



Activia Properties Inc.

The 4th Period (November 30, 2013) Presentation  
January 2014



**TLC Activia Investment Management Inc.**



Activia Properties Inc.(Security Code : 3279/API)  
<http://www.activia-reit.co.jp/english/>



## 1. The 4th Period (November 30, 2013) Topics

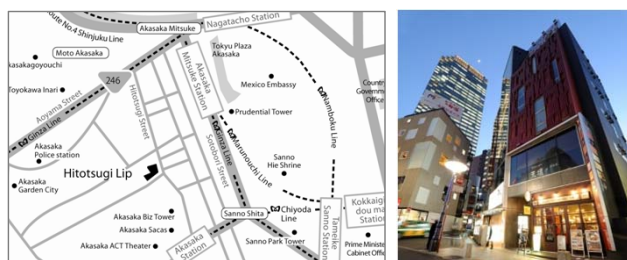


# Topic 1 –Successful Track Record with Acquisition–

## 1 External Growth

- Acquired Urban Retail Property from third party

Date	Property name	Acquisition Price (Appraisal value)	NOI yield (NOI)
Aug. 30, 2013	Hitotsugi LIP	¥3,000 mn (¥3,150 mn)	4.5% (¥13.6 mn)



As of the end of November, 2013

Total number of properties: 21	Total acquisition price: ¥184.3 billion	Total average NOI yield: 5.1%
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Acquired 6 additional properties at the beginning of the 5th period with acquisition price of ¥47.4 Billion and average NOI yield of 5.2%

As of January 15, 2014

Total number of properties: 27	Total acquisition price: ¥231.7 billion	Total average NOI yield: 5.1%
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## 2 Internal Growth

- Maintained high occupancy rate at 99.4% as of the end of Nov. 2013
- Improved the occupancy rate of Hitotsugi LIP from 77.4% to 84.2% within 3 months after acquisition

<Occupancy rates>

Category	Nov. '12	May '13	Nov. '13	Nov. '13 (27 properties)
Urban Retail	99.5%	99.6%	99.1%	99.5%
Tokyo Office	97.4%	97.5%	98.6%	98.8%
Other	100.0%	100.0%	99.9%	99.9%
Total	99.4%	99.4%	99.4%	99.5%

- Rent revised from 14 tenants, and achieved upward rent revision for 3 tenants of Tokyo Office Properties
  - TLC Ebisu Building: 2 tenants
  - Luogo Shiodome: 1 tenant

## 3 Financing Strategy

- Borrowed ¥3 billion in August 2013 to acquire Hitotsugi LIP
- Well-managed financing operation with total borrowing of ¥88 billion at the end of the 4th period with low average interest rate of 0.75%

(As of the end of Nov. 2013)

Total of interest-bearing debt	¥88 billion
Average interest rate	0.75476%
Long-term borrowing ratio (Note 1)	96.6% (85.2%)
Fixed interest ratio	71.6%
Average remaining borrowing period	2.9 years
LTV (Note 2)	45.9%

(Note 1) The number in the parentheses is the ratio excluding long-term borrowings to be repaid within a year.

(Note 2) LTV=Interest-bearing debt / Total assets x 100

- Borrowed ¥12.8 billion with 6-7 maturities at the beginning of the 5th period to acquire 6 new properties
- LTV is 41.7%(Note) as of Jan. 15, 2014 through carrying out Public Offering

(Note) Borrowing ¥88 billion at the end of 4th period+ Additional borrowing of ¥ 12.8 billion

Total acquisition price of ¥191.8 billion at the end of 4th period + Acquisition price of 6 properties of ¥47.4 billion + deposit of 6 properties of ¥2.6 billion

## Cash Distributions per unit for the 4th Period

(Forecast as of Jul. 12, 2013)

Result of the 3rd Period **¥15,150**



(Forecast as of Aug. 27, 2013)

Acquisition of Hitotsugi LIP **¥15,218**



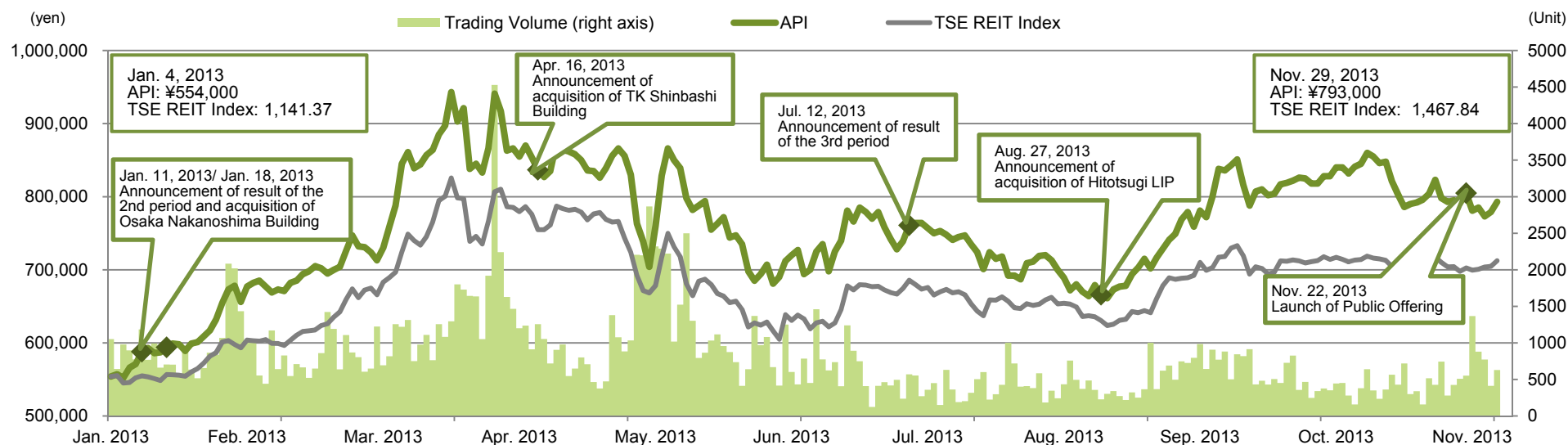
(Result as of Jan. 15, 2014)

Result of the 4th Period **¥15,523**



## Topic 2 –Actions to Establish Growth Cycle for the 5th Period and Onwards–

### Unit Price Performance from 2013

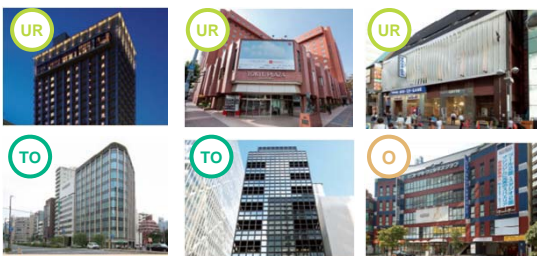


(Note) Indexed to 100 based on the closing price of API unit price and TSE REIT Index as of Jun. 13, 2012

### Strategy for the 5th Period and Onwards

#### After Acquisition

- ✓ PO with approx. ¥34.7 bn in December 2013
- ✓ Acquired 6 properties (total acquisition price: ¥47.4bn)



External growth up to ¥400 billion by acquiring the qualified assets of ¥170 billion selectively that satisfied our investment criteria

Establishment of our external growth cycle with a combination of accretive equity and debt financing

Maintaining solid relationships with the tenants and activate leasing, also grasp opportunities for rents upward revision in the future

Maximizing unitholder value through improving DPU and NAV



## 2. The 4th Period Financial Highlights



# Summary of Financial Results for the 4th Period -Income Statement-

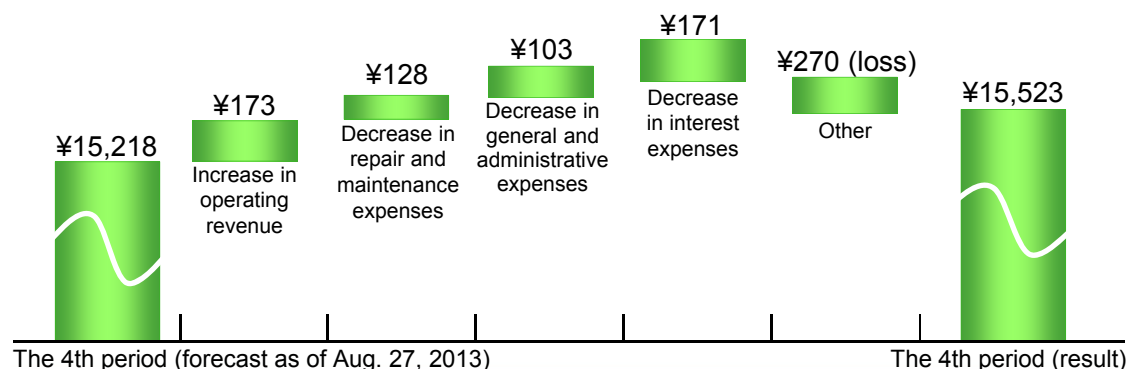
- Although full year operation of two properties (Osaka Nakanoshima Building and TK Shinbashi Building), and acquisition of Hitotsugi LIP pushed up the revenues, income decreased as property and city planning taxes of initial 18 properties was expensed

## Comparison of Results and Forecast (as of Aug. 27, 2013) (In millions of yen)

	Results for the 4th period (the end of Nov. 2013)	Forecast for the 4th period (as of Aug. 27, 2013)	Change	Results for the 3rd period	Change
Operating revenue	6,124	6,089	35	5,803	321
Operating income	3,642	3,569	72	3,851	-209
Ordinary income	3,187	3,124	62	3,479	-292
Net income	3,186	3,123	62	3,478	-292
Cash distributions per unit (yen)	15,523	15,218	305	16,946	-1,423

## Variance Analysis of Key Items (In millions of yen)

	Compared to forecast for the 4th period (Aug. 27, 2013)	Compared to the 3rd period
Operating revenue	+35 Rent (inc. common service fees) +11 Settlement amount of construction for Hitotsugi LIP +19 Utility fees+10	+321 Rent (inc. common service fees) +253 Utility fees +63
Expenses related to rent business	-16 Repair and maintenance expenses -26 Assessment of construction and other for Hitotsugi LIP +13	+511 Tax and public due +426 PM, BM, etc. fees +13, Utility fees +82 Repair and maintenance expenses -25 advertising expenses +20
Net operating income before depreciation (NOI)	+52	-189
Depreciation, etc.	0	+30 Nakanoshima +4, TK Shinbashi +16 Hitotsugi LIP +4
Loss on retirement of noncurrent assets	0	-2 Mizonokuchi -2
Net operating income after depreciation	+51	-218
General and administrative expenses	-21 MR -10 Reserve funds -6	-8 Asset management fee I +14 Asset management fee II -20
Operating income	+72	-209
Non-operating income	+2	-1
Non-operating expenses	+13 Interest expenses and other -35 Expenses related to PO +48	+81 Interest expenses and other +33 Investment unit issuance expenses +48
Ordinary income	+62	-292
Net income	+62	-292



# Summary of Financial Results for the 4th Period -Balance Sheet-

## Comparison of the 3rd and 4th Periods

(In millions of yen)

	The 3rd period	The 4th period	Change
<b>Assets</b>			
Current assets	6,161	6,516	354
Cash and deposits	5,759	6,163	403
Other	401	352	-49
Noncurrent assets	182,676	185,325	2,648
Buildings in trust, etc.	34,500	35,188	687
Accumulated depreciation	-938	-1,456	-517
Land in trust, etc.	148,738	151,280	2,542
Other	376	313	-63
<b>Total assets</b>	<b>188,837</b>	<b>191,841</b>	<b>3,003</b>

## Details of Balance Sheet for the 4th Period

### Assets

- Increase in noncurrent assets by acquiring Hitotsugi LIP

<b>Liabilities</b>			
Current liabilities	4,762	13,905	9,143
Short-term loans payable	0	3,000	3,000
Other	4,000	10,000	6,000
Other	762	905	143
Noncurrent liabilities	89,223	83,375	-5,847
Long-term loans payable	81,000	75,000	-6,000
Tenant leasehold and security deposit	8,223	8,375	152
<b>Total liabilities</b>	<b>93,985</b>	<b>97,281</b>	<b>3,295</b>
<b>Net assets</b>			
Unitholders' equity	94,852	94,560	-292
Unitholders' capital	91,373	91,373	0
Surplus	3,478	3,186	-292
<b>Total net assets</b>	<b>94,852</b>	<b>94,560</b>	<b>-292</b>
<b>Total liabilities and net assets</b>	<b>188,837</b>	<b>191,841</b>	<b>3,003</b>

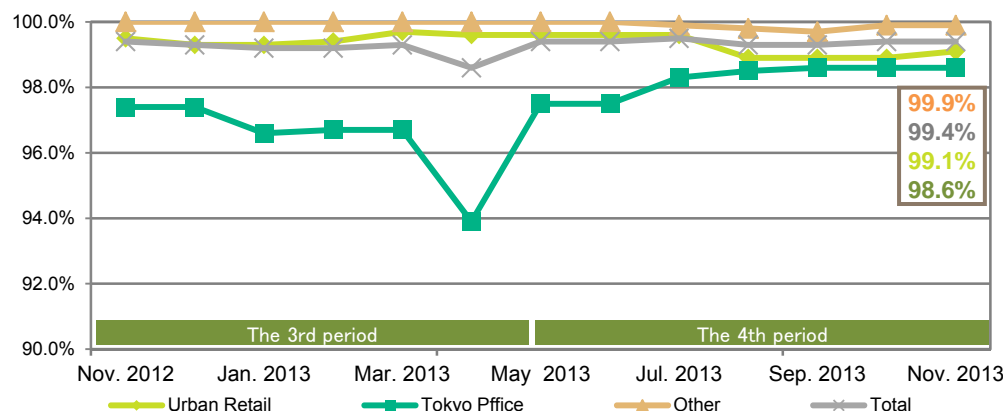
### Liabilities

- Borrowed a total of ¥3 billion in debt to acquire Hitotsugi LIP
- Transferred ¥6 billion debt maturing by Jun. 13, 2014 from long- to short-term borrowing
- Total of interest-bearing debt: ¥88 billion
- LTV(Interest-bearing debt / Total assets x 100) = 45.9%

# Asset Management Results 1 -Occupancy Rate and Leasing Status-

- Portfolio average occupancy rate was maintained at a high level of 99.4% as of the end of Nov. 2013
- Occupancy rate of Hitotsugi LIP acquired in the 4th period improved to 84.2% from 77.4%

## Occupancy Rate Trends



## Trends of Monthly Average Rent

- Average rent of Tokyo office as of the end of the 4th period was ¥19,338, ¥25 decreased from the previous period, which is likely to hit the bottom
- Rent gap for Tokyo office has shrunk to 5.0%

	As of the end of Jun. 30, 2012	As of the end of Nov. 30, 2012	As of the end of May 31, 2013	As of the end of Nov. 30, 2013
Urban Retail	¥26,047/tsubo	¥25,973/tsubo (-0.3%)	¥25,887/tsubo (-0.3%)	¥25,797/tsubo (-0.3%)
Tokyo Office	¥20,261/tsubo	¥20,011/tsubo (-1.2%)	¥19,363/tsubo (-3.2%)	¥19,338/tsubo (-0.1%)
Other	¥6,541/tsubo	¥6,541/tsubo (-)	¥7,119/tsubo (+8.8%)	¥7,104/tsubo (-0.2%)
Total	¥14,721/tsubo	¥14,683/tsubo (-0.3%)	¥14,571/tsubo (-0.8%)	¥14,654/tsubo (+0.6%)

(Note) Common service fees is included.

## Occupancy Rate by Properties

Property number	Property name	The 2nd period	The 3rd period	The 4th period	
		As of Nov. 30, 2012	As of May 31, 2013	As of Nov. 30, 2013	As of Nov. 30, 2013 (27 properties)
UR-1	Tokyu Plaza Omotesando Harajuku (Note 2)	100.0%	100.0%	100.0%	100.0%
UR-2	Tokyu Plaza Akasaka (Note 2)	98.5%	98.7%	98.9%	98.9%
UR-3	Ebisu Q Plaza	100.0%	100.0%	100.0%	100.0%
UR-4	Shinbashi Place	100.0%	100.0%	100.0%	100.0%
UR-5	Kyoto Karasuma Parking Building	100.0%	100.0%	100.0%	100.0%
UR-6	Hitotsugi LIP	-	-	84.2%	84.2%
UR-7	Kobe Kyu Kyoryuchi 25Bankan	-	-	-	100.0%
UR-8	Tokyu Plaza Sapporo	-	-	-	100.0%
UR-9	Kamata Kosan Building	-	-	-	100.0%
Average occupancy rate of UR		99.5%	99.6%	99.1%	99.5%
TO-1	Ebisu Tokyu Building	100.0%	100.0%	100.0%	100.0%
TO-2	A-PLACE Ebisu Minami	100.0%	96.1%	100.0%	100.0%
TO-3	Yoyogi Place	100.0%	100.0%	100.0%	100.0%
TO-4	Aoyama Plaza Building	86.7%	100.0%	100.0%	100.0%
TO-5	Luogo Shiodome	100.0%	100.0%	100.0%	100.0%
TO-6	Tokyo Kikai Honsha Building	100.0%	100.0%	100.0%	100.0%
TO-7	A-PLACE Ikebukuro	100.0%	100.0%	100.0%	100.0%
TO-8	TK Shinbashi Building	-	84.6%	88.4%	88.4%
TO-9	Gotanda Front	-	-	-	100.0%
TO-10	Shinagawa Place	-	-	-	100.0%
Average occupancy rate of TO		97.4%	97.5%	98.6%	98.8%
O-1	Amagasaki Q's Mall (Land)	100.0%	100.0%	100.0%	100.0%
O-2	icot Nakamozu	100.0%	100.0%	100.0%	100.0%
O-3	icot Kongo	100.0%	100.0%	100.0%	100.0%
O-4	icot Mizonokuchi	100.0%	100.0%	100.0%	100.0%
O-5	icot Tama Center	100.0%	100.0%	100.0%	100.0%
O-6	Kanayama Center Place	100.0%	100.0%	98.6%	98.6%
O-7	Osaka Nakanoshima Building (Note 2)	-	99.6%	100.0%	100.0%
O-8	J-CORE Omori	-	-	-	100.0%
Average occupancy rate of O		100.0%	100.0%	99.9%	99.9%
Average portfolio occupancy rate		99.4%	99.4%	99.4%	99.5%

(Note1) The occupancy rate is the ratio of the total leased area to the total leasable area at a certain point in time on each property, rounding to the first decimal place.

(Note2) Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Osaka Nakanoshima Building, the co-ownership (jun kyoyu-mochibun) properties, are calculated based on the pro rata share (75%, 50% and 50%, (respectively)).



# Asset Management Results 2 -Occupancy Rate and Leasing Status-

- New tenant of Hitotsugi LIP has signed contract to move into 7F within 3 months after acquisition, and new tenant of Osaka Nakanoshima Building has signed contract in a timely manner even though a new supply of Northern Osaka area has begun
- Enhancement of leasing by fully leveraging the group network with Tokyu Land Group



**Hitotsugi LIP (690 tsubo)**  
Aug. 30, 2013 (acquisition date) 77.4%⇒Nov. 2013, 84.2%

Leasing area: 175 tsubo

**Vacant area as of acquisition**

•4F 109 tsubo •7F 46 tsubo

**Notice of cancellation in the 4th period**

-1F 66 tsubo

**Contract in the 4th period**

+7F 46 tsubo



**Aoyama Plaza Building (2,209 tsubo)**  
May 2013, 100.0%⇒Nov. 2013, 100.0%

Leasing area: None

**Vacant area (as of the end of the 3rd period)**

•None

**Notice of cancellation in the 4th period**

-3F 227 tsubo

**Contract in the 4th period**

+3F 227 tsubo



**Tokyo Kikai Honsha Building (1,328 tsubo)**  
May 2013, 100.0%⇒Nov. 2013, 100.0%

Leasing area: 254 tsubo

**Vacant area (as of the end of the 3rd period)**

•None

**Notice of cancellation in the 4th period**

-5F 254 tsubo

**Contract in the 4th period**

+None



**TK Shinbashi Building (1,528 tsubo)**  
May 2013, 84.6%⇒Nov. 2013, 88.4%

Leasing area: 162 tsubo

**Vacant area (as of the end of the 3rd period)**

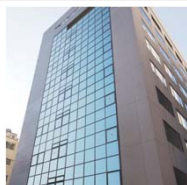
•2F 162tsubo •9F Total 74tsubo

**Move-out and/or notice of cancellation in the 4th period**

•None

**Contract in the 4th period (Note 2)**

+9F Total 74 tsubo



**Shinagawa Place (903 tsubo)**  
Jan. 10, 2013 (acquisition date), 100.0%

Leasing area: 122 tsubo

**Vacant area (as of the end of Nov. 2013)**

•None

**Notice of cancellation as of acquisition date**

-5F 122 tsubo

**Contract in the 4th period**

+None



**Osaka Nakanoshima Building (6,158 tsubo)**  
May 2013, 99.6%⇒Nov. 2013, 100.0%

Leasing area: 451 tsubo

**Vacant area (as of the end of the 3rd period)**

•None

**Move-out in the 4th period**

-10F & other Total 139 tsubo

**Notice of cancellation in the 4th period**

-10F & other Total 479 tsubo

**Contract in the 4th period**

+10F & other Total 167 tsubo



## Other

- **Tokyu Plaza Sapporo (6,422 tsubo) Dec. 19, 2013 (acquisition date), 100.0%⇒Leasing area: 7 tsubo**  
-Notice of cancellation as of acquisition date: 1F 7 tsubo
- **Kanayama Center Place (2,818 tsubo) May 2013, 100.0%⇒Nov. 2013, 98.6%⇒Leasing area: 38 tsubo**  
-Move-out in the 4th period: 7F 75 tsubo  
+Contract in the 4th period: 7F 37 tsubo
- **Tokyu Plaza Omotesando Harajuku (1,978 tsubo) May 2013, 100.0%⇒Nov. 2013, 100.0%⇒Leasing area: 14 tsubo**  
- Notice of cancellation in the 5th period: 4F 14 tsubo

(Note 1) The figures stated on the right of each property name are the total leasable area as of the end of Nov. 2013, rounding to the first decimal place. As to Osaka Nakanoshima Building, and Tokyu Plaza Omotesando Harajuku, the co-ownership (jun kyoyu-mochibun) properties, are calculated based on the pro rata share, 50% (3,079 tsubo) and 75% (1,484 tsubo), respectively.

