

Asset Size	As of December 31, 2013, the Company owned 2,544 properties with a total value of 11,412.7 billion yen (based on acquisition prices). During the period from October to December, the number of properties acquired was 109 and the number of properties sold was 10.
Appraisal cap rate during acquisition	5.5% on average (5.3% in the last quarter) (pp. 18-21) The numbers of properties acquired indicate, by asset type, a large increase in “offices,” “apartments,” and “commercial facilities,” and, by area, in “Tokyo’s 23 wards” and “provinces.” The cap rate remained flat or declined in “Tokyo’s 23 wards” and rose in the other areas.
NOI cap rate	5.6% on average (5.6% in the last quarter) (pp. 22-25) By area, the NOI cap rate declined in “Minato, Chuo, & Chiyoda wards” and “other areas in the Greater Tokyo area” and was unchanged in the other areas. By asset type, the NOI cap rate fell for “offices” and “healthcare facilities,” rose for “right of land,” and was unchanged for all others.

Trends in investment units (October – December 2013)

◆Trends in Japanese stock market

In early and mid October, the Japanese stock market declined, reflecting concerns over the fiscal debate in the United States, but subsequently rose. In late October, the market declined again, mainly due to the appreciation of the yen. The market continued to fall in early November, chiefly attributable to results of major domestic companies falling short of analysts’ expectations. Subsequently, the market rose to the end of the month on U.S. employment statistics far exceeding analysts’ expectations, the incoming FRB chair’s cautious stance on the early tapering of quantitative easing, and the Bank of Japan governor’s suggestion of the possibility of additional monetary easing, among other factors. In December, the market fell as concern over tapering increased in the United States, but then climbed, given the moderate pace of tapering, the indication that the low-interest rate regime would be maintained, the weakening of the yen associated with strong U.S. economic indicators, and other factors. Towards the end of the month, the market hit a high for the year. The Nikkei Stock Average at the end of the month was 16,291 yen.

◆REIT indices

In October, the REIT index moved like the stock market, based on almost the same factors as those for stock prices and concern over strong financing associated with new listings and public stock offerings. In November, the index fluctuated on the same factors affecting stock prices, as the J-REIT market entered a correction phase. In the first half of December, the index declined chiefly due to continued sales to lock in profits associated with the abolition of the securities tax break. Subsequently, and to the end of the month, the index climbed, primarily reflecting the elimination of pressure to sell to lock in profits and expectations of money inflows into J-REITs through the NISA (Nippon Individual Savings Account) system, which was introduced in 2014.

The Tokyo Stock Exchange REIT Index was 2524.39 (including dividends) at the end of December.

TOREIT Monthly/Quarterly Report annual subscription rate: 157,000 yen

Tokyu Land Corporation

Report for January 2014 (January 31, 2014) 1

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J-REIT Asset Size (as of December 30)

Number of properties: **2,544** (last quarter: 2,445)

Total assets (acquisition price): **¥11,412.7 bn** (last quarter: ¥10,819.2 bn)

+¥593.5bn.
(acquisition price)

Total assets (appraised price): **¥10,907.6 bn** (last quarter: ¥10,269.2 bn)

+¥638.4bn
(appraised price)

Investment corporations: 43 investment corporations
(last quarter: 41 investment corporations)

Acquired: 109 properties ¥631.4bn. (acquisition price)

(last quarter: 108 properties, ¥249.8 bn.)

Sold: 10 properties, ¥33.2 bn. (sale price)

(last quarter: 7 properties, ¥22.0 bn.)

