walk from JR Line "Hamamatsucho" Station A 3-minute walk from Toei Oedo Line/ Asakusa Line "Daimon" Station |
| Acquisition price (A) | ¥3,990mn | ¥5,650mn | ¥5,730mn | ¥3,800mn | ¥10,690mn (sectional ownership) | ¥30,300mn / ¥20,400mn / ¥20,900mn |
| Appraisal value (B) | ¥4,020mn | ¥5,780mn | ¥5,750mn | ¥3,800mn | ¥11,200mn (Sectional ownership) | ¥30,450mn / ¥20,700mn / ¥21,100mn |
| vs appraisal value (A/B) | 99.3% | 97.8% | 99.7% | 100.0% | 95.4% | 99.5% / 98.6%/99.1% |
| Appraisal NOI yield | 5.2% | 5.1% | 4.5% | 4.6% | 4.6% | 4.2% / 4.1%/3.9% |
| Structure | Steel framed, RC | RC, SRC | RC, SRC | RC, SRC | RC, SRC | RC, SRC |
| Number of floors | 7 floors above and 1 floor underground | 9 floors above and 2 floors underground | 10 floors above and 1 floor underground | 8 floors above and 1 floor underground | 25 floors above and 2 floors underground (total) | 24 floors above and 2 floors underground |
| Gross floor area | 4,709.05m ² | 7,143.97m ² | 5,782.65m ² | 3,937.61m ² | 54,363.84m ² (Total) | 115,930.83m ² (Total) |
| Total leasable area | 3,409.73m ² | 5,052.14m ² | 4,028.69m ² | 2,986.36m ² | 7,193.28m ² (Sectional ownership) | 28,136.05m ² |
| Occupancy rate | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 99.9% |
| Key points of properties | <ul style="list-style-type: none"> Located along Meiji Street enjoying high visibility Further development of area is expected with redevelopment plan of the land of former Toyoshima ward municipal building and its surrounding L-shaped floor with shared facilities along the sides offering a large versatility | <ul style="list-style-type: none"> Conveniently located with a 3-minute walk from "Shinbashi" Station serviced by JR, Tokyo Metro Ginza Line, Toei Asakusa Line and Yurikamome Line Can be expected various tenant needs from different business types and categories taking advantage of traffic convenience. Further development is expected with redevelopment plan of Shinbashi East exit area Implemented renovation works of 2-5th floors in 2012-2013 | <ul style="list-style-type: none"> Good location with a 3-minute walk from Toei Asakusa Line "Gotanda" Station and 4-minute walk from JR "Gotanda" Station An office building with a high profile facade, developed by Tokyu Land Corporation The relative new building is equipped with high-tech facilities including 100mm-high free-access floors, individual air conditioning units and grid ceilings | <ul style="list-style-type: none"> High traffic convenience located a 4-minute walk from "Shinagawa" Station with easy access to major areas in Tokyo by several JR lines and Tokaido Shinkansen (bullet train) and to Haneda Airport by Keikyu Line Relatively compact rental area with no pillars in the office spaces, allowing for efficient and versatile use of the floors Sufficient facility specification to meet tenant needs equipped with individual OA floor and air conditioner | <ul style="list-style-type: none"> High convenience with a 4-minute walk from "Osaki" Station on JR Yamanote Line Having BCP (Business Continuity Planning) facilities such as emergency power generation system enabling consecutive 48-hour electric power supply in addition to the newest earthquake resistant structure | <ul style="list-style-type: none"> Well located close to "Hamamatsucho" Station with a high visibility Only a 3-minute walk from JR "Hamamatsucho" Station and Toei "Daimon" Station with a direct access to Haneda Airport and major rail terminal stations such as Tokyo and Shinagawa Possess a highly competitiveness with standard office floor area of more than 1,000 tsubo, a rarity in Tokyo market, also is capable to divide the floor space which responds a variety of tenants needs |

(Note) Shiodome Building is calculated based on the pro rata share of the co-ownership interests (35%), except the gross floor which indicates the amount for the whole building.

Portfolio ~Tokyo Office Properties~ (3/3)

| Property name | A-PLACE Ebisu Higashi | A-PLACE Shibuya Konnoh | A-PLACE Gotanda Ekimae | A-PLACE Shinagawa Higashi |
|--------------------------|---|---|---|--|
| |  |  |  |  |
| Location | Higashi, Shibuya-ku, Tokyo | Shibuya, Shibuya-ku, Tokyo | NishiGotanda, Shinagawa-ku, Tokyo | Konan, Minato-ku, Tokyo |
| Access | A 6-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Tokyo Metro Hibiya Line "Ebisu" Station | A 4-minute walk from JR Yamanote Line Shibuya station "Shinminamiguchi" gate | A 1-minute walk from JR Yamanote Line/ Toei Asakusa Line/ Tokyu Ikegami Line "Gotanda" Station | A 7-minute walk from Shinagawa station on the JR Yamanote Line, Tokaido Shinkansen, Tōdai Line, Keihin-Tohoku Line and Yokosuka Line, and the Keikyu Line |
| Acquisition price (A) | ¥7,072mn | ¥4,810mn | ¥7,280mn | ¥18,800mn |
| Appraisal value (B) | ¥7,160mn | ¥4,900mn | ¥7,390mn | ¥19,000mn |
| vs appraisal value (A/B) | 98.8% | 98.2% | 98.5% | 98.9% |
| Appraisal NOI yield | 4.4% | 4.4% | 4.3% | 4.2% |
| Structure | SRC | RC, SRC | SRC | SRC |
| Number of floors | 10 floors above and 2 floors underground | 8 floors above and 1 floor underground | 9 floors above and 1 floor underground | 8 floors above and 1 floor underground |
| Gross floor area | 5,321.23m ² | 4,331.70m ² | 5,961.02m ² | 21,114.32m ² |
| Total leasable area | 4,010.69m ² | 2,995.72m ² | 4,316.89m ² | 14,658.98m ² |
| Occupancy rate | 100.0% | 100.0% | 100.0% | 100.0% |
| Key points of properties | <ul style="list-style-type: none"> Great lighting and visibility as it is located at the corner and along the Meiji street which is 6-minute walk from "Ebisu" station Well in appealing tenants in terms of facilities following the renewal of entrance/restroom and individualizing air conditioner despite the age of 20 years Implemented a large-scale renovation of external wall from 2016 to 2017 | <ul style="list-style-type: none"> South entrance of Shibuya Station is expected to be developed with better accessibility through improvement of Shibuya Station and its surroundings as well as redevelopment on such area It underwent large-scale renovations from 2011 to 2012 | <ul style="list-style-type: none"> Just 1-minute walk from the JR Yamanote Line "Gotanda" Station Features a standard office floor area of 148 tsubo with a ceiling height of 2,600 mm, individual air conditioning units, free access floor, etc. The astylar style rooms can be divided which enables to address flexibly the needs from tenants Addresses a wide range of demands of tenants including retail stores, owing to locational rarity and high visibility from the station | <ul style="list-style-type: none"> Excellent traffic links given the accessibility to the Tokaido Shinkansen (bullet train), along with several JR Lines, and direct access to Haneda Airport via the Keikyu Line The area is expected to develop further with the prospective opening of the Linear Shinkansen (bullet train) Owens high competitiveness thanks to great specifications with standard floor area of approx.687 tsubo and renewal works |

Portfolio ~Activia Account properties~ (1/2)



| Property name | Amagsaki Q's MALL (Land) | icot Nakamozu | icot Mizonokuchi | icot Tama Center | A-PLACE Kanayama | Osaka Nakanoshima Building |
|--------------------------|---|---|--|--|---|---|
| |  |  |  |  |  |  |
| Location | Shioe, Amagasaki City, Hyogo | 428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka | Mizonokuchi, Takatsu-ku, Kawasaki City, Kanagawa | Ochiai, Tama City, Tokyo | Kanayama, Naka-ku, Nagoya City, Aichi | Nakanoshima, Kita-ku, Osaka City, Osaka |
| Access | A 2-minute walk from JR Tokaido Main Line, Fukuchiyama Line, Tozai Line "Amagasaki" Station | A 6-minute walk from Osaka Metro Midosuji Line "Nakamozu" Station A 6-minute walk from Nankai Koya Line "Shirasagi" Station A 8-minute walk from Nankai Koya Line "Nakamozu" Station | A 13-minute walk from Tokyu Denen Toshi Line/Oimachi Line "Takatsu" Station | A 4-minute walk from Keio Sagami-hara Line "Keio Tama Center" Station A 4-minute walk from Odakyu Tama Line "Odakyu Tama Center" Station A 4-minute walk from Tama Toshi Monorail "Tama Center" Station | A 1-minute walk from Nagoya Municipal Subway Meijo Line/Meiko Line "Kanayama" Station A 2-minute walk from JR Chuo Line, Tokaido Line/Meitetsu Nagoya Main Line "Kanayama" Station | A 1-minute walk from Keihan Nakanoshima Line "Oebashi" Station A 5-minute walk from the Osaka Metro Midosuji Line "Yodoyabashi" Station |
| Acquisition price (A) | ¥12,000mn | ¥8,500mn | ¥2,710mn | ¥2,840mn (Sectional Ownership) | ¥6,980mn | ¥5,250mn / ¥5,850mn |
| Appraisal value (B) | ¥12,100mn | ¥8,880mn | ¥2,950mn | ¥2,990mn (Sectional Ownership) | ¥7,120mn | ¥5,800mn / ¥5,900mn |
| vs appraisal value (A/B) | 99.2% | 95.7% | 91.9% | 95.0% | 98.0% | 90.5%/99.2% |
| Appraisal NOI yield | 5.0% | 6.4% | 6.7% | 6.6% | 5.6% | 6.2%/5.5% |
| Structure | - | Steel framed | Steel framed | RC | Steel framed, SRC | SRC |
| Number of floors | - | 3 floors above | 4 floors above and 1 floor underground | 15 floors above and 1 floor underground (total) | 9 floors above and 1 floor underground | 15 floors above and 3 floors underground |
| Gloss floor area | - | 27,408.34m ² | 14,032.05m ² | 31,553.75m ² (total) | 12,783.13m ² | 34,248.71m ² |
| Total leasable area | 27,465.44m ² | 28,098.02m ² | 14,032.05m ² | 5,181.58m ² (sectional ownership) | 9,314.91m ² | 20,229.20m ² |
| Occupancy rate | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 98.4% |
| Key points of properties | <ul style="list-style-type: none"> Multi-tenant property that represents Amagasaki city and is directly connected to the JR train station. Its tenants include the largest sports club and cinema complex in the region also around 140 boutiques Stable income expected owing to the 30-year term leasehold agreement (land) for commercial use with the leaseholder | <ul style="list-style-type: none"> Located in Nakamozu area where housing concentration is growing steadily as it connects Osaka City with Senboku New Town It is one of the No. 1 neighborhood shopping centers in the nearby commercial area Stable income is expected due to the 20-year fixed-term building lease contracts with such core tenants | <ul style="list-style-type: none"> Good access from the Tokyo city center as property is facing the trunk road and possessing a promising trade area Property presents one of the few opportunities to major retailers who want to open their shops roadside. Stable income ensured by fixed-term leasing contracts with actual tenant through 2023 | <ul style="list-style-type: none"> High traffic convenience with access by Keio Sagami-hara Line and Odakyu Tama Line High concentration of residents in an area which is located in the center of Tama New Town, property designed to be fully integrated in the city is connected with a station and retail properties by a pedestrian walkway | <ul style="list-style-type: none"> Property is located in front of "Kanayama" Station which has good access to "Nagoya" station and Chubu International Airport. The large standard floor size of 300 tsubo and its landmark exterior ensures sufficient competitiveness in the area | <ul style="list-style-type: none"> The Nakanoshima area features many office buildings, including financial institutions and government offices, such as the Bank of Japan Osaka branch and the Osaka City Hall, as well as offices of major companies such as The Asahi Shimbun Company and Kansai Electric Power |

Portfolio ~Activia Account~ (2/2)

| Property name | icot Omori | Market Square Sagamihara | Umeda Gate Tower (5-20th floors) | A-PLACE Bashamichi | Commercial Mall Hakata |
|--------------------------|---|---|--|--|--|
| |  |  |  |  |  |
| Location | Omorikita, Ota-ku, Tokyo | Shimokuzawa, Chuo-ku, Sagamihara-city, Kanagawa | Tsurunochi, Kita-ku, Osaka, Osaka | Honcho, Naka-ku, Yokohama, Kanagawa | Tokojimachi 2-chome, Hakata-ku, Fukuoka-city, Fukuoka |
| Access | A 3-minute walk from JR Keihinohoku Line "Omori" Station | A 15-minute walk from JR Sagamihara Line "Minamihashimoto" Station | A 3-minute walk from "Umeda" Station on the Hankyu Kyoto Line A 6-minute walk from "Umeda" Station on the Osaka Metro Midosuji Line A 7-minute walk from "Osaka" Station on the JR Tokaido Main Line | A 1-minute walk from "Bashamichi" Station on Minatomirai Line A 7-minute walk from "Kannai" Station on JR Negishi Line | A 16-minute walk from "Takeshita" Station on the JR Kagoshima Main Line |
| Acquisition price (A) | ¥5,790mn | ¥4,820mn | ¥19,000mn (Sectional ownership) | ¥3,930mn | ¥6,100mn |
| Appraisal value (B) | ¥5,810mn | ¥4,820mn | ¥19,600mn (Sectional ownership) | ¥4,350mn | ¥6,270mn |
| vs appraisal value (A/B) | 99.7% | 100.0% | 96.9% | 90.3% | 97.3% |
| Appraisal NOI yield | 5.1% | 5.5% | 4.3% | 6.4% | 5.0% |
| Structure | RC, SRC | Steel framed | Steel framed, SRC | SRC | Steel framed |
| Number of floors | 7 floors above and 1 floor underground | 2 floors above | 21 floors above and 1 floor underground (total) | 12 floors above and 2 floors underground | 3 floors above |
| Gross floor area | 7,040.95㎡ | 9,719.38㎡ | 22,003.14㎡ (total) | 14,009.06㎡ | 13,848.76㎡ |
| Total leasable area | 6,209.79㎡ | 15,152.42㎡ | 13,624.49㎡ (sectional ownership) | 9,775.50㎡ | 9,612.88㎡ |
| Occupancy rate | 100.0% | 100.0% | 100.0% | 100.0% | 97.0% |
| Key points of property | <ul style="list-style-type: none"> ■ A retail property located a 3-minute walk from Omori Station near the rotary in front of the station ■ Deserved competitiveness as a community-based property close to the station with tenants related to commodity business ■ Tenants a major sport club equipped with a swimming pool with 8 lanes and studios in approx.1,200 tsubo | <ul style="list-style-type: none"> ■ Newly opened in July 2014 ■ Tenants – a major home electronics retailer K's Denki, a major supermarket chain OK Store, and a well-known revolving sushi chain Hamazushi – cater to the needs of local area residents | <ul style="list-style-type: none"> ■ Located in Umeda area, one of leading business and commercial districts in Osaka ■ A large-scale office building completed in 2010, with a gross floor area of approx. 6,700 tsubo ■ Equipped with the latest specification such as 16-zone individual air-conditioning system and high-performance seismic structural control system ■ Standard office floor area of approx. 265 tsubo, the rental space in rectangular shape with astylar structure dividable into up to 8 spaces, addressing the needs of variety of tenants | <ul style="list-style-type: none"> ■ Located above "Bashamichi" Station with a 1-minute walk ■ Concentration of government administration offices including Kanagawa Pref. Government's Office and Yokohama Second Common Government Office, and Yokohama i-Land TOWER in which Urban Renaissance Agency sets up its headquarter ■ Further development is expected due to relocation plan of Yokohama City Hall in 2020 and developments of large-scale condos and hotels ■ A multi-tenant office building with large-scale standard floor area of approx. 347 tsubo, reducing the risk of vacancy | <ul style="list-style-type: none"> ■ Located in Hakata-ku, Fukuoka-city, which has the largest population growth rate among Japan's government-designated cities ■ Widely facing the Chikushi Street, a heavy traffic road with two lanes in each direction, the property is highly visible and easily accessible ■ A commercial facility attracting crowds by various tenants including nationwide chains such as TSUTAYA and UNIQLO |