(Note 2) The contract of TK Shinbashi Building includes the one in Dec. 2013.

# Asset Management Results 3 -Trend of Tokyo Office Tenants-

## Trend of Tenants for the 4th Period

Rent renewals		# of tenants (The 3rd Period)		Ratio (Note1) (The 3rd Period)	
Change in rent for existing tenants	Up	3	( 0 )	21.4%	( - )
	No change	11	( 0 )	78.6%	( - )
	Down	0	( 4 )	-	(100%)
Total		14	( 4 )	-	(100%)
% growth in total renewed rents (Note 2)		0.9% (-16.7%)			
Average % change in upward revisions (Note 3)		6.8% ( - )			
Average % change in downward revisions (Note 3)		- (-16.7%)			

(Note 1) Formula:  $A / B$  (A = of tenants for which the contract was renewed and the rent changed in the 4th period, the numbers of tenants for which the rent rose, remained unchanged, or was reduced; B = the number of tenants for which the contract was renewed and the rent changed in the 4th period)

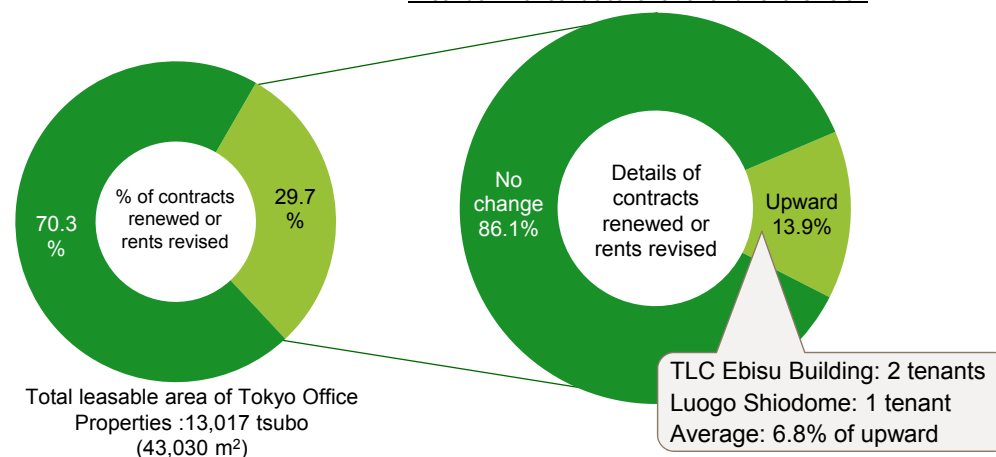
(Note 2) Formula:  $A / B - 1$  (A = total of monthly rent at the end of the 4th period for tenants for which the contract was renewed and the rent changed in the 4th period; B = total of monthly rent at the end of the 3rd period for tenants for which the contract was renewed and the rent changed in the 4th period)

(Note 3) Formula:  $A / B - 1$  (A = total of monthly rent at the end of the 4th period for tenants for which the rent was increased/reduced in the 4th period; B = total of monthly rent at the end of the 3rd period for tenants for which the rent was increased/reduced in the 3rd period)

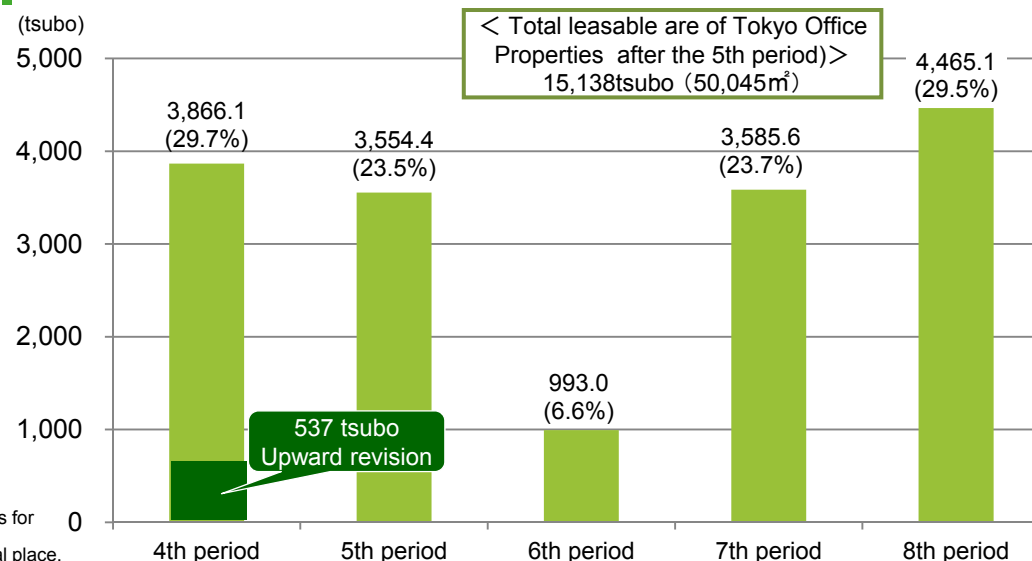
(Note 4) The figures are rounded at the first decimal place except % ratios, which are rounded to the first decimal place.

## Rent Revision for the 4th Period (based on leasable area)

Breakdown of contract renewal and rent revision



## Rent Revisions after the 5th Period

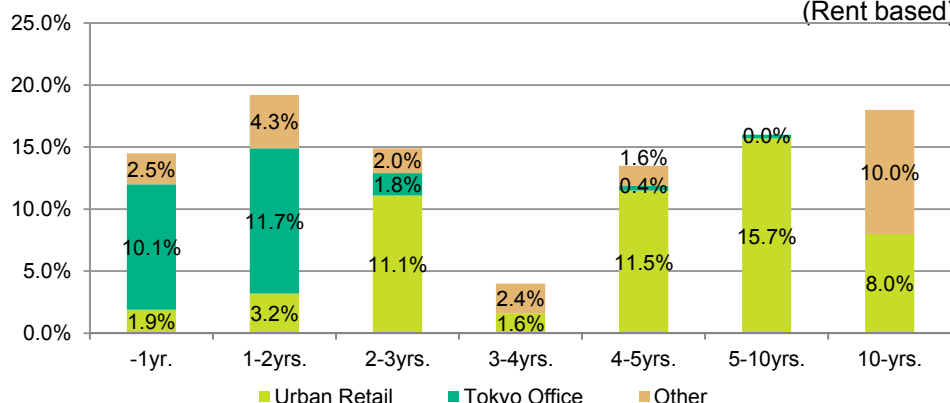


## Asset Management Results 4 -Trend of Urban Retail Tenants-

- Average remaining lease term of Urban Retail Properties remains long and stable, with 6.5 years.
- Tokyu Plaza Omotesando Harajuku has maintained high number of visitors by attracting customers through rebranding and sales has started to stabilize

### Diversification of Remaining Contract period

(Rent based)



(Note 1) Remaining lease term is based on lease agreement of 27 properties as of the end of Nov. 2013.

(Note 2) The figures are rounded at the first decimal place.

### Remaining Contract Period

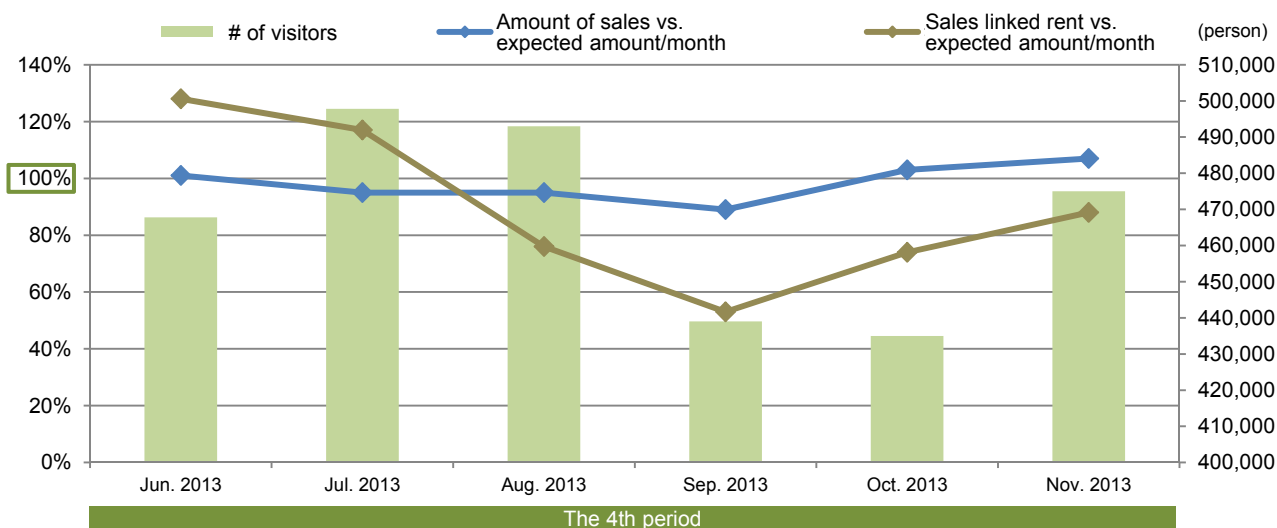
		Urban Retail	Tokyo Office	Other	Entire portfolio
Contract Period (Note 1)	As of Nov. 30, 2013	8.2yrs	2.5yrs	14.3yrs	8.3yrs
	After acquisition	9.7yrs	2.6yrs	14.4yrs	9.0yrs
Remaining Contract period (Note 2)	As of Nov. 30, 2013	5.2yrs	1.2yrs	10.4yrs	5.5yrs
	As of Nov. 30, 2013	6.5yrs	1.3yrs	10.2yrs	6.1yrs

(Note 1) Calculated as a weighted-average property by contract period on lease agreement as of the end of November 2013 of each property. The figures are rounded to the first decimal place.

(Note 2) Calculated as a weighted-average property by contract period on lease agreement as of the end of November 2013 of each property. The figures are rounded to the first decimal place




### Trend of Operation for Tokyu Plaza Omotesando Harajuku

- Holding events based on the concept of Tokyu Plaza Omotesando Harajuku
- Maintaining high number of visitors, and stabilized in sales
- Almost no volatility in the portfolio revenue because of fixed rent structure



## Appraisal Value Status of Existing Properties -As of the end of Nov. 2013-

(In millions of yen)

Category	Property number	Property name	Acquisition Price (A)	Investment ratio (%) (Note 3)	Book value at end of period (B)	Appraisal value		Difference from previous period (C-D)	Difference from acquisition price (C-A)	Difference from book value (C-B)
						As of Nov. 30, 2013 (C)	May 31, 2012 (D) (Note 1)			
	UR-1	Tokyu Plaza Omotesando Harajuku (Note 1)	45,000	19.4	45,133	47,100	47,000	100	2,100	1,966
	UR-2	Tokyu Plaza Akasaka (Note 1)	11,450	4.9	11,690	11,800	11,500	300	350	109
	UR-3	Ebisu Q Plaza	8,430	3.6	8,432	9,160	9,030	130	730	727
	UR-4	Shinbashi Place	20,500	8.8	20,545	23,200	22,800	400	2,700	2,654
	UR-5	Kyoto Karasuma Parking Building	8,860	3.8	8,892	9,480	9,320	160	620	587
	UR-6	Hitotsugi LIP	3,000	1.3	3,122	3,170	3,150 (as of Jul. 1, 2013)	20	170	47
	Sub total		97,240	42.0	97,815	103,910	102,800	1,110	6,670	6,094
	TO-1	TLC Ebisu Building	7,400	3.2	7,338	7,610	7,500	110	210	271
	TO-2	A-PLACE Ebisu Minami	9,640	4.2	9,639	10,400	10,300	100	760	760
	TO-3	Yoyogi Place	4,070	1.8	4,060	3,880	3,780	100	-190	-180
	TO-4	Aoyama Plaza Building	8,790	3.8	8,812	8,150	8,340	-190	-640	-662
	TO-5	Luogo Shiodome	4,540	2.0	4,509	4,880	4,700	180	340	371
	TO-6	Tokyo Kikai Honsha Building	3,070	1.3	3,073	3,130	3,070	60	60	56
	TO-7	A-PLACE Ikebukuro	3,990	1.7	3,964	4,250	4,120	130	260	285
	TO-8	TK Shinbashi Building	5,650	2.4	5,869	5,980	5,900 (as of Mar. 1, 2013)	80	330	110
	Sub total		47,150	20.3	47,267	48,280	47,710	570	1,130	1,012
	O-1	Amagasaki Q's MALL (Land)	12,000	5.2	12,113	12,300	12,100	200	300	186
	O-2	icot Nakamozu	8,500	3.7	8,480	9,220	9,010	210	720	739
	O-3	icot Kongo	1,600	0.7	1,625	1,840	1,810	30	240	214
	O-4	icot Mizonokuchi	2,710	1.2	2,712	3,010	2,960	50	300	297
	O-5	icot Tama Center	2,840	1.2	2,819	3,070	3,010	60	230	250
	O-6	Kanayama Center Place	6,980	3.0	6,894	7,560	7,420	140	580	665
	O-7	Osaka Nakanoshima Building (Note 1)	5,250	2.3	5,288	5,800	5,800	0	550	511
	Sub total		39,880	17.2	39,933	42,800	42,110	690	2,920	2,866
Total of 21 properties			184,270	79.5	185,017	194,990	192,620	2,370	10,720	9,972
6 new properties in the 5th period (Note 2)			47,430	20.5	-	48,760	-	-	1,330	1,330
Total of 27 properties			231,700	100.0	-	241,380	-	-	12,050	11,302

(Note 1) Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Osaka Nakanoshima Building, the co-ownership (jun kyoyu-mochibun) properties, are calculated based on the pro rata share (75%, 50% and 50%, respectively).

(Note 2) 6 additional properties are Kobe Kyu kyoryuchi 25Bankan, Tokyu Plaza Sapporo, Kamata Kosan Building, Gotanda Front, Shinagawa Place, J-CORE Omori. Appraisal value of each property is as of Sep. 1, 2013 except Kobe Kyu Kyoryuchi 25Bankan as of Jul. 1, 2013. Difference from book value is based on the total of difference between appraisal value and acquisition price.

(Note 3) Calculated based on 27 properties.





### 3. Public Offering



# Summary of Public Offering

## Summary of Public Offering

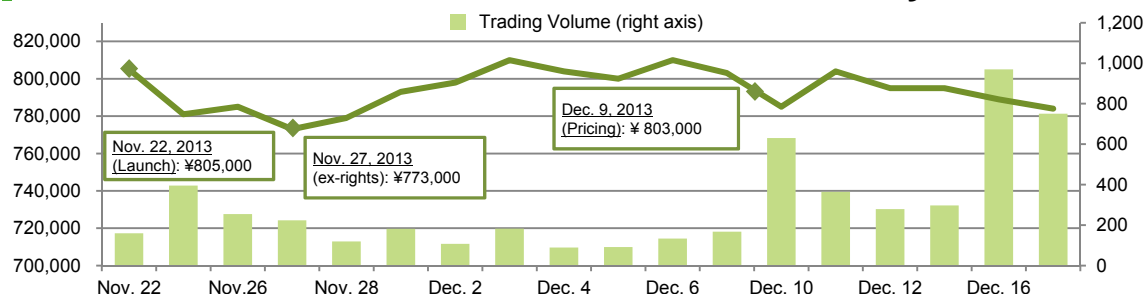
Number of units to be issued	45,800 units
Domestic : International	65% : 35%
# of investment units issued and outstanding after the offering	251,062 units
Offer price	¥782,925 per unit
Issue price	¥757,229 per unit
Total issue price	¥34.7 billion (include third-party allotment)
Launch	November 22, 2013
Determination date of offer price	December 9, 2013
Payment deadline	December 16, 2013
Delivery deadline	December 17, 2013

## Properties

Acquisition price of 6 properties: ¥47.4 billion  
Average NOI yield: 5.2%



## Unit Price Performance from Launch to Delivery Deadline



## Summary

### 1. Increase in AUM

Pre-PO	Post-PO
<b>21 properties (¥184.3 bn)</b> UR 6 properties (¥97.2 bn) TO 8 properties (¥47.2 bn) O 7 properties (¥39.9 bn)	<b>27 properties (¥231.7 bn)</b> UR 9 properties (¥129.4 bn) TO 10 properties (¥56.7 bn) O 8 properties (¥45.7 bn)

### 2. Enhancement of portfolio

	Pre-PO	Post-PO
Improve ratio of UR & TO	78.4%	80.3%
Portfolio diversification (3 properties)	45.5%	37.5%

Urban Retail: 55.8%  
Tokyo Office: 24.5%

Omotesando Harajuku: 9.4%  
Kobe Kyu Kyoryuchi 25Bankan: 9.2%  
Shinbashi Place: 8.8%

### 3. Additional debt capacity by lowering LTV

	Pre-PO	Post-PO
LTV	45.9%	41.7%

Increase in additional acquisition capacity by debt  
 \*LTV45.9%: approx. ¥20 billion

### 4. Maximizing unitholder value

	Pre-PO	Post-PO
NAV	¥497,019	¥559,797
DPU for the 5th period (forecast date)	¥15,255 (Aug. 27, 2013)	¥15,504

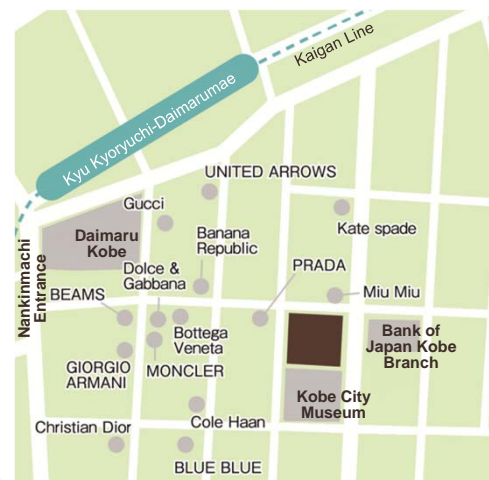
Increase DPU and NAV

# Kobe Kyu Kyoryuchi 25Bankan/Tokyu Plaza Sapporo

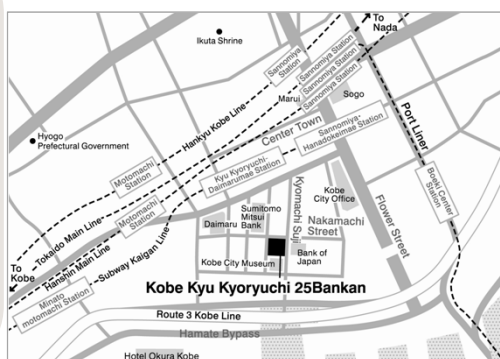
## Kobe Kyu Kyoryuchi 25Bankan



Location	Kyomachi, Chuo-ku, Kobe City, Hyogo
Nearest stations	5-minute walk from "Kyu Kyoryuchi-Daimarumae" station
Acquisition price	¥21,330 mn
Appraisal value	¥21,600 mn
vs. Appraisal value	98.8%
Appraisal NOI yield	4.8%



