



19th

Semi-Annual Report for the Period ended May 31, 2021 (19th Period)

From December 1, 2020 to May 31, 2021



Activia Properties Inc. aims at **proactive management** through selecting **assets that appeal to retail customers and office tenants** as urban centers and hubs for business activity, in order to maximize unitholder value over the medium- to long-term. API also takes initiatives to improve its asset management.

Basic Policy of Activia Properties Inc.

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

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Cash Distributions (Actual)

The Period ended May 2021 (the 19th Period)

Cash distributions per unit

¥**9,401**

Cash Distributions (Forecasts)

The Period ending November 2021 (the 20th Period)

Cash distributions per unit

¥**9,350**

The Period ending May 2022 (the 21st Period)

Cash distributions per unit

¥**9,100**

Financial Highlights

	Period ended November 30, 2020 (18th Period)	Period ended May 31, 2021 (19th Period)
Operating revenue	¥15,073 million	¥14,715 million
Operating profit	¥8,228 million	¥8,101 million
Ordinary profit	¥7,363 million	¥7,250 million
Profit	¥7,363 million	¥7,249 million
Total assets	¥525,378 million	¥525,379 million
Net assets	¥255,705 million	¥255,581 million
Unitholders' equity to total assets (%)	48.7%	48.6%
Net assets per unit (yen) ^(Note)	¥331,558	¥331,397

(Note) API implemented a 2-for-1 investment unit split effected as of October 1, 2015.

We Intend to Improve Unitholder Value through Initiatives that Prepare Us for a Post-COVID-19 Environment



Kazushi Sato
Executive Director
Activia Properties Inc.

Thank you very much for your continued support for Activia Properties Inc (API).

Before explaining the financial results, we pray for the earliest possible recovery of those affected by COVID-19 and extend our deepest respect to the medical professionals involved in the treatment.

Recently we have closed all accounts for the 19th period from December 1, 2020 to May 31, 2021. We owe this achievement to your understanding and continuous support for which we wish to extend our deep appreciation.

In the Japanese economy in the fiscal period under review, there was increasing weakness mainly in personal consumption expenditures related to the service industry despite the continuing trends for a recovery in some areas amid the lingering difficult environment caused by the impact of COVID-19.

Despite remaining concerns regarding COVID-19 pandemic, the J-REIT market is maintaining an upward trend based on the solid financial results overall of every security.

Under these circumstances, API has continually achieved rent increases for lease contract renewals in Tokyo Office properties backed by the strong rent gap, and tenant replacement has been steadily proceeding, even though close attention has to be paid to market trends.

Urban Retail properties, on the other hand, has been continuously affected by this pandemic, while some retailers with daily goods are performing well, having grasped consumers new behavior.

In May 2021, we announced an asset replacement to be conducted during the period ending November 2021, as one of measures for external growth in preparation for market risk and a

recovery phase.

We believe that the superiority of the location and quality that our assets have will not decrease, and we will make a continuous effort in our operation looking ahead to the post-COVID-19 environment.

The overall occupancy rate of our portfolio at the end of the period under review was 98.1%, and we have successfully maintained a high rate.

As a result of the above-mentioned management, operating revenue, operating profit, and profit were ¥14,715 million, ¥8,101 million and ¥7,249 million, respectively, for the period ended May 2021. Distributions per investment unit were ¥9,401.

API has included ESG (environment, social, governance) perspectives into the long-term management strategy to realize a sustainable society.

We have so far promoted a wide range of initiatives to reduce our environmental impact and to contribute to the environment and local communities. In the period under review, we have continued to flexibly respond to requests such as temporary reductions from tenants significantly affected by COVID-19. Also, we published our inaugural sustainability report.

We will continue to promote engagement with the target set for each element of our materiality to enhance trustworthy relationships with all our stakeholders, including unitholders.

For the 20th period ending November 2021 and onwards, we will strive to return to a growth trajectory by various measures, including developing a strategy for a future upside, while prioritizing maximization of our unitholder.

We would be most grateful for your continued support and encouragement. Thank you.

1 Performance by Key Indicators for the 19th Period Ended May 2021

■ **Solid Performance with Improvement in Key Indicators** Even Though DPUs Have Decreased from the Previous Period

Financial Results (FP19 ended May 2021)			
Operating revenue		Profit	
¥ 14.7 billion	vs. Previous period -¥0.4 billion	¥ 7.2 billion	vs. Previous period -¥0.1 billion
DPU (Note 1)		NAV per unit	
¥ 9,401	vs. Previous period -¥146	¥ 455,748	vs. Previous period -¥7,197

Internal Growth (Offices) (FP19 ended May 2021)	Properties under Management (End of May 2021)	Debt Financing (End of May 2021)
Ratio of area with increased rent 50% vs. Previous period +6pt	Number of properties 44 vs. End of Nov. 2020 —	Interest-bearing debt ¥ 244.4 billion vs. End of Nov. 2020 -¥0.2 billion
Increased amount ¥ 97 million vs. Previous period +¥6 million	AUM ¥ 509.2 billion vs. End of Nov. 2020 —	LTV (book value) 46.5% vs. End of Nov. 2020 -0pt
Increase rate 13% vs. Previous period -9pt	Core asset ratio (UR + TO) 79.7% vs. End of Nov. 2020 —	Avg. remaining years to maturity 4.2 years vs. End of Nov. 2020 +0.2 years
Average rent ¥ 22.1 k vs. Previous period +¥0.3k	Appraisal value ¥ 600.9 billion vs. End of Nov. 2020 -¥6.0 billion	Avg. interest rate 0.54% vs. End of Nov. 2020 -0.02pt
Rent gap -6% vs. Previous period +2pt	Unrealized gain ¥ 95.9 billion vs. End of Nov. 2020 -¥5.4 billion	Commitment line ¥ 21.0 billion vs. End of Nov. 2020 —

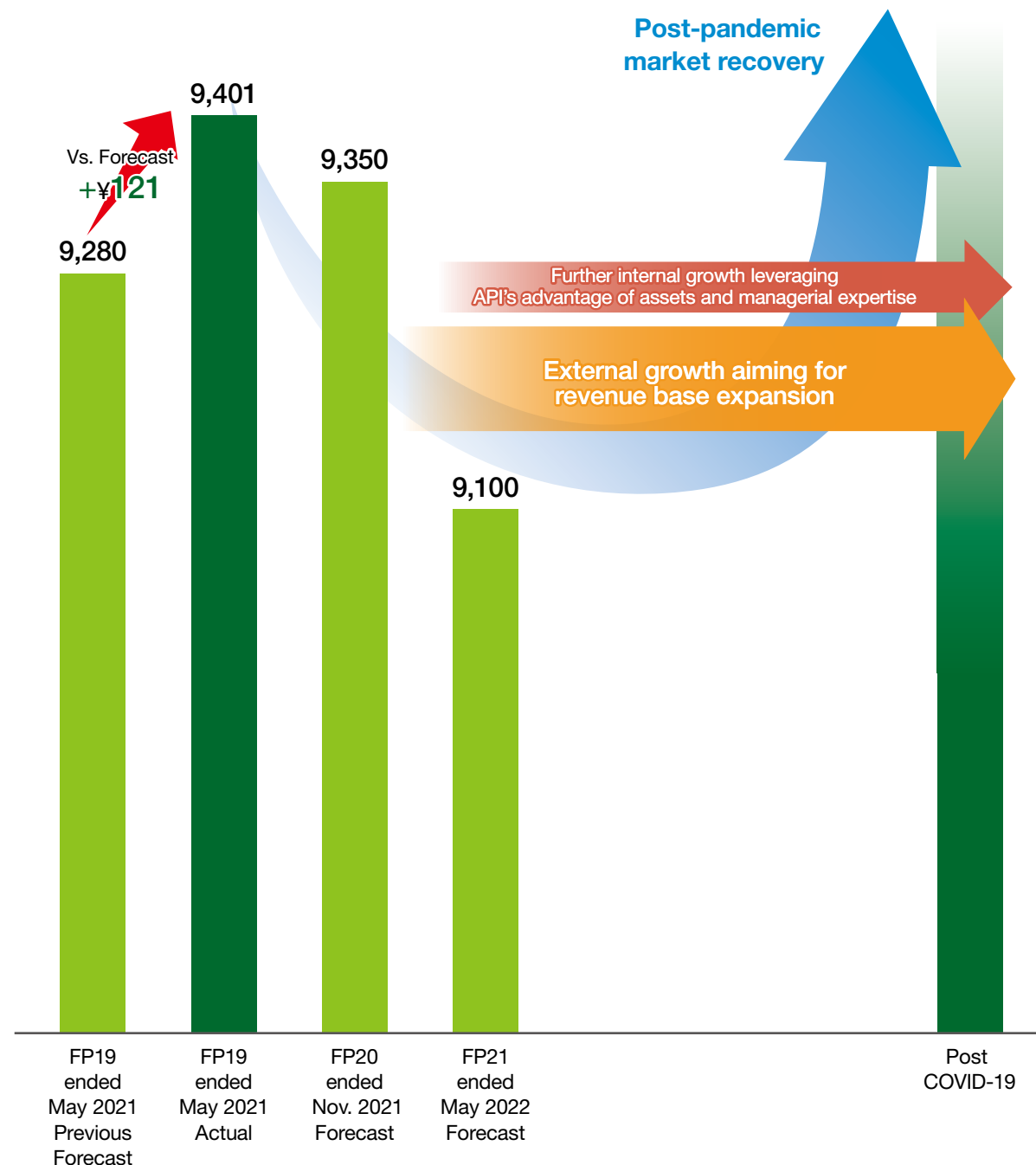
(Note 1) Figures for "Internal Growth in Office" are calculated based on all offices of Tokyo Office and Activia Account properties.

Increased amount refers to the amount of the total difference before and after rent revision (at contract renewal or tenant replacement) adjusted to the period covered.

(Note 2) UR and TO refer to our asset category name Urban Retail properties and Tokyo Office properties

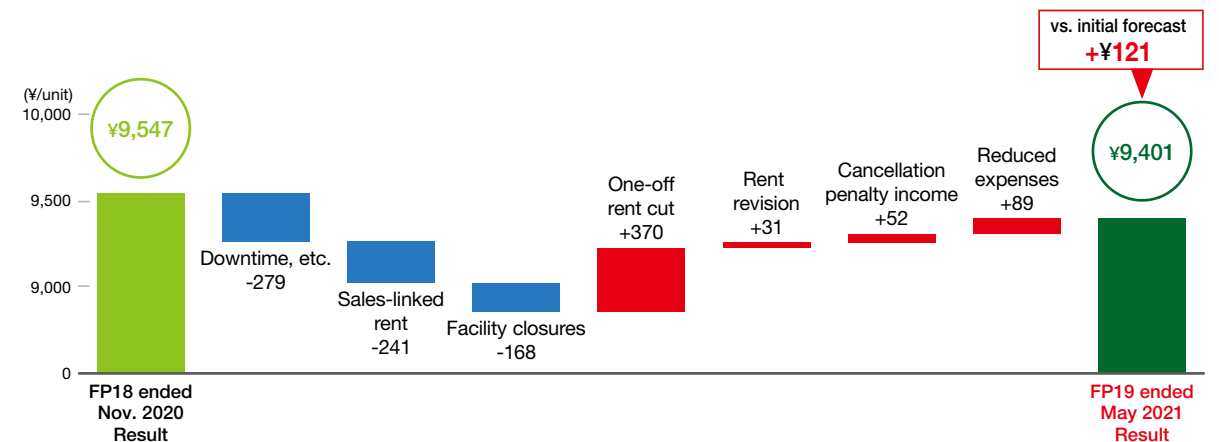
2 Market and Outlook, etc.

- **DPU for FP19 ended May 2021 was higher than the previous forecast** despite the state of emergency declarations that happened twice during the period
- Internal growth strategy continues with **our location & quality advantage** and management expertise in preparation for market recovery phase for FP20 and FP21
- Aim at **external growth that contributes to unitholder value enhancement**, and we plan to **expand the revenue base**



3 DPU Summary (FP19 Ended May 2021)

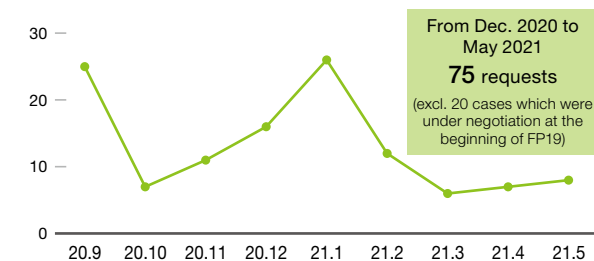
- DPU for FP19 ended May 2021 was **¥9,401**, down ¥146 from FP18 due to the impact of COVID-19, including downtime, as well as a decrease in sales-linked rent at hotels and rent relief provided to tenants during the period when our facilities were closed
- **Up ¥121** from the previous forecast due to minimization of the adverse impact from rent reductions, which was more than enough to absorb our revenue drop from facility closures during the state of emergency declarations that happened twice during the period



Breakdown of Requests (retail tenants)

- Government State of Emergency declaration created rent concession requests, **but the number of new requests is falling**
- Over 50% of tenants that were negotiating agreed to additional lease conditions which should later give us **internal growth opportunities and / or help us mitigate underlying risks**

1. Trend in number of rent concession requests



Negotiation results from Dec. 2020 to May 2021

	# of requests	# of tenants
Temporary rent reduction	71	53
Lease cancellation	18	7
Payment deferral	6	11
		Reduction agreed
		No reduction
		Under negotiation

Temporary rent reduction:
Respond individually considering tenant industry and circumstances

Lease cancellation:
Impact is not material as cancelled tenants were relatively small businesses

2. Additional lease conditions

Opportunity for internal growth

1 Rent increase after the rent concessions 5 tenants

Lost revenue due to reduced rent might be retrieved in some cases

2 Sales-linked rent newly applied / breakpoint change 28 tenants

Introducing a sales-linked rent approach enables us to grasp true sales conditions of tenants, which will give us a substantial advantage in future rent negotiations

Mitigation of underlying risks

3 Extension of non-cancellable period 25 tenants

Extended notice period to secure longer period for leasing activities

4 Lease renewal 20 tenants

Some agreements switched to fixed-term lease




Over 50% of tenants with rent reduction agreed to additional lease conditions

52%

All tenants with reduced rents

4 Asset Replacement

1. Outline of the replacement

Property to be acquired	Property to be disposed
TO-19 Tamachi East Building	UR-2 Tokyu Plaza Akasaka (50% co-ownership interest)
	
	
Date of contract	May 21, 2021
Anticipated date of acquisition	Oct. 29, 2021
Anticipated acquisition price (Appraisal NOI yield (Note 1))	¥6,800 million (3.9%)
NOI after depreciation (Note 2)	¥244 million
NOI yield after depreciation (Note 3)	3.6%
Date of contract	May 21, 2021
Anticipated date of disposition	Oct. 29, 2021
Anticipated disposition price (Note 4)	¥11,800 million
Assumed book value (Note 4) (Note 5)	¥11,537 million
NOI after depreciation (Note 2) (Note 4)	¥193 million
NOI yield after depreciation (Note 3)	1.7%

Improving NOI & NOI yield after depreciation

Future utilization of excess cash

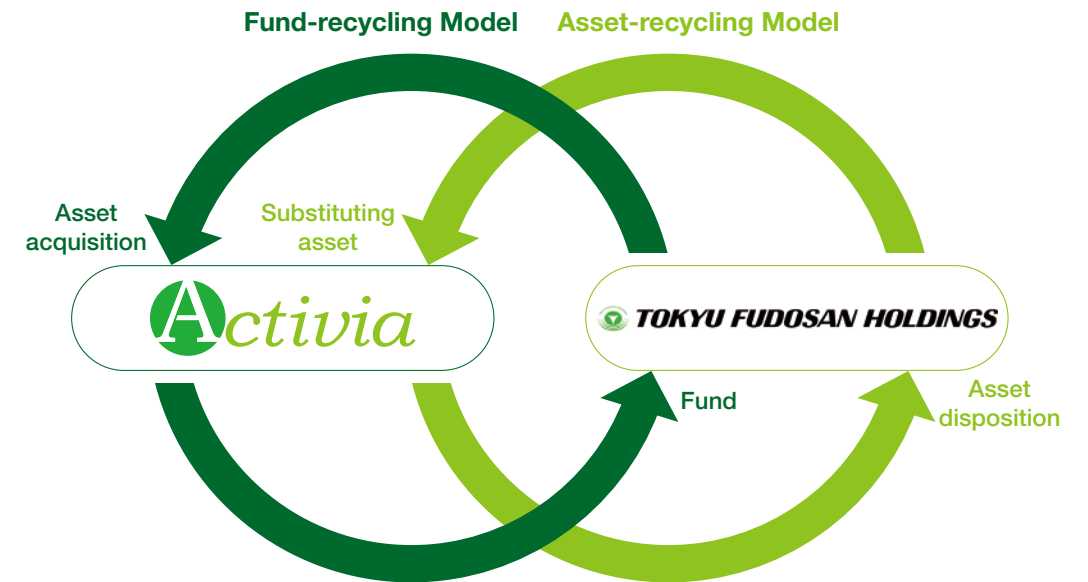
(Note 1) Calculated by dividing the net operating income (¥263 million) based on direct capitalization method stated in the appraisal report as of March 31, 2021 by the acquisition price.
 (Note 2) For Tamachi East Building, NOI is the estimated annual net operating income based on the present assumption. For Tokyu Plaza Akasaka, NOI is the total amount of the assumed net operating incomes for the fiscal period ending May 2022 and for the fiscal period ending November 2022 based on the assumption that API continues to hold the property.
 (Note 3) For Tamachi East Building, NOI yield is calculated by dividing the estimated annual net operating income on the present assumption by the acquisition price of the property (¥6,800 million). For Tokyu Plaza Akasaka, NOI yield is calculated by dividing the amount equivalent to the total of the assumed net operating incomes for the period ending May 2022 and the period ending November 2022 based on the assumption that API continues to hold the property by the acquisition price of the property (¥11,450 million).
 (Note 4) In proportion to the 50% co-ownership interest.
 (Note 5) Estimated amount as of October 29, 2021.

2. Resulting effects

1	Portfolio reinforcement	Disposal of a commercial facility mainly comprising a hotel heavily impacted by COVID-19 crisis and acquiring a Tokyo office property which is highly stable, located in API's focus investment area
2	Executed the Asset-recycling Model	Asset-recycling Model was executed in an agile way due to our sponsor's support.
3	Future external growth opportunity	Sponsor plans reconstruction of Tokyu Plaza Akasaka and API obtained a preferential negotiation right for the property after reconstruction.