Portfolio Appraisal Values Status/PML at the end of May 2018 (the 13th period) (1/2)

(in millions of yen)

| Category | Property # | Property name | Acquisition price | Investment ratio (%) | Appraisal agency (Note 1) | Appraisal value | Capitalization value | | | | | | PML (%) |
|--|------------|--|-------------------|----------------------|---------------------------|-----------------|------------------------------|-------------------------|-----------------------------|-------------------|----------------------------------|--------------|-----------|
| | | | | | | | Direct capitalization method | Capitalization rate (%) | Discounted cash flow method | Discount rate (%) | Terminal capitalization rate (%) | NOI (Note 2) | |
|  | UR-1 | Tokyu Plaza Omotesando Harajuku (Note 3) | 45,000 | 10.4% | J | 59,100 | 59,775 | 2.8% | 58,350 | 2.5% | 2.9% | 1,669 | 2.9 |
| | UR-2 | Tokyu Plaza Akasaka (Note 3) (Note 6) | 11,450 | 2.7% | T | 15,000 | 15,100 | 4.1% | 14,900 | 4.2% | 4.3% | 717 | 3.6 |
| | UR-3 | Q plaza EBISU (Note 4) | 8,430 | 2.0% | T | 11,300 | 11,400 | 3.3% | 11,200 | 3.5%/3.4% | 3.5% | 375 | 5.7 |
| | UR-4 | Shinbashi Place | 20,500 | 4.8% | D | 20,300 | 21,000 | 3.6% | 20,000 | 3.3% | 3.7% | 754 | 6.8 |
| | UR-5 | Kyoto Karasuma Parking Building | 8,860 | 2.1% | D | 11,000 | 11,100 | 4.9% | 11,000 | 4.9% | 5.1% | 555 | 2.4 |
| | UR-6 | A-FLAG AKASAKA | 3,000 | 0.7% | J | 3,730 | 3,790 | 3.6% | 3,660 | 3.4% | 3.8% | 138 | 6.4 |
| | UR-7 | Kobe Karasuma Parking Building | 21,330 | 4.9% | J | 26,800 | 27,200 | 4.0% | 26,400 | 3.8% | 4.2% | 1,095 | 2.6 |
| | UR-8 | A-FLAG SAPPORO (Note 6) | 4,410 | 1.0% | D | 7,080 | 7,090 | 5.5% | 7,080 | 5.3% | 5.7% | 463 | 0.3 |
| | UR-9 | A-FLAG SHIBUYA | 6,370 | 1.5% | D | 7,430 | 7,570 | 4.0% | 7,370 | 3.8% | 4.2% | 308 | 7.9 |
| | UR-10 | Q plaza SHINSAIBASHI | 13,350 | 3.1% | V | 14,600 | 14,500 | 3.6% | 14,600 | 3.4% | 3.8% | 523 | 6.9 |
| | UR-11 | A-FLAG KOTTO DORI | 4,370 | 1.0% | D | 4,880 | 4,940 | 3.5% | 4,850 | 3.2% | 3.6% | 180 | 6.4 |
| | UR-12 | A-FLAG BIJUTSUKAN DORI | 4,700 | 1.1% | J | 4,760 | 4,860 | 3.6% | 4,650 | 3.4% | 3.8% | 176 | 7.5 |
| | UR-13 | A-FLAG DAIKANYAMA WEST | 2,280 | 0.5% | V | 2,340 | 2,390 | 3.9% | 2,280 | 3.7% | 4.1% | 88 | 4.2 |
| | UR-14 | A-FLAG KITA SHINSAIBASHI | 4,725 | 1.1% | V | 4,740 | 4,940 | 4.0% | 4,670 | 3.7% | 4.1% | 200 | 5.4 |
| | UR-15 | DECKS Tokyo Beach (Note 3) | 12,740 | 3.0% | M | 12,887 | 13,083 | 4.0% | 12,642 | 3.8% | 4.2% | 566 | 4.0 |
|  | TO-1 | TLC Ebisu Building | 7,400 | 1.7% | T | 10,300 | 10,500 | 3.7% | 10,200 | 3.8% | 3.9% | 436 | 6.5 |
| | TO-2 | A-PLACE Ebisu Minami | 9,640 | 2.2% | T | 13,900 | 14,000 | 3.6% | 13,900 | 3.7% | 3.8% | 515 | 8.0 |
| | TO-3 | A-PLACE Yoyogi | 4,070 | 0.9% | V | 4,710 | 4,790 | 3.9% | 4,630 | 3.7% | 4.1% | 190 | 5.1 |
| | TO-4 | A-PLACE Aoyama (Note 6) | 8,790 | 2.0% | D | 9,970 | 10,100 | 4.0% | 9,920 | 3.8% | 4.2% | 419 | 8.9 |
| | TO-5 | Luogo Shiodome | 4,540 | 1.1% | D | 6,220 | 6,280 | 3.6% | 6,190 | 3.4% | 3.8% | 236 | 2.7 |
| | TO-6 | TAMACHI SQUARE (Land) | 2,338 | 0.5% | T | 2,770 | 2,880 | 3.7% | 2,720 | 4.1% | 3.9% | 107 | (Note 5)- |

(Note 1) Abbreviation represents each appraisal agency as follows J : Japan Real Estate Institute, T : The Tanizawa Sōgō Appraisal, D : Daiwa Real Estate Appraisal Corp., V : Japan Valuers, and M : JLL Morii Valuation & Appraisal K.K.

(Note 2) Calculated based on Direct capitalization method. The figures are rounded to million yen.



(Note 3) Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and DECKS Tokyo Beach are calculated based on the pro rata base share of the respective co-ownership interests (75%, 50% and 49%).

(Note 4) The discount rate for Q Plaza Ebisu is 3.5% from the 1st to the 5th year and 3.4% from the 6th year onwards. (Note 5) Not listed as we own only the land for TAMACHI SQUARE (Land).

(Note 6) Seismic strengthening works were conducted at Tokyu Plaza Akasaka, A-FLAG SAPPORO and A-PLACE Aoyama in April 2009, June 2007 and July 2008, respectively.

Portfolio Appraisal Values Status/PML at the end of May 2018 (the 13th period) (2/2)

(in millions of yen)

| Category | Property # | Property name | Acquisition price | Investment ratio (%) | Appraisal agency (Note 1) | Appraisal value | Capitalization value | | | | | | PML (%) |
|---|---------------------------------------|------------------------------------|-------------------|----------------------|---------------------------|-----------------|------------------------------|-------------------------|-----------------------------|-------------------|----------------------------------|---------------|------------|
| | | | | | | | Direct capitalization method | Capitalization rate (%) | Discounted cash flow method | Discount rate (%) | Terminal capitalization rate (%) | NOI (Note 2) | |
|  | TO-7 | A-PLACE Ikebukuro | 3,990 | 0.9% | J | 5,020 | 5,100 | 4.2% | 4,940 | 4.0% | 4.4% | 219 | 3.2 |
| | TO-8 | A-PLACE Shinbashi | 5,650 | 1.3% | J | 6,670 | 6,790 | 3.9% | 6,540 | 3.7% | 4.1% | 279 | 7.4 |
| | TO-9 | A-PLACE Gotanda | 5,730 | 1.3% | M | 6,940 | 7,060 | 3.7% | 6,810 | 3.5% | 3.9% | 262 | 6.1 |
| | TO-10 | A-PLACE Shinagawa | 3,800 | 0.9% | J | 4,300 | 4,380 | 3.7% | 4,220 | 3.5% | 3.9% | 167 | 4.9 |
| | TO-11 | OSAKI WIZTOWER | 10,690 | 2.5% | D | 14,600 | 14,600 | 3.5% | 14,600 | 3.1% | 3.5% | 512 | 2.4 |
| | TO-12 | Shiodome Building (Note 3) | 71,600 | 16.6% | M | 75,600 | 79,450 | 3.4% | 73,850 | 3.2% | 3.6% | 2,719 | 2.6 |
| | TO-13 | A-PLACE Ebisu Higashi | 7,072 | 1.6% | V | 7,700 | 7,870 | 3.7% | 7,530 | 3.5% | 3.9% | 295 | 5.2 |
| | TO-14 | A-PLACE Shibuya Konnoh | 4,810 | 1.1% | V | 5,350 | 5,420 | 3.6% | 5,270 | 3.3% | 3.7% | 201 | 4.3 |
| | TO-15 | A-PLACE Gotanda Ekimae | 7,280 | 1.7% | V | 7,690 | 7,810 | 3.8% | 7,560 | 3.5% | 3.9% | 301 | 7.7 |
| | TO-16 | A-PLACE Shinagawa Higashi | 18,800 | 4.4% | M | 19,500 | 19,800 | 3.9% | 19,100 | 3.7% | 4.1% | 788 | 4.3 |
|  | AA- 1 | Amagasaki Q's MALL (Land) (Note 4) | 12,000 | 2.8% | J | 13,900 | 14,000 | 4.3% | 13,700 | 4.0% | 4.5% | 600 | (Note 4)- |
| | AA- 2 | icot Nakamozu (Note 5) | 8,500 | 2.0% | T | 10,300 | 10,500 | 5.1% | 10,200 | 5.0%/5.1%/5.2% | 5.3% | 548 | 4.8 |
| | AA- 4 | icot Mizonokuchi | 2,710 | 0.6% | M | 3,230 | 3,300 | 5.4% | 3,150 | 5.2% | 5.8% | 182 | 8.3 |
| | AA- 5 | icot Tama Center | 2,840 | 0.7% | J | 3,890 | 3,900 | 5.1% | 3,880 | 4.7% | 5.3% | 202 | 1.8 |
| | AA- 6 | A-PLACE Kanayama | 6,980 | 1.6% | V | 8,530 | 8,690 | 5.1% | 8,360 | 4.9% | 5.3% | 449 | 5.3 |
| | AA- 7 | Osaka Nakanoshima Building | 11,100 | 2.6% | J | 14,100 | 14,300 | 4.1% | 13,900 | 3.9% | 4.3% | 662 | 7.9 |
| | AA- 8 | icot Omori | 5,790 | 1.3% | J | 6,750 | 6,820 | 4.4% | 6,670 | 4.2% | 4.6% | 303 | 3.9 |
| | AA- 9 | Market Square Sagamihara | 4,820 | 1.1% | V | 5,030 | 5,050 | 5.3% | 5,000 | 5.1% | 5.5% | 265 | 7.7 |
| | AA-10 | Umeda Gate Tower | 19,000 | 4.4% | D | 21,300 | 21,900 | 3.7% | 21,100 | 3.4% | 3.8% | 815 | 2.4 |
| | AA-11 | A-PLACE Bashamichi | 3,930 | 0.9% | M | 4,500 | 4,600 | 4.9% | 4,400 | 4.6% | 5.1% | 251 | 10.2 |
| | AA-12 | Commercial Mall Hakata | 6,100 | 1.4% | V | 6,270 | 6,280 | 4.8% | 6,250 | 4.5% | 4.9% | 305 | 1.9 |
| | Total (existing 42 properties) | | 431,485 | 100.0% | - | 504,987 | 514,908 | - | 498,242 | - | - | 20,033 | 2.3 |

(Note 1) Abbreviation represents each appraisal agency as follows J : Japan Real Estate Institute, T : The Tanizawa Sōgō Appraisal, D : Daiwa Real Estate Appraisal Corp., V : Japan Valuers, and M : Mori Appraisal & Investment Consulting.

(Note 2) Calculated based on Direct capitalization method. The figures are rounded to million yen. (Note 3) Shiodome Building is calculated based on the pro rata base share of the co-ownership interest.

(35% and 49%). (Note 4) Not listed as we own only the land for Amagasaki Q's MALL (Land). (Note 5) The discount rate for icot Nakamozu is 5.0% from 1st to 5th year, 5.1% from 6th to 9th year, and 5.2% from 10th year and onwards. (Note 6) Calculation is based on the seismic data derived from the "National Seismic Hazard Maps for Japan" publicized by the Headquarters for Earthquake Research Promotion, Ministry of Education, Culture, Sports, Science and

Technologies in Dec. 2012. The figures are rounded to the first decimal place. PML for the entire portfolio is based on the "Report of portfolio seismic PML analysis" as of Nov. 2017.

