

Activia Properties Inc.

Financial Results Presentation for the 10th Fiscal Period (Nov. 2016) Jan. 2017

(Ticker symbol: 3279/API)



TLC Activia Investment Management Inc.



1. Financial Highlights and Forecasts
2. External Growth, Internal Growth and Financial Strategies
3. Others
4. Acquisition Highlights
5. Appendix

External Growth

◆ Acquired 3 Office Properties Located in Front of Station and in Prime Area

- Total Acquisition Price **¥30,210mn**
- vs. Appraisal Value 96.4%
- Appraisal NOI Yield Ave. 4.6%

【After the 4th PO】

of properties : **32** → **38**
 AUM : **¥326.7bn** → **¥389.1bn**
 (9th period) (as of the result announcement)

Internal Growth

【Tokyo Office Properties】

◆ Continuous Rent Upward Revision backed by our Competitiveness

- Ratio of Rent Increase at Lease Renewals **67%**
- Ratio of Increase **10.7%**

【Urban Retail Properties】

◆ Continuous Growth in Sales-linked Rent at Hotels

- Sales-linked Rent at Hotels **¥206.6mn**
- Ave. RevPAR of 3 Hotels **131.4%**
(vs. 5th period)

Financial Strategies

◆ Rating Upgrade to AA in Oct. 2016

Long-term issuer **AA-** → **AA**
 rating : (positive) (stable)
 (as of Sep. 2015) (as of Oct. 2016)

◆ Decline in Average Interest Rate

- Held Down ave. Interest Rate under Negative Interest Policy
- Ave. term : **3.5yrs** → **4.1yrs**
- Interest rate : **0.77%** → **0.67%**
(9th period) (10th period)

Continual Improvement in Unitholder Value

Achieved Increase in DPU

DPU : **¥9,021** (10th period)
 (vs. previous period : +¥355/+4.1%)
 (vs. forecast : +¥211 /+2.4%)

Achieved Ongoing Growth in NAV per Unit

NAV per unit : **¥385,750** (10th period)
 (vs. previous period : +¥12,367/+3.3%)

Highlights of the 4th Public Offering

3

- Completed **¥31.7bn 4th Global Public Offering** in Dec. 2016 and raised **¥244.3bn** or with **app. 7.7x** oversubscribed
- Acquired total 7 properties with **¥62.5bn**, 4 office properties with **¥51.1bn** and 3 Urban Retail Properties with **¥11.4bn** (including the properties acquired during the 10th period)
- Conducted PO for 4 consecutive years since 2013 and realized continuous raise in unitholder value

Offering Summary

# of units issued	65,560 (base offering 61,040+OA 4,520)
Domestic : Int'l	55 : 45
# of units outstanding after issuance	665,214 (including TPA)
Offer price	¥483,326 per unit
Issue price	¥468,283 per unit
Total issue price	¥30,700,633,480 (including TPA)
Launch date	Nov. 14, 2016 (Mon.)
Pricing date	Nov. 21, 2016 (Mon.)
Payment date	Dec. 1, 2016 (Thu.) (Dec. 15 for TPA)
Delivery date	Dec. 2, 2016 (Fri.) (Dec. 16 for TPA)



Shiodome Building



A-FLAG BIJUTSUKAN DORI



A-FLAG KOTTO DORI

Properties Acquired in the 10th Period and Onwards

Type	Property name	Location	Acquired from	Acquisition date	Acquisition price (¥mn)	Appraisal value (¥mn)	Appraisal NOI yield	Occupancy rate (10 th period)
Office	Shiodome Building (additional 10% co-ownership interest)	Minato, Tokyo	Sponsor	2016.12.2	20,900	21,100	3.9%	99.4%
	Umeda Gate Tower (88.4% sectional ownership)	Osaka, Osaka	Third party (on 1on1 basis)	2016.9.21	19,000	19,600	4.3%	93.6%
	A-PLACE Gotanda Ekimae	Shinagawa, Tokyo	Third party	2016.7.1	7,280	7,390	4.3%	100.0%
	A-PLACE Bashamichi	Yokohama, Kanagawa	Third party (on 1on1 basis)	2016.10.6	3,930	4,350	6.4%	99.1%
Retail	A-FLAG BIJUTSUKAN DORI	Minato, Tokyo	Sponsor	2016.12.2	4,700	4,740	3.9%	100.0%
	A-FLAG KOTTO DORI	Minato, Tokyo	Third party (on 1on1 basis)	2016.12.20	4,370	4,570	4.3%	100.0%
	A-FLAG DAIKANAYMA WEST	Shibuya, Tokyo	Sponsor	2017.1.6	2,280	2,300	4.0%	100.0%
Total					62,460	64,050	4.2%	-

Effective Marketing

Netroadshows in Japan and abroad

- After the launch, investors can review materials and mgmt. presentation on the website

Mgmt Calls in Japan and abroad

- After the launch, investors can receive presentation from mgmt. and have QA sessions on the web

- ◆ **The first-ever J-REIT** to implement the above marketing methods in Japan

Thorough Mgmt Roadshow

- Held meeting with app. 40 and 50 with domestic and int'l investors, respectively

- ◆ Achieved early penetration of equity story

Expansion of investor base, especially for int'l investors

Rise of Unit Price
(from launch to pricing)

+2.14%

Financial Results for the 10th Period (ended Nov. 2016): Income Statement

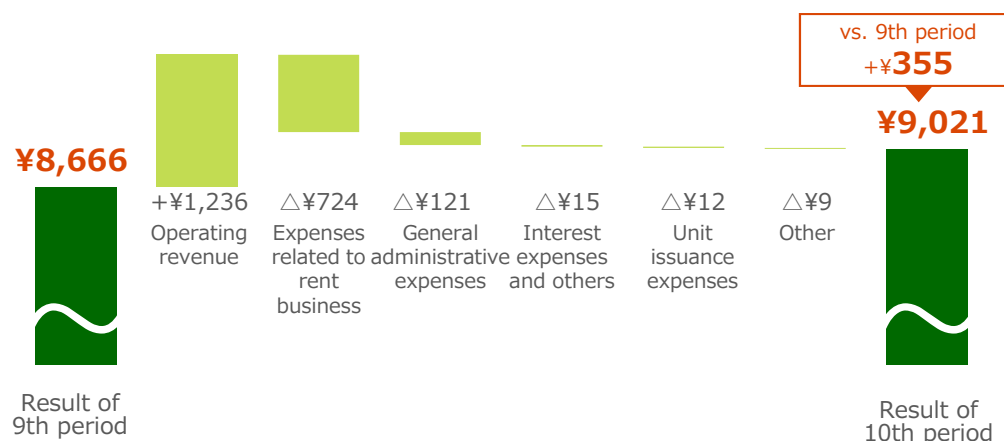
- In comparison to the 9th period and former 10th forecasts, revenue and income significantly increased due to (i) new contribution from 3 properties acquired in the 10th period, (ii) full contribution from 2 properties acquired in association with the 3rd PO and (iii) consistent internal growth
- DPU is **¥9,021**, up **¥355** from the previous period and up **¥211** from the former 10th forecasts

1. 10th period vs. 9th period/

Former 10th period forecasts (2016.7.13) (in millions of yen)

	9th period	10th period		10th period (forecasts)	
	Results	Results	Change (vs. 9th period)	Forecasts 2016.7.13	Change (vs. former forecasts)
Operating revenue	10,175	10,917	+741	10,778	+138
Operating expenses	4,249	4,755	+506	4,765	△9
Taxes & public dues	649	772	+123	775	△3
Operating income	5,926	6,161	+234	6,013	+148
Ordinary income	5,197	5,410	+212	5,284	+126
Net income	5,196	5,409	+212	5,283	+126
DPU (yen)	8,666	9,021	+355	8,810	+211

3. Variance between the 9th and the 10th period results (DPU)



2. Variance analysis (vs. 9th period results) (in millions of yen)

	vs. 9th results	Details	
Operating revenue	+741	Increase	New operation+336, Full-period operation +72 Sales-linked rent at hotels +152, Rent of existing properties, etc. +116, Utility fee income +33 Others +24, Cancellation fee +5, Parking fee income, etc.+1
		Decrease	
Expenses related to rent business	+434	Increase	New operation+125, Full-period operation+70 Repair expense +133, Taxes & public dues+79, Maintenance fee, etc.+32, Depreciation+7
		Decrease	Advertisement expense △6, Utility expense △4, Agent commission △3
NOI after (Note) depreciation	+307		
General administrative expenses	+72	Increase	Asset management fee +74, Administrative fee+1
		Decrease	Miscellaneous expense△4
Operating income	+234		

(Note) excluding disposition gain

4. Variance analysis (vs. former forecasts) (in millions of yen)

	vs. 10th previous forecasts	Details	
Operating revenue	+138	Increase	2 properties acquired during this period+204, Rent of existing properties, etc.+5, Facility usage fee+6
		Decrease	Utility fee income △76, Other△2
Expenses related to rent business	△2	Increase	2 properties acquired during this period+81, Maintenance fee, etc.+13, Repair expense+9, Depreciation+1
		Decrease	Utility expense △102, Advertisement expense △4, Taxes & public dues△3
NOI after depreciation	+140		
General administrative expenses	△7	Increase	Asset management fee +14
		Decrease	Miscellaneous expense△20, Administrative fee△1
Operating income	+148		

Financial Results for the 10th Period (ended Nov. 2016): Balance Sheet

- Total asset grew by **¥31.7bn** following the acquisition of 3 new properties from third parties
- Unrealized gains on portfolio based on appraisal at the end of the 10th period stood at **¥54.2bn**, up **¥7.1bn** from the previous period

1. Comparison of the 9th and 10th Periods (Balance Sheet) (in millions of yen)

	9th Period (2016/5)	10th Period (2016/11)	Change
Assets			
Current assets	12,672	13,209	+537
Cash and deposits	11,863	12,184	+320
Other	808	1,024	+216
Noncurrent assets	327,222	358,471	+31,248
Total property, plant and equipment	321,980	352,581	+30,600
Total intangible assets	4,564	4,826	+262
Other	677	1,063	+385
Total assets	339,894	371,680	+31,785

Liabilities			
Short-term borrowings	2,400	5,400	+3,000
Long-term loans payable to be repaid within a year	26,400	26,400	-
Investment corporation bonds	10,000	10,000	-
Long-term loans payable	108,350	135,350	+27,000
Tenant leasehold and security deposits, and others	16,015	17,512	+1,496
Total Liabilities	163,165	194,662	+31,496
Net assets			
Unitholders' equity	176,729	177,018	+288
Unitholders' capital	171,532	171,532	-
Surplus	5,196	5,485	+288
Total net assets	176,729	177,018	+288
Total liabilities and net assets	339,894	371,680	+31,785

2. Changes in unrealized gains on portfolio (in millions of yen)

9th Period (2016/5)	10th Period (2016/11)	Change
47,171	54,298	7,127

Acquisition of 3 new properties in the 10th period (A-PLACE Gotanda Ekimae, Umeda Gate Tower and A-PLACE Bashamichi)
+¥30,210mn

New borrowings associated with the acquisition of 3 properties +¥30,700mn
Use of cash on hand △¥700mn

(Reference) Financial Forecasts for the 11th Period (ending May 2017)

- Revenue and income are forecasted to increase mainly due to (i) new contribution from 4 properties acquired in the 4th PO, (ii) full contribution from 3 properties acquired in the 10th period and (iii) favorable internal growth, all of these contributed to absorb the fluctuation of sales-linked rent (which is calculated with different hotels for every other period)
- (Forecast) DPU is expected to be **¥9,116**, up **¥95** from the previous period

1. 11th period latest forecasts vs.10th period results / 11th period former forecasts

(in millions of yen)

	10th period	11th period		11th period (former forecasts)	
	Results	Forecasts 2016.11.14 2017.1.17	Change (vs. 10th period)	Forecast 2016.7.13	Change (vs. former forecasts)
Operating revenue	10,917	11,905	+988	10,632	+1,272
Operating expenses	4,755	5,009	+254	4,573	+436
Taxes & public dues	772	778	+6	782	△3
Operating income	6,161	6,895	+734	6,059	+836
Ordinary income	5,410	6,065	+654	5,290	+775
Net income	5,409	6,064	+654	5,289	+775
DPU (yen)	9,021	9,116	+95	8,820	+296

2. Variance analysis (vs 10th period results)

(in millions of yen)

	vs. 10th results	Details	
Operating revenue	+988	Increase	New operation +705, Full-period operation +425 Rent of existing properties, etc. +76
		Decrease	Sales-linked rent at hotels△147, Utility fee income △27, Other△26 Parking fee income, etc.△10, Cancellation fee △5
Expenses related to rent business	+154	Increase	New operation +175, Full-period operation +131 Taxes & public dues +6, Depreciation+6
		Decrease	Repair expense △144, Maintenance fee, etc.△11, Advertisement expense △9, Agent commission △2
NOI after depreciation	+834		
General administrative expenses	+99	Increase	Asset management fee +83, Miscellaneous expense+11, Administrative fee+5, Other +2
		Decrease	Taxes & public dues △1
Operating income	+734		

3. Major variable factors in the 10th to the 11th period (DPU)



(Note) The forecasts for the 11th period are calculated based on certain assumptions that reflect present conditions, and are subject to change according to circumstances. The forecasts do not guarantee any amount of distributions.

(Reference) Financial Forecasts for the 12th Period (ending Nov. 2017)

- Revenue and income are forecasted to increase mainly due to (i) full contribution from 4 properties acquired in the 4th PO, (ii) favorable sales-linked rent at hotels and (iii) continuous internal growth
- (Forecast) DPU is expected to be **¥9,167**, up **¥51** from the previous period

1. 12th period forecasts vs. 11th period forecasts

(in millions of yen)

	11th period	12th period	
	Forecasts 2016.11.14 2017.1.17	Forecasts 2016.11.14 2017.1.17	Change
Operating revenue	11,905	12,242	+336
Operating expenses	5,009	5,316	+306
Taxes & public dues	778	888	+109
Operating income	6,895	6,925	+29
Ordinary income	6,065	6,099	+34
Net income	6,064	6,098	+34
DPU (yen)	9,116	9,167	+51

2. Variance analysis (vs. 11th period forecasts)

(in millions of yen)

	vs. 11th period forecasts	Details	
Operating revenue	+336	Increase	Full-period operation +28 Sales-linked rent at hotels+184, Rent of existing properties, etc.+67, Utility fee income+62 Other+2
		Decrease	Cancellation fee △8
Expenses related to rent business	+238	Increase	Full-period operation +54 Repair expense +84, Taxes & public dues +63, Utility expense+29, Advertisement expense+13
		Decrease	Maintenance fee, etc.△7
NOI after depreciation	+97		
General administrative expenses	+68	Increase	Asset management fee +60, Other+6, Administrative fee+2
		Decrease	Taxes & public dues△1
Operating income	+29		

3. Major variable factors in the 11th to the 12th period (DPU)

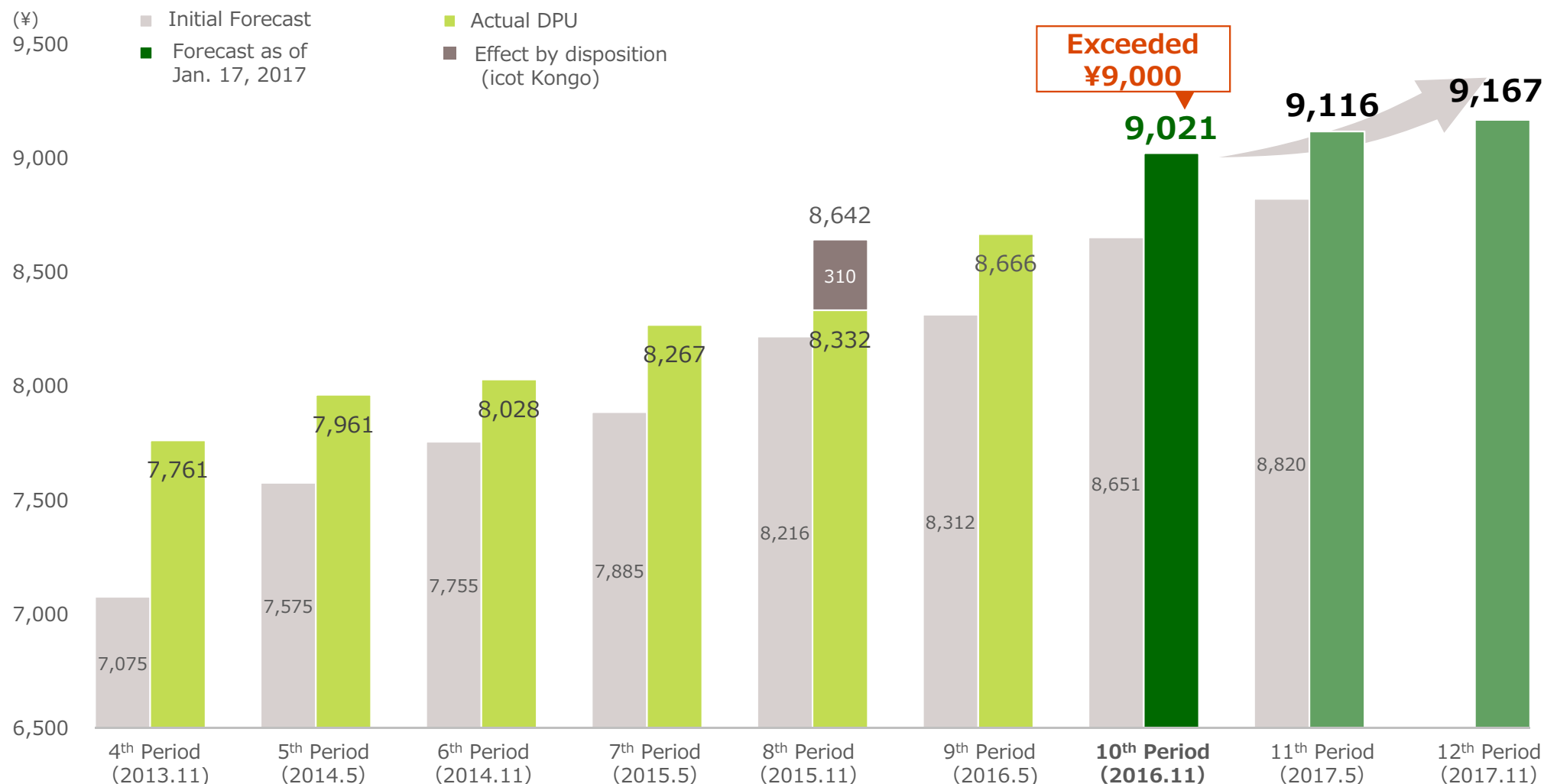
Interest rate assumption : 0.90%



(Note) The forecasts for the 12th period are calculated based on certain assumptions that reflect present conditions, and are subject to change. The forecasts do not guarantee any amount of distributions.

Trends in Distributions per Unit

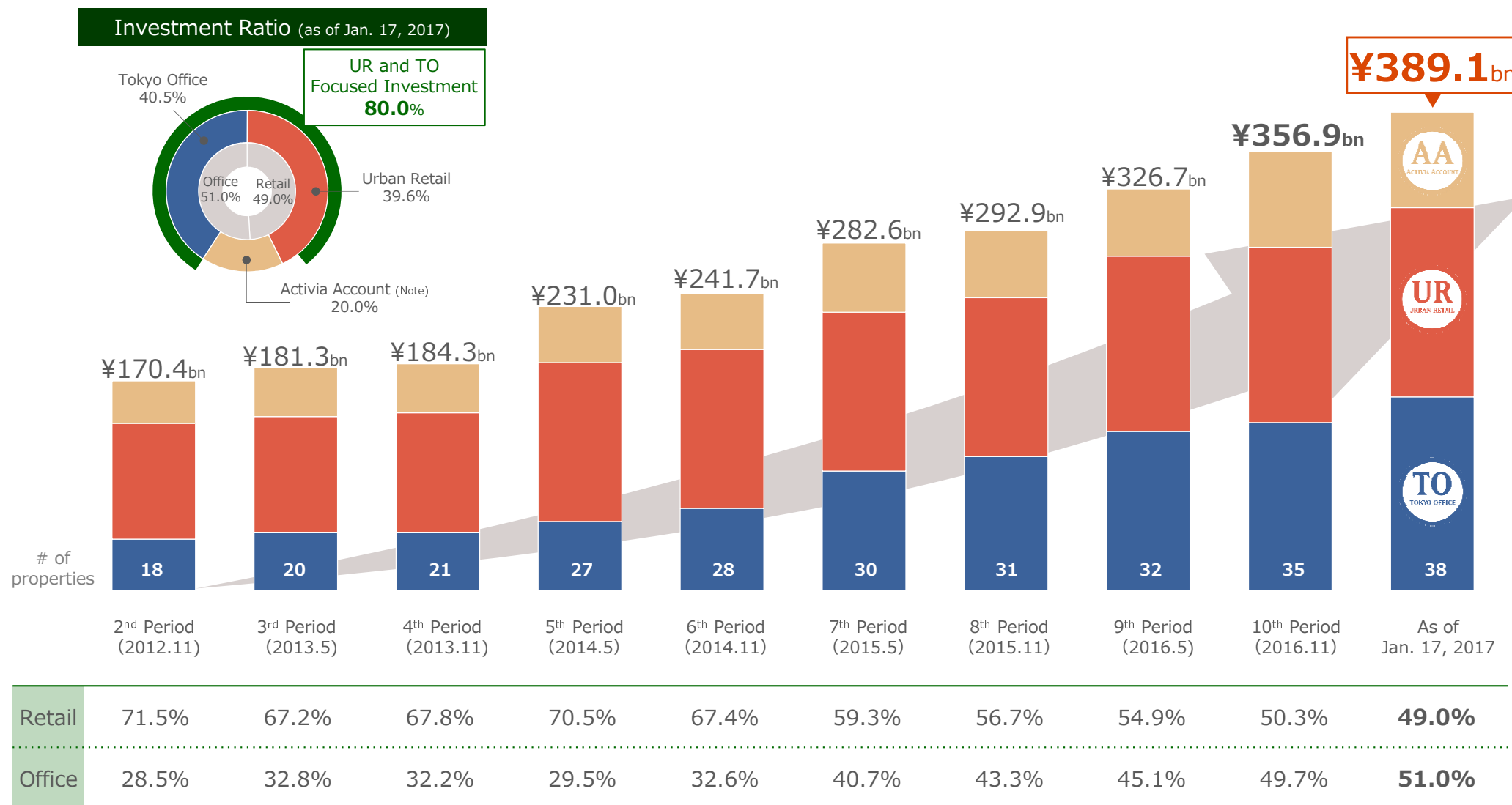
- Actual DPU for the 10th period reached **¥9,021**, mainly due to (i) new contributions from properties acquired in the 10th period (external growth) and (ii) consistent and steady internal growth, exceeding the initial forecast for the 10th period (¥8,651), the actual DPU for the 9th period (¥8,666), as well as the former forecast for the next 11th period (¥8,820)
- Aim to realize DPU level of **¥9,500** in the medium to long term as original target DPU of **¥9,000** level was achieved



(Note) Adjusted for the 2-for-1 unit split effected as of October 1, 2015. Thus, the figures before the 7th period are shown as half as the actual DPU.

External Growth ~ Continuous Expansion of Asset Size ~

- API acquired **3** properties (**¥30.2bn**) from third parties in the 10th period, and acquired **4** properties (**¥32.3bn**) from our sponsor and third parties in the 11th period through the 4th PO
- Since IPO (June 2012), we acquired **21** properties (**¥221.1bn**) and the asset size (acquisition price basis) expanded into **38** properties (**¥389.1bn**), grew as **app.2.3-fold** in **app. 4.5** years



(Note) Please refer to Page 16 for Activia Account Properties. The same shall apply hereafter.

External Growth ~Properties Acquired in the 10th Period and Onwards~

10

- API has continuously acquired properties in the 10th period and onwards, with a consistent acquisition strategy to maintain high quality portfolio with stability and growth potential

**High quality portfolio with
Stability and Growth Potential**

External growth in the 10th period and onwards
based on the consistent acquisition strategy



Stability

Properties located in
"Prime Location"
(well-known landmarks
and high traffic
convenience)

Growth

Properties with
"Rent Upside"
(current actual rent is
below the market rent)

Properties Acquired in the 10th Period and Onwards

Office Buildings located in Prime Locations/
Near Train Stations



Prime Urban Retail Properties located
in Greater Shibuya Area



- Properties acquired in the 10th period and onwards have high competitiveness backed by stability and growth potential

Located in Greater Shibuya Area

	Shiodome Building	Umeda Gate Tower	A-PLACE Gotanda Ekimae	A-PLACE Bashamichi	A-FLAG BIJUTSUKAN DORI	A-FLAG KOTTO DORI	A-FLAG DAIKANYAMA WEST	Greater Shibuya Area
Stability	High ratity with standard office floor area of 1,000 tsubo or more	Located in Umeda, one of the leading business districts in Western Japan where office supply is limited until 2022	Located in front of Gotanda Station with high visibility, addressing needs from retail tenants where customers visit	Located above the Bashamichi Station and limited downside vacancy risk by tenant diversification	Strong presence with open structure and wide street facing location in the Omotesando/Minami-Aoyama area, along Museum Street	Location in the Omotesando/Minami-Aoyama area, facing the corner of Kotto Street	Located along the main street in Daikanyama area where fashionable shops accumulate	Sponsor group's deep knowledge of markets
Growth	Growth potential from redevelopments including Sponsor deals	Upside potential for rent	Upside potential for rent	Upside potential for rent in medium to long term	Fast-growing rents in the area , exceeding the major commercial areas such as Ginza	Upside potential for rent	Upside potential for rent in medium to long term	Tokyu Group's full-out redevelopments surrounding Shibuya Station

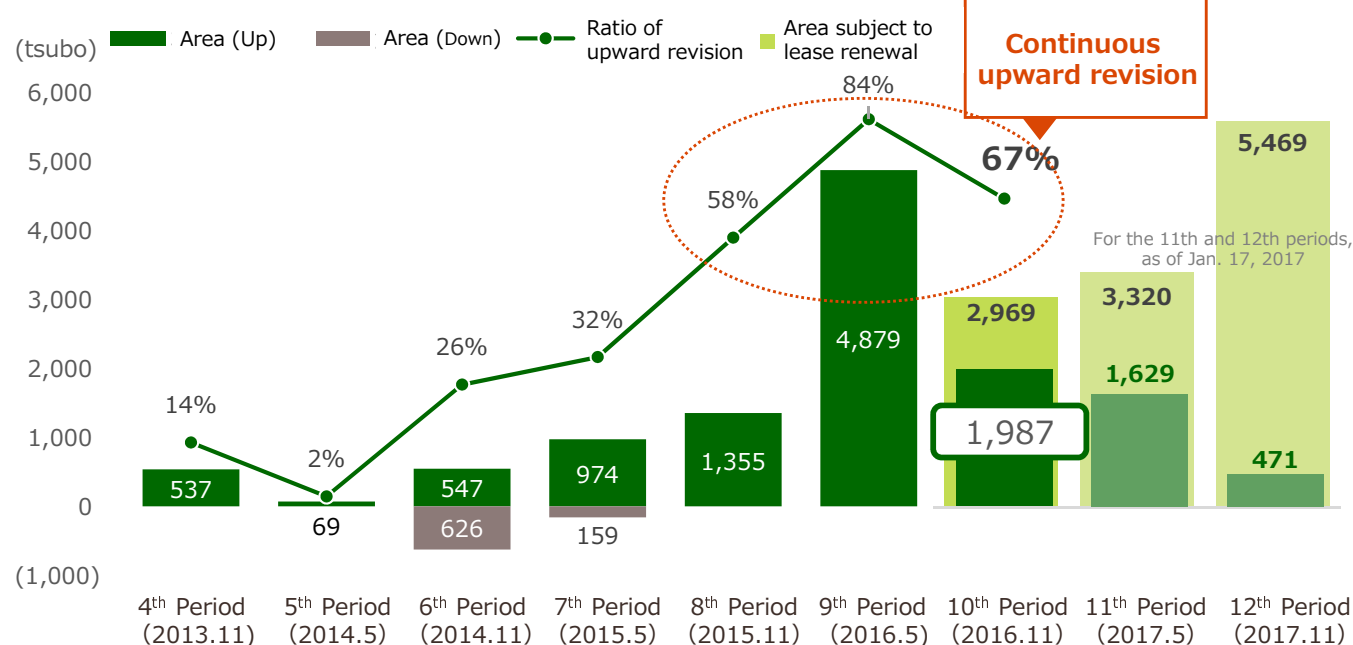
(Note) For the property details, please refer to "Acquisition Highlights" from Page 24 to 28.