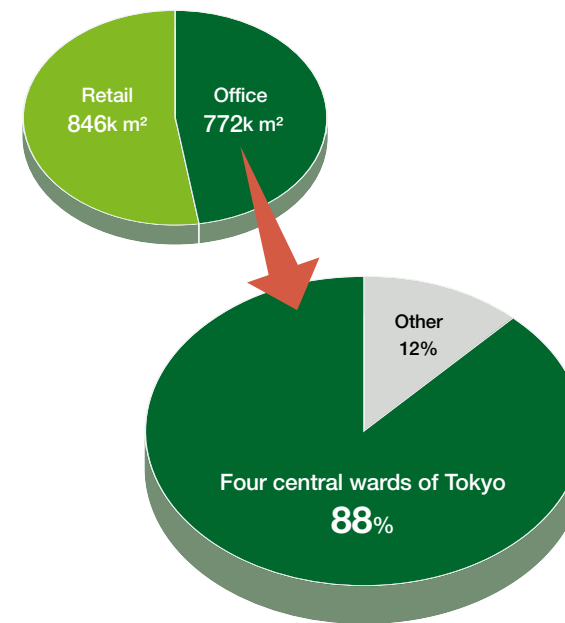
5 External Growth Strategy

- Combined strategy of Fund-recycling Model and Asset-recycling Model for external growth
- Aiming to **grow externally to contribute to unitholder value enhancement**, with clear assessment of market situation and identification of the nature of incoming assets



1. Assets held by Sponsor (office and retail)

- Sponsor Group owns a number of **retail and office properties over 1,600 thousand square meters** primary in major four wards of Tokyo



(Note) Four central wards of Tokyo: Shibuya-ku, Minato-ku, Chiyoda-ku and Chuo-ku

2. Major development projects by Sponsor

- Large-scale redevelopment projects are ongoing** mainly in the greater Shibuya area



Tokyo Port City Takeshiba
 In Minato-ku
 Completion: May 2020
 Office, Retail, residential
 GFA: 201k m²



Kudan Minami 1-chome Project (tentative name)
 In Chiyoda-ku
 Completion: July 2022 (plan)
 Office, retail
 GFA: 68k m²



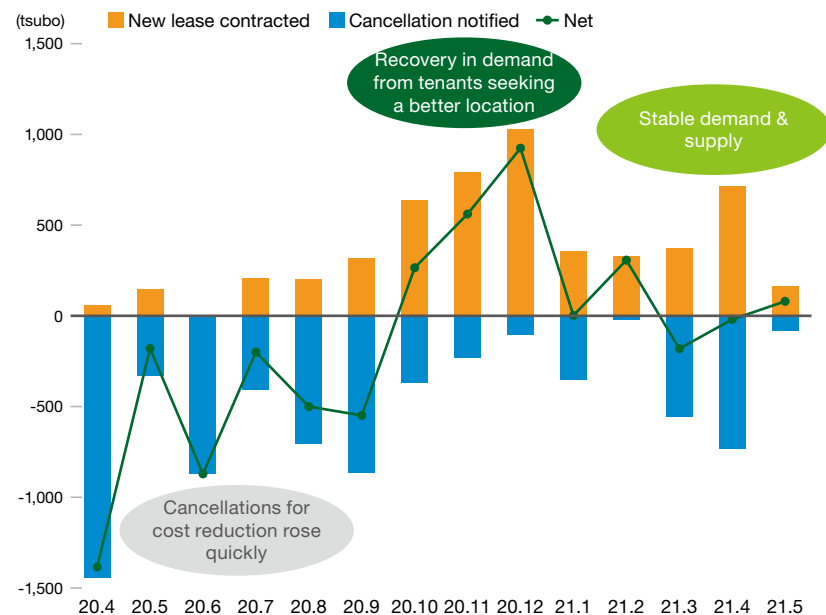
Shibuya Station Sakuragaoka Exit District Redevelopment Project
 In Shibuya-ku
 Completion: FY2023 (plan)
 Office, Retail, residential
 GFA: 255k m²

6 Office Status

1. Rent revision status

- Consistently achieved solid rent growth at contract renewals backed by trusting relationships with tenants even amid COVID-19 crisis
- Posted record-high for rent increased amount per period at tenant replacements, as we fully utilized the rent gap

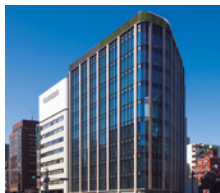
2. Trends in new lease contracts and cancellations (applications & notifications)



4. Examples of upward rent revision

TO-9 A-PLACE Gotanda

- Lease renewals with rent increase concluded backed by a robust office space demand by start-ups in Gotanda area
- Step-up rent introduced to secure the opportunity for future internal growth
- Second round of lease renewals for both tenants



Rent increase
+13%

Area
196 tsubo
(2 blocks)

TO-2 A-PLACE Ebisu Minami

- This tenant has been here since 2010, highly appreciating the location and quality of the property
- Due to a consistently strong relationship with this tenant, the fifth lease renewal finalized with a large rent increase backed by actual-to-market rent gap



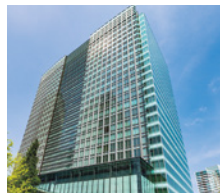
Rent increase
+14.8%

Area
69 tsubo

5. Examples of tenant replacement with higher rent

TO-12 Shiodome Building

- An area of 1,325 tsubo to be vacated due to tenants' consolidation of office succeeded in replacement **without downtime**
- 763 tsubo were filled by an existing tenant, which **highly appreciates this property** for its office area extension



Avg. DT
0 months

Area
1,325 tsubo
(3.5 floors)

AA-10 Umeda Gate Tower

- The new tenant selected our property to consolidate its offices due to the good location and specific features of the building
- Large rent growth achieved at tenant replacement by **bridging rent gap**



Rent increase
+38.9%

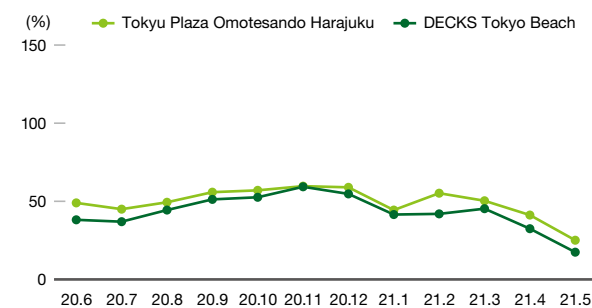
Area
355 tsubo
(2 blocks)

3. Rent increase at rent revision and tenant replacement (FP19 ended May 2021)

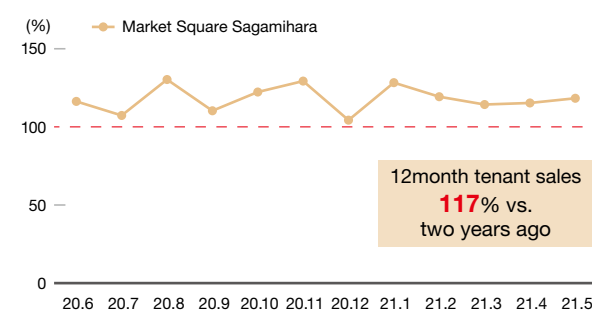
Rent revision in TO	
Rate of increase	12.0%
Increased rent amount	¥28.3mn
Tenant replacement in TO	
Rate of increase	15.8%
Increased rent amount	¥50.3mn
Rent revision in AA	
Rate of increase	4.1%
Increased rent amount	¥6.1mn
Tenant replacement in AA	
Rate of increase	22.6%
Increased rent amount	¥12.8mn

7 Status of Retail Tenants

1. Sales trend in UR properties (vs. two years ago)



3. Sales trend in AA retail properties (vs. two years ago)



2. Tenant replacement for a UR property

UR-1 Tokyu Plaza Omotesando Harajuku

- After the departure of American Eagle Outfitters, the location will be leased by a new tenant **without downtime**
- The new tenant, a major retailer, agreed to a long- and fixed-term leasing contract, **which will provide us with stability**
- Long- and fixed-term leases will be concluded for the other street level spaces as well



4. Tenant replacement for an AA retail property

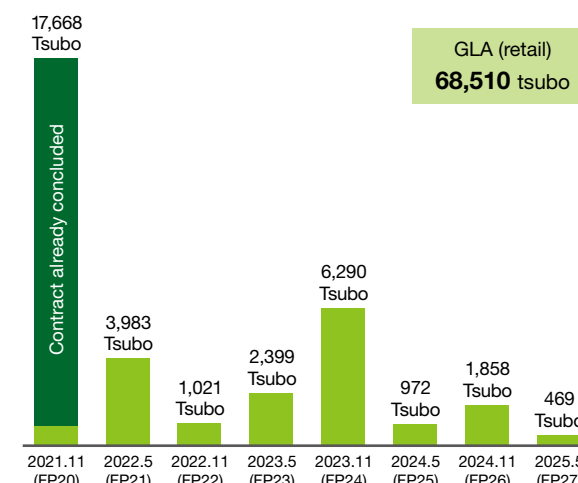
AA-8 icot Omori

- A commercial facility next to residential areas and office areas, located a 3-minute walk from Omori Station
- New lease for a **food company making frozen meals**, which are in high demand during COVID-19 pandemic
- Vending machine for frozen meals installed for visitors to the building

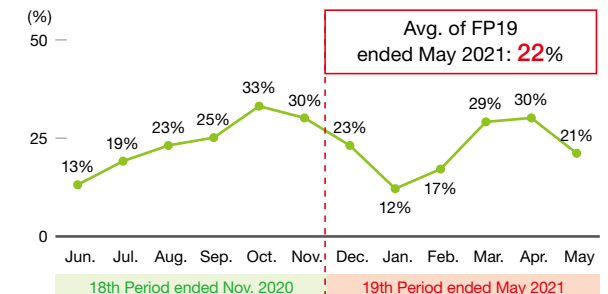


5. Leasing contracts with retail tenants

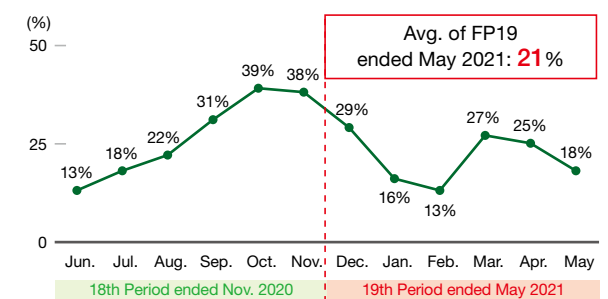
- A sizable area where the prevailing contracts are to expire in FP20 ending Nov. 2021 has been taken care of, with new tenants; the rest of the **lease maturities are very well diversified**
- Realized long-term stable operation by fixing lease terms in many cases**



6. Hotel room occupancy



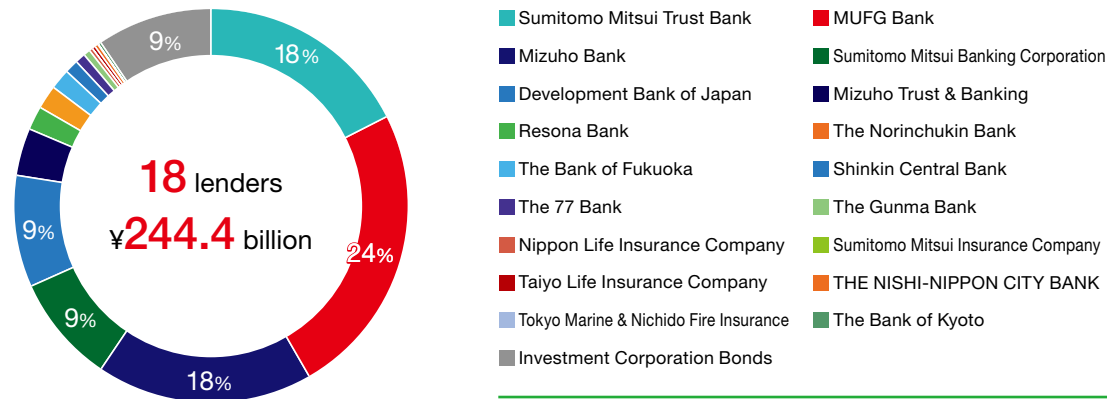
7. RevPAR (comp. two years ago)



8 Status of Financial Management

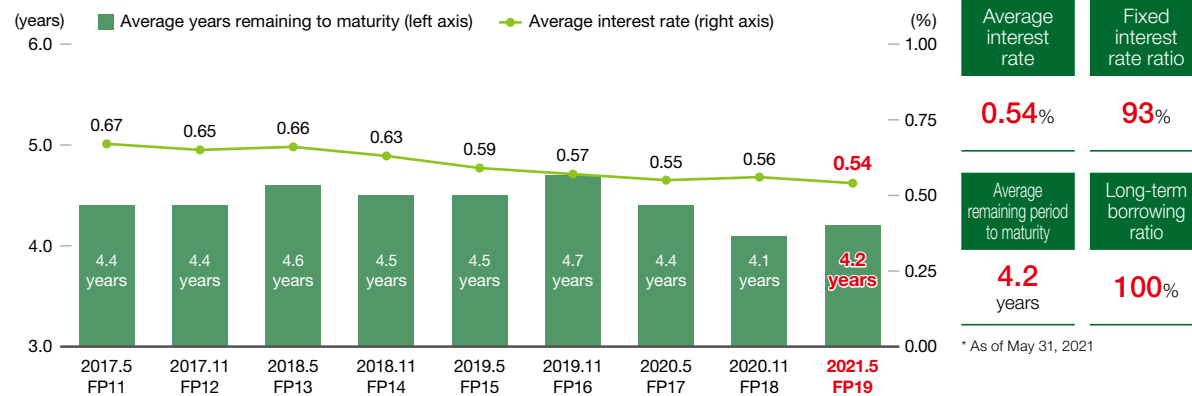
List of lenders

■ Diversified loan amounts and lenders



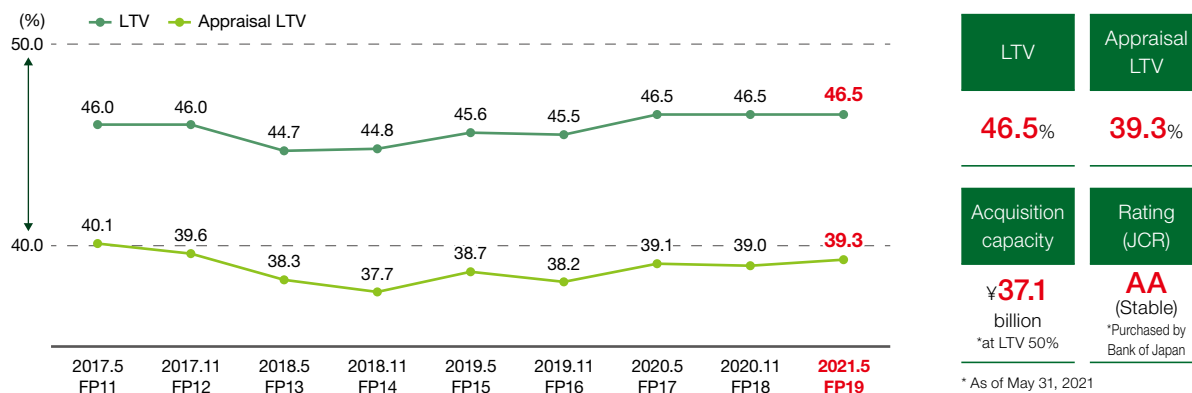
Trends in average period remaining to maturity and average interest rate

■ Lowered average interest rate while maintaining average remaining period to maturity. We will continue to work on debt cost reduction



Trend in LTV

■ LTV at the end of the FP19 ended May 2021 was 46.5% (appraisal LTV was 39.3%), being controlled within the guidance range of 40% to 50%

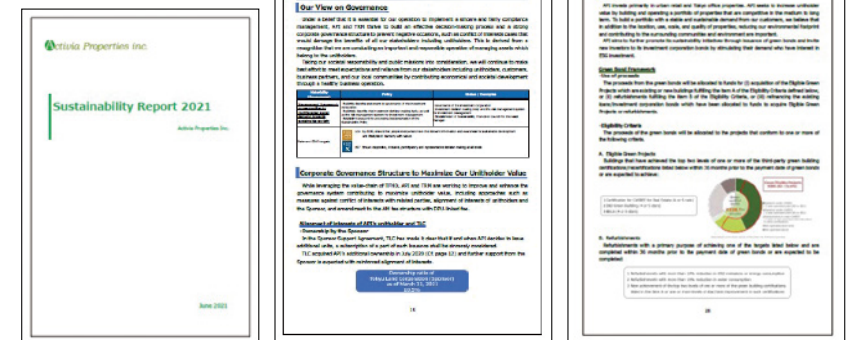


9 Initiatives for ESG ~ Sustainability Disclosure ~

- API's inaugural sustainability report was published in June; and website disclosure related to our ESG initiatives improved with much more enriched contents
- We aim to further promote our initiatives for ESG along with appropriate disclosures and dialogues with stakeholders

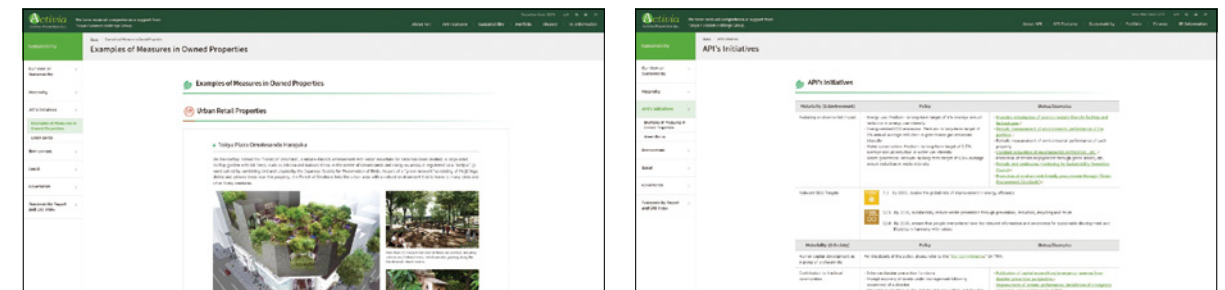
1. Publication of sustainability report

- Fortifying information dissemination related to sustainability, with clear messages about API's views on E (the environment), S (social issues), and G (governance)



2. Improving disclosure on website

- API's various initiatives are clearly presented in each perspective for the environment, social issues, and governance



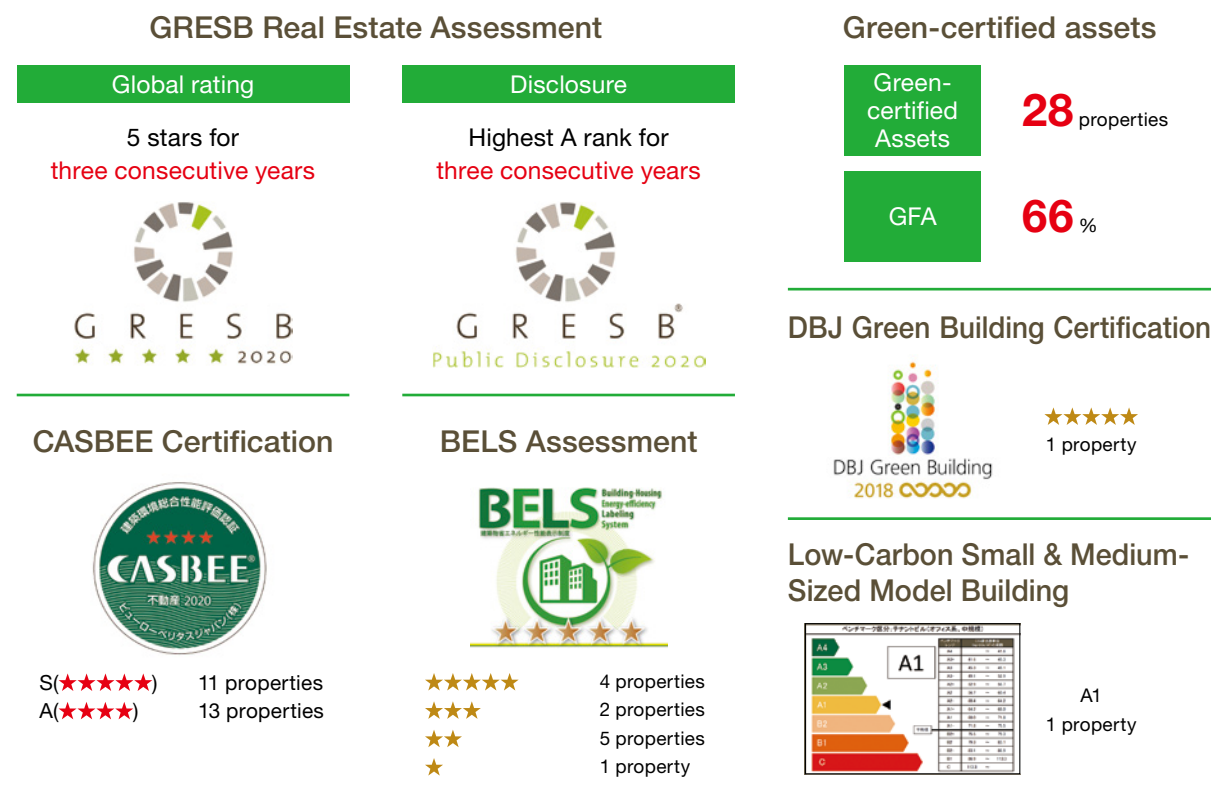
3. For local communities

- The "Forest of Omohara" at the rooftop terrace of Tokyu Plaza Omotesando Harajuku, a nature-friendly environment has been created with tall trees and birdhouses, where biodiversity is featured
- Contributes to the local community by offering unique experiences to neighborhood kindergarten children such as installing birdhouses they made as well as organizing vegetable-harvesting events