Trends of Cap Rate (Note 1)

| Category | Property # | Property name | Acquisition date | Acquisition price (¥mn) | At acquisition | 2nd period (2012/11) | 3rd period (2013/5) | 4th period (2013/11) | 5th period (2014/5) | 6th period (2014/11) | 7th period (2015/5) | 8th period (2015/11) | 9th period (2016/5) | 10th period (2016/11) | 11th period (2017/5) | 12th period (2017/11) | 13th period (2018/5) |
|-----------------------|------------|--|------------------|-------------------------|----------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|-----------------------|----------------------|-----------------------|----------------------|
| UR URBAN RETAIL | UR-1 | Tokyu Plaza Omotesando Harajuku (Note 2) | 2012/6/13 | 45,000 | 3.8% | 3.7% | 3.7% | 3.6% | 3.4% | 3.3% | 3.2% | 3.1% | 3.1% | 3.0% | 2.9% | 2.8% | 2.8% |
| | UR-2 | Tokyu Plaza Akasaka (Note 2) | 2012/6/13 | 11,450 | 5.3% | 5.3% | 5.2% | 5.1% | 4.9% | 4.8% | 4.6% | 4.5% | 4.4% | 4.3% | 4.2% | 4.1% | 4.1% |
| | UR-3 | Q plaza EBISU | 2012/6/13 | 8,430 | 4.3% | 4.3% | 4.2% | 4.2% | 4.1% | 4.0% | 3.9% | 3.8% | 3.7% | 3.6% | 3.5% | 3.4% | 3.3% |
| | UR-4 | Shinbashi Place | 2012/6/13 | 20,500 | 4.9% | 4.9% | 4.9% | 4.8% | 4.8% | 4.7% | 4.6% | 4.5% | 4.5% | 4.4% | 4.4% | 3.6% | 3.6% |
| | UR-5 | Kyoto Karasuma Parking Building | 2012/6/13 | 8,860 | 5.7% | 5.7% | 5.7% | 5.6% | 5.5% | 5.4% | 5.3% | 5.2% | 5.1% | 5.0% | 4.9% | 4.9% | 4.9% |
| | UR-6 | A-FLAG AKASAKA | 2013/8/30 | 3,000 | 4.3% | - | - | 4.3% | 4.2% | 4.0% | 3.9% | 3.8% | 3.8% | 3.7% | 3.7% | 3.6% | 3.6% |
| | UR-7 | Kobe Kyu Kyoryuchi 25Bankan | 2013/12/19 | 21,330 | 4.8% | - | - | - | 4.7% | 4.6% | 4.5% | 4.3% | 4.2% | 4.1% | 4.1% | 4.0% | 4.0% |
| | UR-8 | A-FLAG SAPPORO | 2013/12/19 | 4,410 | 6.5% | - | - | - | 6.2% | 6.0% | 6.0% | 5.9% | 5.8% | 5.7% | 5.6% | 5.5% | 5.5% |
| | UR-9 | A-FLAG SHIBUYA | 2013/12/19 | 6,370 | 4.8% | - | - | - | 4.7% | 4.5% | 4.4% | 4.3% | 4.2% | 4.1% | 4.0% | 4.0% | 4.0% |
| | UR-10 | Q plaza SHINSAIBASHI | 2015/12/16 | 13,350 | 3.9% | - | - | - | - | - | - | - | 3.9% | 3.8% | 3.7% | 3.6% | 3.6% |
| | UR-11 | A-FLAG KOTTO DORI | 2016/12/20 | 4,370 | 3.8% | - | - | - | - | - | - | - | - | - | 3.6% | 3.5% | 3.5% |
| | UR-12 | A-FLAG BIJUTSUKAN DORI | 2016/12/2 | 4,700 | 3.8% | - | - | - | - | - | - | - | - | - | 3.6% | 3.6% | 3.6% |
| | UR-13 | A-FLAG DAIKANYAMA WEST | 2017/1/6 | 2,280 | 4.1% | - | - | - | - | - | - | - | - | - | 4.0% | 3.9% | 3.9% |
| | UR-14 | A-FLAG KITA SHINSAIBASHI | 2017/12/1 | 4,725 | 4.0% | - | - | - | - | - | - | - | - | - | - | - | 4.0% |
| | UR-15 | DECKS Tokyo Beach (Note 2) | 2018/1/5 | 12,740 | 4.0% | - | - | - | - | - | - | - | - | - | - | - | 4.0% |
| TO TOKYO OFFICE | TO-1 | TLC Ebisu Building | 2012/6/13 | 7,400 | 4.7% | 4.7% | 4.6% | 4.6% | 4.5% | 4.3% | 4.2% | 4.1% | 4.1% | 4.0% | 3.9% | 3.8% | 3.7% |
| | TO-2 | A-PLACE Ebisu Minami | 2012/6/13 | 9,640 | 4.6% | 4.6% | 4.5% | 4.5% | 4.4% | 4.2% | 4.1% | 4.0% | 4.0% | 3.9% | 3.8% | 3.7% | 3.6% |
| | TO-3 | A-PLACE Yoyogi | 2012/6/13 | 4,070 | 4.6% | 4.6% | 4.5% | 4.6% | 4.5% | 4.5% | 4.4% | 4.3% | 4.2% | 4.1% | 4.0% | 3.9% | 3.9% |
| | TO-4 | A-PLACE Aoyama | 2012/6/13 | 8,790 | 4.9% | 4.9% | 4.9% | 4.8% | 4.7% | 4.6% | 4.5% | 4.4% | 4.3% | 4.2% | 4.1% | 4.0% | 4.0% |
| | TO-5 | Luogo Shiodome | 2012/6/13 | 4,540 | 4.5% | 4.5% | 4.5% | 4.4% | 4.3% | 4.2% | 4.1% | 4.0% | 3.9% | 3.8% | 3.7% | 3.6% | 3.6% |
| | TO-6 | TAMACHI SQUARE (Land) (Note 3) | 2012/6/13 | 2,338 | 4.4% | - | - | - | 4.4% | 4.3% | 4.2% | 4.1% | 4.0% | 3.9% | 3.8% | 3.7% | 3.7% |
| | TO-7 | A-PLACE Ikebukuro | 2012/6/13 | 3,990 | 5.1% | 5.1% | 5.0% | 4.9% | 4.9% | 4.8% | 4.6% | 4.5% | 4.4% | 4.4% | 4.3% | 4.3% | 4.2% |
| | TO-8 | A-PLACE Shinbashi | 2013/4/19 | 5,650 | 4.7% | - | 4.6% | 4.5% | 4.4% | 4.3% | 4.2% | 4.1% | 4.1% | 4.0% | 3.9% | 3.9% | 3.9% |
| | TO-9 | A-PLACE Gotanda | 2014/1/10 | 5,730 | 4.4% | - | - | - | 4.3% | 4.3% | 4.2% | 4.1% | 4.0% | 3.9% | 3.8% | 3.7% | 3.7% |
| | TO-10 | A-PLACE Shinagawa | 2014/1/10 | 3,800 | 4.4% | - | - | - | 4.3% | 4.2% | 4.1% | 4.0% | 4.0% | 3.9% | 3.8% | 3.8% | 3.7% |
| | TO-11 | OSAKI WIZTOWER | 2014/6/24 | 10,690 | 4.3% | - | - | - | - | 4.2% | 4.1% | 3.9% | 3.8% | 3.7% | 3.6% | 3.5% | 3.5% |
| | TO-12 | Shiodome Building (Note 4) | 2015/1/9 | 30,300 | 3.9% | - | - | - | - | - | 3.8% | 3.8% | - | - | - | - | - |
| | | | 2015/12/16 | 20,400 | 3.8% | - | - | - | - | - | - | - | 3.7% | 3.6% | 3.5% | 3.5% | 3.4% |
| | | | 2016/12/2 | 20,900 | 3.6% | - | - | - | - | - | - | - | - | - | - | - | - |
| | TO-13 | A-PLACE Ebisu Higashi | 2015/7/29 | 7,072 | 4.1% | - | - | - | - | - | - | 4.0% | 4.0% | 3.9% | 3.8% | 3.7% | 3.7% |
| | TO-14 | A-PLACE Shibuya Konnoh | 2015/10/1 | 4,810 | 4.0% | - | - | - | - | - | - | 4.0% | 3.9% | 3.8% | 3.7% | 3.6% | 3.6% |
| | TO-15 | A-PLACE Gotanda Ekimae | 2016/7/1 | 7,280 | 4.1% | - | - | - | - | - | - | - | - | 4.0% | 3.9% | 3.8% | 3.8% |
| | TO-16 | A-PLACE Shinagawa Higashi | 2017/3/16 | 18,800 | 4.0% | - | - | - | - | - | - | - | - | - | 4.0% | 3.9% | 3.9% |
| AA ACTIVIA ACCOUNT | AA-1 | Amagasaki Q's MALL (Land) | 2012/6/13 | 12,000 | 5.0% | 5.0% | 5.0% | 4.9% | 4.8% | 4.8% | 4.7% | 4.6% | 4.5% | 4.4% | 4.4% | 4.3% | 4.3% |
| | AA-2 | Icot Nakamozu | 2012/6/13 | 8,500 | 6.0% | 6.0% | 5.9% | 5.8% | 5.6% | 5.5% | 5.4% | 5.3% | 5.3% | 5.2% | 5.2% | 5.2% | 5.1% |
| | AA-4 | Icot Mizonokuchi | 2012/6/13 | 2,710 | 6.0% | 6.0% | 6.0% | 5.9% | 5.8% | 5.8% | 5.7% | 5.6% | 5.5% | 5.4% | 5.4% | 5.4% | 5.4% |
| | AA-5 | Icot Tama Center | 2012/6/13 | 2,840 | 6.2% | 6.2% | 6.2% | 6.1% | 6.0% | 5.9% | 5.8% | 5.7% | 5.6% | 5.4% | 5.3% | 5.2% | 5.1% |
| | AA-6 | A-PLACE Kanayama | 2012/6/13 | 6,980 | 5.3% | 5.3% | 5.2% | 5.4% | 5.4% | 5.4% | 5.4% | 5.3% | 5.2% | 5.1% | 5.1% | 5.1% | 5.1% |
| | AA-7 | Osaka Nakanoshima Building (Note 5) | 2013/1/25 | 5,250 | 5.0% | - | 5.0% | 5.0% | 4.9% | 4.8% | - | 4.5% | 4.5% | 4.4% | 4.3% | 4.2% | 4.1% |
| | | | 2014/12/19 | 5,850 | 4.8% | - | - | - | - | - | 4.6% | 4.5% | 4.5% | 4.4% | 4.3% | 4.2% | 4.1% |
| | AA-8 | Icot Omori | 2013/12/19 | 5,790 | 5.1% | - | - | - | 5.0% | 4.9% | 4.8% | 4.7% | 4.7% | 4.7% | 4.6% | 4.5% | 4.4% |
| | AA-9 | Market Square Sagami-hara | 2015/1/9 | 4,820 | 5.6% | - | - | - | - | - | 5.5% | 5.4% | 5.4% | 5.3% | 5.3% | 5.3% | 5.3% |
| | AA-10 | Umeda Gate Tower | 2016/9/21 | 19,000 | 4.0% | - | - | - | - | - | - | - | - | 3.9% | 3.8% | 3.7% | 3.7% |
| | AA-11 | A-PLACE Bashamichi | 2016/10/6 | 3,930 | 5.1% | - | - | - | - | - | - | - | - | 5.0% | 4.9% | 4.9% | 4.9% |
| | AA-12 | Commercial Mall Hakata | 2018/1/5 | 6,100 | 4.8% | - | - | - | - | - | - | - | - | - | - | - | 4.8% |

(Note 1) Calculated based on direct capitalization method.

(Note 2) Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and DECKS Tokyo Beach are calculated based on the pro rata share of the co-ownership interests (75%, 50% and 49%, respectively).




(Note 3) The acquisition price for TAMACHI SQUARE (Land) represents the acquisition price of the land as of the acquisition date (June 13, 2012).

(Note 4) Regarding Shiodome Building, the first row, the second row, and the third row represent the figures for the stake acquired on January 9, 2015, December 16, 2015 and December 2, 2016 (co-ownership of 15%, 10% and 10%, respectively).

(Note 5) Regarding Osaka Nakanoshima Building, the first row represents the figures for the stake acquired on January 25, 2013 and the second row represents the figures for the stake acquired on December 19, 2014 (co-ownership of 50% each).