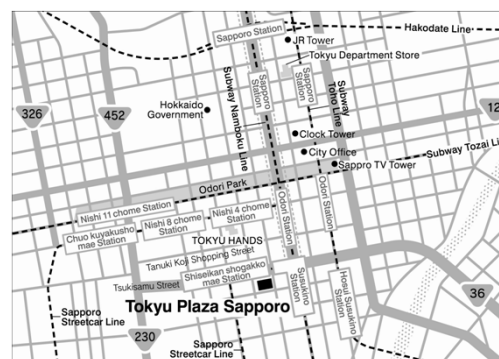
- Kyu Kyoryuchi is located in Kobe, a port city with long history and various historic sites / buildings. The Kyu Kyoryuchi area is one of the leading commercial districts in West Japan in terms of the number of visitors
- Kobe Luminarie, a light festival illuminating the area around Kyu Kyoryuchi, is held every December; more than 3.5 million visitors were attracted to this festival in 2013
- Main tenants are "Louis Vuitton Maison", "Barneys New York" which is the only directly-managed shop in Kansai region, and "Oriental Hotel" operated by Plan·Do·See Inc., having a number of high profile hotels and wedding restaurants across Japan
- Each tenant under a 5 years or longer lease agreement has helped stabilize portfolio revenue



## Tokyu Plaza Sapporo



Location	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido
Nearest stations	2-minute walk from "Susukino" station
Acquisition price	¥4,410 mn
Appraisal value	¥4,800 mn
vs. Appraisal value	91.9%
Appraisal NOI yield	8.7%



- The property is an urban retail complex developed, managed and operated by Tokyo Land Corporation. This is our third acquisition of a Tokyu Plaza building, following "Omotesando Harajuku" and "Akasaka"
- "Sapporo Tokyu Inn," is one of the largest hotels in Sapporo opened in 1980. The hotel has a total of 575 guest rooms
- Located in "Susukino", the most popular entertainment district in Hokkaido and one of Japan's majortourist spots
- Conveniently located in a 2-minute walking distance from "Susukino" station on Sapporo Namboku Line



# Kamata Kosan Building/Gotanda Front/Shinagawa Place/J-CORE Omori

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## Kamata Kosan Building



- Located in the Shibuya area, one of the major commercial districts and the fashion centers for "younger generations"
- The convenience of "Shibuya" station has improved since the extension of the Tokyu Toyoko Line and the Subway Fukutoshin Line. The area is expected to further develop through a planned large-scale redevelopment project
- Club Quattro is a long-established club of 25 years, which hosts live music and has invited a variety of artists from both Japan and abroad



Location	Udagawa-cho, Shibuya-ku
Nearest stations	4-minute walk from "Shibuya" station
Acquisition price	¥6,370 mn
Appraisal value	¥6,400 mn
vs. Appraisal value	99.5%
Appraisal NOI yield	4.9%

## Shinagawa Place



- Located in a 4-minute walking distance from "Shinagawa" station on JR Line, providing direct access to Haneda Airport via the Keikyu Line and easy access to major areas in Tokyo. The Tokaido Bullet Train also stops at "Shinagawa" station
- The Konan area has a high concentration of headquarter buildings of major companies, and is expected to further develop in the future with the anticipated opening of the Linear Bullet Train
- Relatively small rental area with a standard floor area of 120 tsubo. The office spaces, have open floor plans free from pillars, allowing for efficient and versatile use of the floors

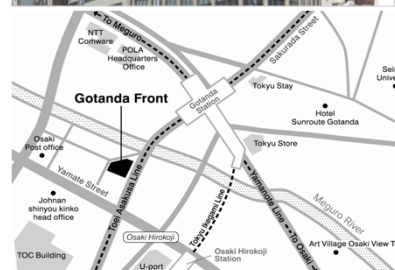


Location	Konan, Minato-ku, Tokyo
Nearest stations	4-minute walk from "Shinagawa" station
Acquisition price	¥3,800 mn
Appraisal value	¥3,800 mn
vs. Appraisal value	100.0%
Appraisal NOI yield	4.6%

## Gotanda Front



- Conveniently located in 3-minute and 4-minute walking distances from "Gotanda" station on the Toei Subway Asakusa Line and the JR Yamanote Line, respectively, providing easy access to major areas in Tokyo.
- Highly visible by facing a platform of "Gotanda" station on JR Line and locating on the corner of Sakurada Street (National Road No.1)
- An office building with a high-profile facade, developed by Tokyu Land Corporation



Location	Nishigotanda, Shinagawa-ku, Tokyo
Nearest stations	3-minute walk from "Gotanda" station
Acquisition price	¥5,730 mn
Appraisal value	¥5,750 mn
vs. Appraisal value	99.7%
Appraisal NOI yield	4.5%

## J-CORE Omori



- Located near the station square, only a 3-minute walk from "Omori" station, which provides easy access to central Tokyo
- The area has high foot traffic including commuters, students, and residents due to its easy access from both a residential district and an office district dominated by large office building.
- The Omori area is heavily populated due to its high level of convenience, with a population of 68,000 and 463,000 in the 1km and 3km trade areas respectively.



Location	Omorikita, Ota-ku, Tokyo
Nearest stations	3-minute walk from "Omori" station
Acquisition price	¥5,790 mn
Appraisal value	¥5,810 mn
vs. Appraisal value	99.7%
Appraisal NOI yield	5.1%

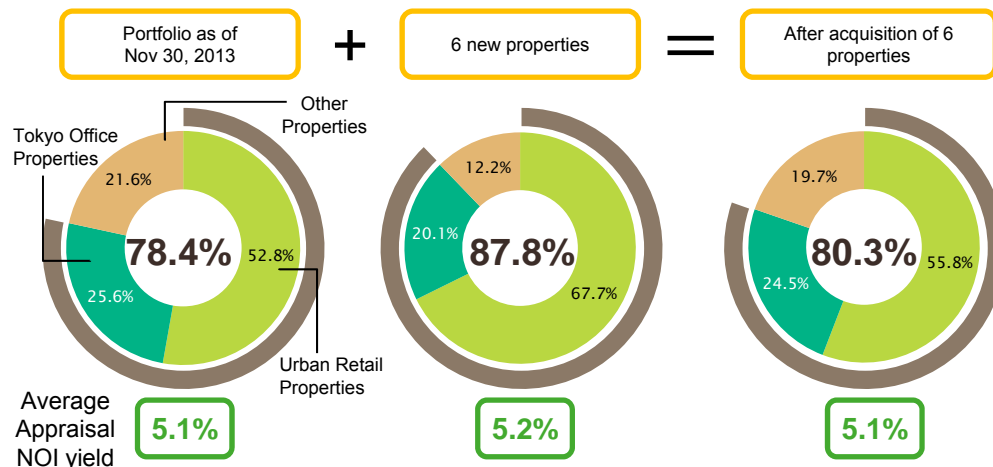


### 3. Public Offering

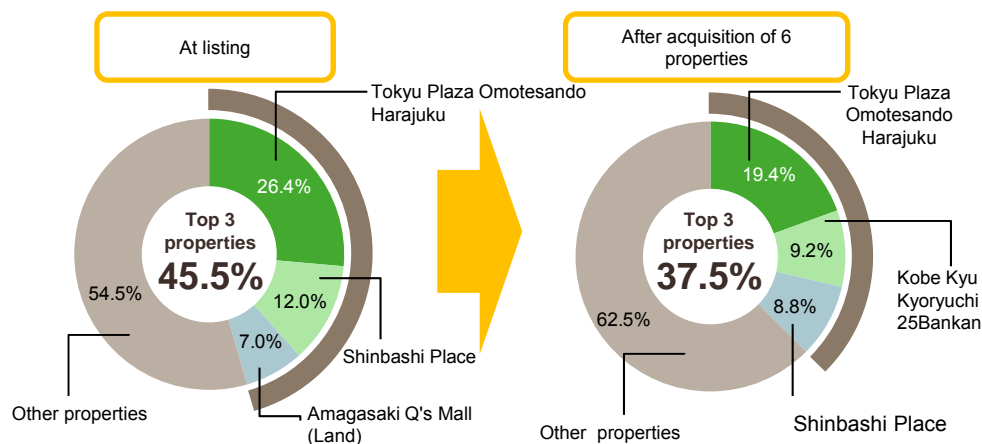
Strengthen our portfolio quality through increasing the relative portion of priority assets, improving portfolio diversification and focusing on asset location

16

#### ■ Increase the Relative Portion of Urban Retail and Tokyo Office Properties (priority assets) (Note 1)



#### ■ Improve Portfolio Diversification (Note 1)



(Note 1) Calculated based on anticipated acquisition price.

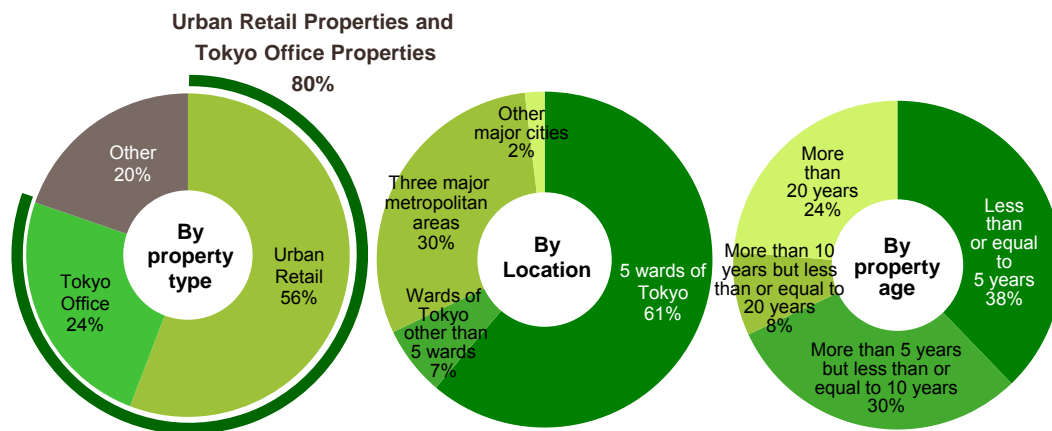
#### ■ Portfolio of 27 Properties

Category	Property #	Property name	Acquisition price (mn)	NOI yield	Investment ratio	Occupancy rate
UR URBAN RETAIL	UR-1	Tokyu Plaza Omotesando Harajuku (Note)	45,000	3.9%	19.4%	100.0%
	UR-2	Tokyu Plaza Akasaka (Note)	11,450	6.1%	4.9%	98.9%
	UR-3	Ebisu Q Plaza	8,430	4.5%	3.6%	100.0%
	UR-4	Shinbashi Place	20,500	5.4%	8.8%	100.0%
	UR-5	Kyoto Karasuma Parking Building	8,860	6.2%	3.8%	100.0%
	UR-6	Hitotsugi LIP	3,000	4.5%	1.3%	84.2%
	NEW UR-7	Kobe Kyu Kyoryuchi 25Bankan	21,330	4.8%	9.2%	100.0%
	NEW UR-8	Tokyu Plaza Sapporo	4,410	8.7%	1.9%	100.0%
	NEW UR-9	Kamata Kosan Building	6,370	4.9%	2.7%	100.0%
Urban Retail average			129,350	4.9%	55.8%	99.5%
TO TOKYO OFFICE	TO-1	TLC Ebisu Building	7,400	5.4%	3.2%	100.0%
	TO-2	A-PLACE Ebisu Minami	9,640	4.9%	4.2%	100.0%
	TO-3	Yoyogi Place	4,070	5.1%	1.8%	100.0%
	TO-4	Aoyama Plaza Building	8,790	5.0%	3.8%	100.0%
	TO-5	Luogo Shiodome	4,540	4.7%	2.0%	100.0%
	TO-6	Tokyo Kikai Honsha Building	3,070	6.3%	1.3%	100.0%
	TO-7	A-PLACE Ikebukuro	3,990	5.2%	1.7%	100.0%
	TO-8	TK Shinbashi Building	5,650	5.1%	2.4%	88.4%
	NEW TO-9	Gotanda Front	5,730	4.5%	2.5%	100.0%
	NEW TO-10	Shinagawa Place	3,800	4.6%	1.6%	100.0%
Tokyo Office average			56,680	5.0%	24.5%	98.8%
O OTHER	O-1	Amagasaki Q's MALL (Land)	12,000	5.0%	5.2%	100.0%
	O-2	icot Nakamozu	8,500	6.4%	3.7%	100.0%
	O-3	icot Kongo	1,600	9.4%	0.7%	100.0%
	O-4	icot Mizonokuchi	2,710	6.7%	1.2%	100.0%
	O-5	icot Tama Center	2,840	6.6%	1.2%	100.0%
	O-6	Kanayama Center Place	6,980	5.6%	3.0%	98.6%
	O-7	Osaka Nakanoshima Building	5,250	6.2%	2.3%	100.0%
	NEW O-8	J-CORE Omori	5,790	5.1%	2.5%	100.0%
Other Portfolio average			45,670	5.9%	19.7%	99.9%
Total			231,700	5.1%	100.0%	99.5%

(Note) Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Osaka Nakanoshima Building, the co-ownership (jun kyoyu-mochibun) properties, are calculated based on the pro rata share (75%, 50% and 50%, respectively).

# Portfolio Summary (27 properties)

## Overview of the Portfolio (Note 1)

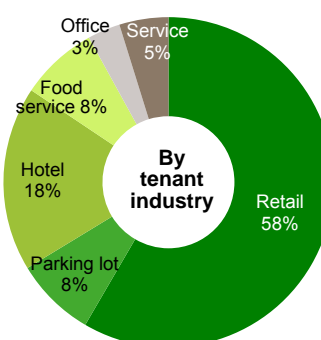
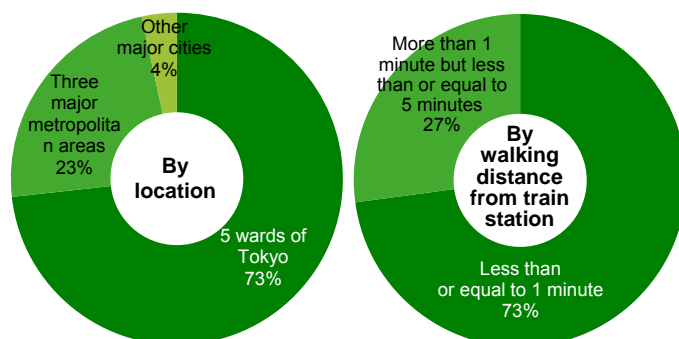


Average :12.4yrs (Note 2)

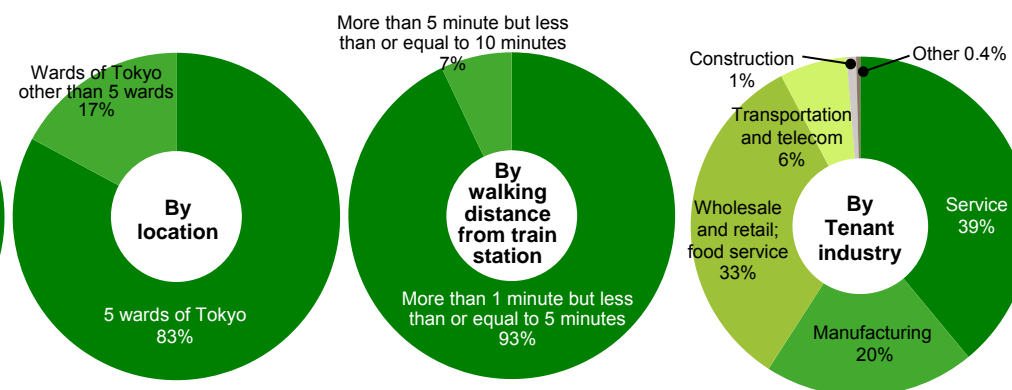
- Portfolio size increased to ¥231.7 bn with 27 properties (acquisition price basis)
- 80.3% of the portfolio comprised of Urban Retail Properties and Tokyo Office Properties, which are our main targets for focused investments

	Urban Retail	Tokyo Office	Other	Total
Acquisition price (JPY' 00mn)	1,294	566.8	456.7	2,317
Appraisal value when acquired (JPY' 00mn) (Note 3)	1,334	574	474	2,382
Number of tenants	9	10	8	27
NOI yield (Note 4)	4.9%	5.0%	5.9%	5.1%

## Urban Retail Properties (Note 1)



## Tokyo Office Properties (Note 1)



(Note 1) Calculations for the charts are based on acquisition price. "By tenant industry" charts are based on annual contracted rent as of the end of Nov. 2013.

(Note 2) Average property age is calculated as a weighted-average property age as of the end of Nov. 2013 on an acquisition price basis. The property age of Amagasaki Q's MALL (Land) is not included in the foregoing calculation.

(Note 3) The date of value estimate is as of Feb. 29, 2012 except Tokyu Plaza Omotesando-Harajuku as of March 31, 2012, Osaka Nakanoshima Building as of Dec. 1, 2012 and TK Shinbashi Building as of Mar. 1, 2013, Hitotsugi LIP and Kobe Kyu Kyoryuchi 25Bankan as of Jul. 1, 2013, and Tokyu Plaza Sapporo, Kamata Kosan Building, Gotanda Front, Shinagawa Place, and J-CORE Omori as of Sep. 1, 2013.

(Note 4) NOI yield is calculated by dividing NOI by the acquisition price. NOI is calculated by subtracting operating expense from operating income for each property and depreciation cost is not subtracted, described in the appraisal report when acquired.

(Note5) The figures on charts are rounded at the first decimal place except NOI yield.



#### 4. Forecasts for the 5th and 6th Periods, and Growth Strategy



## Financial Forecast for the 5th Period (The end of May 2014)

- Net income is expected to increase by ¥706 million from the previous period due to the full year operation of Hitotsugi LIP and six new properties acquired in the beginning of the 5th period

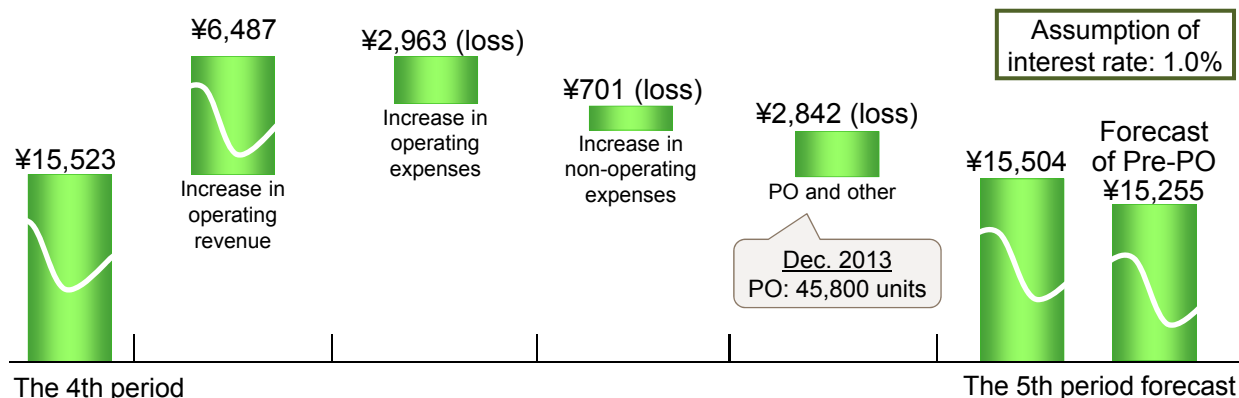
### Comparison with Actual Results of the 4th Period and Forecasts for the 5th Period

(In millions of yen)					
	5th period forecast (Jan. 15, 2014)	4th period results	Change	5th period forecast (Aug. 27, 2013)	Change
Operating revenue	7,753	6,124	1,628	6,115	1,638
Operating expenses	3,226	2,482	744	2,511	715
Tax and public dues	453	433	20	435	18
Operating income	4,526	3,642	884	3,603	919
Ordinary income	3,893	3,187	706	3,132	761
Net income	3,892	3,186	706	3,132	761
Cash distributions per unit (yen)	15,504	15,523	-19	15,255	249

### Variance Analysis of Key Items (from the previous period)

	Compared to the 4th period (In millions of yen)
Operating revenue	+1,628 Rent (inc. common service fees) +1,506 Utility fees +152, Cancellation fees -29
Expenses related to rent business	+459 PM, BM, etc. fees +220 Utility fees +138 Repair and maintenance expenses +66
Net operating income before depreciation (NOI)	1,393
Depreciation, etc.	+223 Acquisition of 6 properties +214
Loss on retirement of noncurrent assets	+1 Tokyu Plaza Akasaka +1
Net operating income after depreciation	1,169
General and administrative expenses	+60 Asset management fee II +38 Other +18
Operating income	+884
Non-operating income	-2
Non-operating expenses	+176 Interest expenses and other +104 Investment unit issuance expenses +71
Ordinary income	+706
Net income	+706

### Variance Analysis of Key Items (cash distributions per unit)



(Note) The forecast for the 5th period are calculated based on certain assumptions that reflect present conditions, and are subject to change. The forecasts do not guarantee the amount of distributions.