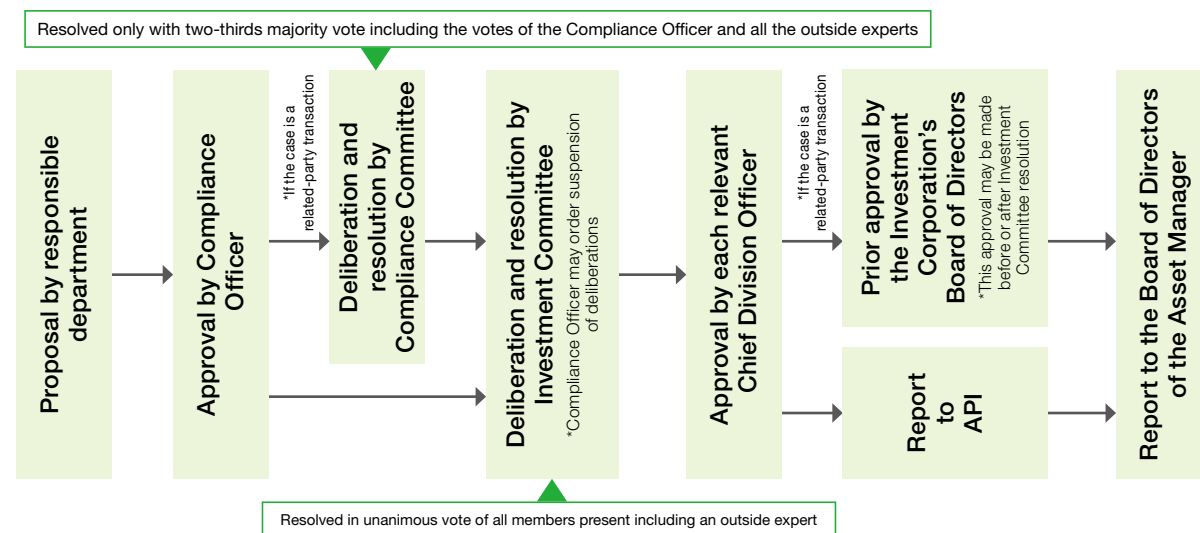
9 Initiatives for ESG ~ Sustainability Disclosure ~

4. Green certification (As of the end of May 2021)



5. Effective decision-making process

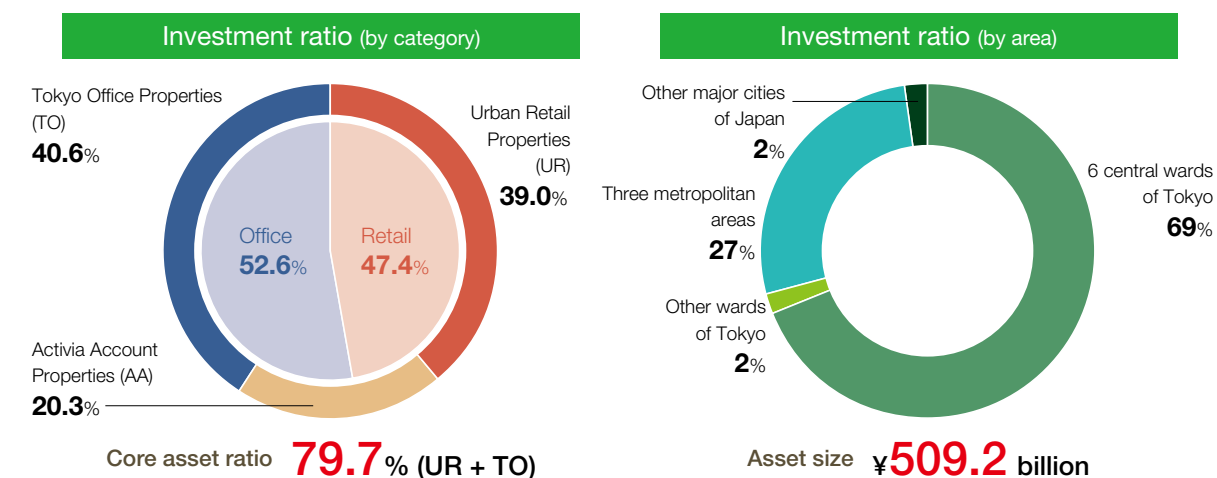
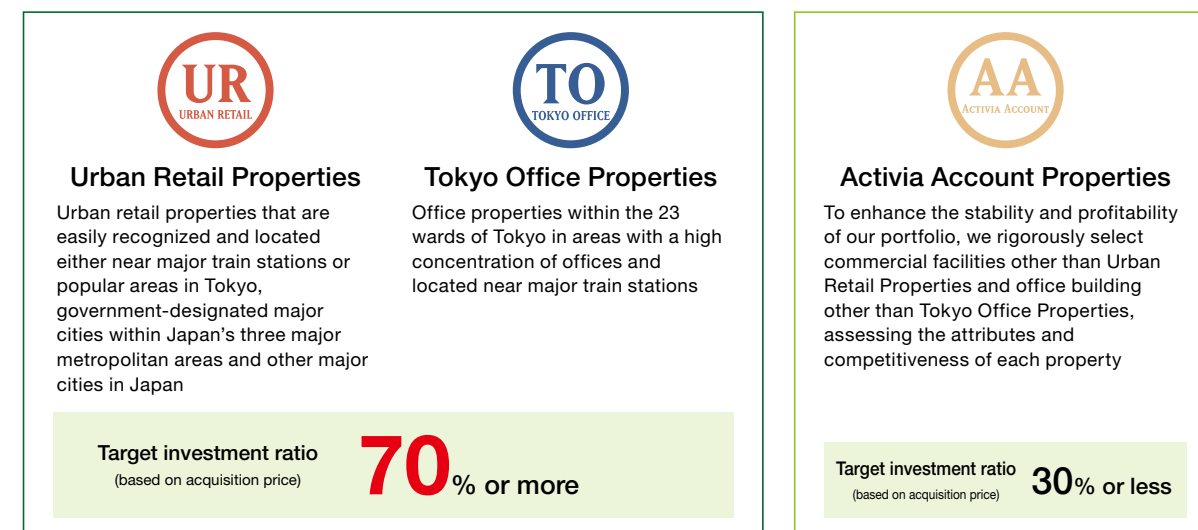
- Property acquisition transaction with related-parties requires a resolution by the Compliance Committee to avoid conflicts of interest, etc. This structure should protect interests of unitholders



API's Strengths

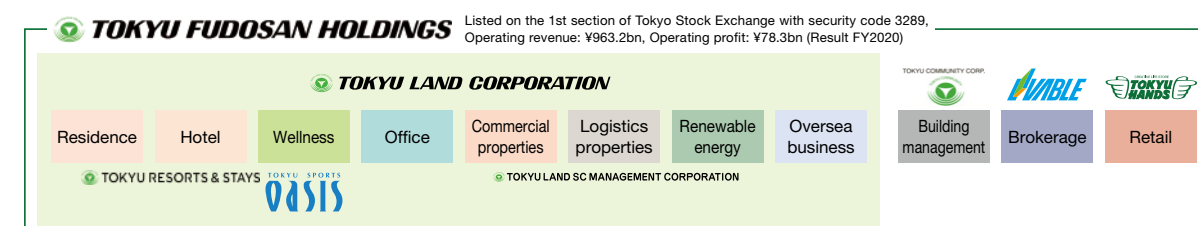
1. Portfolio composition policy

- We intend to maintain a competitive portfolio in the medium to long term by investing primarily in Urban Retail Properties and Tokyo Office Properties upon careful consideration of location as the most important factor, followed by other factors such as size, quality, specifications and suitability of tenants.



2. Utilizing sponsor's value chain

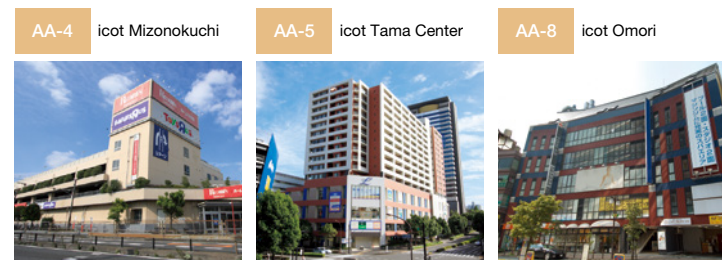
- We utilize the support and capabilities of Tokyu Fudosan Holdings Group companies' value chain during the various phases of managing our assets, including at acquisition of competitive assets (external growth) and by maximizing the profitability of our assets under management (internal growth).





UR-1 Tokyu Plaza Omotesando Harajuku	UR-2 Tokyu Plaza Akasaka <small>(Note 1)</small>	UR-3 Q plaza EBISU	UR-9 A-FLAG SHIBUYA	UR-11 A-FLAG KOTTO DORI
UR-12 A-FLAG BIJUTSUKAN DORI	UR-13 A-FLAG DAIKANYAMA WEST	UR-15 DECKS Tokyo Beach	UR-16 Tokyu Plaza Ginza (Land)	UR-17 Q plaza Harajuku
TO-1 TLC Ebisu Building	TO-2 A-PLACE Ebisu Minami	TO-3 A-PLACE Yoyogi	TO-4 A-PLACE Aoyama	TO-5 Luogo Shiodome
TO-6 TAMACHI SQUARE (Land)	TO-7 A-PLACE Ikebukuro	TO-8 A-PLACE Shinbashi	TO-9 A-PLACE Gotanda	TO-10 A-PLACE Shinagawa
TO-11 OSAKI WIZTOWER	TO-12 Shiodome Building	TO-13 A-PLACE Ebisu Higashi	TO-14 A-PLACE Shibuya Konnoh	TO-15 A-PLACE Gotanda Ekimae
TO-16 A-PLACE Shinagawa Higashi	TO-18 Ebisu Prime Square	TO-19 Tamachi East Building (Scheduled) <small>(Note 2)</small>		

(Note 1) Tokyu Plaza Akasaka (50% co-ownership interest) is scheduled to be disposed of on October 29, 2021.
(Note 2) Tamachi East Building is scheduled to be acquired on October 29, 2021.



(As of May 31, 2021)								
Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m ²)	Completion (Note 1)	Occupancy rate
UR URBAN RETAIL	UR-1	Tokyu Plaza Omotesando Harajuku	Jingumae, Shibuya-ku, Tokyo	45,000	8.8%	4,918.43	Mar. 2012	99.4%
	UR-2	Tokyu Plaza Akasaka	Nagatacho, Chiyoda-ku, Tokyo	11,450	2.2%	16,609.75	Sep. 1969	96.8%
	UR-3	Q plaza EBISU	Ebisu, Shibuya-ku, Tokyo	8,430	1.7%	4,024.88	Aug. 2008	100.0%
	UR-5	Kyoto Karasuma Parking Building	Motohonenjicho, Nakagyo-ku, Kyoto	8,860	1.7%	21,616.04	Jul. 2006	100.0%
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kyomachi, Chuo-ku, Kobe City, Hyogo	21,330	4.2%	19,653.90	Jan. 2010	100.0%
	UR-8	A-FLAG SAPPORO	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido	4,410	0.9%	21,229.16	May 1980	96.0%
	UR-9	A-FLAG SHIBUYA	Udagawacho, Shibuya-ku, Tokyo	6,370	1.3%	3,403.07	Jun. 1988	100.0%
	UR-10	Q plaza SHINSAIBASHI	Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka	13,350	2.6%	2,820.23	Nov. 2007	100.0%
	UR-11	A-FLAG KOTTO DORI	Minami-Aoyama, Minato-ku, Tokyo	4,370	0.9%	2,656.53	Jan. 1992	88.9%
	UR-12	A-FLAG BIJUTSUKAN DORI	Minami-Aoyama, Minato-ku, Tokyo	4,700	0.9%	1,994.65	Dec. 1998	100.0%
	UR-13	A-FLAG DAIKANYAMA WEST	Sarugakucho, Shibuya-ku, Tokyo	2,280	0.4%	2,579.08	Apr. 1992	100.0%
	UR-14	A-FLAG KITA SHINSAIBASHI	Minami-Senba, Chuo-ku, Osaka City, Osaka	4,725	0.9%	2,538.13	Mar. 2008	100.0%
	UR-15	DECKS Tokyo Beach	Daiba, Minato-ku, Tokyo	12,740	2.5%	16,119.47	Jun. 1996 Nov. 2000 (Extension)	94.9%
	UR-16	Tokyu Plaza Ginza (Land)	Ginza, Chuo-ku, Tokyo	37,500	7.4%	1,130.04	—	100.0%
	UR-17	Q plaza HARAJUKU	Jingumae, Shibuya-ku, Tokyo	13,200	2.6%	3,378.49	Mar. 2015	95.2%
	Urban Retail properties			198,715	39.0%	124,671.85	—	97.8%
TO TOKYO OFFICE	TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	1.5%	7,342.60	Mar. 1993	88.7%
	TO-2	A-PLACE Ebisu Minami	Ebisu-Minami, Shibuya-ku, Tokyo	9,640	1.9%	7,950.49	Jan. 1995	100.0%
	TO-3	A-PLACE Yoyogi	Sendagaya, Shibuya-ku, Tokyo	4,070	0.8%	3,106.17	Feb. 2007	100.0%
	TO-4	A-PLACE Aoyama	Kita-Aoyama, Minato-ku, Tokyo	8,790	1.7%	7,303.69	Sep. 1966	100.0%
	TO-5	Luogo Shiodome	Higashi-Shinbashi, Minato-ku, Tokyo	4,540	0.9%	4,476.35	Jul. 2004	87.3%
	TO-6	TAMACHI SQUARE (Land)	Shiba, Minato-ku, Tokyo	2,338	0.5%	1,287.96	—	100.0%
	TO-7	A-PLACE Ikebukuro	Minami-Ikebukuro, Toshima-ku, Tokyo	3,990	0.8%	3,409.73	Oct. 2011	100.0%
	TO-8	A-PLACE Shinbashi	Shinbashi, Minato-ku, Tokyo	5,650	1.1%	5,054.19	Mar. 1999	100.0%
	TO-9	A-PLACE Gotanda	Nishi-Gotanda, Shinagawa-ku, Tokyo	5,730	1.1%	4,028.69	Feb. 2012	100.0%
	TO-10	A-PLACE Shinagawa	Konan, Minato-ku, Tokyo	3,800	0.7%	2,986.36	Sep. 1991	100.0%
	TO-11	OSAKI WIZTOWER	Osaki, Shinagawa-ku, Tokyo	10,690	2.1%	7,193.28	Jan. 2014	100.0%
	TO-12	Shiodome Building	Kaigan, Minato-ku, Tokyo	71,600	14.1%	28,136.05	Dec. 2007	99.5%
	TO-13	A-PLACE Ebisu Higashi	Higashi, Shibuya-ku, Tokyo	7,072	1.4%	4,010.69	Jan. 1992	100.0%
	TO-14	A-PLACE Shibuya Konnoh	Shibuya, Shibuya-ku, Tokyo	4,810	0.9%	3,010.53	Mar. 1992	100.0%
	TO-15	A-PLACE Gotanda Ekimae	Nishi-Gotanda, Shinagawa-ku, Tokyo	7,280	1.4%	4,333.64	Nov. 1993	100.0%
AA ACTIVA ACCOUNT	TO-16	A-PLACE Shinagawa Higashi	Konan, Minato-ku, Tokyo	18,800	3.7%	14,658.98	Aug. 1985 (Main building) Sep. 1999 (Annex)	95.2%
	TO-18	Ebisu Prime Square	Hiroo, Shibuya-ku, Tokyo	30,700	6.0%	18,063.03	Jan. 1997	89.6%
	Tokyo Office properties			206,900	40.6%	126,352.43	—	96.7%
	AA-1	Amagasaki Q's MALL (Land)	Shioe, Amagasaki City, Hyogo	12,000	2.4%	27,465.44	—	100.0%
	AA-2	icot Nakamozu	Nakamozucho, Kita-ku, Sakai City, Osaka	8,500	1.7%	28,098.02	Jun. 2007	100.0%
	AA-4	icot Mizonokuchi	Mizonokuchi, Takatsu-ku, Kawasaki City, Kanagawa	2,710	0.5%	14,032.05	Jul. 1998	100.0%
	AA-5	icot Tama Center	Ochiai, Tama City, Tokyo	2,840	0.6%	5,181.58	Mar. 2006	100.0%
	AA-6	A-PLACE Kanayama	Kanayama, Naka-ku, Nagoya City, Aichi	6,980	1.4%	9,314.90	Feb. 2009	100.0%
	AA-7	Osaka Nakanoshima Building	Nakanoshima, Kita-ku, Osaka City, Osaka	11,100	2.2%	20,226.77	Mar. 1984	99.5%
	AA-8	icot Omori	Omori-Kitamachi, Ohta-ku, Tokyo	5,790	1.1%	6,209.78	Mar. 2007	100.0%
	AA-9	Market Square Sagami-hara	Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	4,820	0.9%	15,152.42	Jun. 2014	100.0%
	AA-10	Umeda Gate Tower	Tsurunocho, Kita-ku, Osaka City, Osaka	19,000	3.7%	13,566.95	Jan. 2010	100.0%
	AA-11	A-PLACE Bashamichi	Honcho, Naka-ku, Yokohama City, Kanagawa	3,930	0.8%	9,710.91	May 1975	100.0%
	AA-12	Commercial Mall Hakata	Tokojimachi, Hakata-ku, Fukuoka City, Fukuoka	6,100	1.2%	9,612.88	Nov. 2005	87.0%
	AA-13	EDGE Shinsaibashi	Nishi-Shinsaibashi, Chuo-ku, Osaka City, Osaka	19,800	3.9%	15,897.10	Apr. 1986	100.0%
Activia Account properties				103,570	20.3%	174,468.80	—	99.2%
Total				509,185	100.0%	425,493.08	—	98.1%

(Note 1) The completion date is the date of construction of the main building as described in the property registry. For properties with multiple main buildings, the construction date of the oldest building is listed. However, for A-PLACE Shinbashi and A-FLAG SHIBUYA, the date of inspection that confirms the completion of construction written on the certificate of inspection is provided.

(Note 2) Figures provided for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Tokyu Plaza Ginza (Land), Q plaza HARAJUKU, Shiodome Building and Ebisu Prime Square are in proportion to our pro rata share of the co-ownership interests (75%, 50%, 49%, 30%, 60%, 35% and 51%, respectively).

(Note 3) The acquisition price of TAMACHI SQUARE (Land) is the land acquisition price at the time of the initial acquisition (June 13, 2012).