Occupancy Rate by Property

- ◆ The occupancy rate for the entire portfolio at the end of each period is **maintained over 99% since IPO** and records **99.8%**, a persistently high level of occupancy, at the end of May 2018 (the 13th period)

| | Property # | Property | 2nd Nov. 2012 | 3rd May 2013 | 4th Nov. 2013 | 5th May 2014 | 6th Nov. 2014 | 7th May 2015 | 8th Nov. 2015 | 9th May 2016 | 10th Nov. 2016 | 11th May 2017 | 12th Nov. 2017 | 13th May 2018 |
|---|------------|-----------------------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|-------------------|------------------|-------------------|------------------|
|  | UR-1 | Tokyu Plaza Omotesando | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | UR-2 | Tokyu Plaza Akasaka | 98.5% | 98.7% | 98.9% | 100.0% | 100.0% | 98.8% | 99.9% | 100.0% | 100.0% | 100.0% | 99.7% | 100.0% |
| | UR-3 | Q plaza EBISU | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | UR-4 | Shinbashi Place | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | UR-5 | Kyoto Karasuma Parking | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | UR-6 | A-FLAG AKASAKA | - | - | 84.2% | 84.2% | 100.0% | 100.0% | 100.0% | 100.0% | 74.1% | 90.0% | 100.0% | 100.0% |
| | UR-7 | Kobe Kyu Kyoryuchi 25Bankan | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | UR-8 | A-FLAG SAPPORO | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | UR-9 | A-FLAG SHIBUYA | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | UR-10 | Q plaza SHINSAIBASHI | - | - | - | - | - | - | - | 88.4% | 100.0% | 100.0% | 100.0% | 88.4% |
| | UR-11 | A-FLAG KOTTO DORI | - | - | - | - | - | - | - | - | - | 100.0% | 100.0% | 100.0% |
| | UR-12 | A-FLAGBIJUTSUKAN DORI | - | - | - | - | - | - | - | - | - | 100.0% | 100.0% | 100.0% |
| | UR-13 | A-FLAG DAIKANYAMA WEST | - | - | - | - | - | - | - | - | - | 100.0% | 100.0% | 100.0% |
| | UR-14 | A-FLAG KITA SHINSAIBASHI | - | - | - | - | - | - | - | - | - | - | - | 100.0% |
| | UR-15 | DECKS Tokyo Beach | - | - | - | - | - | - | - | - | - | - | - | 100.0% |
| Urban Retail properties average | | | 99.5% | 99.6% | 99.1% | 99.6% | 100.0% | 99.8% | 100.0% | 99.7% | 99.4% | 99.8% | 100.0% | 99.7% |
|  | TO-1 | TLC Ebisu Building | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 87.5% | 100.0% | 100.0% | 100.0% | 100.0% | 99.7% |
| | TO-2 | A-PLACE Ebisu Minami | 100.0% | 96.1% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-3 | A-PLACE Yoyogi | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 88.9% | 100.0% | 100.0% | 100.0% |
| | TO-4 | A-PLACE Aoyama | 86.7% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-5 | Luogo Shiodome | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-6 | TAMACHI SQUARE (Land) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-7 | A-PLACE Ikebukuro | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-8 | A-PLACE Shinbashi | - | 84.6% | 88.4% | 100.0% | 100.0% | 98.7% | 97.8% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-9 | A-PLACE Gotanda | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 89.3% | 100.0% | 100.0% | 100.0% |
| | TO-10 | A-PLACE Shinagawa | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-11 | OSAKI WIZTOWER | - | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-12 | Shiodome Building | - | - | - | - | - | 98.2% | 93.2% | 98.2% | 99.4% | 99.9% | 99.7% | 99.9% |
| | TO-13 | A-PLACE Ebisu Higashi | - | - | - | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-14 | A-PLACE Shibuya Konnoh | - | - | - | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-15 | A-PLACE Gotanda Ekimae | - | - | - | - | - | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% |
| | TO-16 | A-PLACE Shinagawa Higashi | - | - | - | - | - | - | - | - | - | 100.0% | 100.0% | 100.0% |
| Tokyo Office properties average | | | 97.4% | 97.5% | 98.6% | 100.0% | 100.0% | 99.6% | 97.5% | 99.6% | 98.9% | 100.0% | 99.9% | 100.0% |
|  | AA-1 | Amagasaki Q's MALL (Land) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | AA-2 | icot Nakamozu | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | AA-4 | icot Mizonokuchi | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | AA-5 | icot Tama Center | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | AA-6 | A-PLACE Kanayama | 100.0% | 100.0% | 98.6% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | AA-7 | Osaka Nakanoshima Building | - | 99.6% | 100.0% | 97.3% | 98.2% | 97.9% | 97.9% | 100.0% | 100.0% | 96.9% | 100.0% | 98.4% |
| | AA-8 | icot Omori | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | AA-9 | Market Square SagamiHara | - | - | - | - | - | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| | AA-10 | Umeda Gate Tower | - | - | - | - | - | - | - | - | 93.6% | 100.0% | 100.0% | 100.0% |
| | AA-11 | A-PLACE Bashamichi | - | - | - | - | - | - | - | - | 99.1% | 100.0% | 100.0% | 100.0% |
| | AA-12 | Commercial Mall Hakata | - | - | - | - | - | - | - | - | - | - | - | 97.0% |
| Activa Account properties average | | | 100.0% | 100.0% | 99.9% | 99.8% | 99.8% | 99.7% | 99.7% | 100.0% | 99.4% | 99.6% | 100.0% | 99.6% |
| Total average occupancy rate | | | 99.4% | 99.4% | 99.4% | 99.8% | 99.9% | 99.7% | 99.2% | 99.8% | 99.3% | 99.8% | 100.0% | 99.8% |

(Note) The occupancy rate refers to the share of the leased area to the total leasable area of each property at the end of month. The figures are rounded to the first decimal place.

10 Largest Tenants / Average Monthly Rents for TO Properties / Contract Period & Remaining Years

1. 10 largest tenants by leased area (Note 1)

| End-tenant | Property name | Total leased area (m ²) | Ratio of leased area (%) (Note 2) | Lease expiration (Note 5) |
|--|---|-------------------------------------|-----------------------------------|---------------------------|
| 1. Tokyu Hotels Co., Ltd. | Tokyu Plaza Akasaka (Note 3) Tokyu Plaza Sapporo | 30,183 | 7.6 | 2021/10 |
| 2. Sumitomo Mitsui Trust Bank, Limited | TAMACHI SQUARE (Land) Amagasaki Q's MALL (Land) | 28,753 | 7.2 | 2074/5 2042/1 |
| 3. Kohnan Shoji Co., Ltd. | icot Nakamozu | 26,529 | 6.7 | 2027/7 |
| 4. Times24 Co., Ltd. | Kyoto Karasuma Parking Building | 21,224 | 5.4 | - |
| 5. Plan・Do・See Inc. | Kobe Kyu Kyoryuchi 25Bankan | 14,195 | 3.6 | - |
| 6. Room's-Taishodo | icot Mizonokuchi | 14,032 | 3.5 | 2018/7 (Note 6) |
| 7. K'S HOLDINGS CORPORATION | Market Square Sagamiara | 11,864 | 3.0 | 2034/6 |
| 8. NTT Communications | Shiodome Building (Note 3) | 10,337 | 2.6 | - |
| 9. YANMAR Co., Ltd. | Umeda Gate Tower | 8,745 (Note 4) | 2.2 | - |
| 10. Swing Corporation | A-PLACE Shinagawa Higashi | 6,101 | 1.5 | 2020/4 |

(Note 1) Based on the lease agreements as of May 31, 2018.

(Note 2) The percentage of area for each end-tenant is the ratio to the total leased area of API's portfolio, rounded to the first decimal place.

(Note 3) Tokyu Plaza Akasaka and Shiodome Building are calculated based on the pro-rata share of the co-ownership interests (50% and 35%, respectively).

(Note 4) Lease of partial area (875m²) terminated at the end of June 2018, though no change has made to the rank.

(Note 5) "-" denotes that the data is not disclosed due to no consent from tenants.

(Note 6) New lease contract has been concluded with an expiration month as July 2023.

2. Average monthly rents for Tokyo Office Properties (incl. common service fee)

| | Tokyo Office properties | Tokyo Office properties (at IPO) (Note) |
|-----------------------------------|-------------------------|---|
| 4 th Period Nov. 2013 | ¥19,338 | ¥19,556 |
| 5 th Period May 2014 | ¥19,813 (+2.5%) | ¥19,400 (-0.8%) |
| 6 th Period Nov. 2014 | ¥19,230 (-2.9%) | ¥19,270 (-0.7%) |
| 7 th Period May 2015 | ¥22,242 (+15.7%) | ¥19,548 (+1.4%) |
| 8 th Period Nov. 2015 | ¥22,127 (-0.5%) | ¥19,995 (+2.3%) |
| 9 th Period May 2016 | ¥23,358 (+5.6%) | ¥20,406 (+2.1%) |
| 10 th Period Nov. 2016 | ¥23,441 (+0.4%) | ¥20,748 (+1.7%) |
| 11 th Period May 2017 | ¥23,323 (-0.5%) | ¥21,253 (+2.4%) |
| 12 th Period Nov. 2017 | ¥23,510 (+0.8%) | ¥21,681 (+2.0%) |
| 13 th Period May 2018 | ¥23,761 (+1.1%) | ¥21,870 (+0.9%) |

(Note) "Tokyo Office properties (at IPO)" refers to 6 properties: TLC Ebisu Building, A-PLACE Ebisu-Minami, A-PLACE Yoyogi, A-PLACE Aoyama, Luogo Shiodome and A-PLACE Ikebukuro.

3. Contract period and remaining contract period

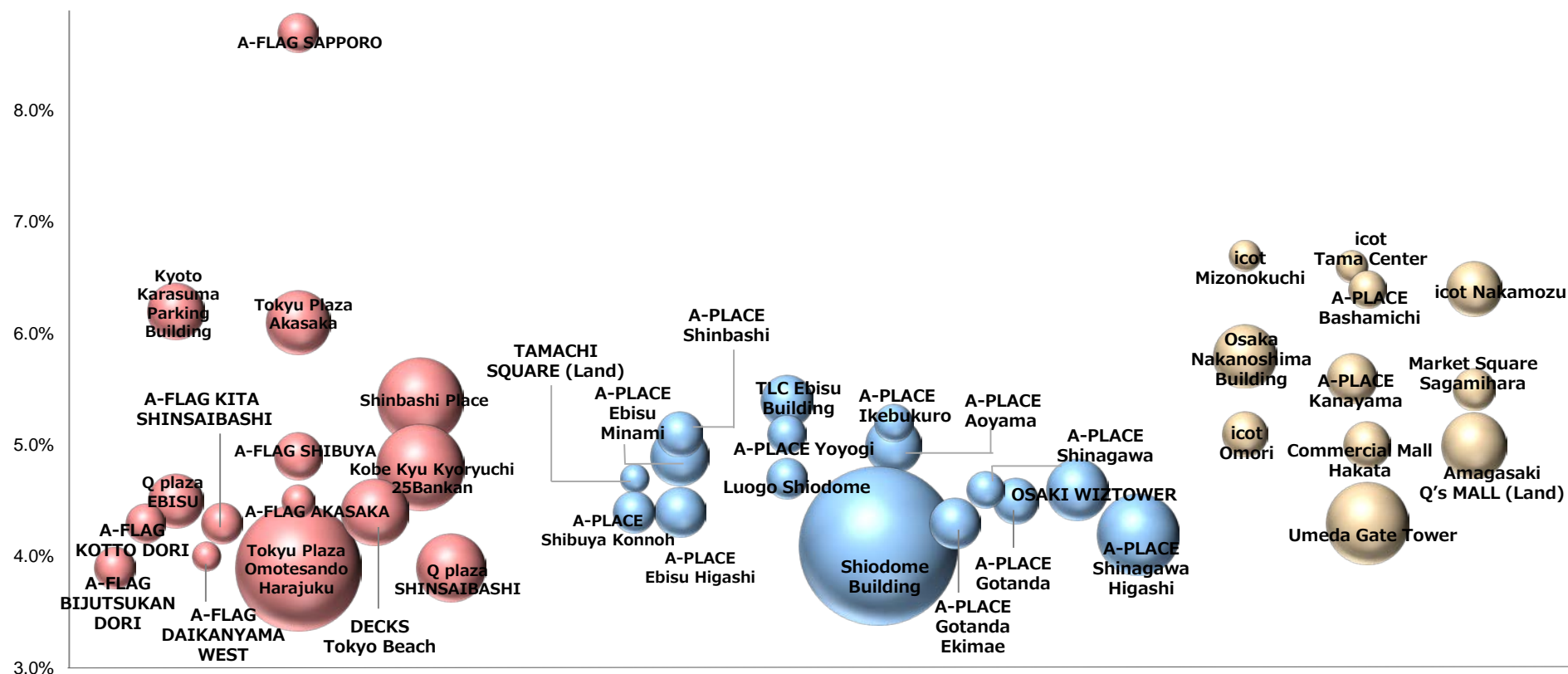
| | Urban Retail | Tokyo Office | Activia Account | Total |
|----------------------------------|--------------|--------------|-----------------|----------|
| Contract Period (Year) | 9.0 | 4.0(3.2) | 11.1(8.3) | 7.5(6.6) |
| Remaining Contract Period (Year) | 4.8 | 2.3(1.6) | 6.8(4.3) | 4.3(3.4) |

(Note 1) The figures in the parenthesis are excluding those of TAMACHI SQUARE (Land) and Amagasaki Q's MALL (Land).

(Note 2) Based on the lease agreements as of May 31, 2018.

(Note 3) The figures are based on rents.

API Portfolio Matrix (Asset Types × NOI Yield) at the end of May 2018 (the 13th period)



Number of Properties : 15
Appraisal NOI Yield : 4.7%
Acquisition Price : ¥171.5bn



Number of Properties : 16
Appraisal NOI Yield : 4.4%
Acquisition Price : ¥176.2bn

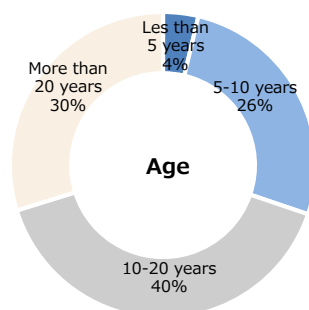
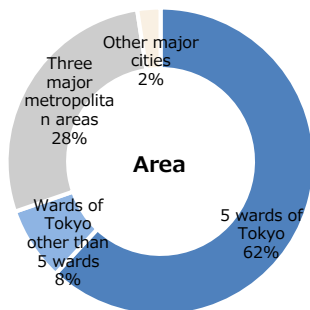
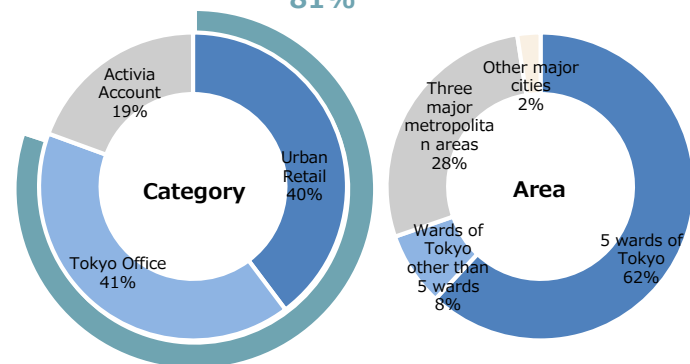


