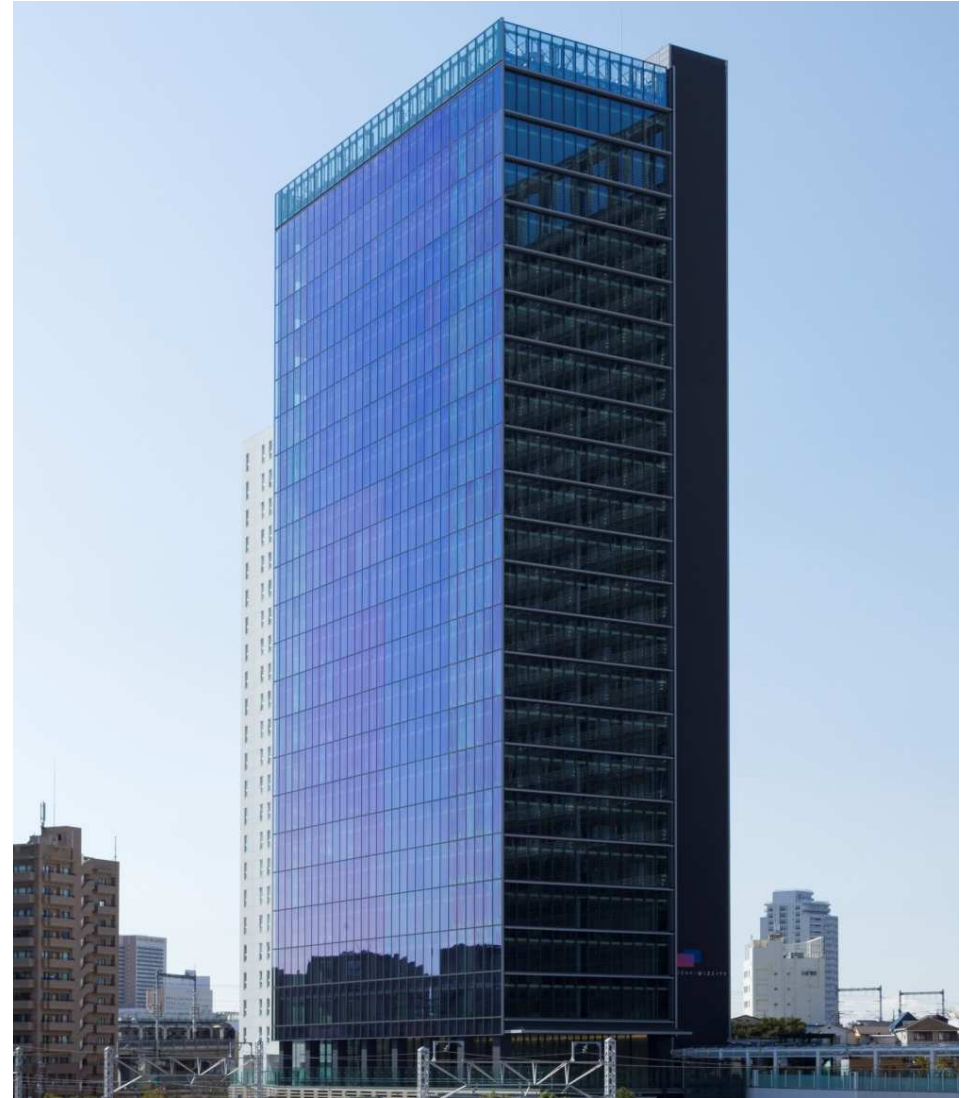
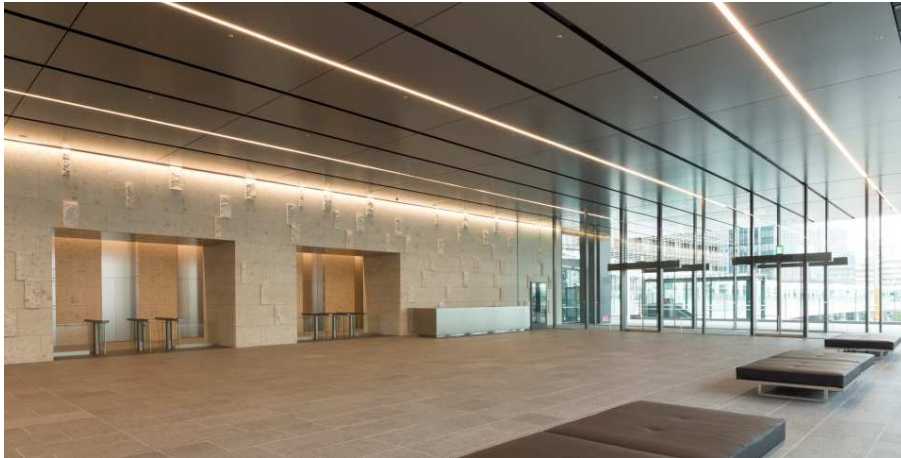




Activia Properties Inc.

The 5th Period (May 31, 2014) Presentation  
July 2014



**TLC Activia Investment Management Inc.**

Activia Properties Inc. (Securities Code :3279/API)

<http://www.activia-reit.co.jp/english/>

## 1. The 5th Period (May 31, 2014) Topics



# Topic 1 –Continued External and Internal Growth–

1

## External Growth

- Acquired 6 properties (¥47.4 billion) through PO in December 2013
- Transferred Tokyo Kikai Honsha Building (Building) on May 30, 2014, and expected normalized NOI yield is 4.6% from the land

Total number of property: 27 properties	Total acquisition price: ¥231.0 billion	Average NOI yield: 5.1%
--	--	----------------------------

- Acquired OSAKI WIZTOWER at the beginning of the 6th period (¥10.7 billion with NOI yield: 4.6%)

Total number of property: 28 properties	Total acquisition price: ¥241.7 billion	Average NOI yield: 5.1%
--	--	----------------------------

**Increase in AUM with enhancing quality and profitability of portfolio**

2

## Internal Growth

- Occupancy rate of Tokyo Office Properties was improved to 100% due to lease up for TK Shinbashi Building. Portfolio average occupancy rate was maintained high at 99.8% at the end of the 5th period (May 2014)

Category	2nd period	3rd period	4th period	5th period
UR Tokyo Office Properties	99.5%	99.6%	99.1%	99.6%
TO Tokyo Office Properties	97.4%	97.5%	98.6%	100.0%
O Tokyo Office Properties	100.0%	100.0%	99.9%	99.8%
Total	99.4%	99.4%	99.4%	99.8%

- Contracted upward rent revision for 2 tenants of Tokyo Office Properties continuing from the 4th period

- TLC Ebisu Building: 1 tenant
- Luogo Shiodome: 1 tenant

3

## Financial Strategy

- Refinanced ¥4 billion with maturity of April 2014 to investment corporate bonds (0.37% per annum) with 5-year maturity

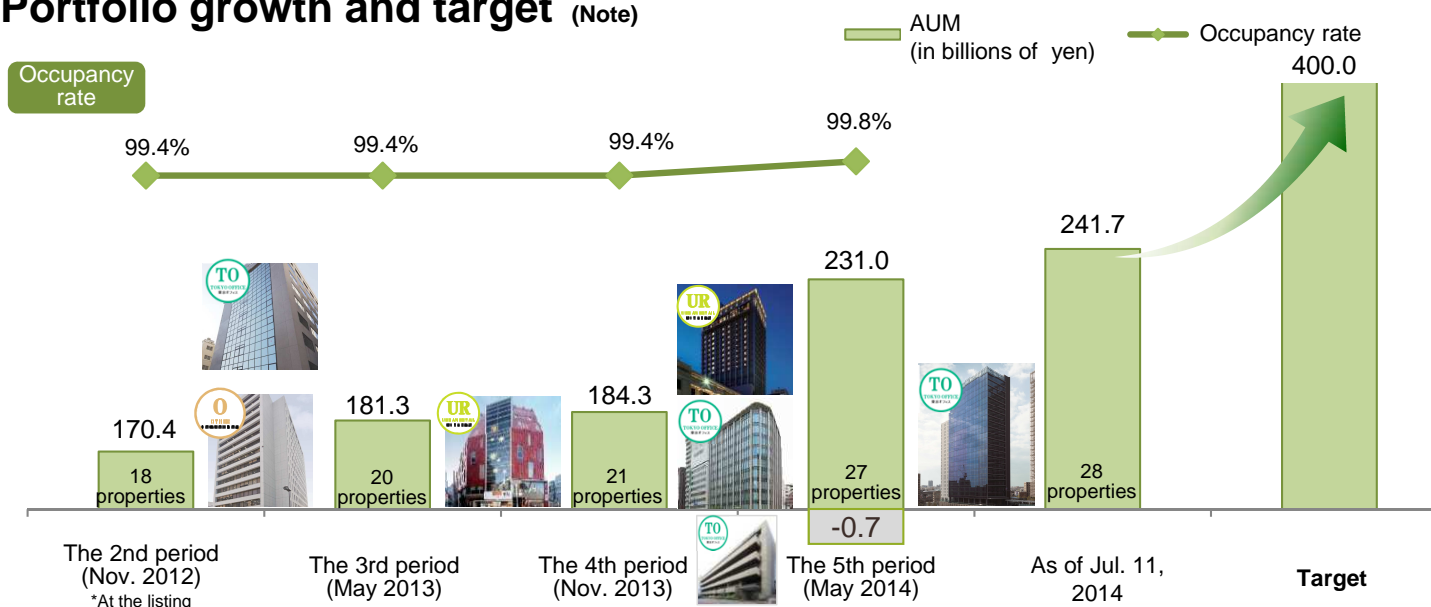
- Issuance of the first investment corporation bonds
- Low interest rate of 0.37% per annum

Interest bearing debt	¥100.8 billion
Average interest rate	0.79484%
LTV	41.5%

- Increased the credit line limit in June 2014 (from ¥10 billion to ¥12 billion)
- Estimated LTV (Note) as of Jul. 11, 2014 is 43.7% by borrowing of ¥10 billion related to the acquisition of OSAKI WIZTOWER

(Note) Interest bearing debt ¥100.8 billion at the end of 5th period + Additional borrowing of ¥10 billion  
Total assets of ¥242.6 billion at the end of 5th period + Acquisition price of OSAKI WIZTOWER of ¥10.7 billion

## Portfolio growth and target (Note)



## Cash Distributions per unit for the 5th Period

(Forecast as of Jan. 15, 2014)

**Previous forecast** **¥15,504**

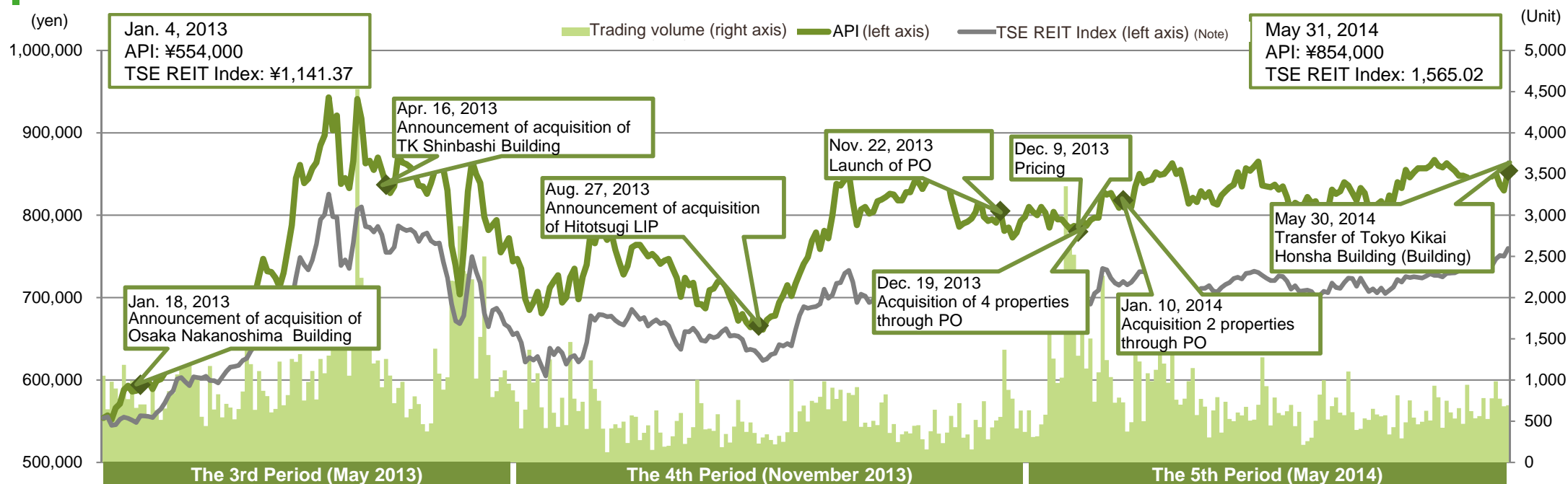
(Result as of Jul. 11, 2014)

**Result** **¥15,922**

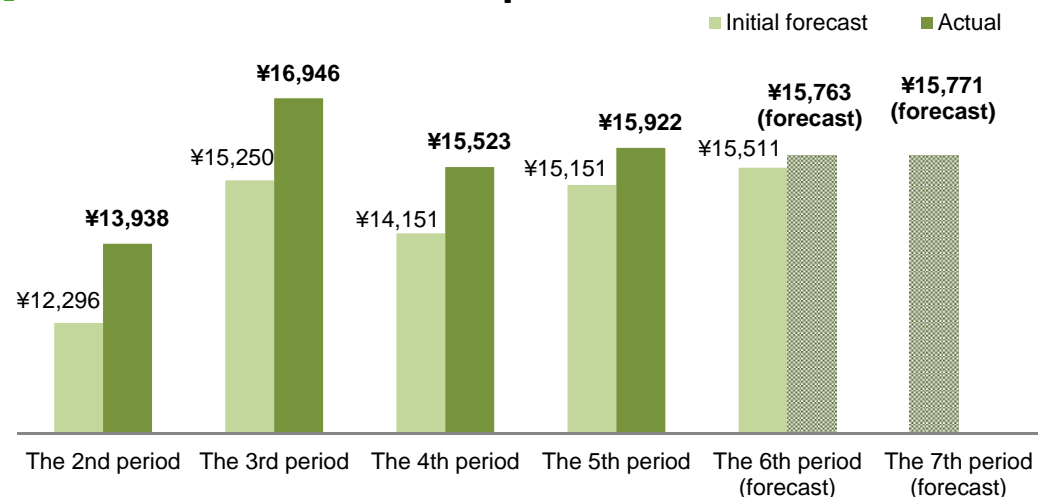
(Note) Based on acquisition price. For the 5th period, acquisition price of "Tokyo Kikai Honsha Building (Land)" is based on the acquisition price of the land as of acquisition date (June 13, 2012), excluding the acquisition price of the building of ¥732 million.

## Topic 2 –Growth of DPU and NAV–

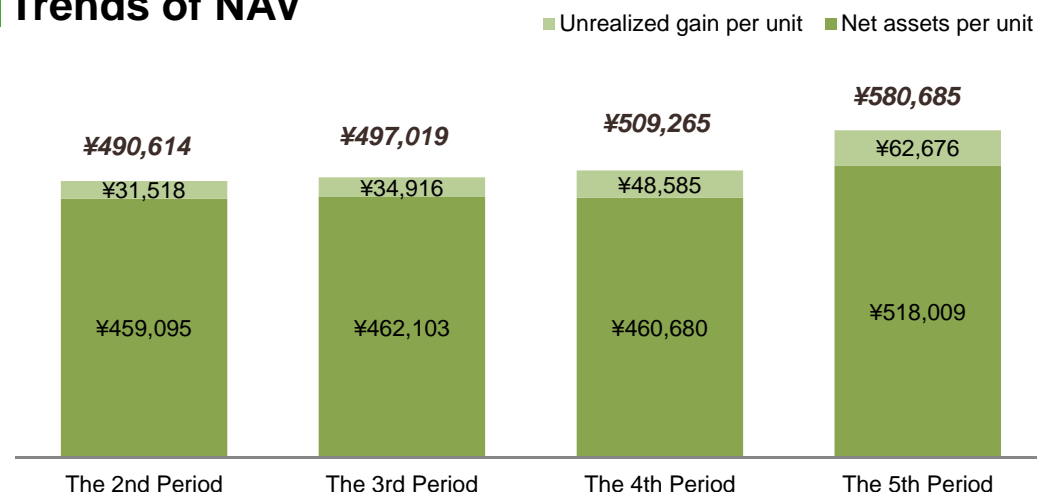
### Unit Price Performance from 2013



### Trends of Distributions per Unit



### Trends of NAV





# Transfer of Tokyo Kikai Honsha Building (Building)

## Overview of Tokyo Kikai Honsha Building (Land)

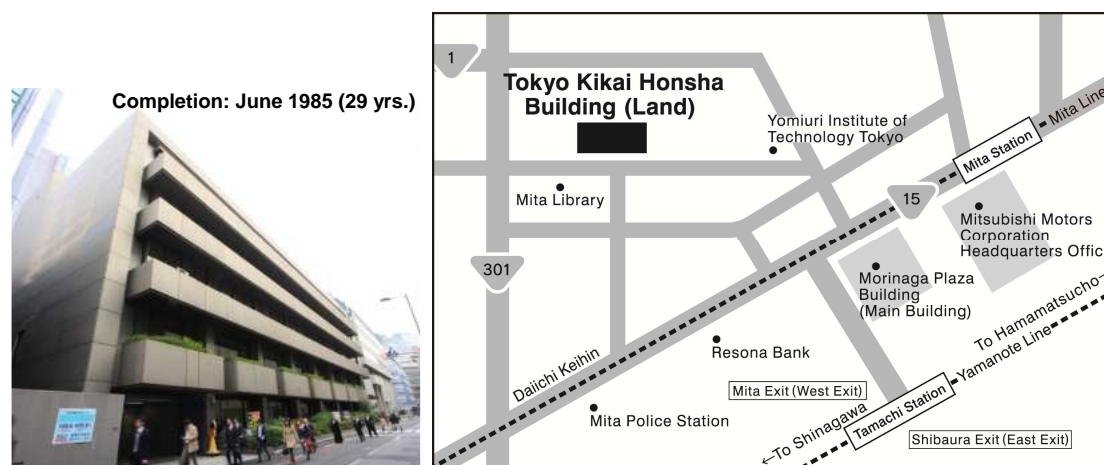
Location	Shiba, Minato-ku, Tokyo
Access	4-minute walk from “Tamachi” station 2-minute walk from “Mita” station
Acquisition price	¥2,338 million (Note1)
Appraisal value	¥2,400 million (as of March 1, 2014)
NOI yield (Note2)	4.7% (Appraisal NOI yield: ¥109 million)
Contract date	Until the end of May 2074
Transferee	Tokyu Land Corporation
Land rent/month	¥10.4 million
<Reference> Transfer price	¥695 million

(Note1) Acquisition price is based on the acquisition price of the land as of acquisition date (June 13, 2012).

(Note2) NOI is net operating income, that is, operating revenue less operating expense stated on the appraisal report, and before depreciation is deducted. NOI is different from NCF (Net Cash Flow), which is NOI plus revenue from management, including a security deposit, less capital expenditure. The NOI above is NOI calculated through the direct capitalization method.