1. Upward Rent Revisions

- ▶ Realized app. 67% upward rent revisions out of all lease renewals during the 10th period

Trend of Rent Revisions

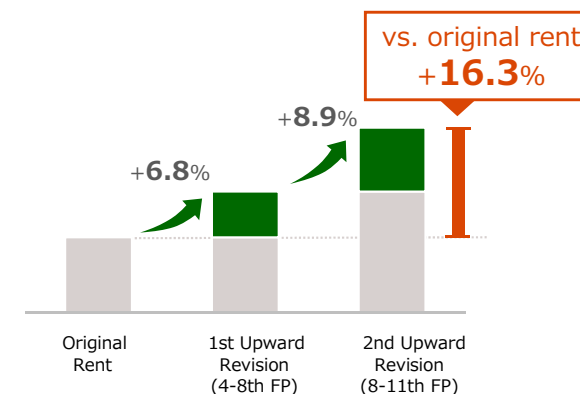


Increase	6.8%	3.6%	7.5%	8.6%	12.9%	5.6%	10.7%
Ave. Rent of Tokyo Office	¥19,338	¥19,813	¥19,230	¥22,242	¥22,127	¥23,358	¥23,441
Rent Gap	5%	-1%	-3%	-4%	-6%	-6%	-5%
Rent Gap in Greater Shibuya Area	3%	-5%	-15%	-15%	-18%	-18%	-16%

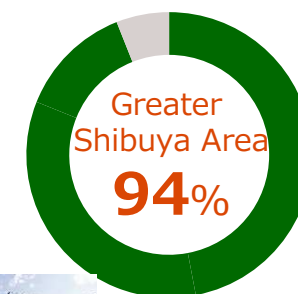
- ▶ Increasing 2nd upward revision with 10 tenants

Results of 2nd Upward Revision

10 tenants (as of Jan. 17, 2017)



Ratio of Upward Revision in Greater Shibuya Area



A-PLACE Ebisu Minami



TLC Ebisu Building

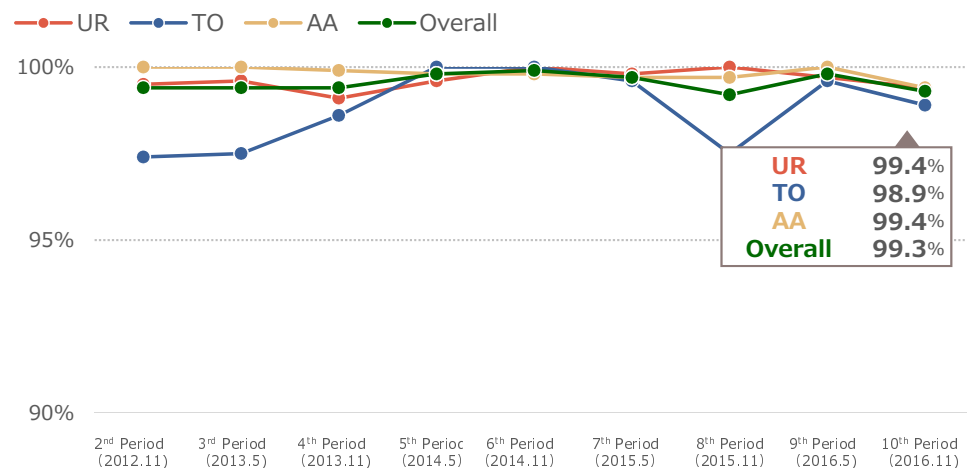


Tokyo Office Properties

1. Trend in Occupancy Rate

- ▶ Maintain stable high occupancy rate (at the end of each FP) at 99% or above since IPO

Occupancy Rate by Category

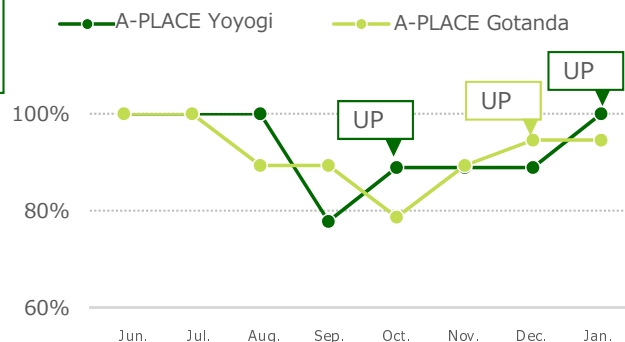


2. Tenant Replacement

- ▶ Succeeded to improve the lease conditions for 9 tenant replacements during the 10th and 11th periods

# of Replacement	14
# of Rent Increase	9
Ave. Ratio of Increase	13.6%
Contribution to Revenue per Period	¥18.8mn
(Note) As of Jan. 17, 2017	

Leasing Improvement of A-PLACE Yoyogi and A-PLACE Gotanda



A-PLACE Yoyogi



A-PLACE Gotanda

3. Strategic Leasing after Move-out of a Major Tenant

- ▶ Except one space, we have completed leasing by catching existing tenants' expansion needs and conducting prompt leasing

Leasing Update of A-PLACE Ebisu Mimami

6F (213 tsubo)	Move-out (plan)(~2017.4)		As of the date of a cancellation notice		
5F (323 tsubo)	Move-out (plan)(~2017.4)	Move-out (plan)(~2017.4)			
4F (424 tsubo)	Move-out (plan)(~2017.4)		Move-out (plan)(~2017.4)		
3F (501 tsubo)	Occupied		Occupied	Occupied	Occupied
2F (501 tsubo)	Occupied	Occupied		Occupied	Occu- pied
1F (443 tsubo)	Occupied		Occupied		

Leasing is completed for
90% of the space to be vacated

Ratio of Increase
+14.3%

6F (213 tsubo)	New Tenant (2017.5~)		As of Jan. 17, 2017		
5F (323 tsubo)	New Tenant (2017.5~)		Internal relocation by existing tenant (2017.5~)		
4F (424 tsubo)	Leasing	New Tenant (2017.5~)		Internal relocation by existing tenant (2017.5~) ※scheduled to contract	
3F (501 tsubo)	Occupied		Floor expansion by existing tenant (2017.7~)	Floor expansion by existing tenant (2017.7~)	Occupied
2F (501 tsubo)	Occupied	Occupied			Occu- pied
1F (443 tsubo)	Occupied			Occupied	

Internal Growth ~Management of Urban Retail Properties ① ~

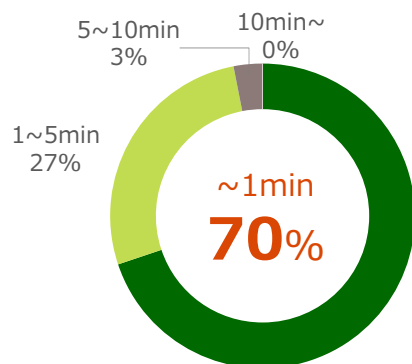
13



Urban Retail Properties

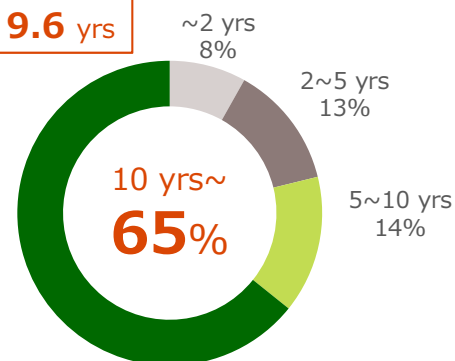
1. Stability of API Urban Retail Properties

- Backed by location, rent contract type, leasing period and remaining contract period, API Urban Retail Properties are characterized by stability

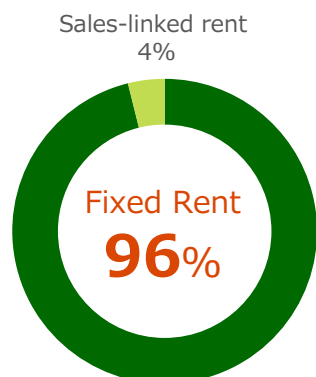
Competitive Location
(walking distance from station)

Long Leasing Periods

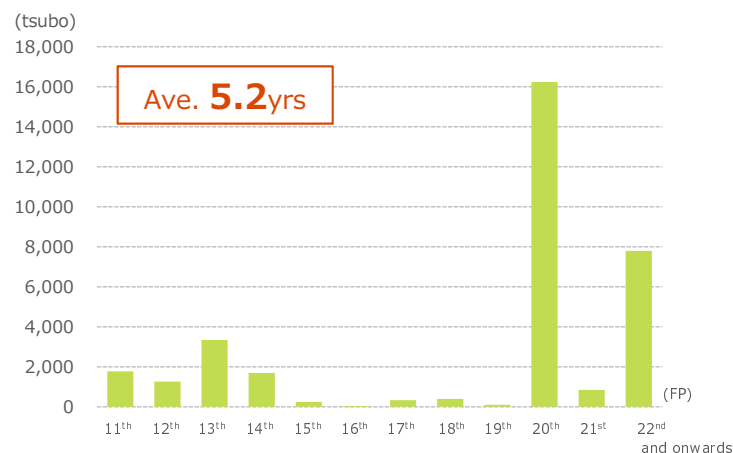
Ave. 9.6 yrs



High Ratio of Fixed Rent



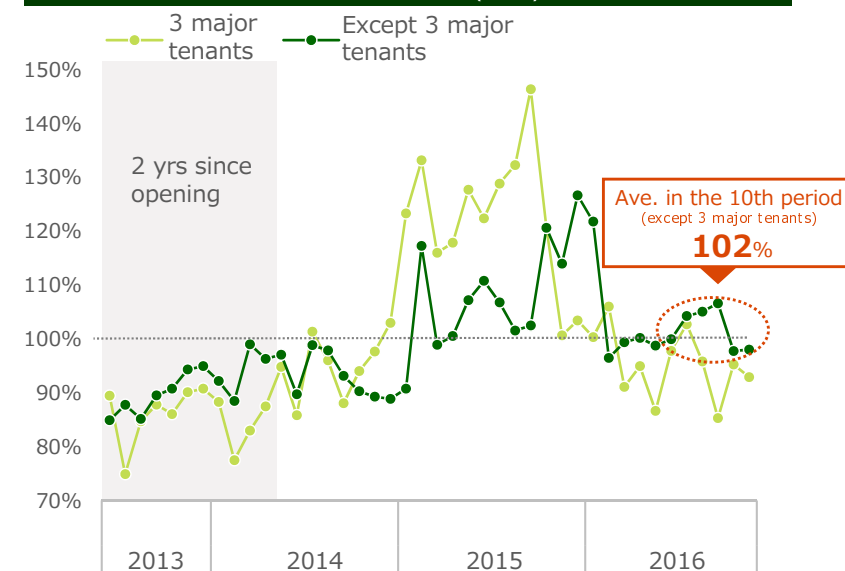
Diversified Remaining Contract Period



2. Operation of Tokyu Plaza Omotesando Harajuku

- Sales are in steady trend except 3 major tenants

Sales Trends (YonY)



- At a timing of 5th anniversary since the grand opening, 2nd Zone Renewals are scheduled in 2017 Spring

New Tenants after Renewals (perspective drawings)

3-5 Floors
5 zones
(175tsubo)



HARUTA



PARTS CLUB

Internal Growth ~Management of Urban Retail Properties ② ~



Urban Retail Properties

1. Urban Retail Properties including Hotels

- ▶ As well-known landmarks and with high traffic convenience, domestic guests, as a stable customer base, account for app. 89%

	Tokyu Plaza Akasaka	A-FLAG SAPPORO	Kobe Kyu Kyoryuchi 25Bankan
			
Location	In front of Akasaka-Mitsuke Station	Gateway to Susukino Area	Center of the Former Foreign Settlement
# of Rooms	487	575	116

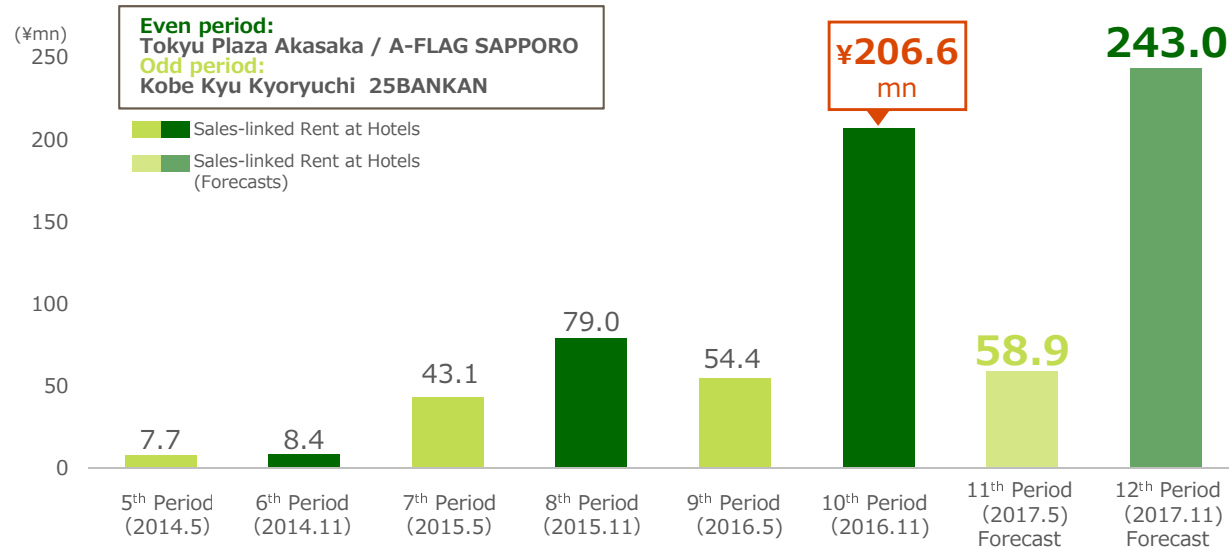
Stable Customer Base
(based on revenue)



2. Trends in Sales-linked Rents at Hotels

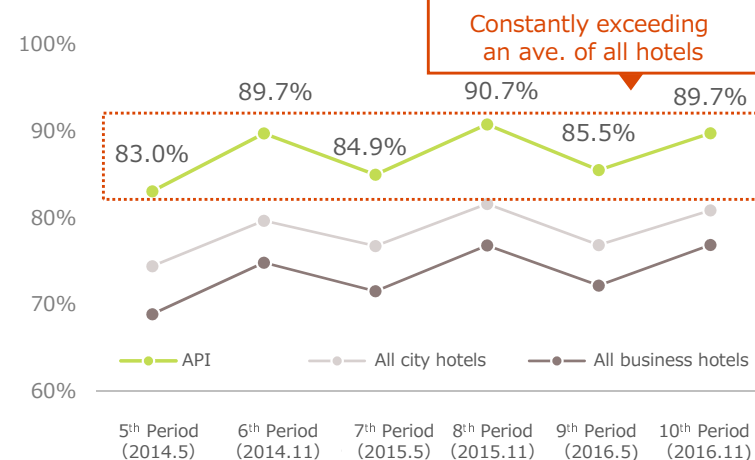
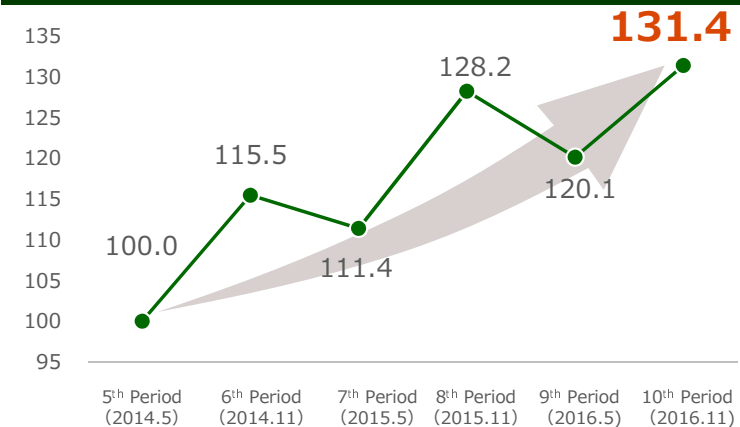
- ▶ Sales-linked rent has been increasing steadily

Trends in Sales-linked Rents at Hotels



3. Stable High Occupancy Rates with Buoyant RevPAR

- ▶ By increasing ADR with stable occupancy rates, RevPAR is in upward trend

Trends of Occupancy Rate
(Ave. of 3 hotels)Trends of Hotel Earnings (RevPAR) (Ave. of 3 hotels)
(indexed to 100 as at 5th period)

Internal Growth ~Other Topics~

■ Implemented various measures across categories such as Urban Retail Properties and Tokyo Office Properties for continuous growth

1. Build Relationships in Office Buildings

- ▶ Early conclusion of lease contracts and recurring rents by building tenant relationships that enable to grasp tenant needs of internal relocation and floor expansion

Track Record of Leasing of Office Buildings over the Past Two Year

	Overall average	Internal relocation or floor expansion
DT period (move-out→delivery)	2.3months	1.6months

Achieved early contribution and monetizing

2. Improvement in Retail Properties

- ▶ Rent increases at lease renewals and switching to new electricity reduced costs in retail properties with stability

Examples of upward rent revisions

Tokyu Plaza Akasaka	5 tenants	+16.8%
A-FLAG AKASAKA	1 tenant	+3.4%
icot Omori	3 tenants	+2.0%



A-FLAG AKASAKA

Examples of switching to new electricity

icot Omori	Reduced 7~10% electricity cost
A-FLAG AKASAKA	
A-FLAG SHIBUYA	
Q plaza EBISU	
Q plaza SHINSAIBASHI	
Kobe Kyu Kyoryuchi 25Bankan	



Q plaza EBISU



A-FLAG SHIBUYA

3. Measures to Increase Tenant Satisfaction

- ▶ Achieved measures for value-up to improve tenant satisfaction

Value-ups



Renovation of toilet facilities (washbasin, fitting boards)
(Tokyu Plaza Omotesando Harajuku)



Renovation of guest rooms
(Tokyu Plaza Akasaka)



Installation work of security cameras for continuous surveillance, day and night
(A-PLACE Yoyogi)



Remodeling work of EV hall
(A-PLACE Gotanda Ekimae)



Replacement of air conditioning units
(A-FLAG SAPPORO)



Remodeling work of rest areas
(Osaka Nakanoshima Building)



Conversion to LED lightning
(A-FLAG SAPPORO)



Replacement of wall panels
(icot Tama Center)

4. Review of Office Building Management System

- ▶ Continuously achieved improvement in management quality and cost reductions by conducting appropriate changes of PM/BM companies



A-PLACE Shinbashi



A-PLACE Shinagawa



A-PLACE Ebisu Higashi



A-PLACE Shibuya



A-PLACE Konnoh



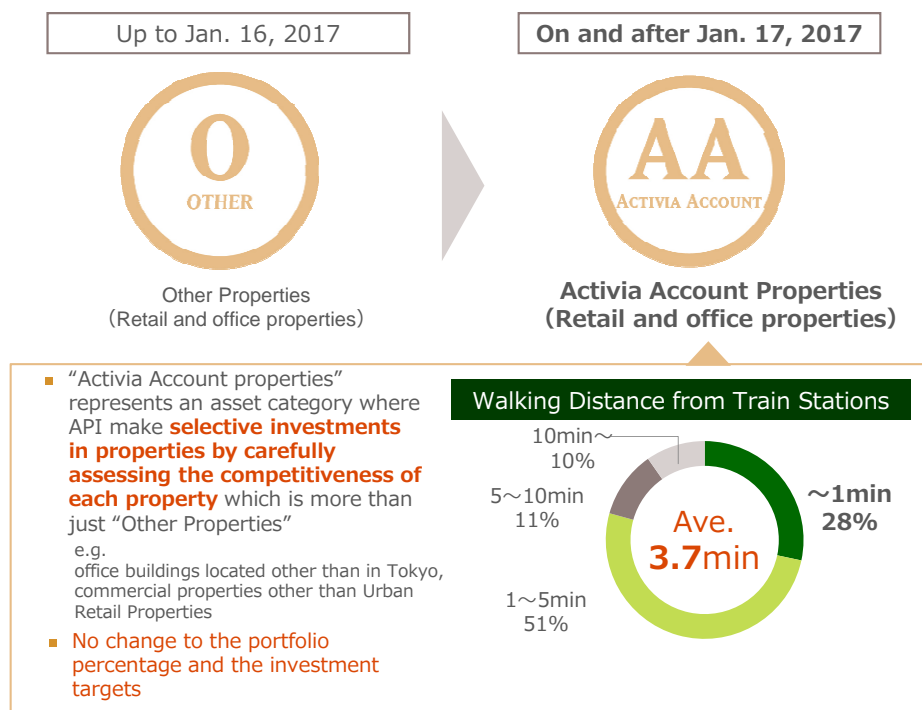
A-PLACE Gotanda Ekimae

A-PLACE Bashamichi

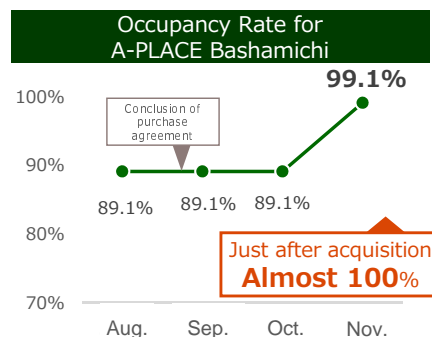
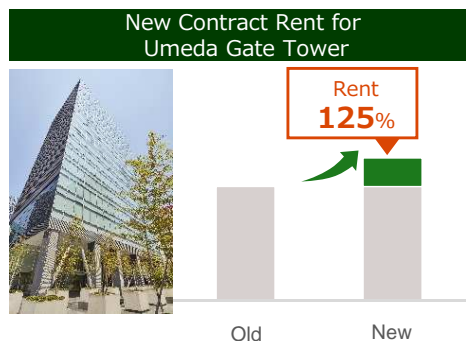
management quality improvement by changes of PM/BM companies	●	●	●	●	●	●
Cost reductions by change of management systems	●				●	

Internal Growth ~Activia Account Properties~

- In order to clarify positioning of “Other Properties”, API changed one of its asset category name, “Other Properties”, to “**Activia Account Properties (AA)**”
- No changes will be made to the portfolio composition policy investing primarily in “Urban Retail Properties” and “Tokyo Office Properties”
- ▶ Use category name “Activia Account Properties” positioned as strategic investment target



- ▶ Internal growth backed by individual competitiveness in newly acquired properties



Major Properties Categorized in “Activia Account Properties”

Office buildings

Umeda Gate Tower

< Acquired in Sep. 2016 >



- New office building with state-of-the-art specifications in one of leading business districts in western Japan
- A lease agreement concluded in vacant section, with **125%** rent vs. previous tenant in Nov. 2016

Location	Tsurunochi, Kita-ku, Osaka, Osaka	Acquisition price	¥19,000mn
Closest station	3-minute walk from Umeda Station on the Hankyu Kyoto Line	Appraisal NOY yield	4.3%

A-PLACE Kanayama

< Acquired in Jun. 2012 >



- The landmark building located in front of Kanayama station as a transport hub
- Maintaining **100% occupancy rate** Since Mar. 2014 and **upward rent revisions with 7 tenants for 111%** rent vs. previous tenants

Location	Kanayama, Nagoya, Aichi	Acquisition price	¥6,980mn
Closest station	1-minute walk from Kanayama station on Nagoya Municipal Subway Meijo Line and others	Appraisal NOY yield	5.6%

Osaka Nakanoshima Building

< Acquired in Jan. 2013 and Dec. 2014 >



- The large-scale office building located in Nakanoshima area where office buildings concentrate, which is a multi-tenant type building comprised of 41 tenants
- Achieved **upward rent revision at an average of 107%** with 3 tenants since the 10th period

Location	Nakanoshima, Kita-ku, Osaka City, Osaka	Acquisition price	¥11,100mn
Closest station	1-minute walk from Obashi station on Keihan Nakanoshima Line	Appraisal NOY yield	5.8%

Retail properties

icot Omori

< Acquired in Dec. 2013 >



- Located near station, 3-minute walk from Omori station with excellent traffic accessibility to the city center
- No downtime replacement with **111%** rent vs. previous tenant in Jul. 2016

Location	Omori, Ota-ku, Tokyo	Acquisition price	¥5,790mn
Closest station	3-minute walk from Omori station on the JR Keihin-Tokaido Line	Appraisal NOY yield	5.1%

Amagasaki Q's MALL (Land)

< Acquired in Jun. 2012 >



- The landmark property with a gross floor area of 50,000 tsubo, which is 2-minute walk from Amagasaki station
- Revenue stability with almost no fluctuation on NOI yield due to a **Long-term lease contract effective until 2042**

Location	Shioe, Amagasaki City, Hyogo	Acquisition price	¥12,000mn
Closest station	2-minute walk from Amagasaki station on JR Tokaido Main Line and other	Appraisal NOY yield	5.0%

icot Nakamozu

< Acquired in Jun. 2012 >



- Located near Nakamozu station on Midosuji line in Nakamozu area where housing concentration is growing steadily
- Revenue stability Based on a **long-term lease contract effective until 2027**

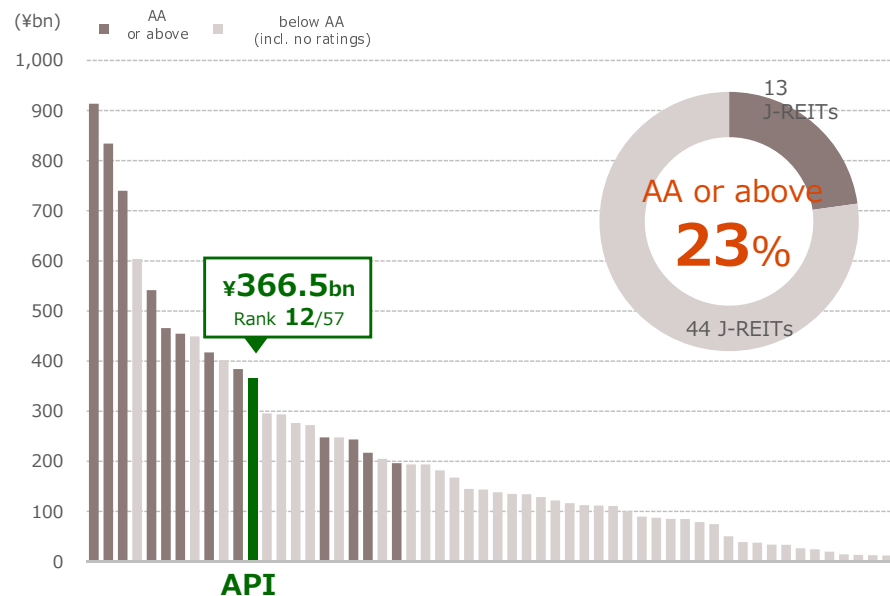
Location	Nakamozu, Kita-ku, Sakai City, Osaka	Acquisition price	¥8,500mn
Closest station	6-minute walk from Nakamozu station on Osaka Municipal Subway Midosuji Line	Appraisal NOY yield	6.4%

Financing Strategy ~Status of Financing ① ~

- ▶ Long-term issuer rating was upgraded to AA in Oct. 2016

Issuer Rating			
Credit Rating Agency	Type of Credit Rating	Rating	Outlook
JCR (Japan Credit Rating Agency, Ltd.)	Long-term issuer rating	AA- ➔ AA	Stable

J-REIT Credit Rating Status (by market cap as of the end of Dec. 2016)



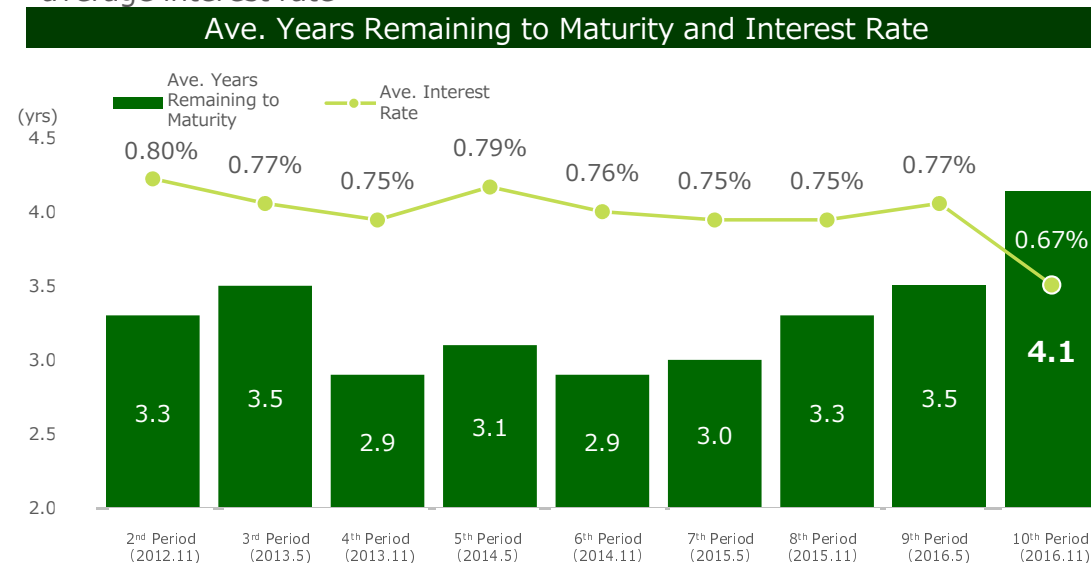
Among 27 J-REITs listed in 2012 or after,
only **4** J-REITs have AA or above ratings