Number of Properties : 11
Appraisal NOI Yield : 5.4%
Acquisition Price : ¥83.8bn

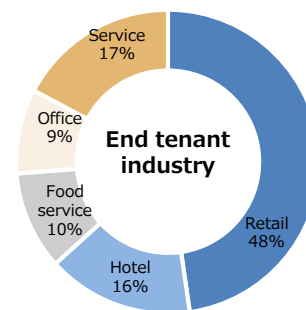
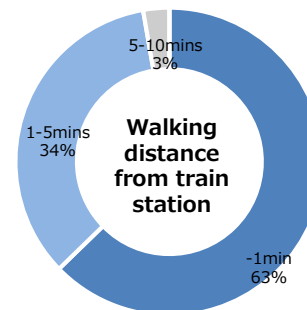
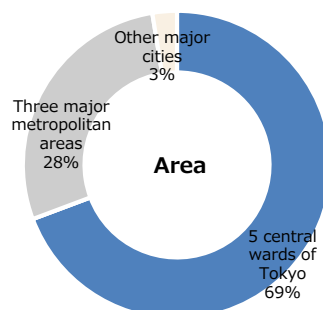
Number of Properties : 42, Appraisal NOI Yield : 4.7%,
Acquisition Price : ¥431.5bn

Portfolio Summary at the end of May 2018 (the 13th period)

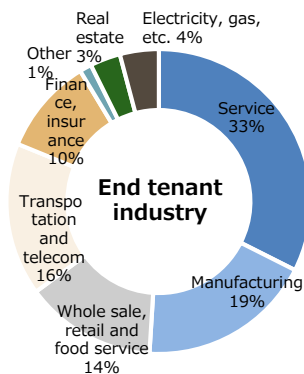
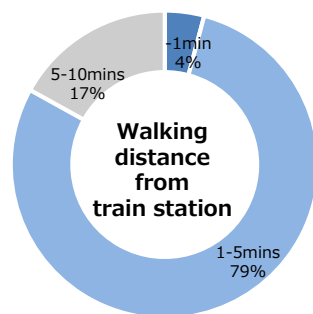
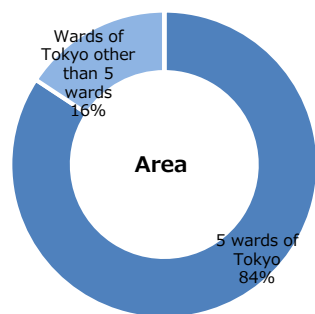
Entire Portfolio

UR and TO
81%Portfolio average
16.3 years

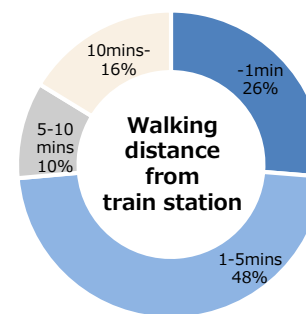
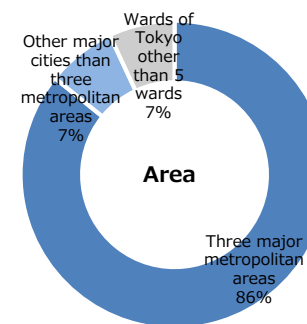
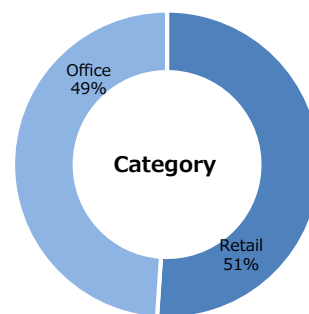
Urban Retail properties



Tokyo Office properties



Activia Account properties



(Note 1) Average of property age is calculated excluding the properties API owns only land.

(Note 2) Industrial distribution is based on annual rents as of May 31, 2018.

Balance Sheets ~the period ended May 2018 (the 13th period)~

| | (In thousands of yen) | |
|---|--------------------------------|-------------------------------|
| | 12th period ended Nov. 2017 | 13th period ended May 2018 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 15,165,946 | 9,498,104 |
| Cash and deposits in trust | 2,723,436 | 3,116,967 |
| Operating accounts receivable | 486,257 | 645,833 |
| Prepaid expenses | 292,870 | 455,470 |
| Deferred tax assets | 18 | 5 |
| Consumption taxes receivable | - | 47,699 |
| Other | 2,230 | 6,514 |
| Total current assets | 18,670,759 | 13,770,595 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Building in trust | 79,354,657 | 83,050,493 |
| Accumulated depreciation | (8,503,434) | (9,675,982) |
| Building in trust, net | 70,851,222 | 73,374,511 |
| Structures in trust | 638,231 | 689,748 |
| Accumulated depreciation | (132,712) | (150,438) |
| Structures in trust, net | 505,519 | 539,310 |
| Machinery and equipment in trust | 1,364,809 | 1,364,809 |
| Accumulated depreciation | (271,072) | (300,583) |
| Machinery and equipment in trust, net | 1,093,736 | 1,064,225 |
| Tools, furniture and fixtures in trust | 150,520 | 183,401 |
| Accumulated depreciation | (68,153) | (82,287) |
| Tools, furniture and fixtures in trust, net | 82,367 | 101,113 |
| Land in trust | 325,281,819 | 346,689,270 |
| Construction in progress in trust | 1,126 | - |
| Total property, plant and equipment | 397,815,791 | 421,768,431 |
| Intangible assets | | |
| Leasehold rights in trust | 9,130,097 | 9,130,097 |
| Other | 3,032 | 2,575 |
| Total intangible assets | 9,133,130 | 9,132,673 |
| Investments and other assets | | |
| Long-term prepaid expenses | 1,064,673 | 1,078,965 |
| Derivatives | 72,117 | 74,904 |
| Other | 15,217 | 38,742 |
| Total investments and other assets | 1,152,009 | 1,192,612 |
| Total noncurrent assets | 408,100,931 | 432,093,717 |
| Deferred assets | | |
| Investment corporation bond issuance costs | 66,891 | 77,584 |
| Total deferred assets | 66,891 | 77,584 |
| Total assets | 426,838,582 | 445,941,897 |

| | (In thousands of yen) | |
|---|--------------------------------|-------------------------------|
| | 12th period ended Nov. 2017 | 13th period ended May 2018 |
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 764,214 | 846,139 |
| Short-term borrowings | 10,000,000 | 9,100,000 |
| Long-term borrowing to be repaid within a year | 25,000,000 | 22,500,000 |
| Accounts payable-other | 65,580 | 234,813 |
| Accrued expenses | 822,039 | 809,070 |
| Income taxes payable | 972 | 708 |
| Accrued consumption taxes | 494,431 | - |
| Advances received | 434,216 | 314,273 |
| Deposits received | 1,190 | 4,755 |
| Other | - | - |
| Total current liabilities | 37,582,644 | 33,809,761 |
| Noncurrent liabilities | | |
| Investment corporation bonds | 16,000,000 | 14,000,000 |
| Long-term borrowings payable | 145,150,000 | 153,750,000 |
| Tenant leasehold and security deposits in trust | 19,582,816 | 20,604,450 |
| Other | 23 | 6 |
| Total noncurrent liabilities | 180,732,839 | 188,354,456 |
| Total liabilities | 218,315,484 | 222,164,217 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 202,233,447 | 217,091,520 |
| Surplus | | |
| Unappropriated retained earnings (undisposed loss) | 6,157,532 | 6,611,254 |
| Total surplus | 6,157,532 | 6,611,254 |
| Total unitholders' equity | 208,450,980 | 223,702,774 |
| Valuation, translation, adjustments and others | | |
| Deferred gains or losses on hedges | 72,117 | 74,904 |
| Total valuation, translation, adjustments and others | 72,117 | 74,904 |
| Total net assets | 208,523,097 | 223,777,679 |
| Total liabilities and net assets | 426,838,582 | 445,941,897 |

Statement of Income ~the period ended May 2018 (the 13th period)~

| | (In thousands of yen) | |
|--|--------------------------------|-------------------------------|
| | 12th period ended Nov. 2017 | 13th period ended May 2018 |
| Operating revenue | | |
| Lease business reven | 11,861,072 | 12,409,430 |
| Other lease business revenue | 859,517 | 917,584 |
| Total Operating revenue | 12,720,589 | 13,327,014 |
| Operating expenses | | |
| Expenses related to rent business | 4,509,419 | 4,706,236 |
| Asset management fee | 1,013,473 | 1,034,028 |
| Asset custody fee | 11,946 | 12,427 |
| Administrative service fee | 31,652 | 32,131 |
| Directors' compensations | 3,300 | 3,300 |
| Other operating expenses | 76,091 | 67,522 |
| Total operating expenses | 5,645,884 | 5,855,645 |
| Operating profit (loss) | 7,074,704 | 7,471,369 |
| Non-operating income | | |
| Interest income | 68 | 81 |
| Interest on securities | - | - |
| Reversal of distribution payable | 1,456 | 908 |
| Interest on refund | - | - |
| Insurance income | 177 | - |
| Total non-operating income | 1,702 | 990 |
| Non-operating expenses | | |
| Interest expenses | 609,206 | 615,512 |
| Interest expenses on investment corporation bonds | 31,863 | 35,235 |
| Amortization of investment corporation bond issuance costs | 8,760 | 9,546 |
| Investment unit issuance expenses | 55,185 | 46,468 |
| Borrowing related expenses | 152,635 | 153,550 |
| Other | 500 | 500 |
| Total non-operating expenses | 858,151 | 860,813 |
| Ordinary profit (loss) | 6,218,255 | 6,611,545 |
| Income (loss) before income taxes | 6,218,255 | 6,611,545 |
| Income taxes-current | 982 | 721 |
| Income taxes-deferred | (8) | 12 |
| Total income taxes | 974 | 734 |
| Profit (loss) | 6,217,281 | 6,610,811 |
| Retained earnings (deficit) brought forward | 251 | 442 |
| Unappropriated retained earnings (undisposed loss) | 6,217,532 | 6,611,254 |

Overview of Lease, Profit and Loss for the period ended May 2018 (the 13th period) (1/3) 46

(in thousands of yen)

| | Urban Retail properties | | | | | | | | | | | | | | |
|-----------------------------------|--|------------------------------|---------------|-----------------|---------------------------------|----------------|-----------------------------|----------------|----------------|-----------------------|-------------------|-------------------------|-------------------------|---------------------------|----------------------------|
| | Tokyu Plaza Omotesando Harajuku (Note 1) | Tokyu Plaza Akasaka (Note 1) | Q plaza EBISU | Shinbashi Place | Kyoto Karasuma Parking Building | A-FLAG AKASAKA | Kobe Kyu Kyoryuchi 25Bankan | A-FLAG SAPPORO | A-FLAG SHIBUYA | Q plaza SHINSAIBA SHI | A-FLAG KOTTO DORI | A-FLAG BIJUTSUKA N DORI | A-FLAG DAIKANYAM A WEST | A-FLAG KITA SHINSAIBA SHI | DECKS Tokyo Beach (Note 1) |
| ①Revenue related to rent business | 1,084,967 | 612,945 | 267,995 | (Note 2) | (Note 2) | 103,491 | 809,232 | 443,146 | 205,369 | 283,883 | 107,664 | 123,823 | (Note 2) | 108,407 | 462,110 |
| Rent revenue-real estate | 1,035,914 | 511,127 | 237,694 | (Note 2) | (Note 2) | 87,803 | 743,600 | 369,946 | 197,027 | 272,999 | 102,816 | 115,591 | (Note 2) | 99,508 | 367,446 |
| Other lease business revenue | 49,053 | 101,817 | 30,300 | (Note 2) | (Note 2) | 15,688 | 65,632 | 73,200 | 8,341 | 10,884 | 4,847 | 8,231 | (Note 2) | 8,898 | 94,664 |
| ②Expense related to rent business | 246,032 | 241,218 | 59,758 | 97,949 | 35,920 | 32,526 | 197,918 | 239,762 | 31,894 | 88,469 | 39,889 | 34,683 | 20,573 | 18,753 | 221,983 |
| Management operation expenses | 90,654 | 79,424 | 16,244 | 41,854 | 3,707 | 8,232 | 83,984 | 107,938 | 11,794 | 54,804 | 8,836 | 3,940 | 12,086 | 5,680 | 95,962 |
| Utilities expenses | 27,012 | 70,233 | 25,272 | - | - | 12,417 | 56,862 | 79,002 | 7,017 | 10,832 | 5,578 | 7,572 | 300 | 8,815 | 82,800 |
| Tax and public dues | 55,207 | 65,844 | 8,384 | 32,189 | 31,129 | 7,220 | 46,126 | 24,476 | 10,389 | 13,176 | 12,375 | 2,268 | 324 | - | 268 |
| Insurance | 190 | 409 | 75 | 155 | 158 | 36 | 616 | 591 | 53 | 64 | 72 | 36 | 58 | 70 | 488 |
| Repair and maintenance expenses | 3,607 | 18,586 | 710 | 22,788 | 28 | 2,520 | 7,178 | 20,179 | 650 | 3,714 | 10,656 | 3,345 | 5,632 | 1,766 | 11,468 |
| Other expenses related to rent | 69,360 | 6,719 | 9,071 | 961 | 896 | 2,100 | 3,151 | 7,573 | 1,988 | 5,878 | 2,369 | 17,520 | 2,171 | 2,420 | 30,996 |
| ③NOI (①－②) | 838,935 | 371,726 | 208,237 | (Note 2) | (Note 2) | 70,965 | 611,313 | 203,384 | 173,475 | 195,413 | 67,774 | 89,139 | (Note 2) | 89,653 | 240,127 |
| ④Depreciation and other (Note 3) | 50,843 | 38,777 | 18,539 | 35,830 | 15,810 | 8,019 | 120,251 | 57,122 | 7,749 | 15,357 | 4,838 | 6,449 | 1,637 | 4,557 | 17,872 |
| Income (loss) from rent business | 788,091 | 332,949 | 189,698 | (Note 2) | (Note 2) | 62,945 | 491,061 | 146,261 | 165,725 | 180,056 | 62,936 | 82,690 | (Note 2) | 85,096 | 222,255 |

(Note 1) Tokyu Plaza Harajuku, Tokyu Plaza Akasaka and DECKS Tokyo Beach are calculated based on the pro-rata share of the co-ownership interests (75%, 50% and 49%, respectively).

(Note 2) Undisclosed due to no consent from tenants.

(Note 3) Loss on retirement of current assets is included.

