

Asset Size

Total assets (based on acquisition prices): 13,285.6 billion yen
 Number of properties: 2,986 properties
 (P7-9)

As the total asset amount continues to expand, investment companies appear to be still very eager to acquire properties.
 The number of acquired properties for the period January – March 2015 stood at 139, up from 118 in the preceding quarter. The number of acquired properties other than those acquired by two newly listed investment corporations, 34 properties, exceeded 100.
 Meanwhile, the number of properties sold for the period January – March 2015 stood at 15, of which 11 properties were sold in association with asset replacement implemented by Advance Residence Investment Corporation and Daiwa Office Investment Corporation.

Appraisal cap rate during acquisition

Appraisal cap rate at time of acquisition: Average 5.0% (5.1% in the last quarter)
 (P10-13)

The appraisal cap rate (hereinafter referred to as “CR”) at the time of acquisition stood at 5.0%, indicating a continued decline.
 The CRs of appraisal companies, based on appraisals conducted at the end of the quarter, also continued to show signs of decline (see pages 51 to 53 of the “Fluctuation Ranges of Appraisal CRs”), which appears to reflect an upward trend in real estate prices. From this perspective, it is also estimated that investment companies will continue to be extremely interested in acquiring properties.

NOI cap rate

NOI yield for assets under management: Average 5.4% (5.4% in the last quarter)
 (P14-17)

The NOI yield during the time of asset management (annual NOI / amount of appraisal at the end of the quarter) stood at 5.4%, remaining flat from the previous quarter. Looking at the trend from 2013 in terms of asset type, NOI yields have been hovering at the level of 5.2% for offices and 5.4% - 5.6% for condominiums, showing a continued moderate downward trend.
 The downward trend is seen in different areas. In three wards in central Tokyo—Chiyoda, Chuo, and Minato—NOI yields have been 4.6% - 4.8%. In the provinces, NOI yields have been 6.1% - 6.4%. In both areas, NOI yields have been on a moderate downward trend.

TOREIT Monthly/Quarterly Report annual subscription rate: 162,000 yen

Tokyu Land Corporation

Report for April 2015 (April 30, 2015) 1

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J-REIT Asset Size (as of March 31)

Number of properties: **2,986** (last quarter: 2,862)

Total assets (acquisition price): **¥13,285.6 bn** (last quarter: ¥12,852.7 bn)

+¥432.9bn.
(acquisition price)

Total assets (appraised price): **¥13,265.8 bn** (last quarter: ¥12,670.6bn)

+¥595.2bn
(appraised price)

Investment corporations: 51 investment corporations
(last quarter: 49 investment corporations)

Acquired: 139 properties ¥496.1bn. (acquisition price)

(last quarter: 118 properties, ¥505.2bn.)

Sold: 15 properties, ¥56.5 bn. (sale price)

(last quarter: 24 properties, ¥67.8 bn.)

(P7-9)

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Report for April 2015 (April 30, 2015) 2

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Appraisal cap rate during acquisition: 5.0% on average

(5.1% last quarter)

−0.1P 

◆Area /Minato, Chuo, & Chiyoda wards: **4.5%** (4.3% last qtr.)
Other major cities : **5.7%** (5.5% last qtr.)

◆Asset type /Offices: **4.7%** (4.8% last qtr.) Residential: **4.7%** (5.2% last qtr.)

◆Offices /Minato, Chuo, & Chiyoda wards: **4.4%** (4.3% last qtr.)
Other major cities : **5.4%** (5.3% last qtr.)

◆Residential /Minato, Chuo, & Chiyoda wards: **4.6%** (4.5% last qtr.)
Other major cities : **5.3%** (5.5% last qtr.)

(P10-13)

NOI cap rate: 5.4% on average (5.4% last quarter.)

±0.0P 

◆Area /Minato, Chuo, & Chiyoda wards: **4.6%** (4.7% last qtr.)
Other major cities : **6.1%** (6.2% last qtr.)

◆Asset type /Offices: **5.2%** (5.2% last qtr.) Residential: **5.4%** (5.4% last qtr.)

◆Offices /Minato, Chuo, & Chiyoda wards: **4.5%** (4.5% last qtr.)
Other major cities : **6.2%** (6.3% last qtr.)

◆Residential /Minato, Chuo, & Chiyoda wards: **4.8%** (4.8% last qtr.)
Other major cities : **6.2%** (6.2% last qtr.)

(P14-17)

Rent level: ¥12,720/tsubo/mon. (P18) Occupancy rate: 97.0% (P19)

Expense ratio: 26.4% (P20) NOI index: ¥34,130/sq. meters/yr. (P21)

Qtr.-end total amount index: ¥2,284,080/tsubo (P22)

NOI cap rate (compared to previous settlement): 5.3%

(previously 5.4%)

−0.1P 

Properties whose accounts were settled between October and December 2014 are selected and the values of the previous accounts are then compared.

◆Area /Minato, Chuo, & Chiyoda wards: **4.6%** (previously 4.7%)

Other major cities : **6.1%** (previously 6.2%)

◆Asset type /Offices:**5.2%** (previously 5.3%) Residential: **5.4%** (previously 5.5%)

◆Offices /Minato, Chuo, & Chiyoda wards: **4.6%** (previously 4.7%)

Other major cities : **6.2%** (previously 6.2%)

◆ Residential /Minato, Chuo, & Chiyoda wards: **4.8%** (previously 4.9%)

Other major cities : **6.1%** (previously 6.2%)

(P23-24)

Rent level: ¥12,780/tsubo/mon. (P25) Occupancy rate: 96.7% (P26)

Expense ratio: 27.8% (P27) NOI index: ¥34,910 /sq. meters/yr. (P28)

Quarter-end total amount index: ¥2,337,360/tsubo (P29)

Acquisition trends: List of properties acquired

(acquisition prices, appraisal cap rates during acquisition, etc.) (P30-41)

Sales trends: List of properties sold

(sale prices, NOI cap rates at the time of sale, etc.) (P42-43)

The rates are indicated in red for an increase, yellow for the same level, and green for a decline from the previous period.

Latest financial appraisal CR – previous financial appraisal CR:

Down 11.6bp 

During this half year, the appraisal CR (cap rate based on direct capitalization method) declined by 11.6bp.

* bp: basis point, 1bp = 0.01%

◆Offices	Avg. down 10.1bp
Minato, Chuo, & Chiyoda wards:	down 9.6bp
Other major cities :	down 10.4bp
◆Residential	Avg. down 12.4bp
Minato, Chuo, & Chiyoda wards:	down 12.3bp
Other major cities :	down 12.0bp
◆Retail	Avg. down 9.6bp
◆Hotels	Avg. down 19.3bp
◆Warehouses	Avg. down 10.4bp
◆Limited proprietary right of land	Avg. down 6.4bp
◆Parking facilities	Avg. down 10.0bp.
◆Healthcare facilities	Avg. down 32.0bp
◆Industrial facilities	Avg. down 20.0bp

The list shows the fluctuation ranges of appraisal CRs, which are so defined in terms of the capitalization rate adopted in the direct capitalization method, in appraisals conducted at the end of the quarter for properties owned by J-REIT. The fluctuation ranges are calculated by deducting the appraisal CRs for the end of the previous fiscal period (February 2014 – July 2014) from those for the end of the most recent fiscal period (August 2014 – January 2015).

(P51-53)