## Reasons for the transfer of Tokyo Kikai Honsha Building (Building)

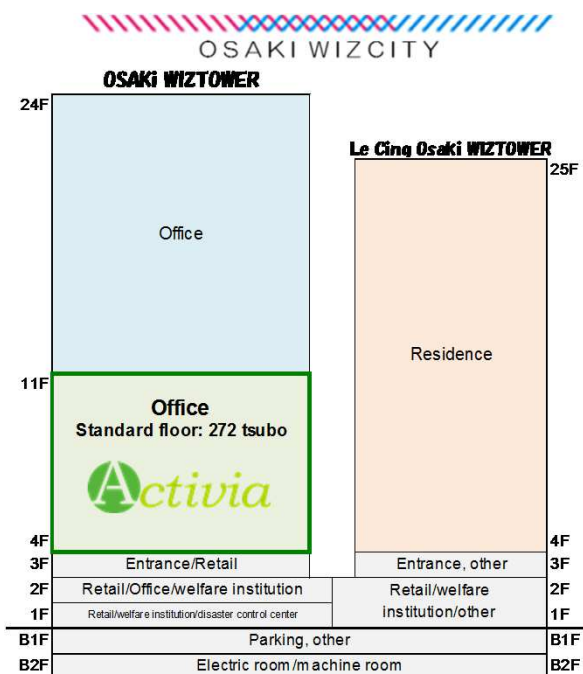
- API acquired this profitable asset from the Sponsor at the IPO with the plan to carry out the renewal construction from April 2015
- Since the tenant with the Japanese-styled lease contract (*futsu-shakuya keiyaku*) moved out and having only one tenant with fixed-term lease contract, we reconsidered several options and made decision to transfer the building to Tokyu Land Corporation;
  - Being able to receive stable revenue from the land rent without repair and maintenance expenses
  - Securing profitability with NOI yield of 4.6% as the office building in Minato-ku
  - Securing the possibility of acquisition of the new building



# Acquisition of OSAKI WIZTOWER

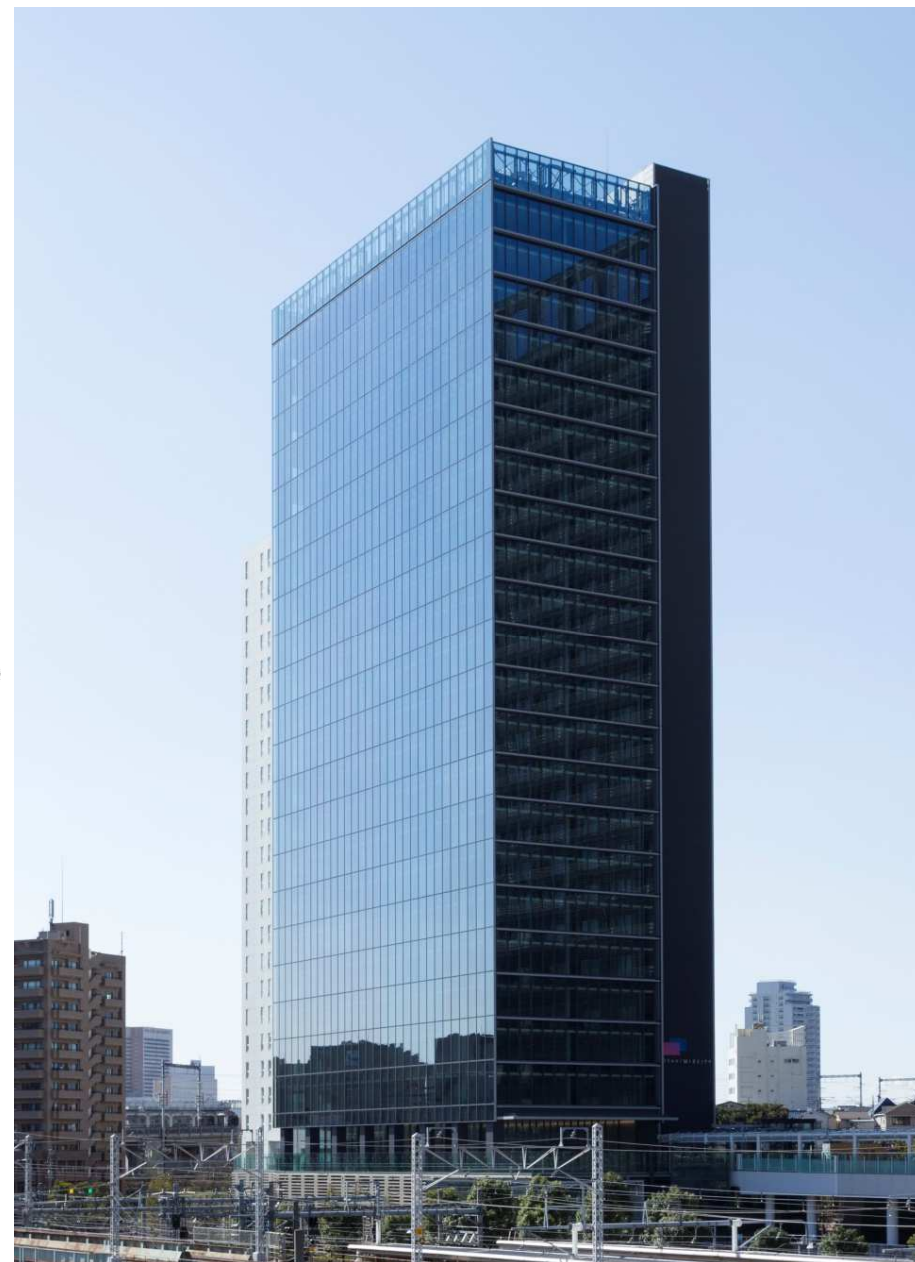
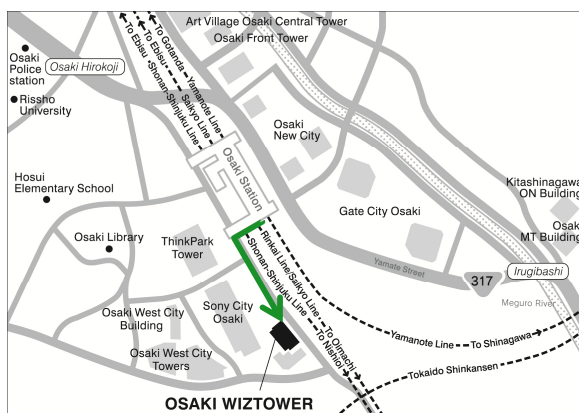
## Overview of the Property (4-11th floors of office building, sectional ownership area)

Location	Osaki, Shinagawa-ku, Tokyo
Nearest stations	4-minute walk from "Osaki" station
Completion date	January 2014
Acquisition price	¥10,690 million
Appraisal value	¥11,200 million (as of March 31, 2014)
vs. Appraisal value	95.4%
Appraisal NOI yield (Note)	4.6% (Appraisal NOI: ¥489 million)
Capitalization rate/ discount rate/ terminal capitalization rate	4.3%/ 3.8%/ 4.2%
Gross floor area	54,363 m <sup>2</sup> (OSAKI WIZCITY)
Total leasable area	7,193 m <sup>2</sup> (sectional ownership area)
Occupancy rate (as of acquisition date)	100.0%
Acquisition date	June 24, 2014



## Features of the Property

- Crossing and connecting to not only central Tokyo but also Yokohama and Saitama area by JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line, and Rinkai Line
- Directly connected by the pedestrian deck from "Osaki" station which is one of the terminal stations
- Appealing to companies by equipped with 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
- Secure the minimum profit during a vacancy by having the seller to guarantee the minimum rent and aim to improve profit uplift by leasing
- Under the severe real estate transaction market condition, API acquired the Tokyo Office Property on one-on-one negotiation basis by leveraging API's leasing power



(Note) NOI is net operating income, that is, operating revenue less operating expense stated on the appraisal report, and before depreciation is deducted. NOI is different from NCF (Net Cash Flow), which is NOI plus revenue from management, including a security deposit, less capital expenditure. The NOI above is NOI calculated through the direct capitalization method.

## 2. The 5th Period Financial Highlights and the Overview of the Portfolio



# Summary of Financial Results for the 5th Period -Income Statement-

- Increase in revenue and income compared to the forecast of the 5th period by active leasing, and decrease in expenses
- Compared to the 4th period, NOI for existing properties slightly decreased but revenue and income increased significantly by the operation of 6 properties acquired at PO

(In millions of yen)

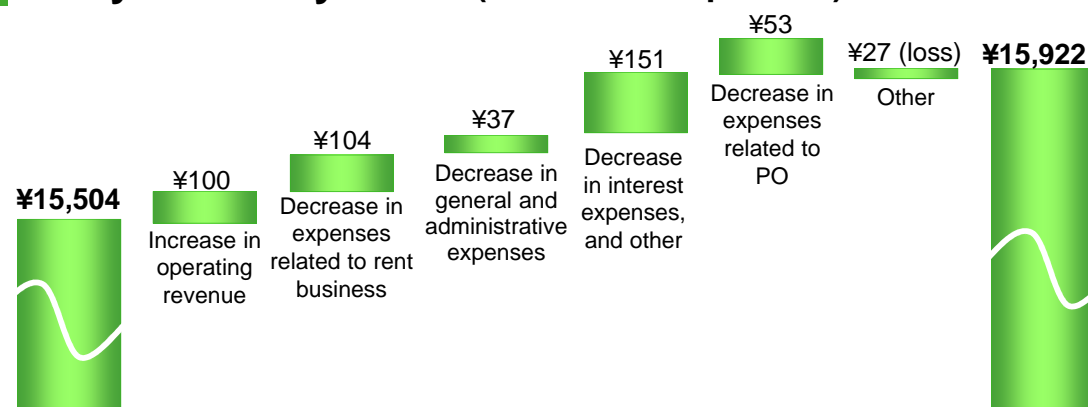
	The 5th period			The 4th period	
	Results	Forecast (Jan. 15, 2014)	Compared to forecast for the 5th period	Results	Change
Operating revenue (Existing 20 properties) (Note)	7,778 (6,040)	7,753	+25	6,124 (6,060)	+1,653 (-19)
Operating income	4,580	4,526	+53	3,642	+938
Ordinary income	3,998	3,893	+105	3,187	+811
Net income	3,997	3,892	+104	3,186	+811
Distributions per Unit	15,922	15,504	+418	15,523	+399

## Variance Analysis of Key Items

(In millions of yen)

	Compared to forecast for the 5th period	Compared to result for the 4th period
Operating revenue	+25 Rent (inc. common service fees) +21	+1,653 Rent (inc. common service fees) +1,474 Utility fees +151 (Existing 20 properties -19)
Expenses related to rent business	-26 Repair and maintenance expenses -23	+432 Administrative expenses +213 Utility fees +153 Repair and maintenance fees +43 (Existing 20 properties 0)
Net operating income before depreciation (NOI)	+51	+1,221 (Existing 20 properties -19)
Depreciation, etc.	+0	+224 PO properties +214 (Existing 20 properties +8)
Net operating income after depreciation	+51	+996 (Existing 20 properties -28)
Loss on sales of real estate properties	+7 Transfer of Tokyo Kikai (Building)	+7 Transfer of Tokyo Kikai (Building)
General and administrative expenses	-9 Asset management fee II +6 General administrative expenses -6 Other -10	+50 Asset management fee I +2 Asset management fee II +44
Operating income	+53	+938
Non-operating income	-0	-2 Insurance income -2
Non-operating expenses	-51 Interest expenses -37 Expenses related to PO -13	+124 Interest expenses +66 Expenses related to PO +57
Ordinary income	+105	+811
Net income	+104	+811
Distributions per Unit	+418	+399

## Analysis of Key Items (distributions per unit)



The 5th period (forecast as of Jan. 15, 2014)

The 5th period (result)

(Note) Existing 20 properties are Osaka Nakanoshima Building, and TK Shinbashi Building acquired in the 3rd period in addition to 18 properties acquired at IPO.



# Summary of Financial Results for the 5th Period -Balance Sheet-

## Comparison of the 4th and 5th Periods

(In millions of yen)

	The 4th period	The 5th period	Change
<b>Assets</b>			
Current assets	6,516	10,293	3,777
Cash and deposits	6,163	9,173	3,010
Other	352	1,119	767
Noncurrent assets	185,325	232,315	46,990
Property, plant and equipment	180,454	227,359	46,905
Intangible assets	4,564	4,566	1
Other	306	389	83
<b>Total assets</b>	<b>191,841</b>	<b>242,609</b>	<b>50,767</b>
<b>Liabilities</b>			
Short-term loans payable	3,000	3,000	0
Long-term loans payable to be repaid within a year	10,000	12,000	2,000
Investment Corporation bonds	0	4,000	4,000
Long-term loans payable	75,000	81,800	6,800
Tenant leasehold and security deposit and other	9,281	11,756	2,475
<b>Total liabilities</b>	<b>97,281</b>	<b>112,556</b>	<b>15,275</b>
<b>Net assets</b>			
Unitholders' equity	94,560	130,052	35,492
Unitholders' capital	91,373	126,054	34,681
Surplus	3,186	3,997	811
<b>Total net assets</b>	<b>94,560</b>	<b>130,052</b>	<b>35,492</b>
<b>Total liabilities and net assets</b>	<b>191,841</b>	<b>242,609</b>	<b>50,767</b>

- Acquisition of 6 properties at the public offering (total acquisition price: ¥47.4 billion)
- Transfer of Tokyo Kikai Honsha Building (Building) (transfer price: ¥695 million)

- Borrowing of ¥12,800 million for acquisition at the public offering
- Refinance of the existing borrowing of ¥4 billion to the investment corporation bonds

- Increase in unitholders' capital related to the public offering (issue price per unit: ¥757,229)

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

- Leasing for Hitotsugi LIP, TK Shinbashi Building, and other properties successfully progressed
- Occupancy rate of Tokyo Office Properties reached to 100%, and the portfolio average occupancy rate was maintained at a high level of 99.8%



## Occupancy Rate by Properties

Property #	Property name	2nd period	3rd period	4th period	5th period
		Nov. 2012	May 2013	Nov. 2013	May 2014
UR-1	Tokyu Plaza Omotesando Harajuku	100.0%	100.0%	100.0%	100.0%
UR-2	Tokyu Plaza Akasaka	98.5%	98.7%	98.9%	100.0%
UR-3	Ebisu Q Plaza	100.0%	100.0%	100.0%	100.0%
UR-4	Shinbashi Place	100.0%	100.0%	100.0%	100.0%
UR-5	Kyoto Karasuma Parking Building	100.0%	100.0%	100.0%	100.0%
UR-6	Hitotsugi LIP	-	-	84.2%	84.2%
UR-7	Kobe Kyu Kyoryuchi 25Bankan	-	-	-	100.0%
UR-8	Tokyu Plaza Sapporo	-	-	-	100.0%
UR-9	Kamata Kosan Building	-	-	-	100.0%
Urban Retail Average		99.5%	99.6%	99.1%	99.6%
TO-1	TLC Ebisu Building	100.0%	100.0%	100.0%	100.0%
TO-2	A-PLACE Ebisu Minami	100.0%	96.1%	100.0%	100.0%
TO-3	Yoyogi Place	100.0%	100.0%	100.0%	100.0%
TO-4	Aoyama Plaza Building	86.7%	100.0%	100.0%	100.0%
TO-5	Luogo Shiodome	100.0%	100.0%	100.0%	100.0%
TO-6	Tokyo Kikai Honsha Building (Land)	100.0%	100.0%	100.0%	100.0%
TO-7	A-PLACE Ikebukuro	100.0%	100.0%	100.0%	100.0%
TO-8	TK Shinbashi Building	-	84.6%	88.4%	100.0%
TO-9	Gotanda Front	-	-	-	100.0%
TO-10	Shinagawa Place	-	-	-	100.0%
Tokyo Office Average		97.4%	97.5%	98.6%	100.0%
O-1	Amagasaki Q's MALL (Land)	100.0%	100.0%	100.0%	100.0%
O-2	icot Nakamozu	100.0%	100.0%	100.0%	100.0%
O-3	icot Kongo	100.0%	100.0%	100.0%	100.0%
O-4	icot Mizonokuchi	100.0%	100.0%	100.0%	100.0%
O-5	icot Tama Center	100.0%	100.0%	100.0%	100.0%
O-6	Kanayama Center Place	100.0%	100.0%	98.6%	100.0%
O-7	Osaka Nakanoshima Building	-	99.6%	100.0%	97.3%
O-8	J-CORE Omori	-	-	-	100.0%
Other Average		100.0%	100.0%	99.9%	99.8%
Total Average		99.4%	99.4%	99.4%	99.8%

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

## Trends of Monthly Average Rent

- Total average rent fluctuated due to acquisition of new properties
- Average rent of the existing Tokyo Office Properties remains flat
- Rent gap for Tokyo Office Properties is -1%

	At the listing (Jun. 2012)	The 2nd period (Nov. 2012)	The 3rd period (May 2013)	The 4th period (Nov. 2013)	The 5th period (May 2014)
 Urban Retail	¥26,047/tsubo	¥25,973/tsubo (-0.3%)	¥25,887/tsubo (-0.3%)	¥25,797/tsubo (-0.3%)	¥20,560/tsubo (-20.3%)
 Tokyo Office	¥20,261/tsubo	¥20,011/tsubo (-1.2%)	¥19,363/tsubo (-3.2%)	¥19,338/tsubo (-0.1%)	¥19,813/tsubo (+2.5%)
 Tokyo Office (Existing properties acquired at IPO) (Note)	-	-	¥19,547/tsubo ( - )	¥19,556/tsubo (+0.0%)	¥19,400/tsubo (-0.8%)
 Other	¥6,541/tsubo	¥6,541/tsubo ( - )	¥7,119/tsubo (+8.8%)	¥7,104/tsubo (-0.2%)	¥7,606/tsubo (+7.1%)
Total	¥14,721/tsubo	¥14,683/tsubo (-0.3%)	¥14,571/tsubo (-0.8%)	¥14,654/tsubo (+0.6%)	¥14,712/tsubo (+0.4%)

(Note) Excluding Tokyo Kikai Honsha Building .

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

- High occupancy rate of Urban Retail and Tokyo Office Properties by well-progressed leasing, such as Hitotsugi LIP and TK Shinbashi Building
- Occupancy rate of Tokyo Office Properties reached to 100% at the end of the 5th period
- Leasing area of Osaka Nakanoshima Building decreased to 207 tsubo from 451 tsubo in the previous period
- Concentrate on leasing for Hitotsugi LIP (4F: 109 tsubo) and Shinagawa Place (1F: 66 tsubo)



Hitotsugi LIP (690 tsubo)  
Nov. 2013, 84.2%⇒May 2014, 84.2%

Leasing area:  
109 tsubo



**Vacant area** (as of the end of the 4th period)

•4F 109 tsubo

**Moved-out in the 5th period**

-1F 66 tsubo

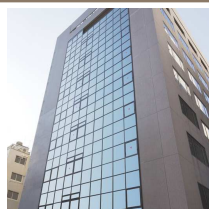
**Contract in the 5th period**

+1F 66 tsubo



TK Shinbashi Building (1,528 tsubo)  
Nov. 2013, 88.4%⇒May 2014, 100.0%

Leasing area:  
None



**Vacant area** (as of the end of the 4th period)

•2F 162 tsubo, 9F 15 tsubo

**Moved-out and/or notice of cancellation in the 5th period**

•None

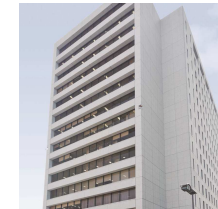
**Contract in the 5th period**

+2F 162 tsubo, +9F 15 tsubo



Osaka Nakanoshima Bldg. (6,158 tsubo)  
Nov. 2013, 100.0%⇒May 2014, 97.3%

Leasing area:  
207 tsubo



**Vacant area** (as of the end of the 4th period)

•None

**Moved-out in the 5th period**

-13F & other Total 422 tsubo

**Contract in the 5th period**

+13F & other 215 tsubo



Tokyu Plaza Sapporo (6,422 tsubo)  
Dec. 19, 2013 (acquisition date) 100.0%⇒May 2014, 100.0%

Leasing area:  
None



**Vacant area** (as of acquisition)

•None

**Moved-out in the 5th period**

-1F 7 tsubo

**Contract in the 5th period**

+1F 7 tsubo



Shinagawa Place (903 tsubo)  
Jan. 10, 2014 (acquisition date) 100.0%⇒May 2014, 100.0%

Leasing area:  
66 tsubo



**Vacant area** (as of acquisition)

•None

**Moved-out and/or notice of cancellation in the 5th period**

-5F 122 tsubo / -1F 66 tsubo

**Contract in the 5th period**

+5F 122 tsubo

## Other

### Tokyu Plaza Omotesando Harajuku

**Leasing area: 14 tsubo**

(1,978 tsubo: Nov. 2013, 100.0%⇒May 2014, 100.0%)

-Notice of cancellation in the 5th period: 4F 14 tsubo

### Kanayama Center Place

**Leasing area: None**

(2,818 tsubo: Nov. 2013, 98.6%⇒May 2014, 100.0%)

-Move-out in the 5th period: None

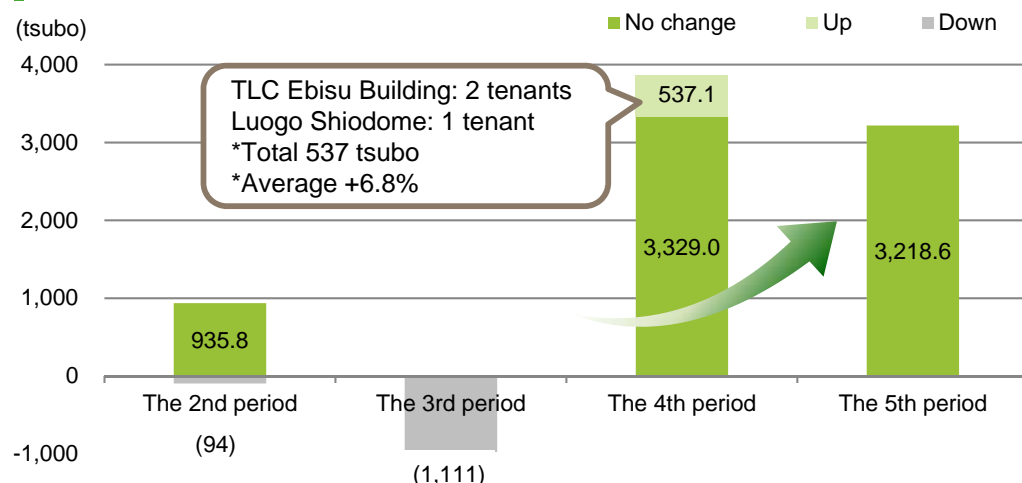
+Contract in the 5th period: 7F 38 tsubo

(Note) The figures stated on the right of each property name are the total leasable area as of the end of May 2014, rounding to the first decimal place. As to Osaka Nakanoshima Building, and Tokyu Plaza Omotesando Harajuku, the co-ownership (jun kyoyu-mochibun) properties, the figures are calculated based on the pro rata share, 50% (3,079 tsubo) and 75% (1,484 tsubo), respectively.

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

- In the 5th period, 2 tenants, following 3 tenants in the 4th period, contracted upward rent revision (effective from the 6th period)
- Making efforts for upward rent revision by observing the market trends carefully

## Trend of Rent Revision for the 5th Period (by area)



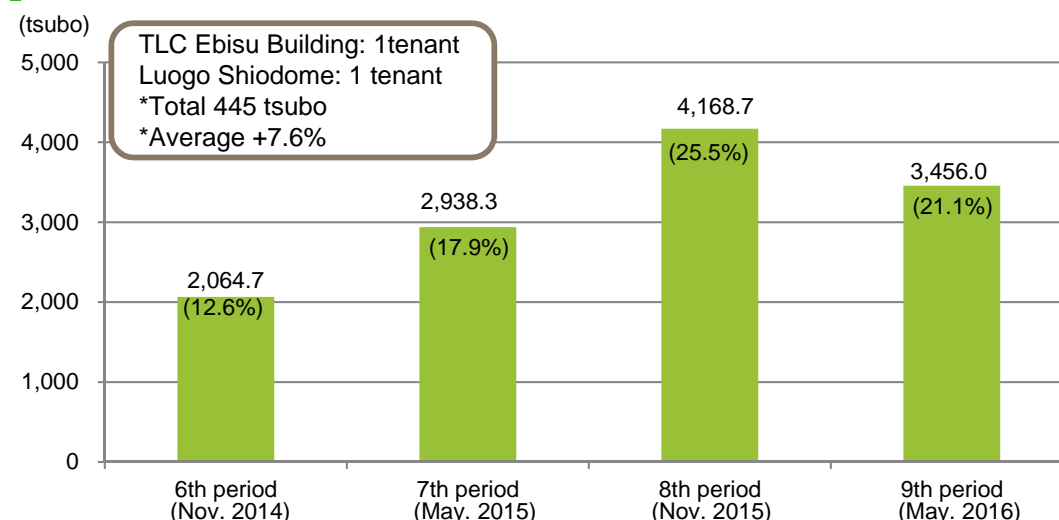
## Trend of Rent Revision for the 5th Period (by number of tenant)

(Number of tenants)		The 2nd period	The 3rd period	The 4th period	The 5th period
Change in rent for existing tenants	Up	0	0	3	0
	No change	6	0	11	16
	Down	1	4	0	0
Total		7	4	14	16
% growth in total renewed rents (Note 1)		-0.5%	-16.7%	+0.9%	-

(Note 1) Formula:  $A / B - 1$  (A = total of monthly rent at the end of the 5th period for tenants for which the contract was renewed and the rent changed in the 5th period; B = total of monthly rent at the end of the 4th period for tenants for which the contract was renewed and the rent changed in the 5th period).