## Financial Forecast for the 6th Period (reference)

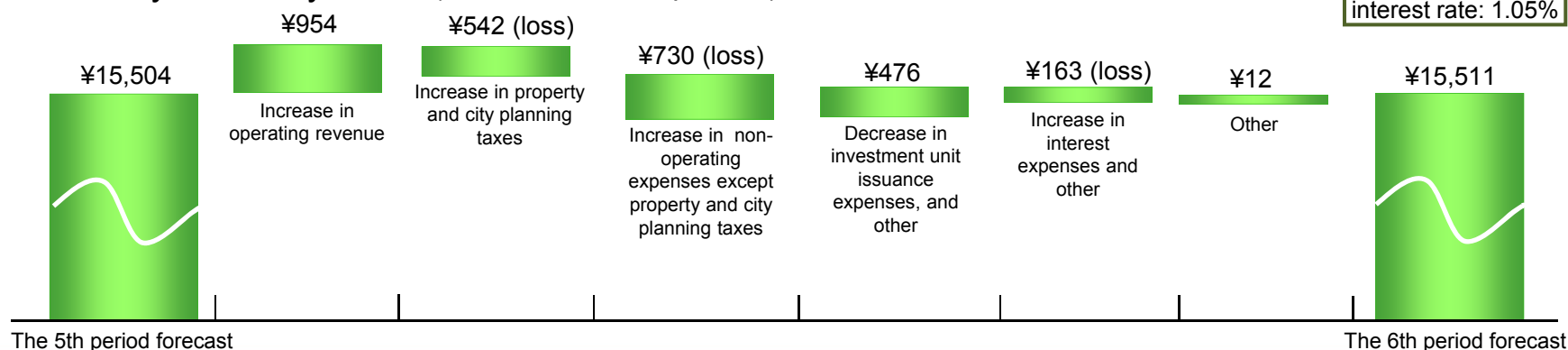
- Operating revenue is estimated to increase by ¥239 million by the full year operation of six properties
- Operating income is estimated to decrease as property and city planning taxes of new properties acquired post-IPO will be expensed but net income will be flat by decreasing of investment unit issuance expenses

### Comparison with Forecasts for the 5th Period and the 6th Period

(In millions of yen)

	Forecast for the 6th period (as of Jan. 15, 2014)	Forecast for the 5th period (as of Jan. 15, 2014)	Change
Operating revenue	7,993	7,753	239
Operating expenses	3,546	3,226	319
Tax and public due	584	453	130
Operating income	4,447	4,526	-79
Ordinary income	3,895	3,893	1
Net income	3,894	3,892	1
Cash distributions per unit (yen)	15,511	15,504	7

### Variance Analysis of Key Items (cash distributions per unit)

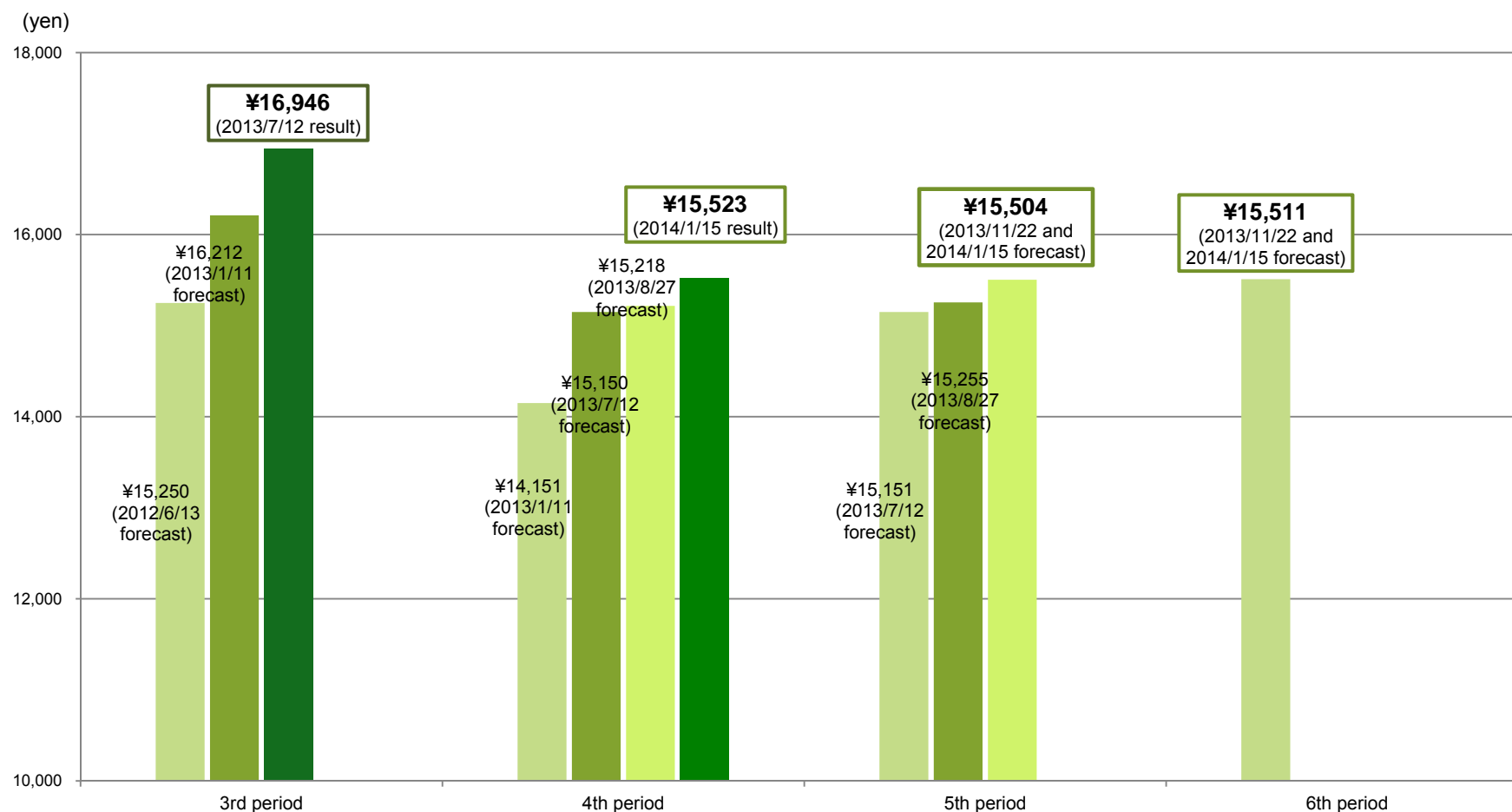
Assumption of  
interest rate: 1.05%

(Note) The forecast for the 6th period are calculated based on certain assumptions that reflect present conditions, and are subject to change. The forecasts do not guarantee the amount of distributions.

## Forecasts of Distributions per Unit (“DPU”)

- Increase in DPU by acquisition of additional assets focusing on the investment criteria, maintaining high occupancy rate, and upward rent revision

### Trends of Distributions per Unit



## Growth Strategy -API Future Actions-

### External Growth

- Acquisition of additional assets by sourcing channels through the Sponsors' rich pipelines as well as the Asset Managers' exclusive information network based on our track record (acquisition of 9 properties of ¥61.3 billion) within a year and a half while the competition in the real estate transaction market is getting more severe
- Focused investment in Urban Retail Properties and Tokyo Office Properties
- By utilizing additional debt capacity of ¥20 billion made from lowering the LTV through the public offering, and various methods including sponsor's warehousing, we will endeavor for the swift acquisition.

### Internal Growth: UR

- Although rent revenue keeps stable due to fixed rents, aiming for increase in rent revenue by sales linked rents through holding events, and other
- Maintaining high occupancy rate of hotels in the circumstances of improvement of macro economy, and increase in tourists from overseas, and endeavor to increase sales linked rent through improving tenants' satisfaction

### External Growth: TO

- API will enhance the leasing, and also keep making efforts for upward rent revision, received from 3 tenants of 2 properties in the 4th period, after 5th period and onwards
- Endeavor to increase the non-rent revenue by operating parking areas and others considering tenants needs or requests

### Other

- Acquisition of DBJ Green Building Certification, entry to GRESB, and CSR to maximize our assets value

### Financing Strategy

- While carefully monitoring the trends of long-term interest rate, API will enhance its financial base by financing at low interest, and continue to maintain our diversified and long-term maturity profile
- Maintain a flexible financing strategy to facilitate future property acquisitions through additional debt capacity by lower LTV
- Considering issuance of Investment Corporation bonds to diversify the financing methods

#### 4. Forecasts for the 5th and 6th Periods, and Growth Strategy

## Leverage Assistance from Tokyu Land Group and the Asset Manager's Exclusive Information Network to Acquire Properties

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- Acquired 9 properties with ¥61.3bn post IPO (during last 18 months), ¥35.2 bn was from third party while remaining ¥26.1bn was from Tokyu Land Group
- Leverage Tokyu Land Group's comprehensive strengths in broad areas including warehousing, development and ownership
- Additional debt capacity for the future acquisition is ¥20 to 40bn with the LTV ranges from 45.9 to 50%

6 new properties 3 most recently acquired properties

Source of properties					
Acquisitions leveraging assistance from the sponsor (Tokyu Land Group)					
From third parties					
Source of property information	Tokyu Land Group	<div>Development</div>  <p>Gotanda Front (acquisition price: ¥5.7 bn )</p>	<div>Ownership</div>  <p>Shinagawa Place (acquisition price: ¥3.8 bn )</p>	<div>Ownership</div>  <p>Kamata Kosan Building (acquisition price: ¥6.4 bn )</p>	<div>Information provision &amp; co-ownership</div>  <p>Osaka Nakanoshima Building (acquisition price: ¥5.3 bn )</p>
		<div>Development</div>  <p>Tokyu Plaza Sapporo (acquisition price: ¥4.4 bn )</p>	<div>Ownership</div>  <p>J-CORE Omori (acquisition price: ¥5.8 bn )</p>	<div>Information provision</div>  <p>TK Shinbashi Building (acquisition price: ¥5.7 bn )</p>	
		<div>Warehousing</div>  <p>Kobe Kyu Kyoryuchi 25Bankan (acquisition price: ¥21.3 bn )</p>	 <p>Hitotsugi LIP (acquisition price: ¥3.0 bn )</p>		
		The Asset Manager			

### Asset Information by category

Category	Asset information		Properties remaining under consideration (Note 1)	Properties acquired post IPO
	The 4th period			
	Number	Ratio		
Urban Retail	87	12.3%	9	4
Tokyo Office	288	40.8%	18	3
Other	331	46.9%	5	2
Total	706	100.0%	32	9

### Asset Information by sourcing channel

Sourcing Channels	Asset information		Properties remaining under consideration (Note 1)	Properties acquired post IPO
	The 4th period			
	Number	Ratio		
Sponsor and support Companies	309	43.8%	20	7
Sellers	49	6.9%	1	0
Trust bank	168	23.8%	3	1
Mediators & others	180	25.5%	8	1
Total	706	100.0%	32	9

(Note 1) Includes properties not actively under consideration.



# Actions to Improve of Asset Values

## Tokyu Plaza Omotesando Harajuku

### Awarded Nihon keizai Shinbunsha Winner (2013)



“Forest of Omohara” has awarded Nihon Keizai Shinbunsha Award for the “roof garden” section of the award held by the Nikkei

#### Evaluation Points

- Located at the crossing which has a strong branding effect for fashion, and “forest-like” exterior
- Created an environment that is comfortable for the creatures, such as birdhouses
- Fixed trees on the rooftop to protect from a natural disaster, such as typhoon

### Asia pacific SC Award GOLD Award Winner (2013)



Tokyu Plaza Omotesando Harajuku has awarded Gold winner, which is the best prize, of Design & Development Award on Asia Pacific Shopping Center Award held by International Council of Shopping Center



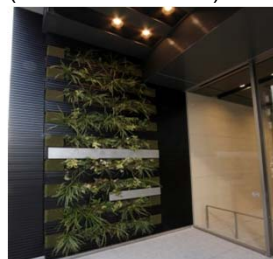
#### Asia Pacific Shopping Center Award

Established by ICSC in 2008 for commendation of retail properties in Asia. Comprehensive evaluation of not only properties' design and development plans, but also operating and achievement after opened

## CSR Activities : Awarded DBJ Green Building Certification (from 2012)



### (A-Place Ikebukuro)



- Highly reflective paint on the rooftop
- Automatic dimming in select areas
- Moist pavement (water sprinkling)
- Roof garden
- LED lighting in common spaces
- Wall greening

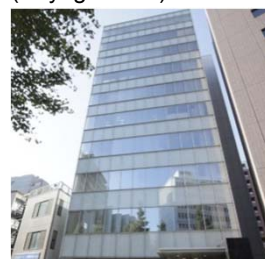
### (Kanayama Center Place)



- Automatic kitchenette lights
- Automatic dimming in select areas
- West outer wall louver
- LED lights



### (Yoyogi Place)



- IR reflecting glass
- LED lights
- Initiatives in disaster prevention measures
- CO<sup>2</sup> related information published

## Entry to GRESB (2013)

First joined “Global Real Estate Sustainability Benchmark (GRESB) Survey” in 2013. Aiming for improvement of performance to get the better rank through keep joining GRESB after 2014 and onwards



#### GRESB

GRESB is an international organization consisted of the investors in Europe operating pension funds committed to assessing the sustainability performance of real estate portfolios

## Maintain a Flexible Financing Strategy to Facilitate Future Property Acquisitions

- Continue to maintain a stable financial base by financing at low interest rates, diversifying maturity and taking other measures
- Implement a financing strategy that secures flexibility for future property acquisitions with ¥20 bn debt capacity by raising LTV to 45.9%

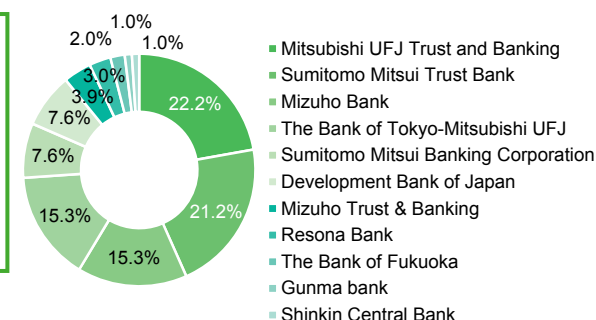
### Key Financial Information

	As of Nov. 30, 2012	As of May. 31, 2013	As of Nov. 30, 2013	As of Jan. 15, 2014
Total of interest-bearing debt	¥77.0 bn	¥85.0 bn	¥88.0 bn	¥100.8 bn
Long-term borrowing ratio (Note 1)	77.9%	100.0% (95.3%)	96.6% (85.2%)	97.0% (87.1%)
Fixed interest ratio	70.1%	74.1%	71.6%	75.2%
Average remaining borrowing period	3.3 years	3.5 years	3.2 years	3.3 years
Average interest rate	0.80%	0.77%	0.76%	0.79%
LTV	42.8%	45.0%	45.9%	41.7%

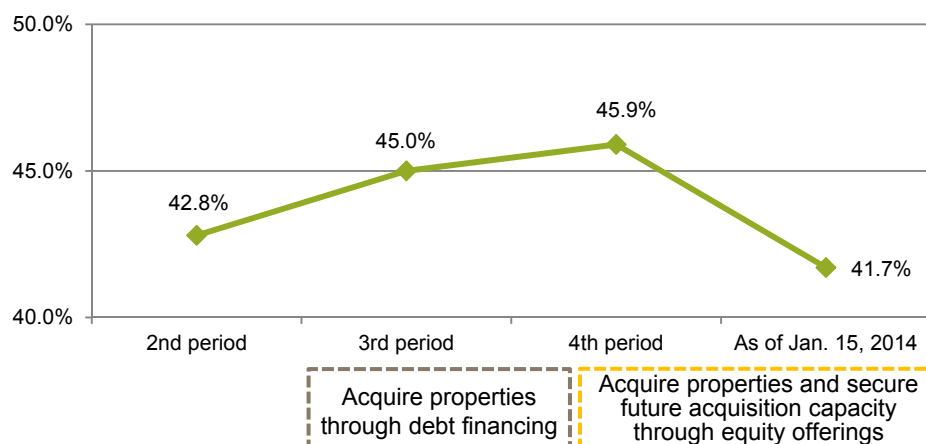
Rating Agency (Note 2)	Rating Object	Rating	Outlook
Japan Credit Rating Agency (JCR)	Long-term issuer rating	AA-	Stable

### Details of New Borrowings ■ Lender Diversification

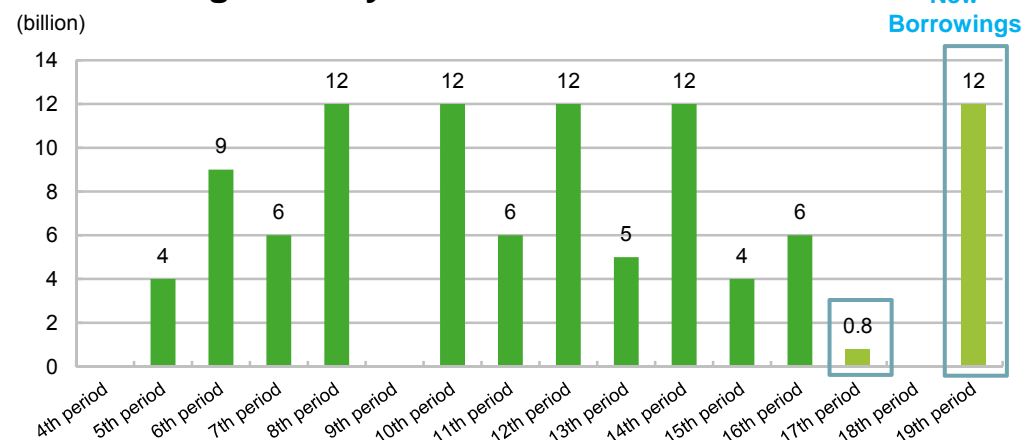
*Borrowing amount: 12.8bn*  
*Long-term borrowing ratio: 100.0%*  
*Fixed interest ratio: 100.0%*  
*Average borrowing period: 6.9 years*  
*Average interest rate: 1.07%*



### LTV



### Borrowing Maturity Diversification



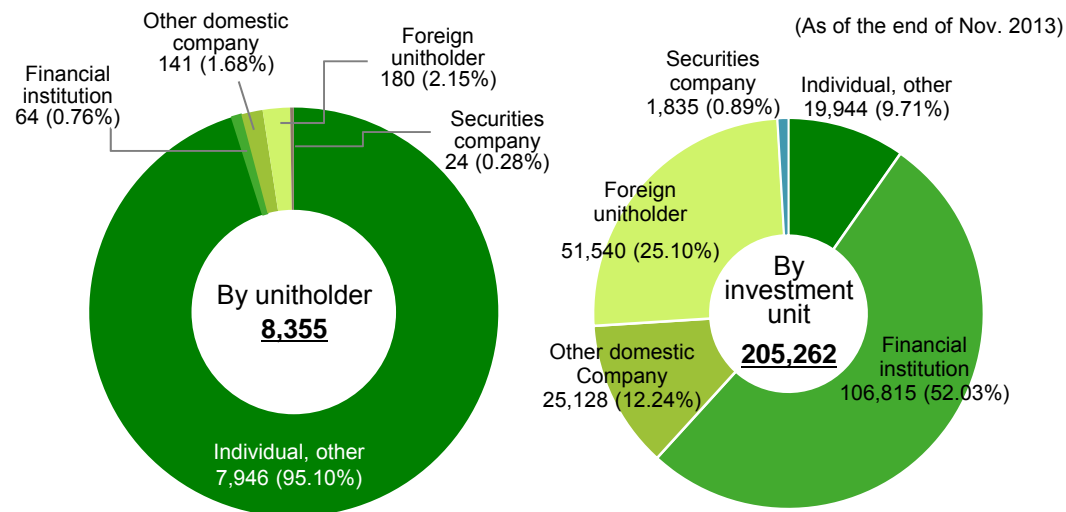
(Note 1) The number in the parentheses is the ratio excluding long-term borrowings to be repaid within a year.

(Note 2) This investment unit does not have a credit rating provided by a credit rating agency at the Investment Corporation's request; or a credit rating made available for inspection or one provided by a credit rating agency; or a credit rating scheduled to be made available for inspection.