Overview of Lease, Profit and Loss for the period ended May 2018 (the 13th period) (2/3) 47

(In thousands of yen)

| | Tokyo Office properties | | | | | | | | | | | | | | | |
|-----------------------------------|-------------------------|----------------------|----------------|----------------|----------------|-----------------------|-------------------|-------------------|-----------------|-------------------|----------------|----------------------------|-----------------------|------------------------|------------------------|---------------------------|
| | TLC Ebisu Building | A-PLACE Ebisu Minami | A-PLACE Yoyogi | A-PLACE Aoyama | Luogo Shiodome | TAMACHI SQUARE (Land) | A-PLACE Ikebukuro | A-PLACE Shinbashi | A-PLACE Gotanda | A-PLACE Shinagawa | OSAKI WIZTOWER | Shiodome Building (Note 1) | A-PLACE Ebisu Higashi | A-PLACE Shibuya Konnoh | A-PLACE Gotanda Ekimae | A-PLACE Shinagawa Higashi |
| ①Revenue related to rent business | 317,889 | 368,362 | 127,209 | 293,177 | 174,419 | 62,502 | (Note 2) | 197,854 | 175,695 | 114,560 | 334,774 | 1,499,557 | 179,638 | (Note 2) | 180,302 | 492,138 |
| Rent revenue-real estate | 296,055 | 355,346 | 121,266 | 276,945 | 163,796 | 62,502 | (Note 2) | 184,377 | 167,227 | 108,320 | 323,805 | 1,425,707 | 162,656 | (Note 2) | 172,121 | 454,640 |
| Other lease business revenue | 21,834 | 13,016 | 5,942 | 16,232 | 10,622 | - | (Note 2) | 13,476 | 8,468 | 6,240 | 10,968 | 73,849 | 16,981 | (Note 2) | 8,180 | 37,498 |
| ②Expense related to rent business | 77,246 | 95,042 | 31,594 | 66,416 | 46,066 | 8,192 | 34,422 | 53,994 | 40,594 | 28,782 | 90,770 | 345,998 | 56,244 | 35,852 | 51,474 | 97,482 |
| Management operation expenses | 25,026 | 28,243 | 10,576 | 18,950 | 12,831 | - | 10,290 | 17,139 | 12,332 | 9,263 | 57,994 | 104,406 | 17,906 | 16,349 | 13,765 | 45,578 |
| Utilities expenses | 19,620 | 19,123 | 8,231 | 18,869 | 11,579 | - | 8,801 | 12,240 | 8,907 | 6,031 | 8,693 | 77,237 | 8,011 | 5,699 | 11,005 | 34,450 |
| Tax and public dues | 16,893 | 30,854 | 9,942 | 20,337 | 17,979 | 7,939 | 10,341 | 14,883 | 14,241 | 10,580 | 22,171 | 111,219 | 13,485 | 9,334 | 17,488 | 1,399 |
| Insurance | 192 | 245 | 83 | 180 | 157 | - | 83 | 132 | 106 | 71 | 302 | 911 | 100 | 76 | 116 | 460 |
| Repair and maintenance expenses | 5,135 | 13,573 | 1,836 | 4,035 | 1,938 | - | 371 | 4,453 | 127 | 1,386 | - | 25,490 | 14,585 | 2,508 | 3,397 | 10,446 |
| Other expenses related to rent | 10,377 | 3,001 | 923 | 4,042 | 1,580 | 252 | 4,533 | 5,146 | 4,878 | 1,449 | 1,607 | 26,733 | 2,156 | 1,884 | 5,701 | 5,146 |
| ③NOI (①－②) | 240,642 | 273,319 | 95,615 | 226,761 | 128,352 | 54,309 | (Note 2) | 143,860 | 135,100 | 85,777 | 244,003 | 1,153,558 | 123,393 | (Note 2) | 128,827 | 394,656 |
| ④Depreciation and other (Note 3) | 41,426 | 33,443 | 15,429 | 23,059 | 27,633 | - | 20,682 | 22,729 | 26,844 | 8,583 | 48,275 | 148,067 | 23,624 | 12,581 | 13,043 | 30,145 |
| Income (loss) from rent business | 199,216 | 239,875 | 80,185 | 203,702 | 100,719 | 54,309 | (Note 2) | 121,130 | 108,256 | 77,194 | 195,728 | 1,005,491 | 99,768 | (Note 2) | 115,783 | 364,510 |

(Note 1) Shiodome Building is calculated based on the pro-rata share of the co-ownership interest (35%).

(Note 2) Undisclosed due to no consent from tenants.

(Note 3) Loss on retirement of current assets is included.

Overview of Lease, Profit and Loss for the period ended May 2018 (the 13th period) (3/3) 48

(In thousands of yen)

| | Activia Account properties | | | | | | | | | | |
|--|---------------------------------|------------------|---------------------|------------------------|---------------------|-----------------------------------|---------------|--------------------------------|---------------------|-----------------------|---------------------------|
| | Amagasaki Q's MALL (Land) | icot Nakamozu | icot Mizonokuchi | icot Tama Center | A-PLACE Kanayama | Osaka Nakanoshim a Building | icot Omori | Market Square Sagamihara | Umeda Gate Tower | A-PLACE Bashamichi | Commercial Mall Hakata |
| ①Revenue related to rent business | 353,283 | 310,526 | (Note 1) | 147,533 | 285,836 | 525,384 | 233,962 | (Note 1) | 449,487 | 185,701 | 168,957 |
| Rent revenue-real estate | 353,283 | 310,496 | (Note 1) | 135,589 | 265,376 | 501,032 | 200,633 | (Note 1) | 418,923 | 169,211 | 140,593 |
| Other lease business revenue | - | 30 | (Note 1) | 11,943 | 20,460 | 24,352 | 33,328 | (Note 1) | 30,563 | 16,489 | 28,364 |
| ②Expense related to rent business | 52,911 | 39,659 | 13,005 | 47,461 | 75,550 | 170,795 | 59,996 | 35,831 | 99,406 | 61,287 | 48,297 |
| Management operation expenses | - | 5,641 | 2,261 | 18,180 | 23,797 | 55,067 | 9,144 | 16,057 | 33,603 | 18,609 | 16,911 |
| Utilities expenses | - | 30 | (Note 1) | 12,918 | 21,962 | 41,809 | 33,840 | 4,860 | 26,675 | 19,632 | 22,907 |
| Tax and public dues | 52,658 | 30,713 | 9,873 | 11,773 | 25,054 | 50,359 | 12,560 | 13,934 | 33,741 | 16,395 | - |
| Insurance | - | 234 | 100 | 144 | 251 | 745 | 93 | 132 | 363 | 291 | 140 |
| Repair and maintenance expenses | - | 1,999 | - | 2,955 | 2,289 | 14,525 | 3,564 | - | 174 | 3,175 | 5,054 |
| Other expenses related to rent | 252 | 1,041 | 770 | 1,487 | 2,195 | 8,287 | 793 | 847 | 4,848 | 3,182 | 3,283 |
| ③NOI (①－②) | 300,372 | 270,866 | (Note 1) | 100,071 | 210,285 | 354,589 | 173,965 | (Note 1) | 350,080 | 124,413 | 120,660 |
| ④Depreciation and other (Note 2) | - | 34,625 | 8,464 | 18,812 | 51,991 | 70,402 | 17,159 | 23,941 | 68,952 | 28,713 | 12,230 |
| Income (loss) from rent business | 300,372 | 236,240 | (Note 1) | 81,259 | 158,294 | 284,186 | 156,806 | (Note 1) | 281,128 | 95,699 | 108,429 |

(Note 1) Undisclosed due to no consent from tenants.

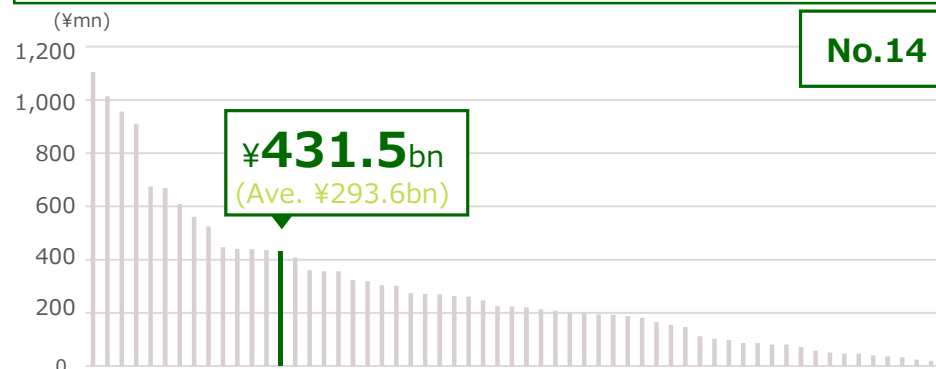
(Note 2) Loss on retirement of current assets is included.

Financial Highlight

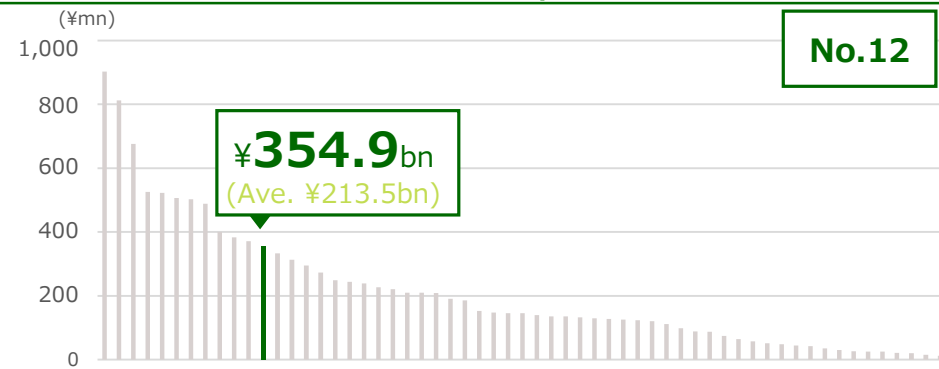
| (¥ mn) | 4th period (Nov. 2013) | 5th period (May 2014) | 6th period (Nov. 2014) | 7th period (May 2015) | 8th period (Nov. 2015) | 9th period (May 2016) | 10 th period (Nov. 2016) | 11th period (May 2017) | 12th period (Nov. 2017) | 13th period (May 2018) | 14th period (Nov. 2018) (Forecast) | 15th period (May 2019) (Forecast) |
|--|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|--|---------------------------|----------------------------|---------------------------|--|---|
| Revenue related to rent business | 6,124 | 7,778 | 8,174 | 9,120 | 9,500 | 10,175 | 10,917 | 12,107 | 12,720 | 13,327 | 13,717 | 13,431 |
| Gain on sale of real estate properties | - | - | - | - | 200 | - | - | - | - | - | - | - |
| Revenue from leasing business (including gain on sale of properties) | 6,124 | 7,778 | 8,174 | 9,120 | 9,701 | 10,175 | 10,917 | 12,107 | 12,720 | 13,327 | 13,717 | 13,431 |
| Expenses related to rent business | 1,456 | 1,889 | 2,174 | 2,323 | 2,494 | 2,409 | 2,781 | 2,922 | 3,319 | 3,471 | 3,773 | 3,454 |
| Management operation expenses | 425 | 638 | 693 | 825 | 822 | 869 | 917 | 1,037 | 1,062 | 1,225 | 1,226 | 1,162 |
| Utilities expenses | 371 | 524 | 593 | 627 | 658 | 629 | 652 | 682 | 791 | 836 | 988 | 936 |
| Tax and public dues | 433 | 457 | 575 | 578 | 643 | 649 | 772 | 778 | 887 | 895 | 987 | 997 |
| Insurance | 5 | 7 | 7 | 8 | 6 | 7 | 7 | 8 | 9 | 8 | 8 | 8 |
| Repair and maintenance expenses | 71 | 114 | 142 | 118 | 202 | 78 | 231 | 197 | 304 | 235 | 256 | 88 |
| Other expenses related to rent business | 150 | 146 | 161 | 165 | 161 | 175 | 201 | 217 | 264 | 269 | 304 | 261 |
| NOI | 4,668 | 5,889 | 6,000 | 6,796 | 7,006 | 7,766 | 8,135 | 9,185 | 9,400 | 9,855 | 9,943 | 9,976 |
| NOI yield(%) | 5.10 | 5.23 | 4.98 | 4.93 | 4.84 | 4.79 | 4.73 | 4.63 | 4.61 | 4.61 | - | - |
| Depreciation and other | 518 | 743 | 763 | 887 | 928 | 989 | 1,051 | 1,175 | 1,189 | 1,234 | 1,262 | 1,271 |
| Income (loss) from rent business | 4,149 | 5,145 | 5,237 | 5,909 | 6,078 | 6,776 | 7,083 | 8,009 | 8,211 | 8,620 | 8,681 | 8,705 |
| Loss on sales of real estate properties | - | 7 | - | - | - | - | - | - | - | - | - | - |
| Net operating income (including loss on sales of real estate properties) | 4,149 | 5,138 | 5,237 | 5,909 | 6,278 | 6,776 | 7,083 | 8,009 | 8,211 | 8,620 | 8,681 | 8,705 |
| General and administrative expenses | 507 | 558 | 643 | 710 | 818 | 849 | 922 | 1,029 | 1,136 | 1,149 | 1,194 | 1,196 |
| Operating profit | 3,642 | 4,580 | 4,594 | 5,199 | 5,460 | 5,926 | 6,161 | 6,980 | 7,074 | 7,471 | 7,487 | 7,509 |
| Non-operating income | 4 | 2 | 5 | 3 | 5 | 8 | 3 | 3 | 1 | 0 | 0 | 0 |
| Non-operating expenses | 459 | 584 | 567 | 619 | 674 | 737 | 754 | 830 | 858 | 860 | 847 | 868 |
| Ordinary profit | 3,187 | 3,998 | 4,032 | 4,583 | 4,790 | 5,197 | 5,410 | 6,152 | 6,218 | 6,611 | 6,639 | 6,640 |
| Profit | 3,186 | 3,997 | 4,031 | 4,582 | 4,789 | 5,196 | 5,409 | 6,151 | 6,217 | 6,610 | 6,638 | 6,639 |