4 / 27

- ▶ Implemented strategic refinance of ¥25.9 bn in the 10th period and onwards and lengthened ave. remaining maturity by 3.9 yrs

		Before	After		Change
① Jun. 13	¥12bn	4.0yrs 0.87%	(¥60bn) 8.0yrs 0.33%	(¥60bn) 8.5yrs 0.37%	+4.3yrs △0.52pt
② Jun. 30	¥2.4bn	0.7yrs 0.17%	3.0yrs 0.03%		+2.2yrs △0.15pt
③ Nov. 2	¥3.1bn (¥0.7bn repaid)	0.3yrs 0.14%	0.7yrs 0.16%		+0.3yrs +0.02pt
④ Dec. 13	¥6.0bn	2.5yrs 0.18%	9.5yrs 0.70%		+7.0yrs +0.51pt
⑤ Dec. 26	¥2.4bn	1.2yrs 0.17%	0.4yrs 0.16%		△0.8yrs △0.01pt
Average/Total Refinance	¥25.9bn (¥0.7bn repaid)	2.7yrs 0.49%	6.6yrs 0.37%		+3.9yrs △0.13pt

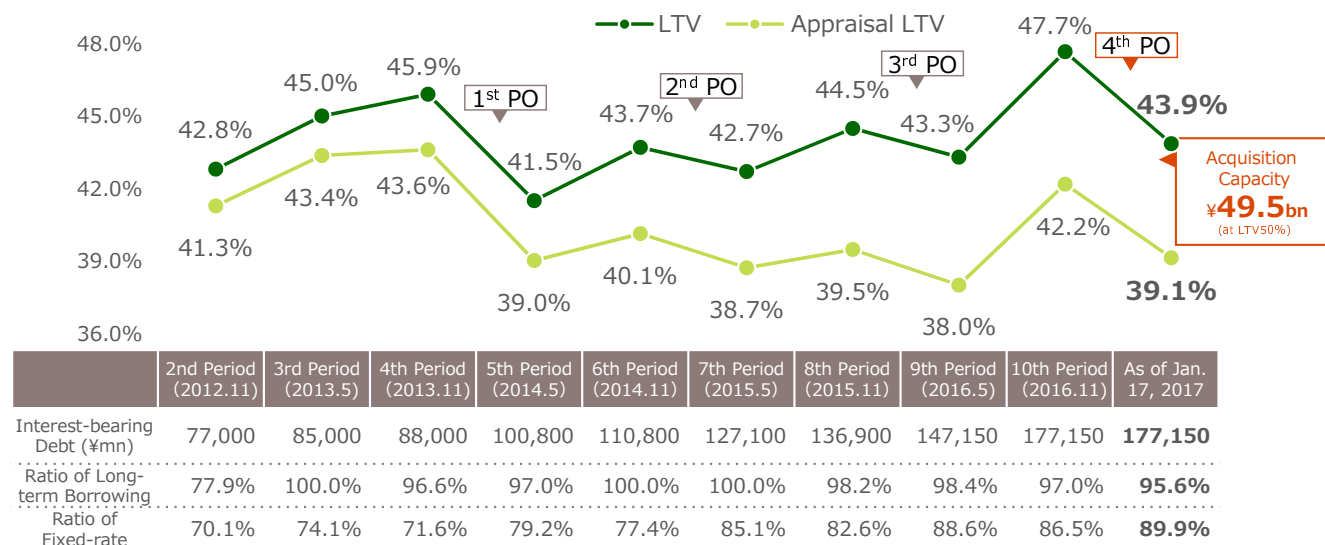
- ▶ Achieved lengthening average years remaining to maturity while lowering average interest rate



Financing Strategy ~Status of financing ②~

► Strategic LTV Control to create enough acquisition capacity

Trends in LTV and Borrowing Figures (as of Jan. 17, 2017)



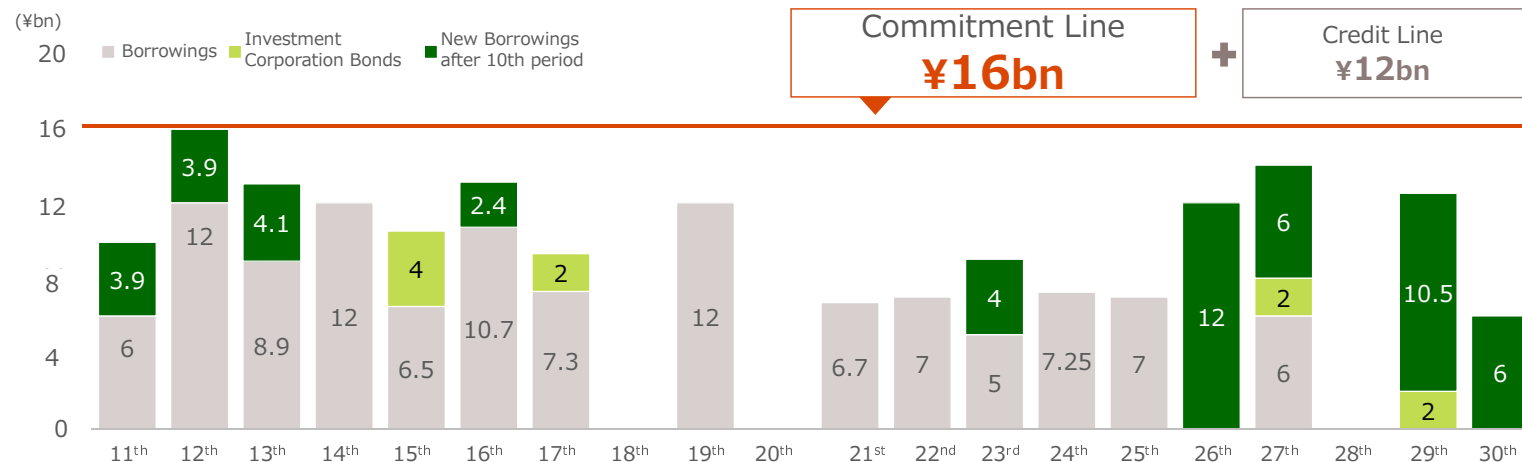
► Solid Lender Formation

Diversified Lender Formation (as of Jan. 17, 2017)

Lender name	Amount (¥mn)	Ratio (%)	Lender name	Amount (¥mn)	Ratio (%)
Sumitomo Mitsui Trust Bank, Limited	38,120	21.5	Mizuho Trust & Banking Co., Ltd.	6,700	3.8
Mitsubishi UFJ Trust and Banking Corporation	28,520	16.1	Resona Bank, Ltd.	3,000	1.7
Mizuho Bank, Ltd.	28,520	16.1	Shinkin Central Bank	2,500	1.4
The Bank of Tokyo-Mitsubishi UFJ Ltd.	28,520	16.1	The Bank of Fukuoka, Ltd.	2,000	1.1
Sumitomo Mitsui Banking Corporation	13,285	7.5	The Norinchukin Bank	1,700	1.0
Development Bank of Japan Inc.	13,285	7.5	The Gunma Bank, Ltd.	1,000	0.6
Investment Corporation Bonds	10,000	5.6	Interest-bearing Debt	177,150	100

► Enhancing financial stability through lengthening and diversifying maturity period




Maturity Ladder (as of Jan. 17, 2017) and Borrowings to be Refinanced



Borrowings Close to be Refinanced			
(FP)	Amount	Ave. Years	Ave. Interest Rate
11th	¥9.9bn	2.6yrs	0.19%
12th	¥15.9bn	4.0yrs	0.76%
13th	¥13.0bn	3.3yrs	0.46%
14th	¥12.0bn	6.0yrs	1.06%
Average /Total	¥50.8bn	4.0yrs	0.64%

Continuously aiming financing at low interest rate

Appraisal Values of Properties ~as of Nov. 30, 2016~

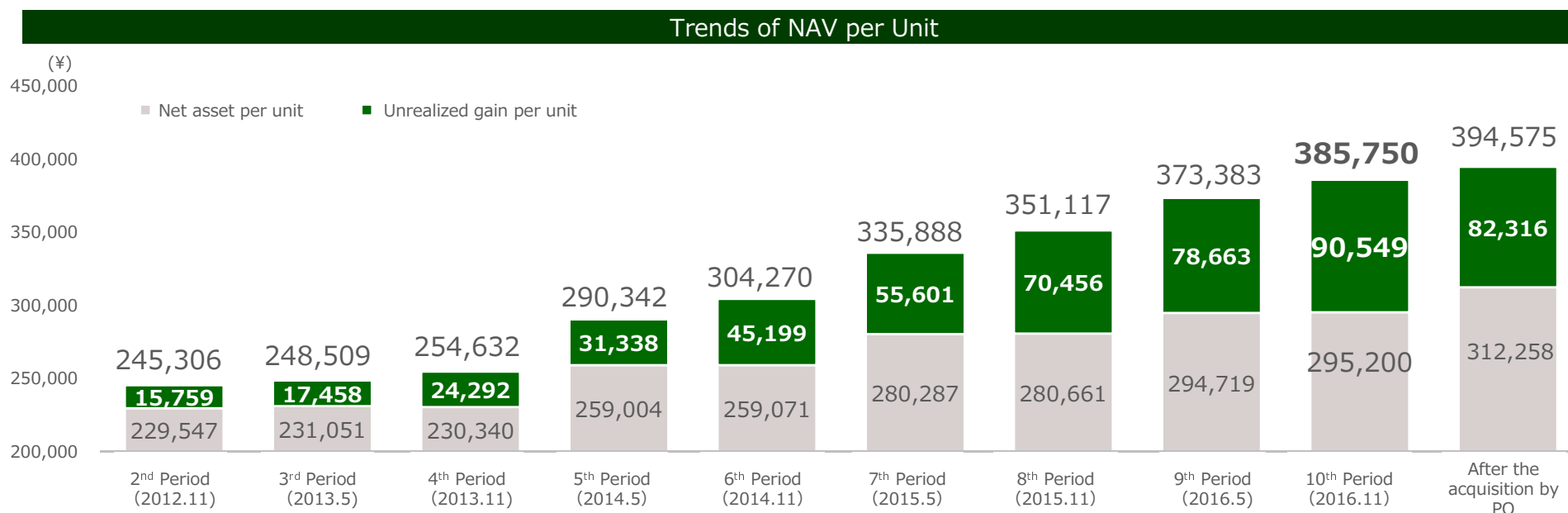
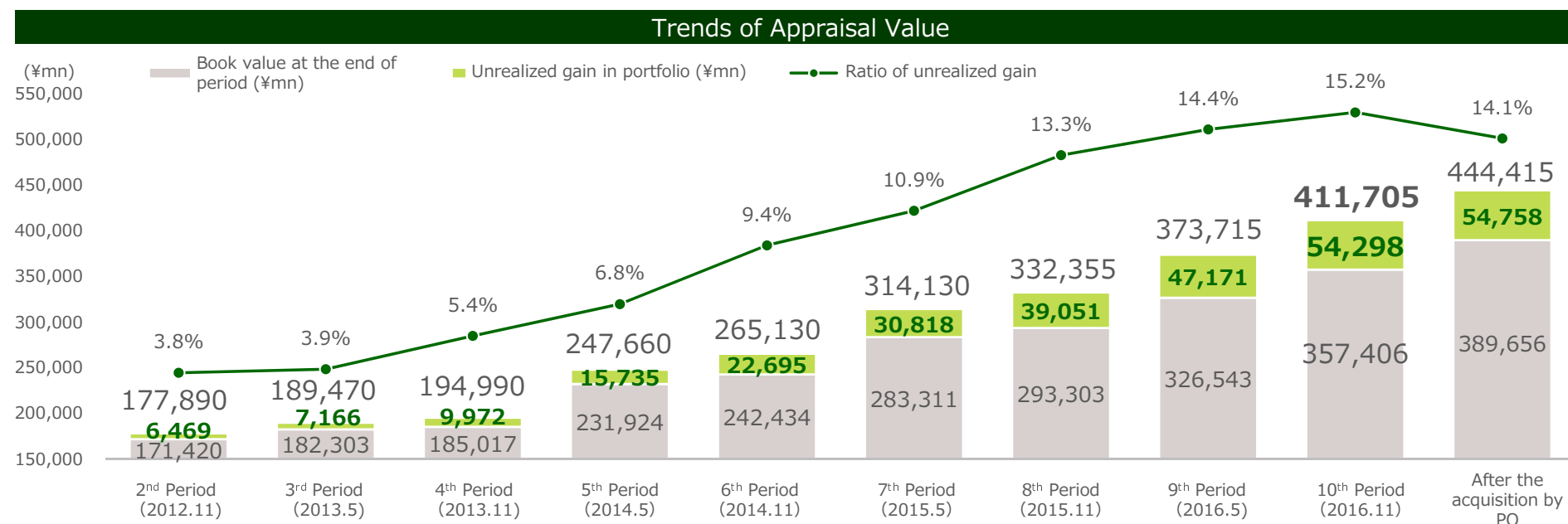
(In millions of yen)										
Category	Property number	Property name	Acquisition price (A)	Investment ratio (%)	Book value at end of period (B)	Appraisal value		Difference from previous period (D-C)	Difference from acquisition price (D-A)	Difference from book value (D-B)
						As of May 31, 2016 (C)	As of Nov. 30, 2016 (D)			
	UR-1	Tokyu Plaza Omotesando Harajuku (Note 1)	45,000	12.6	44,916	54,525	54,975	450	9,975	10,058
	UR-2	Tokyu Plaza Akasaka (Note 1)	11,450	3.2	11,834	14,000	14,500	500	3,050	2,665
	UR-3	Q plaza EBISU	8,430	2.4	8,322	10,200	10,400	200	1,970	2,077
	UR-4	Shinbashi Place	20,500	5.7	20,348	24,700	24,900	200	4,400	4,551
	UR-5	Kyoto Karasuma Parking Building	8,860	2.5	8,799	10,900	11,100	200	2,240	2,300
	UR-6	A-FLAG AKASAKA	3,000	0.8	3,097	3,520	3,600	80	600	502
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	21,330	6.0	21,200	25,100	25,300	200	3,970	4,099
	UR-8	A-FLAG SAPPORO	4,410	1.2	4,590	6,550	6,670	120	2,260	2,079
	UR-9	A-FLAG SHIBUYA	6,370	1.8	6,372	7,190	7,290	100	920	917
	UR-10	Q plaza SHINSAIBASHI	13,350	3.7	13,490	13,400	13,500	100	150	9
	Sub-total		142,700	40.0	142,972	170,085	172,235	2,150	29,535	29,262
	TO-1	TLC Ebisu Building	7,400	2.1	7,421	8,800	9,080	280	1,680	1,658
	TO-2	A-PLACE Ebisu Minami	9,640	2.7	9,475	11,800	12,500	700	2,860	3,024
	TO-3	A-PLACE Yoyogi	4,070	1.1	3,969	4,330	4,420	90	350	450
	TO-4	A-PLACE Aoyama	8,790	2.5	8,685	9,110	9,440	330	650	754
	TO-5	Luogo Shiodome	4,540	1.3	4,358	5,660	5,760	100	1,220	1,401
	TO-6	TAMACHI SQUARE (Land) (Note 2)	2,338	0.7	2,362	2,620	2,690	70	352	327
	TO-7	A-PLACE Ikebukuro	3,990	1.1	3,840	4,730	4,790	60	800	949
	TO-8	A-PLACE Shinbashi	5,650	1.6	5,770	6,430	6,510	80	860	739
	TO-9	A-PLACE Gotanda	5,730	1.6	5,636	6,300	6,400	100	670	763
	TO-10	A-PLACE Shinagawa	3,800	1.1	3,800	4,230	4,270	40	470	469
	TO-11	OSAKI WIZTOWER	10,690	3.0	10,906	13,600	13,900	300	3,210	2,993
	TO-12	Shiodome Building (Note 1)	50,700	14.2	50,696	52,000	52,750	750	2,050	2,053
	TO-13	A-PLACE Ebisu Higashi	7,072	2.0	7,196	7,360	7,490	130	418	293
	TO-14	A-PLACE Shibuya Konnoh	4,810	1.3	4,983	5,000	5,020	20	210	36
	TO-15	A-PLACE Gotanda Ekimae (Note 3)	7,280	2.0	7,574	-	7,400	-	120	△174
	Sub-total		136,500	38.2	136,678	141,970	152,420	3,050	15,920	15,741
	AA-1	Amagasaki Q's MALL (Land)	12,000	3.4	12,113	13,100	13,300	200	1,300	1,186
	AA-2	icot Nakamozu	8,500	2.4	8,273	10,000	10,100	100	1,600	1,826
	AA-4	icot Mizonokuchi	2,710	0.8	2,663	3,210	3,250	40	540	586
	AA-5	icot Tama Center	2,840	0.8	2,709	3,450	3,650	200	810	940
	AA-6	A-PLACE Kanayama	6,980	2.0	6,584	7,780	7,880	100	900	1,295
	AA-7	Osaka Nakanoshima Building	11,100	3.1	11,086	12,800	13,100	300	2,000	2,013
	AA-8	icot Omori	5,790	1.6	5,726	6,360	6,360	0	570	633
	AA-9	Market Square Sagamihara	4,820	1.4	4,804	4,960	4,990	30	170	185
	AA-10	Umeda Gate Tower (Note 3)	19,000	5.3	19,691	-	20,000	-	1,000	308
	AA-11	A-PLACE Bashamichi(Note 3)	3,930	1.1	4,101	-	4,420	-	490	318
	Sub-total		77,670	21.8	53,958	61,660	87,050	970	9,380	9,294
	Total		356,870	100.0	357,406	373,715	411,705	6,170	54,835	54,298

(Note 1) Values for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Shiodome Building are calculated based on the pro rata share of the respective co-ownership interests (75%, 50% and 25% respectively).

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

(Note 3) No appraisal value as of May 31, 2016 is stated as A-PLACE Gotanda Ekimae, Umeda Gate Tower and A-PLACE Bashamichi were acquired after Jun. 1, 2016.

Trends of Appraisal Value/NAV per Unit



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

1. Sustainability Activities

- ▶ Highest grade “Green Star” for three consecutive years



- GRESB is a benchmark established primarily by major European pension fund groups that measure sustainability performance in the real estate sector. Major institutional investors in Europe and Asia use the benchmark to select investments.
- API was designated as highest grade “Green Star” for three consecutive years since 2014, after participating in the GRESB survey in 2013.

- ▶ Acquired CASBEE property assessment certification



Osaka Nakanoshima Building



A-PLACE Shinagawa

※ Acquired as of Nov. 25, 2016

- CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a rating system that comprehensively evaluates environment-friendliness such as energy conservation and use of environmental load-reducing materials/equipment, as well as building quality including comfort of rooms and care for landscape.
- 8 properties acquired CASBEE certification, evaluated as the highest grade of five ranks.

- ▶ Consecutively acquired DBJ Green Building Certification



- The DBJ Green Building Certification is awarded to properties with environment-friendly facilities on a scale of one star to five stars (with five stars being the highest).
- 7 properties were awarded DBJ Green Building Certification with three stars to five stars.

2. Continued IR Activity

- We Visited not only across Japan but also North America, Europe and Asia for meetings with 166 institutional investors inside and outside Japan.
- API continuously participated in J-REIT Caravan organized by ARES or securities companies, and brokerage-sponsored seminars held in its head office or branches in order to help individual investors become familiar with us. During the 10th period, we held 11 seminars and drew approx. 1,200 individual investors.

Seminars for Individual Investors



3. Reorganization of Asset Manager (effective on Apr. 1, 2017)

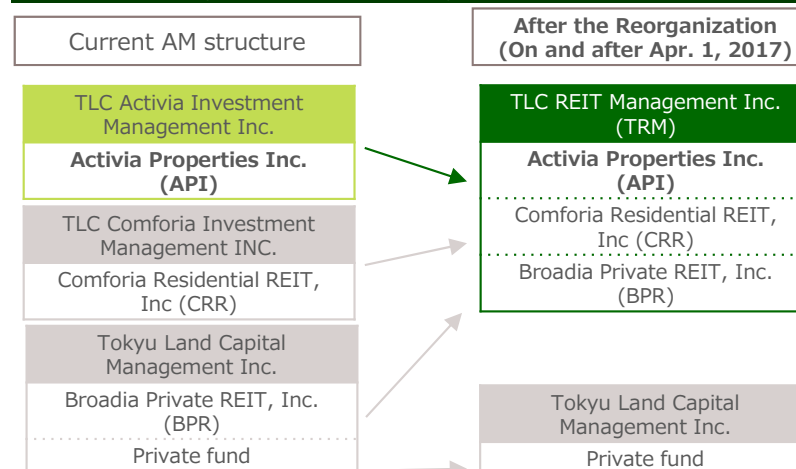
- ▶ Aim to increase unitholder value by strengthening AM capabilities

Objectives of the Reorganization

- | | |
|----|--|
| 1. | Sophisticated AM operations |
| 2. | Expansion of chances of acquiring properties |
| 3. | Further development in HRs |

Enhance unitholder value by strengthening AM capabilities

Change of Asset Management Operations



The Order of Priority on Information Provided by the Sponsor

- API have priority in information provided by the sponsor. **(unchanged before and after the Reorganization)**
- Regarding information provided by a third party, API have priority in retail properties and offices with gross floor area of **3,000 m² or more.**

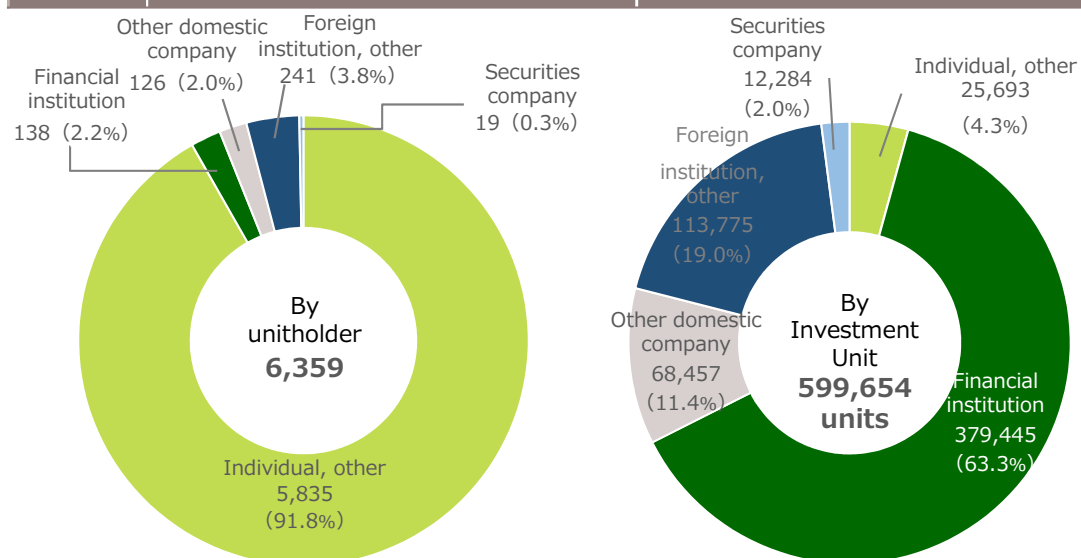
3. Others

Distribution of Unitholders (As of the end of Nov. 2016)

22

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

	10th Period (Nov. 2016)				9th Period (May. 2016)			
	# of unit-holders	Ratio	# of units	Ratio	# of unit-holders	Ratio	# of units	Ratio
Individual, other	5,835	91.8%	25,693	4.3%	6,012	92.5%	25,797	4.3%
Financial institution	138	2.2%	379,445	63.3%	132	2.0%	382,610	63.8%
Other domestic company	126	2.0%	68,457	11.4%	135	2.1%	68,880	11.5%
Foreign institution, other	241	3.8%	113,775	19.0%	206	3.2%	110,877	18.5%
Securities company	19	0.3%	12,284	2.0%	17	0.3%	11,490	1.9%
Total	6,359	100%	599,654	100%	6,502	100%	599,654	100%

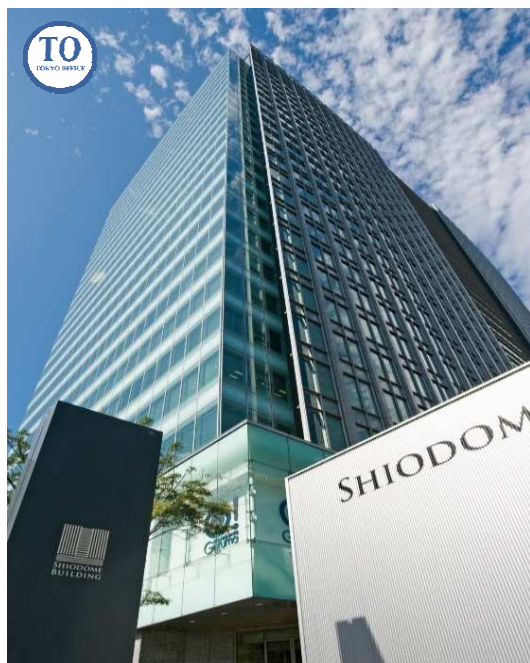


2. Top 10 Unitholders

	Name	Investment units	Ratio (%)
1.	Japan Trustee Services Bank, Ltd. (Trust accounts)	147,262	24.6
2.	The Master Trust Bank of Japan, Ltd. (Trust accounts)	63,813	10.6
3.	Tokyu Land Corporation	61,913	10.3
4.	Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	55,798	9.3
5.	The Nomura Trust and Banking Co., Ltd (Investment accounts)	22,244	3.7
6.	State Street Bank & Trust Company	9,782	1.6
7.	State Street Bank & Trust Company 505223	8,404	1.4
8.	THE BANK OF NEW YORK MELLON SA/NV 10	7,656	1.3
9.	State Street Bank & Trust Company 505012	6,105	1.0
10.	JPMorgan Securities Japan Co., Ltd.	5,802	1.0
	Total	388,779	64.8

Acquisition Highlights

External Growth~Properties Acquired in the 10th and 11th Periods (Shiodome Building)~ 24

TO-12 Shiodome Building (additional 10% co-ownership interest)❖ **Additional Acquisition of Interest in High-grade Modern Office Building Located within Tokyo Five Central Wards from Sponsor Group****① High-grade Office Building**

High-grade building able to meet various needs

② Accessibility

Traffic convenience with easy access to 2 train stations on 5 lines and vicinity to Haneda Airport

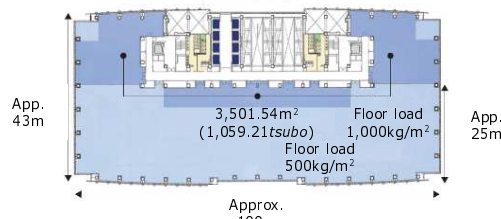
③ Growth Potential of the City

Growth potential with large-scale redevelopment projects nearby

► Modern Office Building

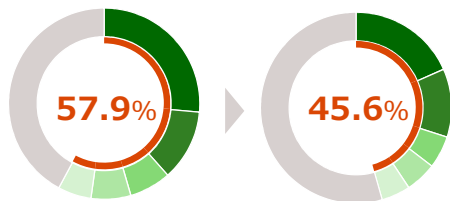
- Standard office floor area of more than 1,000 tsubo, with ceiling height of 2.9m, OA floor width of 100mm and pillar-less structure providing flexible layout options to address various tenant needs
- Security enhanced with non-contact IC cards and strong BCP ability underpinned by 149 concrete piles and resistance to quake and wind with quake-proof walls

Office Floor Plan

**Portfolio Diversification (in Top 5 Properties) (based on acquisition price)**

At our listing
¥170.4bn

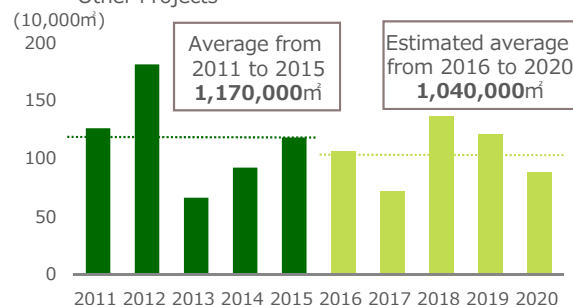
As of Jan. 17, 2017
¥389.1bn



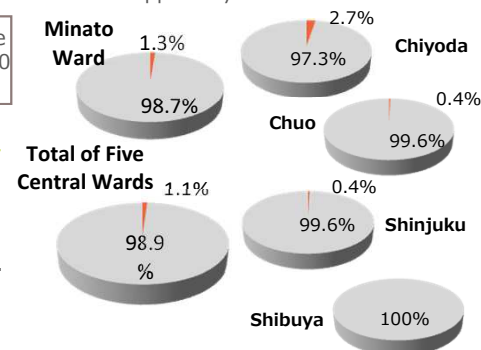
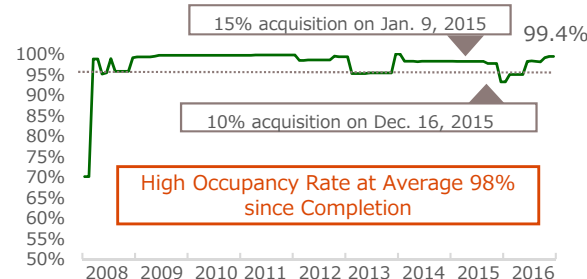
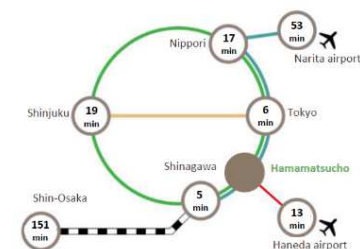
Location	Kaigan, Minato-ku, Tokyo
Closest station	3-minute walk from Hamamatsucho Station on the JR Yamanote Line and Keihin Tohoku Line 3-minute walk from Daimon Station on Toei Asakusa Line and Oedo Line
Acquisition price	¥20,900mn
Appraisal value	¥21,100mn
VS Appraisal value	99.1%
Appraisal NOI yield	3.9%
Occupancy rate	99.4% (as of Nov. 30, 2016)
No. of Tenants	37 (as of Nov. 30, 2016)

Supply of Large Office Buildings in Tokyo 23 Wards

Supply Forecast in Consideration of Progress of Other Projects

**Rarity of Buildings with Standard Floor Area of Greater Than or Equal to 1,000 tsubo**

Estimates include those to be supplied by March 2020

**High Occupancy Rate Since Completion****Traffic Convenience****► Growth Potential of the City**

- Hamamatsucho Area is expected to grow its potential as a gateway to Haneda Airport as part of the Urban Redevelopment Step Up Project in Takeshiba District in which the sponsor is involved and several other redevelopment projects are under way that will supply theaters, convention halls and other facilities as well as the extension plan of the Tokyo Monorail.