(Note 2) % of cancellation = moved-out area/total leasable area of Tokyo Office at the end of each period. As to the 5th period, Tokyo Kikai Honsha Building (Land) is excluded from the total leasable area of Tokyo Office.

## Rent Revisions after the 6th Period (based on leasable area)



## Trends of tenant move-in/out for the 5th period

		The 2nd period	The 3rd period	The 4th period	The 5th period
		tsubo (# of tenants)	tsubo (# of tenants)	tsubo (# of tenants)	tsubo (# of tenants)
Tenant replacement	New	420 (3)	1,022 (5)	269 (5)	526 (4)
	Vacated	306 (1)	637 (3)	0 (0)	603 (3)
Net absorption (filled – vacated)		114 (2)	385 (2)	269 (5)	-76 (1)
% of cancellation (Note 2)		2.7%	4.9%	0.0%	4.0%
(Total leasable area of TO)		(11,494 tsubo)	(13,017 tsubo)	(13,017 tsubo)	(15,139 tsubo)



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

## Contract Period

- Average remaining lease term of Urban Retail Properties remains long and stable with 6.0 years

	Urban Retail	Tokyo Office	Other	Total (Note3)
Contract Period (Note1)	9.7yrs.	4.2yrs. (2.3yrs.)	14.4yrs. (10.3yrs.)	9.3yrs. (7.8yrs.)
Remaining Contract Period (Note2)	6.0yrs.	3.4yrs. (1.5yrs.)	9.9yrs. (5.1yrs.)	6.2yrs. (4.7yrs.)

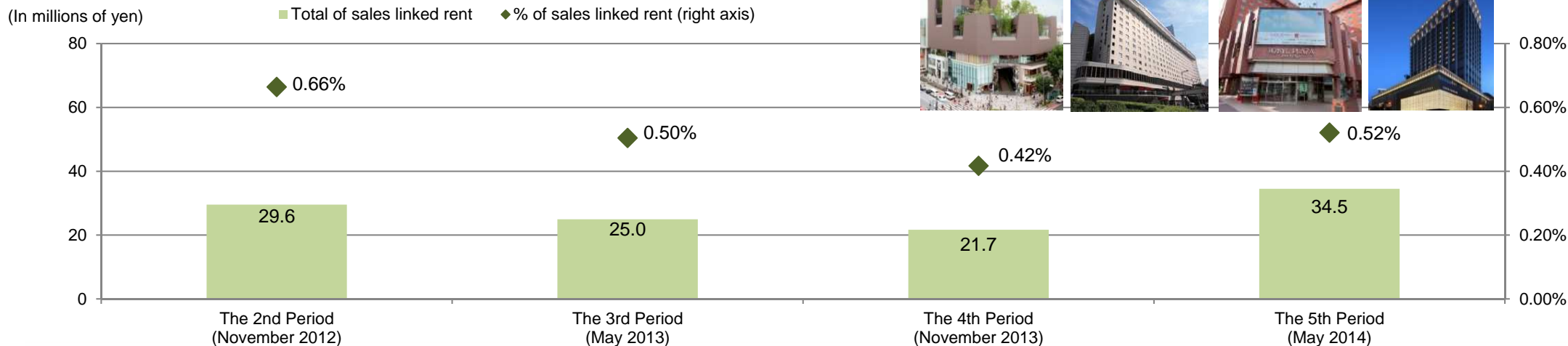
(Note1) Calculated as a weighted-average property by contract period on lease agreement as of the end of May 2014 of each property (as of Jun. 24, 2014 for OSAKI WIZTOWER). The figures are rounded to the first decimal place.

(Note2) Calculated as a weighted-average property by contract period on lease agreement as of the end of May 2014 of each property (as of Jun. 24, 2014 for OSAKI WIZTOWER). The figures are rounded to the first decimal place.

(Note3) The figures in the parentheses are excluding those of Tokyo Kikai Honsha Building (Land) and Amagasaki Q's MALL (Land).

## Sales Linked Rent for Portfolio (Note)

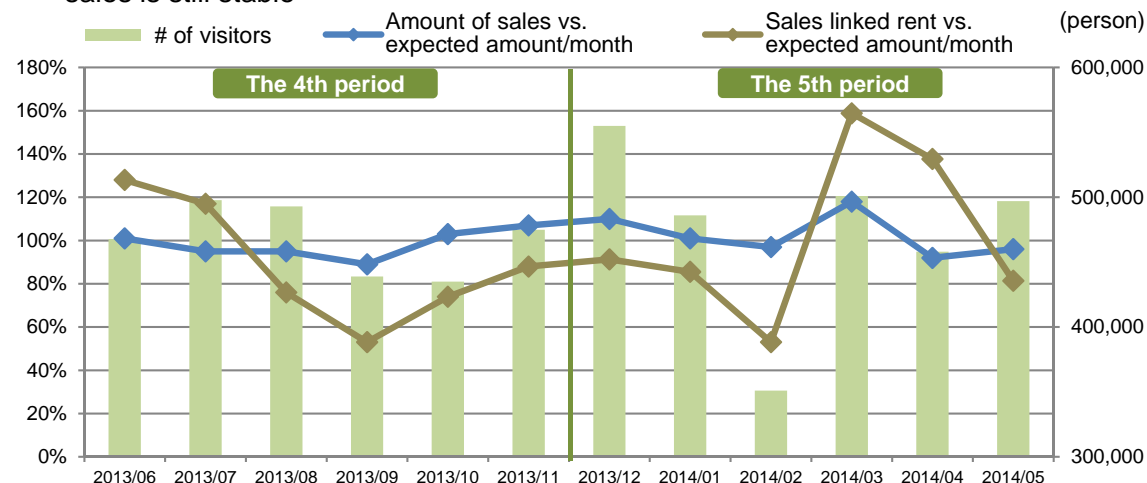
- The sales linked rent accounts for approximately 0.5% of the total rent revenue
- Potential upside from hotels can be expected



(Note) Sales linked rent are generated from Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, Kobe Kyu Kyoryuchi 25Bankan (from the 5th period), and Tokyu Plaza Sapporo (from the 5th period).

## Trend of Operation for Tokyu Plaza Omotesando Harajuku

- Both amount of sales and sales linked rent exceeded 100% over the expected amount in the 5th period with covering the negative sales impact of the heavy snow in February
- The impact of consumption tax hike resulted within the expectation, and amount of sales is still stable



# External Growth by Diversified Sourcing Channels

- Acquired 10 properties including OSAKI WIZTOWER with ¥72.0 billion during 2 years after IPO, ¥45.9 billion was from the third party while remaining ¥26.1 billion was from Tokyu Land Group
- Enriched opportunity for acquisition of assets through information from the Asset Manager and Tokyu Land Group
- Leverage Tokyu Land Group's comprehensive strengths in various methods including warehousing, development, ownership and circulation investment model
- Additional debt capacity for the future acquisition is approximately ¥10 billion with the LTV 45.9%

## Asset Information by category

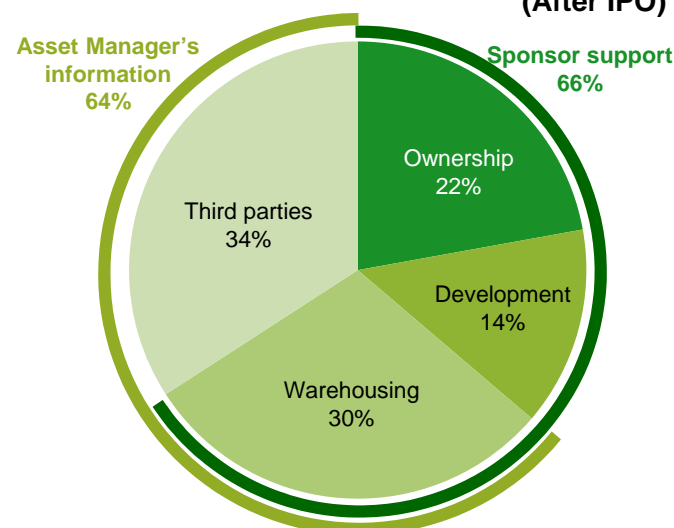
Category	Asset information		Properties remaining under consideration (Note)
	The 5th period		
	Number	Ratio	
Urban Retail	118	13.2%	13
Tokyo Office	371	41.5%	14
Other	404	45.2%	12
Total	893	100.0%	39

## Asset Information by sourcing channel

Sourcing Channels	Asset information		Properties remaining under consideration (Note)
	The 5th period		
	Number	Ratio	
Sponsor and support Companies	390	43.7%	25
Sellers	54	6.0%	-
Trust bank	209	23.4%	8
Mediators & others	240	26.9%	6
Total	893	100.0%	39

(Note) Includes properties not actively under consideration.

## Sourcing channels for acquisition (After IPO)



(Note) The chart is based on 10 properties acquired after the listing.

## Circulation investment model






### Advantages of Sponsor support

- (ex.) Transfer of Tokyo Kikai Honsha Building (Building)
- + Minimizing the business risks
  - + Receiving the stable rent revenue through the land rent
  - + Securing the opportunity to acquire the new building
  - + Having a priority negotiation right from the Sponsor to acquire new building (Note)

(Note) No specific action has been taken.

## Appraisal Value Status of Existing Properties -As of the end of May 2014-

(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 (C-D)	Difference from acquisition price (C-A)	Difference from book value (C-B)
						As of May 31, 2014 (C)	Nov. 30, 2013 (D) <small>(Note 3)</small>			
	UR-1	Tokyu Plaza Omotesando Harajuku <small>(Note 1)</small>	45,000	19.5	45,088	48,750	47,100	1,650	3,750	3,661
	UR-2	Tokyu Plaza Akasaka <small>(Note 1)</small>	11,450	5.0	11,735	12,200	11,800	400	750	464
	UR-3	Ebisu Q Plaza	8,430	3.6	8,413	9,310	9,160	150	880	896
	UR-4	Shinbashi Place	20,500	8.9	20,512	23,200	23,200	0	2,700	2,687
	UR-5	Kyoto Karasuma Parking Building	8,860	3.8	8,876	9,650	9,480	170	790	773
	UR-6	Hitotsugi LIP	3,000	1.3	3,116	3,210	3,170	40	210	93
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	21,330	9.2	21,800	22,300	21,600	700	970	499
	UR-8	Tokyu Plaza Sapporo	4,410	1.9	4,402	4,970	4,800	170	560	567
	UR-9	Kamata Kosan Building	6,370	2.8	6,400	6,520	6,400	120	150	119
	Subtotal		129,350	56.0	130,346	140,110	136,710	3,400	10,760	9,763
	TO-1	TLC Ebisu Building	7,400	3.2	7,294	7,740	7,610	130	340	445
	TO-2	A-PLACE Ebisu Minami	9,640	4.2	9,609	10,600	10,400	200	960	990
	TO-3	Yoyogi Place	4,070	1.8	4,045	3,960	3,880	80	-110	-85
	TO-4	Aoyama Plaza Building	8,790	3.8	8,791	8,240	8,150	90	-550	-551
	TO-5	Luogo Shiodome	4,540	2.0	4,481	5,010	4,880	130	470	528
	TO-6	Tokyo Kikai Honsha Building (Land) <small>(Note 2)</small>	2,338	1.0	2,362	2,400	2,400 <small>(Note2)</small>	0	62	37
	TO-7	A-PLACE Ikebukuro	3,990	1.7	3,943	4,250	4,250	0	260	306
	TO-8	TK Shinbashi Building	5,650	2.4	5,848	6,070	5,980	90	420	221
	TO-9	Gotanda Front	5,730	2.5	5,769	5,910	5,750	160	180	140
	TO-10	Shinagawa Place	3,800	1.6	3,836	3,870	3,800	70	70	33
	Subtotal		55,948	24.2	55,983	58,050	57,100	950	2,102	2,066
	O-1	Amagasaki Q's MALL (Land)	12,000	5.2	12,113	12,600	12,300	300	600	486
	O-2	icot Nakamozu	8,500	3.7	8,445	9,520	9,220	300	1,020	1,074
	O-3	icot Kongo	1,600	0.7	1,602	1,860	1,840	20	260	257
	O-4	icot Mizonokuchi	2,710	1.2	2,705	3,050	3,010	40	340	344
	O-5	icot Tama Center	2,840	1.2	2,801	3,120	3,070	50	280	318
	O-6	Kanayama Center Place	6,980	3.0	6,842	7,580	7,560	20	600	737
	O-7	Osaka Nakanoshima Building <small>(Note 1)</small>	5,250	2.3	5,276	5,850	5,800	50	600	573
	O-8	J-CORE Omori	5,790	2.5	5,808	5,920	5,810	110	130	111
	Subtotal		45,670	19.8	45,595	49,500	48,610	890	3,830	3,904
Total of 27 properties			230,968	100.0	231,924	247,660	242,420	5,240	16,692	15,735

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

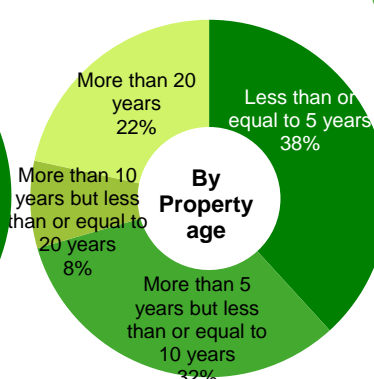
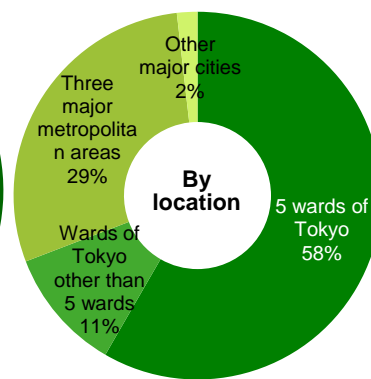
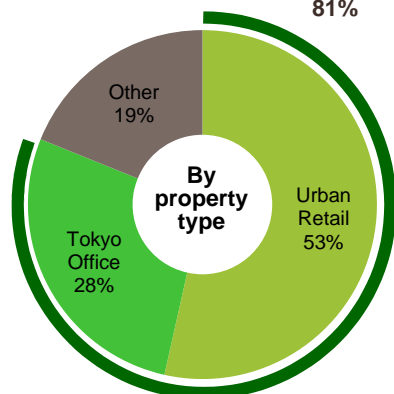
(Note 2) Acquisition price is based on the acquisition price of the land as of acquisition date (June 13, 2012). The appraisal value is as of March 1, 2014.

(Note 3) Appraisal value of Kobe Kyu Kyoryuchi 25Bankan is as of Jul. 1, 2013, and Tokyu Plaza Sapporo, Kamata Kosan Building, Gotanda Front, Shinagawa Place, and J-CORE Omori is as of Sep. 1, 2013.

# Portfolio Summary (28 properties including OSAKI WIZTOWER)

## Overview of the Portfolio (Note 1)

Urban Retail Properties and Tokyo Office Properties  
81%

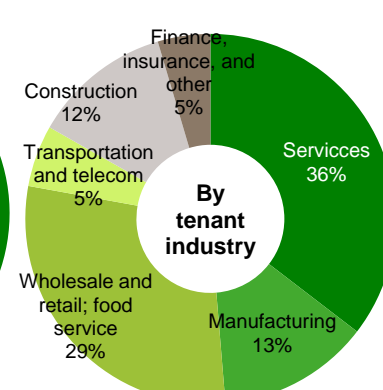
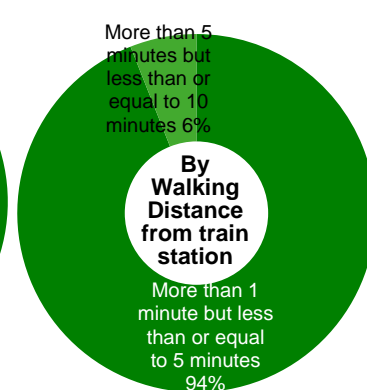
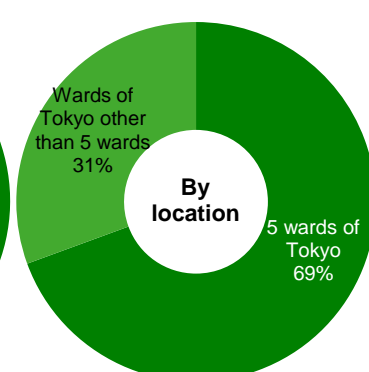
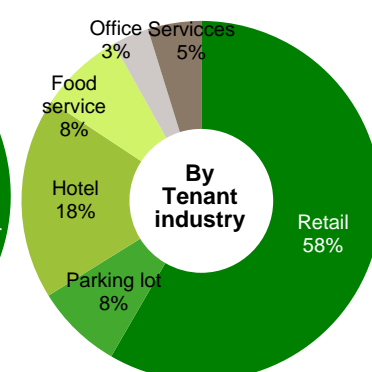
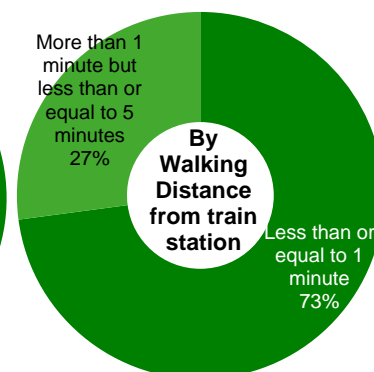
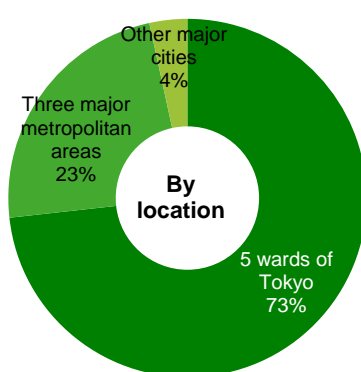


Average :12.1yrs (Note 2)

- Portfolio size increased to ¥241.7 billion with 28 properties (acquisition price basis)
- 81% of the portfolio comprised of Urban Retail Properties and Tokyo Office Properties, which are our main targets for focused investments

	Urban Retail	Tokyo Office	Other	Total
Acquisition price (in billions of yen)	129.4	66.7	45.7	241.7
Number of properties	9	11	8	28
NOI yield (Note 3)	4.9%	4.9%	5.9%	5.1%

## Urban Retail Properties (Note 1)



## Tokyo Office Properties (Note 1)

(Note 1) Calculations for the charts are based on acquisition price as of the end of May 2014 including acquisition price of OSAKI WIZTOWER acquired on Jun. 24, 2014. "By tenant industry" charts are based on annual contracted rent as of the end of May 2014.

(Note 2) Average property age is calculated as a weighted-average property age as of the end of May 2014 (as of Jun. 24, 2014 for OSAKI WIZTOWER) on an acquisition price basis. The property age of Tokyo Kikai Honsha Building (Land) and Amagasaki Q's MALL (Land) are not included in the calculation.

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

(Note 4) The figures on charts are rounded to the first decimal place except for NOI yield.