Asset Management Report for the 19th Fiscal Period (Semi-Annual Report)

From December 1, 2020 to May 31, 2021

I.	Asset Management Report
II.	Balance Sheets
III.	Statements of Operations
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V.	Statements of Cash Distributions
VI.	Statements of Cash Flows
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	Independent Auditor's Report

Activia Properties Inc.
21-1 Dogenzaka 1-chome,
Shibuya-ku, Tokyo

I. Asset Management Report

1. Review of Asset Management

(1) Investment Performance of the Investment Corporation

Fiscal period		15th period	16th period	17th period	18th period	19th period
Business period		From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019	From December 1, 2019 to May 31, 2020	From June 1, 2020 to November 30, 2020	From December 1, 2020 to May 31, 2021
Operating revenue	(millions of yen)	14,843	15,542	15,073	15,073	14,715
[Lease business revenue]	(millions of yen)	[13,472]	[14,063]	[14,009]	[14,009]	[13,765]
Operating expenses	(millions of yen)	6,243	6,862	6,778	6,845	6,614
[Expenses related to rent business]	(millions of yen)	[4,973]	[5,464]	[5,470]	[5,588]	5,369
Operating profit	(millions of yen)	8,599	8,680	8,228	8,228	8,101
Ordinary profit	(millions of yen)	7,726	7,818	7,363	7,363	7,250
Profit	(millions of yen)	7,725	7,817	7,363	7,363	7,249
Net assets	(millions of yen)	256,085	256,198	255,700	255,705	255,581
[Change from the previous period]	(%)	[14.4]	[0.0]	[—0.2]	[0.0]	[—0.0]
Total assets	(millions of yen)	514,359	515,480	525,686	525,378	525,379
[Change from the previous period]	(%)	[15.5]	[0.2]	[2.0]	[—0.1]	[0.0]
Unitholders' capital	(Note4) (millions of yen)	248,370	248,370	248,370	248,370	248,370
Number of units issued and outstanding	(units)	771,224	771,224	771,224	771,224	771,224
Net assets per unit	(yen)	332,050	332,196	331,558	331,558	331,397
Total distributions	(millions of yen)	7,725	7,817	7,362	7,362	7,250
Basic earnings per unit	(Note1) (yen)	10,118	10,136	9,547	9,547	9,400
Cash distributions per unit	(yen)	10,017	10,137	9,508	9,547	9,401
[Earnings distributions per unit]	(yen)	[10,003]	[10,137]	[9,504]	[9,514]	[9,386]
[Distributions per unit in excess of earnings]	(yen)	[14]	[—]	[4]	[33]	[15]
Ordinary profit to total assets	(Note2) (%)	1.6	1.5	1.4	1.4	1.4
Return on unitholders' equity	(Note2) (%)	3.2	3.1	2.9	2.9	2.8
Unitholders' equity to total assets	(Note2) (%)	49.8	49.7	48.7	48.7	48.6
[Change from the previous period]	(%)	[—0.4]	[—0.1]	[0.1]	[0.1]	[—0.1]
Payout ratio	(Note2) (%)	99.8	100.0	99.7	99.7	99.8
[Other reference]						
Number of properties	(properties)	45	44	44	44	44
Total leasable area	(Note3) (m ²)	415,167.22	414,008.41	425,490.09	425,490.09	425,493.08
Occupancy rate at end of period	(%)	99.5	99.8	98.9	98.9	98.1
Depreciation	(millions of yen)	1,294	1,298	1,335	1,335	1,352
Capital expenditure	(millions of yen)	413	640	650	650	678
NOI	(Note2) (millions of yen)	10,827	11,034	10,803	10,803	10,705

- (Note1) Basic earnings per unit is calculated by dividing profit by the daily weighted average number of investment units issued and outstanding (763,508 units, 771,224 units, 771,224 units, 771,224 units and 771,224 units for the 15th, 16th, 17th, 18th and 19th fiscal periods, respectively).
- (Note2) The indicators are calculated as follows:
Ordinary profit to total assets: Ordinary profit ÷ Average total assets × 100; Average total assets = (Total assets at beginning of period + Total assets at end of period) ÷ 2
Return on unitholders' equity: Profit ÷ Average net assets × 100; Average net assets = (Net assets at beginning of period + Net assets at end of period) ÷ 2
Unitholders' equity to total assets: Net assets at end of period ÷ Total assets at end of period × 100
Payout ratio: Total distribution amount (excluding distributions in excess of earnings) ÷ Profit × 100 (rounded down to the first decimal place)
NOI: Rental operating income (Lease business revenue + Other lease business revenue – Expenses related to rental business) + Depreciation + Loss on retirement of non-current assets
- (Note3) The total leasable area is equal to the gross floor area of leasable space in each property excluding properties for which we acquire land only, based on the lease agreements for building or floor plans as of the end of each fiscal period. Total leasable area for properties for which only land is acquired is based on the lease agreement for land or land plans as of the end of each fiscal period. As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Shiodome Building, Q plaza HARAJUKU, Tokyu Plaza Ginza (Land) and Ebisu Prime Square, the figures are in proportion to a pro rata share of co-ownership interests of each property (75%, 50%, 49%, 35%, 60%, 30% and 51% respectively).
- (Note4) The changes in unitholders' capital arising from the distributions in excess of earnings from allowance for temporary difference adjustments are not considered.

(2) Asset Management during the Fiscal Period under Review

1) Transition of Investment Corporation

Activia Properties Inc. (hereinafter referred to as the “Investment Corporation”) was established on September 7, 2011, with unitholders’ capital of ¥200 million (400 units) and TLC Township Inc. (on April 1, 2017, an absorption-type merger took place with current TLC REIT Management Inc. (hereinafter referred to as the “Asset Manager”) as a surviving company and TLC Activia Investment Management Inc. (its trade name was changed from TLC Township Inc. on April 1, 2012) as an absorbed company) as the organizer under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent revisions; hereinafter referred to as the “Investment Trust Act”), and completed its registration in the Kanto Local Finance Bureau on September 20, 2011 (Director-General of the Kanto Local Finance Bureau No. 73). After that, the Investment Corporation was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (Securities code 3279) on June 13, 2012. On December 19, 2018, the Investment Corporation carried out a publicly offered capital increase for the sixth consecutive year, and on January 7, 2019, it carried out a third-party allotment. “Activia” of “Activia Properties,” the name of the Investment Corporation, has been coined from the words “activate” and “ia,” a suffix meaning “place.” By investing in and managing real estate appropriate to its name, the Investment Corporation seeks to become an entity capable of broadly energizing society. The Investment Corporation will also select real estate capable of sustaining customer demand as a location for both corporate activities and urban recreation in popular areas, with the aim of maximizing the medium- and long-term value of unitholders, supported by its proactive management (management to improve the circumstances by taking initiatives and acting for the future). The Investment Corporation has continued to carefully select investment assets with a focus on location and quality since having concluded its IPO, and consequently held 44 properties (with the total acquisition price of ¥509,185 million) at the end of the fiscal period under review.

2) Investment Environment and Investment Performance

In the Japanese economy in the fiscal period under review, there was increasing weakness mainly in personal consumption expenditures related to the service industry despite the continuing trends of recovery in some areas amid the lingering difficult environment caused by the impact of COVID-19. With respect to the environment surrounding retail properties, although we had seen signs of recovery in consumer sentiment, due to a state of emergency having been declared twice, there has been a decline recently in travel, leisure and other service consumption as well as in expenditures for clothing, cosmetics and other items related to going out. In the rental office market, both occupancy rates and rents have held to high levels particularly in the five central wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku). Nevertheless, there is a continuing trend of office consolidations and relocations to smaller offices due to the stagnant economic activity caused by COVID-19. Meanwhile, the average vacancy rate in the five central wards of Tokyo as of May 31, 2021, according to data published by Miki Shoji Co., Ltd., was 5.90% an increase of 1.57 percentage points from the period ended November 30, 2020. Rent levels have dropped for ten consecutive months starting in August 2020. The average rent per *tsubo* (about 3.3 square meters) in the five central wards of Tokyo as of May 31, 2021, was ¥21,249. Even in major cities outside Tokyo, vacancy rates are trending upward and rent levels have fallen moderately or remain unchanged. Despite remaining concerns regarding the COVID-19 pandemic, the J-REIT market is maintaining an upward trend based on the solid financial results overall of each security. The Investment Corporation has continued to maintain and improve its portfolio in accordance with the basic asset management policy set forth in the Articles of Incorporation. Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 44 properties (with the total acquisition price of ¥509,185 million) with the total leasable area of 425,493.08 m² (128,709 *tsubo*).

3) Initiatives Regarding Sustainability

In order to build a portfolio consisting of “real estate capable of sustaining customer demand” with the aim of maximizing medium- and long-term unitholder value, the Investment Corporation has been promoting various initiatives with its sights set on lowering environmental loads and contributing to our nearby surroundings and local communities, thereby extending beyond considerations such as location, use, size and qualities. In July 2019, as material issues that the Investment Corporation needs to address, we released quantitative targets encompassing a wider range of performance benchmarks from an environmental standpoint, and also clearly stated practical management policy to such ends. In addition, we are striving daily to achieve our basic objective of cutting unit energy consumption, etc. by an annual average of 1% over the medium to long term. Initiatives carried out in the fiscal period under review include the creation of an environmental management system operation manual in December 2020 for the asset management company TLC REIT Management Inc. and efforts of the Investment Corporation to continually lower environmental loads by establishing environmental targets (Plan), understanding the results (Do), analyzing the differences between the actual and expected results (Check) and implementing measures and improvements (Act). In addition, the lighting was upgraded to LED lighting at common areas of Luogo Shiodome and A-PLACE Ebisu Higashi, some common areas of DECKS Tokyo Beach, A-PLACE Shinagawa and Ebisu Prime Square, and some private areas of A-PLACE Ebisu Minami, A-PLACE Shinagawa Higashi, Ebisu Prime Square, A-PLACE Bashamichi and EDGE Shinsaibashi. Furthermore, the elevator at A-FLAG SHIBUYA was replaced with an elevator that uses the latest control system and highly

efficient motors using permanent magnets, and the energy-saving performance was improved by upgrading to LED ceiling lighting. Moreover, we continue to engage in annual initiatives geared to acquiring green building certifications, and during the fiscal period under review, we have acquired the BELS certifications for Q plaza EBISU (two stars). As such, a total of 28 of our properties have acquired green building certification, which amounted to 65.8% of our holdings calculated on the basis of gross floor area (as of May 31, 2021). In addition, electric bicycle sharing was newly introduced at Q plaza SHINSAIBASHI while a “Social Art Museum” exhibit of art drawn by residents of a welfare facility in the city was held at Commercial Mall Hakata utilizing a temporarily enclosed area after a tenant had moved out. The Investment Corporation will contribute to achieving a sustainable society by engaging in such initiatives geared to the environment and society.

4) Overview of Financing

In the fiscal period under review, with the aims of diversifying repayment dates on debt, extending the average maturity, and diversifying means of financing, the Investment Corporation issued unsecured investment corporation bonds of ¥1,300 million on February 9, 2021, and used the funds to cover repayment of short-term borrowings. The Investment Corporation also borrowed ¥12,200 million largely in order to cover repayment of borrowings that had come due, and worked to otherwise maintain a stable financial base through ongoing moves that have included diversifying repayment dates. As a result, as of the end of the fiscal period under review, the balance of interest-bearing debt was ¥244,150 million (borrowings of ¥221,350 million and investment corporation bonds of ¥22,800 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 46.5% as of the end of the fiscal period under review. The long-term debt ratio and the ratio of fixed-interest debt to total interest-bearing debt were 100.0% and 92.6%, respectively. The credit rating the Investment Corporation has obtained as of the end of the fiscal period under review is as follows. This investment unit does not have a credit rating provided or made available for inspection by a credit rating agency or one scheduled to be provided or made available for inspection by a credit rating agency at the Investment Corporation’s request.

Credit Rating Agency	Rating	Forecast
Japan Credit Rating Agency (JCR)	Long-term issuer rating: AA	Stable

5) Overview of Financial Results and Distributions

As a result of the above-mentioned investments, operating revenue, operating profit, and ordinary profit were ¥14,715 million, ¥8,101 million, and ¥7,250 million, respectively, for the fiscal period under review, and profit was ¥7,249 million. In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), the decision was made with respect to paying distributions of profits of ¥7,238,708,464, which is the entire amount of the net profit defined in Article 136, Paragraph 1 of the Investment Trust Act, with such amount excluding a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the “Special Taxation Measures Act”). In addition, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥11,568,360 as distributions related to allowance for temporary difference adjustments, calculated as the amount equivalent to ¥11,111,618, which is calculated by deducting ¥28,535,288 of temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations) from deferred losses on hedges of ¥39,646,906. Consequently, distributions per investment unit resulted in ¥9,401.

(3) Capital Increase, etc.

A summary of capital increases until the fiscal period under review is as follows:

Date	Summary	Number of total investment units issued		Total unitholders' capital (millions of yen)		Remarks
		Increase	Total	Increase	Total	
September 7, 2011	Establishment through private placement	400	400	200	200	(Note 1)
June 12, 2012	Capital increase through public offering	204,100	204,500	90,834	91,034	(Note 2)
July 10, 2012	Capital increase through third-party allotment	762	205,262	339	91,373	(Note 3)
December 16, 2013	Capital increase through public offering	43,100	248,362	32,636	124,010	(Note 4)
January 15, 2014	Capital increase through third-party allotment	2,700	251,062	2,044	126,054	(Note 5)
December 17, 2014	Capital increase through public offering	24,050	275,112	22,800	148,855	(Note 6)
January 8, 2015	Capital increase through third-party allotment	2,020	277,132	1,915	150,770	(Note 7)
October 1, 2015	Investment unit split	277,132	554,264	—	150,770	(Note 8)
December 15, 2015	Capital increase through public offering	41,870	596,134	19,152	169,922	(Note 9)
January 6, 2016	Capital increase through third-party allotment	3,520	599,654	1,610	171,532	(Note 10)
December 1, 2016	Capital increase through public offering	61,040	660,694	28,583	200,116	(Note 11)
December 15, 2016	Capital increase through third-party allotment	4,520	665,214	2,116	202,233	(Note 12)
December 13, 2017	Capital increase through public offering	31,090	696,304	13,793	216,026	(Note 13)
December 26, 2017	Capital increase through third-party allotment	2,400	698,704	1,064	217,091	(Note 14)
December 19, 2018	Capital increase through public offering	67,320	766,024	29,036	246,127	(Note 15)
January 7, 2019	Capital increase through third-party allotment	5,200	771,224	2,242	248,370	(Note 16)

(Note 1) The Investment Corporation was established through an investment of Tokyu Land Corporation, which underwrote the investment units with an offer price per unit of ¥500,000.
 (Note 2) API issued new investment units through a public offering at a price of ¥460,000 per unit (issue price of ¥445,050 per unit) to raise funds for the acquisition of new properties, etc.
 (Note 3) Following the public offering on June 12, 2012, API issued new investment units through a third-party allotment at a price of ¥445,050 per unit.
 (Note 4) API issued new investment units through a public offering at a price of ¥782,925 per unit (issue price of ¥757,229 per unit) to raise funds for the acquisition of new properties, etc.
 (Note 5) Following the public offering on December 16, 2013, API issued new investment units through a third-party allotment at a price of ¥757,229 per unit.
 (Note 6) API issued new investment units through a public offering at a price of ¥979,020 per unit (issue price of ¥948,051 per unit) to raise funds for the acquisition of new properties.
 (Note 7) Following the public offering on December 17, 2014, API issued new investment units through a third-party allotment at a price of ¥948,051 per unit.
 (Note 8) A 2-for-1 investment unit split was implemented with September 30, 2015 as the record date and October 1, 2015 as the effective date.
 (Note 9) API issued new investment units through a public offering at a price of ¥472,360 per unit (issue price of ¥457,418 per unit) to raise funds for the acquisition of new properties, etc.
 (Note 10) Following the public offering on December 15, 2015, API issued new investment units through a third-party allotment at a price of ¥457,418 per unit.
 (Note 11) API issued new investment units through a public offering at a price of ¥483,326 per unit (issue price of ¥468,283 per unit) to raise funds for the acquisition of new properties.
 (Note 12) Following the public offering on December 1, 2016, API issued new investment units through a third-party allotment at a price of ¥468,283 per unit.
 (Note 13) API issued new investment units through a public offering at a price of ¥458,150 per unit (issue price of ¥443,657 per unit) to raise funds for the acquisition of new properties.
 (Note 14) Following the public offering on December 13, 2017, API issued new investment units through a third-party allotment at a price of ¥443,657 per unit.
 (Note 15) API issued new investment units through a public offering at a price of ¥445,410 per unit (issue price of ¥431,320 per unit) to raise funds for the acquisition of new properties.
 (Note 16) Following the public offering on December 19, 2018, API issued new investment units through a third-party allotment at a price of ¥431,320 per unit.
 (Note 17) The changes in unitholders' capital arising from the distributions in excess of earnings from allowance for temporary difference adjustments are not considered.

Fluctuation in Market Price of the Investment Securities

Changes in prices of the investment units listed on the Tokyo Stock Exchange REIT Market are as follows.

(yen)

Fiscal period	15th period	16th period	17th period	18th period	19th period
Business period	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019	From December 1, 2019 to May 31, 2020	From June 1, 2020 to November 30, 2020	From December 1, 2020 to May 31, 2021
Highest	492,500	589,000	582,000	426,000	515,000
Lowest	432,000	461,000	227,400	335,000	390,500

(4) Distributions, etc.

As a result of the above-mentioned investments, operating revenue, operating profit, and ordinary profit were ¥14,715 million, ¥8,101 million, and ¥7,250 million, respectively, for the fiscal period under review, and profit was ¥7,249 million.
 In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), the decision was made with respect to paying distributions of profits of ¥7,238,708,464, which is the entire amount of the net profit defined in Article 136, Paragraph 1 of the Investment Trust Act, with such amount excluding a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the “Special Taxation Measures Act”). In addition, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥11,568,360 as distributions related to allowance for temporary difference adjustments, calculated as the amount equivalent to ¥11,111,618, which is calculated by deducting ¥28,535,288 of temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations) from deferred losses on hedges of ¥39,646,906. Consequently, distributions per investment unit resulted in ¥9,401.

Fiscal period	15th period	16th period	17th period	18th period	19th period
Business period	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019	From December 1, 2019 to May 31, 2020	From June 1, 2020 to November 30, 2020	From December 1, 2020 to May 31, 2021
Unappropriated retained earnings	¥7,726,143 thousand	¥7,829,267 thousand	¥7,333,243 thousand	¥7,366,549 thousand	¥7,278,928 thousand
Retained earnings	¥11,589 thousand	¥572 thousand	¥3,530 thousand	¥29,124 thousand	¥40,219 thousand
Total distributions	¥7,725,350 thousand	¥7,817,897 thousand	¥7,332,797 thousand	¥7,362,875 thousand	¥7,250,276 thousand
[Distributions per unit]	[¥10,017]	[¥10,137]	[¥9,508]	[¥9,547]	[¥9,401]
Of which, total distributions of profits	¥7,714,553 thousand	¥7,817,897 thousand	¥7,329,712 thousand	¥7,337,425 thousand	¥7,238,708 thousand
[Distributions of profits per unit]	[¥10,003]	[¥10,137]	[¥9,504]	[¥9,514]	[¥9,386]
Of which, total return on unitholders' capital	¥10,797 thousand	¥— thousand	¥3,084 thousand	¥25,450 thousand	¥11,568 thousand
[Return on unitholders' capital per unit]	[¥14]	[¥—]	[¥4]	[¥33]	[¥15]
Of the total return on unitholders' capital, the total distribution payments from the allowance for temporary difference adjustment	¥10,797 thousand	¥— thousand	¥3,084 thousand	¥25,450 thousand	¥11,568 thousand
[Of the return on unitholders' capital per unit, the distribution payment from the allowance for temporary difference adjustment per unit]	[¥14]	[¥—]	[¥4]	[¥33]	[¥15]
Of the total return on unitholders' capital, the total distribution payments from investments and other decreased distribution under tax laws	¥— thousand	¥— thousand	¥— thousand	¥— thousand	¥— thousand
[Of the return on unitholders' capital per unit, the distribution payments from investments and other decreased distribution under tax laws]	[¥—]	[¥—]	[¥—]	[¥—]	[¥—]

(5) Future Investment Policy and Issues to Address

Although the level of economic activity is expected to recover as the impact of COVID-19 gradually eases, there is great uncertainty regarding the outlook as it may change depending on the increase or decrease of the number of new infection cases and its impact on the economies in Japan and overseas.

With respect to the environment surrounding retail properties, despite the continuing difficult conditions due to the recent requests to reduce operating hours, the decrease in numbers of overseas visitor arrivals to Japan, etc., a modest recovery trend is expected due to increased vaccinations, etc. In the rental office market, despite concerns that vacancy rates will continue to rise and rent levels will continue to fall, there has been a drop in the supply of new office properties in 2021. Therefore, we believe that property in prime locations will continue to be resilient. Despite lingering uncertainty concerning the outlook for the economy and conditions in the real estate leasing market, we expect long-term inflow of funds into the J-REIT market due to its relatively stable earnings, high financial soundness and attractive dividend yield level.

Amid this environment, the Investment Corporation will fulfill its social responsibility in preventing the spread of infections, etc. while minimizing the impact of COVID-19 pandemic through its abundant management expertise, and in line with its medium- to long-term portfolio strategy of asset replacement, etc., it will aim to return to the path of improving unitholder value through external growth by leveraging sponsor support and through internal growth by utilizing the strength of its properties focused on location and quality.

1) Basic Policy

The Investment Corporation’s basic policies are to invest in assets, with targeted investments in Urban Retail and Tokyo Office properties; utilize the Tokyu Fudosan Holdings Group’s value chain based on the comprehensive support system; and a governance structure that maximizes unitholder value.

2) External Growth Strategy

The Investment Corporation will invest in Urban Retail and Tokyo Office properties as a main target. It will make its investment decisions carefully, concentrating on selecting properties in excellent locations, including surrounding areas, and thoroughly considering individual factors such as use, size, specifications and other qualities of properties, and credibility and name recognition of tenants, in order to construct a competitive portfolio in the medium to long term.

To acquire these competitive assets on an ongoing basis, the Investment Corporation will work to maintain and improve the quality of its portfolio by rigorously selecting investment assets based on the information it receives under its sponsor support agreement with Tokyu Land Corporation regarding the Investment Corporation and its support agreement with five group companies in the Tokyu Fudosan Holdings Group. It will also acquire properties through the exclusive know-how and information-gathering network of the Asset Manager.