Potential Backed by Redevelopment Projects in Hamamatsucho Area

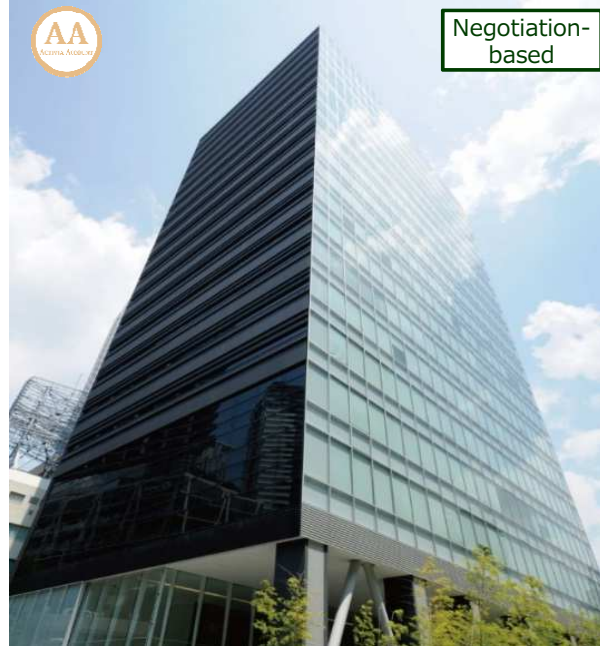
Redevelopment Project (Developer)	Total floor area	Use	Completion
Hamamatsucho 2-chome District 4 (A Block)	Approx. 270,000m ²	Office, shops, station of Tokyo Monorail, bus terminal, conference center, medical center, childcare support center, etc.	FY2024
(B Block) (Nissei Hamamatsucho Creatower)	Approx. 99,000m ²	Office, shops, convention hall, conference center, etc.	August 2018
Takeshiba Waterfront Development Project	Approx. 103,000m ²	Hotel, office, retail facilities, theater, etc.	2020 spring or after
(Tentative) Urban Regeneration Step Up Project (Takeshiba District) (A Block)	Approx. 180,000m ²	Office, exhibition hall, convention hall, shops, etc.	May 2020
(B Block)	TBD	Residence	TBD
Shibaura 1-chome Redevelopment Project	TBD	TBD	TBD

4. Acquisition Highlights

External Growth~Properties Acquired in the 10th and 11th Periods (Umeda Gate Tower)~ 25

AA-10 Umeda Gate Tower (88.4% stratified ownership interest)

❖ New Office Building with State-of-the-art Specifications in One of Leading Business Districts in Western Japan



Negotiation-based

① Leading Business District in Western Japan

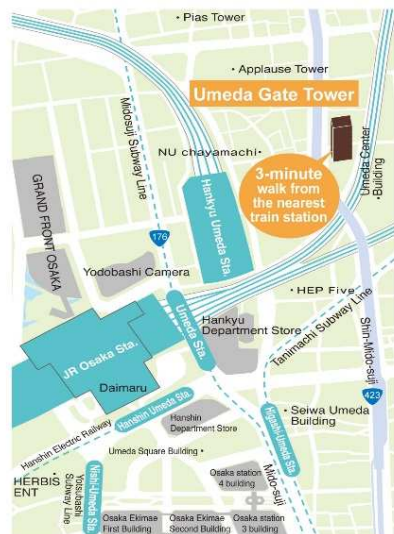
Prime location near Umeda Station, one of the leading business districts in western Japan

② State-of-the-art Office Building

Well-designed pillar-less structure to address various needs, with strong quake resistance

③ Upside Potential for Rent

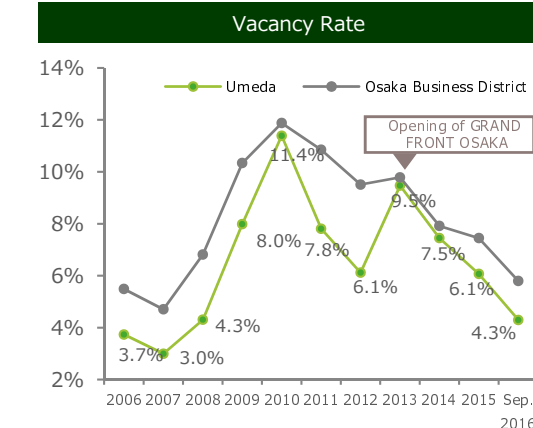
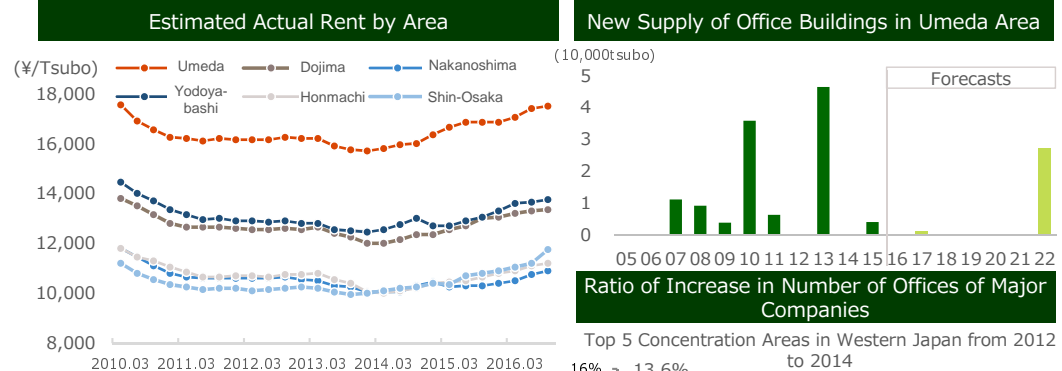
Lower than market rent



Location	Tsurunocho, Kita-ku, Osaka, Osaka
Closest station	3-minute walk from Umeda Station on the Hankyu Kyoto Line 6-minute walk from Umeda Station on the Osaka Municipal Subway Midotsuji Line 7-minute walk from Osaka Station on the JR Tokaido Main Line
Acquisition price	¥19,000mn
Appraisal value	¥19,600mn
VS Appraisal value	96.9%
Appraisal NOI yield	4.3%
Occupancy rate	93.6% (as of Nov. 30, 2016)
No. of Tenants	10 (as of Nov. 30, 2016)

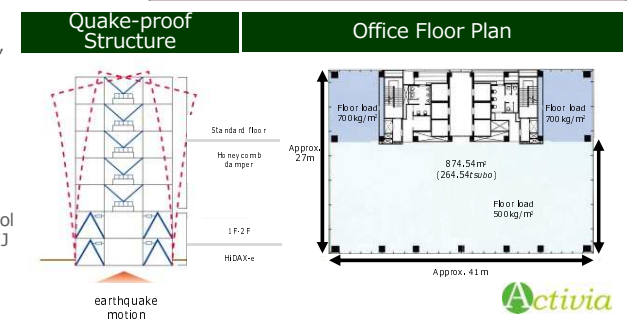
► Umeda: Office Location with Advantages

- One of leading business districts in western Japan where the vacancy rate is lower and rents are higher than those in other business districts in Osaka
- Very little supply is planned till 2022 after a large quantity of supply in 2013



► Relatively New Office Building with State-of-the-art Specifications

- Relatively new building completed in January 2010
- Standard office floor area of approx. 265 *tsubo*, the rectangular shape of rental space with astylar structure, a ceiling height of 2.7m. The floor can be divided into up to 8 spaces, addressing the needs of variety of tenants
- Strong quake resistance
 - Honeycomb Damper System for each standard floor
 - A high-performance seismic structural control system HiDAX-e, which was awarded the AIJ (Architectural Institute of Japan) Prize 2008 (Building Engineering Division)



4. Acquisition Highlights

External Growth~Properties Acquired in the 10th and 11th Periods (A-PLACE Gotanda Ekimae, A-PLACE Bashamichi) ~

26

TO-15 A-PLACE Gotanda Ekimae

❖ Highly Visible Office Building Located in Front of Gotanda Station



① Location in Front of Train Station

Traffic convenience with the location just in front of Gotanda Station

② Visibility

High visibility and advertising effectiveness, which can be visually confirmed from Gotanda Station on the JR Yamanote Line

③ Upside Potential for Rent

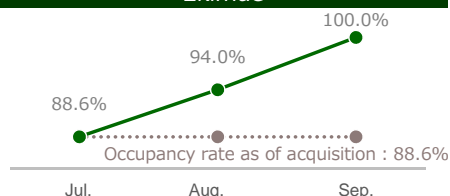
Lower-than-market Rate

▶ Location Just in Front of Gotanda Station



■ 100% occupancy was achieved in just two months after our acquisition in March 2016, by supporting leasing activities

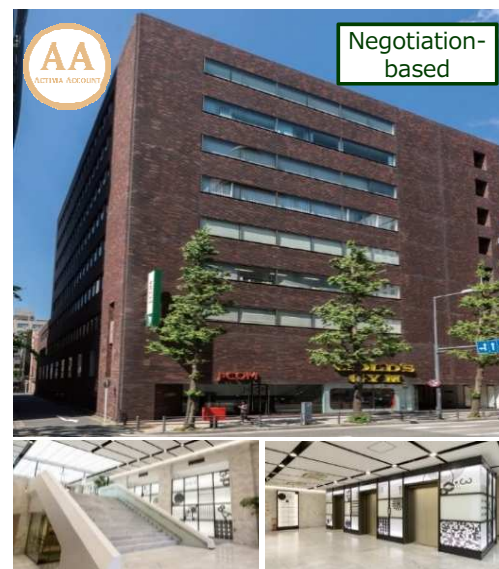
Occupancy Rate of A-PLACE Gotanda Ekimae



- High visibility and convenience due to the location just in front of the Gotanda Station of JR Yamanote Line, meeting the needs of various tenants including those engaging in retail businesses
- Building with a standard floor area of approx.148 tsubo, a ceiling height of 2.6m, individual air conditioning units, free-access floors, which is able to meet various tenants' needs as the rooms in the pillar-less structure can be divided into two leases
- Upside in rent is expected given the current rent is below the market level

AA-11 A-PLACE Bashamichi

❖ Office Building Located Above Bashamichi Station in High-Growth Area



① Location Above Station

Building with traffic convenience located above Bashamichi Station

② Multi-tenant Type

Vacancy risk is reduced by tenant diversification with 30 tenants

③ Redevelopment Potential

Strong growth potential with some redevelopment projects of Yokohama City Hall and others

Growth Potential Backed by Redevelopment Projects



Location	Honcho, Naka-ku, Yokohama, Kanagawa
Closest station	1-minute walk from the Bashamichi Station on the Minato-Mirai Line
Acquisition price	¥3,930mn
Appraisal value	¥4,350mn
VS Appraisal value	90.3%
Appraisal NOI yield	6.4%
Occupancy rate	99.1% (as of Nov. 30, 2016)
No. of Tenants	31 (as of Nov. 30, 2016)

- Further concentration of businesses is expected due to the plan to relocate Yokohama City Hall and other redevelopment projects
- Large-scale renovation works, implemented since 2006, resulted in strong appeal to tenants and occupancy rate increased by 10pt, from 89.1% to 99.1%, in just two months after our acquisition
- Contracts with 31 tenants diversify risk of vacancy

4. Acquisition Highlights

External Growth~Properties Acquired in the 10th and 11th Periods (A-FLAG BIJUTSUKAN DORI, A-FLAG KOTTO DORI) ~

27

UR-12 A-FLAG BIJUTSUKAN DORI

The Greater
Shibuya Area

❖ Rare urban retail property located in Omotesando/Minami-Aoyama Area with flagship store tenants, acquired from the Sponsor

① Prime Location

Rare property located in the Omotesando/Minami-Aoyama Area, along Museum Street

② Brand Power

Tenants include a famous jazz club

③ Strong Presence

Property with open structure and wide street facing



Location	Minami-Aoyama, Minato-ku, Tokyo
Closest station	7-minute walk from Omotesando Station on the Tokyo Metro
Acquisition price	¥4,700mn
Appraisal value	¥4,740mn
VS Appraisal value	99.2%
Appraisal NOI yield	3.9%
Occupancy rate	100% (as of Nov. 30, 2016)
No. of Tenants	7 (as of Nov. 30, 2016)

- Located on Museum Street, connecting Kotto Street and Miyuki Street, where many visitors stroll around
- Location near Nezu Museum, Taro Okamoto Memorial Museum and other cultural facilities
- Rare property in the fashion-conscious Omotesando/Minami-Aoyama Area, including unique tenants such as Blue Note Tokyo, a famous jazz club based in New York, and the flagship store of Jil Sander, one of the world's premium fashion brands

Famous Jazz Club

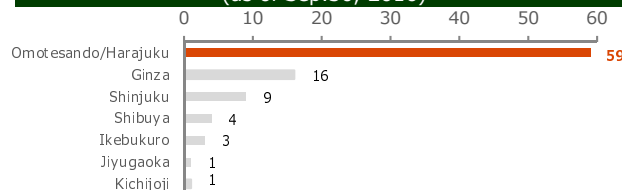


Blue Note Tokyo opened in 1988 as a sister club of Blue Note, the prestigious jazz club in New York. According to a survey conducted by "NIKKEI STYLE" (in 2015), Blue Note Tokyo was ranked as the No.1 jazz club with live music recommended for jazz beginners and aficionados alike

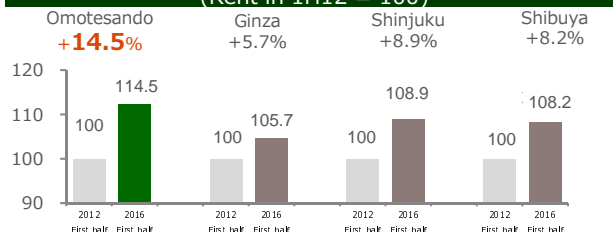
Attractive Prime Area

- Prime area with fast-growing rents, where many international brands open their first store in Japan and Japanese brands launch new types of businesses

The number of Japan's first store by foreign brands
(as of Sep.30, 2016)



Historical Rents of Stores (Overall Floors)
(Rent in 1H12 = 100)



UR-11 A-FLAG KOTTO DORI

The Greater
Shibuya Area

❖ Highly visible urban retail property facing the corner of Kotto Street with a concentration of various businesses

① Prime Location

Rare property located in the Omotesando/Minami-Aoyama Area, along Kotto Street

② Elaborate Design

Quality-looking granite stone-coating and elaborately-designed facade

③ Flexibility

Spaces for retail tenants addressing various types of commercial needs

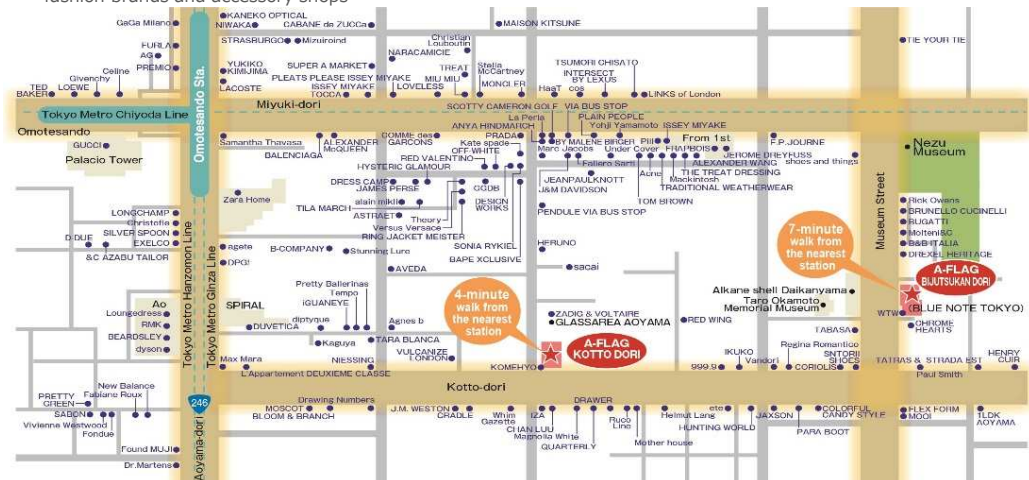


Location	Minami-Aoyama, Minato-ku, Tokyo
Closest station	4-minute walk from Omotesando Station on the Tokyo Metro
Acquisition price	¥4,370mn
Appraisal value	¥4,570mn
VS Appraisal value	95.6%
Appraisal NOI yield	4.3%
Occupancy rate	100% (as of Nov. 30, 2016)
No. of Tenants	7 (as of Nov. 30, 2016)

- High versatility to meet various commercial needs ranging from small-scale units of approx. 6 tsubo to large-scale units of approx. 130 tsubo
- Office spaces are equipped with enough high-specification facilities to meet tenants' needs and are highly competitive in this area
- Current rents of both retail and office spaces are below the market level, expecting future upside in rents

Appeal and Potential of Omotesando/Minami-Aoyama Area Attracting Fashion-Conscious Visitors

- High-profile commercial district filled with foreign brands' first stores in Japan and flagship stores that attract many visitors
- Extraordinary consumption is active in this area with a concentration of flagship stores of domestic / overseas fashion brands and accessory shops



4. Acquisition Highlights

External Growth~Properties Acquired in the 10th and 11th Periods (A-FLAG DAIKANYAMA WEST) ~

28

UR-13 A-FLAG DAIKANYAMA WEST

The Greater
Shibuya Area

❖ Elaborately-designed urban retail property, acquired from the Sponsor Group

① Brand Power

Unique area filled with fashionable stores

② Potential to Attract

Visitors
Area with a dramatic increase of visitors

③ Elaborate Design

Strong appeal to tenants with the elaborate design of galleried inner courtyard



Location	Sarugakuchō, Shibuya-ku, Tokyo
Closest station	4-minute walk from Daikanyama Station on the Tokyu Toyoko Line
Acquisition price	¥2,280mn
Appraisal value	¥2,300mn
VS Appraisal value	99.1%
Appraisal NOI yield	4.0%
Occupancy rate	100%(as of Nov. 30, 2016)
No. of Tenants	1(as of Nov. 30, 2016)

▶ Accessibility and Concentration of Retail Properties in Surrounding Area

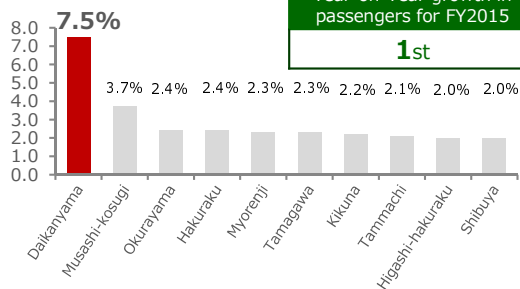


- Located along Hachiman Street, the main street of Daikanyama Area, and 4-minute walk from the Daikanyama Station on the Tokyu Toyoko Line
- Very close to Daikanyama crossing, the center of the area with sophisticated apparel shops, cafés and restaurants scattered throughout
- The area draws visitors from broader areas since the opening of large-scale retail properties since 2011
- Elaborate design appeals to tenants that prefer the Daikanyama area because of its high-class image

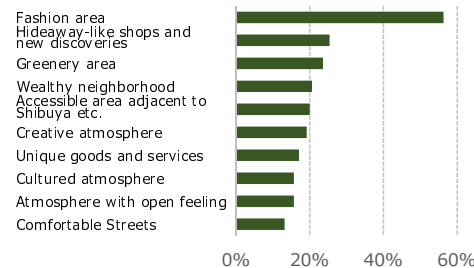
▶ Increase in Visitors Using Daikanyama Station

2015 Tokyu Toyoko Line:
Year-on-year Increase in Passengers by Station

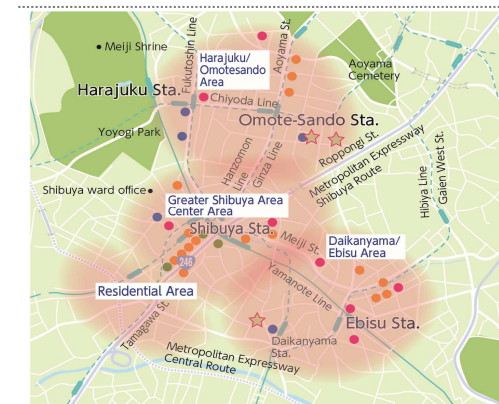
Year-on-Year growth in passengers for FY2015
1st



Survey on Attractiveness of Daikanyama
(10% or more reply)



◆“The Greater Shibuya Area”: Entertainment City SHIBUYA



Properties held by Tokyu Fudosan Holdings Group

● Retail Properties ● Office Properties

● Under development ● Properties held by API

★ Recently acquired properties

Information Transmission Capabilities

- One of the foremost information centers in Japan formed by a combination of various characteristics and cultures
- Digital content, fashion, music and other companies in the creative sector are concentrated in this area
- Strong brand power attracts people and companies that are early adopters

Area drawing visitors with many retail properties

Areas in which Aoyama, Omotesando, Harajuku, Ebisu, Daikanyama and other cities are interactively combined, attracting many visitors and holding great potential

Solid fundamentals in office leasing market

The area is highly demanded for offices by foreign-affiliated companies and emerging IT companies, amid limited office-supply

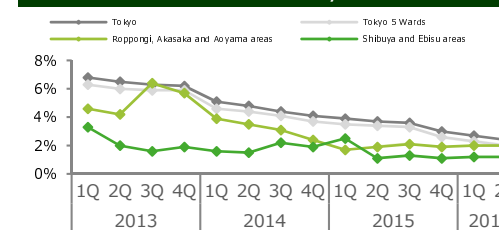
Sponsor group's deep knowledge of markets

High occupancy rates are maintained for office buildings and retail properties in the API's portfolio, by leveraging leasing and operational capabilities of the Tokyu Fudosan Holdings Group

Tokyu Group's full-out redevelopments surrounding Shibuya Station

Small areas throughout the Greater Shibuya Area are organically integrated into a territorial “surface”, which will be expected to further increase the area's potential

Office Vacancy Rate



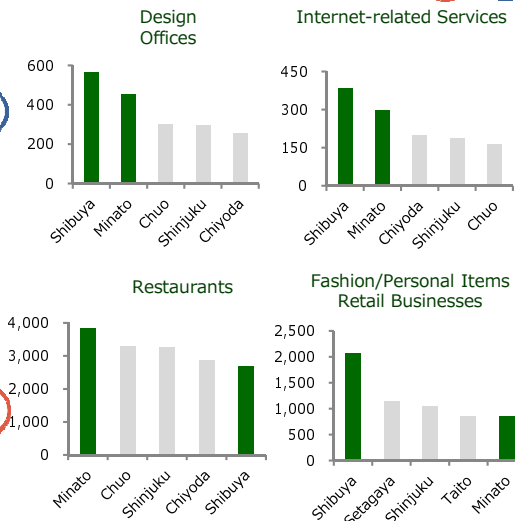
Number of IT Companies Established



Annual Goods Sales per 1m² Store Space

Minato Ward, Tokyo	¥4.33mn
Shibuya Ward, Tokyo	¥2.34mn
1st in Tokyo 23 Wards	5th in Tokyo 23 Wards

The accumulation of each business in Minato and Shibuya wards (As of July 1, 2014)

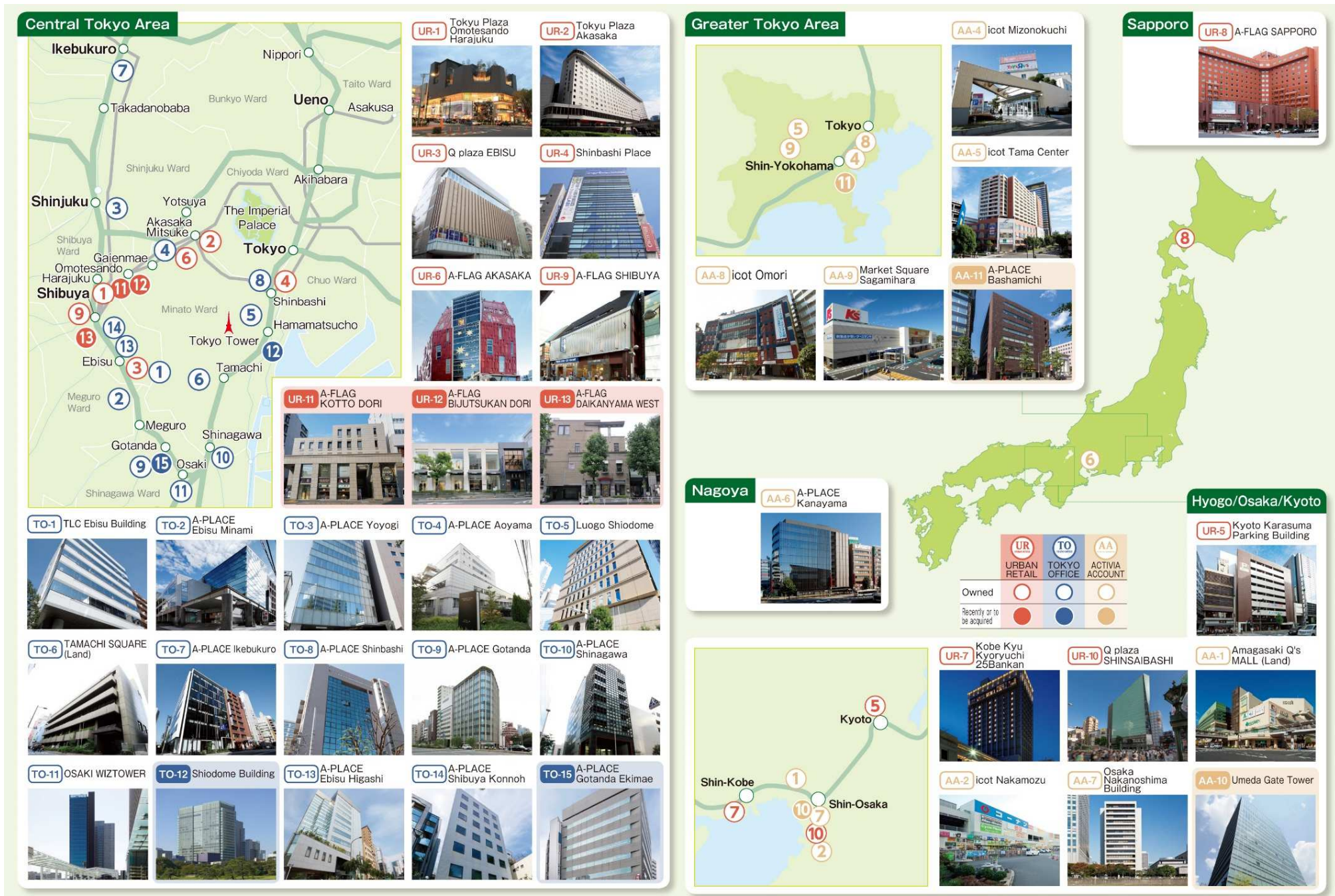


Appendix

5. Appendix

Portfolio Map

30



5. Appendix

Overview of Lease, Profit and Loss for the 10th Period (November 2016) (1/2)

31

(Unit: ¥1,000)

	Urban Retail Properties										Tokyo Office Properties							
	Tokyu Plaza Omotesando Harajuku (Note 1)	Tokyu Plaza Akasaka (Note 1)	Q plaza EBISU	Shinbashi Place	Kyoto Karasuma Parking Building	A-FLAG AKASAKA	Kobe Kyu Kyoryuchi 25Bankan	A-FLAG SAPPORO	A-FLAG SHIBUYA	Q plaza SHINSAI BASHI	TLC Ebisu Building	A-PLACE Ebisu Minami	A-PLACE Yoyogi	A-PLACE Aoyama	Luogo Shiodome	TAMACHI SQUARE (Land)	A-PLACE Ikebukuro	A-PLACE Shinbashi
①Revenue related to rent business	1,092,052	654,675	274,659	(Note 2)	(Note 2)	107,715	723,236	601,643	206,303	303,665	293,048	352,603	128,557	290,027	169,291	62,502	(Note 2)	196,060
Rent revenue-real estate	1,039,849	555,486	237,540	(Note 2)	(Note 2)	86,573	650,225	526,116	197,027	285,883	273,524	338,330	109,699	269,762	156,908	62,502	(Note 2)	182,342
Other lease business revenue	52,202	99,189	37,118	(Note 2)	(Note 2)	21,142	73,010	75,526	9,276	17,781	19,524	14,272	18,858	20,264	12,382	—	(Note 2)	13,718
②Expenses related to rent business	241,767	280,583	65,406	45,552	55,332	32,116	195,177	251,539	38,152	50,829	78,765	100,375	39,386	76,233	46,177	8,192	29,874	51,949
Management operation expenses	89,344	83,402	16,363	12,300	20,075	8,364	77,440	116,907	12,058	13,101	23,512	27,983	13,201	20,503	11,710	—	10,404	16,827
Utilities expenses	30,552	72,668	28,177	—	—	14,392	65,750	71,157	8,270	16,313	17,240	20,323	7,482	19,233	11,143	—	8,297	11,384
Tax and public dues	55,004	65,369	8,420	32,343	31,152	7,244	46,811	24,699	10,345	13,134	16,502	29,572	9,867	20,297	17,603	7,939	10,216	14,615
Insurance	191	412	75	155	159	36	619	486	53	64	193	247	83	181	158	—	84	132
Repair and maintenance expenses	1,299	51,408	3,746	—	3,114	215	1,776	30,524	6,071	4,162	12,544	5,802	4,803	12,482	1,769	—	212	4,484
Other expenses related to rent business	65,375	7,323	8,622	753	831	1,863	2,778	7,765	1,353	4,053	8,771	16,445	3,947	3,534	3,792	252	658	4,504
③NOI (①－②)	850,284	374,092	209,253	(Note 2)	(Note 2)	75,598	528,058	350,103	168,151	252,835	214,282	252,228	89,170	213,793	123,113	54,309	(Note 2)	144,111
④Depreciation and other (Note 3)	49,589	38,357	18,457	32,734	15,790	8,355	120,465	51,387	7,978	12,544	45,381	30,681	15,619	23,044	27,587	—	20,682	23,533
Income (loss) from rent business (③－④)	800,695	335,734	190,796	(Note 2)	(Note 2)	67,243	407,592	298,715	160,172	240,290	168,901	221,546	73,551	190,748	95,525	54,309	(Note 2)	120,577

(Note 1) Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka are calculated based on the pro rata share of the respective co-ownership interests (75% and 50% respectively).