# Financial Information (post acquisition of OSAKI WIZTOWER)

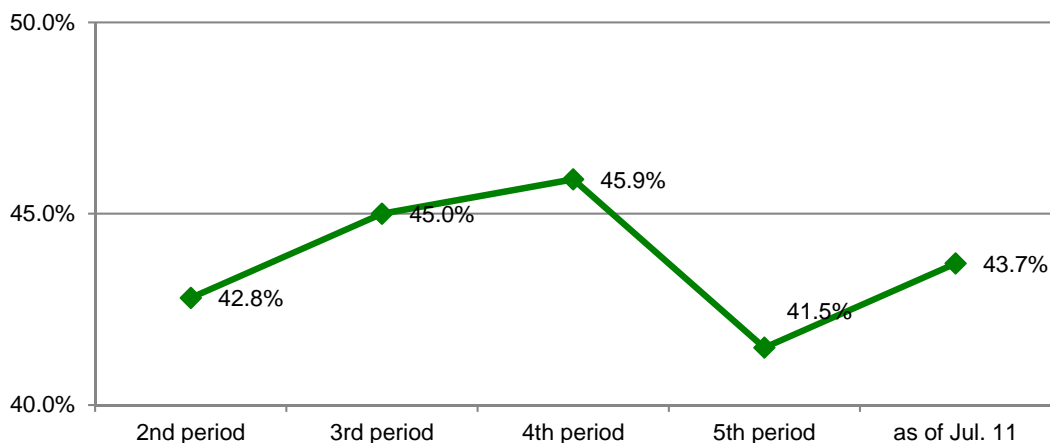
## Key Financial Information

- Diversify the financing methods by issuance of the 1st investment corporation bonds
- Continue to maintain a stable financial base by financing at low interest rates

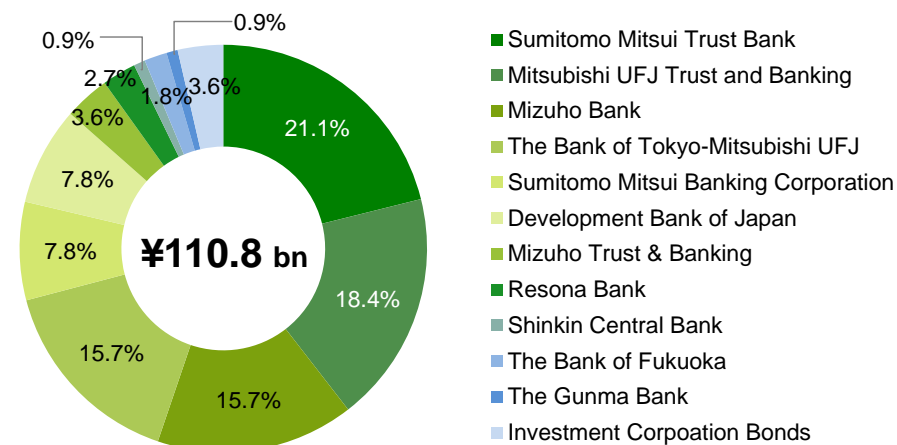
The Investment Corporation 1st unsecured bonds	
Total issue amount	¥4 billion
Issue date	April 25, 2014
Period	5 years
Interest rate	0.37% per annum (fixed-rate)
Rating	AA- (JCR)

	The 2nd period	The 3rd period	The 4th period	The 5th period	As of Jul. 11, 2014
Total of interest-bearing debt	¥77.0 bn	¥85.0 bn	¥88.0 bn	¥100.8bn	¥110.8bn
Long-term borrowing ratio (Note 1)	77.9%	100.0% (95.3%)	96.6% (85.2%)	97.0% (85.1%)	97.3% (81.0%)
Fixed interest ratio	70.1%	74.1%	71.6%	79.2%	74.7%
Average remaining borrowing period	3.3 years	3.5 years	2.9 years	3.1 years	3.1 years
Average interest rate	0.80%	0.77%	0.75%	0.79%	0.76%
Rating Agency (Note 2)	Rating Object		Rating	Outlook	
Japan Credit Rating Agency (JCR)	Long-term issuer rating		AA-	Stable	

## LTV



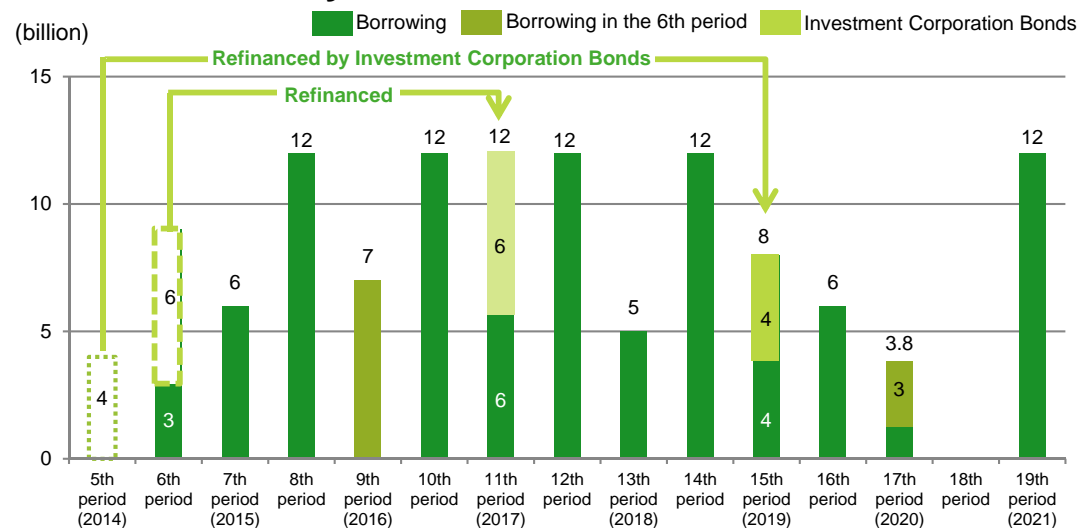
## Lender Diversification (as of Jul. 11, 2014)



## Commitment Line

Commitment Line	Non-commitment Line
¥12 billion	¥12 billion
June 12, 2015	June 12, 2015

## Debt Maturity Diversification (as of Jul. 11, 2014)



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

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



### 3. Forecasts for the 6th and 7th Periods, and Growth Strategy



# Financial Forecast for the 6th Period

- Increase in NOI compared to the 5th period by acquisition of OSAKI WIZTOWER, and the full year operation of 6 properties acquired at PO although property and city planning taxes of 7 properties acquired post IPO is expensed
- Increase in revenue and income by acquisition of OSAKI WIZTOWER and improvement of tenants' leasing compared to the previous forecast

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

(In millions of yen)

	The 6th period forecast (July 11, 2014)	The 5th period results	Change	The 6th period forecast (Jan. 15, 2014)	Change
Operating revenue	8,147	7,778	+368	7,993	+153
Operating expenses	3,631	3,198	+433	3,546	+85
Tax and public due	577	457	+120	584	-7
Operating income	4,515	4,580	-65	4,447	+68
Ordinary income	3,958	3,998	-39	3,895	+63
Net income	3,957	3,997	-39	3,894	+63
Distributions per unit (yen)	15,763	15,922	-159	15,511	+252

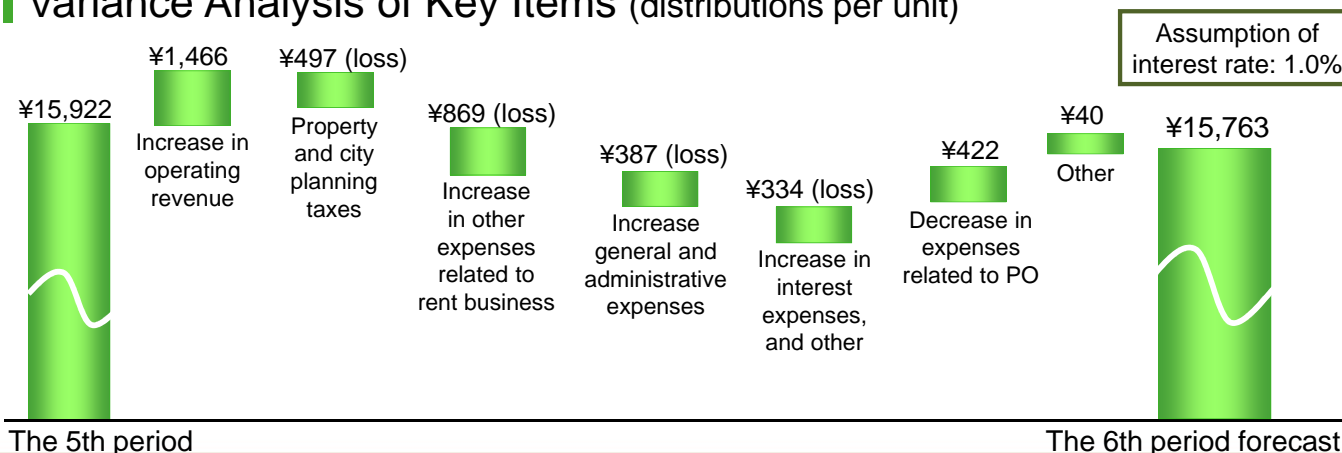
## Variance Analysis of Key Items

(from the previous period)

(In millions of yen)

	Compared to the 5th period results
Operating revenue	+368 Rent (inc. common service fees) +290 Utility fees +82
Expenses related to rent business	+306 City planning taxes +124 Administrative fees +57, Utility fees +63 Repair and maintenance fees +36 Advertising fees +24
Net operating income before depreciation (NOI)	+61
Depreciation, etc.	+36 OSAKI WIZTOWER +47 Tokyo Kikai -17
Net operating income after depreciation	+25
Loss on sales of real estate properties	Tokyo Kikai -7
General and administrative expenses	+97 Asset management fees I +76 Other +9
Operating income	-65
Non-operating income	+3
Non-operating expenses	-22 Expenses related to PO -106 Interest expenses and other +84
Ordinary income	-39
Net income	-39

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



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



# Financial Forecast for the 7th Period (reference)

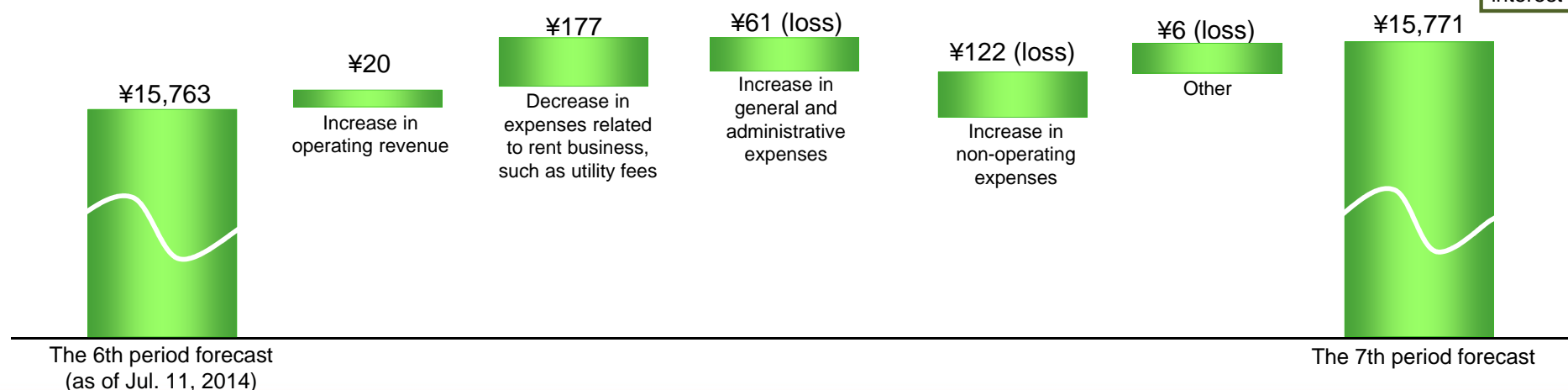
- Increase in operating income by the increase in operating revenue due to the full year operation of OSAKI WIZTOWER and decrease in operating expenses
- Net income is expected to be the same level as the previous period despite the increase in non-operating expenses

## Comparison with Forecasts for the 6th Period and the 7th Period

(In millions of yen)

	Forecast for the 7th period (July 11, 2014)	Forecast for the 6th period (July 11, 2014)	Change
Operating revenue	8,152	8,147	+5
Operating expenses	3,602	3,631	-29
Tax and public due	583	577	+6
Operating income	4,549	4,515	+34
Ordinary income	3,960	3,958	+1
Net income	3,959	3,957	+1
Distributions per unit (yen)	15,771	15,763	+8

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

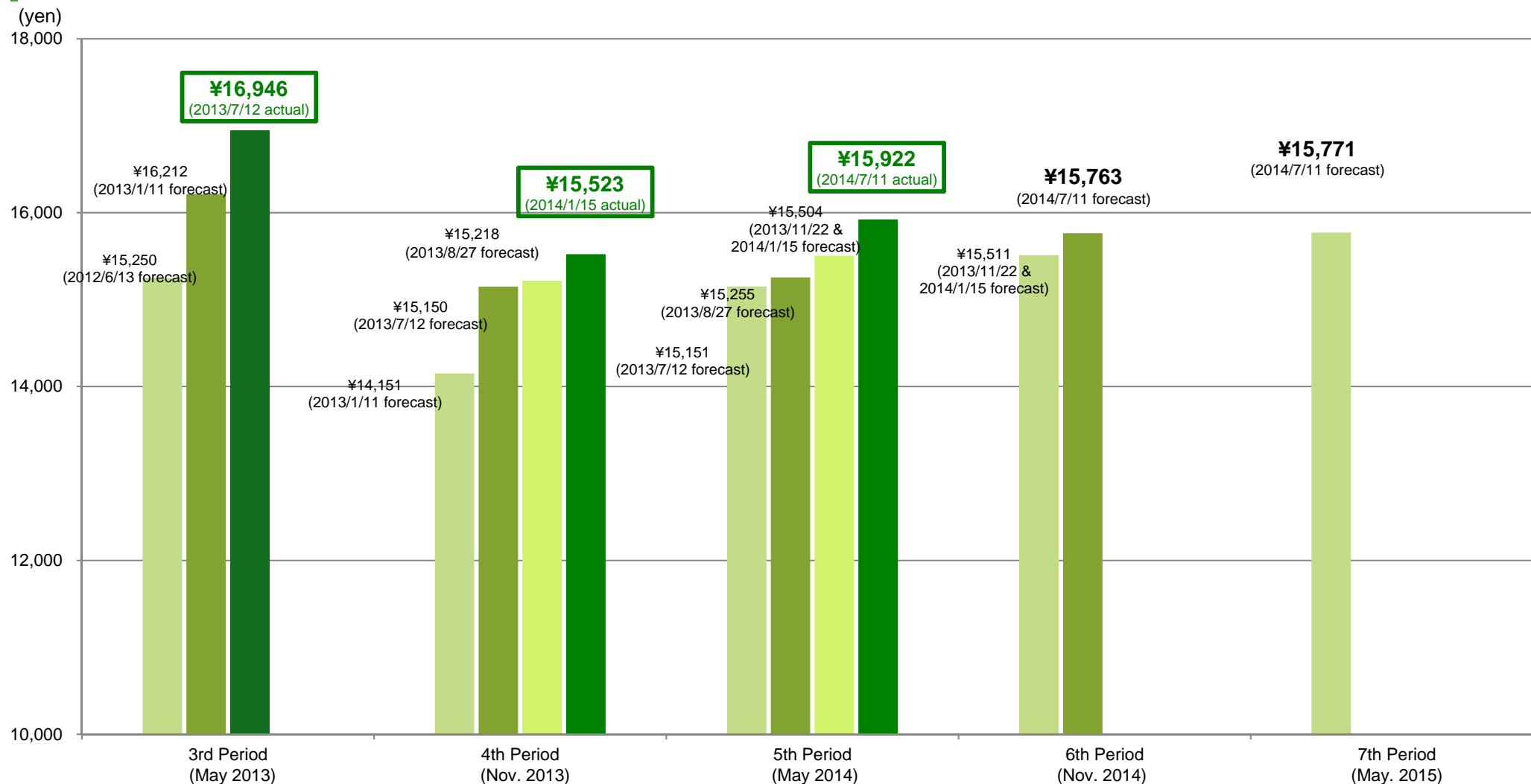
Assumption of  
interest rate: 1.05%

(Note) The forecast for the 7th period are calculated based on certain assumptions that reflect present conditions, and are subject to change. The forecasts do not guarantee the amount of distributions.

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

- Making efforts to excess DPU over ¥16,000 after the 6th period and onwards by leasing for OSAKI WIZTOWER, and continuing external and internal growth

### Trends of Distributions per Unit



# Growth Strategy

## External Growth

- The competition in the real estate transaction market is still severe, especially among the properties in central Tokyo
- Even though the price level is expected to be higher, API keeps to invest upon consideration of location, quality, and other factors
- Additional acquisition of properties through the information from both the Asset Manager and sponsor based on our track record (¥61.1 billion with 8 properties including OSAKI WIZTOWER) over the last one year
- Additional debt by LTV leverage (approximately ¥10.0 billion) will be used for the additional acquisition from the third party
- Utilizing sponsor support, such as acquisition function, development function, and operating function included leasing

## Internal Growth

### Tokyo Office Properties

- Although there is some differences between the building qualities or areas, leasing market of Tokyo Office is improving as well as occupancy rate
- At the end of the 5th period, the occupancy rate of Tokyo Office Properties reached to 100% for the first time since the IPO. Although the notice of cancellation is expected due to tenants' expansion demands, API endeavors to maintain high occupancy rate by leasing after the 6th period and onwards
- Further solidify relationships with the tenants to enhance rents upward revision by considering area market and property features

### Urban Retail Properties

- Although decrease in demand due to a rush before consumption tax hike was concerned, API continues to attract the customers and increase sales by effective promotions or renovation
- Although 99% of our total revenue is held by fixed rent, API will carefully monitor the trend of sales linked revenue, which measure how well the facilities are operated
- Expected certain potential for sales linked rent from the hotels by expansion of inbound demands

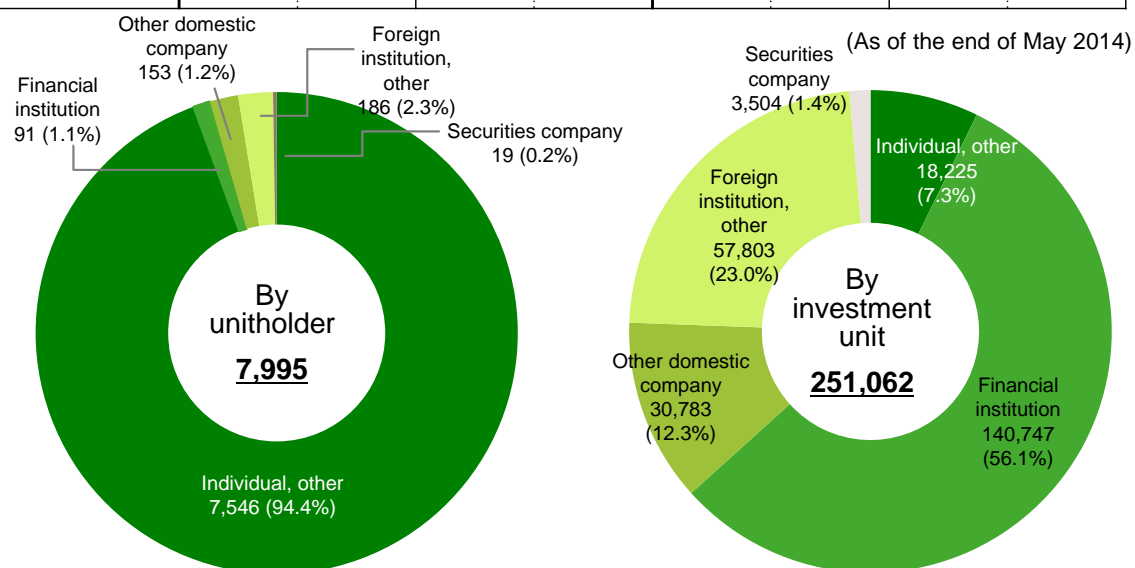
## Financial Strategy

- Financing at low cost continuously based on our financial base while carefully monitoring the trends of long-term interest rate
- Establishing more sound financial base by diversified and long-term maturity, increased the credit line limit on commitment line agreement
- Controlling LTV for additional acquisition
- Considering issuance of the next investment corporation bonds by monitoring the market trend

## Distribution of Unitholders

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

	As of the end of 5th Period (May 2014)				As of the end of 4th Period (Nov. 2013)			
	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio
Individual, other	7,546	94.4%	18,225	7.3%	7,946	95.1%	19,944	9.7%
Financial institution	91	1.1%	140,747	56.1%	64	0.8%	106,815	52.0%
Other domestic company	153	1.9%	30,783	12.3%	141	1.7%	25,128	12.2%
Foreign institution, other	186	2.3%	57,803	23.0%	180	2.2%	51,540	25.1%
Securities company	19	0.2%	3,504	1.4%	24	0.3%	1,835	0.9%
Total	7,995	100.0%	251,062	100.0%	8,355	100.0%	205,262	100.0%



### Top 10 Unitholders

(As of the end of May 2014)

Name	Investment units	Ratio
Japan Trustee Services Bank, Ltd. (Trust accounts)	58,868	23.4%
Tokyu Land Corporation	26,080	10.4%
The Master Trust Bank of Japan, Ltd. (Trust accounts)	24,167	9.6%
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	16,845	6.7%
The Nomura Trust and Banking Co., Ltd (Investment accounts)	12,583	5.0%
STATE STREET BANK AND TRUST COMPANY	5,386	2.1%
THE BANK OF NEW YORK MELLON SA/NV 10	4,617	1.8%
NOMURA BANK (LUXEMBOURG) S.A.	3,633	1.4%
STATE STREET BANK AND TRUST COMPANY	2,896	1.2%
EVERGREEN	2,779	1.1%
Total	157,854	62.9%