API's Position in J-REITs

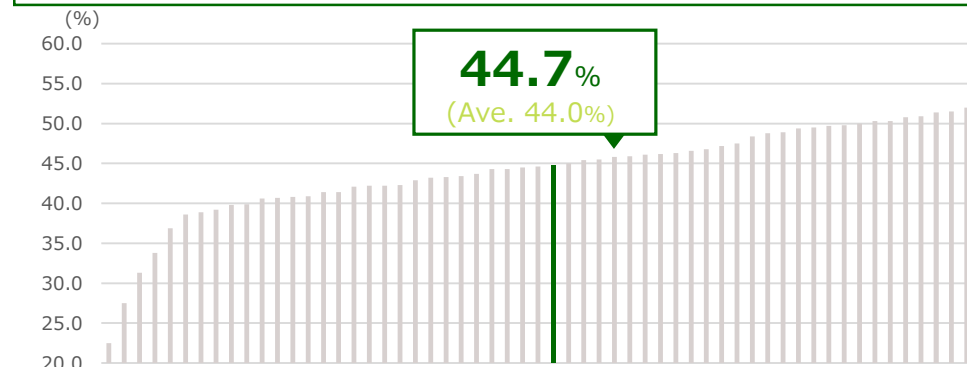
AUM



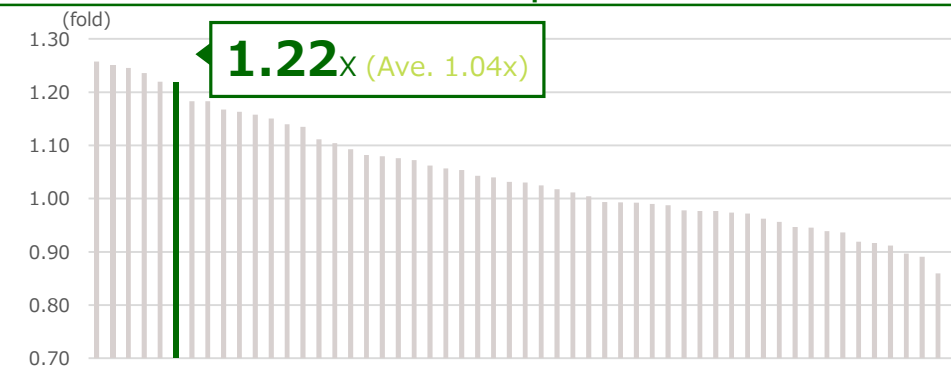
Market Cap.



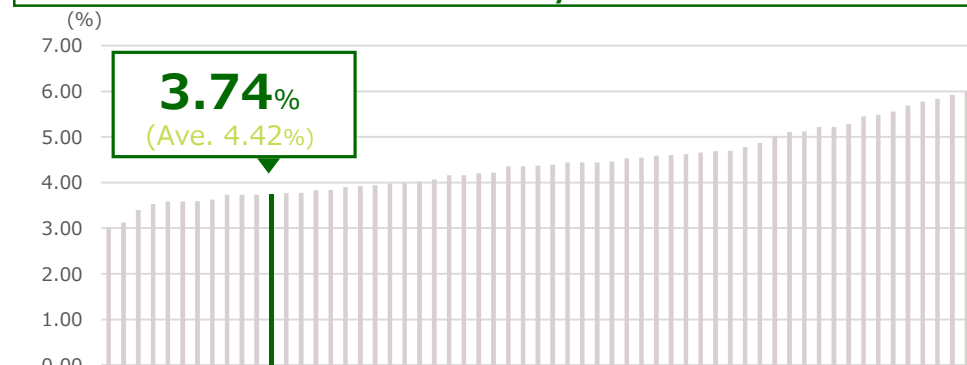
LTV



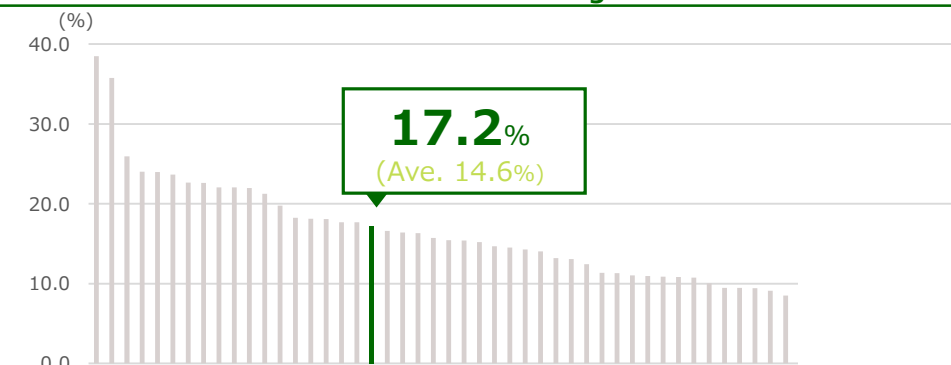
NAV multiple



Distribution yield

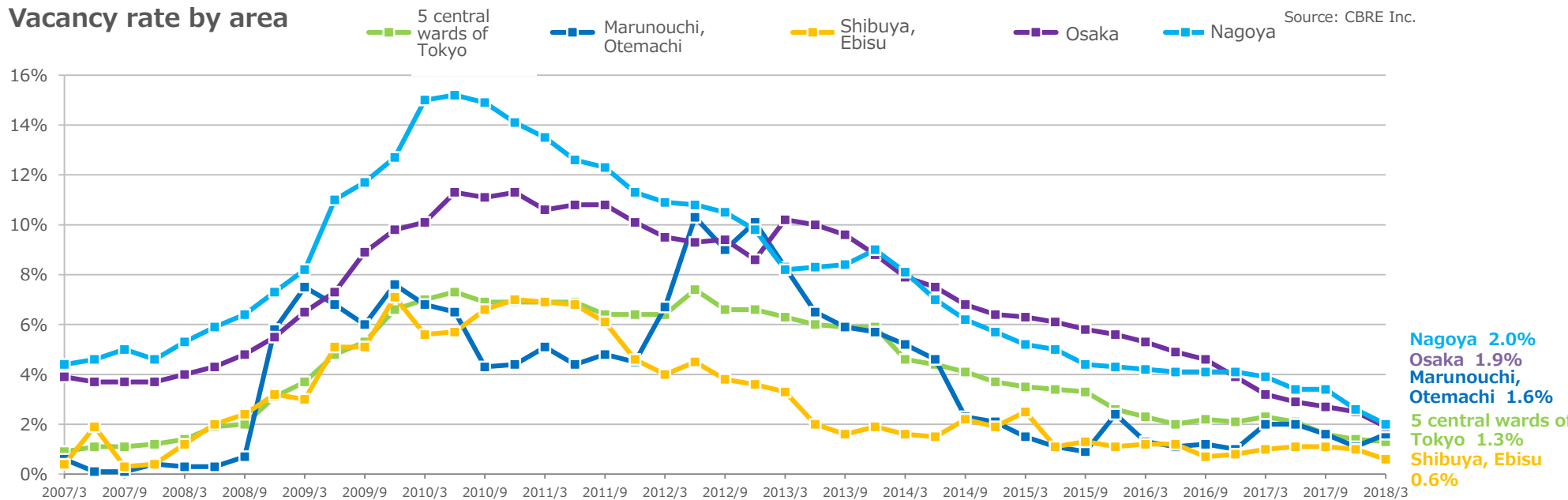


Ratio of unrealized gain

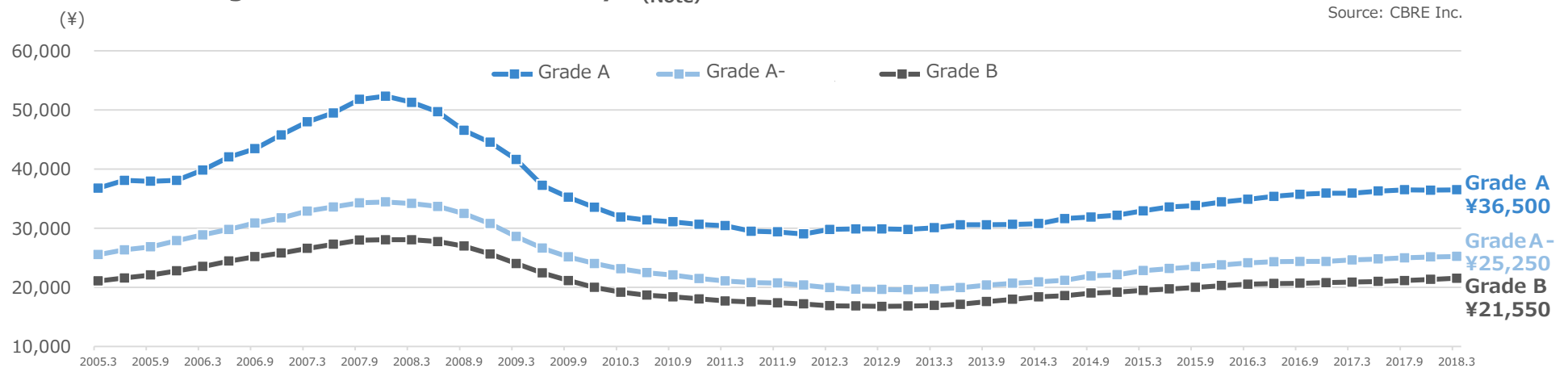


(Note 1) The data were prepared based on the unit price of each REIT as of Jun. 29, 2018 and its disclosed information as of the same date. (Note 2) Only the data of API is calculated based on the figures as of May 31, 2018. (Note 3) Figures are calculated based on simple average without using the weighted average.

1. Vacancy rate by area



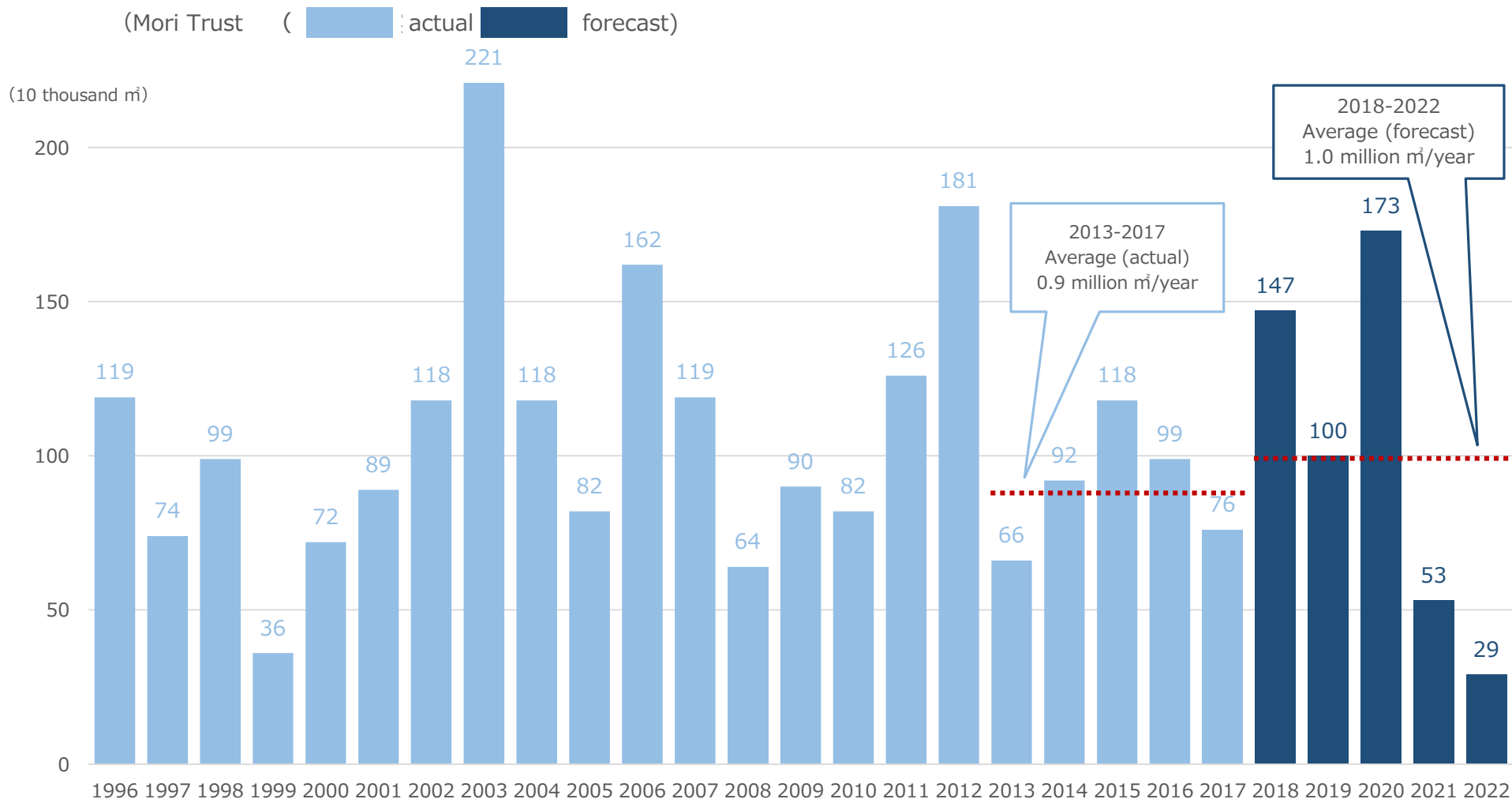
2. Trends of average rent for 23 wards of Tokyo (Note)



(Note) Grade A: Office buildings within the 5 central wards of Tokyo, with more than 6,500 tsubo of total leasable area, 10,000 tsubo of gross floor area, 500 tsubo of basic floor area and aged less than 11 years. Grade A-: Office buildings within the 23 wards of Tokyo, with more than 4,500 tsubo of total leasable area, 7,000 tsubo of gross floor area, 250 tsubo of basic floor area and complying with the new earthquake resistance standard. Grade B: Office buildings within the 23 wards of Tokyo, having more than 2000 tsubo of basic floor area, between 2,000 and 7,000 tsubo of gross area, and complying with the new earthquake resistance standard.