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

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

5. Appendix

Overview of Lease, Profit and Loss for the 10th Period (November 2016) (2/2)

32

(Unit: ¥1,000)

	Tokyo Office Properties							Activia Account Properties									
	A-PLACE Gotanda	A-PLACE Shinagawa	OSAKI WIZTOWER	Shiodome Building (Note 1)	A-PLACE Ebisu Higashi	A-PLACE Shibuya Konnoh	A-PLACE Gotanda Ekimae (Note 4)	Amagasaki Q's MALL (Land)	icot Nakamozu	icot Mizono-kuchi	icot Tama Center	A-PLACE Kanayama	Osaka Nakanoshima Building	icot Omori	Market Square Sagami-hara	Umeda Gate Tower (Note 4)	A-PLACE Bashamichi (Note 4)
①Revenue related to rent business	162,134	112,691	336,516	1,060,947	162,002	(Note 2)	132,578	350,309	310,642	(Note 2)	144,873	284,062	520,725	232,423	(Note 2)	155,478	48,695
Rent revenue-real estate	151,790	107,279	319,375	1,007,816	153,363	(Note 2)	124,466	350,309	310,612	(Note 2)	134,781	261,647	491,651	197,249	(Note 2)	144,831	43,912
Other lease business revenue	10,343	5,412	17,141	53,131	8,639	(Note 2)	8,112	—	30	(Note 2)	10,092	22,415	29,074	35,173	(Note 2)	10,646	4,782
②Expenses related to rent business	46,253	28,148	94,689	265,173	50,278	29,085	34,089	49,937	38,660	15,085	47,406	73,991	182,416	64,065	36,722	24,179	13,814
Management operation expenses	14,708	9,122	57,527	73,258	13,305	7,444	16,067	—	5,603	2,307	20,405	24,325	54,885	9,944	16,058	13,063	5,539
Utilities expenses	10,201	5,757	13,396	60,340	8,613	5,473	8,784	—	30	—	12,682	21,174	45,286	37,013	5,501	9,789	5,910
Tax and public dues	14,126	10,413	21,557	78,903	13,371	9,100	—	49,684	30,872	9,874	11,806	25,306	49,426	12,645	14,179	—	—
Insurance	106	71	304	1,379	100	76	97	—	235	100	145	252	749	94	132	141	89
Repair and maintenance expenses	3,806	956	—	30,443	12,461	5,253	3,936	—	820	1,125	1,088	1,674	20,370	3,717	—	235	776
Other expenses related to rent business	3,303	1,827	1,903	20,846	2,426	1,737	5,202	252	1,098	1,677	1,277	1,256	11,697	650	849	949	1,498
③NOI (①－②)	115,880	84,542	241,826	795,773	111,724	(Note 2)	98,489	300,371	271,982	(Note 2)	97,466	210,070	338,309	168,357	(Note 2)	131,298	34,880
④Depreciation and other (Note 3)	26,950	8,318	48,275	116,370	24,235	11,896	10,063	—	34,532	8,517	18,546	52,169	65,112	17,298	23,800	34,352	9,310
Income (loss) from rent business (③－④)	88,930	76,224	193,550	679,403	87,488	(Note 2)	88,426	300,371	237,450	(Note 2)	78,919	157,901	273,196	151,058	(Note 2)	96,946	25,569

(Note 1) Shiodome Building is calculated based on the pro rata share of the co-ownership interests (25%).

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

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

(Note 4) The figures of A-PLACE Gotanda Ekimae, Umeda Gate Tower and A-PLACE Bashamichi acquired on Jul. 1, 2016, Sep. 21, 2016 and Oct. 6, 2016, respectively are calculated after the acquisition.

Occupancy Rate by Property



■ The occupancy rate for the entire portfolio is maintained at as high as 99.3%

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

Portfolio Appraisal Values Status/PML (1/2)

■ 35 properties (as of Nov. 30, 2016)

(Unit: ¥ mn)

Category	Property #	Property name	Acquisition price	Investment ratio (%)	Appraisal agency (Note 1)	Appraisal value	Capitalization Value						PML(%)
							Direct capitalization method	Capitalization rate(%)	Discounted cash flow method	Discount rate (%)	Terminal capitalization rate(%)	NOI (Note 2)	
	UR-1	Tokyu Plaza Omotesando Harajuku (Note 3)	45,000	11.6%	J	54,975	55,575	3.0%	54,375	2.7%	3.1%	1,662	2.9
	UR-2	Tokyu Plaza Akasaka (Note 3) (Note 6)	11,450	2.9%	T	14,500	14,600	4.3%	14,400	4.4%	4.5%	726	3.6
	UR-3	Q plaza EBISU (Note 4)	8,430	2.2%	T	10,400	10,500	3.6%	10,300	3.8/3.7%	3.8%	376	5.7
	UR-4	Shinbashi Place	20,500	5.3%	D	24,900	25,400	4.4%	24,700	4.2%	4.6%	1,107	6.8
	UR-5	Kyoto Karasuma Parking Building	8,860	2.3%	D	11,100	11,100	5.0%	11,100	5.0%	5.2%	569	2.4
	UR-6	A-FLAG AKASAKA	3,000	0.8%	J	3,600	3,670	3.7%	3,530	3.5%	3.9%	138	6.4
	UR-7	Kobe Kyu Kyoryuchi 25bankan	21,330	5.5%	J	25,300	25,600	4.1%	24,900	3.9%	4.3%	1,057	2.6
	UR-8	A-FLAG SAPPORO (Note 6)	4,410	1.1%	D	6,670	6,640	5.7%	6,680	5.5%	5.9%	452	0.3
	UR-9	A-FLAG SHIBUYA	6,370	1.6%	D	7,290	7,400	4.1%	7,240	3.9%	4.3%	309	7.9
	UR-10	Q plaza SHINSAIBASHI	13,350	3.4%	V	13,500	13,600	3.8%	13,300	3.6%	4.0%	516	6.9
	TO-1	TLC Ebisu Building	7,400	1.9%	T	9,080	9,280	4.0%	9,000	4.1%	4.2%	418	6.5
	TO-2	A-PLACE Ebisu Minami	9,640	2.5%	T	12,500	12,600	3.9%	12,400	4.0%	4.1%	505	8.0
	TO-3	A-PLACE Yoyogi	4,070	1.0%	V	4,420	4,490	4.1%	4,350	3.9%	4.3%	188	5.1
	TO-4	A-PLACE Aoyama (Note 6)	8,790	2.3%	D	9,440	9,540	4.2%	9,390	4.0%	4.4%	417	8.9
	TO-5	Luogo Shiodome	4,540	1.2%	D	5,760	5,840	3.8%	5,730	3.6%	4.0%	232	2.7
	TO-6	TAMACHI SQUARE (Land)	2,338	0.6%	T	2,690	2,790	3.9%	2,640	4.3%	4.1%	109	(Note 5)-
	TO-7	A-PLACE Ikebukuro	3,990	1.0%	J	4,790	4,860	4.4%	4,720	4.2%	4.6%	219	3.2
	TO-8	A-PLACE Shinbashi	5,650	1.5%	J	6,510	6,630	4.0%	6,390	3.8%	4.2%	279	7.4
	TO-9	A-PLACE Gotanda	5,730	1.5%	M	6,400	6,520	3.9%	6,280	3.7%	4.1%	255	6.1
	TO-10	A-PLACE Shinagawa	3,800	1.0%	J	4,270	4,350	3.9%	4,180	3.7%	4.1%	174	4.9
	TO-11	OSAKI WIZTOWER	10,690	2.7%	D	13,900	13,900	3.7%	13,900	3.3%	3.7%	517	2.4
	TO-12	Shiodome Building (Note 3)	50,700	13.0%	M	52,750	56,000	3.6%	51,500	3.4%	3.8%	2,025	2.6
	TO-13	A-PLACE Ebisu Higashi	7,072	1.8%	V	7,490	7,840	3.9%	7,370	3.7%	4.1%	309	5.2
	TO-14	A-PLACE Shibuya Konnoh	4,810	1.2%	V	5,020	5,270	3.8%	4,930	3.5%	3.9%	206	4.3
	TO-15	A-PLACE Gotanda Ekimae	7,280	1.9%	V	7,400	7,540	4.0%	7,250	3.7%	4.1%	306	7.7

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

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

(Note 3) Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Shiodome Building are calculated based on the pro rata base share of the respective co-ownership interests (75%, 50% and 25% respectively).

(Note 4) The discount rate for Q Plaza EBISU is 3.8% from the 1st to the 7th year and 3.7% from the 8th year onwards.


(Note 5) Not listed as we own only the land for TAMACHI SQUARE (land).

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

Portfolio Appraisal Values Status/PML (2/2)

■ 35 properties (as of Nov. 30, 2016)



(Unit: ¥ mn)

Category	Property #	Property name	Acquisition price	Investment ratio (%)	Appraisal agency (Note 1)	Appraisal value	Capitalization Value						PML(%)
							Direct capitalization method	Capitalization rate(%)	Discounted cash flow method	Discount rate (%)	Terminal capitalization rate(%)	NOI	
	AA- 1	Amagasaki Q's MALL (Land)	12,000	3.1%	J	13,300	13,400	4.5%	13,100	4.2%	4.7%	600	(Note 4)-
	AA- 2	icot Nakamozu (Note 2)	8,500	2.2%	T	10,100	10,300	5.2%	10,000	5.1/5.2%	5.4%	547	4.8
	AA- 4	icot Mizonokuchi	2,710	0.7%	M	3,250	3,320	5.4%	3,170	5.2%	5.8%	183	8.3
	AA- 5	icot Tama Center	2,840	0.7%	J	3,650	3,650	5.4%	3,640	5.0%	5.6%	200	1.8
	AA- 6	A-PLACE Kanayama	6,980	1.8%	V	7,880	7,920	5.1%	7,840	4.9%	5.3%	410	5.3
	AA- 7	OsakaNakanoshima Building	11,100	2.9%	J	13,100	13,200	4.4%	12,900	4.2%	4.6%	658	7.9
	AA- 8	icot Omori	5,790	1.5%	J	6,360	6,410	4.7%	6,300	4.5%	4.9%	303	3.9
	AA- 9	Market Square Sagamihara	4,820	1.2%	V	4,990	5,010	5.3%	4,970	5.1%	5.5%	263	7.7
	AA-10	Umeda Gate Tower	19,000	4.9%	D	20,000	20,700	3.9%	19,700	3.6%	4.0%	814	2.4
	AA-11	A-PLACE Bashamichi	3,930	1.0%	M	4,420	4,520	5.0%	4,310	4.7%	5.2%	252	10.2
	Subtotal (35 properties)		356,870	91.7%	—	411,705	419,965	—	406,485	—	—	17,301	-

■ New properties

(Unit: ¥ mn)

(A-FLAG KOTTO DORI : as of Sep. 1, 2016, A-FLAG BIJUTSUKAN DORI, A-FLAG DAIKANYAMA WEST, Shiodome Building : as of Oct. 1, 2016)

Category	Property #	Property name	Acquisition price	Investment ratio (%)	Appraisal agency (Note 1)	Appraisal value	Capitalization Value						PML(%)
							Direct capitalization method	Capitalization rate(%)	Discounted cash flow method	Discount rate (%)	Terminal capitalization rate(%)	NOI	
	UR-11	A-FLAG KOTTO DORI	4,370	1.1%	D	4,570	4,740	3.8%	4,490	3.5%	3.9%	186	6.4
	UR-12	A-FLAG BIJUTSUKAN DORI	4,700	1.2%	J	4,740	4,810	3.8%	4,660	3.6%	4.0%	184	7.5
	UR-13	A-FLAG DAIKANYAMA WEST	2,280	0.6%	V	2,300	2,360	4.1%	2,240	3.9%	4.3%	92	4.2
	TO-12	Shiodome Building (Note 3)	20,900	5.4%	M	21,100	22,400	3.6%	20,600	3.4%	3.8%	810	2.6
Subtotal (New properties)			32,250	8.3%	—	32,710	34,310	—	31,990	—	—	1,272	—
Total (35 properties + New properties)			389,120	100.0%	—	444,415	454,275	—	438,475	—	—	18,573	(Note 5) 2.2

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

(Note 2) The discount rate for icot Nakamozu is 5.1% from the 1st to the 6th year and 5.2% from the 7th year onwards.

(Note 3) Shiodome Building is calculated based on the pro rata share of the co-ownership interests (10%). (Note 4) Not listed as we own only the land for Amagasaki Q's MALL (land).

(Note 5) Calculation is based on the seismic data derived from the "National Seismic Hazard Maps for Japan" publicized by the Headquarters for Earthquake Research Promotion, Ministry of Education, Culture, Sports, Science and Technology in Dec. 2012. The figures are rounded to the first decimal place. PML for the entire portfolio is based on the "Report of portfolio seismic PML analysis" as of Oct. 2016.

5. Appendix

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

36

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

	4 th Period (Nov. 2013)	5 th Period (May 2014)	6 th Period (Nov. 2014)	7 th Period (May 2015)	8 th Period (Nov. 2015)	9 th Period (May 2016)	10 th Period (Nov. 2016)
Tokyo Office	¥19,338	¥19,813 (+2.5%)	¥19,230 (△2.9%)	¥22,242 (+15.7%)	¥22,127 (△0.5%)	¥23,358 (+5.6%)	¥23,441 (+0.4%)
Tokyo Office (at IPO) (Note)	¥19,556	¥19,400 (△0.8%)	¥19,270 (△0.7%)	¥19,548 (+1.4%)	¥19,995 (+2.3%)	¥20,406 (+2.1%)	¥20,748 (+1.7%)

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

2. Contract period and remaining contract period

	Urban Retail	Tokyo Office	Activia Account	Total
Contract Period (Year)	9.6	4.2(3.3)	11.3(8.2)	8.0(6.9)
Remaining Contract Period (Year)	4.5	2.3(1.5)	7.3(4.4)	4.3(3.3)

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

(Note 2) Calculated based on the lease agreement as of Nov. 30, 2016, with taking account of A-FLAG KOTTO DORI, A-FLAG BIJUTSUKAN DORI, A-FLAG DAIKANYAMA WEST and Shiodome Building (additional 10% co-ownership interest).

(Note 3) The figures are based on rents.

3. 10 largest tenants by leased area (Note 1)

End-tenant	Property name	Total leased area (㎡)	% of leased area (%) (Note 2)	Lease expiration
1. Tokyu Hotels Co., Ltd.	Tokyu Plaza Akasaka (Note 3) Tokyu Plaza Sapporo TAMACHI SQUARE(Land) Amagasaki Q's MALL (Land)	30,183	8.5	2021/10
2. Sumitomo Mitsui Trust Bank, Limited		28,753	8.1	2074/5 2042/1
3. Kohnan Shoji Co., Ltd.	icot Nakamozu	26,529	7.5	2027/7
4. Times24 Co., Ltd.	Kyoto Karasuma Parking Building	21,224	6.0	-
5. Plan・Do・See	Kobe Kyu Kyoryuchi 25Bankan	14,195	4.0	-
6. Room's-Taishodo	icot Mizonokuchi	14,032	4.0	2018/7
7. K'S HOLDINGS CORPORATION	Market Square Sagamihara	11,864	3.4	2034/6
8. NTT Communications	Shiodome Building (Note 3)	10,337	2.9	-
9. Yamada-Denki Co., Ltd.	Shinbashi Place	9,156	2.6	-
10. YANMAR Co., Ltd.	Umeda Gate Tower	8,745	2.5	-



(Note 1) Based on the lease agreement as of Nov. 30, 2016, the figures take account of A-FLAG KOTTO DORI, A-FLAG BIJUTSUKAN DORI, A-FLAG DAIKANYAMA WEST and Shiodome Building (additional 10% co-ownership interest).

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

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

(Note 4) "-" denotes that the data is not disclosed due to no consent from tenants.

Portfolio – Urban Retail Properties (1/3)

Property name	Tokyu Plaza Omotesando Harajuku (Note 1)	Tokyu Plaza Akasaka (Note1)	Q plaza EBISU	Shinbashi Place	Kyoto Karasuma Parking Building
					
Location	Jingu-mae, Shibuya-ku, Tokyo	Nagatacho, Chiyoda-ku, Tokyo	Ebisu, Shibuya-ku, Tokyo	Shinbashi, Minato-ku, Tokyo	Moto Honenji-cho, Nakagyo-ku, Kyoto
Access	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 Tokyo Metro Yurakucho Line, Hanzomon Line, Namboku Line "Nagatacho" station	1-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Tokyo Metro Hibiya Line "Ebisu" station	1-minute walk from JR Tokaido Line, Yamanote Line, Keihin-Tohoku Line, Yokosuka Line/ Tokyo Metro Ginza Line, Toei Asakusa Line/ Yurikamome "Shinbashi" station	1-minute walk from Hankyu Kyoto Line "Karasuma" station 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)	¥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	3.9%	6.1%	4.5%	5.4%	6.2%
Structure	Steel framed, RC, SRC	SRC	Steel framed, RC	Steel framed, SRC	Steel framed
Number of floors	7 floors above and 2 floors underground	14 floors above and 3 floors underground	6 floors above and 1 floor underground	10 floors above and 1 floor underground	9 floors above and 1 floor underground
Gross floor area (Note 2)	11,368.11m ² (Total)	51,491.66m ² (Total)	4,670.02m ²	8,541.70m ²	21,495.47m ²
Total leasable area(Note 2)	4,904.94m ²	16,579.26m ²	4,024.88m ²	9,156.01m ²	21,616.04m ²
Occupancy rate(Note 2)	100.0%	100.0%	100.0%	100.0%	100.0%
Key tenants(Note 2)	Baroque Japan Limited	Tokyu Hotels Co., Ltd.	Tokyu Sports Oasis Inc.	Yamada-Denki Co., Ltd.	Times24 Co., Ltd.
Number of tenants(Note 2)	29	97	4	1	2
Key points of properties	<ul style="list-style-type: none"> Located at the crossing of Omotesando and Meiji Street, the center of Japan's fashion culture Aiming to develop a "fashion theme park" that enables customers to enjoy the latest fashion and life-style themes in an environment full of greenery Many tenants have positioned their shops in this building as their flagship or prototype shop considering the building's excellent location and high visibility 	<ul style="list-style-type: none"> The strong international flavor stems from the many foreign companies and embassies in this area. The Nagatacho and Kasumigaseki areas are located behind the site Located in the busy commercial area of Tokyo city-center, it has good commercial potential to attract diversified businesses Property is facing Akasakamitsuke crossing between Sotobori Dori and Route 246, with high visibility 	<ul style="list-style-type: none"> Located in the Ebisu area which is, unlike Shibuya or Daikanyama, wellknown as an area for grown-ups High-profile building located in front of a station with a large façade made of terracotta bars and glass One of the few buildings with significant presence in the West exit area of "Ebisu" station where there are very few large-sized retail properties 	<ul style="list-style-type: none"> 1-minute walking distance from convenient "Shinbashi" station, which is one of the busiest terminal stations in Japan Shinbashi Place is in an area with diverse properties, such as office buildings, restaurants, apparel shops, and entertainment facilities, including karaoke facilities Versatile structure of the building allows various alternative uses including, but not limited to, use as offices for versatile coverage of diversified tenants' needs 	<ul style="list-style-type: none"> Located in the Shijo Karasuma area, which is one of Kyoto's most prominent city center areas Highly visible building with a facade facing Karasuma Street, it is a high-profile building with an automated parking lot open 24 hours a day Highly important facility as it provides parking space to retail centers in the neighborhood such as Daimaru Kyoto and Takashimaya Kyoto

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

(Note 2) As of Nov. 30, 2016. The same applies hereafter in the Portfolio pages.

Portfolio – Urban Retail Properties (2/3)

Property name	A-FLAG AKASAKA	Kobe Kyu Kyoryuchi 25Bankan	A-FLAG SAPPORO	A-FLAG SHIBUYA	Q Plaza SHINSAIBASHI
					
Location	Akasaka, Minato-ku, Tokyo	Kyomachi, Chuo-ku, Kobe City, Hyogo	Minami-Yonjo-Nishi, Chuo-ku, Sapporo, Hokkaido	Udagawa-cho, Shibuya-ku, Tokyo	Shinsaibashisuji Chuo-ku, Osaka
Access	3-minute walk from Tokyo Metro Chiyoda Line "Akasaka" station 5-minute from Tokyo Metro Ginza Line, Marunouchi Line "Akasaka-mitsuke" station	5-minute walk from Kobe subway Kaigan Line "Kyu Kyoryuchi, Daimarumae" station 9-minute walk from JR Tokaido Line "Sannomiya" station 9-minute from Hankyu railway Kobe Line/ Hanshin electric railway/ Kobe kosoku railway/ Kobe subway Seishin-Yamanote Line "Sannomiya" station	2-minute walk from Sapporo subway Nanbou Line "Susukino" station 8-minute walk from Sapporo subway Toho Line "Hosui-susukino" station	4-minute walk from Tokyo Metro Ginza Line, Hanzomon Line, Fukutoshin Line/ Tokyu Denentoshi Line, Toyoko Line "Shibuya" station 5-minute walk from Keio Inokashira Line "Shibuya" station 6-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line "Shibuya" station	1-minute walk from Osaka City's Subway Midosuji Line, Nagahori Tsurumi-ryokuchi Line "Shinsaibashi" Station
Acquisition price (A)	¥3,000 mn	¥21,330 mn	¥4,410 mn	¥6,370 mn	¥13,350 mn
Appraisal value (B)	¥3,150 mn	¥21,600 mn	¥4,800 mn	¥6,400 mn	¥13,400 mn
vs appraisal value (A/B)	95.2%	98.8%	91.9%	99.5%	99.6%
Appraisal NOI yield	4.5%	4.8%	8.7%	4.9%	3.9%
Structure	Steel framed, SRC	Steel framed, SRC	Steel framed, RC	RC	Steel framed, SRC, RC
Number of floors	7 floors above and 1 floor underground	18 floors above and 3 floors underground	12 floors above and 1 floor underground	5 floors above and 1 floor underground	8 floors and 2 floors underground
Gross floor area	2,429.01m ²	27,010.67m ²	27,277.85m ²	3,340.70m ²	3,822.45m ²
Total leasable area	2,280.22m ²	19,653.90m ²	21,229.16m ²	3,413.80m ²	2,820.23m ²
Occupancy rate	74.1%	100.0%	100.0%	100.0%	100%
Key tenants	- (Note)	Plan Do See Inc.	Tokyu Hotels Co., Ltd.	BOOKOFF CORPORATION LIMITED	Zara Japan Corp.
Number of tenants	6	7	18	2	6
Key points of properties	<ul style="list-style-type: none"> 3-minute walking distance from Tokyo Metro Chiyoda Line's Akasaka Sta. and is convenient location where multiple stations and lines may be used A highly visible commercial building on Hitotsugi-dori, the busiest street, with various restaurants and the heaviest foot traffic, in Akasaka Leasing area of one floor is wider and versatile use for needs of diverse tenants 	<ul style="list-style-type: none"> Kyu Kyoryuchi is located in Kobe, a port city with long history and various historic sites/buildings. 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 Tenants include Louis Vuitton shop in the "Louis Vuitton Maison" format offering a full lineup 	<ul style="list-style-type: none"> In Sapporo, Sapporo Snow Festival is held very February Hotel located in "Susukino", the most popular entertainment district in Hokkaido and one of Japan's major tourist spots In 2011, Susukino Sta. was connected from Subway Sapporo Sta via underground mall, and synergy effects between areas are expected 	<ul style="list-style-type: none"> An urban retail property located in the Shibuya area, one of the major commercial districts and the fashion centers for "younger generations" Located on and designed to match "Shibuya Center street," attracting people all day and night Club Quattro is a long-established club, hosts live music and has invited a variety of artists from both Japan and Abroad for 25 years 	<ul style="list-style-type: none"> Located in the front entrance of "Shinsaibashi", the top commercial area in Western Japan Shinsaibashi has the ability to attract customers as commercial focal point with passers-by reaching about 98,000 people Multi-tenant commercial facility with the flagship shop of global brand, "ZARA"

(Note) Undisclosed due to no consent from tenants.