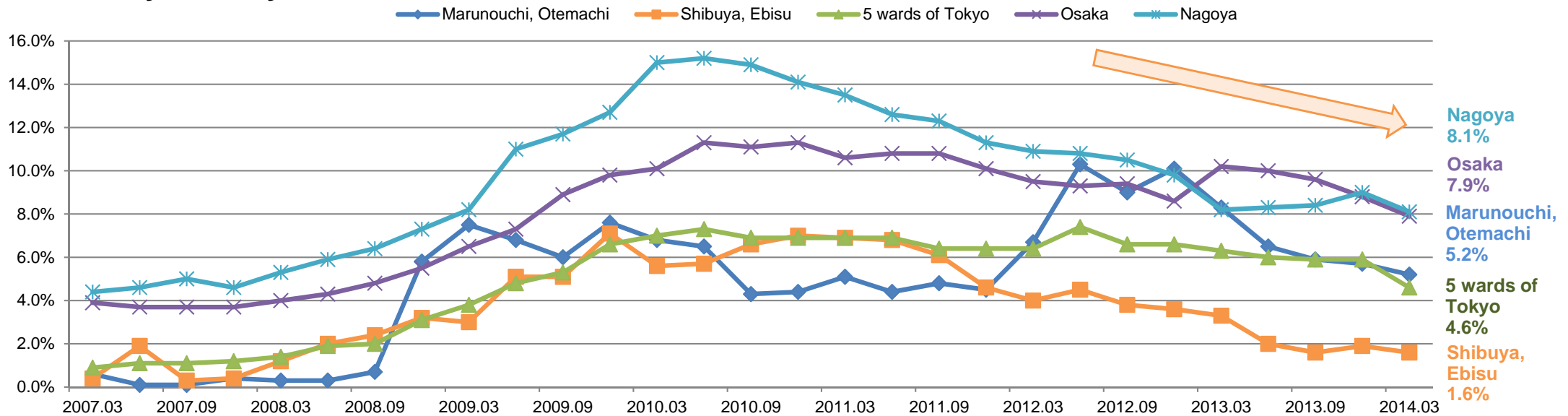


## References

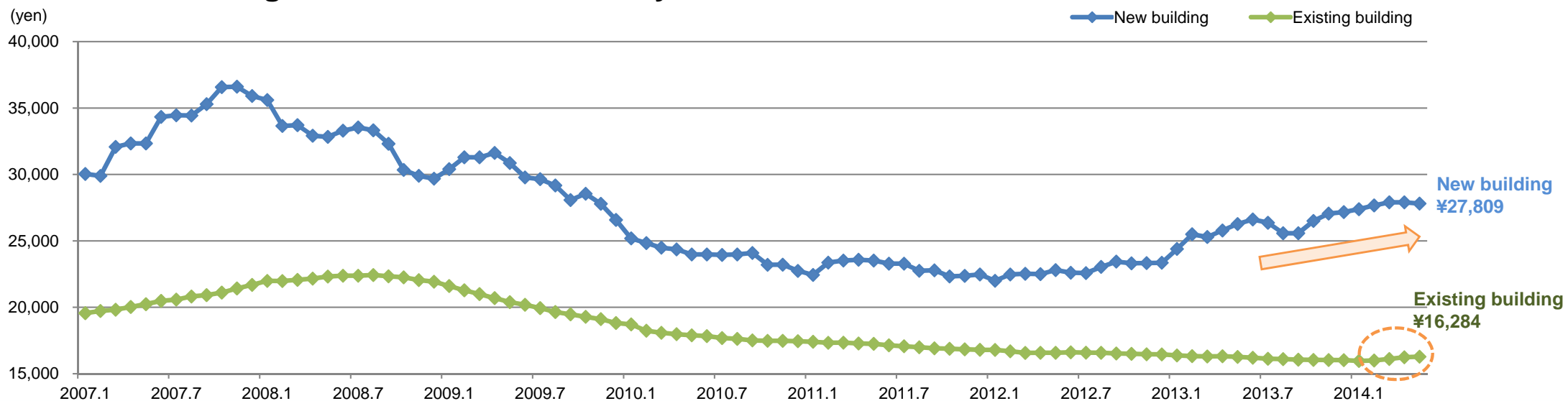


# Macro Data for Real Estate Market

## Vacancy Rate by Area Source: CBRE Inc.



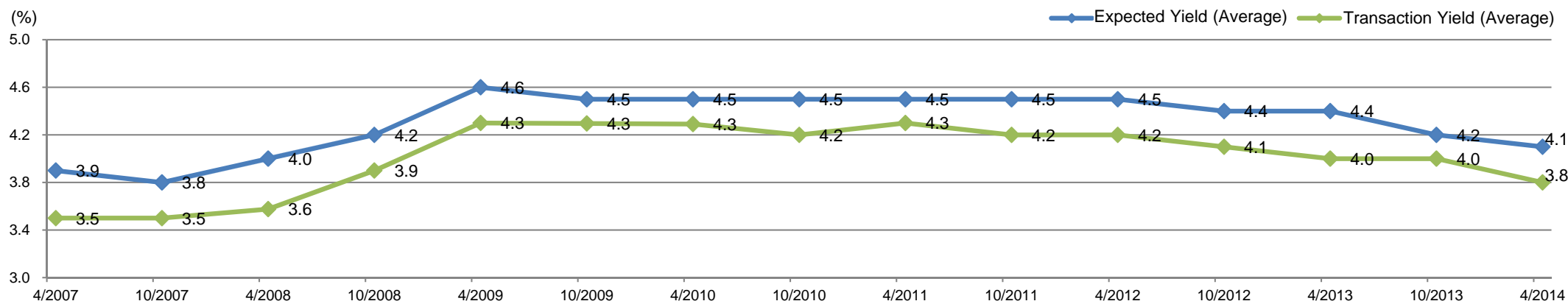
## Trends of Average Rent for 5 Wards of Tokyo Source: Miki Shoji Co.,Ltd.



# Macro Data for Real Estate Market

## Trends of Expected and Transaction Yield (Marunouchi & Otemachi area)

Source: Japan Real Estate Institute  
"Japanese Real Estate Investor Survey"



## Trends of 27 Properties Cap Rate (Note1)

Category	Property #	Property name	Acquisition Price (¥mn)	As of acquisition	2nd period (2012/11)	3rd period (2013/5)	4th period (2013/11)	5th period (2014/5)
UR URBAN RETAIL	UR-1	Tokyu Plaza Omotesando Harajuku (Note2)	45,000	3.8%	3.7%	3.7%	3.6%	3.4%
	UR-2	Tokyu Plaza Akasaka (Note2)	11,450	5.3%	5.3%	5.2%	5.1%	4.9%
	UR-3	Ebisu Q Plaza	8,430	4.3%	4.3%	4.2%	4.2%	4.1%
	UR-4	Shinbashi Place	20,500	4.9%	4.9%	4.9%	4.8%	4.8%
	UR-5	Kyoto Karasuma Parking Building	8,860	5.7%	5.7%	5.7%	5.6%	5.5%
	UR-6	Hitotsugi LIP (acquired on Aug. 30, 2013)	3,000	4.3%	-	-	4.3%	4.2%
	UR-7	Kobe Kyu Kyoryuchi 25Bankan (acquired on Dec. 19, 2013)	21,330	4.8%	-	-	-	4.7%
	UR-8	Tokyu Plaza Sapporo (acquired on Dec. 19, 2013)	4,410	6.5%	-	-	-	6.2%
	UR-9	Kamata Kosan Building (acquired on Dec. 19, 2013)	6,370	4.8%	-	-	-	4.7%
TO TOKYO OFFICE	TO-1	TLC Ebisu Building	7,400	4.7%	4.7%	4.6%	4.6%	4.5%
	TO-2	A-PLACE Ebisu Minami	9,640	4.6%	4.6%	4.5%	4.5%	4.4%
	TO-3	Yoyogi Place	4,070	4.6%	4.6%	4.5%	4.6%	4.5%
	TO-4	Aoyama Plaza Building	8,790	4.9%	4.9%	4.9%	4.8%	4.7%
	TO-5	Luogo Shiodome	4,540	4.5%	4.5%	4.5%	4.4%	4.3%
	TO-6	Tokyo Kikai Honsha Building (Land) (Note3)	2,338	4.4%	5.2%	5.1%	4.4%	4.4%
	TO-7	A-PLACE Ikebukuro	3,990	5.1%	5.1%	5.0%	4.9%	4.9%
	TO-8	TK Shinbashi (acquired on Apr. 19, 2013)	5,650	4.7%	-	4.6%	4.5%	4.4%
	TO-9	Gotanda Front (acquired on Jan. 10, 2014)	5,730	4.4%	-	-	-	4.3%
	TO-10	Shinagawa Place (acquired on Jan. 10, 2014)	3,800	4.4%	-	-	-	4.3%
O OTHER	O-1	Amagasaki Q's MALL (Land)	12,000	5.0%	5.0%	5.0%	4.9%	4.8%
	O-2	icot Nakamozu	8,500	6.0%	6.0%	5.9%	5.8%	5.6%
	O-3	icot Kongo	1,600	6.9%	6.9%	6.9%	6.8%	6.7%
	O-4	icot Mizonokuchi	2,710	6.0%	6.0%	6.0%	5.9%	5.8%
	O-5	icot Tama Center	2,840	6.2%	6.2%	6.2%	6.1%	6.0%
	O-6	Kanayama Center Place	6,980	5.3%	5.3%	5.2%	5.4%	5.4%
	O-7	Osaka Nakanoshima Building (Note2) (acquired on Jan. 25, 2013)	5,250	5.0%	-	5.0%	5.0%	4.9%
	O-8	J-CORE Omori (acquired on Dec. 19, 2013)	5,790	5.1%	-	-	-	5.0%

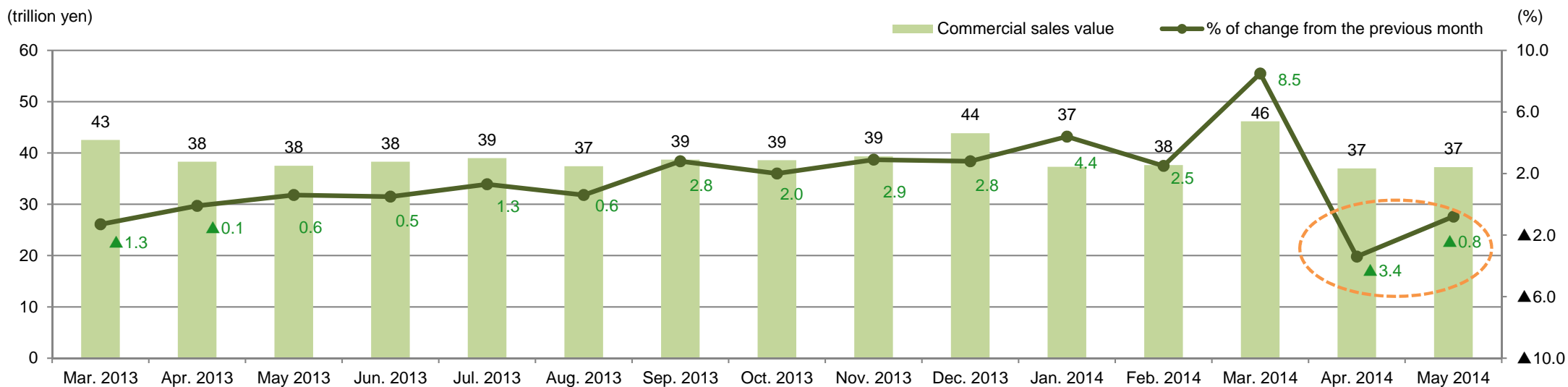
(Note1) Calculated based on Direct capitalization method.

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

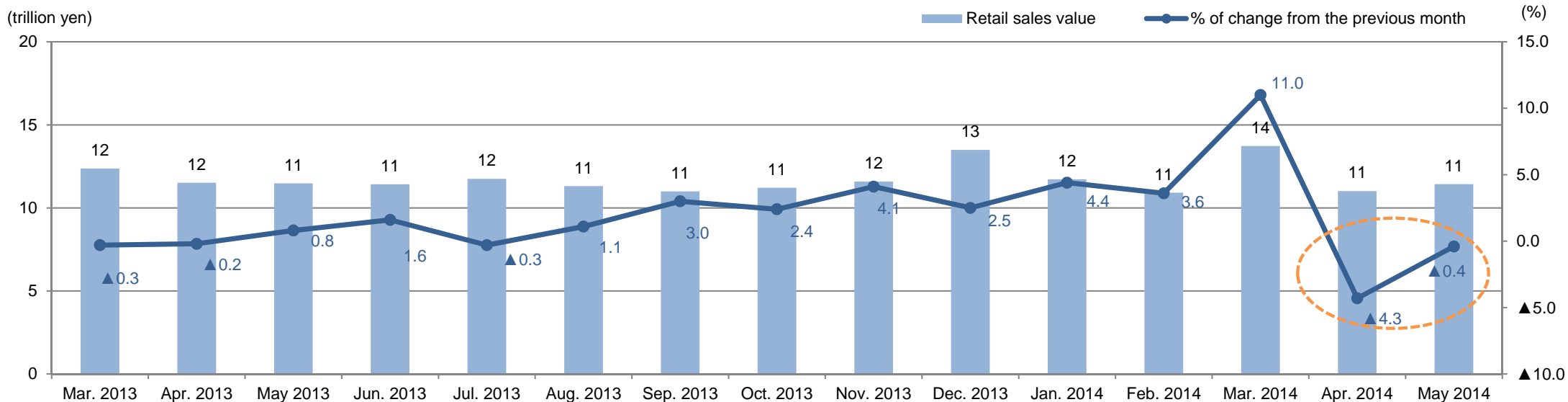
(Note3) Acquisition price of "Tokyo Kikai Honsha Building" is based on the acquisition price of the land as of acquisition date (June 13, 2012).

# Macro Data for Real Estate Market

## Trends of Commercial Sales Value



## Trends of Retail Sales Value



Source: Ministry of Economy, Trade and Industry "Preliminary Report on the Current Survey of Commerce"

## Appendix





# Statement of Income -The 5th Period ended May 31, 2014-

(In thousands of yen)

	The 4th period	The 5th period
Operating revenue		
Rent revenue-real estate	5,712,126	7,237,545
Other lease business revenue	412,776	541,200
Total operating revenue	6,124,902	7,778,746
Operating expenses		
Expenses related to rent business	1,975,285	2,632,911
Loss on sales of real estate properties	-	7,099
Asset management fee	436,004	483,899
Asset custody fee	5,374	6,562
Administrative service fee	13,446	11,856
Directors' compensations	3,300	3,300
Other operating expenses	49,339	52,584
Total operating expenses	2,482,749	3,198,214
Operating income (loss)	3,642,152	4,580,531
Non operating income		
Interest income	189	394
Interest on securities	1,848	1,744
Insurance income	2,522	63
Total non-operating income	4,560	2,203
Non-operating expenses		
Interest expenses	330,975	386,485
Interest expenses on investment corporation bonds	-	1,458
Amortization of investment corporation bond issuance costs	-	793
Investment unit issuance expenses	48,310	106,174
Borrowing related expenses	79,70	88,739
Other	500	520
Total non-operating expenses	459,486	584,173
Ordinary income (loss)	3,187,226	3,998,562
Income (loss) before income taxes	3,187,226	3,998,562
Income taxes-current	949	1,105
Income taxes-deferred	-0	-5
Total income taxes	949	1,099
Net income (loss)	3,186,276	3,997,462
Retained earnings (deficit) brought forward	93	88
Unappropriated retained earnings (undisposed loss)	3,186,370	3,997,550

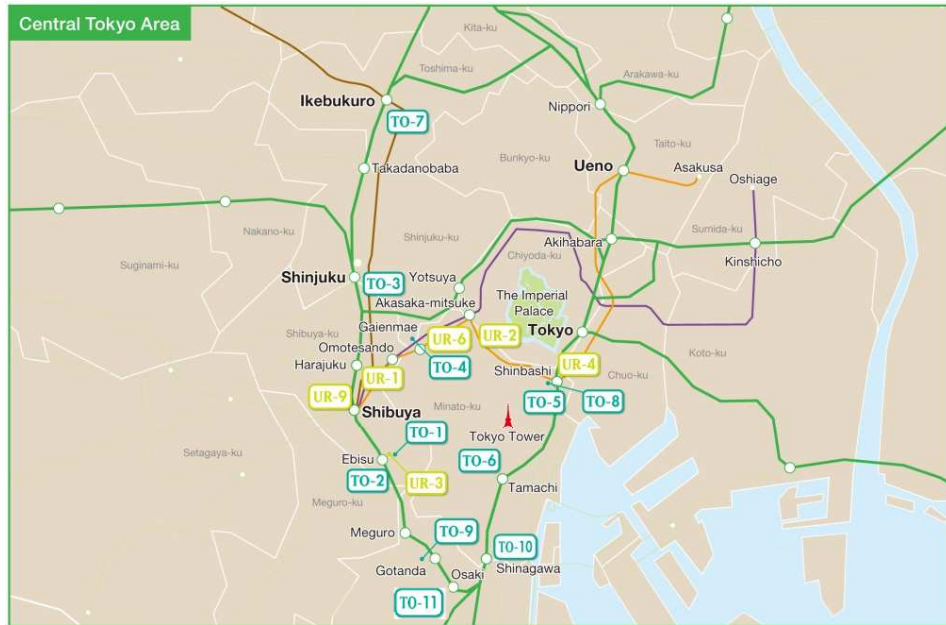
# Balance Sheets -The 5th Period ended May 31, 2014-

(In thousands of yen)

	The 4th period	The 5th period
<b>Assets</b>		
Current assets		
Cash and deposits	5,016,162	7,702,411
Cash and deposits in trust	1,147,579	1,471,491
Operating accounts receivable	200,590	304,241
Prepaid expenses	151,720	273,265
Deferred tax assets	16	22
Consumption taxes receivable	-	541,917
Consumption taxes receivable	126	353
<b>Total current assets</b>	<b>6,516,196</b>	<b>10,293,704</b>
Noncurrent assets		
Property, plant and equipment		
Building in trust	34,180,684	48,593,214
Accumulated depreciation	-1,382,563	-2,013,828
Building in trust, net	32,798,121	46,579,386
Structures in trust	360,792	395,537
Accumulated depreciation	-28,285	-39,436
Structures in trust, net	332,506	356,100
Machinery and equipment in trust	622,914	1,091,124
Accumulated depreciation	-43,752	-67,624
Machinery and equipment in trust, net	579,161	1,023,499
Tools, furniture and fixtures in trust	23,882	36,977
Accumulated depreciation	-1,943	-4,417
Tools, furniture and fixtures in trust, net	21,939	32,560
Land in trust	146,717,786	179,363,166
Construction in progress in trust	5,200	5,200
<b>Total property, plant and equipment</b>	<b>180,454,715</b>	<b>227,359,913</b>
Intangible assets		
Leasehold rights in trust	4,562,599	4,562,599
Other	1,814	3,550
<b>Total intangible assets</b>	<b>4,564,414</b>	<b>4,566,150</b>
Investments and other assets		
Long-term prepaid expenses	296,095	356,026
Invest securities	9,955	9,967
<b>Total investments and other assets</b>	<b>306,051</b>	<b>365,994</b>
<b>Total noncurrent assets</b>	<b>185,325,181</b>	<b>232,292,058</b>
Deferred assets		
Investment corporation bond issuance costs	-	23,404
<b>Total deferred assets</b>	<b>-</b>	<b>23,404</b>
<b>Total assets</b>	<b>191,841,377</b>	<b>242,609,167</b>

(In thousands of yen)

	The 4th period	The 5th period
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	330,353	431,447
Short-term loans payable	3,000,000	3,000,000
Long-term borrowing to be repaid within a year	10,000,000	12,000,000
Accounts payable-other	46,700	64,636
Accrued expenses	245,470	315,924
Income taxes payable	538	674
Consumption taxes payable	173,647	-
Advances received	103,875	111,860
Deposits received	4,722	11,350
Other	-	1
<b>Total current liabilities</b>	<b>13,905,358</b>	<b>15,935,895</b>
Noncurrent liabilities		
Investment Corporation Bonds	-	4,000,000
Long-term loans payable	75,000,000	81,800,000
Tenant leasehold and security deposits in trust	8,375,764	10,820,768
Other	50	31
<b>Total noncurrent liabilities</b>	<b>83,375,815</b>	<b>96,620,799</b>
<b>Total liabilities</b>	<b>97,281,173</b>	<b>112,556,695</b>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	91,373,833	126,054,921
Surplus		
Unappropriated retained earnings (undisposed loss)	3,186,370	3,997,550
<b>Total surplus</b>	<b>3,186,370</b>	<b>3,997,550</b>
<b>Total unitholders' equity</b>	<b>94,560,203</b>	<b>130,052,471</b>
<b>Total net assets</b>	<b>94,560,203</b>	<b>130,052,471</b>
<b>Total liabilities and net assets</b>	<b>191,841,377</b>	<b>242,609,167</b>



UR-1 Tokyu Plaza Omotesando Harajuku



UR-2 Tokyu Plaza Akasaka



UR-3 Ebisu Q Plaza



UR-4 Shinbashi Place



UR-6 Hitotsugi LIP



UR-9 Kamata Kosan Building



TO-1 TLC Ebisu Building



TO-2 A-PLACE Ebisu Minami



TO-3 Yoyogi Place



TO-4 Aoyama Plaza Building



TO-5 Luogo Shiodome



TO-6 Tokyo Kikai Honsha Building (Land)



TO-7 A-PLACE Ikebukuro



TO-8 TK Shinbashi Building



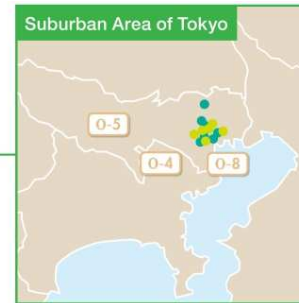
TO-9 Gotanda Front



TO-10 Shinagawa Place



TO-11 OSAKI WIZTOWER



0-4 icot Mizonokuchi



0-5 icot Tama Center



0-8 J-CORE Omori



UR-8 Tokyu Plaza Sapporo



Osaka / Nagoya



UR-5 Kyoto Karasuma Parking Building



UR-7 Kobe Kyu Kyoryuchi 25Bankan



0-1 Amagasaki Q's MALL (Land)