(pp.7-8)

Acquisition trends: List of properties acquired
(acquisition prices, appraisal cap rates during acquisition, etc.) (pp.9-16)

Sales trends: List of properties sold
(sale prices, NOI cap rates at the time of sale, etc.) (p.17)

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Appraisal cap rate during acquisition: 5.5% on average

(5.3% last quarter)

+0.2P 

- ◆Area /Minato, Chuo, & Chiyoda wards: **4.7%** (4.7% last qtr.)
Other major cities **6.0%** (5.9% last qtr.)
- ◆Asset type /Offices: **5.2%** (4.8% last qtr.) Residential: **5.3%** (5.3% last qtr.)
- ◆Offices /Minato, Chuo, & Chiyoda wards: **4.8%** (4.5% last qtr.)
Other major cities : **5.9%** (5.4% last qtr.)
- ◆Residential /Minato, Chuo, & Chiyoda wards: **4.8%** (4.9% last qtr.)
Other major cities : **5.8%** (5.8% last qtr.)

(pp.18-21)

NOI cap rate: 5.6% on average (5.6% last qtr.)

±0.0P 

- ◆Area /Minato, Chuo, & Chiyoda wards: **4.8%** (4.9% last qtr.)
Other major cities : **6.4%** (6.4% last qtr.)
- ◆Asset type /Offices: **5.3%** (5.4% last qtr.) Residential: **5.7%** (5.7% last qtr.)
- ◆Offices /Minato, Chuo, & Chiyoda wards: **4.7%** (4.8% last qtr.)
Other major cities : **6.3%** (6.3% last qtr.)
- ◆Residential /Minato, Chuo, & Chiyoda wards: **5.0%** (5.1% last qtr.)
Other major cities : **6.5%** (6.5% last qtr.)

(pp.22-25)

Rent level: ¥12,790/tsubo/mon. (p.26) Occupancy rate: 96.8% (p.27)

Expense ratio: 26.7% (p.28) NOI index: ¥35,390/sq. meters/yr. (p.29)

Qtr.-end total amount index: ¥2,270,740/tsubo (p.30)

NOI cap rate (compared to previous settlement): 5.6%

(previously 5.7%)

−0.1P 

Properties whose accounts were settled between July and September 2013 are selected and the values of the previous accounts are then compared.

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

Other major cities : **6.5%** (previously 6.5%)

◆Asset type /Offices:**5.3%** (previously 5.5%) Residential: **5.7%** (previously 5.7%)

◆Offices /Minato, Chuo, & Chiyoda wards: **4.5%** (previously 4.7%)

Other major cities : **6.4%** (previously 6.5%)

◆ Residential /Minato, Chuo, & Chiyoda wards: **4.9%** (previously 5.0%)

Other major cities : **6.6%** (previously 6.6%)

(pp.31-32)

Rent level: ¥12,670/tsubo/mon. (p.33) Occupancy rate: 97.3% (p.34)

Expense ratio: 25.5% (p.35)

NOI index: ¥35,150 /sq. meters/yr. (p.36)

Quarter-end total amount index: ¥2,282,230/tsubo (p.37)

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

The range of fluctuations in the cap rates used in the direct capitalization method for the term-end appraisal of J-REIT properties (appraisal CR) was analyzed between the previous financial results and the most recent results.

The fluctuation range was calculated by subtracting the appraisal CR at the end of the previous accounting period (November 2012 – April 2013) from the appraisal CR at the end of the most recent accounting period (May 2013 – October 2013).

This was calculated for each appraisal agency and each asset type.

The calculation for appraisal agencies used data for the top five companies from the largest number of appraisal orders received at the end of the latest accounting term.

Latest financial appraisal CR – previous financial appraisal CR:

Down 8.5bp 

During this half year, the appraisal CR (cap rate based on direct capitalization method) declined by 8.5bp. (pp.39-40)

◆Offices	Avg. down 7.7bp
	Minato, Chuo, & Chiyoda wards: down 8.4bp
	Other major cities : down 5.7bp
◆Residential	Avg. down 9.2bp
	Minato, Chuo, & Chiyoda wards: down 8.9bp
	Other major cities : down 10.2bp
◆Retail	Avg. down 7.7bp
◆Hotels	Avg. down 8.1bp
◆Warehouses	Avg. down 6.0bp
◆Limited proprietary right of land	Avg. 0.0bp
◆Parking facilities	Avg. down 5.0bp.
◆Healthcare facilities	Avg. down 7.5bp

* bp: basis point, 1bp = 0.01%