Portfolio – Urban Retail Properties (3/3), Tokyo Office Properties (1/3)

Property name	A-FLAG KOTTO DORI	A-FLAG BIJUTSUKAN DORI	A-FLAG DAIKANYAMA WEST	TLC Ebisu Building	A-PLACE Ebisu Minami	A-PLACE Yoyogi
						
Location	Minami-Aoyama, Minato-ku, Tokyo	Minami-Aoyama, Minato-ku, Tokyo	Sarugakuchō, Shibuya-ku, Tokyo	Ebisu, Shibuya-ku, Tokyo	Ebisu-Minami, Shibuya-ku, Tokyo	Sendagaya, Shibuya-ku, Tokyo
Access	4-minute walk from "Omotesando" Station on the Tokyo Metro	7-minute walk from "Omotesando" Station on the Tokyo Metro	4-minute walk from "Daikanyama" Station on the Tokyu Toyoko Line	4-minute walk from JR Yamanote Line, Saikyo Line, Shonan-shinjuku Line "Ebisu" station 6-minute walk from Tokyo Metro Hibiya Line "Ebisu" station	4-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Tokyo Metro Hibiya Line "Ebisu" station	3-minute walk from JR Yamanote Line, Chuo Line, Sobu Line/ Toei Oedo Line "Yoyogi" station
Acquisition price (A)	¥4,370 mn	¥4,700 mn	¥2,280 mn	¥7,400 mn	¥9,640 mn	¥4,070 mn
Appraisal value (B)	¥4,570 mn	¥4,740 mn	¥2,300 mn	¥7,420 mn	¥9,950 mn	¥4,180 mn
vs appraisal value (A/B)	95.6%	99.2%	99.1%	99.7%	96.9%	97.4%
Appraisal NOI yield	4.3%	3.9%	4.0%	5.4%	4.9%	5.1%
Structure	Reinforced concrete	SRC, steel framed	SRC	SRC	SRC	Steel framed
Number of floors	5 floors above and 2 floor underground	2 floors above and 2 floor underground	4 floors above and 2 floor underground	9 floors above and 1 floor underground	6 floors above and 1 floor underground	10 floors above and 1 floor underground
Gross floor area	3,358.28m ²	2,221.98m ²	4,036.27m ²	10,297.73m ²	12,167.57m ²	4,201.59m ²
Total leasable area	2,656.53m ²	2,055.97m ²	2,579.08m ²	7,342.60m ²	7,950.51m ²	3,106.17m ²
Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	88.9%
Key tenants	AMAN CO., LTD.	BLUE NOTE JAPAN, INC.	- (Note)	-	-	-
Number of tenants	7	3	1	-	-	-
Key points of properties	<ul style="list-style-type: none"> High versatility to meet various commercial needs ranging from small-scale units of approx. 6 tsubo to large-scale units of approx. 130 tsubo Office spaces are equipped with enough high-specification facilities to meet tenants' needs and are highly competitive in this area Current rents of both retail and office spaces are below the market level, expecting future upside in rents 	<ul style="list-style-type: none"> Located on Museum Street, connecting Kotto Street and Miyuki Street, where many visitors stroll around Location near Nezu Museum, Taro Okamoto Memorial Museum and other cultural facilities Rare property in the fashion-conscious Omotesando/Minami-Aoyama Area, including unique tenants such as Blue Note Tokyo, a famous jazz club based in New York, and the flagship store of Jil Sander, one of the world's premium fashion brands 	<ul style="list-style-type: none"> Located along Hachiman Street, the main street of Daikanyama Area, and 4-minute walk from the Daikanyama Station on the Tokyu Toyoko Line Very close to Daikanyama crossing, the center of the area with sophisticated apparel shops, cafés and restaurants scattered throughout The area draws visitors from broader areas since the opening of large-scale retail properties since 2011 Elaborate design appeals to tenants that prefer the Daikanyama 	<ul style="list-style-type: none"> The building is in the high profile area of Ebisu, which has the highest concentration of office buildings in this area Compared with other buildings in the neighborhood, its large floor size of approx. 805m² on standard floors makes it highly competitive Large-scale renovations were completed in 2011, and the building continues to be a high grade property 	<ul style="list-style-type: none"> Suited to the high traffic of Ebisu area and high demand by IT companies including software developers, apparel companies, as well as service providers such as restaurants, beauty salons and clinics and schools Large standard floor area of approx. 1,655 m² 	<ul style="list-style-type: none"> Highly visible building located on the roadside of Meiji Street, within walking distance from "Shinjuku" station Approx. 346 m² astylar space on one floor allows highly efficient space usage Versatile rectangular building shape allows partial leasing of the building

(Note) Undisclosed due to no consent from tenants.

Portfolio – Tokyo Office Properties (2/3)

Property name	A-PLACE Aoyama	Luogo Shiodome	TAMACHI SQUARE (Land)	A-PLACE Ikebukuro	A-PLACE Shinbashi	A-PLACE Gotanda
						
Location	Kita-Aoyama, Minato-ku, Tokyo	Higashi Shinbashi, Minato-ku, Tokyo	Shiba, Minato-ku, Tokyo	Minami Ikebukuro, Toshima-ku, Tokyo	Shinbashi, Minato-ku, Tokyo	Nishigotanda, Shinagawa-ku, Tokyo
Access	4-minute walk from Tokyo Metro Ginza Line "Gaenmae" station	4-minute walk from Toei Oedo Line/ Yurikamome "Shiodome" station 5-minute walk from JR Tokaido Line, Yamanote Line, Keihin-Tohoku Line, Yokosuka Line/ Tokyo Metro Ginza Line/ Toei Asakusa Line/ Yurikamome "Shinbashi" station	2-minute walk from Toei Asakusa Line, Mita Line "Mita" station 4-minute walk from JR Yamanote Line, Keihin-Tohoku Line "Tamachi" station	6-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Tokyo Metro Marunouchi Line, Yurakucho Line, Fukutoshin Line/ Seibu Ikebukuro Line/ Tobu Tojo Line "Ikebukuro" station	3-minute walk from JR Tokaido Line, Yamanote Line, Keihin-Tohoku Line, Yokosuka Line/ Tokyo Metro Ginza Line/ Toei Asakusa Line/ Yurikamome "Shinbashi" station	3-minute walk from Toei Asakusa Line "Gotanda" station 4-minute walk from JR Yamanote Line "Gotanda" station
Acquisition price (A)	¥8,790 mn	¥4,540 mn	¥2,338 mn	¥3,990 mn	¥5,650 mn	¥5,730 mn
Appraisal value (B)	¥8,850 mn	¥4,570 mn	¥2,400 mn	¥4,020 mn	¥5,780 mn	¥5,750 mn
vs appraisal value (A/B)	99.3%	99.3%	97.4%	99.3%	97.8%	99.7%
Appraisal NOI yield	5.0%	4.7%	4.7%	5.2%	5.1%	4.5%
Structure	RC	Steel framed, RC	-	Steel framed, RC	RC, SRC	RC, SRC
Number of floors	9 floors above and 1 floor underground	11 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
Gross floor area	9,958.33m ²	8,242.61m ²	-	4,709.05m ²	7,143.97m ²	5,782.65m ²
Total leasable area	7,303.69m ²	4,476.35m ²	1,287.96m ²	3,409.73m ²	5,052.14m ²	4,028.69m ²
Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	89.3%
Key points of properties	<ul style="list-style-type: none"> Building has strong competitive advantages compared with the office buildings in the neighborhood due to its large size Large-scale renovation of the building including seismic strengthening completed in 2008 Above-ground ample parking spaces provides an attractive feature companies including apparel companies that need to deliver products and equipment 	<ul style="list-style-type: none"> Located on the north side of Shiodome Siosite's western district, known as "Italy Town", which has high traffic Higher competitiveness compared with other office properties in the neighborhood due to its quake-absorbing structure Strong demand expected from affiliates and customers of large corporations that are tenants in large buildings around "Shiodome" station 	<ul style="list-style-type: none"> Convenient location with several lines High concentration of large companies because of easy access to Shinagawa station providing Tokaido bullet train, and Hamamatsu station providing direct access to Haneda Airport from Tamachi station on JR Line 	<ul style="list-style-type: none"> High-profile building located within a 6-minute walking distance from "Ikebukuro" station along Meiji Street Relatively new building which is built by the latest building, facility specifications and located in an area with little supply of new office Properties 	<ul style="list-style-type: none"> Demand in this area from prospective tenants running various types of business in different categories is expected In a block on the southern side, Loop Road No. 2 is under onstruction. The district has the potential for further development in the future The second through fifth floors were renovated 	<ul style="list-style-type: none"> 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 highprofile facade, developed by Tokyu Land Corporation The building is highly competitive, and also equipped with high-tech facilities including 100mmhigh free-access floors, individual air conditioning units and grid ceilings

Portfolio – Tokyo Office Properties (3/3)

Property name	A-PLACE Shinagawa	OSAKI WIZTOWER (4–11th floors)	Shiodome Building (Note)	A-PLACE Ebisu Higashi	A-PLACE Shibuya Konnoh	A-PLACE Gotanda Ekimae
						
Location	Konan, Minato-ku, Tokyo	Osaki, Shinagawa-ku, Tokyo	Kaigan, Minato-ku, Tokyo	Higashi, Shibuya-ku, Tokyo	Shibuya, Shibuya-ku, Tokyo	NishiGotanda, Shinagawa-ku, Tokyo
Access	4-minute walk from JR Tokaido Shinkansen, Tokaido Line, Yamanote Line, Keihin-Tohoku Line, Yokosuka Line/ Keikyū Main Line "Shinagawa" station	4-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Rinkai Line "Osaki" station	3-minute walk from JR Line "Hamamatsucho" station 3-minute walk from Toei Oedo Line/ Asakusa Line "Daimon" station	6-minute walk from JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line/ Tokyo Metro Hibiya Line "Ebisu" Station	4-minute walk from JR Yamanote Line Shibuya station "Shinminamiguchi" gate	1-minute walk from JR Yamanote Line/ Toei Asakusa Line/ Tokyu Ikegami Line "Gotanda" Station
Acquisition price (A)	¥3,800 mn	¥10,690 mn (sectional ownership)	¥30,300 mn / ¥20,400 mn / ¥20,900 mn	¥7,072 mn	¥4,810 mn	¥7,280 mn
Appraisal value (B)	¥3,800 mn	¥11,200 mn (sectional ownership)	¥30,450 mn / ¥20,700 mn / ¥21,100 mn	¥7,160 mn	¥4,900 mn	¥7,390 mn
vs appraisal value (A/B)	100.0%	95.4%	99.5% / 98.6% / 99.1%	98.8%	98.2 %	98.5%
Appraisal NOI yield	4.6%	4.6%	4.2% / 4.1% / 3.9%	4.4%	4.4 %	4.3%
Structure	RC, SRC	RC, SRC	RC, SRC	SRC	RC, SRC	SRC
Number of floors	8 floors above and 1 floor underground	25 floors above and 2 floors underground (total)	24 floors above and 2 floors underground	10 floors above and 2 floors underground	8 floors above and 1 floor underground	9 floors above and 1 floor underground
Gross floor area	3,937.61m ²	54,363.84m ² (total)	115,930.83m ² (Total)	5,321.23m ²	4,331.70m ²	5,961.02m ²
Total leasable area	2,986.36m ²	7,193.28m ² (sectional ownership)	28,136.05m ²	4,010.69m ²	2,983.36m ²	4,316.89m ²
Occupancy rate	100.0%	100.0%	99.4%	100.0%	100.0%	100%
Key points of properties	<ul style="list-style-type: none"> High convenience with easy access to major areas in Tokyo and access to the Tokaido bullet train Located in Konan, an area with a high concentration of headquarter buildings of major companies 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 	<ul style="list-style-type: none"> High convenience with a four-minute walk from "Osaki" Station on JR Yamanote Line and Shonan-Shinjuku Line, etc Further expansion as the new office area is expected by the reconstruction development around the station Having BCP (Business Continuity Planning) facilities such as emergency power supplies enabling consecutive 48-hour electric power generation, in addition to the newest earthquake resistant Structure 	<ul style="list-style-type: none"> Only a 3-minute walk from JR Hamamatsucho Station and the Toei Daimon Station with a direct access to Haneda Airport and major rail terminals such as Tokyo and Shinagawa stations Highly competitive building with standard office floor area of more than 1,000 tsubo, a rarity in Tokyo, which meets wide variety of tenants needs by dividing the floor space 	<ul style="list-style-type: none"> Great lighting and visibility as it is located at the corner and along the Meiji street which is 6minute walk from "Ebisu" station Well in appealing tenants in terms of facilities following the renewal of entrance/restroom and individualizing air conditioner despite the age of 20 years 	<ul style="list-style-type: none"> South entrance of Shibuya Station is expected to be developed with better accessibility through improvement of Shibuya Station and its surroundings as well as re-development on such area It underwent large-scale renovations from 2011 to 2012 	<ul style="list-style-type: none"> Just 1-minute walk from the JR Yamanote Line Gotanda station The property's features include a standard office floor area of 148 tsubo with a ceiling height of 2,600 mm, individual air conditioning units, free access floor, etc. The rooms can be divided, and so it can flexibly address the needs from tenants The property is capable of addressing a wide range of demands from tenants including retail stores, due to locational rarity and high visibility from the station

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

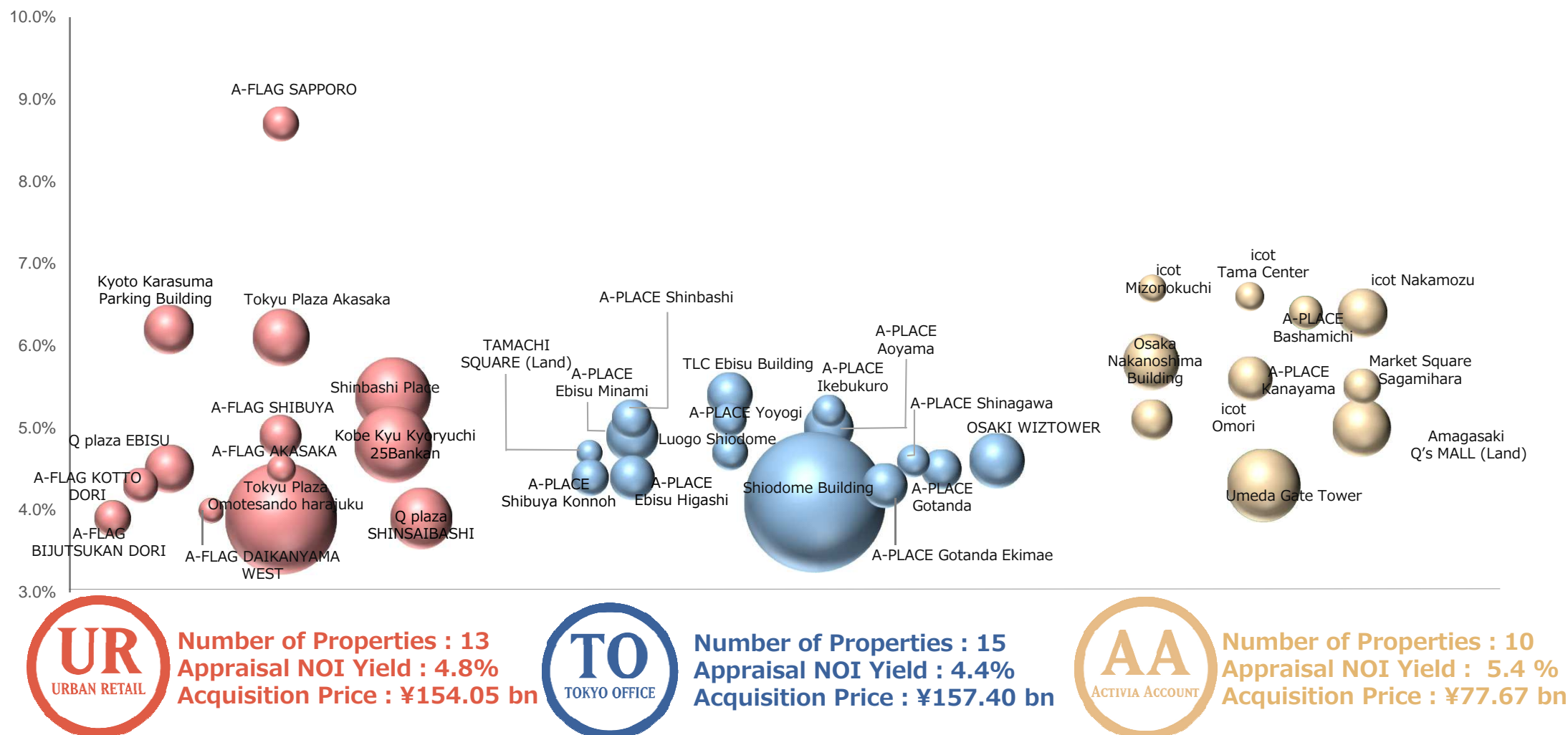
Portfolio – Activia Account Properties (1/2)

Property name	Amagasaki Q's MALL (Land)	icot Nakamozu	icot Mizonokuchi	icot Tama Center	A-PLACE Kanayama	Osaka Nakanoshima Building
						
Location	Shioe, Amagasaki City, Hyogo	428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka	Mizonokuchi, Takatsu-ku, Kawasaki City, Kanagawa	Ochiai, Tama City, Tokyo	Kanayama, Naka-ku, Nagoya City, Aichi	Nakanoshima, Kita-ku, Osaka City, Osaka
Access	2-minute walk from JR Tokaido Main Line, Fukuchiyama Line, Tozai Line "Amagasaki" station	6-minute walk from Osaka Municipal Subway Midosuji Line "Nakamozu" station 6-minute walk from Nankai Koya Line "Shirasagi" station 8-minute walk from Nankai Koya Line "Nakamozu" station	13-minute walk from Tokyu Denen Toshi Line/Oimachi Line "Takatsu" station	4-minute walk from Keio Sagamihara Line "Keio Tama Center" station 4-minute walk from Odakyu Tama Line "Odakyu Tama Center" station 4-minute walk from Tama Toshi Monorail "Tama Center" station	1-minute walk from Nagoya Municipal Subway Meijo Line/Meiko Line "Kanayama" station 2-minute walk from JR Chuo Line, Tokaido Line/Meitetsu Nagoya Main Line "Kanayama" station	1-minute walk from Keihan Nakanoshima Line "Oebashi" station 5-minute walk from Osaka Municipal Subway Midosuji Line "Yodoyabashi" station
Acquisition price (A)	¥12,000 mn	¥8,500 mn	¥2,710 mn	¥2,840 mn (sectional ownership)	¥6,980 mn	¥5,250 mn/¥5,850 mn
Appraisal value (B)	¥12,100 mn	¥8,880 mn	¥2,950 mn	¥2,990 mn mn (sectional ownership)	¥7,120 mn	¥5,800 mn/¥5,900 mn
vs appraisal value (A/B)	99.2%	95.7%	91.9%	95.0%	98.0%	90.5%/99.2%
Appraisal NOI yield	5.0%	6.4%	6.7%	6.6%	5.6%	6.2%/5.5%
Structure	-	Steel framed	Steel framed	RC	Steel framed, SRC	SRC
Number of floors	-	3 floors above	4 floors above and 1 floor underground	15 floors above and 1 floor underground (total)	9 floors above and 1 floor underground	15 floors above and 3 floors underground
Gross floor area	-	27,408.34m ²	14,032.05m ²	31,553.75m ² (total)	12,783.13m ²	34,248.71m ²
Total leasable area	27,465.44m ²	28,098.02m ²	14,032.05m ²	5,181.58m ² (sectional ownership)	9,314.91m ²	20,235.57m ²
Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Key points of properties	<ul style="list-style-type: none"> Multi-tenant property that represents Amagasaki and is directly connected to the JR Amagasaki train station. Its tenants include the largest sports club and cinema complex in the region and a department store that specializes in household accessories 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 	<ul style="list-style-type: none"> Located in Nakamozu area where housing concentration is growing steadily as it connects Osaka City with Senboku New Town It is one of the No. 1 neighborhood shopping centers in the nearby commercial area The property houses the flagship store of home improvement retailer Kohnan Shoji. Stable income is expected from the 20-year fixedterm lease contracts with such core Tenants 	<ul style="list-style-type: none"> Good access from the Tokyo city center as property is facing the trunk road. It is located in an area with many residential developments and a promising trade area 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 	<ul style="list-style-type: none"> 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 Unique tenant structure that includes a one-price shop, clinic mall and bank branches helps satisfy the needs of people in surrounding areas 	<ul style="list-style-type: none"> Property is located in front of "Kanayama" station which has good access to "Nagoya" station and Chubu International Airport. The large standard floor size of 300 tsubo and its landmark exterior ensures sufficient competitiveness in the area 	<ul style="list-style-type: none"> The Nakanoshima area features many office buildings, including financial institutions and government offices, such as the Bank of Japan Osaka branch and the Osaka City Hall, as well as offices of major companies such as The Asahi Shimbun Company and Kansai Electric Power

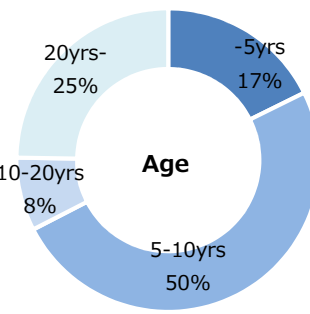
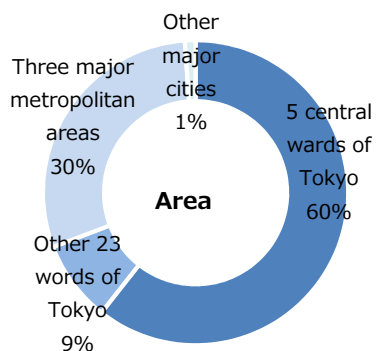
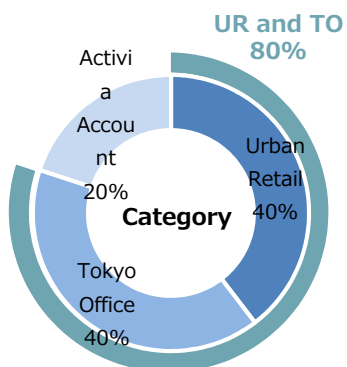
Portfolio – Activia Account Properties (2/2)

Property name	icot Omori	Market Square Sagamihara	Umeda Gate Tower (5-20th floors)	A-PLACE Bashamichi
				
Location	Omorikita, Ota-ku, Tokyo	Shimokuzawa, Chuo-ku, Sagamihara-city, Kanagawa	Tsurunochi, Kita-ku, Osaka, Osaka	Honcho, Naka-ku, Yokohama, Kanagawa
Access	3-minute walk from JR Keihinohoku Line "Omori" station	15-minute walk from from JR Sagamihara Line "Minamihashimoto" station	3-minute walk from "Umeda" Station on the Hankyu Kyoto Line 6-minute walk from "Umeda" Station on the Osaka Municipal Subway Midosuji Line 7-minute walk from "Osaka" Station on the JR Tokaido Main Line	1-minute walk from "Bashamichi" station on Minatomirai Line 7-minute walk from "Kannai" station on JR Negishi Line
Acquisition price (A)	¥5,790 mn	¥4,820 mn	¥19,000 mn	¥ 3,930 mn
Appraisal value (B)	¥5,810 mn	¥4,820 mn	¥19,600 mn	¥4,350 mn
vs appraisal value (A/B)	99.7%	100.0%	96.9%	90.3%
Appraisal NOI yield	5.1%	5.5%	4.3%	6.4%
Structure	RC, SRC	Steel framed	Steel framed, SRC	SRC
Number of floors	7 floors above and 1 floor underground	2 floors above	21 floors above and 1 floor underground (total)	12floors above and 2 floor underground
Gross floor area	7,040.95m ²	9,719.38m ²	22,003.14m ² (total)	14,009.06m ²
Total leasable area	6,209.79m ²	15,152.42m ²	13,743.89m ² (sectional ownership)	9,613.95m ²
Occupancy rate	100.0%	100.0%	93.6%	99.1%
Key points of properties	<ul style="list-style-type: none"> 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 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 	<ul style="list-style-type: none"> Newly opened in July 2014 Tenants—a major home electronics retailer K's Denki, a major supermarket chain OK Store, and a well-known revolving sushi chain Hamazushi—cater to the needs of local area residents 	<ul style="list-style-type: none"> Located in Umeda area, which is one of leading business and commercial districts in Osaka Relatively new large-scale office building completed in January 2010, with a gross floor area of approximately 6,700 tsubo The building is equipped with the latest specification such as 16-zone individual air-conditioning system and high-performance seismic structural control system Standard office floor area of approx. 265 tsubo, the rectangular shape of rental space with astylar structure, a ceiling height of 2.7m. The floor can be divided into up to 8 spaces, addressing the needs of variety of tenants 	<ul style="list-style-type: none"> 1-minute walk from "Bashamichi" station, located just above the station Concentration of business facilities such as government administration offices including Kanagawa Prefectural Government's Office and Yokohama Second Common Government Office, and Yokohama i-Land TOWER in which Urban Renaissance Agency sets up its headquarter Further development is expected due to redevelopment projects from a relocation plan of Yokohama City Hall in 2020 to developments of large-scale condominiums and hotels A multi-tenant office building with large-scale standard floor area of approx. 347 tsubo, reducing the risk of vacancy by addressing various needs of tenants

API Portfolio Matrix (Asset Types × NOI Yield)

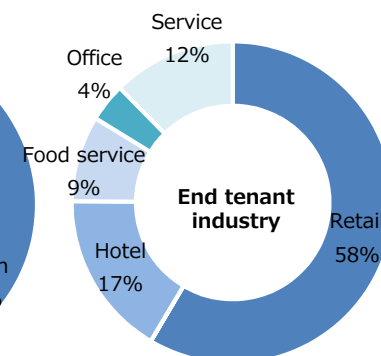
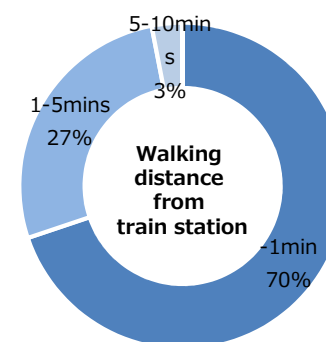
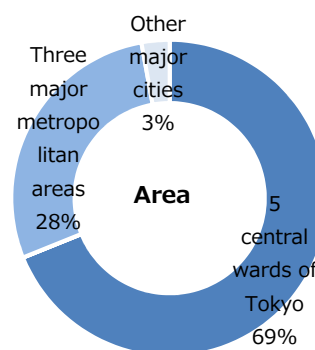


Entire Portfolio

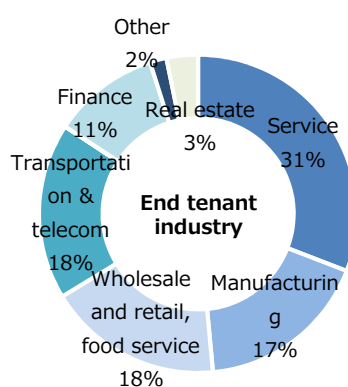
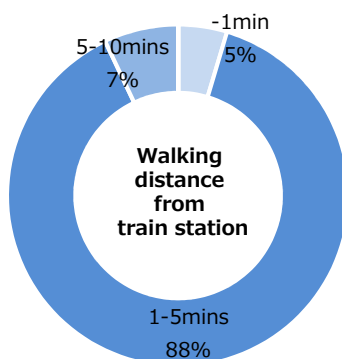
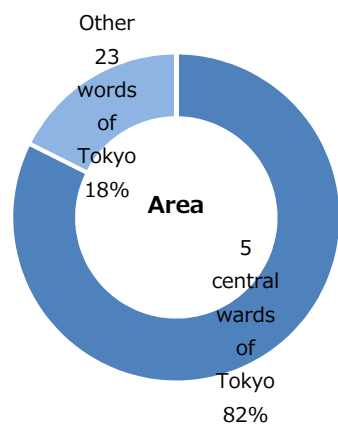


Portfolio average
13.9y

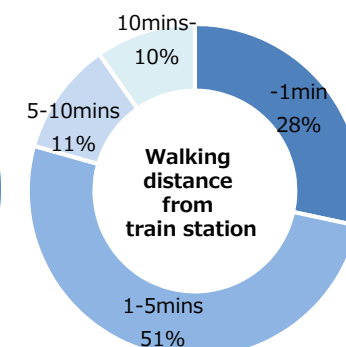
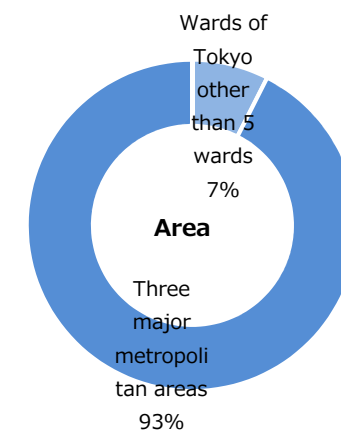
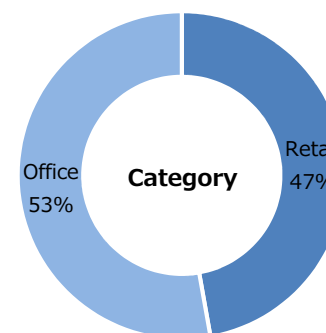
Urban Retail Properties



Tokyo Office Properties



Activa Account Properties



(Note 1) Each chart is based on the acquisition price as of Nov. 30, 2016, with adding A-FLAG BIJUTSUKAN DORI acquired on Dec. 2, 2016, A-FLAG KOTTO DORI and Shiodome Building (additional 10% co-ownership interest) acquired on Dec. 20, 2016 and A-FLAG DAIKANYAMA WEST acquired on Jan. 6, 2017. As for "End tenant industry", it is calculated based on the annual rents as of Nov. 30, 2016.