0-2 icot Nakamozu



0-3 icot Kongo



0-6 Kanayama Center Place

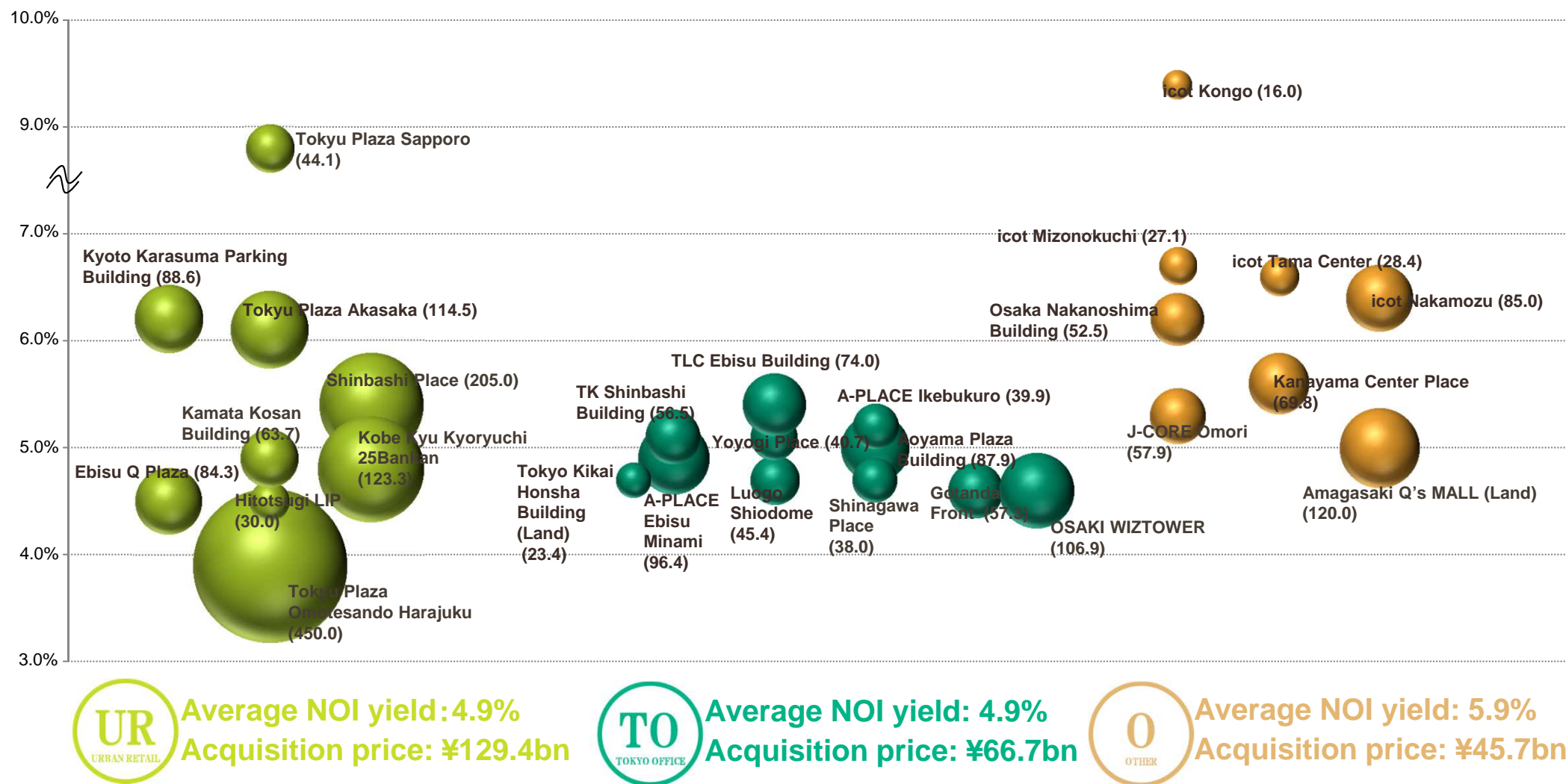


0-7 Osaka Nakanoshima Building



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

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



Average NOI yield **5.1%** Total of acquisition price **¥241.7 bn**



# Portfolio/Urban Retail Properties (1)

Property name	Tokyu Plaza Omotesando Harajuku (Note 1)	Tokyu Plaza Akasaka (Note 1)	Ebisu Q Plaza	Shinbashi Place	Kyoto Karasuma Parking Building
Photo					
Location	Jingu-mae, Shibuya-ku, Tokyo	Nagatacho, Chiyoda-ku, Tokyo	Ebisu, Shibuya-ku, Tokyo	Shinbashi, Minato-ku, Tokyo	Moto Honenji-cho, Nakagyo-ku, Kyoto
Access	1-minute walk from Tokyo Metro Chiyoda Line/Fukutoshin Line "Meiji Jingumae" station	1-minute walk from Tokyo Metro Ginza Line/Marunouchi Line "Akasaka-mitsuke" station	1-minute walk from JR/Tokyo Metro Hibiya Line "Ebisu" station	1-minute walk from JR/Tokyo Metro Ginza Line/Municipal Subway Asakusa Line "Shinbashi" station	1-minute walk from Hankyu Kyoto Line "Karasuma" station and 1-minute walk from subway Karasuma Line "Shijo" station
Acquisition price (A)	¥45,000 mn	¥11,450 mn	¥8,430 mn	¥20,500 mn	¥8,860 mn
Appraisal value (B) (Note 2)	¥45,200 mn	¥11,500 mn	¥8,770 mn	¥22,500 mn	¥9,430 mn
vs appraisal value (A/B)	99.6%	99.6%	96.1%	91.1%	94.0%
Appraisal NOI yield (Note 3)	3.9%	6.1%	4.5%	5.4%	6.2%
Structure	Steel framed, partially RC, SRC	SRC	Steel framed, partially RC	Steel framed, partially SRC	Steel framed
Number of floors	7 floors above and 2 floors underground	14 floors above and 3 floors underground	6 floors above and 1 floor underground	10 floors above and 1 floor underground	9 floors above and 1 floor underground
Gross floor area	11,368.11m <sup>2</sup>	51,491.66m <sup>2</sup>	4,670.02m <sup>2</sup>	8,541.70m <sup>2</sup>	21,495.47m <sup>2</sup>
Total leasable area	4,904.55m <sup>2</sup>	16,620.48m <sup>2</sup>	4,024.88m <sup>2</sup>	9,156.01m <sup>2</sup>	21,616.04m <sup>2</sup>
Occupancy rate (Note 4)	100.0%	100.0%	100.0%	100.0%	100.0%
Key tenants	Baroque Japan Limited	Tokyu Hotels Co., Ltd.	Tokyu Sports Oasis Inc.	Yamada-Denki Co., Ltd.	Paraca Inc.
Number of tenants (Note 4)	27	100	4	1	2
Investment criteria	<ul style="list-style-type: none"> <li>Located at the crossing of Omotesando and Meiji Street, the center of Japan's fashion culture. It is an excellent location with a strong branding effect for fashion shops</li> <li>Aiming to develop a "fashion theme park" that enables customers to enjoy the latest fashion and life-style themes in an environment full of greenery</li> <li>Many tenants have positioned their shops in this building as their flagship or prototype shop considering the building's excellent location and high visibility</li> </ul>	<ul style="list-style-type: none"> <li>Property is located in an area of Akasaka with a high concentration of restaurants, hotels and offices where many middle-aged office workers like to meet. The strong international flavor stems from the many foreign companies and embassies in this area. The Nagatacho and Kasumigaseki areas are located behind the site</li> <li>Located in the busy commercial area of Tokyo city-center, it has good commercial potential to attract diversified businesses</li> <li>Property is facing Akasakamitsuke crossing where Sotobori Street crosses with Route 246. It is a high profile building with a large facade and one of the landmarks of the Akasaka area</li> </ul>	<ul style="list-style-type: none"> <li>Located in the Ebisu area which is, unlike Shibuya or Daikanyama, well-known as an area for grown-ups</li> <li>High-profile building located in front of a station with a large facade made of terracotta bars and glass</li> <li>One of the few buildings with significant presence in the West exit area of "Ebisu" station where there are very few large-sized retail properties</li> </ul>	<ul style="list-style-type: none"> <li>1-minute walking distance from convenient "Shinbashi" station, which is one of the busiest terminal stations in Japan</li> <li>Shinbashi Place is in an area with diverse properties, such as office buildings, restaurants, apparel shops, and entertainment facilities, including karaoke facilities</li> <li>It is located in a place that is convenient for both shoppers visiting Ginza and office workers</li> <li>Versatile structure of the building allows various alternative uses including, but not limited to, use as offices for versatile coverage of diversified tenants' needs</li> </ul>	<ul style="list-style-type: none"> <li>Located in the Shijo Karasuma area, which is one of Kyoto's most prominent city center areas</li> <li>With a facade facing Karasuma Street, it is a high-profile building with an automated parking lot open 24 hours a day</li> <li>It is one of the few retail properties in the area with a large car park</li> <li>Highly important facility as it provides parking space to retail centers in the neighborhood such as Daimaru Kyoto and Takashimaya Kyoto</li> </ul>

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

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

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

(Note 4) As of the end of May 2014.



# Portfolio/Urban Retail Properties (2)





Property name	Hitotsugi LIP	Kobe Kyu Kyoryuchi 25Bankan	Tokyu Plaza Sapporo	Kamata Kosan Building
Photo				
Location	Akasaka, Minato-ku, Tokyo	Kyomachi, Chuo-ku, Kobe City, Hyogo	Minami-Yonjo-Nishi, Chuo-ku, Sapporo, Hokkaido	Udagawa-cho, Shibuya-ku, Tokyo
Access	3-minute walk from Tokyo Metro Chiyoda Line "Akasaka" station, and 5-minute from Tokyo Metro Ginza Line and Marunouchi Line "Akasaka-mitsuke" station	5-minute walk from Kobe subway Kaigan Line "Kyu Kyoryuchi, Daimarumae" station, 9-minute walk from JR Tokaido Line "Sannomiya" station and 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, and 8-minute walk from Sapporo subway Toho Line "Hosui-susukino" station	4-minute walk from Tokyo Metro Ginza Line/Hanzomon Line/ Fukutoshin Line "Shibuya" station, Tokyudenentoshi Line/Toyoko Line "Shibuya" station, 5-minute walk from Keio-inokashira Line "Shibuya" station and 6-minute walk from JR Yamanote-Line/Saikyo Line/Shonanshinjuku Line "Shibuya" station
Acquisition price (A)	¥3,000 mn	¥21,330 mn	¥4,410 mn	¥6,370 mn
Appraisal value (B) (Note 1)	¥3,150 mn	¥21,600 mn	¥4,800 mn	¥6,400 mn
vs appraisal value (A/B)	95.2%	98.8%	91.9%	99.5%
Appraisal NOI yield (Note 2)	4.5%	4.8%	8.7%	4.9%
Structure	Steel framed, partially RC	Steel framed, partially RC	Steel framed, partially RC	RC
Number of floors	7 floors above and 1 floor underground	18 floors above and 3 floors underground	12 floors above and 1 floor underground	5 floors above and 1 floor underground
Gross floor area	2,429.01m <sup>2</sup>	27,010.67m <sup>2</sup>	27,277.85m <sup>2</sup>	3,340.70m <sup>2</sup>
Total leasable area	2,280.22m <sup>2</sup>	19,653.90m <sup>2</sup>	21,229.16m <sup>2</sup>	3,413.80m <sup>2</sup>
Occupancy rate (Note 3)	84.2%	100.0%	100.0%	100.0%
Key tenants	KICHIRI & Co., Ltd.	Plan Do See Inc.	Tokyu Hotels Co., Ltd.	BOOKOFF CORPORATION LIMITED
Number of tenants (Note 3)	7	7	18	2
Investment criteria	<ul style="list-style-type: none"> <li>A highly visible commercial building on Hitotsugi-dori, the busiest street, with various restaurants and the heaviest foot traffic, in Akasaka</li> <li>Located close to Akasaka Hills, a large-scale complex opened in 2008, with the potential for attracting shoppers</li> <li>Leasable area for is 361m<sup>2</sup> for the basic floor, ready to deal with various needs of tenants with floors being suitable for partial leasing</li> </ul>	<ul style="list-style-type: none"> <li>Kyu Kyoryuchi is located in Kobe, a port city with long history and various historic sites / buildings</li> <li>The Kyu Kyoryuchi area, where various top-class luxury brands are located, is one of the leading commercial districts in West Japan in terms of the number of visitors</li> <li>Tenants under a lease contract for 5 years or longer have helped stabilize portfolio revenue</li> </ul>	<ul style="list-style-type: none"> <li>Located in "Susukino", the most popular entertainment district in Hokkaido and one of Japan's major tourist spots</li> <li>A highly visible landmark located a two-minute walk from Susukinostation along Tsukisamudori, one of the major roads in Sapporo city</li> <li>As an "old established" hotel in the city, Tokyu Inn, the key tenant, has retained high occupancy rates since opening in 1980</li> </ul>	<ul style="list-style-type: none"> <li>An urban retail property located in the Shibuya area, one of the major commercial districts and the fashion centers for "younger generations"</li> <li>Located on and designed to match "Shibuya Center street," attracting people all day and night</li> <li>Club Quattro, which occupies the 4-5 floors, is a long-established club of 25 years, hosts live music and has invited a variety of artists from both Japan and abroad</li> </ul>

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

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

(Note 3) As of the end of May 2014.

# Portfolio/Tokyo Office Properties (1)

Property name	TLC Ebisu Building	A-PLACE Ebisu Minami	Yoyogi Place	Aoyama Plaza Building	Luogo Shiodome	Tokyo Kikai Honsha Building (Land)
Photo						
Location	Ebisu, Shibuya-ku, Tokyo	Ebisu-Minami, Shibuya-ku, Tokyo	Sendagaya, Shibuya-ku, Tokyo	Kita-Aoyama, Minato-ku, Tokyo	Higashi Shinbashi, Minato-ku, Tokyo	Shiba, Minato-ku, Tokyo
Access	4-minute walk from JR Yamanote Line "Ebisu" station	4-minute walk from JR Yamanote Line/ Tokyo Metro Hibiya Line "Ebisu" station	3-minute walk from JR Yamanote Line/ Municipal Subway Oedo Line "Yoyogi" station	4-minute walk from Tokyo Metro Ginza Line "Gaienmae" station	4-minute walk from Municipal Subway Oedo Line/ Yurikamome's "Shiodome" station	2-minute walk from Municipal Subway Asakusa Line/Mita Line "Mita" station
Acquisition price (A)	¥7,400 mn	¥9,640 mn	¥4,070 mn	¥8,790 mn	¥4,540 mn	¥2,338 mn
Appraisal value (B) (Note 1)	¥7,420 mn	¥9,950 mn	¥4,180 mn	¥8,850 mn	¥4,570 mn	¥2,400 mn
vs appraisal value (A/B)	99.7%	96.9%	97.4%	99.3%	99.3%	97.4%
Appraisal NOI yield (Note 2)	5.4%	4.9%	5.1%	5.0%	4.7%	4.7%
Structure	SRC	SRC	Steel framed	RC	Steel framed, partially RC	-
Number of floors	9 floors above and 1 floor underground	6 floors above and 1 floor underground	10 floors above and 1 floor underground	9 floors above and 1 floor underground	11 floors above and 1 floor underground	-
Gross floor area	10,297.73m <sup>2</sup>	12,167.57m <sup>2</sup>	4,201.59m <sup>2</sup>	9,958.33m <sup>2</sup>	8,242.61m <sup>2</sup>	-
Total leasable area	7,342.60m <sup>2</sup>	7,950.51m <sup>2</sup>	3,106.17m <sup>2</sup>	7,303.69m <sup>2</sup>	4,476.35m <sup>2</sup>	1,287.96m <sup>2</sup>
Occupancy rate (Note 3)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Investment criteria	<ul style="list-style-type: none"> <li>The building is in the high-profile area of Ebisu, which has the highest concentration of office buildings in this area</li> <li>Compared with other buildings in the neighborhood, its large floor size of approx. 805m<sup>2</sup> on standard floors makes it highly competitive</li> <li>Large-scale renovations were completed in 2011, and the building continues to be a high grade property</li> </ul>	<ul style="list-style-type: none"> <li>Suited to the high traffic of Ebisu area and high demand by IT companies including software developers, apparel companies, as well as service providers such as restaurants, beauty salons and clinics and schools</li> <li>Large standard floor area of approx. 1,655 m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Highly visible building located on the roadside of Meiji Street, within walking distance from "Shinjuku" station</li> <li>Approx. 346 m<sup>2</sup> astylar space on one floor allows highly efficient space usage</li> <li>Versatile rectangular building shape allows partial leasing of the building</li> </ul>	<ul style="list-style-type: none"> <li>Building has strong competitive advantages compared with the office buildings in the neighborhood due to its large size</li> <li>Large-scale renovation of the building including seismic strengthening completed in 2008</li> <li>Above-ground ample parking spaces provides an attractive feature companies including apparel companies that need to deliver products and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Located on the north side of Shiodome Siosite's western district, known as "Italy Town", which has high traffic</li> <li>Higher competitiveness compared with other office properties in the neighborhood due to its quake-absorbing structure</li> <li>Strong demand expected from affiliates and customers of large corporations that are tenants in large buildings around "Shiodome" station</li> </ul>	<ul style="list-style-type: none"> <li>Convenient location with several lines</li> <li>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</li> </ul>

(Note 1) The date of value estimate is as of Feb. 29, 2012 except for Tokyo Kikai Honsha Building (Land), as of Mar. 1, 2014.

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

(Note 3) As of the end of May 2014.

## Portfolio/Tokyo Office Properties (2)

Property name	A-PLACE Ikebukuro	TK Shinbashi Building	Gotanda Front	Shinagawa Place	OSAKI WIZTOWER (4-11th floors)
Photo					
Location	Minami Ikebukuro, Tokyo	Shinbashi, Minato-ku, Tokyo	Nishigotanda, Shinagawa-ku, Tokyo	Minatominami, Minato-ku, Tokyo	Osaki, Shinagawa-ku, Tokyo
Access	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	5-minute walk from JR Tokaido Line/JR Yamanote Line/Keihin-Tohoku Line/Yokosuka Line/Tokyo Metro Ginza Line/Municipal Subway Asakusa Line/Yurikamome "Shinbashi" station	3-minute walk from Municipal Subway Asakusa Line "Gotanda" station and 4-minute walking distance from JR Yamanote Line "Gotanda" station	5-minute walk from JR Yamanote Line "Shinagawa" station	4-minute walk from JR Yamanote Line/aikyo Line/Shonan-Shinjuku Line/Rinkai Line "Osaki" station
Acquisition price (A)	¥3,990 mn	¥5,650 mn	¥ 5,730 mn	¥3,800 mn	¥10,690 mn (sectional ownership area)
Appraisal value (B) (Note 1)	¥4,020 mn	¥5,780 mn	¥5,750 mn	¥3,800 mn	¥11,200 mn (sectional ownership area)
vs appraisal value (A/B)	99.3%	97.8%	99.7%	100.0%	95.4%
Appraisal NOI yield (Note 2)	5.2%	5.1%	4.5%	4.6%	4.6%
Structure	Steel framed, partially RC	Reinforced concrete, SRC	Reinforced concrete, SRC	Reinforced concrete, SRC	Reinforced concrete, SRC
Number of floors	7 floors above and 1 floor underground	9 floors above and 2 floors underground	10 floors above and 1 floor underground	8 floors above and 1 floor underground	25 floors above and 2 floors underground (total)
Gross floor area	4,709.05m <sup>2</sup>	7,143.97m <sup>2</sup>	5,782.65m <sup>2</sup>	3,937.61m <sup>2</sup>	54,363.84m <sup>2</sup> (total)
Total leasable area	3,409.73m <sup>2</sup>	5,052.14m <sup>2</sup>	4,028.69m <sup>2</sup>	2,986.36m <sup>2</sup>	7,193.28m <sup>2</sup> (sectional ownership area)
Occupancy rate (Note 3)	100.0%	100.0%	100.0%	100.0%	100.0%
Investment criteria	<ul style="list-style-type: none"> <li>● High-profile building located within a 6-minute walking distance from "Ikebukuro" station along Meiji Street</li> <li>● Relatively new building which is built by the latest building, facility specifications and located in an area with little supply of new office properties</li> </ul>	<ul style="list-style-type: none"> <li>● Demand in this area from prospective tenants running various types of business in different categories is expected</li> <li>● In a block on the southern side, Loop Road No. 2 is under construction. The district has the potential for further development in the future</li> <li>● The second through fifth floors were renovated from 2012 to 2013</li> </ul>	<ul style="list-style-type: none"> <li>● Highly visible by facing a platform of "Gotanda" station on JR Line and locating on the corner of Sakurada Street (National Road No.1)</li> <li>● An office building with a high-profile facade, developed by Tokyu Land Corporation</li> <li>● The building is highly competitive, and also equipped with high-tech facilities including 100mm-high free-access floors, individual air conditioning units and grid ceilings</li> </ul>	<ul style="list-style-type: none"> <li>● High convenience with easy access to major areas in Tokyo and access to the Tokaido bullet train</li> <li>● Located in Konan, an area with a high concentration of headquarter buildings of major companies including NTT, Sony and Mitsubishi Heavy Industries, Ltd</li> <li>● Relatively compact rental area with 120 tsubo floor area on standard floors, with no pillars in the office spaces, allowing for efficient and versatile use of the floors</li> </ul>	<ul style="list-style-type: none"> <li>● High convenience with a four-minute walk from "Osaki" Station on JR Yamanote Line and Shonan-Shinjuku Line, and other</li> <li>● Further expansion as the new office area is expected by the reconstruction development around the station</li> <li>● 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</li> </ul>

(Note 1) As of Feb. 29, 2012 for A-PLACE Ikebukuro, Mar. 1, 2014 for TK Shinbashi Building, Sep. 1, 2013 for Gotanda Front and Shinagawa Place, and Mar. 1, 2014 for OSAKI WIZTOWER.

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

(Note 3) As of the end of May 2014 except for OSAKI WIZTOWER, as of Jun. 24, 2014.



# Portfolio/Other Properties (1)

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

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

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

(Note 3) As of the end of May 2014.