## Reference -Distribution of Unitholders-

### Distribution of Unitholders by Holder Types and # of Units

	As of the end of 4th Period (Nov. 2013)				As of the end of 3rd Period (May 2013)			
	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio
Individual, other	7,946	95.1%	19,944	9.7%	9,770	95.8%	25,225	12.3%
Financial institution	64	0.8%	106,815	52.0%	56	0.5%	96,894	47.2%
Other domestic company	141	1.7%	25,128	12.2%	176	1.7%	25,560	12.5%
Foreign unitholder	180	2.2%	51,540	25.1%	168	1.6%	55,676	27.1%
Securities company	24	0.3%	1,835	0.9%	24	0.2%	1,907	0.9%
Total	8,355	100.0%	205,262	100.0%	10,194	100.0%	205,262	100.0%



### Top 10 Unitholders

(As of the end of Nov. 2013)

Name	Investment units	Ratio
Japan Trustee Services Bank, Ltd. (Trust accounts)	44,307	21.59%
Tokyu Land Corporation	21,500	10.47%
The Master Trust Bank of Japan, Ltd. (Trust accounts)	19,271	9.39%
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	12,560	6.12%
The Nomura Trust and Banking Co., Ltd (Investment accounts)	11,039	5.38%
NOMURA BANK (LUXEMBOURG) S.A.	5,984	2.92%
STATE STREET BANK AND TRUST COMPANY	3,765	1.83%
STATE STREET BANK AND TRUST COMPANY	3,010	1.45%
EVERGREEN	2,779	1.35%
STATE STREET BANK AND TRUST COMPANY	2,478	1.21%
Total	126,693	61.71%

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## Appendix





# Statement of Income -The 4th Period ended Nov. 30, 2013-

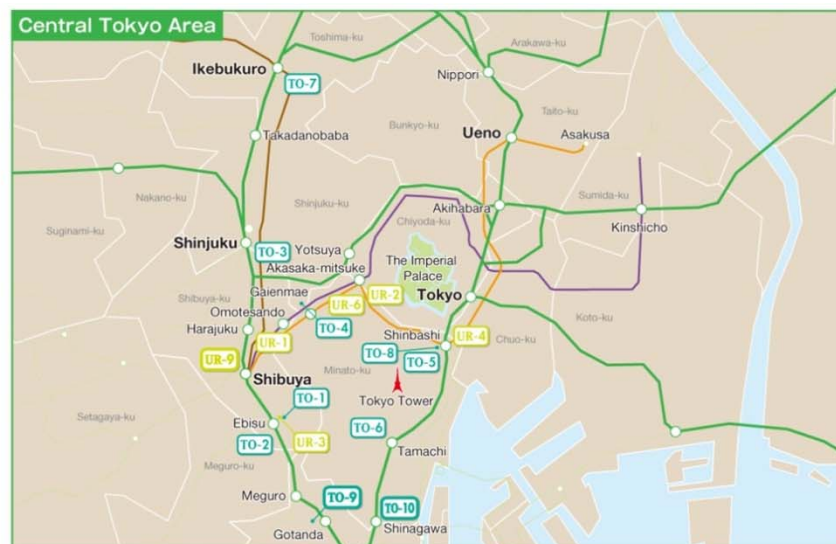
	(In thousands of yen)	
	3rd period	4th period
Operating revenue		
Rent revenue-real estate	5,453,936	5,712,126
Other lease business revenue	349,567	412,776
<b>Total operating revenue</b>	<b>5,803,503</b>	<b>6,124,902</b>
Operating expenses		
Expenses related to rent business	1,435,773	1,975,285
Asset management fee	442,330	436,004
Asset custody fee	5,144	5,374
Administrative service fee	15,564	13,446
Directors' compensations	3,300	3,300
Other operating expenses	49,765	49,339
<b>Total operating expenses</b>	<b>1,951,879</b>	<b>2,482,749</b>
<b>Operating income (loss)</b>	<b>3,851,624</b>	<b>3,642,152</b>
Non operating income		
Interest income	237	189
Interest on securities	2,003	1,848
Interest on refund	3,407	—
<b>Total non-operating income</b>	<b>5,648</b>	<b>4,560</b>
Non-operating expenses		
Interest expenses	313,535	330,975
Investment unit issuance expenses	—	48,310
Borrowing related expenses	64,401	79,70
Other	—	500
<b>Total non-operating expenses</b>	<b>377,936</b>	<b>459,486</b>
<b>Ordinary income (loss)</b>	<b>3,479,336</b>	<b>3,187,226</b>
Income (loss) before income taxes	3,479,336	3,187,226
Income taxes-current	948	949
Income taxes-deferred	9	△0
<b>Total income taxes</b>	<b>957</b>	<b>949</b>
<b>Net income (loss)</b>	<b>3,478,378</b>	<b>3,186,276</b>
Retained earnings (deficit) brought forward	85	93
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>3,478,463</b>	<b>3,186,370</b>

# Balance Sheets -The 4th Period ended Nov. 30, 2013-

	(In thousands of yen)	
	3rd period	4th period
<b>Assets</b>		
Current assets		
Cash and deposits	4,707,652	5,016,162
Cash and deposits in trust	1,052,109	1,147,579
Operating accounts receivable	178,217	200,590
Prepaid expenses	223,261	151,720
Deferred tax assets	16	16
Consumption taxes receivable	-	126
<b>Total current assets</b>	<b>6,161,257</b>	<b>6,516,196</b>
Noncurrent assets		
Property, plant and equipment		
Building in trust	33,521,802	34,180,684
Accumulated depreciation	-891,456	-382,563
Building in trust, net	32,630,345	32,798,121
Structures in trust	352,430	360,792
Accumulated depreciation	-18,096	-28,285
Structures in trust, net	334,334	332,506
Machinery and equipment in trust	617,991	622,914
Accumulated depreciation	-28,449	-43,752
Machinery and equipment in trust, net	589,542	579,161
Tools, furniture and fixtures in trust	8,049	23,882
Accumulated depreciation	-699	-1,943
Tools, furniture and fixtures in trust, net	7,350	21,939
Land in trust	144,250,646	146,717,786
Construction in progress in trust	3,224	5,200
<b>Total property, plant and equipment</b>	<b>177,815,442</b>	<b>180,454,715</b>
Intangible assets		
Leasehold rights in trust	4,487,617	4,562,599
Other	2,072	1,814
<b>Total intangible assets</b>	<b>4,489,689</b>	<b>4,564,414</b>
Investments and other assets		
Long-term prepaid expenses	361,340	296,095
Invest securities	9,942	9,955
<b>Total investments and other assets</b>	<b>371,283</b>	<b>306,051</b>
<b>Total noncurrent assets</b>	<b>182,676,416</b>	<b>185,325,181</b>
<b>Total assets</b>	<b>188,837,673</b>	<b>191,841,377</b>

	(In thousands of yen)	
	3rd period	4th period
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	340,229	330,353
Short-term loans payable	-	3,000,000
Long-term borrowing to be repaid within a year	4,000,000	10,000,000
Accounts payable-other	49,078	46,700
Accrued expenses	220,466	245,470
Income taxes payable	495	538
Consumption taxes payable	33,490	173,647
Advances received	116,320	103,875
Deposits received	2,235	4,772
<b>Total current liabilities</b>	<b>4,762,316</b>	<b>13,905,358</b>
Noncurrent liabilities		
Long-term loans payable	81,000,000	75,000,000
Tenant leasehold and security deposits in trust	8,223,028	8,375,764
Other	31	50
<b>Total noncurrent liabilities</b>	<b>89,223,059</b>	<b>83,375,815</b>
<b>Total liabilities</b>	<b>93,985,376</b>	<b>97,281,173</b>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	91,373,833	91,373,833
Surplus		
Unappropriated retained earnings (undisposed loss)	3,478,463	3,186,370
Total surplus	3,478,463	3,186,370
Total unitholders' equity	94,852,296	94,560,203
<b>Total net assets</b>	<b>94,852,296</b>	<b>94,560,203</b>
<b>Total liabilities and net assets</b>	<b>188,837,673</b>	<b>191,841,377</b>

## Portfolio MAP



UR-1 Tokyu Plaza Omotesando Harajuku



UR-2 Tokyu Plaza Akasaka



UR-3 Ebisu Q Plaza



UR-4 Shinbashi Place



TO-3 Yoyogi Place



UR-9 Kamata Kosan Building



TO-1 TLC Ebisu Building



TO-2 A-PLACE Ebisu Minami



TO-7 A-PLACE Ikebukuro



TO-8 TK Shinbashi Building



TO-3 Luogo Shiodome



TO-6 Tokyo Kikai Honsha Building



TO-9 Gotanda Front



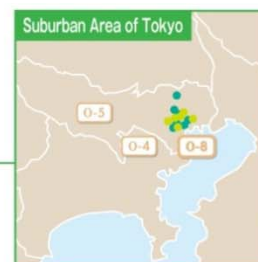
TO-10 Shinagawa Place



TO-10 Shinagawa Place



TO-10 Shinagawa Place



O-4 icot Mizonokuchi



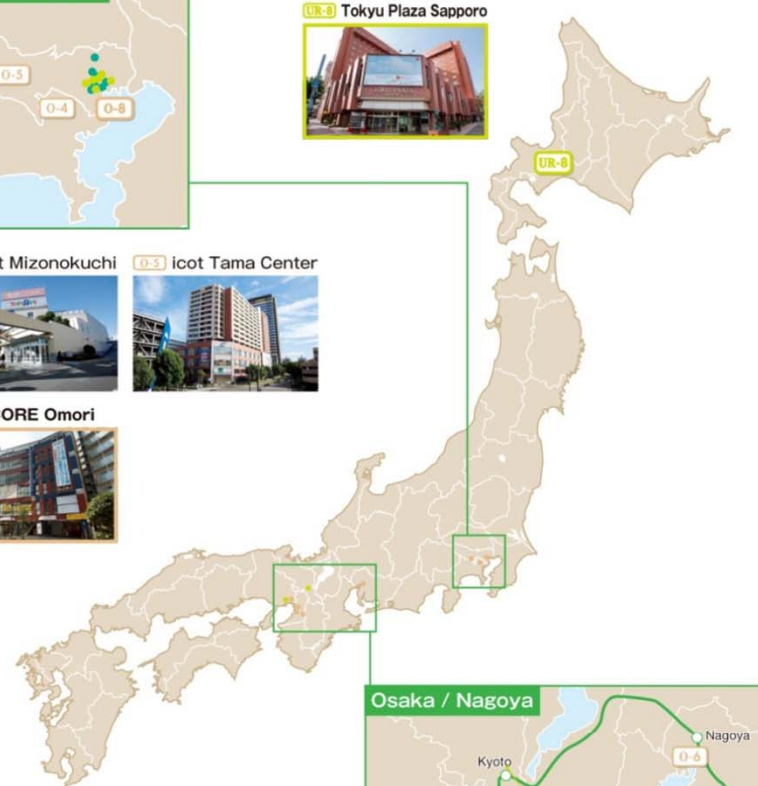
O-5 icot Tama Center



O-8 J-CORE Omori



UR-6 Tokyu Plaza Sapporo



UR-5 Kyoto Karasuma Parking Building



UR-7 Kobe Kyu Kyoryuchi 25Bankan



O-1 Amagasaki Q's MALL (Land)



O-2 icot Nakamozu



O-3 icot Kongo



O-4 Kanayama Center Place

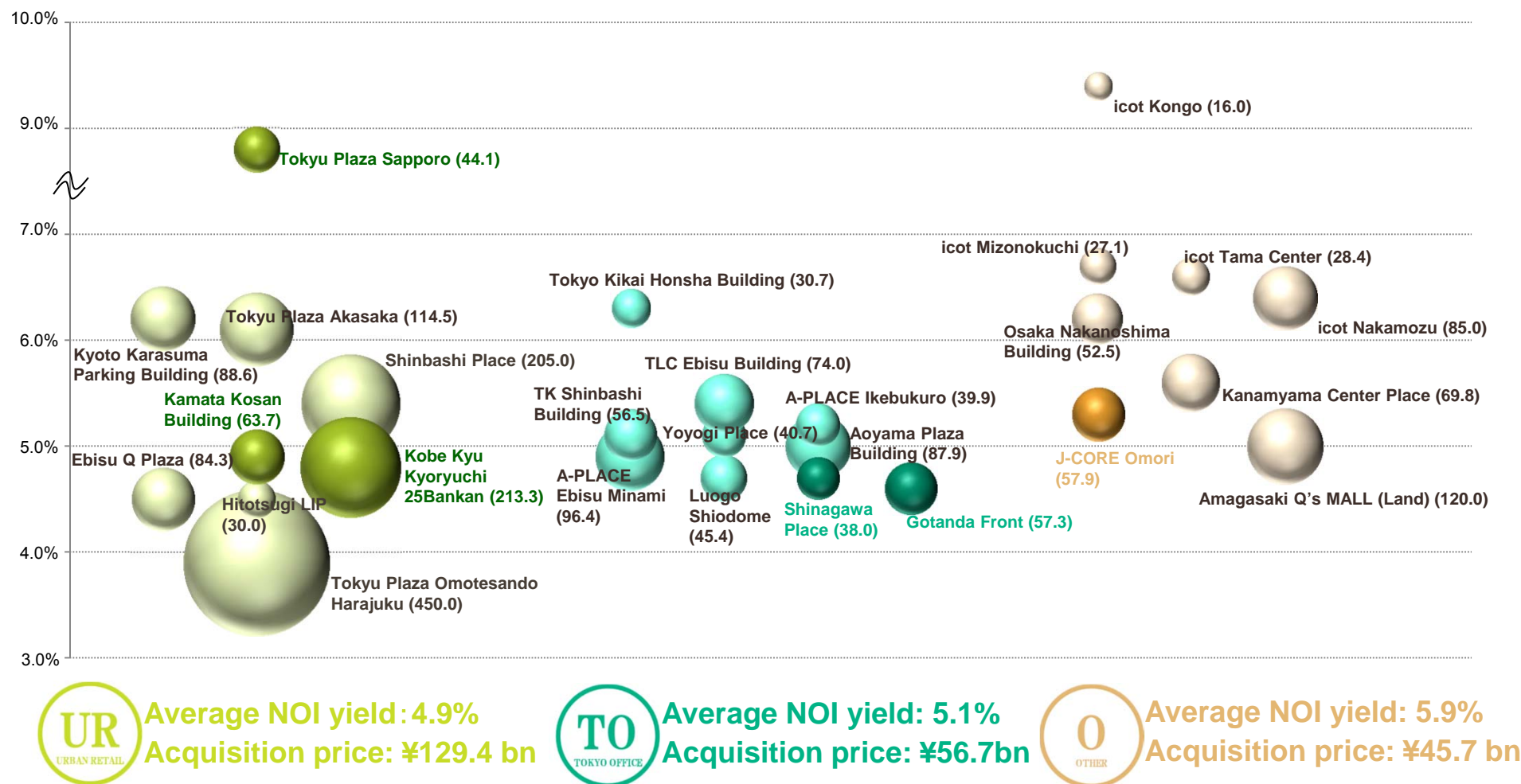


O-7 Osaka Nakanoshima Building



# External Growth Strategy -Balancing quality and profitability through Barbell Strategy-

## API's Portfolio Matrix (Asset types × NOI yield)



Average NOI yield **5.1%** Total of acquisition price **¥231.7 bn**



# Portfolio/Urban Retail Properties (1)

Property name	Tokyu Plaza Omotesando Harajuku (Note 1)	Tokyu Plaza Akasaka (Note 1)	Ebisu Q Plaza	Shinbashi Place	Kyoto Karasuma Parking Building
Photo					
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	1-minute walk from Tokyo Metro Chiyoda Line/Fukutoshin Line "Meiji Jingumae" station	1-minute walk from Tokyo Metro Ginza Line/Marunouchi Line "Akasaka-mitsuke" station	1-minute walk from JR/Tokyo Metro Hibiya Line "Ebisu" station	1-minute walk from JR/Tokyo Metro Ginza Line/Municipal Subway Asakusa Line "Shinbashi" station	1-minute walk from Hankyu Kyoto Line "Karasuma" station and 1-minute walk from subway Karasuma Line "Shijo" station
Acquisition price (A)	¥45,000 mn	¥11,450 mn	¥8,430 mn	¥20,500 mn	¥8,860 mn
Appraisal value (B) (Note 2)	¥45,200 mn	¥11,500 mn	¥8,770 mn	¥22,500 mn	¥9,430 mn
vs appraisal value (A/B)	99.6%	99.6%	96.1%	91.1%	94.0%
Appraisal NOI yield (Note 3)	3.9%	6.1%	4.5%	5.4%	6.2%
Structure	Steel framed, partially RC, SRC	SRC	Steel framed, partially RC	Steel framed, partially 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	11,368.11 m <sup>2</sup>	51,491.66 m <sup>2</sup>	4,670.02 m <sup>2</sup>	8,541.70 m <sup>2</sup>	21,495.47 m <sup>2</sup>
Total leasable area	4,904.55 m <sup>2</sup>	16,620.48 m <sup>2</sup>	4,024.88 m <sup>2</sup>	9,156.01 m <sup>2</sup>	21,616.04 m <sup>2</sup>
Occupancy rate (Note 4)	100.0%	99.3%	100.0%	100.0%	100.0%
Key tenants	Baroque Japan Limited	Tokyu Hotels Co., Ltd.	Tokyu Sports Oasis Inc.	Yamada-Denki Co., Ltd.	Paraca Inc.
Number of tenants (Note 4)	27	99	4	1	2
Investment criteria	<ul style="list-style-type: none"> <li>Located at the crossing of Omotesando and Meiji Street, the center of Japan's fashion culture. It is an excellent location with a strong branding effect for fashion shops</li> <li>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</li> <li>Many tenants have positioned their shops in this building as their flagship or prototype shop considering the building's excellent location and high visibility</li> </ul>	<ul style="list-style-type: none"> <li>Property is located in an area of Akasaka with a high concentration of restaurants, hotels and offices where many middle-aged office workers like to meet. 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</li> <li>Located in the busy commercial area of Tokyo city-center, it has good commercial potential to attract diversified businesses</li> <li>Property is facing Akasakamitsuke crossing where Sotobori Street crosses with Route 246. It is a high profile building with a large facade and one of the landmarks of the Akasaka area</li> </ul>	<ul style="list-style-type: none"> <li>Located in the Ebisu area which is, unlike Shibuya or Daikanyama, well-known as an area for grown-ups</li> <li>High-profile building located in front of a station with a large facade made of terracotta bars and glass</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>1-minute walking distance from convenient "Shinbashi" station, which is one of the busiest terminal stations in Japan</li> <li>Shinbashi Place is in an area with diverse properties, such as office buildings, restaurants, apparel shops, and entertainment facilities, including karaoke facilities</li> <li>It is located in a place that is convenient for both shoppers visiting Ginza and office workers</li> <li>Versatile structure of the building allows various alternative uses including, but not limited to, use as offices for versatile coverage of diversified tenants' needs</li> </ul>	<ul style="list-style-type: none"> <li>Located in the Shijo Karasuma area, which is one of Kyoto's most prominent city center areas</li> <li>With a facade facing Karasuma Street, it is a high-profile building with an automated parking lot open 24 hours a day</li> <li>It is one of the few retail properties in the area with a large car park</li> <li>Highly important facility as it provides parking space to retail centers in the neighborhood such as Daimaru Kyoto and Takashimaya Kyoto</li> </ul>





(Note 1) Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka, the co-ownership (jun kyoyu-mochibun) properties, are calculated based on the pro rata share (75% and 50%, respectively).

(Note 2) The date of value estimate is as of Feb. 29, 2012 except Tokyu Plaza Omotesando Harajuku, as of Mar. 31, 2012.

(Note 3) Appraisal NOI yield is calculated by dividing NOI by the acquisition price. NOI is calculated by subtracting operating expense from operating income for each property and depreciation cost is not subtracted, described in the appraisal report when acquired.

(Note 4) As of the end of November 2013.