3) Internal Growth Strategy

The Investment Corporation will operate, manage, and refurbish its portfolio to maintain and improve the competitiveness of its facilities through a comprehensive understanding of the features of its overall portfolio and its individual assets under management, based on the unique expertise of its Asset Manager. The Investment Corporation will also seek to manage its portfolio in a stable manner and strengthen its earnings by establishing appropriate operational and management systems tailored to the specific characteristics of the assets it has invested in, and through regular and non-regular inspections by the property management company that has considerable experience in the operation and management of real estate.

The Investment Corporation will also maintain and improve the value of its assets through its expertise in internal growth through operating and managing properties. It will maximize the competitiveness of its assets through the ongoing assistance of Tokyu Land Corporation and other support companies, which, through their face-to-face business with consumers, have rich information regarding consumer needs and developments in industries such as retail and services.

With respect to the property management business for the assets under management, leasing support has been provided from Tokyu Land Corporation, Tokyu Land SC Management Corporation or Tokyu Community Corp.

4) Financial Strategy

Having a sound financial strategy in an effort to conservatively control LTV as well as make stable long-term borrowings and diversify maturities (diversifying repayment dates), the Investment Corporation will endeavor to build a stable financial base with a solid bank formation based on good relationships with major financial institutions. In addition, with the aim of diversifying means of raising funds, the Investment Corporation will issue investment corporation bonds while paying close attention to trends in financial markets. Concerning the issuance of new investment units, moreover, the Investment Corporation will prudently and flexibly carry out such issuance while paying appropriate attention to various environmental factors with the aim of achieving long-term and stable growth.

(6) Significant Matters after Book Closing

1. Issuance of New Investment Units and Secondary Offering of Investment Units

API decided the issuance of new investment units and secondary offering of investment units at the board of directors meeting held on August 24, 2021. The offer price per unit,etc. shall be determined at API’s board of directors meeting to be held on a day (the "Pricing Date") between September 1, 2021 and September 6, 2021.

(1) Issuance of new investment units through a public offering in domestic and international markets

Number of new investment units to be issued	49,030units(Note1)
Offering price	To be determined
Total offering price	To be determined
Paid-in amount	To be determined (Note2)
Total paid-in amount	To be determined
Payment date	To be determined (Note3)

(Note1) This is the total number of the Domestic Primary Offering and the International Offering mainly in the United States, Europe and Asia.

(Note2) Paid-in amount shall be determined on the Pricing Date.

(Note3) It shall be four business days after the Pricing Date.

(2) Issuance of new investment units by way of third-party allotment(Note1)

Number of new investment units to be issued	2,500units
Paid-in amount	To be determined (Note2)
Total paid-in amount	To be determined
Payment date	September 28, 2021
Allottee	Nomura Securities Co., Ltd.

(Note1) This issuance shall be carried out in order to ensure that Nomura Securities Co., Ltd. will acquire the investment units necessary for returning the Borrowed Units in connection with secondary offering through over-allotment. If no application for subscription is made for all or part of number of new investment units issued, it may result in a decrease in the number of investment units issued through a third-party allocation due to the forfeiture of subscription rights or issuance of new investment units may not take place at all.

(Note2) Paid-in amount shall be the same price as Paid-in amount for the Domestic Primary Offering.

2. Acquisition of Properties

On August 24, 2021, API decided to acquire the real estate trust beneficiary interest for the following three properties (hereinafter referred to as "asset to be acquired") and entered into agreements with the acquisition date of September 10, 2021.The planned acquisition price (the purchase price stated in the Sales and Purchase Contract of Beneficiary Rights of Real Estate in Trust) does not include other acquisition related costs such as direct expenses for acquisition, property-related taxes and consumption taxes.Figures are rounded down to the nearest million yen.

(TO-20) Meguro Tokyu Building	
Type of assets	Trust beneficiary interest
Acquisition price	¥16,300 million
Scheduled acquisition date	September 10, 2021
Location	13-17, Kami-osaki 2-chome, Shinagawa-ku, Tokyo
Use	Offices, retail
Land area	1,776.41 m2
Gross floor area	8,813.74 m2
Structure	Steel framed / 7 floors above ground
Month and year of completion	December 2002
Ownership	Land: Owned Building: Owned

(TO-21) Q plaza Shinjuku-3chome	
Type of assets	Trust beneficiary interest
Acquisition price	¥18,400 million

Scheduled acquisition date	September 10, 2021
Location	5-6 Shinjuku 3-chome, Shinjuku-ku, Tokyo
Use	Retail
Land area	748.59 m2
Gross floor area	6,316.65 m2
Structure	SRC, Steel framed / 8 floors above and 2 floors underground
Month and year of completion	September 1992
Ownership	Land: Owned Building: Owned

(TO-22) A-PLACE Shibuya Nanpeidai(Note)

Type of assets	Trust beneficiary interest
Acquisition price	¥8,800 million
Scheduled acquisition date	September 10, 2021
Location	2-17 Nanpeidai-machi, Shibuya-ku, Tokyo
Use	Offices, bank
Land area	901.79 m2
Gross floor area	6,133.08 m2
Structure	SRC / 8 floors above and 1 floor underground
Month and year of completion	July 1989 (additional construction February 1992)
Ownership	Land: Owned Building: Owned

(Note) The name of this property is currently “Nikko Shibuya Nanpeidai Building,” but is scheduled to be renamed to the stated name after acquisition.

< Reference Information >

a. Acquisition of Properties

The Investment Corporation plans to use the funds from the property transfer in “b. Transfer of Properties” to acquire property listed below in accordance with the basic asset management policy set forth in the Articles of Incorporation.

(TO-19) A-PLACE Tamachi East (Note 2)

Type of assets	Beneficial interests in trust
Acquisition price	¥6,800 million
Scheduled acquisition date (Note 1)	October 29, 2021
Location	2-16, Shibaura 3-chome, Minato-ku, Tokyo
Use	Office, residence, parking
Land area	970.13 m ²
Gross floor area	6,065.08 m ²
Structure	Steel frame, steel-framed reinforced concrete / 10 floors above and 1 floor underground
Month and year of completion	April 2003
Ownership	Land: Owned Building: Owned

(Note 1) The contract for the sale of beneficial interests in trust falls under a forward commitment, etc. as provided in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” by Financial Services Agency (forward commitment, etc. refers to a postdated sales contract under which payment and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto).

(Note 2) The name of this property is currently “Tamachi East Building,” but is scheduled to be renamed to the stated name after acquisition.

b. Transfer of Properties

The Investment Corporation plans to transfer property listed below in accordance with the basic asset management policy set forth in the Articles of Incorporation.

(UR-2) Tokyu Plaza Akasaka

Type of assets	Beneficial interests in trust
Scheduled transfer price	¥11,800 million
Scheduled delivery date (Note)	October 29, 2021
Location	14-3, Nagata-cho 2-chome, Chiyoda-ku, Tokyo
Use	Hotel, office, retail and parking lots
Land area	5,103.57 m ²
Gross floor area	51,491.66 m ²
Structure	SRC/ 14 floors above and 3 floors underground
Month and year of completion	September 1969
Ownership	Land: Owned (50% co-ownership interest) Building: Owned (50% co-ownership interest)

(Note)The contract for the sale of beneficial interests in trust falls under a forward commitment, etc. as provided in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” by Financial Services Agency (forward commitment, etc. refers to a postdated sales contract under which payment and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto).

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	15th period As of May 31, 2019	16th period As of November 30, 2019	17th period As of May 31, 2020	18th period As of November 30, 2020	19th period As of May 31, 2021
Total number of authorized investment units (units)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total number of investment units issued (units)	771,224	771,224	771,224	771,224	771,224
Unitholders' capital (Note) (millions of yen)	¥248,370	¥248,370	¥248,370	¥248,370	¥248,370
Number of unitholders (persons)	7,680	6,914	7,758	7,542	7,160

(Note) The changes in unitholders' capital arising from the distributions in excess of earnings from allowance for temporary difference adjustments are not considered.

(2) Matters Relating to Investment Units

The top 10 unitholders as of the end of the fiscal period under review are as follows:

Name	Number of units owned	Percentage of total units issued (%) (Note)
Custody Bank of Japan, Ltd. (Trust accounts)	172,464	22.36
The Master Trust Bank of Japan, Ltd. (Trust accounts)	132,020	17.11
Tokyu Land Corporation	81,137	10.52
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	31,432	4.07
Custody Bank of Japan, Ltd. (Securities investment trust accounts)	21,293	2.76
State Street Bank & Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	19,613	2.54
SMBC Nikko Securities Inc.	11,795	1.52
JAPAN SECURITIES FINANCE CO., LTD.	10,635	1.37
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy:Mizuho Bank, Ltd.)	9,101	1.18
Mizuho Securities Japan Co., Ltd.	8,267	1.07
Total	497,757	64.54

(Note) The percentage of total units issued is calculated by rounding down to the second decimal place.

(3) Matters Relating to Officers, etc.

1) Executive Director, Supervisory Directors, and Independent Auditor during the Fiscal Period under Review

Title	Name of officer, etc.	Major concurrent post, etc.	Total amount of compensation for each position during the business period under review (thousands of yen)
Executive Director (Note 1)	Kazushi Sato	TLC REIT Management Inc., Chief Division Officer of Activia Management Division	—
Supervisory Directors (Note 1)	Yonosuke Yamada	Yamada, Goya and Suzuki Law Office Managing Partner	3,300
	Yoshinori Ariga	Ariga Yoshinori Accounting Office Managing Partner	
Independent Auditor	Ernst & Young ShinNihon LLC	—	13,700 (Note 2)

(Note 1) Executive director or supervisory directors do not hold any investment units of the Investment Corporation under their or another person's name. Supervisory directors may serve as directors of companies other than those mentioned above, but there are no mutual business interests whatsoever between such companies and the Investment Corporation.

(Note 2) Compensation for the independent auditor includes fees for preparing comfort letters related to the issuance of new investment corporation bonds in February 2021 .

2) Policy Regarding the Dismissal of or Refusal to Reappoint the Accounting Auditor

The Investment Corporation will dismiss the accounting auditor in conformity with the provisions of the Investment Trust Act and determine not to reappoint the accounting auditor through a resolution of a general meeting of unitholders while comprehensively considering various factors.

(4) Asset Manager, Custodian Company, and Administrative Agent

Consignment classification	Name
Asset manager	TLC REIT Management Inc.
Asset custodian	Sumitomo Mitsui Trust Bank, Limited
General administrator (unitholder registry administration, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrator (accounting service, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrator (administrative service)	Sumitomo Mitsui Trust Bank, Limited
General administrator (investment corporation bond service)	MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited

3. Assets of the Investment Corporation

(1) Composition of Assets of the Investment Corporation

Type of assets	Category	18th period As of November 30, 2020		19th period As of May 31, 2021	
		Total amount of assets owned (millions of yen) (Note 1)	Ratio to total assets (%)	Total amount of assets owned (millions of yen) (Note 1)	Ratio to total assets (%)
Real estate	Urban Retail Properties	—	—	—	—
	Tokyo Office Properties	—	—	—	—
	Activia Account Properties	—	—	—	—
	Subtotal	—	—	—	—
Real estate in trust	Urban Retail Properties	198,465	37.8	198,195	37.7
	Tokyo Office Properties	204,673	39.0	204,632	38.9
	Activia Account Properties	102,437	19.5	102,196	19.5
	Subtotal	505,577	96.2	505,024	96.1
Total real estate, etc.		505,577	96.2	505,024	96.1
Deposits and other assets		19,801	3.8	20,355	3.9
Total assets (Note 2)		525,378 (505,577)	100.0 (96.2)	525,379 (505,024)	100.0 (96.1)

(Note 1) The total amount of assets owned is based on the amounts on the balance sheets as of the end of each fiscal period (for real estate and real estate in trust, book value less depreciation expenses), in accordance with the asset valuation method set forth in the Articles of Incorporation of the Investment Corporation.

(Note 2) Total assets represent the amounts recorded on the balance sheets as of the end of each fiscal period. The figures in parentheses represent portions that practically correspond to real estate owned in the object assets.

(2) Major Assets Owned

Major assets owned by the Investment Corporation (the 10 largest properties by book value) as of the end of the fiscal period under review are as follows:

Property name	Book value at end of period (millions of yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Major use
Shiodome Building (Note 4)	70,502	28,136.05	27,993.23	99.5	10.2	Office
Tokyu Plaza Omotesando Harajuku (Note 4)	44,573	4,918.43	4,891.23	99.4	6.4	Retail
Tokyu Plaza Ginza (Land) (Note 4)	37,895	1,130.04	1,130.04	100.0	3.9	Retail
Ebisu Prime Square	31,044	18,063.03	16,176.70	89.6	5.5	Office
Kobe Kyu Kyoryuchi 25Bankan	20,209	19,653.90	19,653.90	100.0	4.7	Retail
EDGE Shinsaibashi	19,991	15,897.10	15,897.10	100.0	3.9	Office
Umeda Gate Tower	19,107	13,566.95	13,566.95	100.0	3.1	Office
A-PLACE Shinagawa Higashi	18,790	14,658.98	13,956.02	95.2	3.8	Office
Q plaza SHINSAIBASHI	13,380	2,820.23	2,820.23	100.0	2.3	Retail
Q plaza HARAJUKU (Note 4)	13,313	3,378.49	3,216.91	95.2	1.6	Retail
Total	288,808	122,223.20	119,302.31	97.6	45.5	

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of May 31, 2021 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 2021.

(Note 2) Leased area refers to the leased area of each property based on lease agreements as of May 31, 2021. For properties with master lease agreements, leased area refers to leased areas of each property and is actually leased based on sublease agreements with end-tenants.

(Note 3) Occupancy rate refers to the percentage of total leased area for each property to total leasable area for each property as of May 31, 2021, rounding down to the first decimal place.

(Note 4) As for Shiodome Building, Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Ginza (Land), Ebisu Prime Square and Q plaza HARAJUKU, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (35%, 75%, 30%, 51% and 60%, respectively).

(3) Details of Assets, such as Real Estate, Incorporated into the Portfolio

A summary of properties owned and under management by the Investment Corporation as of the end of the fiscal period under review is as follows:

Property name		Location	Asset type	Total leasable area (m ²) (Note 1)	Assessed value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen) (Note 3)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	30-3 Jingu-mae 4-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,918.43	61,275	44,573
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,609.75	10,800	11,570
	Q plaza EBISU	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	11,700	8,160
	Kyoto Karasuma Parking Building	678 Motohonenjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	10,400	8,660
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	26,800	20,209
	A-FLAG SAPPORO	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	7,670	4,780
	A-FLAG SHIBUYA	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,403.07	7,910	6,358
	Q plaza SHINSAIBASHI	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	2,820.23	14,300	13,380
	A-FLAG KOTTO DORI	4-40, Minami-Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,656.53	4,850	4,388
	A-FLAG BIJUTSUKAN DORI	3-16, Minami-Aoyama 6-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,994.65	4,860	4,708
	A-FLAG DAIKANYAMA WEST	11-6, Sarugakucho, Shibuya-ku, Tokyo	Trust beneficiary interests	2,579.08	2,300	2,433
	A-FLAG KITA SHINSAIBASHI	10-11, Minami Senba 3-chome, Chuo-ku, Osaka city, Osaka	Trust beneficiary interests	2,538.13	4,670	4,830
	DECKS Tokyo Beach (Note 4)	6-1, Daiba 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	16,119.47	12,642	12,932
	Tokyu Plaza Ginza (Land) (Note 4)	2-1, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficiary interests	1,130.04	39,000	37,895
	Q plaza HARAJUKU (Note 4)	28-6, Jingu-mae 6-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,378.49	12,800	13,313
Subtotal				124,671.85	231,977	198,195
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	11,900	7,160
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.49	15,900	9,449
	A-PLACE Yoyogi	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,880	3,832
	A-PLACE Aoyama	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	10,700	8,535
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	6,390	4,349
	TAMACHI SQUARE (Land)	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	2,840	2,362
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	5,470	3,654
	A-PLACE Shinbashi	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,054.19	7,330	5,751
	A-PLACE Gotanda	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	8,180	5,401
	A-PLACE Shinagawa	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	6,250	3,773
	OSAKI WIZTOWER	11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	14,600	10,471
	Shiodome Building (Note 4)	2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	28,136.05	78,050	70,502
	A-PLACE Ebisu Higashi (Note 5)	13-11 Higashi 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,010.69	7,670	7,013
	A-PLACE Shibuya Konnoh (Note 5)	3-1 Shibuya 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,010.53	5,700	4,921
	A-PLACE Gotanda Ekimae	5-1 Nishigotanda 1-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,333.64	7,810	7,617
	A-PLACE Shinagawa Higashi	7-18 Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	14,658.98	21,600	18,790
	Ebisu Prime Square (Note 4)	1-9,39,40 Hiroo 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	18,063.03	31,300	31,044
Subtotal				126,352.43	246,570	204,632

Property name		Location	Asset type	Total leasable area (m ²) (Note 1)	Assessed value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen) (Note 3)
Activia Account Properties	Amagasaki Q's MALL (Land)	3-1 Shioe 1-chome, Amagasaki City, Hyogo (main building) 2-3 Shioe 1-chome, Amagasaki City, Hyogo (sports club)	Trust beneficiary interests	27,465.44	14,200	12,113
	icot Nakamozu	428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka	Trust beneficiary interests	28,098.02	10,600	7,977
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,240	2,587
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	3,950	2,558
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.90	8,600	6,132
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,226.77	16,700	11,133
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.78 (Note 5)	6,860	5,676
	Market Square Sagamihara	777-2 Shimokuzawa, Chuo-ku, Sagamihara City, Kanagawa	Trust beneficiary interests	15,152.42	5,010	4,591
	Umeda Gate Tower	1-9, Tsurunocho, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	13,566.95	21,400	19,107
	A-PLACE Bashamichi	43 Honcho 4-chome, Naka-ku, Yokohama City, Kanagawa	Trust beneficiary interests	9,710.91	4,760	4,036
	Commercial Mall Hakata	6-40, Tokojimachi 2-chome, Hakata-ku, Fukuoka city, Fukuoka	Trust beneficiary interests	9,612.88	5,960	6,289
	EDGE Shinsaibashi	2-3, Nishi Shinsaibashi 2-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	15,897.10	21,100	19,991
	Subtotal			174,468.80	122,380	102,196
	Total			425,493.08	600,927	505,024

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of May 31, 2021 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 2021.

(Note 2) The appraisal of each property is commissioned to the Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., Japan Valuers Co., Ltd. or JLL Morii Valuation & Advisory K.K.. Assessed value at end of period stands for the appraised value described in each real estate appraisal report, with May 31, 2021 taken as the point of evaluation.

(Note 3) Book value at end of period stands for the book value minus depreciation as of May 31, 2021, rounded down to the nearest ¥ million.

(Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Tokyu Plaza Ginza (Land), Q plaza HARAJUKU, Shiodome Building and Ebisu Prime Square the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50%, 49%, 30%, 60%, 35%, and 51%, respectively).

(Note 5) The calculation of total leasable area for icot Omori includes part of an external bicycle parking lot (approximately 21 m²) and part of a common area on the second floor (approximately 28 m²).