# Portfolio/Other Properties (2)

Property name	icot Tama Center	Kanayama Center Place	Osaka Nakanoshima Building (Note 1)	J-CORE Omori
Photo				
Location	Ochiai, Tama City, Tokyo	Kanayama, Naka-ku, Nagoya City, Aichi Prefecture	Nakanoshima, Kita-ku, Osaka City, Osaka Prefecture	Omori-ku, Ota-ku, Tokyo
Access	4-minute walk from Keio Sagami Line "Keio Tama Center" station, and 4-minute walk from Odakyu Tama Line "Odakyu Tama Center" station	1-minute walk from Nagoya Municipal Subway Meijo Line/Meiko Line "Kanayama" station, and 2-minute walk from JR Chuo Line/JR Tokaido Line/Meitetsu Nagoya Main Line "Kanayama" station	1-minute walk from Keihan Nakanoshima Line "Oebashi" station, and 5-minute walk from Osaka Municipal Subway Midosuji Line "Yodoyabashi" station	3-minute walk from JR Keihin-Tohoku Line "Omori" station
Acquisition price (A)	¥2,840 mn	¥6,980 mn	¥5,250 mn	¥5,790 mn
Appraisal value (B) (Note 1)	¥2,990 mn	¥7,120 mn	¥5,800 mn	¥5,810 mn
vs appraisal value (A/B)	95.0%	98.0%	90.5%	99.7%
Appraisal NOI yield (Note 2)	6.6%	5.6%	6.2%	5.1%
Structure	RC	Steel framed, partially SRC	SRC	Reinforced concrete, SRC
Number of floors	15 floors above and 1 floor underground	9 floors above and 1 floor underground	15 floors above and 3 floors underground	7 floors above and 1 floor underground
Gross floor area	31,553.75m <sup>2</sup>	12,783.13m <sup>2</sup>	34,248.71m <sup>2</sup>	7,040.95m <sup>2</sup>
Total leasable area	5,181.58m <sup>2</sup>	9,314.91m <sup>2</sup>	10,178.28m <sup>2</sup>	6,209.79m <sup>2</sup>
Occupancy rate (Note 3)	100.0%	100.0%	97.3%	100.0%
Investment criteria	<ul style="list-style-type: none"> <li>● High concentration of residents in an area which is located in the center of Tama New Town. Property is connected with a station and retail properties by a pedestrian walkway</li> <li>● Unique tenant structure that includes a one-price shop, clinic mall and bank branches helps satisfy the needs of people in surrounding areas, and parking for 103 cars provides convenience to shoppers who come by car</li> </ul>	<ul style="list-style-type: none"> <li>● Property is located in front of "Kanayama" station which has good access to "Nagoya" station and Chubu International Airport. The large standard floor size of 300 tsubo and its landmark exterior ensures sufficient competitiveness in the area</li> <li>● Relatively new office building completed in Feb. 2009 which is equipped with state-of-the-art specifications</li> </ul>	<ul style="list-style-type: none"> <li>● The Nakanoshima area features many office buildings, including financial institutions and government offices, such as the Bank of Japan Osaka branch and the Osaka City Hall, as well as offices of major companies such as The Asahi Shimbun Company and Kansai Electric Power</li> <li>● Highly prominent and is in a good location for offices</li> </ul>	<ul style="list-style-type: none"> <li>● A convenient location that serves a large population of approximately 72,000 persons in 1-km retail area and 471,000 persons in the 3-km retail area</li> <li>● Its location has heavy foot traffic from commuters, students and residents due to easy access from both the residential district near the west exit of Omori Station and a commercial district dominated by large building such as "Omori Bellport"</li> </ul>

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

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

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



(Note 4) As of May 2014.



# Portfolio Appraisal Values Status (1)

## 27 properties (as of the end of May 2014)

(In millions of yen)

Category	Property #	Property name	Acquisition price	Investment ratio (%)	Appraisal agency (Note 1)	Appraisal value	Capitalization					
							Direct capitalization method	Capitalization rate (%)	Discounted cash flow method	Discount rate (%)	Terminal capitalization rate (%)	NOI (Note 2)
	UR-1	Tokyu Plaza Omotesando Harajuku (Note 3)	45,000	19.5	J	48,750	49,800	3.4	47,625	3.2	3.6	1,675
	UR-2	Tokyu Plaza Akasaka (Note 3)	11,450	5.0	T	12,200	12,300	4.9	12,100	5.0	5.1	677
	UR-3	Ebisu Q Plaza	8,430	3.6	T	9,310	9,320	4.1	9,310	4.3/4.2 (Note 4)	4.3	375
	UR-4	Shinbashi Place	20,500	8.9	D	23,200	23,500	4.8	23,000	4.6	5.0	1,108
	UR-5	Kyoto Karasuma Parking Building	8,860	3.8	D	9,650	9,650	5.5	9,650	5.5	5.7	540
	UR-6	Hitotsugi LIP	3,000	1.3	J	3,210	3,230	4.2	3,180	3.9	4.3	135
	UR-7	Kobe Kyu Kyoryuchi 25bankan	21,330	9.2	J	22,300	22,500	4.7	22,100	4.5	4.9	1,049
	UR-8	Tokyu Plaza Sapporo	4,410	1.9	D	4,970	4,950	6.2	4,980	6.0	6.6	379
	UR-9	Kamata Kosan Building	6,370	2.8	D	6,520	6,550	4.7	6,510	4.5	4.9	310
	TO-1	TLC Ebisu Building	7,400	3.2	T	7,740	7,960	4.5	7,650	4.6	4.7	394
	TO-2	A-PLACE Ebisu Minami	9,640	4.2	T	10,600	10,700	4.4	10,500	4.5	4.6	477
	TO-3	Yoyogi Place	4,070	1.8	V	3,960	4,030	4.5	3,890	4.3	4.7	179
	TO-4	Aoyama Plaza Building	8,790	3.8	D	8,240	8,430	4.7	8,160	4.5	4.9	402
	TO-5	Luogo Shiodome	4,540	2.0	D	5,010	5,020	4.3	5,010	4.1	4.5	216

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

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



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

(Note 4) The discount rate for Ebisu Q Plaza is 4.3% while owned and 4.2% for the terminal discount rate.

# Portfolio Appraisal Values Status (2)

## 27 properties (as of the end of May 2014)

(In millions of yen)

Category	Property #	Property name	Acquisition price	Investment ratio (%)	Appraisal agency (Note 1)	Appraisal value	Capitalization					
							Direct capitalization method	Capitalization rate (%)	Discounted cash flow method	Discount rate (%)	Terminal capitalization rate (%)	NOI (Note 2)
	TO-6	Tokyo Kikai Honsha Building (Land) (Note 3)	2,338	1.0	T	2,400	2,480	4.4	2,360	4.8	4.6	109
	TO-7	A-PLACE Ikebukuro	3,990	1.7	J	4,250	4,300	4.9	4,200	4.7	5.1	210
	TO-8	TK Shinbashi Building	5,650	2.4	J	6,070	6,160	4.4	5,970	4.2	4.6	281
	TO-9	Gotanda Front	5,730	2.5	M	5,910	6,000	4.3	5,810	4.1	4.5	256
	TO-10	Shinagawa Place	3,800	1.6	J	3,870	3,940	4.3	3,800	4.1	4.5	172
	O-1	Amagasaki Q's MALL (Land)	12,000	5.2	J	12,600	12,600	4.8	12,500	4.4	5.0	600
	O-2	icot Nakamozu	8,500	3.7	T	9,520	9,650	5.6	9,460	5.5/5.6 (Note 5)	5.8	544
	O-3	icot Kongo	1,600	0.7	M	1,860	1,900	6.7	1,810	6.5	7.2	153
	O-4	icot Mizonokuchi	2,710	1.2	M	3,050	3,110	5.8	2,980	5.6	6.2	182
	O-5	icot Tama Center	2,840	1.2	J	3,120	3,170	6.0	3,070	5.3	6.2	190
	O-6	Kanayama Center Place	6,980	3.0	V	7,580	7,640	5.4	7,510	5.2	5.6	410
	O-7	Osaka Nakanoshima Building (Note 4)	5,250	2.3	J	5,850	5,850	4.9	5,800	4.7	5.1	320
	O-8	J-CORE Omori	5,790	2.5	J	5,920	5,970	5.0	5,860	4.9	5.3	297
Total			230,968	100.0	—	247,660	250,710	—	244,795	—	—	11,654

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

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

(Note 3) Acquisition price is based on the acquisition price of the land as of acquisition date (June 13, 2012). The figures related to the appraisal are as of Mar. 1, 2014.

(Note 4) Osaka Nakanoshima Building, the co-ownership (jun kyoyu-mochibun) property is calculated based on the pro rata share (50%).

(Note 5) The discount rate for icot Nakamozu is 5.5% for the first year through eighth year, and 5.6% after the ninth year.

# Overview of Lease and Profit and Loss for the 5th Period (1)

(In thousands of yen)

	Urban Retail Properties									Tokyo Office Properties				
	Tokyu Plaza Omote-sando Harajuku (Note1)	Tokyu Plaza Akasaka (Note1)	Ebisu Q Plaza	Shinbashi Place	Kyoto Karasuma Parking Building	Hitotsugi LIP	Kobe Kyu Kyoryuchi 25Bankan	Tokyu Plaza Sapporo	Kamata Kosan Building	TLC Ebisu Building	A-PLACE Ebisu Minami	Yoyogi Place	Aoyama Plaza Building	Luogo Shiodome
a. Revenue related to rent business	1,104,666	590,383	267,554	(Note2)	(Note2)	84,595	658,086	384,121	186,242	273,117	334,527	120,109	269,948	167,800
Rent revenue-real estate	1,052,381	483,962	237,540	(Note2)	(Note2)	70,052	592,342	316,022	177,831	249,490	319,256	113,531	252,660	154,792
Other lease business revenue	52,284	106,420	30,013	(Note2)	(Note2)	14,543	65,744	68,098	8,411	23,626	15,270	6,577	17,288	13,008
b. Expenses related to rent business	238,356	285,551	63,122	45,583	36,706	26,006	134,004	196,443	23,079	80,415	96,103	30,660	71,589	49,651
Management operation expenses	89,944	80,278	16,271	12,300	3,642	11,052	75,013	95,308	11,379	22,169	26,576	9,986	22,076	11,397
Utilities expenses	32,257	84,164	28,836	-	-	13,312	56,227	71,867	8,510	24,065	21,322	8,152	19,703	13,878
Tax and public dues	45,538	65,490	8,749	32,257	29,349	1	-	13,897	48	17,700	30,453	10,007	20,471	18,267
Insurance	397	613	121	265	232	57	799	695	87	276	333	118	254	217
Repair and maintenance expenses	2,335	51,313	601	-	2,681	475	350	4,071	2,140	5,205	6,068	700	5,725	3,434
Other expenses related to rent business	67,883	3,691	8,540	760	800	1,106	1,613	10,602	913	10,997	11,347	1,694	3,358	2,457
c. NOI (a-b)	866,309	304,831	204,431	(Note2)	(Note2)	58,589	524,082	187,677	163,163	192,702	238,424	89,448	198,359	118,149
d. Depreciation and other (Note 3)	48,512	29,887	18,481	32,734	16,007	7,304	120,407	39,025	7,493	47,696	33,312	15,581	22,456	27,483
Income (loss) from rent business(c-d)	817,797	274,943	185,950	(Note2)	(Note2)	51,284	403,675	148,652	155,669	145,005	205,111	73,867	175,902	90,665

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

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

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

# Overview of Lease and Profit and Loss for the 5th Period (2)

(In thousands of yen)

	Tokyo Office Properties					Other Properties							
	Tokyo Kikai Honsha Building (Land)	A-PLACE Ikebukuro	TK Shinbashi Building	Gotanda Front	Shinagawa Place	Amagasaki Q's MALL (Land)	icot Nakamozu	icot Kongo	icot Mizonokuchi	icot Tama Center	Kanayma Center Place	Osaka Nakanoshima Building (Note1)	J-CORE Omori
a. Revenue related to rent business	134,880	(Note2)	182,081	138,389	78,975	341,532	310,693	(Note2)	(Note2)	143,597	274,482	265,738	207,561
Rent revenue-real estate	129,786	(Note2)	170,044	129,555	74,953	341,532	310,663	(Note2)	(Note2)	130,690	254,435	246,524	178,957
Other lease business revenue	5,093	(Note2)	12,036	8,834	4,021	-	30	(Note2)	(Note2)	12,907	20,047	19,214	28,604
b. Expenses related to rent business	50,402	31,472	40,906	21,405	18,223	41,175	38,727	18,101	17,147	48,903	77,292	65,026	43,036
Management operation expenses	15,796	9,810	17,595	9,905	8,655	-	5,563	2,367	2,418	19,117	24,338	27,748	8,039
Utilities expenses	10,601	9,777	12,452	10,228	4,967	-	30	-	-	15,799	22,548	23,122	32,437
Tax and public dues	19,177	10,918	367	67	39	40,907	32,033	13,849	9,883	12,025	25,516	165	5
Insurance	178	115	183	132	88	-	331	437	142	204	335	453	137
Repair and maintenance expenses	1,379	45	5,484	93	2,314	-	-	1,180	3,941	524	3,071	9,871	1,685
Other expenses related to rent business	3,268	806	4,823	979	2,157	267	768	267	760	1,231	1,481	3,665	730
c. NOI (a-b)	84,477	(Note2)	141,174	116,983	60,752	300,357	271,966	(Note2)	(Note2)	94,693	197,190	200,711	164,525
d. Depreciation and other (Note 3)	17,387	20,682	25,396	22,310	7,619	-	34,521	23,032	8,373	18,704	52,089	30,097	17,213
Income (loss) from rent business(c-d)	67,090	(Note2)	115,778	94,673	53,132	300,357	237,444	(Note2)	(Note2)	75,989	145,101	170,614	147,311

(Note 1) Osaka Nakanoshima Building, the co-ownership (jun kyoyu-mochibun) properties, is calculated based on the pro rata share (50%).

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

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

# Portfolio Summary (28 properties including OSAKI WIZTOWER)

## 10 Largest Tenants by Leased Area

End-tenants	Property name	Total leased area (m <sup>2</sup> ) (Note1)	% of leased area (%) (Note2)	Lease expiration
1. Tokyu Hotels	Tokyu Plaza Akasaka Tokyu Plaza Sapporo	30,183 (Note3)	11.0	March 2016
2. Sumitomo Mitsui Trust Bank	Tokyo Kikai Honsha Building (Land) Amagasaki Q's MALL (Land)	28,753	10.5	May 2074 January 2042
3. Kohnan Shoji	icot Nakamozu	26,529	9.7	July 2027
4. Paraca	Kyoto Karasuma Parking Building	21,224	7.7	-
5. Daiei	icot Kongo	-	-	-
6. Plan•Do•See	Kobe Kyu Kyoryuchi 25Bankan	14,195	5.2	-
7. Room's-Taishodo	icot Mizonokuchi	14,032	5.1	July 2018
8. Yamada-Denki	Shinbashi Place	9,156	3.3	-
9. Nippo Corporation	OSAKI WIZTOWER	7,193	2.6	June 2016
10. Bank of Tokyo-Mitsubishi UFJ	icot Nakamozu icot Tama Center Kanayama Center Place	5,609	2.0	-

(Note1) Based on lease agreement as of the end of May 2014 (as of Jun. 24, 2014 for OSAKI WIZTOWER).

(Note2) The percentage of area for each end-tenant is the ratio to the total leased area of the portfolio, rounding to the first decimal place.

(Note3) Based on the pro rata share (50%) of the trust beneficiary co-ownership interests.

(Note4) The items marked with "-" are not disclosed because tenant approval was not obtained.

(Note5) icot Kongo is covered by earthquake insurance due to the PML in excess of 15%. As we own the land only for Tokyo Kikai Honsha Building (Land) and Amagasaki Q's MALL, no PML is described for this property.

(Note6) Seismic strengthening was conducted on Tokyu Plaza Akasaka, Tokyu Plaza Sapporo, Aoyama Plaza Building and icot Kongo on Apr, 2009, Jun. 2007, Jul. 2008 and Jul. 2008, respectively.

(Note7) PML of the total portfolio was based on the "Report of portfolio seismic PML analysis" as of Mar. 27, 2014.

(Note8) Calculation is based on the seismic data derived from the "National Seismic Hazard Maps for Japan" (issued before the occurrence of the Great East Japan Earthquake) publicized by the Headquarters for Earthquake Research Promotion, Ministry of Education, Culture, Sports, Science and Technology on Sep. 2006. The figures are rounded to the first decimal place.

## PML (Probable Maximum Loss)

Property#	Property name	PML (%)
UR-1	Tokyu Plaza Omotesando Harajuku	5.0
UR-2	Tokyu Plaza Akasaka (Note6)	3.6
UR-3	Ebisu Q Plaza	2.3
UR-4	Shinbashi Place	4.7
UR-5	Kyoto Karasuma Parking Building	4.3
UR-6	Hitotsugi LIP	7.2
UR-7	Kobe Kyu Kyoryuchi 25Bankan	5.4
UR-8	Tokyu Plaza Sapporo (Note6)	0.4
UR-9	Kamata Kosan Building	5.6
TO-1	TLC Ebisu Building	2.8
TO-2	A-PLACE Ebisu Minami	8.7
TO-3	Yoyogi Place	7.0
TO-4	Aoyama Plaza Building (Note6)	10.7
TO-5	Luogo Shiodome	1.5
TO-6	Tokyo Kikai Honsha Building (Land) (Note5)	-
TO-7	A-PLACE Ikebukuro	6.1
TO-8	TK Shinbashi Building	6.8
TO-9	Gotanda Front	4.2
TO-10	Shinagawa Place	6.6
TO-11	OSAKI WIZTOWER	2.5
O-1	Amagasaki Q's MALL (Land) (Note5)	-
O-2	icot Nakamozu	11.7
O-3	icot Kongo (Note5) (Note6)	16.2
O-4	icot Mizonokuchi	8.1
O-5	icot Tama Center	2.5
O-6	Kanayama Center Place	10.8
O-7	Osaka Nakanoshima Building	10.6
O-8	J-CORE Omori	6.5
Average of the current portfolio (Note7)		4.6



# Actions to Improve of Asset Values

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

NEW

Gotanda Front



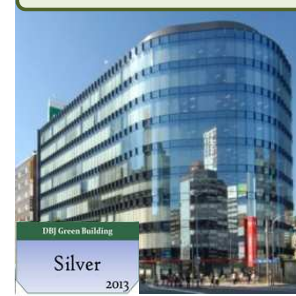
- Evaluated by having excellent environmental features, and installing and keeping anti-disaster supplies
- Automatic dimming in exclusive area
- Adoption of LED lights in common areas helps to reduce power consumption
- Installing a secondary power supply
- keeping anti-disaster supplies for the building users having trouble returning home

A-PLACE Ikebukuro



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

Kanayama Center Place



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

Yoyogi Place



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

## Tokyu Plaza Omotesando Harajuku VIVA Design and Development Honorees (2014)

- Tokyu Plaza Omotesando Harajuku has been awarded as Gold winner, which is the best prize, of Design & Development Award on Asia Pacific Shopping Center Award held by International Council of Shopping Center in 2013
- After Asia Pacific Shopping Center Award, facilities awarded as Gold winner in each area joined VIVA (Vision, Innovation, Value, Achievement) in May 2014.
- The property was awarded as Honoree of Design & Development



## Entry to GRESB (from 2013)

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



### GRESB

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

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

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

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

Property	Nearest train station	Walking distance from nearest train station	Year of completion	Gross floor area (thousand m <sup>2</sup> ) (Note 1)	# of tenants
Tokyu Plaza Shibuya	Shibuya	1 minute	1965	approx. 30	86
Tokyu Plaza Kamata	Kamata	1 minute	1968	approx. 26	120
Tokyu Plaza Akasaka	Akasaka-mitsuke	1 minute	1969	approx. 51	99
Tokyu Plaza Sapporo	Susukino	2 minutes	1980	approx. 27	18
Kyoto Karasuma Parking Building	Karasuma	1 minute	2006	approx. 21	2
Shinbashi Place	Shinbashi	1 minute	2008	approx. 9	1
Futakotamagawa Rise Shopping Center	FutakoTamagawa	1 minute	2011	approx. 99	145
Abeno Q's Mall	Tennoji	2 minutes	2011	approx. 171	254
Tokyu Plaza Omotesando Harajuku	Meiji-jingumae	1 minute	2012	approx. 11	27
Tokyu plaza Shinnagata	Shin-nagata	1 minute	2013	approx.10	53
(Tentative) Jingumae 6 Chome Project (Note 3)	Meiji-jingumae	1 minute	FY 2014 (Scheduled)	approx. 8	-
(Tentative) Ginza 5 Chome Project (Note 4)	Ginza	1 minute	2015 (Scheduled)	approx. 50	-

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



(Tentative)  
Jingumae 6 Chome Project



(Tentative)  
Ginza 5 Chome Project



Shibuya Dogenzaka Gaiku  
Development Project



Shibuya Station Sakuragaoka  
Redevelopment Project



Gotanda Front



Spline Aoyama Tokyu Building

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

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

(Note 3) Demolition has begun and the new building will open in Spring 2014.

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

(Note 5) Demolition will begin in 2015. The building includes retail floors.

(Note 6) Including development of retail facilities and residences.

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

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

Property	Nearest train station	Walking time from nearest train station	Year of completion	Gross floor area (thousand m <sup>2</sup> ) (Note 2)
Nihonbashi Front	Nihonbashi	2 minutes	2008	approx. 29
Shinbashi Tokyu Building	Shinbashi	2 minutes	2008	approx. 15
Minami Aoyama Tokyu Building	Omotesando	4 minutes	2008	approx. 12
Shibuya Place	Shibuya	3 minutes	2009	approx. 4
Kasumigaseki Tokyu Building	Tameike-Sannō	4 minutes	2010	approx. 19
A-PLACE Ikebukuro	Ikebukuro	6 minutes	2011	approx. 5
Gotanda Front	Gotanda	3 minutes	2012	approx. 6
Spline Aoyama Tokyu Building	Gaienmae	3 minutes	2012	approx. 8
Shin-Meguro Tokyu Building	Meguro	2 minutes	2012	approx. 22
(Tentative) Omotesando Keikaku	Omotesando	3 minutes	2015 (Scheduled)	approx. 10
Shibuya Dogenzaka Gaiku Development Project (Note 5)	Shibuya	-	FY 2018 (Scheduled)	approx. 53
Shibuya Station Sakuragaoka Redevelopment Project (Note 6)	Shibuya	-	FY2020 (Scheduled)	approx. 241

(Note) Properties already acquired are highlighted in grey.