(Note 2) Average property age is calculated excluding the properties API owns only land.

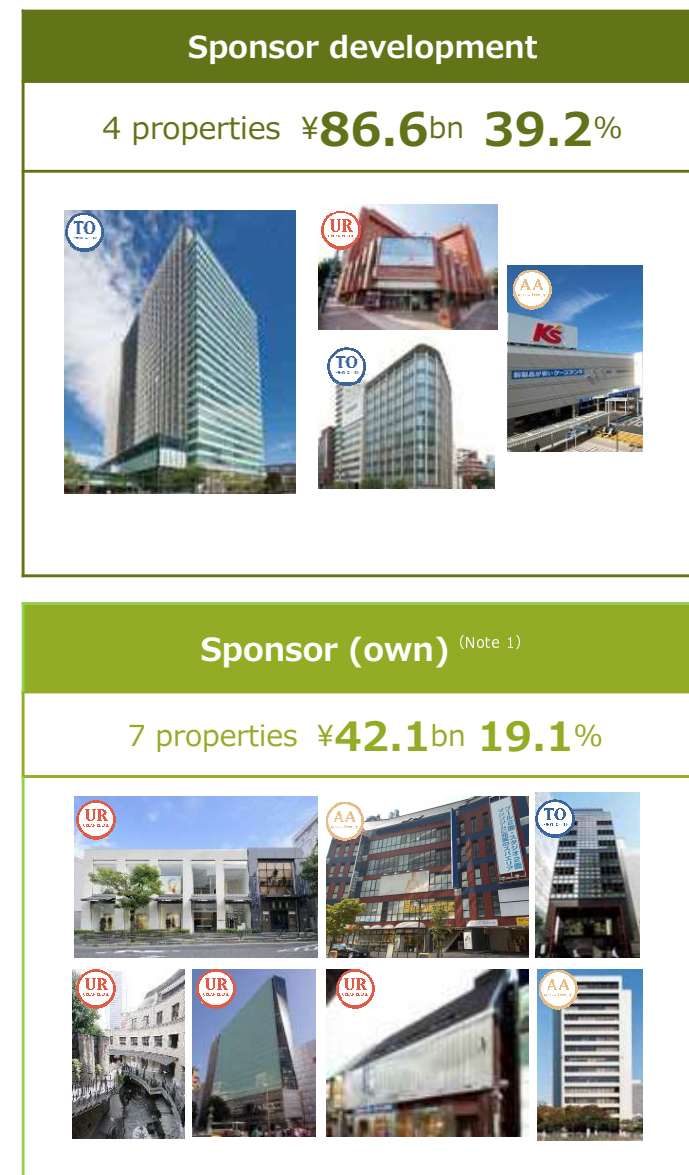
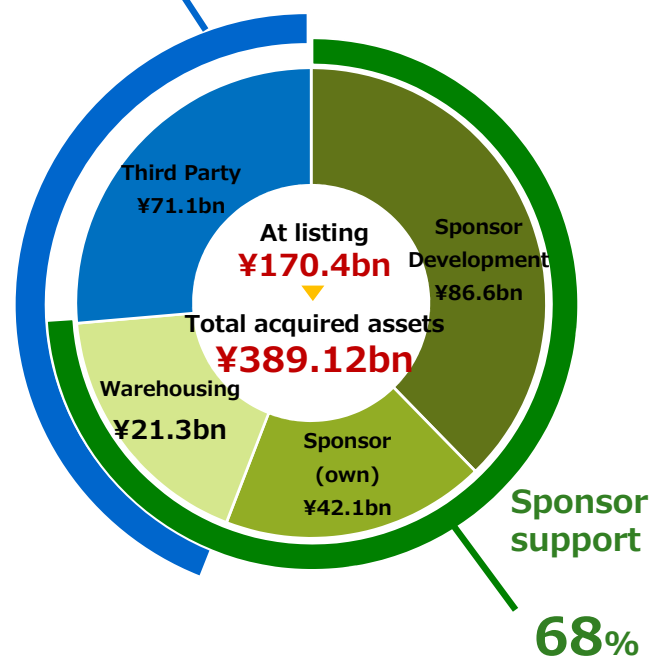
Seller and Acquisition Form of Acquired Assets after IPO (Acquisition Price Base)

- In addition to acquisition of sponsor-developed properties and sponsor support such as warehousing, we have strong external growth power via opportunities of acquiring diverse properties such as the asset managers' own channel



External

42%



(Note 1) This includes properties held by subsidiary of Tokyo Land Corp.

(Note 2) Regarding to Osaka Nakanoshima Building, the initial acquisition belongs to "Third party" and the additional acquisition belongs to "Held by sponsor".

Major Developments and Properties by Tokyu Fudosan Holdings Group

■ Major developments and properties by Tokyu Fudosan Holdings Group



<Major developments & properties of retail properties>

No.	Name	Nearest Station	Walking Distance	Completion	Total Floor Area
—	Tokyu Plaza Kamata	Kamata	Direct	1968	28,000㎡
1	Shibuya BEAM	Shibuya	5	1992	7,000㎡
2	Daini Musashino Building	Shinjuku San-chome	1	1992	6,000㎡
—	DECKS Tokyo Beach	Odaiba Kaihin Koen	2	1997	69,000㎡
—	Northport Mall	Center Kita	1	2007	141,000㎡
—	Tokyu Plaza Totsuka	Totsuka	Direct	2010	10,000㎡
—	Futakotamagawa rise S.C.	Futakotamagawa	1	2011	20,000㎡
3	Q plaza HARAJUKU	Meiji-jingumae	1	2015	8,000㎡
4	Tokyu Plaza Ginza	Ginza	1	2016	49,000㎡

<Major developments & holding properties of office properties>

No.	Name	Nearest Station	Walking Distance	Completion	Total Floor Area
1	Shibuya Dogenzaka Tokyu Building	Shibuya	4	1983	13,000㎡
2	DBC Shinagawa Tokyu Building	Shinagawa	7	1985	22,000㎡
3	Ichibancho Tokyu Building	Hanzomon	1	2002	20,000㎡
4	Ebisu Business Tower	Ebisu	2	2003	23,000㎡
5	Shibuya Square	Shibuya	3	2004	13,000㎡
6	Hamamatsucho Square	Hamamatsucho	1	2004	24,000㎡
7	Shibuya Minami Tokyu Building	Shibuya	6	2005	20,000㎡
8	Uchisaiwaicho Tokyu Building	Shinbashi	2	2006	14,000㎡
9	Nihonbashi Maruzen Tokyu Building	Nihonbashi	1	2006	17,000㎡
10	Minami-Aoyama Tokyu Building	Omotesando	4	2008	12,000㎡
11	Shinbashi Tokyu Building	Shinbashi	2	2008	15,000㎡
12	Kasumigaseki Tokyu Building	Tameike-Sanno	4	2010	19,000㎡
13	Shin-Meguro Tokyu Building	Meguro	2	2012	22,000㎡
14	Shin-Aoyama Tokyu Building	Omotesando	3	2015	9,000㎡

(Note) We do not own or intend to acquire any of the properties listed in the above table.

■ Corporate Philosophy

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

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

■ Basic Policies

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

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

■ Portfolio Composition Policy



Urban Retail Properties that are easily recognized and located either near major train stations or popular areas in Tokyo, government-designated major cities within Japan's three major metropolitan areas and other major cities in Japan



Office properties within the 23 wards of Tokyo in areas with a high concentration of offices and located near major train stations



To enhance the stability and profitability of our portfolio, we carefully select commercial facilities other than Urban Retail Properties and office building other than Tokyo Office Properties, assessing the attributes and competitiveness of each property

70% or more

30% or less

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

Tokyu Fudosan Holdings Group's Support System

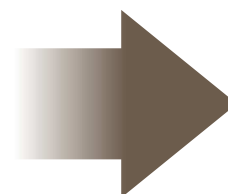
- To ensure stable growth over the medium to long-term, the Asset Manager has applied its know-how and utilized its independent network to the management of properties. The Asset Manager has also leveraged Tokyu Fudosan Holdings Group companies' value chain and comprehensive support to ensure asset growth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

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

Tokyu Fudosan Holdings Group

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

Value Chain



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

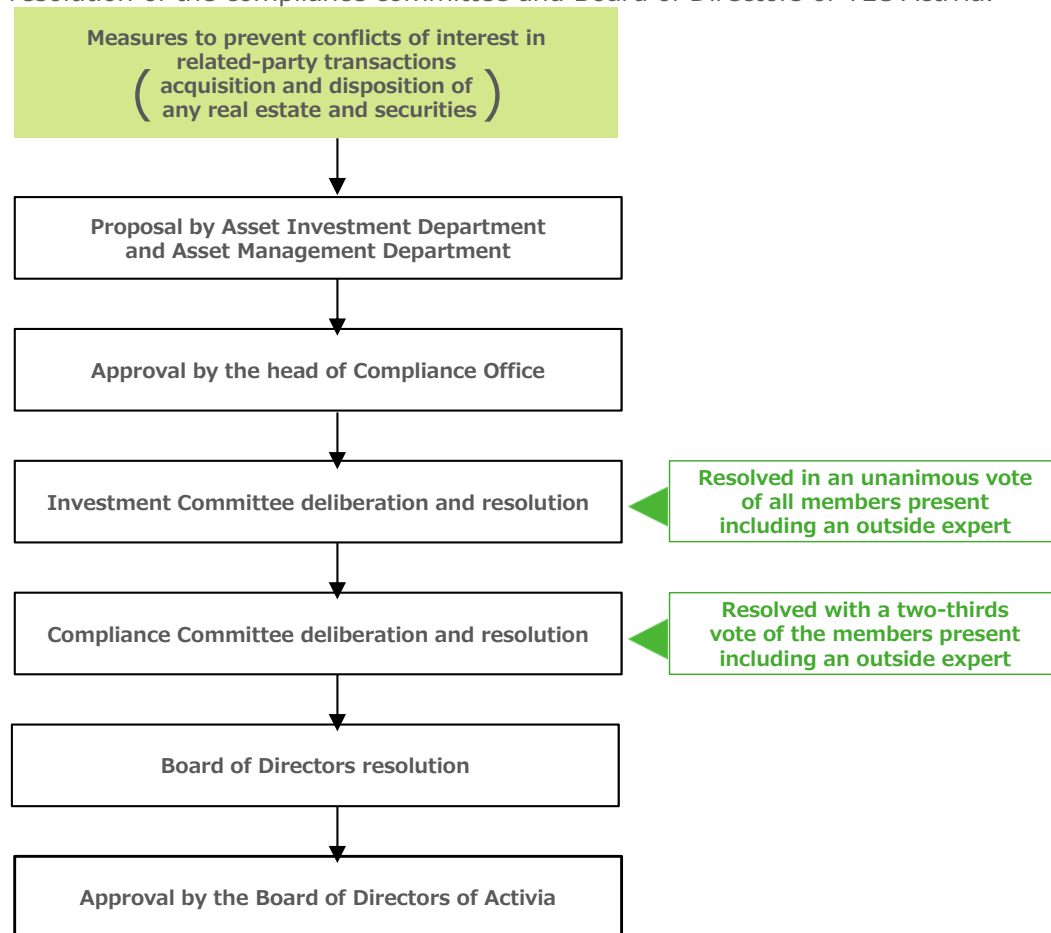
TLC Activia Investment Management Inc.

- The management's years of experience in development, operation and management of retail facilities and office buildings
- Expand portfolio by leveraging its know-how for property acquisitions and its wide-ranging network

Strong Governance Structure to Maximize Unitholder Value

■ Strong Governance Structure

- Involvement of third parties to protect the interests of unitholders
- Related-party transactions such as acquisition of properties required to be approved by resolution of the compliance committee and Board of Directors of TLC Activia.



- 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

■ Asset Management Fee

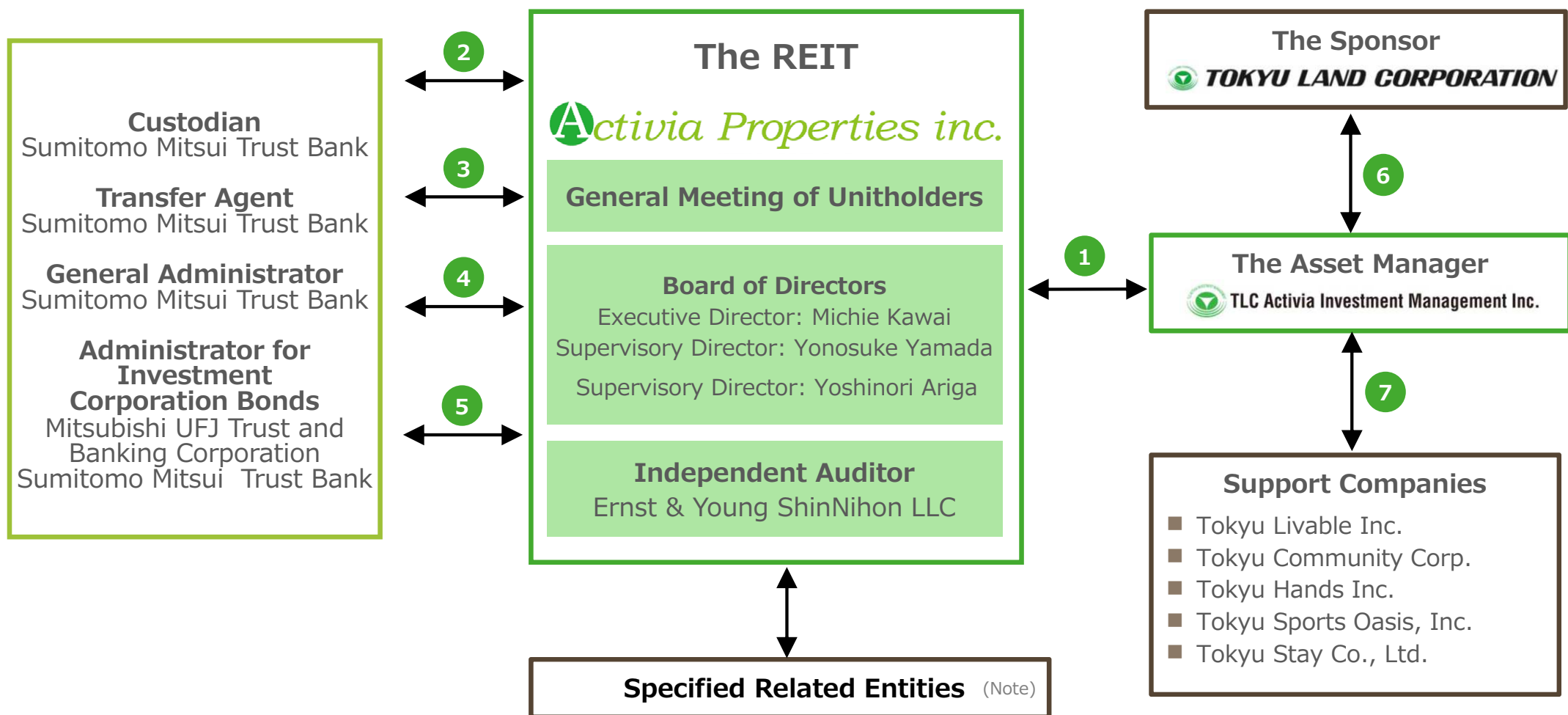
- Asset Management Fee system that enhances the incentive of maximizing the unitholder value
- Fee : Including the management fee links DPU

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

■ Acquisition / Disposition Fee

- In acquisition/disposition of properties from/to the Sponsor, for 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 unitholder 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



① Asset Management Agreement

② Asset Custody Agreement

③ Transfer Agency Agreement

④ General Administration Agreement

⑤ Fiscal Agency Agreement

⑥ Sponsor Support Agreement / Outsourcing Agreement

⑦ Affiliate Support Agreements

(Note) Tokyu Land Corporaton, Tokyu Fudosan Holdings Corporation, Tokyu Land SC Management Corporation and Tokyu Community Corp. are our Specified Related Entities

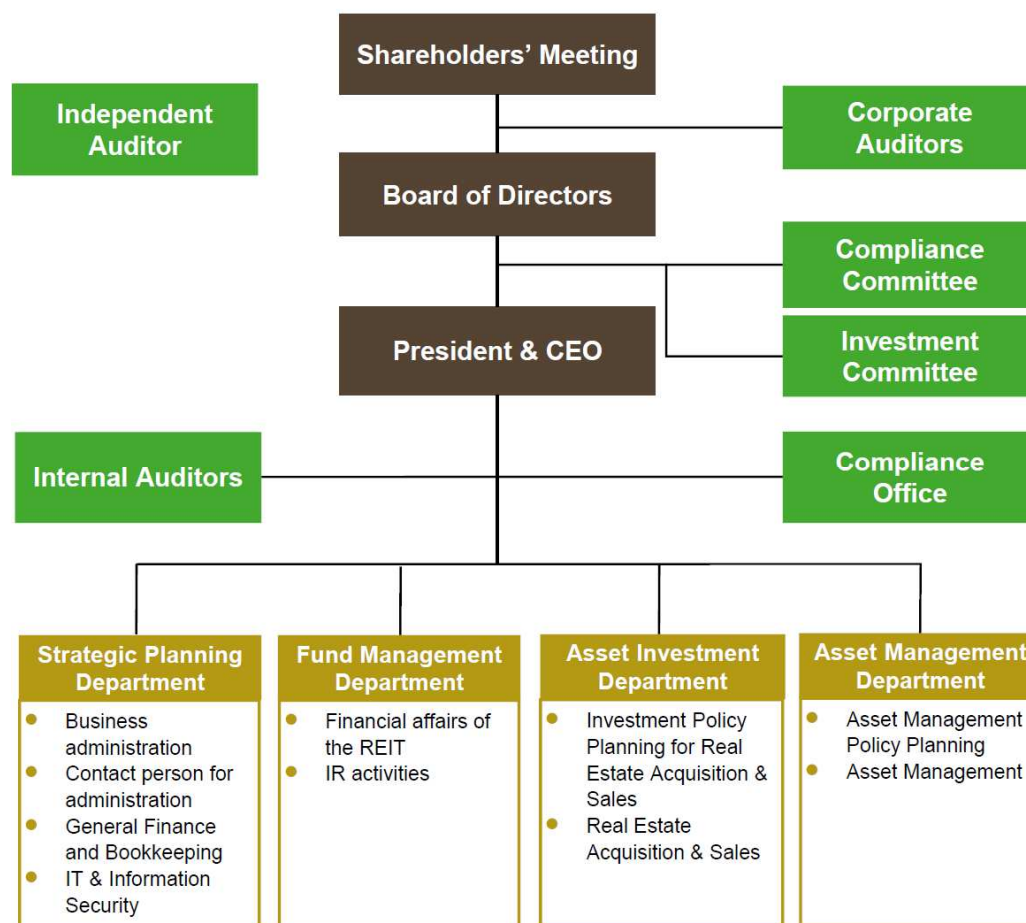
Asset Manager Organizational Overview

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

1. Overview of the Asset Manager

Corporate name	TLC Activia Investment Management Inc.
Established on	Nov, 15, 2010
Capital	¥300 mn
Shareholder	Tokyu Land Corporation 100%
Representative Director and President	Michie Kawai
License	Real estate agent license (Governor of Tokyo (2) No. 92551) Discretionary Transaction Agent License (Minister of Land, Infrastructure and Transportation Approval No. 67) Licensed Financial Instrument Trader (kinsho) No. 2551 The Investment trust Association, Japan The Association for Real Estate Securitization

2. Asset Manager Organizational Chart



(Note) As announced on September 29, 2016, the asset manager will be reorganized into TLC REIT Management Inc. as of April 1, 2017. Thus, the current overview and organizational chart of the asset manager is up to March 31, 2016, which will be changed into a new organizational structure as of April 1, 2017.

3 Advantages of API

✓ *Focus on Urban Retail and Tokyo Office properties*

80% of portfolio is comprised of UR & TO

✓ *Leading governance structure among JREITs*

Interest alignments through DPU-linked AM fees and arms' length principles

✓ *Advantageous IPO timing*

- IPO price at ¥230,000
- Listing after tenant replacement in the post-global financial crisis

- Intensive focus on mid- to long-term earnings stability on the back of declining population and economy size
 - Properties located in major cities such as 5 central wards of Tokyo, Osaka, Kobe and Sapporo
 - Properties with high competitiveness
- The 1st J-REIT to adopt DPU linked AM fee
- Managing the conflicts of interest through strict arms' length principles in decision making process, including the requirement of unanimous votes of external committee members for acquisitions
- Same-boat principle of our Sponsor, Tokyu Land, that they will seriously consider to subscribe to additional investment units in our equity issuances
- Listed in June, 2012, when real estate and capital markets were extremely weak after the global financial crisis
 - TSE REIT Index dropped 65% from pre-Lehman level
- Almost no rent gap by replacing many tenants right after the global financial crisis
- Taking advantage of NAV premium and low capital cost for further growth
- Achieved upward rent revisions for Tokyo Office properties since the 4th period (Nov. 2013), ahead of other J-REITs
- Rent gap at -5% for the 10th period (as of Nov. 30, 2016)

Statement of Income – 10th Period ended Nov. 2016

	9th period	10th period (In thousands of yen)
Operating revenue		
Rent revenue-real estate	9,528,262	10,175,270
Other lease business revenue	647,599	741,808
Total Operating revenue	10,175,862	10,917,079
Operating expenses		
Expenses related to rent business	3,399,234	3,833,354
Asset management fee	747,023	821,891
Asset custody fee	9,502	10,016
Administrative service fee	25,059	26,211
Directors' compensations	3,300	3,300
Other operating expenses	64,988	60,776
Total operating expenses	4,249,107	4,755,550
Operating income (loss)	5,926,754	6,161,528
Non-operating income		
Interest income	549	56
Interest on securities	1,055	–
Reversal of distribution payable	6,902	2,924
Interest on refund	–	153
Insurance income	–	80
Total non-operating income	8,507	3,214
Non-operating expenses		
Interest expenses	539,715	536,470
Interest expenses on investment corporation bonds	22,639	25,379
Amortization of investment corporation bond issuance costs	4,794	5,053
Investment unit issuance expenses	49,399	56,862
Borrowing related expenses	120,564	129,896
Other	500	500
Total non-operating expenses	737,613	754,161
Ordinary income (loss)	5,197,648	5,410,581
Income (loss) before income taxes	5,197,648	5,410,581
Income taxes-current	948	954
Income taxes-deferred	△4	△0
Total income taxes	943	954
Net income (loss)	5,196,705	5,409,626
Retained earnings (deficit) brought forward	143	247
Unappropriated retained earnings (undisposed loss)	5,196,849	5,409,874

Balance Sheets – 10th Period ended Nov. 2016

	(In thousands of yen)	
	9th period	10th period
Assets		
Current assets		
Cash and deposits	7,850,554	7,919,219
Cash and deposits in trust	4,013,423	4,265,231
Operating accounts receivable	448,019	510,269
Prepaid expenses	353,242	271,796
Deferred tax assets	16	17
Consumption taxes receivable	5,083	240,810
Other	1,968	2,040
Total current assets	12,672,309	13,209,384
Noncurrent assets		
Property, plant and equipment		
Building in trust	67,043,786	74,293,765
Accumulated depreciation	△5,263,878	△6,259,822
Building in trust, net	61,779,907	68,033,942
Structures in trust	565,465	604,762
Accumulated depreciation	△83,894	△99,187
Structures in trust, net	481,570	505,575
Machinery and equipment in trust	1,264,865	1,321,677
Accumulated depreciation	△179,609	△210,123
Machinery and equipment in trust, net	1,085,255	1,111,554
Tools, furniture and fixtures in trust	77,138	115,826
Accumulated depreciation	△31,583	△41,572
Tools, furniture and fixtures in trust, net	45,554	74,253
Land in trust	258,584,206	282,854,628
Construction in progress in trust	4,102	1,160
Total property, plant and equipment	321,980,596	352,581,114
Intangible assets		
Leasehold rights in trust	4,562,628	4,825,698
Other	1,706	1,245
Total intangible assets	4,564,334	4,826,943
Investments and other assets		
Long-term prepaid expenses	611,931	926,738
Derivatives	—	75,684
Other	14,791	14,791
Total investments and other assets	626,723	1,017,214
Total noncurrent assets	327,171,654	358,425,272
Deferred assets		
Investment corporation bond issuance costs	50,969	45,916
Total deferred assets	50,969	45,916
Total assets	339,894,933	371,680,572

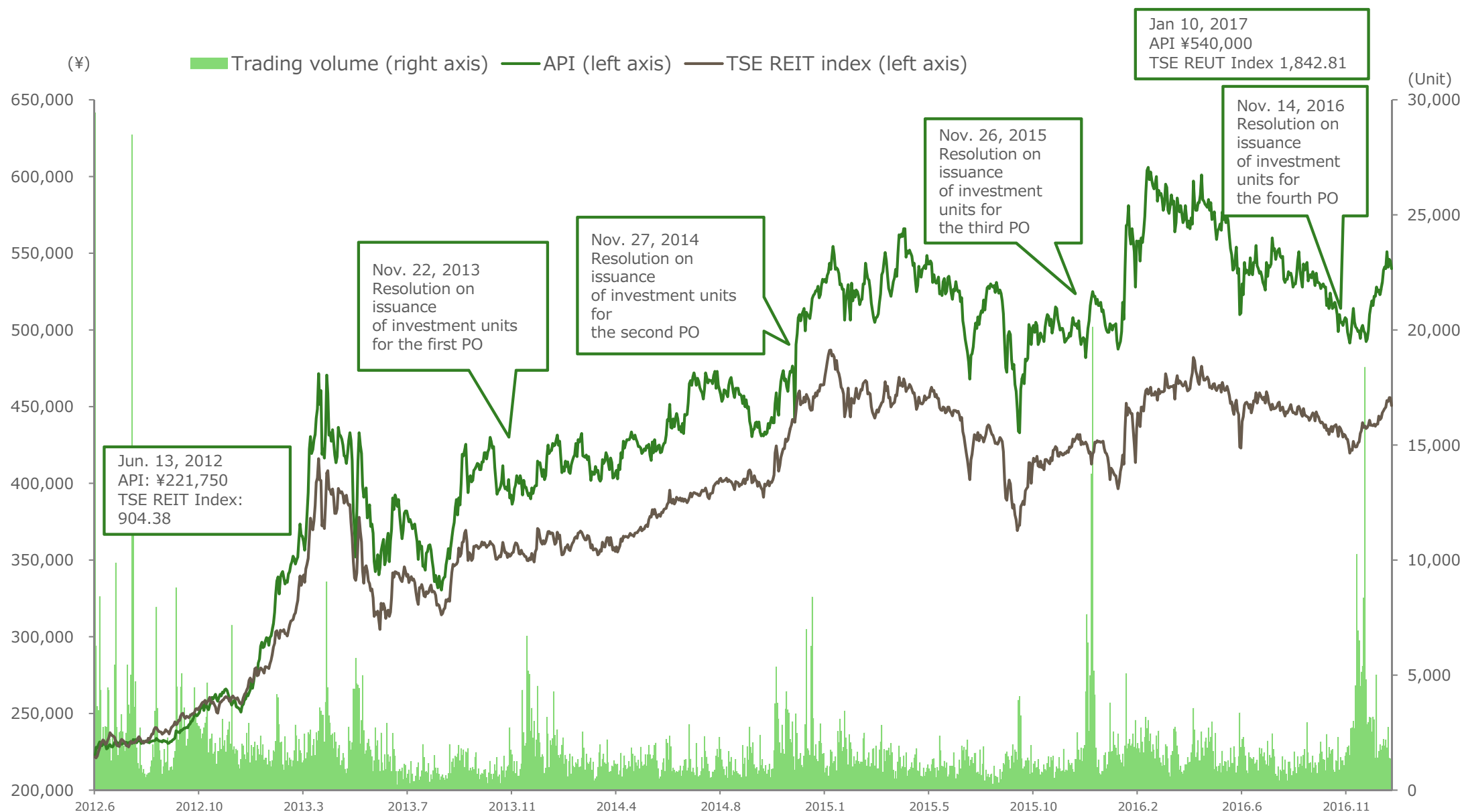
	(In thousands of yen)	
	9th period	10th period
Liabilities		
Current liabilities		
Operating accounts payable	394,577	666,864
Short-term borrowings	2,400,000	5,400,000
Long-term borrowing to be repaid within a year	26,400,000	26,400,000
Accounts payable-other	14,969	61,823
Accrued expenses	574,049	672,969
Income taxes payable	702	946
Advances received	203,975	316,814
Deposits received	5,011	2,083
Other	0	27
Total current liabilities	29,993,285	33,521,528
Noncurrent liabilities		
Investment corporation bonds	10,000,000	10,000,000
Long-term borrowings payable	108,350,000	135,350,000
Tenant leasehold and security deposits in trust	14,821,932	15,790,599
Other	51	72
Total noncurrent liabilities	133,171,984	161,140,671
Total liabilities	163,165,269	194,662,199
Net assets		
Unitholders' equity		
Unitholders' capital	171,532,813	171,532,813
Surplus		
Unappropriated retained earnings (undisposed loss)	5,196,849	5,409,874
Total surplus	5,196,849	5,409,874
Total unitholders' equity	176,729,663	176,942,688
Valuation, translation, adjustments and others		
Deferred gains or losses on hedges	—	75,684
Total valuation, translation, adjustments and others	—	75,684
Total net assets	176,729,663	177,018,373
Total liabilities and net assets	339,894,933	371,680,572