## Portfolio/Urban Retail Properties (2)


Property name	Hitotsugi LIP	Kobe Kyu Kyoryuchi 25Bankan	Tokyu Plaza Sapporo	Kamata Kosan Building
Photo				
Location	Akasaka, Minato-ku, Tokyo	Kyomachi, Chuo-ku, Kobe City, Hyogo	Minami-Yonjo-Nishi, Chuo-ku, Sapporo, Hokkaido	Udagawa-cho, Shibuya-ku, Tokyo
Access	3-minute walk from Tokyo Metro Chiyoda Line "Akasaka" station, and 5-minute from Tokyo Metro Ginza Line and Marunouchi Line "Akasaka-mitsuke" station	5-minute walk from Kobe subway Kaigan Line "Kyu Kyoryuchi, Daimarumae" station, 9-minute walk from JR Tokaido Line "Mitsunomiya" station and 9-minute from Hankyu railway Kobe Line・Hanshin electric railway・Kobe kosoku railway・Kobe subway Seishin-Yamanote Line "Mitsunomiya" station	2-minute walk from Sapporo subway Nanbou Line "Susukino" station, and 8-minute walk from Sapporo subway Toho Line "Hosui-susukino" station	4-minute walk from Tokyo Metro Ginza Line/Hanzomon Line/ Fukutoshin Line "Shibuya" station, Tokyudenentoshi Line/Toyoko Line "Shibuya" station, 5-minute walk from Keio-inokashira Line "Shibuya" station and 6-minute walk from JR Yamanote-Line/Saikyo Line/Shonanshinjuku Line "Shibuya" station
Acquisition price (A)	¥3,000 mn	¥21,330 mn	¥4,410 mn	¥6,370 mn
Appraisal value (B) (Note 1)	¥3,150 mn	¥21,600 mn	¥4,800 mn	¥6,400 mn
vs appraisal value (A/B)	95.2%	98.8%	91.9%	99.5%
Appraisal NOI yield (Note 2)	4.5%	4.8%	8.7%	4.9%
Structure	Steel framed, partially RC	Steel framed, partially RC	Steel framed, partially RC	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
Gross floor area	2,429.01 m <sup>2</sup>	27,010.67 m <sup>2</sup>	27,277.85 m <sup>2</sup>	3,340.70 m <sup>2</sup>
Total leasable area	2,280.22 m <sup>2</sup>	19,653.90 m <sup>2</sup>	21,229.16 m <sup>2</sup>	3,413.80 m <sup>2</sup>
Occupancy rate (Note 3)	77.4%	100.0%	100.0%	100.0%
Key tenants	KICHIRI & Co., Ltd.	Plan Do See Inc.	Tokyu Hotels Co., Ltd.	BOOKOFF CORPORATION LIMITED
Number of tenants (Note 3)	6	7	18	2
Investment criteria	<ul style="list-style-type: none"> <li>• A highly visible commercial building on Hitotsugi-dori, the busiest street, with various restaurants and the heaviest foot traffic, in Akasaka</li> <li>• Located close to Akasaka Hills, a large-scale complex opened in 2008, with the potential for attracting shoppers</li> <li>• Leasable area for is 361m<sup>2</sup> for the basic floor, ready to deal with various needs of tenants with floors being suitable for partial leasing</li> </ul>	<ul style="list-style-type: none"> <li>• Kyu Kyoryuchi is located in Kobe, a port city with long history and various historic sites / buildings</li> <li>• The Kyu Kyoryuchi area, where various top-class luxury brands are located, is one of the leading commercial districts in West Japan in terms of the number of visitors</li> <li>• Tenants under a lease contract for 5 years or longer have helped stabilize portfolio revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Located in "Susukino", the most popular entertainment district in Hokkaido and one of Japan's major tourist spots</li> <li>• A highly visible landmark located a two-minute walk from Susukino station along Tsukisamu-dori, one of the major roads in Sapporo city</li> <li>• As an "old established" hotel in the city, Tokyu Inn, the key tenant, has retained high occupancy rates since opening in 1980</li> </ul>	<ul style="list-style-type: none"> <li>• An urban retail property located in the Shibuya area, one of the major commercial districts and the fashion centers for "younger generations"</li> <li>• Located on and designed to match "Shibuya Center street," attracting people all day and night</li> <li>• Club Quattro, which occupies the 4-5 floors, is a long-established club of 25 years, hosts live music and has invited a variety of artists from both Japan and abroad</li> </ul>

(Note 1) As of Jul. 1, 2013 for Hitotsugi LIP and Kyu Kyoryuchi 25Bankan, and Sep. 1, 2013 for the remaining two properties.

(Note 2) Appraisal NOI yield is calculated by dividing NOI by the acquisition price. NOI is calculated by subtracting operating expense from operating income for each property and depreciation cost is not subtracted, described in the appraisal report when acquired.

(Note 3) As of the end of November 2013.

## Portfolio/Tokyo Office Properties (1)



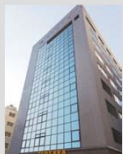


Property name	TLC Ebisu Building	A-PLACE Ebisu Minami	Yoyogi Place	Aoyama Plaza Building	Luogo Shiodome
Photo					
Location	Ebisu, Shibuya-ku, Tokyo	Ebisu-Minami, Shibuya-ku, Tokyo	Sendagaya, Shibuya-ku, Tokyo	Kita-Aoyama, Minato-ku, Tokyo	Higashi Shinbashi, Minato-ku, Tokyo
Access	4-minute walk from JR Yamanote Line "Ebisu" station	4-minute walk from JR Yamanote Line/ Tokyo Metro Hibiya Line "Ebisu" station	3-minute walk from JR Yamanote Line/ Municipal Subway Oedo Line "Yoyogi" station	4-minute walk from Tokyo Metro Ginza Line "Gaienmae" station	4-minute walk from Municipal Subway Oedo Line/ Yurikamome's "Shiodome" station
Acquisition price (A)	¥7,400 mn	¥9,640 mn	¥4,070 mn	¥8,790 mn	¥4,540 mn
Appraisal value (B) (Note 1)	¥7,420 mn	¥9,950 mn	¥4,180 mn	¥8,850 mn	¥4,570 mn
vs appraisal value (A/B)	99.7%	96.9%	97.4%	99.3%	99.3%
Appraisal NOI yield (Note 2)	5.4%	4.9%	5.1%	5.0%	4.7%
Structure	SRC	SRC	Steel framed	RC	Steel framed, partially 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	10,297.73 m <sup>2</sup>	12,167.57 m <sup>2</sup>	4,201.59 m <sup>2</sup>	9,958.33 m <sup>2</sup>	8,242.61 m <sup>2</sup>
Total leasable area	7,342.60 m <sup>2</sup>	7,950.51 m <sup>2</sup>	3,106.17 m <sup>2</sup>	7,303.69 m <sup>2</sup>	4,476.35 m <sup>2</sup>
Occupancy rate (Note 3)	100.0%	100.0%	100.0%	100.0%	100.0%
Investment criteria	<ul style="list-style-type: none"> <li>● The building is in the high-profile area of Ebisu, which has the highest concentration of office buildings in this area</li> <li>● Compared with other buildings in the neighborhood, its large floor size of approx. 805m<sup>2</sup> on standard floors makes it highly competitive</li> <li>● Large-scale renovations were completed in 2011, and the building continues to be a high grade property</li> </ul>	<ul style="list-style-type: none"> <li>● 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</li> <li>● Large standard floor area of approx. 1,655 m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>● Highly visible building located on the roadside of Meiji Street, within walking distance from "Shinjuku" station</li> <li>● Approx. 346 m<sup>2</sup> astylar space on one floor allows highly efficient space usage</li> <li>● Versatile rectangular building shape allows partial leasing of the building</li> </ul>	<ul style="list-style-type: none"> <li>● Building has strong competitive advantages compared with the office buildings in the neighborhood due to its large size</li> <li>● Large-scale renovation of the building including seismic strengthening completed in 2008</li> <li>● Above-ground ample parking spaces provides an attractive feature companies including apparel companies that need to deliver products and equipment</li> </ul>	<ul style="list-style-type: none"> <li>● Located on the north side of Shiodome Siosite's western district, known as "Italy Town", which has high traffic</li> <li>● Higher competitiveness compared with other office properties in the neighborhood due to its quake-absorbing structure</li> <li>● Strong demand expected from affiliates and customers of large corporations that are tenants in large buildings around "Shiodome" station</li> </ul>

(Note 1) As of Feb. 29, 2012.

(Note 2) Appraisal NOI yield is calculated by dividing NOI by the acquisition price. NOI is calculated by subtracting operating expense from operating income for each property and depreciation cost is not subtracted, described in the appraisal report when acquired.

(Note 3) As of the end of November 2013.

## Portfolio/Tokyo Office Properties (2)

Property name	Tokyo Kikai Honsha Building	A-PLACE Ikebukuro	TK Shinbashi Building	Gotanda Front	Shinagawa Place
Photo					
Location	Shiba, Minato-ku, Tokyo	Minami Ikebukuro, Tokyo	Shinbashi, Minato-ku, Tokyo	Nishigotanda, Shinagawa-ku, Tokyo	Minatominami, Minato-ku, Tokyo
Access	2-minute walk from Municipal Subway Asakusa Line/Mita Line "Mita" station	6-minute walk from JR Yamanote Line/Saikyou Line/Shonan-Shinjuku Line/Tokyo Metro Marunouchi Line/Yurakucho Line/Fukutoshin Line/Seibu Ikebukuro Line/Tobu Tojo Line "Ikebukuro" station	5-minute walk from JR Tokaido Line/JR Yamanote Line/Keihin-Tohoku Line/Yokosuka Line/Tokyo Metro Ginza Line/Municipal Subway Asakusa Line/Yurikamome "Shinbashi" station	3-minute walk from Municipal Subway Asakusa Line "Gotanda" station and 4-minute walking distance from JR Yamanote Line "Gotanda" station	5-minute walk from JR Yamanote Line "Shinagawa" station
Acquisition price (A)	¥3,070 mn	¥3,990 mn	¥5,650 mn	¥ 5,730 mn	¥3,800 mn
Appraisal value (B) (Note 1)	¥3,090 mn	¥4,020 mn	¥5,780 mn	¥5,750 mn	¥3,800 mn
vs appraisal value (A/B)	99.4%	99.3%	97.8%	99.7%	100.0%
Appraisal NOI yield (Note 2)	6.3%	5.2%	5.1%	4.5%	4.6%
Structure	SRC	Steel framed, partially RC	Reinforced concrete, SRC	Reinforced concrete, SRC	Reinforced concrete, SRC
Number of floors	6 floors above and 1 floor underground	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
Gross floor area	6,992.31 m <sup>2</sup>	4,709.05 m <sup>2</sup>	7,143.97 m <sup>2</sup>	5,782.65 m <sup>2</sup>	3,937.61 m <sup>2</sup>
Total leasable area	4,389.20 m <sup>2</sup>	3,409.73 m <sup>2</sup>	5,052.14 m <sup>2</sup>	4,028.69 m <sup>2</sup>	2,986.36 m <sup>2</sup>
Occupancy rate (Note 3)	100.0%	100.0%	88.4%	100.0%	100.0%
Investment criteria	<ul style="list-style-type: none"> <li>The HQ building of a general electronics manufacturer is located in the neighborhood along with a number of its group/partner companies, but other types of businesses including financial institutions have increasingly set up their HQs in the area recently</li> <li>Standard floor area of approx. 840 m<sup>2</sup> and is within short distance of the nearest train station</li> </ul>	<ul style="list-style-type: none"> <li>High-profile building located within a 6-minute walking distance from "Ikebukuro" station along Meiji Street</li> <li>Relatively new building which is built by the latest building, facility specifications and located in an area with little supply of new office properties</li> </ul>	<ul style="list-style-type: none"> <li>Demand in this area from prospective tenants running various types of business in different categories is expected</li> <li>In a block on the southern side, Loop Road No. 2 is under construction. The district has the potential for further development in the future</li> <li>The second through fifth floors were renovated from 2012 to 2013</li> </ul>	<ul style="list-style-type: none"> <li>Highly visible by facing a platform of "Gotanda" station on JR Line and locating on the corner of Sakurada Street (National Road No.1)</li> <li>An office building with a high-profile facade, developed by Tokyu Land Corporation</li> <li>A highly competitive and relatively new (completed in March 2012) 11-story building with 10 floors above ground and one basement floor, a typical floor area of 130 tsubo and a ceiling height of 2.7m. The building is also equipped with high-tech facilities including 100mm-high free-access floors, individual air conditioning units and grid ceilings</li> </ul>	<ul style="list-style-type: none"> <li>High convenience with easy access to major areas in Tokyo and access to the Tokaido bullet train</li> <li>Located in Konan, an area with a high concentration of headquarter buildings of major companies including NTT, Sony and Mitsubishi Heavy Industries, Ltd</li> <li>Relatively compact rental area with 120 tsubo floor area on standard floors, with no pillars in the office spaces, allowing for efficient and versatile use of the floors</li> </ul>

(Note 1) As of Sep. 1, 2013 for Gotanda Front and Shinagawa Place, Mar. 1, 2013 for TK Shinbashi Building, and Feb. 29, 2012 for the remaining two properties.

(Note 2) Appraisal NOI yield is calculated by dividing NOI by the acquisition price. NOI is calculated by subtracting operating expense from operating income for each property and depreciation cost is not subtracted, described in the appraisal report when acquired.

(Note 3) As of the end of November 2013.



## Portfolio/Other Properties (1)



Property name	Amagasaki Q's MALL (Land)	icot Nakamozu	icot Kongo	icot Mizonokuchi
Photo				
Location	Shioe, Amagasaki City, Hyogo Prefecture	Nakamozu town Kita-ku, Sakai City, Osaka Prefecture	Handa, Osaka Sayama City, Osaka Prefecture	Mizonokuchi, Takatsu-ku, Kawasaki City, Kanagawa Prefecture
Access	2-minute walk from JR Kobe Line/Takarazuka Line/Tozai Line "Amagasaki" station	6-minute walk from Midotsuji Subway Line "Nakamozu" station	5-minute walk from Nankai Koya Line "Kongou" station	13-minute walk from Tokyu Denen Toshi Line "Takatsu" station
Acquisition price (A)	¥12,000 mn	¥8,500 mn	¥1,600 mn	¥2,710 mn
Appraisal value (B) (Note 1)	¥12,100 mn	¥8,880 mn	¥1,780 mn	¥2,950 mn
vs appraisal value (A/B)	99.2%	95.7%	89.9%	91.9%
Appraisal NOI yield (Note 2)	5.0%	6.4%	9.4%	6.7%
Structure	-	Steel framed	SRC	Steel framed
Number of floors	-	3 floors above	3 floors above	4 floors above and 1 floor underground
Gross floor area	-	27,408.34 m <sup>2</sup>	17,894.95 m <sup>2</sup>	14,032.05 m <sup>2</sup>
Total leasable area	27,465.44 m <sup>2</sup>	28,098.02 m <sup>2</sup>	17,884.55 m <sup>2</sup>	14,032.05 m <sup>2</sup>
Occupancy rate (Note 3)	100.0%	100.0%	100.0%	100.0%
Investment criteria	<ul style="list-style-type: none"> <li>● Multi-tenant property that represents Amagasaki and is directly connected to the JR Amagasaki train station. Its approx. 140 specialty store tenants include the largest sports club and cinema complex in the region and a department store that specializes in household accessories</li> <li>● Stable income expected from the strong competitiveness of the property in the relevant region and a 30-year term leasehold agreement (land) for commercial use with the leaseholder (Sumitomo Mitsui Trust Bank)</li> <li>● Good access by car, with an enough parking lot, enabling it to attract visitors from a widespread area</li> </ul>	<ul style="list-style-type: none"> <li>● Located in Nakamozu area where housing concentration is growing steadily as it connects Osaka City with Senboku New Town</li> <li>● It is one of the No. 1 neighborhood shopping centers in the nearby commercial area</li> <li>● Attracted to its large size, core tenants of the multi-tenant property include UNIQLO and ABC Mart. The property also houses the flagship store of home improvement retailer Kohnan Shoji. Stable income is expected from the 20-year fixed-term lease contracts with such core tenants</li> </ul>	<ul style="list-style-type: none"> <li>● Strong competitiveness in the area, supported by its location in Osaka's commuter town, proximity to the station, large floor area and the large open above-ground parking space</li> <li>● Building was renovated in 2006 to maintain/increase its competitiveness</li> <li>● Daiei Kongo Shop is supported by local residents especially as a food supermarket, and is located in a local trade area that is different from the trade area of roadside shopping centers</li> </ul>	<ul style="list-style-type: none"> <li>● Good access from the Tokyo city center as property is facing the trunk road. It is located in an area with many residential developments and a promising trade area</li> <li>● Property presents one of the few opportunities to major retailers who want to open their shops on roadside properties, and provides leasing contracts with terms through 2018 to ensure stable income</li> </ul>

(Note 1) As of Feb. 29, 2012.

(Note 2) Appraisal NOI yield is calculated by dividing NOI by the acquisition price. NOI is calculated by subtracting operating expense from operating income for each property and depreciation cost is not subtracted, described in the appraisal report when acquired.

(Note 3) As of the end of November 2013.

## Portfolio/Other Properties (2)

Property name	icot Tama Center	Kanayama Center Place	Osaka Nakanoshima Building (Note 1)	J-CORE Omori
Photo				
Location	Ochiai, Tama City, Tokyo	Kanayama, Naka-ku, Nagoya City, Aichi Prefecture	Nakanoshima, Kita-ku, Osaka City, Osaka Prefecture	Omorikita, Ota-ku, Tokyo
Access	4-minute walk from Keio Sagami-hara Line "Keio Tama Center" station, and 4-minute walk from Odakyu Tama Line "Odakyu Tama Center" station	1-minute walk from Nagoya Municipal Subway Meijo Line/Meiko Line "Kanayama" station, and 2-minute walk from JR Chuo Line/JR Tokaido Line/Meitetsu Nagoya Main Line "Kanayama" station	1-minute walk from Keihan Nakanoshima Line "Oebashi" station, and 5-minute walk from Osaka Municipal Subway Midotsuji Line "Yodoyabashi" station	3-minute walk from JR Keihin-Tohoku Line "Omori" station
Acquisition price (A)	¥2,840 mn	¥6,980 mn	¥5,250 mn	¥5,790 mn
Appraisal value (B) (Note 2)	¥2,990 mn	¥7,120 mn	¥5,800 mn	¥5,810 mn
vs appraisal value (A/B)	95.0%	98.0%	90.5%	99.7%
Appraisal NOI yield (Note 3)	6.6%	5.6%	6.2%	5.1%
Structure	RC	Steel framed, partially SRC	SRC	Reinforced concrete, SRC
Number of floors	15 floors above and 1 floor underground	9 floors above and 1 floor underground	15 floors above and 3 floors underground	7 floors above and 1 floor underground
Gross floor area	31,553.75 m <sup>2</sup>	12,783.13 m <sup>2</sup>	34,248.71 m <sup>2</sup>	7,040.95 m <sup>2</sup>
Total leasable area	5,181.58 m <sup>2</sup>	9,314.91 m <sup>2</sup>	10,718.03 m <sup>2</sup>	6,209.79 m <sup>2</sup>
Occupancy rate (Note 4)	100.0%	98.6%	100.0%	100.0%
Investment criteria	<ul style="list-style-type: none"> <li>● High concentration of residents in an area which is located in the center of Tama New Town. Property is connected with a station and retail properties by a pedestrian walkway</li> <li>● Unique tenant structure that includes a one-price shop, clinic mall and bank branches helps satisfy the needs of people in surrounding areas, and parking for 103 cars provides convenience to shoppers who come by car</li> </ul>	<ul style="list-style-type: none"> <li>● 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</li> <li>● Relatively new office building completed in Feb. 2009 which is equipped with state-of-the-art specifications</li> </ul>	<ul style="list-style-type: none"> <li>● 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</li> <li>● Highly prominent and is in a good location for offices</li> </ul>	<ul style="list-style-type: none"> <li>● A convenient location that serves a large population of approximately 72,000 persons in 1-km retail area and 471,000 persons in the 3-km retail area</li> <li>● Its location has heavy foot traffic from commuters, students and residents due to easy access from both the residential district near the west exit of Omori Station and a commercial district dominated by large building such as "Omori Bellport"</li> </ul>

(Note 1) The co-ownership (jun kyoyu-mochibun) property is calculated based on the pro rata share (50%).

(Note 2) As of Dec. 1, 2012 for Osaka Nakanoshima Building, Sep. 30, 2013 for J-CORE Omori, and Feb. 29, 2012 for the remaining two properties.



(Note 3) The appraisal NOI yield for each property is calculated using the stabilized NOI assumed by the appraiser of the relevant property for the direct capitalization analysis contained in the relevant appraisal report.

(Note 4) As of November 30, 2013.