# Borrowings and Investment Corporation Bonds (As of Jul. 11, 2014)

Classification	Lender	Amounts borrowed (¥ mn)	Interest rate	Maturity	Repayment method	Main uses	Comment
Short-term borrowings	Mitsubishi UFJ Trust and Banking Corporation	3,000	Base rate + 0.15% (Note 2)	Aug. 30, 2014	Bullet maturity	Purchase of the properties and other related fees	No-collateral
Long-term borrowings (Note1)	Syndicate of lenders arranged by Sumitomo Mitsui Trust Bank, Ltd. (Note3)	6,000	Base rate + 0.15% (floating) (Note 2)	Mar. 31, 2015			
	Syndicate of lenders arranged by Sumitomo Mitsui Trust Bank, Ltd. (Note4)	12,000	0.79955% (fixed)	Jun. 13, 2015			
	Sumitomo Mitsui Trust Bank, Ltd.	1,400	Base rate + 0.15% (Note 2)	Jan. 9, 2016			
	Mitsubishi UFJ Trust and Banking Corporation	1,400					
	Mizuho Bank, Ltd.	1,400					
	The Bank of Tokyo-Mitsubishi UFJ Ltd.	1,400					
	Sumitomo Mitsui Banking Corporation	0.7	0.86572% (fixed)	Jun. 13, 2016			
	Development Bank of Japan Inc.	0.7					
	Syndicate of lenders arranged by The Mitsubishi UFJ Trust and Banking Corporation (Note 4)	12,000					
	Syndicate of lenders arranged by The Bank of Tokyo-Mitsubishi UFJ Ltd. (Note 4)	12,000	0.95315% (fixed)	Jun. 13, 2016			
	Sumitomo Mitsui Banking Corporation.	6,000	Base rate + 0.17% (floating) (Note 2)	Dec. 13, 2016			
	Syndicate of lenders arranged by Sumitomo Mitsui Trust Bank, Ltd. (Note 3)	6,000	Base rate + 0.175% (floating) (Note 2)	Mar. 31, 2017			
	Sumitomo Mitsui Trust Bank, Ltd.	5,000	0.68315% (Note 5)	Mar. 31, 2018			
	Syndicate of lenders arranged by Mizuho Bank, Ltd. (Note 4)	12,000	1.06309% (fixed)	Jun. 13, 2018			
Sumitomo Mitsui Trust Bank, Ltd.	800	0.91941% (fixed)	Apr. 19, 2019				
Mitsubishi UFJ Trust and Banking Corporation	800						
Mizuho Bank, Ltd.	800						
The Bank of Tokyo-Mitsubishi UFJ Ltd.	800						
Sumitomo Mitsui Banking Corporation	400	1.19051% (fixed)	Jun. 13, 2019				
Development Bank of Japan Inc.	400						
Development Bank of Japan Inc.	6,000						

Classification	Lender	Amounts borrowed (¥ mn)	Interest rate	Maturity	Repayment method	Main uses	Comment
Long-term borrowings	Sumitomo Mitsui Banking Corporation	1,060	1.07980% (fixed)	Dec. 19, 2019	Bullet maturity	Purchase of the properties and other related fees	No-collateral
	Mitsubishi UFJ Trust and Banking Corporation	1,060					
	Mizuho Bank, Ltd.	1,060					
	The Bank of Tokyo-Mitsubishi UFJ Ltd.	1,060					
	Sumitomo Mitsui Banking Corporation	530	0.93846% (fixed)	Jan. 10, 2020			
	Development Bank of Japan Inc.	530					
	Sumitomo Mitsui Trust Bank, Ltd.	160					
	Mitsubishi UFJ Trust and Banking Corporation	160					
	Mizuho Bank, Ltd.	160	0.72546% (fixed)	Jan. 10, 2020			
	The Bank of Tokyo-Mitsubishi UFJ Ltd.	160					
	Sumitomo Mitsui Banking Corporation	80					
	Development Bank of Japan Inc.	80					
	Sumitomo Mitsui Trust Bank, Ltd.	600	1.07856% (fixed)	Jan. 10, 2021			
	Mitsubishi UFJ Trust and Banking Corporation	600					
	Mizuho Bank, Ltd.	600					
	The Bank of Tokyo-Mitsubishi UFJ Ltd	600					
Sumitomo Mitsui Banking Corporation	300	-	-	-	-	-	
Development Bank of Japan Inc.	300						
Total		106,800	-	-	-	-	-
Investment Corporation Bonds		Total issue amount	Interest rate	Maturity	Repayment method	Main uses	Comment
The Investment Corporation 1st unsecured bonds (with pari passu conditions among specified investment corporation bonds)		4,000	0.37%	Apr. 25, 2019	Bullet maturity	Redemption of borrowings	No-collateral
Total of Borrowings and Investment Corporation Bonds		110,800	-	-	-	-	-

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

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

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

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

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

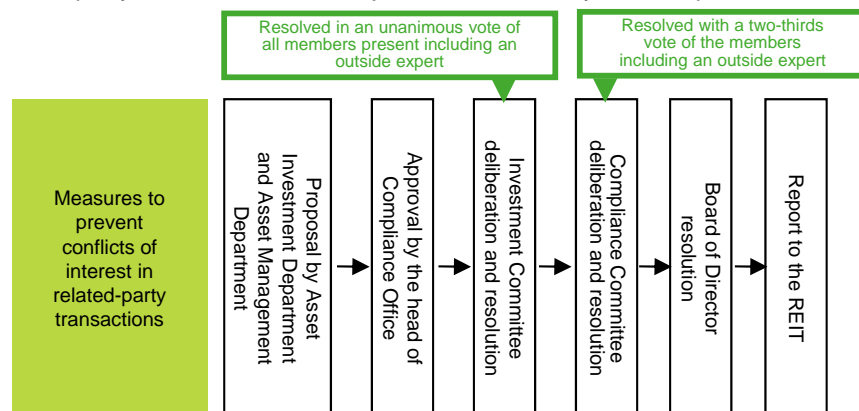
(Note 6) In addition to the borrowings in the table, respectively, we have concluded a ¥10 billion commitment line agreement and credit line (non-commitment basis) agreement on June 12, 2014 with Sumitomo Mitsui Trust Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ Ltd. to secure flexible and stable financing for the future potential acquisition of properties.

(Note 7) Redemption by purchase will be available any time on and after the following day of the issue date except for the case separately determined by the depository.

# Strong Governance Structure

## Strong Governance Structure

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



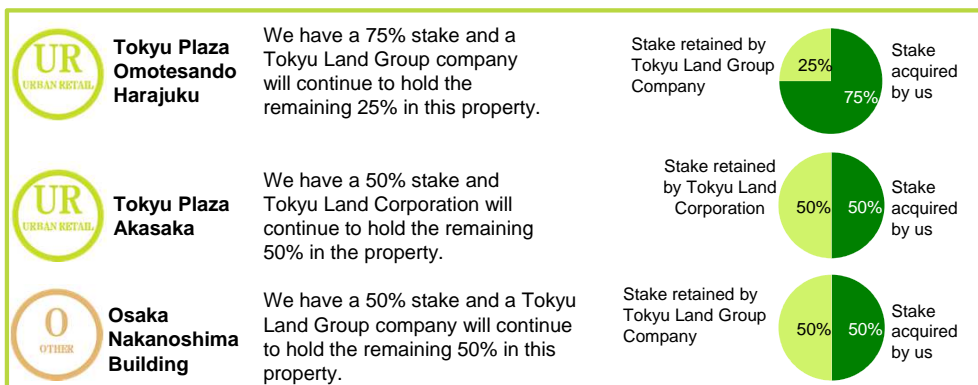
- Sponsor's interests aligned with those of the unitholders
- In order to maximize the value of our units, we have built a governance structure which aligns the interests of the Asset Manager and Tokyo Land Corporation with those of our unitholders

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

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

### 2 Co-ownership of properties

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



## Asset Management Fee

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

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

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

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

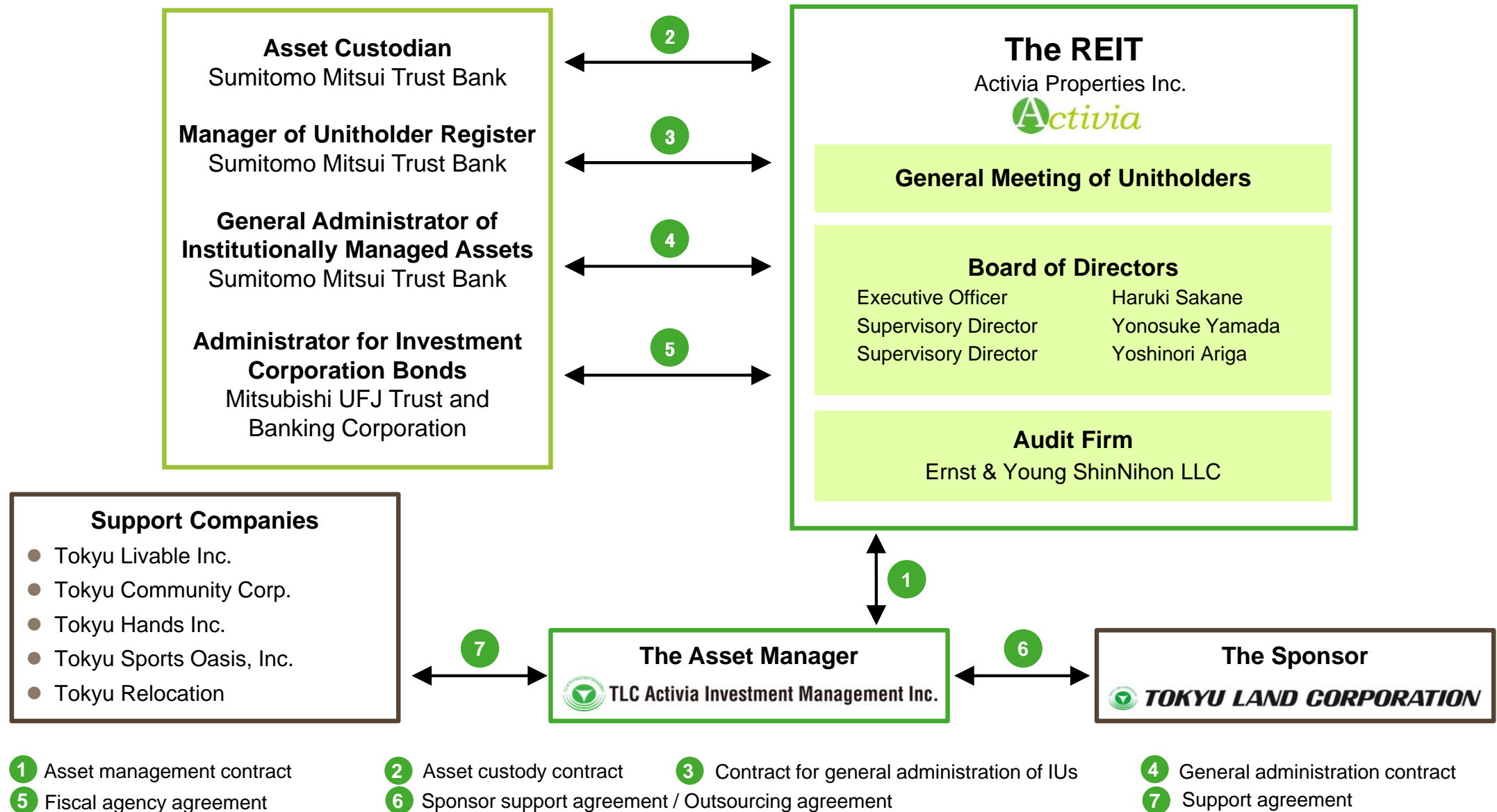
### ● Acquisition / Disposition Fee:

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

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



# REIT Organizational Structure Overview





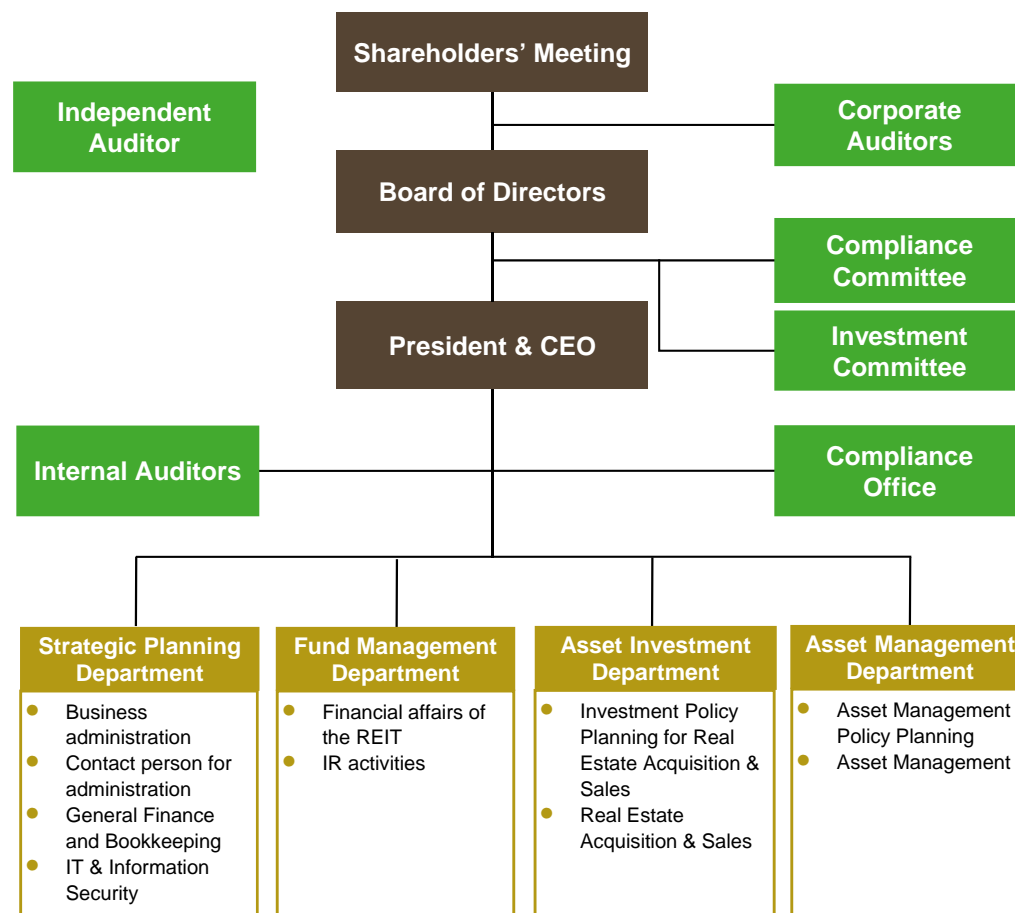
# Asset Manager Organizational Overview

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

## Overview of the Asset Manager

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

## Asset Manager Organizational Chart



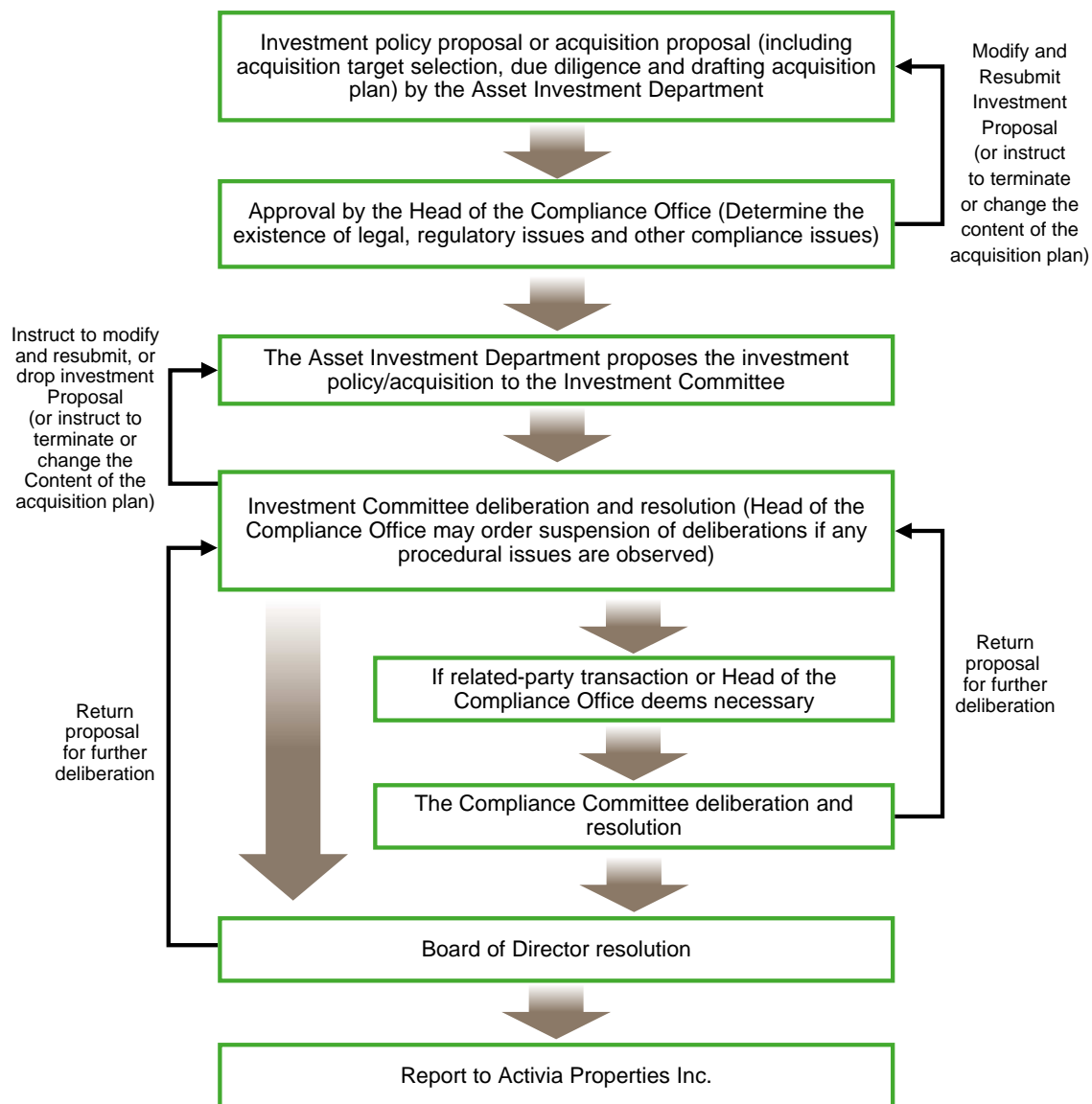
# Asset Management Structure 1 -Investment/Compliance Committee-

Investment Committee			Compliance Committee		
Chairperson	Representative Director		Chairperson	Head of the Compliance Office	
Members	<ul style="list-style-type: none"> <li>Representative Director</li> <li>Directors (excluding non-full-time Directors)</li> <li>Head of the Asset Investment Department</li> <li>Head of the Asset Management Department</li> <li>Head of the Fund Management Department</li> <li>Qualified real estate appraiser appointed by the Board of Directors (Note)</li> <li>Head of Strategic Planning and Corporate Finance Department</li> <li>Head of the Compliance Office (who have no voting rights)</li> </ul>		Members	<ul style="list-style-type: none"> <li>Head of the Compliance Office</li> <li>Representative Director</li> <li>Directors (excluding Part-time Directors)</li> <li>External experts versed in compliance who are appointed by the Board of Directors (lawyers or certified public accountants, among other experts)</li> </ul>	
Meetings	In principle, once in three months or more (meetings to be held as needed)		Meetings	In principle, once in three months or more (meetings to be held as needed)	
Quorum	<p>In principle, all members need to be present.</p> <p>* If an Investment Committee meeting discusses proposals that do not involve discussions as to whether real estate prices are reasonable or not, as in (1), (3), (4), (5), (6), (7), and (8) below, a qualified real estate appraiser does not need to attend the meeting.</p> <p>* If a qualified real estate appraiser needs to attend an Investment Committee meeting, but is unable to do so, the real estate appraiser is deemed to have attended the meeting if the appraiser submits a written opinion (that must include an argument for or against the proposal; the same applies hereinafter) to the Investment Committee in advance. (*For more details, please refer to the original rule.)</p>		Quorum	A meeting requires the presence of more than two thirds of the members with voting rights including at least the head of the Compliance Office and one external expert.	
Requirements for a resolution	<p>A resolution shall be adopted through a unanimous vote by the members present.</p> <p>* Members having a special interest in the proposal cannot vote.</p> <p>* If the qualified real estate appraiser's written opinion includes an argument for the proposal, the appraiser is deemed to vote for the proposal.</p>		Requirements for a resolution	<p>A resolution shall be adopted on a two-thirds majority of the members present, including at least the head of the Compliance Office and one external expert.</p> <p>* Members having a special interest in the proposal cannot vote.</p>	
Resolutions	<div> <div>(1) Formulation and revision of basic investment policies on asset management</div> <div>(2) Determination of the acquisition or disposal of assets and conditions for the acquisition or disposal, and change of the determination</div> <div>(3) Formulation and revision of asset management plans</div> <div>(4) Formulation and revision of basic policies on the management of assets</div> <div>(5) Important decisions on the management of assets, and their changes</div> </div> <div> <div>(6) Formulation and revision of basic policies on financing and dividends</div> <div>(7) Decisions on financing and dividend policies, and their changes</div> <div>(8) Resolutions related to related-party transactions (excluding transactions that do not need the prior approval of the Compliance Committee under the Related-Party Transactions Relations)</div> <div>(9) Other important matters</div> </div>		Resolutions (examples)	<div> <div>(1) Resolutions related to related-party transactions (excluding transactions that do not need the prior approval of the Compliance Committee under the Related-Party Transactions Regulations)</div> <div>(2) Deliberation and decisions on remedial or preventive actions against inappropriate behavior in terms of compliance</div> </div> <div> <div>(3) Other important matters that the head of the Compliance Office has determined need to be discussed at a Compliance Committee meeting</div> </div>	

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

# Asset Management Structure 2 -Related-Party Transactions-

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



## Related-Party Transactions

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

### Scope of related parties

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

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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.

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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.

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