Changes in key figures in the rental business (figures by property owned and under management by the Investment Corporation)

Property name		18th period (From June 1, 2020 to November 30, 2020)				19th period (From December 1, 2020 to May 31, 2021)			
		Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	33	98.6	1,129	7.5	32	99.34	934	6.4
	Tokyu Plaza Akasaka (Note 4)	90	97.1	576	3.8	90	96.8	509	3.5
	Q plaza EBISU	4	100.0	217	1.4	4	100.0	270	1.8
	Kyoto Karasuma Parking Building	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	637	4.2	7	100.0	691	4.7
	A-FLAG SAPPORO	15	98.3	525	3.5	12	96.0	396	2.7
	A-FLAG SHIBUYA	2	100.0	197	1.3	2	100.0	215	1.5
	Q plaza SHINSAIBASHI	6	100.0	320	2.1	6	100.0	345	2.3
	A-FLAG KOTTO DORI	8	100.0	119	0.8	7	88.9	116	0.8
	A-FLAG BIJUTSUKAN DORI	4	100.0	111	0.7	4	100.0	124	0.8
	A-FLAG DAIKANYAMA WEST	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-FLAG KITA SHINSAIBASHI	5	100.0	91	0.6	5	100.0	94	0.6
	DECKS Tokyo Beach (Note 4)	77	96.8	488	3.2	77	94.9	440	3.0
	Tokyu Plaza Ginza (Land) (Note 4)	1	100.0	581	3.9	1	100.0	581	3.9
	Q plaza HARAJUKU (Note 4)	16	100.0	215	1.4	14	95.2	229	1.6
	Subtotal	271	98.9	—	—	264	97.8	—	—
Tokyo Office Properties	TLC Ebisu Building	11	93.2	330	2.2	11	88.7	319	2.2
	A-PLACE Ebisu Minami	9	92.3	385	2.6	10	100.0	361	2.5
	A-PLACE Yoyogi	3	100.0	138	0.9	4	100.0	127	0.9
	A-PLACE Aoyama	8	100.0	316	2.1	8	100.0	299	2.0
	Luogo Shiodome	7	100.0	189	1.3	6	87.3	172	1.2
	TAMACHI SQUARE (Land)	1	100.0	62	0.4	1	100.0	62	0.4
	A-PLACE Ikebukuro	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-PLACE Shinbashi	10	100.0	207	1.4	10	100.0	207	1.4
	A-PLACE Gotanda	11	100.0	201	1.3	11	100.0	201	1.4
	A-PLACE Shinagawa	8	100.0	138	0.9	8	100.0	142	1.0
	OSAKI WIZTOWER	5	100.0	351	2.3	6	100.0	372	2.5
	Shiodome Building (Note 4)	38	99.7	1,546	10.3	36	99.5	1,506	10.2
	A-PLACE Ebisu Higashi	7	100.0	187	1.2	7	100.0	188	1.3
	A-PLACE Shibuya Konnoh	4	100.0	131	0.9	4	100.0	134	0.9
	A-PLACE Gotanda Ekimae	11	88.6	197	1.3	11	100.0	170	1.2
	A-PLACE Shinagawa Higashi	8	100.0	562	3.7	7	95.2	563	3.8
	Ebisu Prime Square(Note 4)	102	94.2	824	5.5	103	89.6	804	5.5
	Subtotal	244	97.8	—	—	244	96.7	—	—

Property name		18th period (From June 1, 2020 to November 30, 2020)				19th period (From December 1, 2020 to May 31, 2021)			
		Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Activia Account Properties	Amagasaki Q's MALL (Land)	1	100.0	356	2.4	1	100.0	356	2.4
	icot Nakamozu	2	100.0	310	2.1	2	100.0	310	2.1
	icot Mizonokuchi	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	icot Tama Center	10	100.0	139	0.9	10	100.0	142	1.0
	A-PLACE Kanayama	21	100.0	303	2.0	21	100.0	288	2.0
	Osaka Nakanoshima Building	39	100.0	551	3.7	38	99.5	548	3.7
	icot Omori	8	100.0	208	1.4	8	100.0	220	1.5
	Market Square Sagamihara	3	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
	Umeda Gate Tower	17	100.0	469	3.1	17	100.0	460	3.1
	A-PLACE Bashamichi	36	100.0	199	1.3	36	100.0	196	1.3
	Commercial Mall Hakata	18	92.7	209	1.4	17	87.0	192	1.3
	EDGE Shinsaibashi	22	100.0	507	3.4	21	100.0	578	3.9
	Subtotal	178	99.6	—	—	175	99.2	—	—
Total		711	98.9	98.9	100.0	683	98.1	14,715	100.0

(Note 1) The number of tenants refers to the total number of tenants for each property at the end of each fiscal period, based on each lease agreement. In the case where a master lease agreement is in place, the number of end tenants is counted. In the case of a property for which only land is acquired, the total number of tenants on the land is counted.

(Note 2) Occupancy rate refers to the percentage of leased area to leasable area for each property as of the end of each fiscal period, rounding down to the first decimal place.

(Note 3) Rental revenue includes other rental revenue.

(Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, A-FLAG Akasaka, DECKS Tokyo Beach, Tokyu plaza Ginza (Land), Q plaza HARAJUKU, Shiodome Building and Ebisu Prime Square the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50%, 50%, 49%, 30%, 60%, 35% and 51%, respectively).

(Note 5) Rental revenue and the ratio of rental revenue to total rental revenues are not disclosed, as consent from tenants has not been obtained.

4) Details of Specified Transaction

The outstanding contract amount and fair value of specified transactions as of the end of the fiscal period under review are as follows:

(Thousands of yen)				
Classification	Transaction	Notional contract amount (Note 1)		Fair value (Note 2) (Note 3)
			Over 1 year	
Over-the-counter	Interest rate swaps (Receive floating pay fixed)	30,140,000	30,140,000	(39,646)
Total		30,140,000	30,140,000	(39,646)

(Note 1) The contract amount of interest rate swaps is presented based on its notional principal.

(Note 2) The statement of the fair value is omitted for those transactions that satisfy requirements for special treatment based on accounting standards for financial instruments.

(Note 3) Fair value is based on prices, etc. indicated by partner financial institutions.

5) Other Assets

There are no major incorporations of other specified assets that are the principal investment targets of the Investment Corporation as of the end of the fiscal period under review.

6) Ownership of Assets by Country and Region

Not applicable for countries and regions other than Japan.

4. Capital Expenditure for Assets under Management

(1) Scheduled Capital Expenditure

The following table shows major capital expenditure for renovation works, etc., scheduled for the properties owned by the Investment Corporation at the end of the fiscal period under review. The estimated construction cost below includes the portion expended for accounting purposes.

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (Millions of yen)		
			Total amount	Payment for the period	Total amount paid
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of substation equipment (First period)	From March 2022 to November 2022	560	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of substation equipment (Second period)	From November 2022 to May 2023	470	—	—
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Large-scale repair work (First period and Second period)	From December 2020 to November 2021	281	112	112
icot Nakamozu (Sakai, Osaka)	Large-scale repair work (SC Building)	From May 2021 to October 2021	189	—	—
Luogo Shiodome (Minato, Tokyo)	Replacement of air conditioning units (Second period)	From December 2020 to November 2021	140	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of two emergency elevators	From July 2021 to November 2022	140	—	—
A-FLAG SHIBUYA (Shibuya, Tokyo)	Renewal of escalators	From January 2022 to March 2022	74	—	—
TLC Ebisu Building (Shibuya, Tokyo)	Renovation work for mechanical parking facility	From May 2022 to May 2022	59	—	—
EDGE Shinsaibashi (Osaka, Osaka)	Maintenance of mechanical parking equipment (vertical rotary equipment) Replacement of main chains	From February 2021 to November 2021	27	—	—
Shiodome Building (Minato, Tokyo)	Installation of LED lighting (Second period)	From April 2021 to August 2021	26 (Note)	—	—
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Replacement of horizontal drainage piping of air conditioning units (Second period)	From April 2021 to November 2021	24	—	—
A-PLACE Yoyogi (Shibuya, Tokyo)	Installation of LED lighting	From June 2021 to August 2021	20	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Corrective actions based on matters pointed out during legally required inspections	From October 2021 to October 2021	17 (Note)	—	—
Kobe Kyu Kyoryuchi 25Bankan (Kobe, Hyogo)	Renovation of multilevel car park system (drive section)	From November 2021 to November 2021	11	—	—
A-FLAG KITA SHINSAIBASHI (Osaka, Osaka)	Replacement of substation equipment	From November 2021 to November 2021	10	—	—

(Note)The shown estimated construction cost with regard to Shiodome Building and Tokyu Plaza Akasaka is the amount equivalent to the ratio of the Investment Corporation's co-ownership beneficial interests in real estate trust (35% and 50%, respectively).

(2) Capital Expenditure during the Period

For assets held by the Investment Corporation in the 18th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended May 31, 2021 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended May31, 2021 amounted to ¥678 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended May 31, 2021 came to ¥384 million. On aggregate, construction work of ¥1,062 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (Millions of yen)
Luogo Shiodome (Minato, Tokyo)	Replacement of air conditioning units (First period)	From December 2020 to May 2021	124
A-PLACE Bashamichi (Yokohama, Kanagawa)	Large-scale repair work	From June 2020 to January 2021	103
A-PLACE Gotanda Ekimae (Shinagawa, Tokyo)	Large-scale repair work	From July 2020 to February 2021	82
DECKS Tokyo Beach (Minato, Tokyo)	Renovation of 3rd floor Seaside Deck	From January 2021 to May 2021	49 (Note)
Shiodome Building (Minato, Tokyo)	Installation of LED lighting (First period)	From October 2020 to March 2021	26 (Note)
Luogo Shiodome (Minato, Tokyo)	Installation of LED lighting in private areas	From February 2021 to May 2021	21
A-FLAG SAPPORO (Sapporo, Hokkaido)	Repair of mechanical parking equipment No. 3	From March 2021 to April 2021	20
Osaka Nakanoshima Building (Osaka, Osaka)	Repair work of substation equipment according to facility planning	From October 2020 to March 2021	16
Ebisu Prime Square (Shibuya, Tokyo)	Replacement of residential tower's calorimeter	From October 2020 to March 2021	12 (Note)
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Renovation work for roof deck (Second period)	From February 2021 to March 2021	10 (Note)
A-FLAG SHIBUYA (Shibuya, Tokyo)	Renewal of elevator controls	From January 2021 to January 2021	10
Other			200
Total			678

(3) Money Accumulated for Long-Term Repair Plan

Not applicable

5. Expenses and Liabilities

(1) Details of Expenses Related to Asset Management, etc.

Item	(Thousands of yen)	
	18th period (From June 1, 2020 to November 30, 2020)	19th period (From December 1, 2020 to May 31, 2021)
(a) Asset management fees	1,120,034	1,104,682
(b) Asset custody fees	14,905	14,884
(c) Administrative service fees	37,280	37,015
(d) Directors' compensation	3,300	3,300
(e) Other operating expenses	81,227	84,835
Total	1,256,747	1,244,717

(2) Borrowings

The status of borrowings from financial institutions as of May 31, 2021 is as follows:

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender							
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	2,000,000	—	0.18079%	January 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		2,000,000	—				
	MUFG Bank, Ltd.		1,000,000	—				
	Sumitomo Mitsui Trust Bank, Limited	November 30, 2020	506,000	—	0.20464%	November 30, 2021	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		506,000	—				
	MUFG Bank, Ltd.		506,000	—				
Total			6,518,000	—				
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	December 19, 2013	1,060,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,060,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,060,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,060,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	January 10, 2014	530,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		530,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,340,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,340,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	January 10, 2014	1,340,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,340,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		670,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		670,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Nippon Life Insurance Company	March 31, 2017	500,000	—	0.25000%	March 31, 2021	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	3,920,000	3,920,000	0.22246%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		3,920,000	3,920,000				
	MUFG Bank, Ltd.		1,970,000	1,970,000				
	Sumitomo Mitsui Banking Corporation	January 10, 2019	1,970,000	1,970,000	0.36607%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		1,970,000	1,970,000				
	Sumitomo Mitsui Trust Bank, Limited		January 5, 2018	320,000	320,000	0.41931%	December 28, 2021	(Note 3)
	MUFG Bank, Ltd.	640,000		640,000				
	Mizuho Bank, Ltd.	320,000		320,000				
	Sumitomo Mitsui Banking Corporation	160,000		160,000				
	Development Bank of Japan Inc.		160,000	160,000				
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2015	840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	January 9, 2022	420,000	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		420,000	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	1,420,000	1,420,000	0.21746%	January 11, 2022	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,420,000	1,420,000				
	MUFG Bank, Ltd.		720,000	720,000				
	Sumitomo Mitsui Banking Corporation		720,000	720,000				
	Development Bank of Japan Inc.	January 10, 2020	720,000	720,000	0.31571%	January 11, 2022	(Note 4)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender							
Long-term loans payable (Note 2)	Mizuho Trust & Banking Co., LTD.	March 31, 2015	2,000,000	2,000,000	0.68500%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank		500,000	500,000				
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	March 31, 2017	400,000	400,000	0.30630%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed
	The 77 Bank, Ltd.		400,000	400,000				
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500,000	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,500,000	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,500,000	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,500,000	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	December 16, 2015	200,000	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		200,000	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		200,000	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		200,000	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		100,000	100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		100,000	100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	1,560,000	1,560,000	0.44835%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,560,000	1,560,000				
	MUFG Bank, Ltd.		1,560,000	1,560,000				
	Sumitomo Mitsui Banking Corporation		160,000	160,000				
	Development Bank of Japan Inc.		160,000	160,000				

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender							
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 9, 2019	620,000	620,000	0.38236%	January 10, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		620,000	620,000				
	MUFG Bank, Ltd.		620,000	620,000				
	Sumitomo Mitsui Banking Corporation		320,000	320,000				
	Development Bank of Japan Inc.		320,000	320,000				
	Sumitomo Mitsui Trust Bank, Limited	September 30, 2015	1,250,000	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,250,000	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,250,000	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,250,000	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	750,000	750,000	0.44804%	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		750,000	750,000				
	MUFG Bank, Ltd.		750,000	750,000				
	Sumitomo Mitsui Banking Corporation		375,000	375,000				
	Development Bank of Japan Inc.		375,000	375,000				
	Sumitomo Mitsui Trust Bank, Limited	October 6, 2016	800,000	800,000	0.38472%	April 6, 2023	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,600,000	1,600,000				
	Mizuho Bank, Ltd.		800,000	800,000				
	Sumitomo Mitsui Banking Corporation		400,000	400,000				
	Development Bank of Japan Inc.		400,000	400,000				
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500,000	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,500,000	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,500,000	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,500,000	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	December 16, 2015	625,000	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		625,000	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,250,000	1,250,000	0.46400%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		2,500,000	2,500,000				
	Mizuho Bank, Ltd.		1,250,000	1,250,000				
	Taiyo Life Insurance Company	March 31, 2017	500,000	500,000	0.35998%	September 29, 2023	(Note 4)	Unsecured, non-guaranteed
	Mitsui Sumitomo Insurance Company, Limited		500,000	500,000				
	Resona Bank, Limited.	March 31, 2020	1,500,000	1,500,000	0.19371%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed
	The Gunma Bank, Ltd.	March 31, 2020	500,000	500,000	0.23371%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender							
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 12, 2016	1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		700,000	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		700,000	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	1,420,000	1,420,000	0.34459%	January 12, 2024	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,420,000	1,420,000				
	MUFG Bank, Ltd.		720,000	720,000				
	Sumitomo Mitsui Banking Corporation		720,000	720,000				
	Development Bank of Japan Inc.	March 31, 2017	2,000,000	2,000,000	0.41380%	March 29, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co., LTD.		1,500,000	1,500,000				
	Resona Bank, Limited.		1,000,000	1,000,000				
	The Bank of Fukuoka, Ltd.		500,000	500,000				
	Shinkin Central Bank		500,000	500,000				
	The Norinchukin Bank	December 16, 2015	1,200,000	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,200,000	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,200,000	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,200,000	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		600,000	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	June 13, 2016	1,500,000	1,500,000	0.33150% (Note 5)	June 17, 2024	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		3,000,000	3,000,000				
	Mizuho Bank, Ltd.	June 13, 2016	1,500,000	1,500,000	0.36900% (Note 5)	December 13, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,500,000	1,500,000				
	MUFG Bank, Ltd.		3,000,000	3,000,000				
	Mizuho Bank, Ltd.	September 21, 2016	1,200,000	1,200,000	0.54094%	March 21, 2025	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,400,000	2,400,000				
	MUFG Bank, Ltd.		1,200,000	1,200,000				
	Mizuho Bank, Ltd.		600,000	600,000				
	Sumitomo Mitsui Banking Corporation		600,000	600,000				
	Development Bank of Japan Inc.	March 31, 2021	—	500,000	0.25000%	March 31, 2025	(Note 4)	Unsecured, non-guaranteed
	Nippon Life Insurance Company		—	500,000	0.25000%	March 31, 2025	(Note 4)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender							
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	March 16, 2017	1,800,000	1,800,000	0.70169%	September 16, 2025	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,600,000	3,600,000				
	Mizuho Bank, Ltd.		1,800,000	1,800,000				
	Sumitomo Mitsui Banking Corporation		900,000	900,000				
	Development Bank of Japan Inc.		900,000	900,000				
	Mizuho Trust & Banking Co.,LTD.	March 16, 2018	440,000	440,000	0.46453%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.		440,000	440,000				
	The Bank of Fukuoka, Ltd.		440,000	440,000				
	Shinkin Central Bank		440,000	440,000				
	The Norinchukin Bank		440,000	440,000				
	THE NISHI-NIPPON CITY BANK, LTD.	March 30, 2018	500,000	500,000	0.58630%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed
	The Bank of Kyoto,Ltd.		300,000	300,000				
	Sumitomo Mitsui Trust Bank, Limited		500,000	500,000				
	Mizuho Bank, Ltd.		500,000	500,000				
	MUFG Bank, Ltd.		500,000	500,000				
	Sumitomo Mitsui Banking Corporation	August 29, 2019	250,000	250,000	0.09313%	February 27, 2026	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		250,000	250,000				
	Mizuho Trust & Banking Co.,LTD.	September 21, 2016	1,500,000	1,500,000	0.61942%	March 19, 2026	(Note 3)	Unsecured, non-guaranteed
	Shinkin Central Bank		1,500,000	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited		2,100,000	2,100,000				
	MUFG Bank, Ltd.		4,200,000	4,200,000				
	Mizuho Bank, Ltd.		2,100,000	2,100,000				
	Sumitomo Mitsui Banking Corporation	December 13, 2016	1,050,000	1,050,000	0.69796%	June 12, 2026	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		1,050,000	1,050,000				
	Sumitomo Mitsui Banking Corporation	March 7, 2019	6,000,000	6,000,000	0.35765%	September 7,2026	(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.		1,100,000	1,100,000				
	Resona Bank, Limited.		1,100,000	1,100,000				
	The Bank of Fukuoka, Ltd.		1,100,000	1,100,000				
	The Norinchukin Bank		1,100,000	1,100,000				
	The 77 Bank, Ltd.	June 13, 2017	600,000	600,000	0.71015%	December 14, 2026	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,750,000	1,750,000				
	MUFG Bank, Ltd.		3,500,000	3,500,000				
	Mizuho Bank, Ltd.	June 28, 2019	1,750,000	1,750,000	0.23004%	December 28, 2026	(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.		1,200,000	1,200,000				
	The Norinchukin Bank		1,200,000	1,200,000				

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender							
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 9, 2018	780,000	780,000	0.70698%	January 9, 2027	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,560,000	1,560,000				
	Mizuho Bank, Ltd.		780,000	780,000				
	Sumitomo Mitsui Banking Corporation		390,000	390,000				
	Development Bank of Japan Inc.		390,000	390,000				
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	950,000	950,000	0.43349%	January 12, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		950,000	950,000				
	MUFG Bank, Ltd.		950,000	950,000				
	Sumitomo Mitsui Banking Corporation		475,000	475,000				
	Development Bank of Japan Inc.		475,000	475,000				
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	2,200,000	2,200,000	0.73360%	June 13, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		2,200,000	2,200,000				
	MUFG Bank, Ltd.		2,200,000	2,200,000				
	Sumitomo Mitsui Banking Corporation		200,000	200,000				
	Development Bank of Japan Inc.	January 5, 2018	200,000	200,000	0.74869%	July 5, 2027	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		320,000	320,000				
	MUFG Bank, Ltd.		640,000	640,000				
	Mizuho Bank, Ltd.		320,000	320,000				
	Sumitomo Mitsui Banking Corporation	April 19, 2019	160,000	160,000	0.54375% (Note 5)	July 5, 2027	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		160,000	160,000				
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000				
	Mizuho Bank, Ltd.		1,000,000	1,000,000				
	MUFG Bank, Ltd.	March 31, 2020	1,000,000	1,000,000	0.28500%	September 30,2027	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank		500,000	500,000				
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	3,210,000	3,210,000	0.55800% (Note 5)	January 11, 2028	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		3,210,000	3,210,000				
	MUFG Bank, Ltd.		1,610,000	1,610,000				
	Sumitomo Mitsui Banking Corporation	January 10, 2019	1,610,000	1,610,000	0.65264%	January 11, 2028	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		1,610,000	1,610,000				
	Sumitomo Mitsui Trust Bank, Limited	May 31, 2019	1,165,000	1,165,000	0.56127%	May 31, 2028	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,165,000	1,165,000				
	MUFG Bank, Ltd.		590,000	590,000				
	Sumitomo Mitsui Banking Corporation		590,000	590,000				
	Development Bank of Japan Inc.		590,000	590,000				

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender							
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	July 9, 2019	420,000	420,000	0.49281%	July 10, 2028	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		420,000	420,000				
	MUFG Bank, Ltd.		420,000	420,000				
	Sumitomo Mitsui Banking Corporation		220,000	220,000				
	Development Bank of Japan Inc.		220,000	220,000				
	Mizuho Trust & Banking Co.,LTD.	January 12, 2021	—	1,500,000	0.27935%	July 12, 2028	(Note 4)	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.		—	1,500,000				
	The 77 Bank, Ltd.		—	1,000,000				
	THE NISHI- NIPPON CITY BANK, LTD.		—	1,000,000				
	Development Bank of Japan Inc.	June 13, 2019	6,000,000	6,000,000	0.56511%	December 13,2028	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	Decembe r 21,2020	—	1,320,000	0.45403%	December 21,2029	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	1,320,000				
	MUFG Bank, Ltd.		—	1,320,000				
	Sumitomo Mitsui Banking Corporation		—	670,000				
	Development Bank of Japan Inc.		—	670,000				
	Sumitomo Mitsui Trust Bank, Limited	January 12, 2021	—	1,670,000	0.45882%	January 12, 2030	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	1,670,000				
	MUFG Bank, Ltd.		—	1,670,000				
	Sumitomo Mitsui Banking Corporation		—	845,000				
	Development Bank of Japan Inc.		—	845,000				
Total			216,350,000	221,350,000				

(Note 1) Weighted average rate, rounding to the sixth decimal place.