Supply of Large-scale Office Building in 23 wards of Tokyo

- ◆ New report published in April 2018 has indicated no significant fluctuation from the previous forecast, though **FY2022 forecasted for the first time to be 290 thousands m², the lowest level ever.**



(Source) Mori Trust Co., Ltd.

(Note) "Large-scale office buildings" refers to office buildings with a total office floor area of 10,000 m² or more.

1. Corporate Philosophy

Our name “**Activia**” has been coined from the English word “**activate**” and the Latin suffix “**ia**” meaning “place”

We aim to invigorate society through investment in and operation of our properties

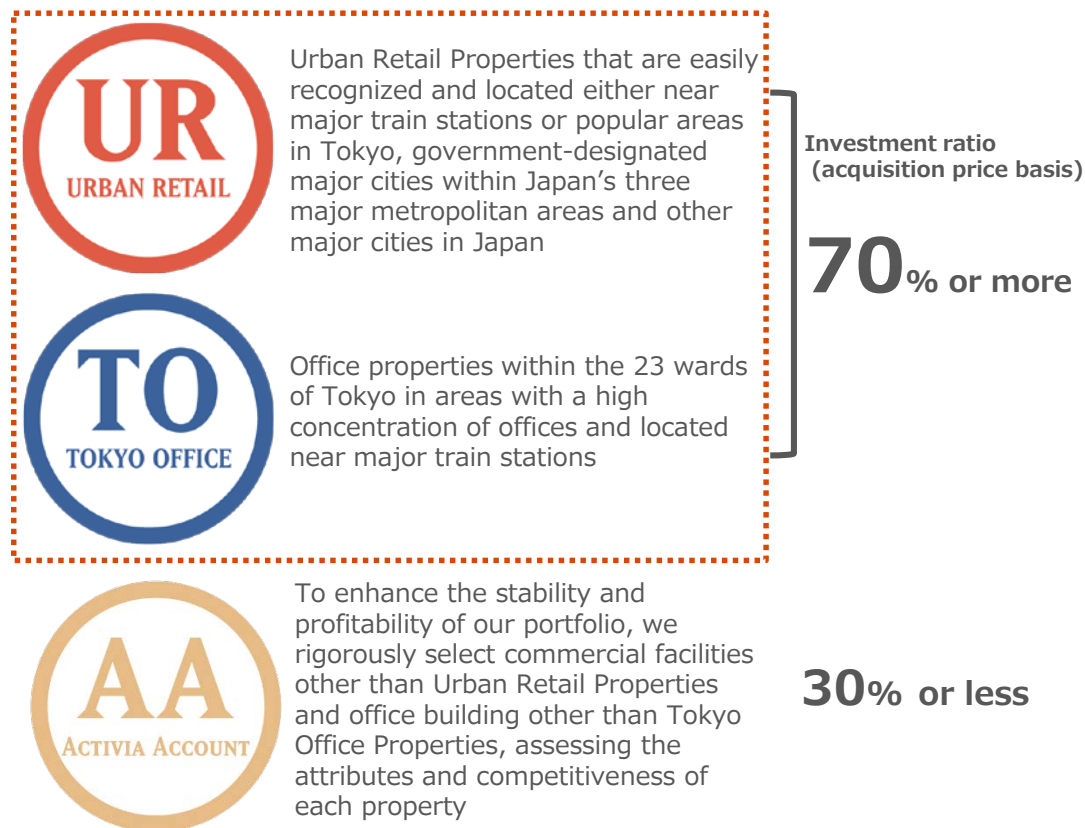
2. Basic Policies

- ✓ **Focused investments in Urban Retail and Tokyo Office Properties**
- ✓ **Utilization of the comprehensive support and capabilities of Tokyu Fudosan Holdings Group's value chain**
- ✓ **Strong governance structure aimed at maximizing unitholder value**

In order to maximize unitholder value over the medium to long term, we rigorously select properties which we can expect **stable and sustainable demand from retail customers and office tenants**, such as properties that are located in areas where large numbers of people gather and that serve as a foothold for bustling social and corporate activities. We also seek to maximize unitholder value by **proactively managing our properties** and taking initiatives to maintain and improve its asset management.

3. Portfolio Composition Policy

- We intend to maintain a competitive portfolio in the medium to long term by investing primarily in Urban Retail properties and Tokyo Office properties upon careful consideration of location as the most important factor, followed by other factors such as size, quality, specifications and suitability for use by tenants.



(Note) The actual split of our portfolio may differ from the above over the short term due to acquisition / disposal of properties.

Tokyu Fudosan Holdings Group's Support System

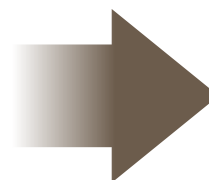
- To ensure stable growth over the medium to long term, the Asset Manager has applied its know-how and utilized its independent network to the management of properties. The Asset Manager has also leveraged Tokyu Fudosan Holdings Group companies' value chain and comprehensive support to ensure asset growth through the continued acquisition of competitive assets (external growth) and operation/management of properties through ways designed to bring out the competitive strengths of properties under management and improve their profitability (internal growth)

■ Utilization of Tokyu Fudosan Holdings Group's multi-faceted and comprehensive know-how and value chain

Tokyu Fudosan Holdings Group

- One of the major property development groups in Japan with a solid track record in development, operation and management of properties
- The group also includes B-to-C businesses which may serve as tenants in our properties and has deep knowledge of consumer needs

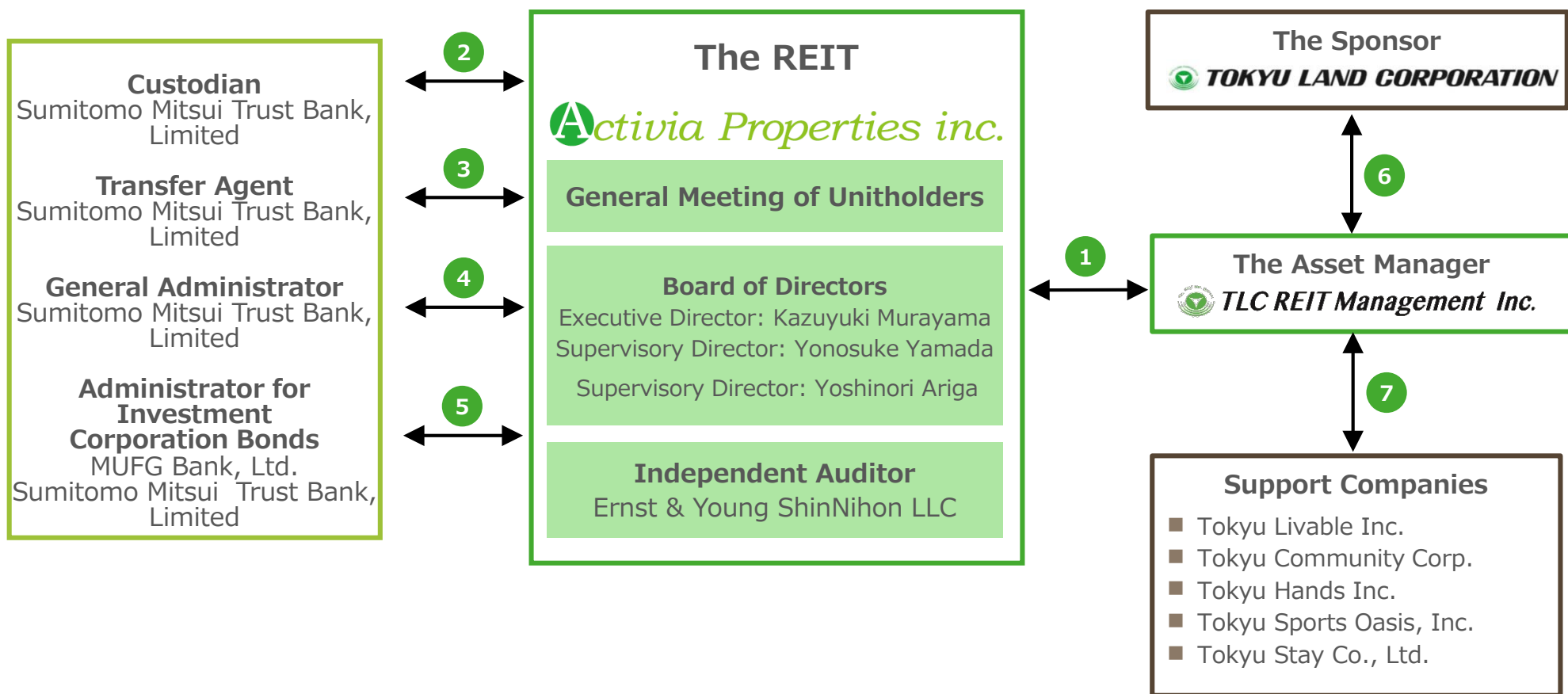
Value Chain



■ Capitalize on the Asset Manager's own know-how

TLC REIT Management Inc.

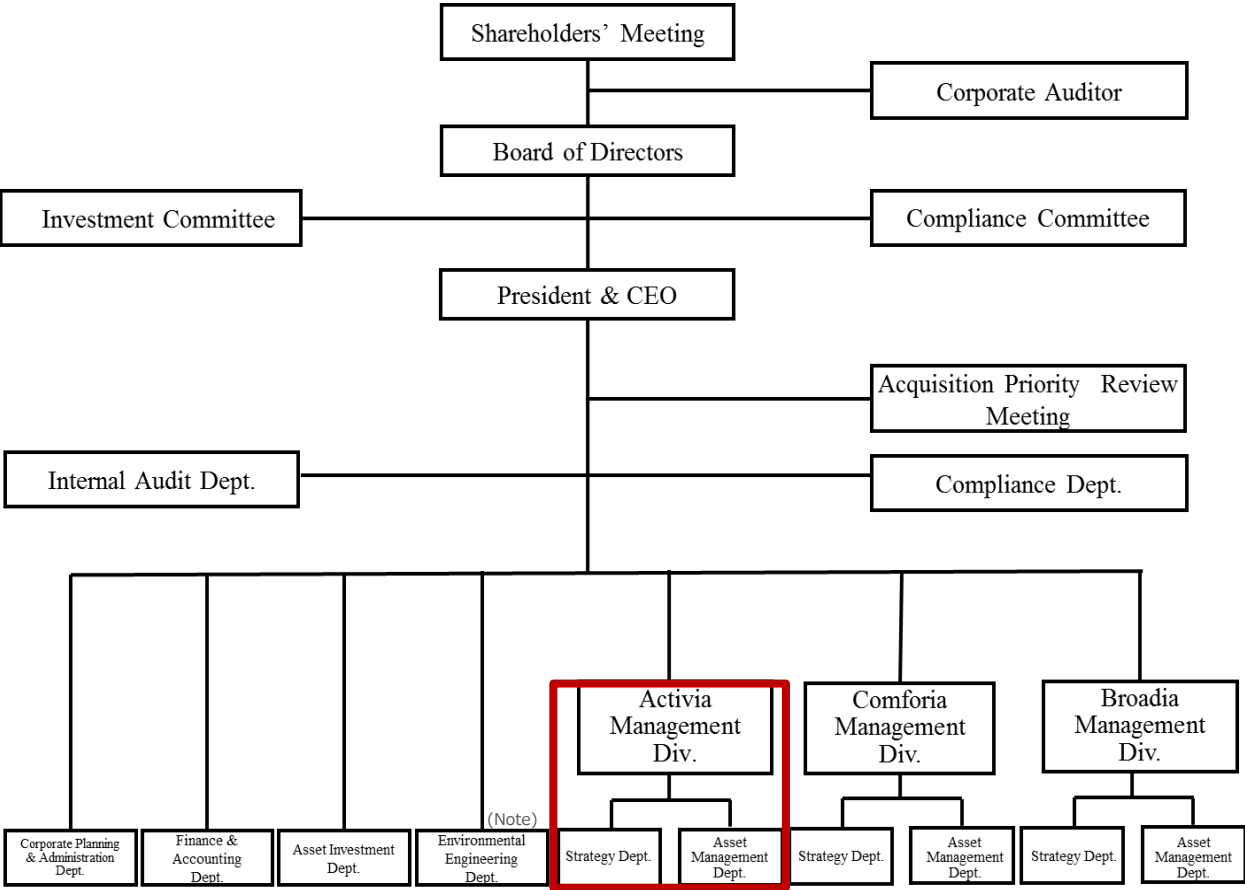
- The management's years of experience in development, operation and management of retail facilities and office buildings
 - Expand portfolio by leveraging its know-how for property acquisitions and its wide-ranging network
 - Establish proper operational and management systems tailored to the specific characteristics of the assets of API



1. Overview of the Asset Manager

| | |
|-------------------------|--|
| Corporate name | TLC REIT Management Inc. |
| Established on | Oct. 2009 |
| Capital | ¥200mn |
| Shareholder/ Sponsor | Tokyu Land Corporation 100% |
| President & CEO | <div></div> <div>Hiroyuki Tohmata Personal motto: My Word is My Bond</div> |

2. Asset Manager Organizational Chart



(Note) Newly established as of Apr.1, 2018

API's Management Members



Managing Director, Chief Division Officer of Activia Management Division of TRM

Kazushi Sato

Personal motto: Will and Preparedness

Career summary

| | |
|-----------|---|
| Apr. 1987 | Tokyu Land Corporation |
| Apr. 2000 | Manager of Office Building Business Division |
| Apr. 2009 | Executive Manager of Asset Planning and Development Division |
| Apr. 2011 | Director (part-time), TLC Realty Management INC. (current TLC REIT Management Inc.) |
| Apr. 2014 | Executive Manager, Business Strategy Department, Urban Business Unit, Tokyu Land Corporation |
| Apr. 2016 | President & CEO, Tokyu Land SC Management Corporation |
| Apr. 2018 | Managing Director, Chief Division Officer of Activia Management Division, TLC REIT Management, Inc. |



General Manager of Strategy Department, Activia Management Division

Kazuyuki Murayama

Personal motto: Enter through the narrow gate



General Manager of Asset Management Department, Activia Management Division

Daisuke Kawauchi

Personal motto: Go full-out



General Manager, Finance & Accounting Department

Hiroshi Kimoto

Personal motto: After storm, comes a calm



General Manager, Asset Investment Department

Takashi Aikawa

Personal motto: Fall seven times, rise eight

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