# Portfolio Appraisal Values Status (1)

## Current properties (As of Nov 30, 2013)

(In millions of yen)

Category	Property number	Property name	Acquisition price	Investment ratio (%)	Appraisal agency (Note 1)	Appraisal value	Capitalization					
							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	19.4	J	47,100	48,075	3.6	46,050	3.4	3.8	1,713
	UR-2	Tokyu Plaza Akasaka (Note 3)	11,450	4.9	T	11,800	11,900	5.1	11,700	5.2	5.3	682
	UR-3	Ebisu Q Plaza	8,430	3.6	T	9,160	9,170	4.2	9,160	4.4/4.3(Note 4)	4.4	379
	UR-4	Shinbashi Place	20,500	8.8	D	23,200	23,500	4.8	23,000	4.6	5.0	1,108
	UR-5	Kyoto Karasuma Parking Building	8,860	3.8	D	9,480	9,480	5.6	9,480	5.6	5.8	540
	UR-6	Hitotsugi LIP (Note 3)	3,000	1.3	J	3,170	3,190	4.3	3,140	4.0	4.4	137
	TO-1	TLC Ebisu Building	7,400	3.2	T	7,610	7,810	4.6	7,520	4.7	4.8	396
	TO-2	A-PLACE Ebisu Minami	9,640	4.2	T	10,400	10,500	4.5	10,300	4.6	4.7	479
	TO-3	Yoyogi Place	4,070	1.8	V	3,880	3,950	4.6	3,810	4.4	4.8	180
	TO-4	Aoyama Plaza Building	8,790	3.8	D	8,150	8,250	4.8	8,100	4.6	5.0	402
	TO-5	Luogo Shiodome	4,540	2.0	D	4,880	4,910	4.4	4,870	4.2	4.6	217
	TO-6	Tokyo Kikai Honsha Building	3,070	1.3	T	3,130	3,260	5.1	3,070	5.2/5.1(Note 5)	5.3	194
	TO-7	A-PLACE Ikebukuro	3,990	1.7	J	4,250	4,300	4.9	4,190	4.7	5.1	210
	TO-8	TK Shinbashi Building	5,650	2.4	J	5,980	6,080	4.5	5,880	4.3	4.7	284

(Note 1) J: Japan Real Estate Institute, T: The Tanizawa Sōgō Appraisal Co., Ltd., D: Daiwa Real Estate Appraisal Co., Ltd., V: Japan Valuers Co., Ltd., M: Morii Appraisal &amp; Investment Consulting, Inc.

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

(Note 3) Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka, the co-ownership (jun kyoyu-mochibun) properties, are calculated based on the pro rata share (75% and 50%, respectively).


(Note 4) The discount rate for Ebisu Q Plaza is 4.4% while owned and 4.3% for the terminal discount rate.

(Note 5) The discount rate for Tokyo Kikai Honsha Building is 5.2% for the 1st year, and 5.1% for the 2nd year through the 11th year.

# Portfolio Appraisal Values Status (2)




## Current Properties (As of Nov 30, 2013)

(In millions of yen)

Category	Property number	Property name	Acquisition price	Investment ratio (%)	Appraisal agency (Note 1)	Appraisal value	Capitalization					
							Direct capitalization method	Capitalization rate (%)	Discounted cash flow method	Discount rate (%)	Terminal capitalization rate (%)	NOI (Note 2)
	O-1	Amagasaki Q's Mall (Land)	12,000	5.2	J	12,300	12,400	4.9	12,200	4.5	5.1	600
	O-2	icot Nakamozu	8,500	3.7	T	9,220	9,320	5.8	9,170	5.7	6.0	545
	O-3	icot Kongo	1,600	0.7	M	1,840	1,870	6.8	1,800	6.5	7.3	153
	O-4	icot Mizonokuchi	2,710	1.2	M	3,010	3,060	5.9	2,950	5.6	6.3	183
	O-5	icot Tama Center	2,840	1.2	J	3,070	3,110	6.1	3,020	5.4	6.3	190
	O-6	Kanayama Center Place	6,980	3.0	V	7,560	7,620	5.4	7,500	5.2	5.6	410
	O-7	Osaka Nakanoshima Building (Note 3)	5,250	2.3	J	5,800	5,800	5.0	5,750	4.8	5.2	323
Total (21 properties)			184,270	79.5	-	194,990	197,555	-	192,660	-	-	9,326

## New Properties (As of Sep. 1, 2013)

(In millions of yen)

Category	Property number	Property name	Acquisition price	Investment ratio (%)	Appraisal agency (Note 1)	Appraisal value (Note 4)	Capitalization					
							Direct capitalization method	Capitalization rate (%)	Discounted cash flow method	Discount rate (%)	Terminal capitalization rate (%)	NOI (Note 2)
  	UR-7	Kobe Kyu Kyoryuchi 25Bankan (Note 4)	21,330	9.2	J	21,600	21,700	4.8	21,400	4.6	5.0	1,034
	UR-8	Tokyu Plaza Sapporo	4,410	1.9	D	4,800	4,780	6.5	4,810	6.3	6.7	383
	UR-9	Kamata Kosan Building	6,370	2.7	D	6,400	6,410	4.8	6,390	4.6	5.0	310
	TO-9	Gotanda Front	5,730	2.5	M	5,750	5,860	4.4	5,640	4.1	4.7	256
	TO-10	Shinagawa Place	3,800	1.6	J	3,800	3,870	4.4	3,730	4.2	4.6	173
	O-8	J-CORE Omori	5,790	2.5	J	5,810	5,850	5.1	5,760	5.0	5.4	297
Total (6 properties)			47,430	20.5	-	48,160	48,470	-	47,730	-	-	2,454
Total 27 properties			231,700	100.0	-	243,150	246,025	-	240,390	-	-	11,780

(Note 1) J: Japan Real Estate Institute, T: The Tanizawa Sōgō Appraisal Co., Ltd., D: Daiwa Real Estate Appraisal Co., Ltd., V: Japan Valuers Co., Ltd., M: Morii Appraisal &amp; Investment Consulting, Inc.

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

(Note 3) Osaka Nakanoshima Building, the co-ownership (jun kyoyu-mochibun) property is calculated based on the pro rata share (50%).

(Note 4) As of Jul. 1, 2013 for Kobe Kyu Kyoryuchi 25Bankan and as of Sep. 1, 2013 for remaining 5 properties.



# Overview of Lease and Profit and Loss for the 4th Period

(In thousands of yen)

	Urban Retail Properties						Tokyo Office Properties								Other Properties						
	Tokyu Plaza Omotesando Harajuku (Note 1)	Tokyu Plaza Akasaka (Note 1)	Ebisu Q Plaza	Shinbashi Place	Kyoto Karasuma Parking Building	Hitotsugi LIP (Note 4)	TLC Ebisu Building	A-PLACE Ebisu Minami	Yoyogi Place	Aoyama Plaza Building	Luogo Shiodome	Tokyo Kikai Honsha Building	A-PLACE Ikebukuro	TK Shinbashi Building	Amagasaki Q's MALL (Land)	icot Nakamozu	icot Kongo	icot Mizono kuchi	icot Tama Center	Kanayama Center Place	Osaka Nakano-shima Building (Note 1)
a. Revenue related to rent business	1,108,706	585,267	272,019	(Note 2)	(Note 2)	64,753	278,731	327,795	121,024	266,227	169,380	154,118	(Note 2)	164,711	341,532	310,699	(Note 2)	(Note 2)	144,737	289,263	263,514
Rent revenue-real estate	1,048,253	476,964	237,540	(Note 2)	(Note 2)	38,220	247,988	309,944	113,491	246,821	154,089	148,093	(Note 2)	152,544	341,532	310,669	(Note 2)	(Note 2)	130,690	256,131	248,319
Other lease business revenue	60,452	108,302	34,478	(Note 2)	(Note 2)	26,532	30,742	17,850	7,532	19,406	15,290	6,025	(Note 2)	12,166	—	30	(Note 2)	(Note 2)	14,047	33,131	15,195
b. Expenses related to rent business	264,425	265,064	66,818	45,595	34,556	29,785	76,236	85,407	30,712	74,046	46,262	47,232	32,424	39,189	41,161	38,861	26,064	15,739	49,162	77,824	69,730
Management operation expenses	90,679	78,090	16,280	12,309	3,557	6,170	22,016	28,606	10,031	19,941	11,253	16,897	9,781	16,558	—	5,576	2,675	2,365	19,090	24,567	28,785
Utilities expenses	38,652	91,326	32,362	—	—	7,289	25,521	24,387	8,801	20,351	15,146	13,143	11,053	14,928	—	30	—	—	16,260	24,523	27,473
Tax and public dues	45,287	64,936	8,732	32,256	29,349	—	16,720	29,120	9,883	20,409	17,779	14,064	10,699	0	40,908	32,035	13,800	9,884	12,026	25,516	0
Insurance	399	616	122	267	234	29	278	335	119	255	218	179	115	186	—	333	440	143	205	337	457
Repair and maintenance expenses	144	24,856	817	—	484	2,289	3,336	985	1,078	10,453	383	931	31	2,847	—	125	8,880	2,585	381	1,506	8,943
Other expenses related to rent business	89,261	5,236	8,503	760	930	14,007	8,363	1,972	797	2,634	1,481	2,016	742	4,669	252	760	267	760	1,197	1,372	4,070
c. NOI (a-b)	844,280	320,203	205,200	(Note 2)	(Note 2)	34,967	202,494	242,388	90,312	192,181	123,117	106,885	(Note 2)	125,521	300,371	271,837	(Note 2)	(Note 2)	95,575	211,439	193,784
d. Depreciation and other (Note 3)	47,655	25,947	18,481	32,734	16,007	4,819	46,402	33,244	15,563	22,418	27,401	17,356	20,682	24,619	—	34,521	22,710	8,345	18,704	52,064	29,301
Income (loss) from rent business(c-d)	796,624	294,255	186,719	(Note 2)	(Note 2)	30,147	156,091	209,143	74,748	169,763	95,716	89,528	(Note 2)	100,901	300,371	237,316	(Note 2)	(Note 2)	76,871	159,374	164,482

(Note 1) Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Osaka Nakanoshima Building, the co-ownership (jun kyoyu-mochibun) properties, are calculated based on the pro rata share (75%, 50% and 50%, respectively).

(Note 2) We have not obtained permission from the tenant of this property to release the information missing from this table.

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

(Note 4) Figures of Hitotsugi LIP is calculated after acquisition date (Aug. 30, 2013).

# Borrowings (As of Jan. 15, 2014)

Classification	Lender	Amounts borrowed (¥ mn)	Interest rate	Maturity	Repayment method	Main uses	Comment
Short-term borrowings	Mitsubishi UFJ Trust and Banking Corporation	3,000	Base rate + 0.15% (Note 2)	Aug. 30, 2014			
Long term borrowings (Note 1)	Mitsubishi UFJ Trust and Banking Corporation	4,000	Base rate + 0.175% (floating) (Note 2)	Apr. 25, 2014	Bullet maturity	Purchase of the Properties and other related fees	No-collateral
	Sumitomo Mitsui Banking Corporation	6,000	Base rate + 0.200% (floating) (Note 2)	Jun. 13, 2014			
	Syndicate of lenders arranged by Sumitomo Mitsui Trust Bank, Ltd. (Note 3)	6,000	Base rate + 0.15% (floating) (Note 2)	Mar. 31, 2015			
	Syndicate of lenders arranged by Sumitomo Mitsui Trust Bank, Ltd. (Note 4)	12,000	0.79955% (fixed)	Jun. 13, 2015			
	Syndicate of lenders arranged by The Mitsubishi UFJ Trust and Banking Corporation (Note 4)	12,000	0.86572% (fixed)	Jun. 13, 2016			
	Syndicate of lenders arranged by Sumitomo Mitsui Trust Bank, Ltd. (Note 3)	6,000	Base rate + 0.175% (floating) (Note 2)	Mar. 31, 2017			
	Syndicate of lenders arranged by The Bank of Tokyo-Mitsubishi UFJ Ltd. (Note 4)	12,000	0.95315% (fixed)	Jun. 13, 2017			
	Sumitomo Mitsui Trust Bank, Ltd.	5,000	0.68315% (Note 5)	Mar. 31, 2018			
	Syndicate of lenders arranged by Mizuho Bank, Ltd. (Note 4)	12,000	1.06309% (fixed)	Jun. 13, 2018			
	Sumitomo Mitsui Trust Bank, Ltd.	800	0.91941% (fixed)	Apr. 19, 2019			
	Mitsubishi UFJ Trust and Banking Corporation	800	1.19051% (fixed)	Jun. 13, 2019			

Classification	Lender	Amounts borrowed (¥ mn)	Interest rate	Maturity	Repayment Method	Main uses	Comment
Long term borrowings	Sumitomo Mitsui Banking Corporation	1,060	1.07980% (fixed)	Dec. 19, 2019	Bullet maturity	Purchase of the Properties and other related fees	No-collateral
	Mitsubishi UFJ Trust and Banking Corporation	1,060					
	Mizuho Bank, Ltd.	1,060					
	The Bank of Tokyo-Mitsubishi UFJ Ltd.	1,060					
	Sumitomo Mitsui Banking Corporation	530					
	Development Bank of Japan Inc.	530	0.93846% (fixed)	Jan. 10, 2020			
	Sumitomo Mitsui Trust Bank, Ltd.	160					
	Mitsubishi UFJ Trust and Banking Corporation	160					
	Mizuho Bank, Ltd.	160					
	The Bank of Tokyo-Mitsubishi UFJ Ltd.	160					
	Sumitomo Mitsui Banking Corporation	800	1.07856% (fixed)	Jan. 10, 2020			
	Development Bank of Japan Inc.	800					
	Sumitomo Mitsui Trust Bank, Ltd.	1,340					
	Mitsubishi UFJ Trust and Banking Corporation	1,340					
	Mizuho Bank, Ltd.	1,340					
The Bank of Tokyo-Mitsubishi UFJ Ltd.	1,340						
Sumitomo Mitsui Banking Corporation	670						
Development Bank of Japan Inc.	670						
Total		100,800	-	-	-	-	-

(Note 1) Long term borrowings include long term borrowings repaid within a year.

(Note 2) The base rate used for the calculation period for interest to be paid on interest payment dates is the 1-month Japanese Yen TIBOR of the Japanese Bankers Association, two business days before the interest payment date immediately preceding each interest payment date. However, if the calculation period is less than one month, the base rate will be the one corresponding to the period that will be calculated based on a method provided for in the agreement.

(Note 3) The syndicate of lenders consists of Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Resona Bank, Ltd., The Bank of Fukuoka, Ltd., The Gunma Bank, Ltd. and Shinkin Central Bank.

(Note 4) The syndicate of lenders consists of Sumitomo Mitsui Trust Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ Ltd.

(Note 5) This borrowing has a floating interest rate, but API has fixed the interest rate by entering into an interest rate swap agreement in order to hedge risks arising from fluctuations. Therefore, the interest rate after the swap has taken place (the fixed interest rate) is stated.

(Note 6) In addition to the borrowings in the table, respectively, we have concluded a ¥10 billion commitment line agreement and credit line (non-commitment basis) agreement with Sumitomo Mitsui Trust Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ Ltd. to secure flexible and stable financing for the future potential acquisition of properties.

# PML Analysis

Property number	Property name	PML (%)
UR-1	Tokyu Plaza Omotesando Harajuku	5.0
UR-2	Tokyu Plaza Akasaka (Note 2)	3.6
UR-3	Ebisu Q Plaza	2.3
UR-4	Shinbashi Place	4.7
UR-5	Kyoto Karasuma Parking Building	4.3
UR-6	Hitotsugi LIP	7.2
UR-7	Kobe Kyu Kyoryuchi 25Bankan	5.4
UR-8	Tokyu Plaza Sapporo (Note 2)	0.4
UR-9	Kamata Kosan Building	5.6
TO-1	TLC Ebisu Building	2.8
TO-2	A-PLACE Ebisu Minami	8.7
TO-3	Yoyogi Place	7.0
TO-4	Aoyama Plaza Building	10.7
TO-5	Luogo Shiodome	1.5
TO-6	Tokyo Kikai Honsha Building	4.8
TO-7	A-PLACE Ikebukuro	6.1
TO-8	TK Shinbashi Building	6.8
TO-9	Gotanda Front	4.2
TO-10	Shinagawa Place	6.6
O-1	Amagasaki Q's MALL (Land) (Note 1)	—
O-2	icot Nakamozu	11.7
O-3	icot Kongo (Note 1) (Note 2)	16.2
O-4	icot Mizonokuchi	8.1
O-5	icot Tama Center	2.5
O-6	Kanayama Center Place	10.8
O-7	Osaka Nakanoshima Building	10.6
O-8	J-CORE Omori	6.5
Average of the current portfolio (Note 3)		4.7

- Based on the seismic review reports from NKSJ Risk Management, Inc., all such properties excluding Amagasaki Q's MALL (Land) were complied with all applicable engineering and seismic codes in Japan as of the dates of their reports
- Also when we acquire the anticipated properties, for the due diligence purpose, we request NKSJ Risk Management, Inc. to conduct PML analysis for our evaluation.
- If we acquire a property with a PML that exceeds 15%, we will consider taking out earthquake insurance. In general, we plan to invest in such a manner that the overall PML of our portfolio does not exceed 10%.

(Note 1) icot Kongo is covered by earthquake insurance due to the PML in excess of 15%. As we own the land only for Amagasaki Q's MALL, no PML is described for this property.

(Note 2) Seismic strengthening was conducted on Tokyu Plaza Akasaka, Tokyu Plaza Sapporo, Aoyama Plaza Building and icot Kongo on Apr. 2009, Jun. 2007, Jul. 2008 and Jul. 2008, respectively.

(Note 3) PML of the total portfolio was based on the "Report of portfolio seismic PML analysis" as of Aug. 8, 2013.

(Note 4) Calculation is based on the seismic data derived from the "National Seismic Hazard Maps for Japan" (issued before the occurrence of the Great East Japan Earthquake) publicized by the Headquarters for Earthquake Research Promotion, Ministry of Education, Culture, Sports, Science and Technology on Sep. 2006. The figures are rounded to the first decimal place.

# Tokyu Land Group's Track Record and Plans in Property Development

## Tokyu Land Group's Track Record and Plans in Developing Urban Retail Properties

- The following table shows the major Urban Retail Properties developed by Tokyu Land Corporation, which demonstrates Tokyu Land Corporation's track record in developing Urban Retail Properties of a variety of sizes and in a variety of areas. All of these properties are located in areas with high scarcity values and near major train stations

Property	Nearest train station	Walking distance from nearest train station	Year of completion	Gross floor area (thousand m <sup>2</sup> ) <sup>(1)</sup>	Number of tenants
Tokyu Plaza Shibuya	Shibuya	1 minute	1965	approx. 30	86
Tokyu Plaza Kamata	Kamata	1 minute	1968	approx. 26	120
Tokyu Plaza Akasaka	Akasaka-mitsuke	1 minute	1969	approx. 51	99
Tokyu Plaza Sapporo	Susukino	2 minutes	1980	approx. 27	18
Kyoto Karasuma Parking Building	Karasuma	1 minute	2006	approx. 21	2
Shinbashi Place	Shinbashi	1 minute	2008	approx. 9	1
Futakotamagawa Rise Shopping Center	FutakoTamagawa	1 minute	2011	approx. 99	145
Abeno Q's Mall	Tennoji	2 minutes	2011	approx. 171	254
Tokyu Plaza Omotesando Harajuku	Meiji-jingumae	1 minute	2012	approx. 11	27
Tokyu plaza Shinnagata	Shin-nagata	1 minute	2013	approx. 10	53
(Tentative) Jingumae 6 Chome Project <sup>(3)</sup>	Meiji-jingumae	1 minute	2015 (Scheduled)	approx. 8	—
(Tentative) Ginza 5 Chome Project <sup>(4)</sup>	Ginza	1 minute	2015 (Scheduled)	approx. 50	—

Note: Properties already acquired are highlighted in grey. Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka are held in co-ownership (75% and 50% respectively) with Tokyu Land Corporation or SPCs in which Tokyu Land Corporation invests



(Tentative) Jingumae 6 Chome Project



(Tentative) Ginza 5 Chome Project

## Tokyu Land Group's Track Record in Developing Tokyo Office Properties

- The following table shows the main Tokyo Office Properties developed by Tokyu Land Corporation. All of these properties are located in central Tokyo near major train stations

Property	Nearest train station	Walking time from nearest train station	Year of completion	Gross floor area (thousand m <sup>2</sup> ) <sup>(2)</sup>
Nihonbashi Front	Nihonbashi	2 minutes	2008	approx. 29
Shinbashi Tokyu Building	Shinbashi	2 minutes	2008	approx. 15
Minami Aoyama Tokyu Building	Omotesando	4 minutes	2008	approx. 12
Shibuya Place	Shibuya	3 minutes	2009	approx. 4
Kasumigaseki Tokyu Building	Tameike-Sannō	4 minutes	2010	approx. 19
A-PLACE Ikebukuro	Ikebukuro	6 minutes	2011	approx. 5
Gotanda Front	Gotanda	3 minutes	2012	approx. 6
Spline Aoyama Tokyu Building	Gaienmae	3 minutes	2012	approx. 8
Shin-Meguro Tokyu Building	Meguro	2 minutes	2012	approx. 22

Note: Properties already acquired are highlighted in grey.