(Note 2) Long-term loans payable include current portion.

(Note 3) Use of the borrowings is acquisition of the real estate trust beneficiary interests.

(Note 4) Use of the borrowings is appropriated to repayment of outstanding loans payable.

(Note 5) This long-term loans payable is hedged by interest rate swap contract. The average interest rate reflects the effectiveness of this hedging instrument.

(Note 6) The role of Mitsubishi UFJ Trust and Banking Corporation as a lender has been taken over by MUFG Bank, Ltd. On April 16, 2018.

Investment Corporation Bonds

Name of bonds	Issuance date	Balance as of November 30, 2020 (millions of yen)	Balance as of May 31, 2021 (millions of yen)	Interest rate (%)	Maturity date	Repayment method	Use of proceeds	Remarks
The 3rd Unsecured Investment Corporation Bond	April 21, 2015	2,000	2,000	0.726	April 21, 2025	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 4th Unsecured Investment Corporation Bond	February 3, 2016	2,000	2,000	0.770	February 3, 2026	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 6th Unsecured Investment Corporation Bond	February 2, 2017	1,000	1,000	0.480	February 2, 2027	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 7th Unsecured Investment Corporation Bond	February 2, 2017	1,000	1,000	0.810	February 2, 2032	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 8th Unsecured Investment Corporation Bond	February 13, 2018	1,000	1,000	0.160	August 12, 2022	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 9th Unsecured Investment Corporation Bond	February 13, 2018	1,000	1,000	1.050	February 12, 2038	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 10th Unsecured Investment Corporation Bond (Green Bond)	July 9, 2019	5,000	5,000	0.220	July 9, 2024	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 11th Unsecured Investment Corporation Bond (Green Bond)	November 18, 2019	4,000	4,000	0.530	November 16, 2029	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 12th Unsecured Investment Corporation Bond (Green Bond)	October 21, 2020	4,500	4,500	0.510	October 21, 2030	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 13th Unsecured Investment Corporation Bond	February 9, 2021	—	1,300	0.750	February 8, 2036	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
Total		21,500	22,800					

(Note) The Investment Corporation may repurchase and cancel bonds at any time after the date of payment unless otherwise specified by the Japan Securities Depository Center, Inc.

(3) Short-Term Investment Corporation Bonds

Not applicable

(4) Subscription Rights for New Investment Units

Not applicable

6. Buying and Selling during the Period

(1) Buying and Selling, etc., of Real Estate and Asset-Backed Securities, etc., Infrastructure Assets, etc. and Infrastructure-Related Assets

Not applicable

(2) Buying and Selling, etc. of Other Assets

Not applicable. In addition, the Investment Corporation’s assets other than the above-mentioned real estate and asset-backed securities are mostly comprised of direct bank deposits and bank deposits in trust.

(3) Survey of Prices, etc. of Specified Assets

1) Real Estate

Not applicable

2) Others

Not applicable

(4) Transactions between Interested Parties

Not applicable

Commissions Paid

Category	Total amount (A) (thousands of yen)	Breakdown of transactions with interested parties		(B) / (A) (%)
		Paid to	Amount (B) (thousands of yen)	
Property management fee	472,365	Tokyu Community Corp.	235,576	49.9
		Tokyu Land SC Management Corporation	119,336	25.3
		Tokyu Land Corporation	64,929	13.7
		Tokyu Housing Leace Corporation	2,980	0.6
Building management fee	781,226	Tokyu Community Corp.	656,857	84.1
Construction management fee	11,693	Tokyu Community Corp.	65,322	45.5
		Tokyu Land SC Management Corporation	3,001	25.7
		Tokyu Land Corporation	1,470	12.6
Other management operation expenses	60,671	Tokyu Community Corp.	8,226	13.6
Other lease business expenses	282,797	Tokyu Community Corp.	58,480	20.7
		Tokyu Land Corporation	3,585	1.3
		Tokyu Archiects & Engineers INC.	,814	0.3
		HANDS LAB INC.	790	0.3

(Note 1) The term “Interested parties” refers to interested parties of Asset Management Companies as stipulated by Article 201, Paragraph 1 of the Investment Trust Act, Article 123 of the Enforcement Ordinances of the Act on Investment Trust and Investment Corporation of Japan and Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations, issued by The Investment Trusts Association, Japan.

(Note 2) Other than commission paid as referred to above, construction works ordered to interested parties are as follows:

Tokyu Community Corp.	¥125,953 thousand
Tokyu Re・design Corporation	¥79,467 thousand
Tokyu Land SC Management Corporation	¥2,657 thousand
Ishikatsu Exterior Inc	¥1,702 thousand

(5) Transactions between the Asset Manager in Other Businesses of the Asset Manager

No relevant matter exists under this subject as the asset manager (TLC REIT Management Inc.) does not engage in any other business such as the first- or second-type financial instruments businesses under the Financial Instruments and Exchange Act, the building lots and buildings transaction business, or the real estate joint enterprise.

7. Accounting Status

(1) Assets, Liabilities, Principal, and Profit and Loss

Please refer to “II. Balance Sheets,” “III. Statements of Operations,” “IV. Statements of Changes in Unitholders’ Equity,” “V. Statements of Cash Distributions” and “VII. Notes to Financial Statements.”

(2) Changes in the Calculation Method of Depreciation Expenses

Not applicable

(3) Changes in the Evaluation Method of Real Estate, etc. and Infrastructure Assets, etc.

Not applicable

8. Other

(1) Beneficiary Certificates of Investment Trusts, etc. Set Up by the Company

Not applicable

(2) Announcements

Not applicable

(3) Status of Companies Owning Real Estate Overseas

Not applicable

(4) Status of Real Estate Owned by Companies Owning Real Estate Overseas

Not applicable

(5) Other

For the purpose of this report, the numbers for amounts below unit and percentages are rounded to units, unless otherwise mentioned specifically.

Financial Statements
II. Balance Sheets

(Unit: Thousands of yen)

	As of November 30, 2020	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	14,125,013	14,227,970
Cash and deposits in trust	3,426,066	3,653,881
Operating accounts receivable	645,887	601,413
Prepaid expenses	349,034	569,141
Other	5,694	6,566
Total current assets	18,551,695	19,058,973
Non-current assets		
Property, plant and equipment		
Buildings in trust	85,235,526	85,760,008
Accumulated depreciation	(15,209,363)	(16,450,302)
Buildings in trust, net	70,026,162	69,309,705
Structures in trust	741,007	805,357
Accumulated depreciation	(233,660)	(252,555)
Structures in trust, net	507,346	552,802
Machinery and equipment in trust	1,397,285	1,422,969
Accumulated depreciation	(425,855)	(462,948)
Machinery and equipment in trust, net	971,430	960,021
Tools, furniture and fixtures in trust	282,268	302,469
Accumulated depreciation	(161,686)	(181,133)
Tools, furniture and fixtures in trust, net	120,582	121,335
Land in trust	424,862,322	424,862,322
Construction in progress in trust	34,458	163,000
Total property, plant and equipment	496,522,302	495,969,188
Intangible assets		
Land leasehold interests in trust	9,055,086	9,055,086
Other	932	678
Total intangible assets	9,056,018	9,055,764
Investments and other assets		
Long-term prepaid expenses	1,102,057	1,144,625
Deferred tax assets	16	2
Other	38,322	38,322
Total investments and other assets	1,140,397	1,182,950
Total non-current assets	506,718,718	506,207,903
Deferred assets		
Investment corporation bond issuance costs	108,108	112,210
Total deferred assets	108,108	112,210
Total assets	525,378,522	525,379,087

(Unit: Thousands of yen)

	As of November 30, 2020	As of May 31, 2021
Liabilities		
Current liabilities		
Operating accounts payable	1,033,314	1,078,246
Short-term borrowings	6,518,000	—
Current portion of long-term borrowings	26,250,000	27,850,000
Accounts payable - other	86,271	13,719
Accrued expenses	945,284	918,728
Income taxes payable	941	637
Accrued consumption taxes	318,300	263,790
Advances received	538,488	695,615
Deposits received	575	753
Total current liabilities	35,691,175	30,821,491
Non-current liabilities		
Investment corporation bonds	21,500,000	22,800,000
Long-term borrowings	190,100,000	193,500,000
Leasehold and guarantee deposits received in trust	22,353,035	22,636,356
Derivatives liabilities	28,584	39,646
Total non-current liabilities	233,981,620	238,976,003
Total liabilities	269,672,796	269,797,494
Net assets		
Unitholders' equity		
Unitholders' capital	248,370,846	248,370,846
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*3 (3,084)	*3 (28,535)
Total deduction from unitholders' capital	(3,084)	(28,535)
Unitholders' capital, net	248,367,761	248,342,311
Surplus		
Unappropriated retained earnings (undisposed loss)	7,366,549	7,278,928
Total surplus	7,366,549	7,278,928
Total unitholders' equity	255,734,310	255,621,239
Valuation and translation adjustments		
Deferred gains or losses on hedges	(28,584)	(39,646)
Total valuation and translation adjustments	(28,584)	(39,646)
Total net assets	*2 255,705,726	*2 255,581,592
Total liabilities and net assets	525,378,522	525,379,087

III. Statements of Operations

(Unit: Thousands of yen)				
	Previous fiscal period		Current fiscal period	
	(From June 1, 2020 to November 30, 2020)		(From December 1, 2020 to May 31, 2021)	
Operating revenue				
Leasing business revenue	*1, *3	14,009,287	*1, *3	13,765,352
Other leasing business revenue	*1, *3	1,037,494	*1, *3	950,325
Gain on sales of real estate properties	*2	26,732	*2	—
Total operating revenue		15,073,515		14,715,678
Operating expenses				
Expenses related to leasing business	*1	5,588,521	*1	5,369,825
Asset management fee		1,120,034		1,104,682
Asset custody fee		14,905		14,884
Administrative service fees		37,280		37,015
Remuneration for directors (and other officers)		3,300		3,300
Other operating expenses		81,227		84,835
Total operating expenses		6,845,268		6,614,543
Operating profit		8,228,246		8,101,135
Non-operating income				
Interest income		78		85
Reversal of distributions payable		1,158		1,188
Insurance claim income		7,334		—
Total non-operating income		8,570		1,273
Non-operating expenses				
Interest expenses		634,346		598,377
Interest expenses on investment corporation bonds		46,159		57,807
Amortization of investment corporation bond issuance costs		7,684		8,841
Borrowing related expenses		184,162		186,412
Other		500		500
Total non-operating expenses		872,851		851,939
Ordinary profit		7,363,965		7,250,469
Profit before income taxes		7,363,965		7,250,469
Income taxes - current		953		650
Income taxes - deferred		(5)		14
Total income taxes		947		665
Profit		7,363,018		7,249,804
Retained earnings brought forward		3,530		29,124
Unappropriated retained earnings (undisposed loss)		7,366,549		7,278,928

IV. Statements of Changes in Unitholders' Equity

Previous fiscal period (From June 1, 2020 to November 30, 2020)

(Unit: Thousands of yen)							
	Unitholders' equity						
	Unitholders' capital				Surplus		Total unitholders' equity
	Unitholders' capital	Allowance for temporary difference adjustments	Total deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus	
Balance at beginning of period	248,370,846	—	—	248,370,846	7,333,243	7,333,243	255,704,090
Changes during period							
Dividends of surplus					(7,329,712)	(7,329,712)	(7,329,712)
Distributions in excess of earnings from allowance for temporary difference adjustments		(3,084)	(3,084)	(3,084)			(3,084)
Profit					7,363,018	7,363,018	7,363,018
Net changes in items other than unitholders' equity							
Total changes during period	—	(3,084)	(3,084)	(3,084)	33,305	33,305	30,220
Balance at end of period	248,370,846	(3,084)	(3,084)	248,367,761	7,366,549	7,366,549	255,734,310

(Unit: Thousands of yen)			
	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(3,443)	(3,443)	255,700,646
Changes during period			
Dividends of surplus			(7,329,712)
Distributions in excess of earnings from allowance for temporary difference adjustments			(3,084)
Profit			7,363,018
Net changes in items other than unitholders' equity	(25,141)	(25,141)	(25,141)
Total changes during period	(25,141)	(25,141)	5,079
Balance at end of period	(28,584)	(28,584)	255,705,726

Current fiscal period (From December 1, 2020 to May 31, 2021)

(Unit: Thousands of yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Total unitholders' equity
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus	
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital				
Balance at beginning of period	248,370,846	(3,084)	(3,084)	248,367,761	7,366,549	7,366,549	255,734,310
Changes during period							
Dividends of surplus					(7,337,425)	(7,337,425)	(7,337,425)
Distributions in excess of earnings from allowance for temporary difference adjustments		(25,450)	(25,450)	(25,450)			(25,450)
Profit					7,249,804	7,249,804	7,249,804
Net changes in items other than unitholders' equity							
Total changes during period	—	(25,450)	(25,450)	(25,450)	(87,620)	(87,620)	(113,071)
Balance at end of period	248,370,846	(28,535)	(3,084)	248,342,311	7,278,928	7,278,928	255,621,239

(Unit: Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(28,584)	(28,584)	255,705,726
Changes during period			
Dividends of surplus			(7,337,425)
Distributions in excess of earnings from allowance for temporary difference adjustments			(25,450)
Profit			7,249,804
Net changes in items other than unitholders' equity	(11,062)	(11,062)	(11,062)
Total changes during period	(11,062)	(11,062)	(124,133)
Balance at end of period	(39,646)	(39,646)	255,581,592

V. Statements of Cash Distributions

	Previous fiscal period (From June 1, 2020 to November 30, 2020)	Current fiscal period (From December 1, 2020 to May 31, 2021)
	Amount	Amount
I Unappropriated retained earnings	¥7,366,549,137	¥7,278,928,158
II Additional amount of cash distributions in excess of earnings	¥25,450,392	¥11,568,360
Of which, allowance for temporary difference adjustments	¥25,450,392	¥11,568,360
III Distributions	¥7,362,875,528	¥7,250,276,824
[Cash distributions per unit]	[¥9,547]	[¥9,401]
Of which, distributions of earnings	¥7,337,425,136	¥7,238,708,464
[Of which, distributions of earnings per unit]	[¥9,514]	[¥9,386]
Of which, allowance for temporary difference adjustments	¥25,450,392	¥11,568,360
[Of which, cash distributions in excess of earnings per unit (Related to allowance for temporary difference adjustments)]	[¥33]	[¥15]
IV Earnings carried forward	¥29,124,001	¥40,219,694
Calculation method for distributions	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions of profits of ¥7,337,425,136, which is the amount of the net profit defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, except a fraction of less than ¥1 of distributions per investment unit. Based on the policy on distribution of cash exceeding net profit set forth in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥25,450,392 as distributions related to allowance for temporary difference adjustments, calculated to exclude a fraction of less than ¥1 of distributions in excess of earnings per investment unit from the amount equivalent to ¥25,499,775, which is calculated by deducting ¥3,084,896 of temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations) from deferred losses on hedges of ¥28,584,671, in the current fiscal period. As a result, distributions are to amount to ¥7,362,875,528 for the fiscal period under review.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions of profits of ¥7,238,708,464, which is the amount of the net profit defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, except a fraction of less than ¥1 of distributions per investment unit. Based on the policy on distribution of cash exceeding net profit set forth in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥11,568,360 as distributions related to allowance for temporary difference adjustments, calculated as the amount equivalent to ¥11,111,618, which is calculated by deducting ¥28,535,288 of temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations) from deferred losses on hedges of ¥39,646,906. As a result, distributions are to amount to ¥7,250,276,824 for the fiscal period under review.

VI. Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period	Current fiscal period
	(From June 1, 2020 to November 30, 2020)	(From December 1, 2020 to May 31, 2021)
Cash flows from operating activities		
Profit before income taxes	7,363,965	7,250,469
Depreciation	1,335,856	1,352,409
Loss on retirement of non-current assets	9,230	7,860
Amortization of investment corporation bond issuance costs	7,684	8,841
Interest income and interest on securities	(78)	(85)
Interest expenses	680,505	656,185
Borrowing related expenses	184,162	186,412
Decrease (increase) in operating accounts receivable	33,319	44,474
Increase (decrease) in accrued consumption taxes	(11,743)	(54,509)
Decrease (increase) in prepaid expenses	206,899	(205,702)
Increase (decrease) in operating accounts payable	68,498	18,685
Increase (decrease) in accrued expenses	(852)	(19,264)
Increase (decrease) in advances received	(311,338)	157,127
Decrease (increase) in long-term prepaid expenses	16,948	15,412
Other, net	(27,019)	(1,979)
Subtotal	9,556,036	9,416,336
Interest received	78	85
Interest paid	(680,318)	(670,357)
Income taxes paid	(829)	(954)
Net cash provided by (used in) operating activities	8,874,966	8,745,109
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(757,118)	(850,086)
Refund of leasehold and guarantee deposits received in trust	(640,820)	(1,191,268)
Proceeds from leasehold and guarantee deposits received in trust	684,397	1,474,589
Net cash provided by (used in) investing activities	(713,542)	(566,765)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,517,316	–
Repayments of short-term borrowings	(5,998,000)	(6,518,000)
Proceeds from long-term borrowings	–	17,268,352
Repayments of long-term borrowings	–	(12,500,000)
Proceeds from issuance of investment corporation bonds	4,474,498	1,286,500
Distributions paid	(7,328,580)	(7,364,538)
Other, net	(32,130)	(19,887)
Net cash provided by (used in) financing activities	(7,366,894)	(7,847,572)
Net increase (decrease) in cash and cash equivalents	794,529	330,772
Cash and cash equivalents at beginning of period	16,756,549	17,551,079
Cash and cash equivalents at end of period	*1 17,551,079	*1 17,881,851

VII. Notes to Financial Statements

Notes on Assumption of Going Concern

Not applicable

Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table> <tr> <td>Buildings</td><td>2 to 70 years</td></tr> <tr> <td>Structures</td><td>2 to 66 years</td></tr> <tr> <td>Machinery and equipment</td><td>2 to 33 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr> </table> <p>(2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	2 to 70 years	Structures	2 to 66 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 66 years								
Machinery and equipment	2 to 33 years								
Tools, furniture and fixtures	2 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses The full amount is recorded as expenses when incurred.</p> <p>(2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.</p>								
3. Accounting for income and expenses	<p>Property-related taxes For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to leasing business. The settlement money for property tax that is paid to the disposing entity for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to leasing business but included in the acquisition costs for the related properties. There is no amount equivalent to property tax included in acquisition cost for properties for the current fiscal period.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is applied. For interest rate swaps that satisfy the requirements for special treatment, special treatment is applied.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term borrowings</p> <p>(3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation.</p> <p>(4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness by comparing the cumulative total changes in the cash flows of the hedged items with those of the hedging instruments, and then verifying the ratio of the changes in both amounts. However, hedge effectiveness is deemed to have been ensured with respect to interest rate swaps that satisfy the requirements for special treatment.</p>								

5. Scope of cash (cash and cash equivalents) in the statements of cash flows	Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
6. Other important matters related to the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interest with real estate, etc. as trust asset</p> <p>With regard to trust beneficiary interest with real estate, etc. in holding as trust asset, all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of operations.</p> <p>Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets.</p> <p>i) Cash and deposits in trust</p> <p>ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and land leasehold interests in trust</p> <p>iii) Leasehold and guarantee deposits received in trust</p> <p>(2) Accounting method for consumption tax and local consumption tax</p> <p>Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for non-current assets, etc. are included in acquisition cost for each asset.</p>

Additional information

Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments

Previous fiscal period (From June 1, 2020 to November 30, 2020)

1. Reason for Provision, Related Assets, etc. and Amount of Provision

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Allowance for temporary difference adjustments
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	25,450

2. Specific Method of Reversal

Deferred gains or losses on hedges

The reversal is to accord with changes in fair value of derivative transactions that are the hedging instruments.