Financial Highlight

(In millions of yen)

	4th period (Nov. 2013)	5th period (May 2014)	6th period (Nov. 2014)	7th period (May 2015)	8th period (Nov. 2015)	9th period (May 2016)	10 th period (Nov. 2016)	11 th period (May 2017) (Forecast)	12 th period (Nov. 2017) (Forecast)
Revenue related to rent business	6,124	7,778	8,174	9,120	9,500	10,175	10,917	10,905	12,242
Gain on sale of real estate properties	-	-	-	-	200	-	-	-	-
Revenue from leasing business (including gain on sale of properties)	6,124	7,778	8,174	9,120	9,701	10,175	10,917	10,905	12,242
Expenses related to rent business	1,456	1,889	2,174	2,323	2,494	2,409	2,781	2,829	3,066
Management operation expenses	425	638	693	825	822	869	917	1,011	977
Utilities expenses	371	524	593	627	658	629	652	728	763
Tax and public dues	433	457	575	578	643	649	772	778	888
Insurance	5	7	7	8	6	7	7	9	9
Repair and maintenance expenses	71	114	142	118	202	78	231	97	187
Other expenses related to rent business	150	146	161	165	161	175	201	203	241
NOI	4,668	5,889	6,000	6,796	7,006	7,766	8,135	9,076	9,175
NOI yield(%)	5.10	5.23	4.98	4.93	4.84	4.79	4.73	-	-
Depreciation and other	518	743	763	887	928	989	1,051	1,158	1,160
Income (loss) from rent business	4,149	5,145	5,237	5,909	6,078	6,776	7,083	7,917	8,015
Loss on sales of real estate properties	-	7	-	-	-	-	-	-	-
Net operating income (including loss on sales of real estate properties)	4,149	5,138	5,237	5,909	6,278	6,776	7,083	7,917	8,015
General and administrative expenses	507	558	643	710	818	849	922	1,021	1,090
Operating income	3,642	4,580	4,594	5,199	5,460	5,926	6,161	6,895	6,925
Non-operating income	4	2	5	3	5	8	3	0	0
Non-operating expenses	459	584	567	619	674	737	754	831	827
Ordinary income	3,187	3,998	4,032	4,583	4,790	5,197	5,410	6,065	6,099
Net income	3,186	3,997	4,031	4,582	4,789	5,196	5,409	6,064	6,098

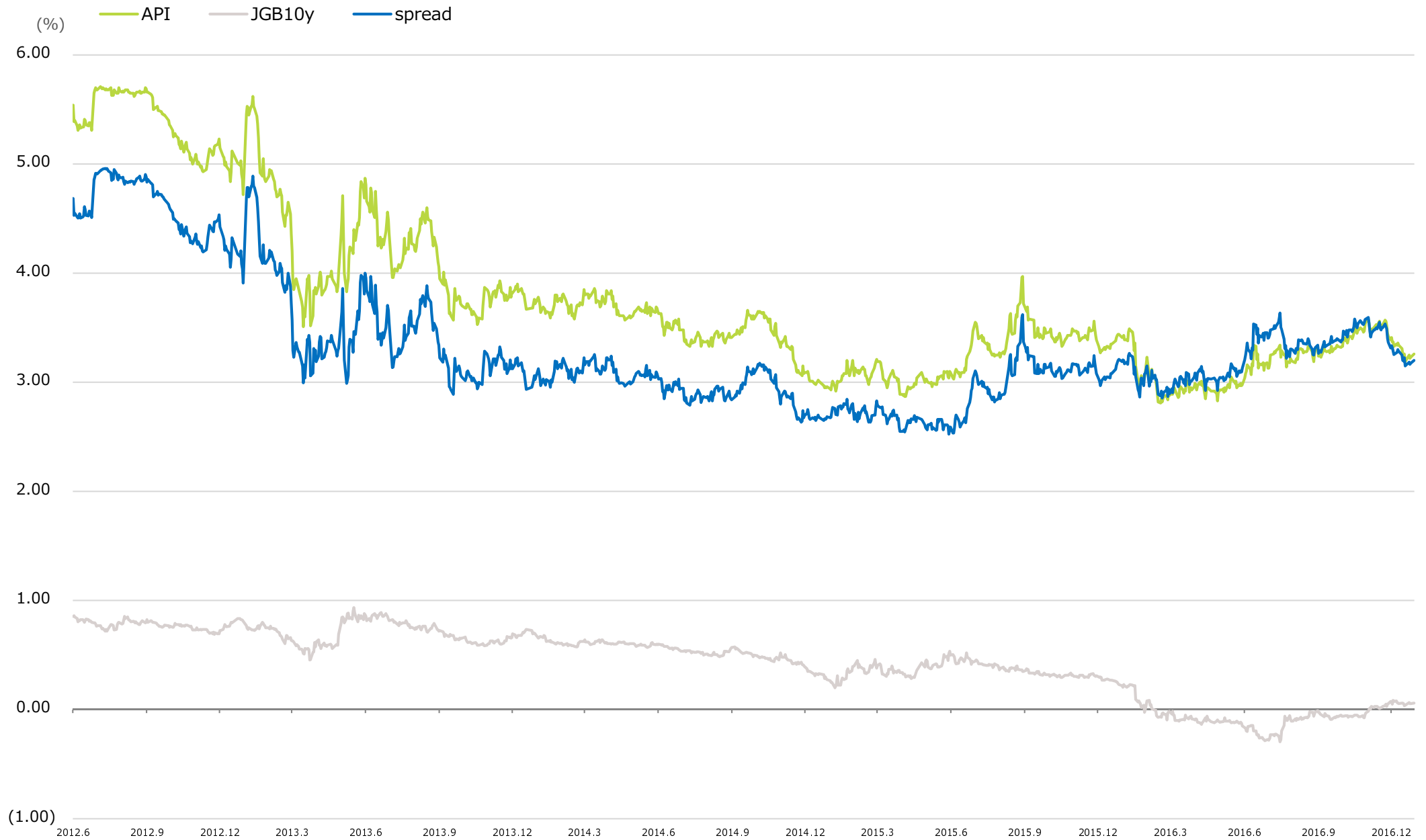
Unit Price Performance Since IPO



(Note 1) The performance of TSE REIT Index is indexed to API unit price as of June 13, 2012

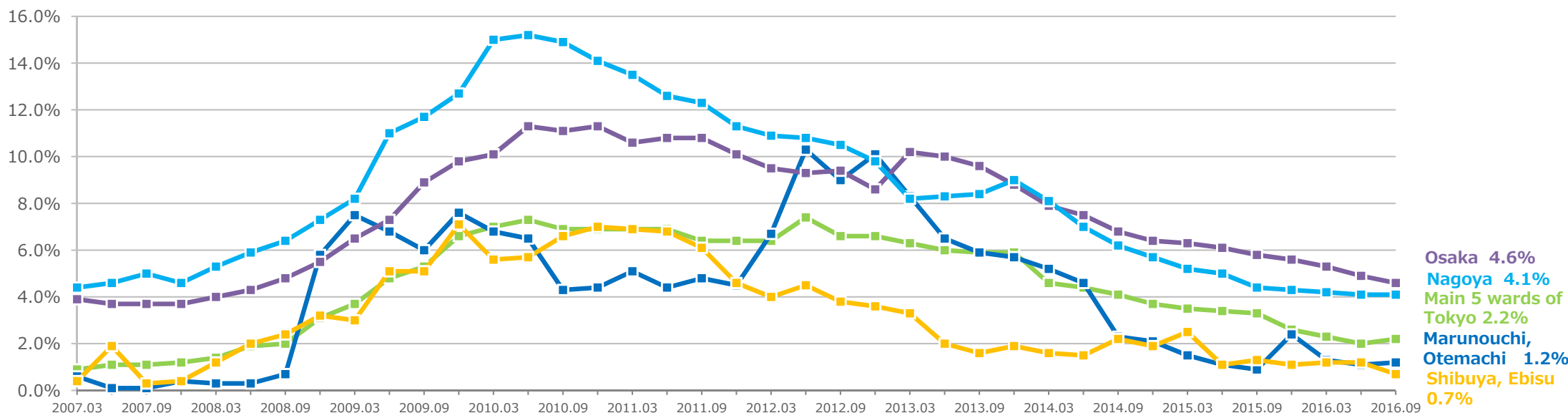
(Note 2) We implemented a 2-for-1 split of investment units effective October 1, 2015. As a result, the unit price before the split is half of actual and trading volume before split is twice as actual. The decimal point is truncated

Trends of Dividend Yield (vs. JGB)



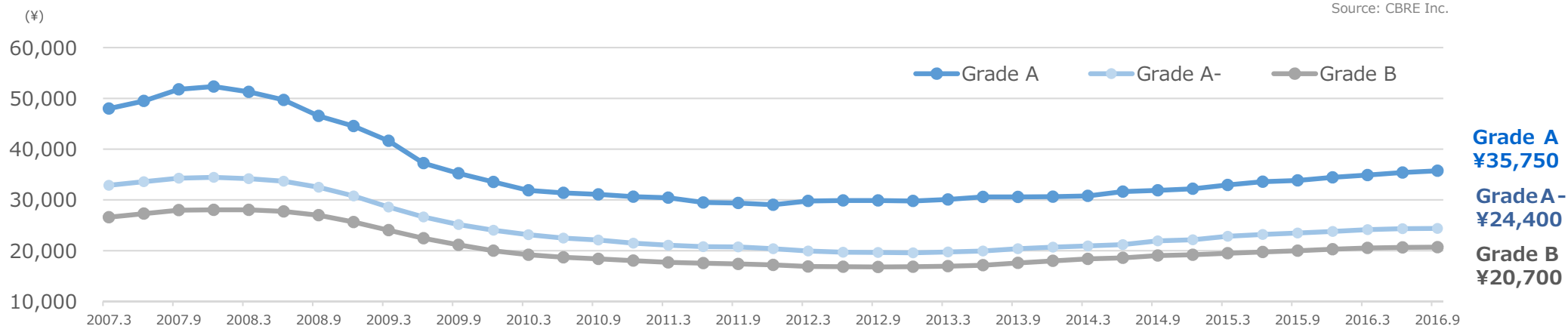
1. Vacancy rate by area

Source: CBRE Inc.






2. Trends of average rent for 23 wards of Tokyo

Source: CBRE Inc.



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

Trends of 38 Properties Cap Rate (Note 1)

Category	Property #	Property name	Acquisition date	Acquisition price (¥mn)	As of acquisition	2nd period (2012/11)	3rd period (2013/5)	4th period (2013/11)	5th period (2014/5)	6th period (2014/11)	7th period (2015/5)	8th period (2015/11)	9th period (2016/5)	10th period (2016/11)
	UR-1	Tokyu Plaza Omotesando Harajuku ^(Note 2)	2012/06/13	45,000	3.8%	3.7%	3.7%	3.6%	3.4%	3.3%	3.2%	3.1%	3.1%	3.0%
	UR-2	Tokyu Plaza Akasaka ^(Note 2)	2012/06/13	11,450	5.3%	5.3%	5.2%	5.1%	4.9%	4.8%	4.6%	4.5%	4.4%	4.3%
	UR-3	Q plaza EBISU	2012/06/13	8,430	4.3%	4.3%	4.2%	4.2%	4.1%	4.0%	3.9%	3.8%	3.7%	3.6%
	UR-4	Shinbashi Place	2012/06/13	20,500	4.9%	4.9%	4.9%	4.8%	4.8%	4.7%	4.6%	4.5%	4.5%	4.4%
	UR-5	Kyoto Karasuma Parking Building	2012/06/13	8,860	5.7%	5.7%	5.7%	5.6%	5.5%	5.4%	5.3%	5.2%	5.1%	5.0%
	UR-6	A-FLAG AKASAKA	2013/08/30	3,000	4.3%	-	-	4.3%	4.2%	4.0%	3.9%	3.8%	3.8%	3.7%
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	2013/12/19	21,330	4.8%	-	-	-	4.7%	4.6%	4.5%	4.3%	4.2%	4.1%
	UR-8	A-FLAG SAPPORO	2013/12/19	4,410	6.5%	-	-	-	6.2%	6.0%	6.0%	5.9%	5.8%	5.7%
	UR-9	A-FLAG SHIBUYA	2013/12/19	6,370	4.8%	-	-	-	4.7%	4.5%	4.4%	4.3%	4.2%	4.1%
	UR-10	Q plaza SHINSAIBASHI	2015/12/16	13,350	3.9%	-	-	-	-	-	-	-	3.9%	3.8%
	UR-11	A-FLAG KOTTO DORI	2016/12/20	4,370	3.8%	-	-	-	-	-	-	-	-	-
	UR-12	A-FLAG BIJUTSUKAN DORI	2016/12/2	4,700	3.8%	-	-	-	-	-	-	-	-	-
	UR-13	A-FLAG DAIKANYAMA WEST	2017/1/6	2,280	4.1%	-	-	-	-	-	-	-	-	-
	TO-1	TLC Ebisu Building	2012/06/13	7,400	4.7%	4.7%	4.6%	4.6%	4.5%	4.3%	4.2%	4.1%	4.1%	4.0%
	TO-2	A-PLACE Ebisu Minami	2012/06/13	9,640	4.6%	4.6%	4.5%	4.5%	4.4%	4.2%	4.1%	4.0%	4.0%	3.9%
	TO-3	A-PLACE Yoyogi	2012/06/13	4,070	4.6%	4.6%	4.5%	4.6%	4.5%	4.5%	4.4%	4.3%	4.2%	4.1%
	TO-4	A-PLACE Aoyama	2012/06/13	8,790	4.9%	4.9%	4.9%	4.8%	4.7%	4.6%	4.5%	4.4%	4.3%	4.2%
	TO-5	Luogo Shiodome	2012/06/13	4,540	4.5%	4.5%	4.5%	4.4%	4.3%	4.2%	4.1%	4.0%	3.9%	3.8%
	TO-6	TAMACHI SQUARE (Land)	2012/06/13	(Note3) 2,338	4.4%	-	-	-	4.4%	4.3%	4.2%	4.1%	4.0%	3.9%
	TO-7	A-PLACE Ikebukuro	2012/06/13	3,990	5.1%	5.1%	5.0%	4.9%	4.9%	4.8%	4.6%	4.5%	4.5%	4.4%
	TO-8	A-PLACE Shinbashi	2013/04/19	5,650	4.7%	-	4.6%	4.5%	4.4%	4.3%	4.2%	4.1%	4.1%	4.0%
	TO-9	A-PLACE Gotanda	2014/01/10	5,730	4.4%	-	-	-	4.3%	4.3%	4.2%	4.1%	4.0%	3.9%
	TO-10	A-PLACE Shinagawa	2014/01/10	3,800	4.4%	-	-	-	4.3%	4.2%	4.1%	4.0%	4.0%	3.9%
	TO-11	OSAKI WIZTOWER	2014/06/24	10,690	4.3%	-	-	-	-	4.2%	4.1%	3.9%	3.8%	3.7%
	TO-12	Shiodome Building (Note 4)	2015/01/09	30,300	3.9%	-	-	-	-	-	3.8%	3.8%	-	-
			2015/12/16	20,400	3.8%	-	-	-	-	-	-	-	3.7%	3.6%
			2016/12/2	20,900	3.6%	-	-	-	-	-	-	-	-	-
	TO-13	A-PLACE Ebisu Higashi	2015/7/29	7,072	4.1%	-	-	-	-	-	-	4.0%	4.0%	3.9%
	TO-14	A-PLACE Shibuya Konnoh	2015/10/1	4,810	4.0%	-	-	-	-	-	-	4.0%	3.9%	3.8%
	TO-15	A-PLACE Gotanda Ekimae	2016/7/1	7,280	4.1%	-	-	-	-	-	-	-	-	4.0%
	AA-1	Amagasaki Q's MALL (Land)	2012/06/13	12,000	5.0%	5.0%	5.0%	4.9%	4.8%	4.8%	4.8%	4.7%	4.6%	4.5%
	AA-2	icot Nakamozu	2012/06/13	8,500	6.0%	6.0%	5.9%	5.8%	5.6%	5.5%	5.4%	5.3%	5.3%	5.2%
	AA-4	icot Mizonokuchi	2012/06/13	2,710	6.0%	6.0%	6.0%	5.9%	5.8%	5.8%	5.7%	5.6%	5.5%	5.4%
	AA-5	icot Tama Center	2012/06/13	2,840	6.2%	6.2%	6.2%	6.1%	6.0%	5.9%	5.8%	5.7%	5.6%	5.4%
	AA-6	A-PLACE Kanayama	2012/06/13	6,980	5.3%	5.3%	5.2%	5.4%	5.4%	5.4%	5.4%	5.3%	5.2%	5.1%
	AA-7	Osaka Nakanoshima Building (Note 5)	2013/01/25	5,250	5.0%	-	5.0%	5.0%	4.9%	4.8%	-	4.6%	4.5%	4.4%
			2014/12/19	5,850	4.8%	-	-	-	-	-	-	-	-	-
	AA-8	icot Omori	2013/12/19	5,790	5.1%	-	-	-	5.0%	4.9%	4.8%	4.7%	4.7%	4.7%
	AA-9	Market Square Sagamihara	2015/01/09	4,820	5.6%	-	-	-	-	-	5.5%	5.4%	5.4%	5.3%
	AA-10	Umeda Gate Tower	2016/9/21	19,000	4.0%	-	-	-	-	-	-	-	-	3.9%
	AA-11	A-PLACE Bashamichi	2016/10/6	3,930	5.1%	-	-	-	-	-	-	-	-	5.0%

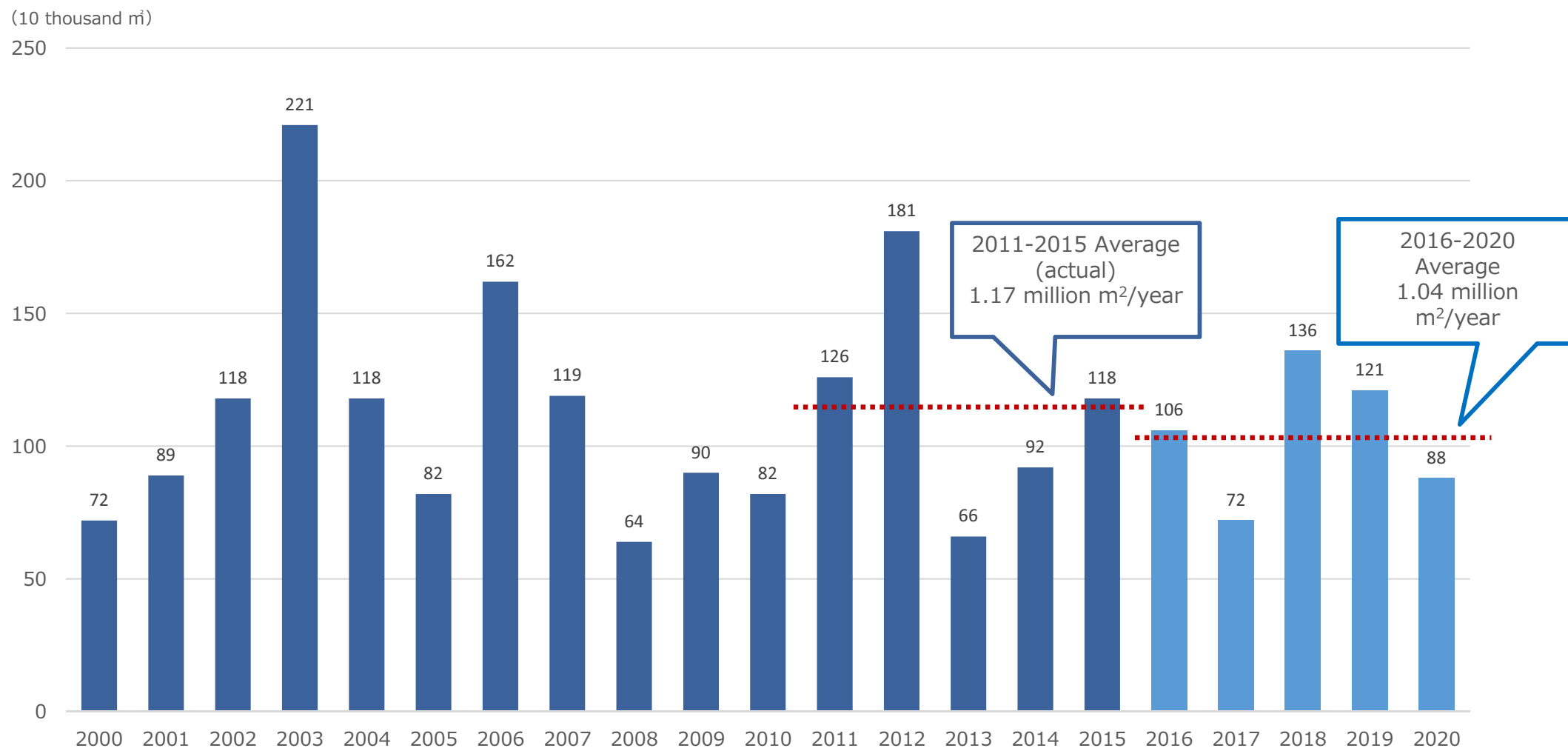
(Note 1) Calculated based on direct capitalization method (Note 2) Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka are calculated based on the pro rata share of the co-ownership interests (75% and 50%, respectively).

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

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

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

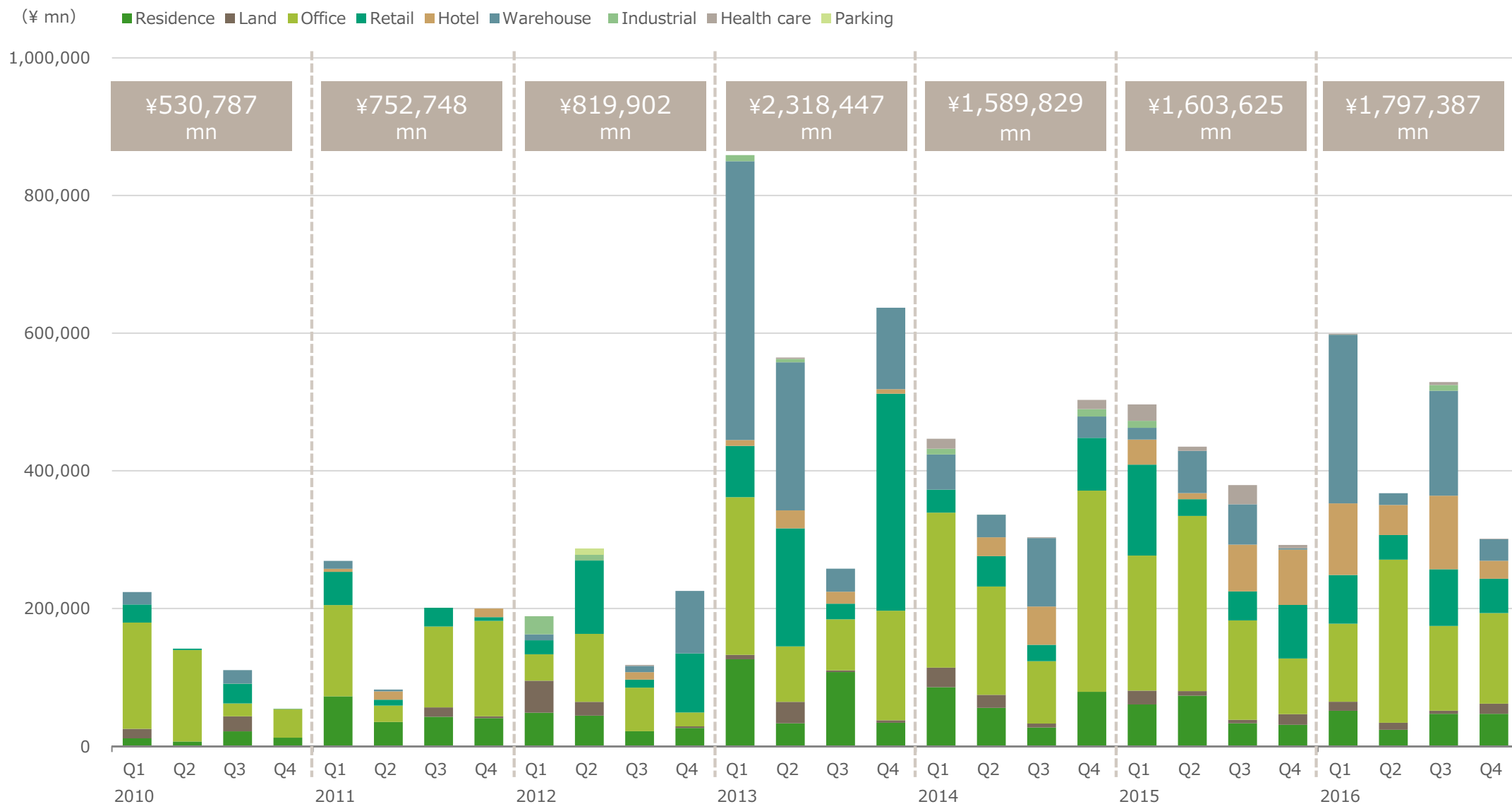
Supply of Large-scale Office Building in 23 wards of Tokyo



(Source) Mori Trust Co., Ltd. and CBRE Inc.. The figures for 2018, 2019 and 2020 were calculated by TAIM with taking account of a progress of projects.

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

Trends of Acquisition Market



(Note) Acquisition date Basis. As for 2016Q4, as of December, 2016.

(Source) TOREIT

This document is provided solely for informational purposes and should not be construed as an offer, solicitation or recommendation to buy or sell any specific product including investment units. Any decisions making on investment absolutely rest on your own judgment and on your own responsibility.

This document is not a disclosure document or statement of financial performance required by the Financial Instruments and Exchange Act, the Act Concerning Investment Trusts and Investment Corporations of Japan, the rules governing companies listed on the Tokyo Stock Exchange or any other applicable rules.

This document includes charts and data described by TLC Activia Investment Management Inc. (hereinafter the “Asset Manager”) and refers to data, index and other information provided by third parties in addition to information about Activia Properties Inc. (hereinafter the “Investment Corporation”). Also analyses, judgments and other points of view of the Asset Manager under the present situation are included.

The information contained in this document is not audited and there is no guarantee regarding the accuracy and certainty of the information. Analyses, judgments and other non-factual views of the Asset Manager merely represent views of the Asset Manager as of the preparation date. Different views may exist and the Asset Manager may change its views in the future.

The figures included in this document may be different from the corresponding figures in other disclosure materials due to differences in rounding. Although the information contained in this document is the best available at the time of its publication, no assurances can be given regarding the accuracy, certainty, validity or fairness of this information. The content of this document can be modified or withdrawn without prior notice.

The Investment Corporation and the Asset Manager do not guarantee the accuracy of the data, indexes and other information provided by third parties.

The Investment Corporation’s actual performance may be materially different from results anticipated by forward-looking statements contained in this document.

Dates indicated in this document may not be business days.

Disclaimer for Dutch Investors

The units of the Investment Corporation are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (Wet op het financieel toezicht, or the “Wft”). In accordance with this provision, the Asset Manager has notified the Dutch Authority for the Financial Markets of its intention to offer these units in the Netherlands. The units of the Investment Corporation will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (gekwalficeerde beleggers) within the meaning of Article 1:1 of the Wft, and as a consequence neither the Asset Manager nor the Investment Corporation is subject to the license requirement pursuant to the Wft. The Asset Manager is therefore solely subject to limited ongoing regulatory requirements as referred to in Article 42 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”).

Please visit the Investment Corporation’s home page (<http://www.activia-reit.co.jp/english/index.html>) to access information provided under Article 23 of the AIFMD.