Gotanda Front



Spline Aoyama Tokyu Building

Note 1: Based on the registered floor area of the entire building. For Futakotamagawa Rise, the area is based on the real estate register for block Ib under the Futakotamagawa Area Higashi District Type 1 Urban Redevelopment Project (first term) as the entire building. For Abeno Market Park Q's Mall, the area is based on the real estate register for Building A2 of the Abeno District A1 Type 2 Urban Redevelopment Project as the entire building.

Note 2: Based on the registered floor area of the entire building.

Note 3: Demolition has begun and the new building will open in Spring 2015.

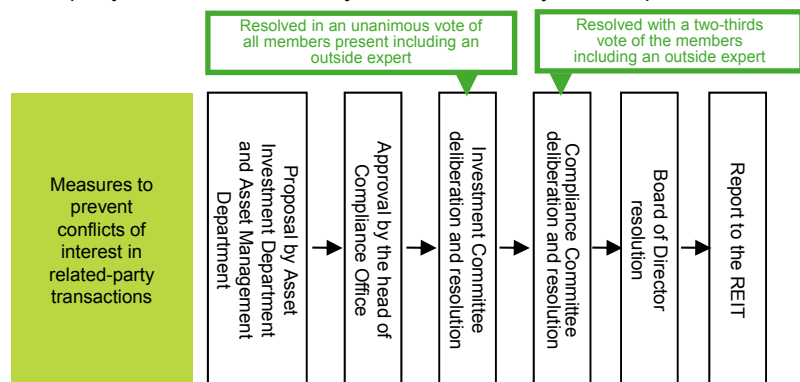
Note 4: Demolition work began on Sep 20, 2013 and the new building is scheduled to open in Autumn 2015.



# Strong Governance Structure

## Strong Governance Structure

- Involvement of Third Parties to Protect the Interests of Unitholders
- Related-party transactions are subject to resolution by the compliance committee



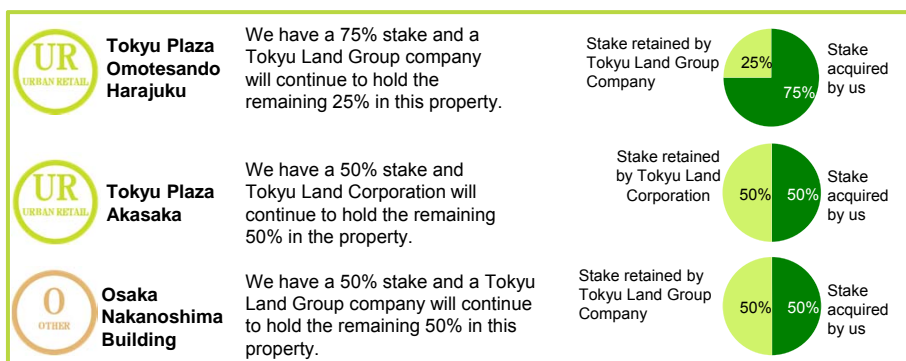
- Sponsor's interests aligned with those of the unitholders
- In order to maximize the value of our units, we have built a governance structure which aligns the interests of the Asset Manager and Tokyo Land Corporation with those of our unitholders

### 1 Equity investment in us by Tokyu Land Corporation

Tokyu Land Corporation has an approximately 10% equity interest in us.

### 2 Co-ownership of properties

We co-own in properties with Tokyu Land Group Companies to share the same objectives and interests with Tokyu Land Corporation in the management of properties.



## Asset Management Fee

- The asset management fee system encourages the Asset Manager to maximize unitholders' value
- The asset management fee system depends in part on our DPU

	Fee I <sup>(1)</sup>	Fee II
Basis for calculation Fee rate	Total assets at the end of the previous fiscal period <sup>(2)</sup> × 0.3% per year	DPU (before deduction of Fee II) × NOI × 0.0002%
	The sum of Fee I and Fee II may not exceed 0.5% per year of our total assets	

(Note 1) Fee I may be up to 0.4% per year.

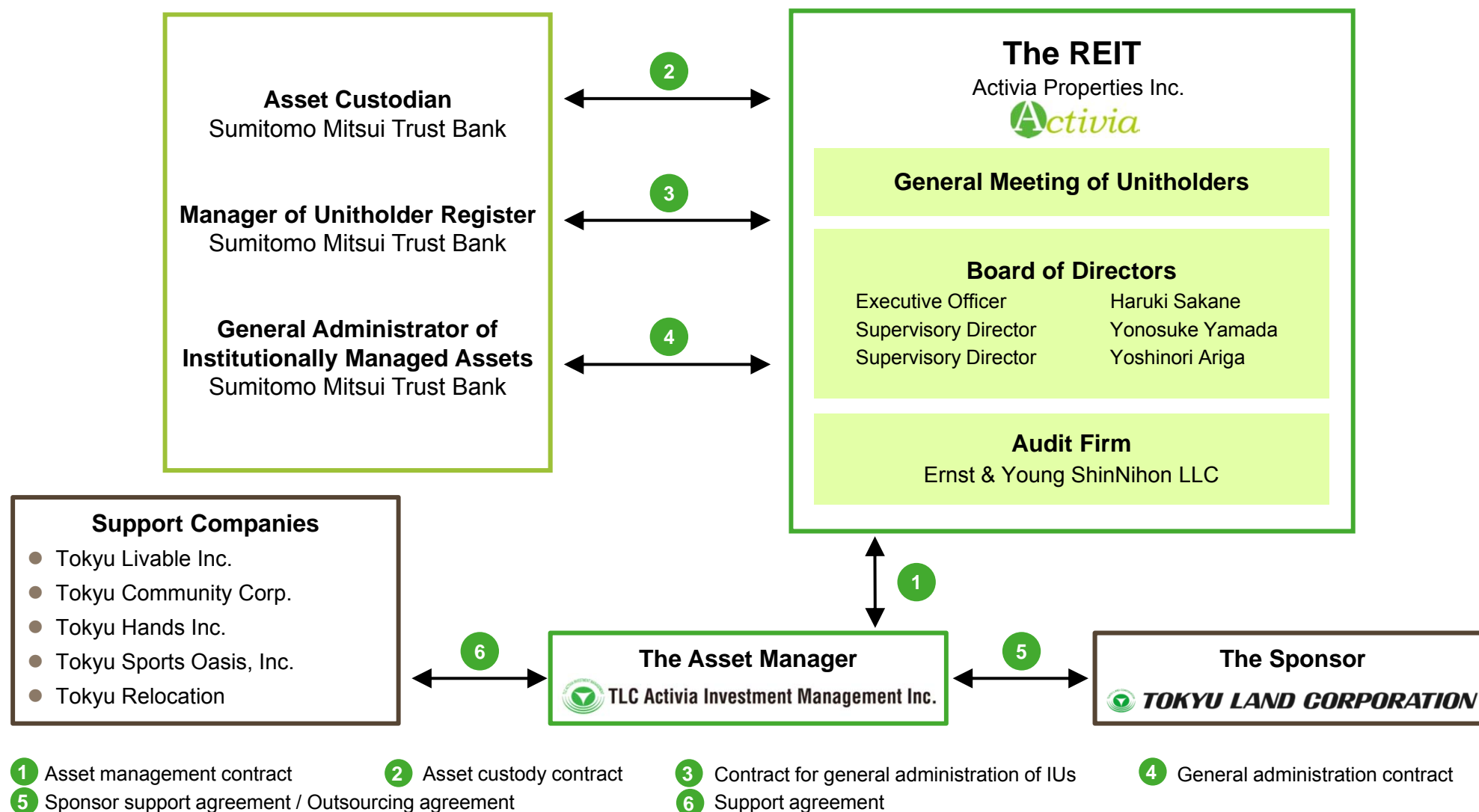
(Note 2) Total asset value on the balance sheet of the previous fiscal period except for the period in which we are listed, where the total asset on the balance sheet for that period is used.

### • Acquisition / Disposition Fee:

- In acquisitions/dispositions of properties from/to the Sponsor, which are related party transactions, we intend to apply lower fee levels and ensure the terms are determined on an arm's length basis
- For the disposition of properties held, we have introduced a fee scheme emphasizing unitholders value

Acquisition fee	Disposition fee
0.7% (or 0.5% for related party transactions)	0.5% (or no fee for related party transactions) no disposition fees when loss on sale is accrued

# REIT Organizational Structure Overview



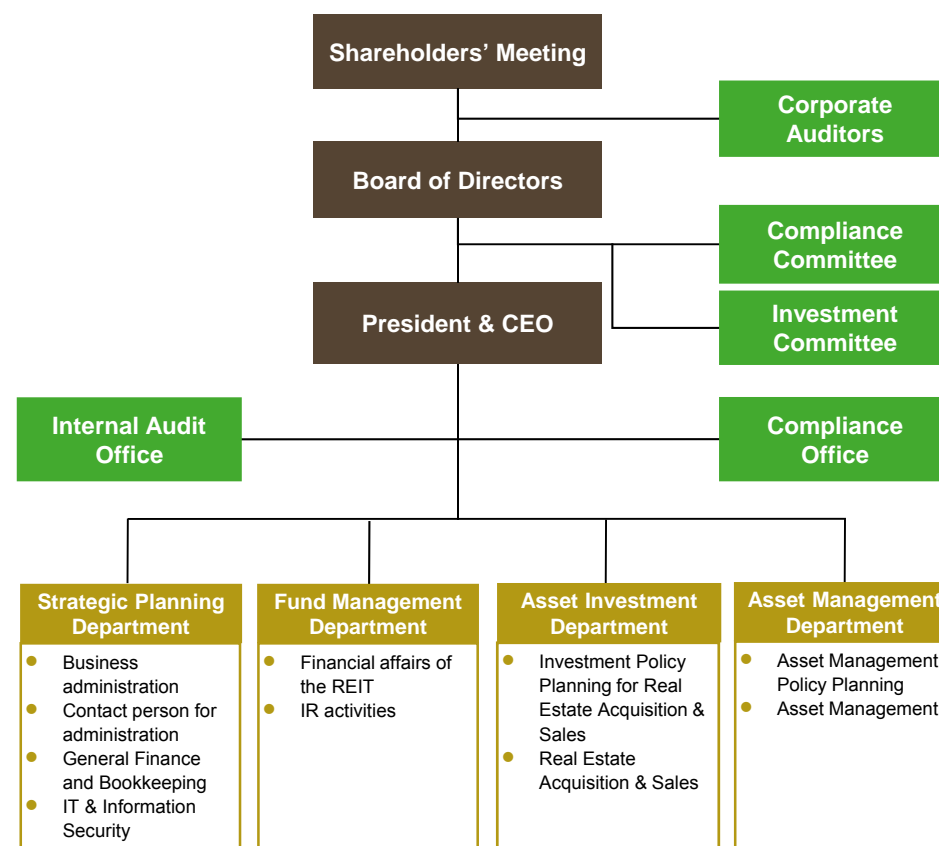
# Asset Manager Organizational Overview

- Development of an organization that capitalizes on the capabilities of the Sponsor Group for efficient management and for controlling conflicts of interest
- Appointment of an independent property appraiser as a member to the Investment Committee with veto rights

## Overview of the Asset Manager

Corporate name	TLC Activia Investment Management Inc.
Established on	Nov 15, 2010
Capital	¥300 mn
Shareholder	Tokyu Land Corp. 100%
Representative Director and President	Haruki Sakane
Registration & License	<p>Real estate agent license (Governor of Tokyo (1) No. 92551)</p> <p>Discretionary Transaction Agent License (Minister of Land, Infrastructure and Transportation Approval No. 67)</p> <p>Licensed Financial Instrument Trader (kinsho) Kanto Local Finance Bureau License No. 2551</p>

## Asset Manager Organizational Chart



# Asset Management Structure 1 -Investment/Compliance Committee-

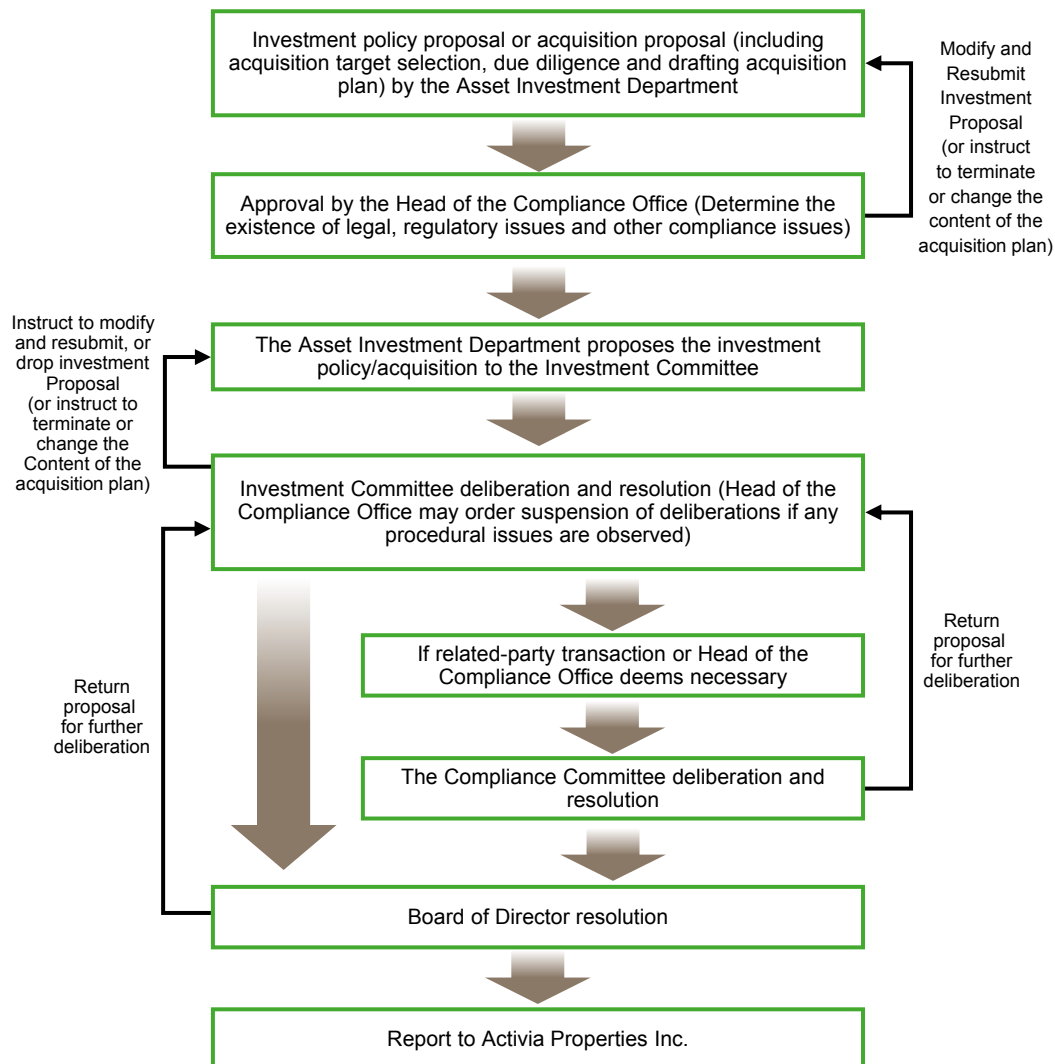
Investment Committee			Compliance Committee		
Chairperson	Representative Director		Chairperson	Head of the Compliance Office	
Members	<ul style="list-style-type: none"> <li>Representative Director</li> <li>Directors (excluding non-full-time Directors)</li> <li>Head of the Asset Investment Department</li> <li>Head of the Asset Management Department</li> <li>Head of the Fund Management Department</li> <li>Qualified real estate appraiser appointed by the Board of Directors (Note)</li> <li>Head of Strategic Planning and Corporate Finance Department</li> <li>Head of the Compliance Office (who have no voting rights)</li> </ul>		Members	<ul style="list-style-type: none"> <li>Head of the Compliance Office</li> <li>Representative Director</li> <li>Directors (excluding Part-time Directors)</li> <li>External experts versed in compliance who are appointed by the Board of Directors (lawyers or certified public accountants, among other experts)</li> </ul>	
Meetings	In principle, once in three months or more (meetings to be held as needed)		Meetings	In principle, once in three months or more (meetings to be held as needed)	
Quorum	<p>In principle, all members need to be present.</p> <p>* If an Investment Committee meeting discusses proposals that do not involve discussions as to whether real estate prices are reasonable or not, as in (1), (3), (4), (5), (6), (7), and (8) below, a qualified real estate appraiser does not need to attend the meeting.</p> <p>* If a qualified real estate appraiser needs to attend an Investment Committee meeting, but is unable to do so, the real estate appraiser is deemed to have attended the meeting if the appraiser submits a written opinion (that must include an argument for or against the proposal; the same applies hereinafter) to the Investment Committee in advance. (*For more details, please refer to the original rule.)</p>		Quorum	A meeting requires the presence of more than two thirds of the members with voting rights including at least the head of the Compliance Office and one external expert.	
Requirements for a resolution	<p>A resolution shall be adopted through a unanimous vote by the members present.</p> <p>* Members having a special interest in the proposal cannot vote.</p> <p>* If the qualified real estate appraiser's written opinion includes an argument for the proposal, the appraiser is deemed to vote for the proposal.</p>		Requirements for a resolution	<p>A resolution shall be adopted on a two-thirds majority of the members present, including at least the head of the Compliance Office and one external expert.</p> <p>* Members having a special interest in the proposal cannot vote.</p>	
Resolutions	<ol style="list-style-type: none"> <li>Formulation and revision of basic investment policies on asset management</li> <li>Determination of the acquisition or disposal of assets and conditions for the acquisition or disposal, and change of the determination</li> <li>Formulation and revision of asset management plans</li> <li>Formulation and revision of basic policies on the management of assets</li> <li>Important decisions on the management of assets, and their changes</li> <li>Formulation and revision of basic policies on financing and dividends</li> <li>Decisions on financing and dividend policies, and their changes</li> <li>Resolutions related to related-party transactions (excluding transactions that do not need the prior approval of the Compliance Committee under the Related-Party Transactions Relations)</li> <li>Other important matters</li> </ol>		Resolutions (examples)	<ol style="list-style-type: none"> <li>Resolutions related to related-party transactions (excluding transactions that do not need the prior approval of the Compliance Committee under the Related-Party Transactions Regulations)</li> <li>Deliberation and decisions on remedial or preventive actions against inappropriate behavior in terms of compliance</li> <li>Other important matters that the head of the Compliance Office has determined need to be discussed at a Compliance Committee meeting</li> </ol>	

Note: In an Investment Committee meeting about a transaction with a related party stipulated in the Related-Party Transactions Regulations, the qualified real estate appraiser shall not be the real estate appraiser that has prepared a real estate appraisal report on the transaction being considered, a real estate appraiser that is a related party, or a real estate appraiser employed by the related party. In an Investment Committee meeting about a transaction that is not a related-party transaction, the qualified real estate appraiser shall not be the real estate appraiser that has prepared a real estate appraisal report on the transaction being considered.



# Asset Management Structure 2 -Related-Party Transactions-

## Decision Making Process Chart for Investment Policy and Asset Acquisition



## Related-Party Transactions

- We conduct transactions with related parties under the Related Party Transactions Regulations. The transactions include acquisitions, transfers, and the leasing of properties, outsourcing real estate management, outsourcing intermediary services for the trading and leasing of properties, placing orders for construction work, and financing.
- Transactions associated with investment management will follow the decision-making procedure as shown by the chart at left.
- In principle, API compares prices of transactions related to management with the market prices under the arms length rule in accordance with the Management Guidelines.

### Scope of related parties

- Related parties set out in Article 201, Paragraph 1 of the Investment Trust and Investment Corporation Act, the parent juridical person, etc. set out in Article 31-4, Paragraph 3 of the Financial Instruments and Exchange Act, and the subsidiary juridical person, etc. set out in Article 31-4, Paragraph 4 of the same act
- Shareholders holding more than 5% of all the voting rights of the asset manager
- Special purpose companies that have outsourced asset management to the parties specified in item A) or B) above
- Officers of the Asset Manager
- Special purpose companies over 50% of the investments in which are accounted for by investments by parties specified in item A), B), or D) above (regardless of their voting right holding ratios), including special purpose companies assumed to be independent of its investors under Article 33, Paragraph 2 of the Cabinet Office Ordinance on the Financial Instruments Business
- Judicial persons more than 50% of whose voting rights are held by the Asset Manager, sponsors of the Asset Manager, and the officers of these parties
- Judicial persons with a board of directors or decision-making body similar to a board of directors in which the majority of members are officers and employees of the Asset Manager and its sponsors

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