Current fiscal period (From December 1, 2020 to May 31, 2021)

1. Reason for Provision, Related Assets, etc. and Amount of Provision

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Allowance for temporary difference adjustments
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	11,568

2. Specific Method of Reversal

Deferred gains or losses on hedges

The reversal is to accord with changes in fair value of derivative transactions that are the hedging instruments.

Notes to Balance Sheets

1. Commitment Line Contracts

The Investment Corporation has the commitment line contracts with three of the banks with which it does business.

	As of November 30, 2020	As of May 31, 2021
Total amount specified in the commitment line contracts	¥21,000,000 thousand	¥21,000,000 thousand
Loan balance	–	–
Net balance	¥21,000,000 thousand	¥21,000,000 thousand

*2. Minimum Net Assets Stipulated in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

	As of November 30, 2020	As of May 31, 2021
	¥50,000 thousand	¥50,000 thousand

*3. Allowance for Temporary Difference Adjustments

Previous fiscal period (From June 1, 2020 to November 30, 2020)

1. Reason for Provision and Reversal, Related Assets, etc. and Amount of Provision

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Initial amount	Balance at beginning of period	Amount of provision for period	Amount of reversal for period	Balance at end of period	Reason for reversal
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	3,084	–	3,084	–	3,084	–

2. Specific Method of Reversal

Deferred gains or losses on hedges

The reversal is to accord with changes in fair value of derivative transactions that are the hedging instruments.

Current fiscal period (From December 1, 2020 to May 31, 2021)

1. Reason for Provision and Reversal, Related Assets, etc. and Amount of Provision

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Initial amount	Balance at beginning of period	Amount of provision for period	Amount of reversal for period	Balance at end of period	Reason for reversal
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	28,535	3,084	25,450	–	28,535	–

2. Specific Method of Reversal

Deferred gains or losses on hedges

The reversal is to accord with changes in fair value of derivative transactions that are the hedging instruments.

Notes to Statements of Operations

*1. Breakdown of Profit (Loss) from Real Estate Leasing Business

(Unit: Thousands of yen)

(Unit: Thousands of Yuan)					
		Previous fiscal period (From June 1, 2020 to November 30, 2020)		Current fiscal period (From December 1, 2020 to May 31, 2021)	
A.	Real estate leasing business revenues				
	Leasing business revenue				
	Rent	12,889,168		12,674,111	
	Common service fees	739,267		712,876	
	Parking lot fees	285,349		281,003	
	Other rent revenue	95,500	14,009,287	97,361	13,765,352
	Other leasing business revenue		1,037,494		950,325
	Total real estate leasing business revenues		15,046,782		14,715,678
B.	Real estate leasing business expenses				
	Expenses related to leasing business				
	Management operation expenses	1,278,062		1,325,956	
	Utilities expenses	892,089		722,712	
	Tax and public dues	1,268,968		1,281,248	
	Insurance	12,985		13,031	
	Repair and maintenance expenses	441,806		384,062	
	Depreciation	1,335,601		1,352,155	
	Loss on retirement of non-current assets	9,230		7,860	
	Other expenses related to leasing business	349,775	5,588,521	282,797	5,369,825
	Total real estate leasing business expenses		5,588,521		5,369,825
C.	Profit (loss) from real estate leasing business (A – B)		9,458,260		9,345,853

*2. Breakdown of Gain (Loss) on Sales of Real Estate Properties

Previous fiscal period (From June 1, 2020 to November 30, 2020)

(Unit: Thousands of yen)

EDGE Shinsaibashi (structures)	
Income from sales of real estate properties	29,000
Costs of sales of real estate properties	–
Other costs of sales	2,267
Gain on sales of real estate properties	26,732

Current fiscal period (From December 1, 2020 to May 31, 2021)

Not applicable.

*3. Transactions with Major Unitholders

(Unit: Thousands of yen)

	Previous fiscal period (From June 1, 2020 to November 30, 2020)	Current fiscal period (From December 1, 2020 to May 31, 2021)
Operating transactions		
Operating revenue	2,124,905	1,863,166

Notes to Statements of Changes in Unitholders' Equity

*1. Total number of authorized investment units and total number of investment units issued are as follows:

	Previous fiscal period (From June 1, 2020 to November 30, 2020)	Current fiscal period (From December 1, 2020 to May 31, 2021)
*1. Total number of authorized investment units and total number of investment units issued		
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	771,224 units	771,224 units

Notes to Statements of Cash Flows

*1. Reconciliation between Cash and Cash Equivalents at End of Period and the Amount on the Balance Sheets

	Previous fiscal period (From June 1, 2020 to November 30, 2020)	Current fiscal period (From December 1, 2020 to May 31, 2021)
Cash and deposits	¥14,125,013 thousand	¥14,227,970 thousand
Cash and deposits in trust	¥3,426,066 thousand	¥3,653,881 thousand
Cash and cash equivalents	¥17,551,079 thousand	¥17,881,851 thousand

Notes to Lease Rental Revenues

The Investment Corporation leases properties on which rental revenues are earned. As of May 31, 2020 and November 30, 2020, future lease revenues under non-cancelable operating leases are summarized as follows:

	As of November 30, 2020	As of May 31, 2021
Due within one year	¥16,373,159 thousand	¥15,597,084 thousand
Due after one year	¥111,128,182 thousand	¥108,742,775 thousand
Total	¥127,501,341 thousand	¥124,339,859 thousand

Notes on Financial Instruments

1. Matters Regarding Financial Instruments

(1) Policy for Financial Instruments

The Investment Corporation raises funds by borrowing, issuing investment corporation bonds, or issuing investment units for the purpose of acquiring real estate-related assets and repaying interest-bearing debt.

When raising funds, the Investment Corporation aims to sustain stable financing capability for a long time at low cost by enhancing its capital adequacy and maintaining conservative interest-bearing debt, looking for attributes such as extended borrowing periods for interest-bearing debt, fixed interest rates, and diversified due dates to ensure financial stability and avoid the risk of interest-rate hikes.

We also invest temporary excess funds in deposits in general, taking safety and liquidity, etc. into account and carefully considering the interest-rate environment and our cash management.

We may carry out derivatives transactions for the purpose of hedging the interest-rate risk of borrowings and other risks, but do not engage in speculative transactions.

(2) Content and Risks of Financial Instruments and Risk Management System

As the excess funds of the Investment Corporation are invested in deposits, they are exposed to credit risks such as the insolvency of the financial institutions in which the excess funds are deposited. However, we deposit excess funds carefully by limiting the period of deposits to the short term, taking safety and liquidity, etc. into account and carefully considering the financial environment and our cash management.

Borrowings and investment corporation bonds are mainly for the purpose of acquiring real estate and refinancing of existing borrowings. Leasehold and guarantee deposits received are deposits provided by tenants. Borrowings, investment corporation bonds, leasehold and guarantee deposits received are exposed to liquidity risks at the time of repayment or redemption. However, these risks are managed through management of liquidity in hand by preparing a monthly funding plan, efforts to reduce liquidity risk on borrowings and investment corporation bonds by diversifying repayment periods, etc., and other means.

Floating-rate borrowings are also exposed to the risk of fluctuations in interest-rates. However, these risks are managed through derivative transactions (interest rate swaps) as hedging instruments in certain floating-rate borrowings.

(3) Supplemental Remarks on the Fair Value of Financial Instruments

The fair value of financial instruments is based on market prices or reasonably calculated value if it has no market price. As certain assumptions are made in calculating these values, if different assumptions, etc. are used, these values could vary.

2. Matters Regarding Fair Values of Financial Instruments

Carrying amounts, fair values, and the differences between the two values as of November 31, 2020, are as shown below.

Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	14,125,013	14,125,013	–
(2) Cash and deposits in trust	3,426,066	3,426,066	–
Total assets	17,551,079	17,551,079	–
(1) Short-term borrowings	6,518,000	6,518,000	–
(2) Current portion of long-term borrowings	26,250,000	26,309,036	59,036
(3) Investment corporation bonds	21,500,000	21,661,272	161,272
(4) Long-term borrowings	190,100,000	192,679,568	2,579,568
Total liabilities	244,368,000	247,167,878	2,799,878
Derivative transactions	(28,584)	(28,584)	–

Carrying amounts, fair values, and the differences between the two values as of May 31, 2021, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	14,227,970	14,227,970	–
(2) Cash and deposits in trust	3,653,881	3,653,881	–
Total assets	17,881,851	17,881,851	–
(1) Short-term borrowings	–	–	–
(2) Current portion of long-term borrowings	27,850,000	27,891,765	41,765
(3) Investment corporation bonds	22,800,000	22,975,707	175,707
(4) Long-term borrowings	193,500,000	195,464,522	1,964,522
Total liabilities	244,150,000	246,331,994	2,181,994
Derivative transactions	(39,646)	(39,646)	–

(Note 1) Measurement Methods for Fair Values of Financial Instruments

Assets

(1) Cash and deposits, (2) Cash and deposits in trust

The book value is used as the fair value of these assets, given that the fair value is almost the same as the book value, as it is settled in a short time.

Liabilities

(1) Short-term borrowings

The book value is used as the fair value of these liabilities, given that the fair value is almost the same as the book value, as it is settled in a short time.

(2) Current portion of long-term borrowings, (4) Long-term borrowings

These fair values are determined by discounting the total of principal and interest at the rate assumed when a new loan is made corresponding to the remaining period. The book value is used as the fair value of those borrowings with floating interest rate, given that the fair value is almost the same as the book value, as their interest rates are reviewed on a short-term interval to reflect market interest rates (however, for long-term borrowings with floating interest rate to which special treatment for interest rate swaps is applied, the fair value is the value calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar new loan).

(3) Investment corporation bonds

These fair values are determined by discounting the total of principal and interest at a rate taking into account the remaining period and credit risk of the said investment corporation bonds.

Derivative transactions

Please refer to “Notes on Derivative Transactions” on pages 30 and 31.

(Note 2) Carrying Amounts of Financial Instruments Whose Fair Value Is Considered to Be Extremely Difficult to Determine

(Unit: Thousands of yen)

Category	As of November 30, 2020	As of May 31, 2021
Leasehold and guarantee deposits received in trust *	22,353,035	22,636,356

* As there are no market prices for leasehold and guarantee deposits received in trust from tenants for leasehold properties and the actual period of deposit from move-in of the tenant to move-out is difficult to determine, it is extremely difficult to reasonably estimate the cash flow. Therefore, the fair value for leasehold and guarantee deposits received in trust is not subject to the disclosure of fair value.

(Note 3) Expected Amounts of Redemption of Monetary Claims after the Account Closing Date
(November 30, 2020)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	14,125,013	–	–	–	–	–
Deposits in trust	3,426,066	–	–	–	–	–
Total	17,551,079	–	–	–	–	–

Expected Amounts of Redemption of Monetary Claims after the Account Closing Date
(May 31, 2021)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	14,227,970	–	–	–	–	–
Deposits in trust	3,653,881	–	–	–	–	–
Total	17,881,851	–	–	–	–	–

(Note 4) Expected Amounts of Repayment of Borrowings and Investment Corporation Bonds after the Account Closing Date
(November 30, 2020)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term borrowings	6,518,000	–	–	–	–	–
Investment corporation bonds	–	1,000,000	–	5,000,000	2,000,000	13,500,000
Long-term borrowings	26,250,000	26,100,000	29,750,000	29,500,000	26,000,000	78,750,000
Total	32,768,000	27,100,000	29,750,000	34,500,000	28,000,000	92,250,000

Expected Amounts of Repayment of Borrowings and Investment Corporation Bonds after the Account Closing Date
(May 31, 2021)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term borrowings	–	–	–	–	–	–
Investment corporation bonds	–	1,000,000	–	7,000,000	2,000,000	12,800,000
Long-term borrowings	27,850,000	26,500,000	32,750,000	24,500,000	27,500,000	82,250,000
Total	27,850,000	27,500,000	32,750,000	31,500,000	29,500,000	95,050,000

Notes on Derivative Transactions

1. Derivative Transaction to Which Hedge Accounting Is Not Applied

(As of November 30, 2020)

Not applicable.

(As of May 31, 2021)

Not applicable.

2. Derivative Transaction to Which Hedge Accounting Is Applied

(As of November 30, 2020)

The following table shows contract amount or principal amount, etc. set forth in the contract as of the account closing date by method of hedge accounting.

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after 1 year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term borrowings	12,000,000	12,000,000	(28,584)	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term borrowings	18,140,000	18,140,000	*	–

(As of May 31, 2021)

The following table shows contract amount or principal amount, etc. set forth in the contract as of the account closing date by method of hedge accounting.

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after 1 year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term borrowings	12,000,000	12,000,000	(39,646)	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term borrowings	18,140,000	18,140,000	*	–

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings. (Please refer to the preceding “Notes on Financial Instruments, 2. Matters Regarding Fair Values of Financial Instruments, (Note 1) Liabilities (4)” on page 28.)

Notes on Deferred Tax Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of November 30, 2020	As of May 31, 2021
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥16 thousand	¥2 thousand
Deferred gains or losses on hedges	¥8,992 thousand	¥12,472 thousand
Subtotal of deferred tax assets	¥9,009 thousand	¥12,475 thousand
Valuation allowance	¥(8,992) thousand	¥(12,472) thousand
Total deferred tax assets	¥16 thousand	¥2 thousand
Net deferred tax assets	¥16 thousand	¥2 thousand

2. Reconciliation of Significant Difference between Effective Statutory Tax Rate and Effective Income Tax Rate after Application of Deferred Tax Accounting

	As of November 30, 2020	As of May 31, 2021
Effective statutory tax rate	31.46%	31.46%
Adjustments		
Distributions paid included in deductibles	(31.46)%	(31.46)%
Other	0.01%	0.01%
Effective income tax rate after application of tax effect accounting	0.01%	0.01%

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

Previous fiscal period (From June 1, 2020 to November 30, 2020)

Attribute	Name	Address	Share capital or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Balance at end of period (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-1 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.52%	None	Major unitholder, and rent and management of properties	Receipt of leasehold and guarantee deposits	9,635	Leasehold and guarantee deposits received in trust	2,384,566
								Refund of leasehold and guarantee deposits received	67,322		
								Rental revenues, etc.	2,124,905	Operating accounts receivable	103,980
										Advances received	61,221

(Note 1) Of the amounts above, the transaction amount does not include consumption taxes, and the balance at end of period includes consumption taxes.

(Note 2) The transaction terms are based on current market practices.

Current fiscal period (From December 1, 2020 to May 31, 2021)

Attribute	Name	Address	Share capital or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Balance at end of period (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-1 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.52%	None	Major unitholder, and rent and management of properties	Receipt of leasehold and guarantee deposits	170,771	Leasehold and guarantee deposits received in trust	2,459,904
								Refund of leasehold and guarantee deposits received	95,433		
								Rental revenues, etc.	1,863,166	Operating accounts receivable	48,685
										Advances received	196,033

(Note 1) Of the amounts above, the transaction amount does not include consumption taxes, and the balance at end of period includes consumption taxes.

(Note 2) The transaction terms are based on current market practices.

2. Affiliates, etc.

Previous fiscal period (From June 1, 2020 to November 30, 2020)

Not applicable

Current fiscal period (From December 1, 2020 to May 31, 2021)

Not applicable

3. Sister companies, etc.

Previous fiscal period (From June 1, 2020 to November 30, 2020)

Attribute	Name	Address	Share capital or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Balance at end of period (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	16-3, Dogenzak a 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	-	None	Rent and management of properties	Receipt of leasehold and guarantee deposits	18,195	Leasehold and guarantee deposits received in trust	6,239,918
								Refund of leasehold and guarantee deposits received	62,410		
								Rental revenues, etc.	3,939,335	Operating accounts receivable	261,364
										Advances received	45,557
Subsidiary of major unitholder	Tokyu Community Corp.	10-1, Yoga 4-chome, Setagaya-ku, Tokyo	1,653	Real estate management business	-	None	Rent and management of properties	Receipt of leasehold and guarantee deposits	358,920	Leasehold and guarantee deposits received in trust	9,224,589
								Refund of leasehold and guarantee deposits received	437,397		
								Rental revenues, etc.	6,064,036	Operating accounts receivable	209,203
										Advances received	42,623
								Real estate management fee	866,295	Operating accounts payable	183,422
Subsidiary of major unitholder	TLC REIT Management Inc.	21-1 Dogenzak a 1-chome, Shibuya-ku, Tokyo	200	Investment management business	-	None	Asset manager	Asset management fee	1,120,034	Accrued expenses	507,238

(Note 1) Of the amounts above, the transaction amount does not include consumption taxes, and the ending balance includes consumption taxes.

(Note 2) The transaction terms are based on current market practices.

Current fiscal period (From December 1, 2020 to May 31, 2021)

Attribute	Name	Address	Share capital or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Balance at end of period (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	16-3, Dogenzak a 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	-	None	Rent and management of properties	Receipt of leasehold and guarantee deposits	16,924	Leasehold and guarantee deposits received in trust	6,195,007
								Refund of leasehold and guarantee deposits received	61,835		
								Rental revenues, etc.	3,968,534	Operating accounts receivable	186,630
										Advances received	42,441
Subsidiary of major unitholder	Tokyu Community Corp.	10-1, Yoga 4-chome, Setagaya-ku, Tokyo	1,653	Real estate management business	-	None	Rent and management of properties	Receipt of leasehold and guarantee deposits	1,066,671	Leasehold and guarantee deposits received in trust	9,445,453
								Refund of leasehold and guarantee deposits received	845,808		
								Rental revenues, etc.	5,914,339	Operating accounts receivable	204,877
										Advances received	38,366
								Real estate management fee	905,983	Operating accounts payable	194,553
Subsidiary of major unitholder	TLC REIT Management Inc.	21-1 Dogenzak a 1-chome, Shibuya-ku, Tokyo	200	Investment management business	-	None	Asset manager	Asset management fee	1,104,682	Accrued expenses	494,734

(Note 1) Of the amounts above, the transaction amount does not include consumption taxes, and the ending balance includes consumption taxes.

(Note 2) The transaction terms are based on current market practices.

4. Directors and Major Individual Unitholders

Previous fiscal period (From June 1, 2020 to November 30, 2020)

Not applicable

Current fiscal period (From December 1, 2020 to May 31, 2021)

Not applicable

Notes on Investment and Rental Properties

The Investment Corporation holds Urban Retail and Tokyo Office properties, etc. in Tokyo and other regions for rental revenue. The carrying amounts on the balance sheets, changes during the fiscal period, and fair values of investment and rental properties are as follows.

(Unit: Thousands of yen)

Use		Previous fiscal period (From June 1, 2020 to November 30, 2020)	Current fiscal period (From December 1, 2020 to May 31, 2021)
Urban Retail Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	198,791,882	198,465,968
	Changes during period	(325,913)	(270,294)
	Balance at end of period	198,465,968	198,195,674
	Fair value at end of period	238,636,000	232,977,000
Tokyo Office Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	204,916,612	204,673,488
	Changes during period	(243,123)	(41,185)
	Balance at end of period	204,673,488	204,632,303
	Fair value at end of period	245,780,000	246,570,000
Activia Account Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	102,563,571	102,437,930
	Changes during period	(125,640)	(241,903)
	Balance at end of period	102,437,930	102,196,027
	Fair value at end of period	122,490,000	122,380,000
Total	Carrying amount on the balance sheets		
	Balance at beginning of period	506,272,066	505,577,388
	Changes during period	(694,677)	(553,383)
	Balance at end of period	505,577,388	505,024,005
	Fair value at end of period	606,906,000	601,927,000

(Note 1) The carrying amount on the balance sheets is the acquisition cost less accumulated depreciation.

(Note 2) The main reason for the decrease in the current fiscal period is the provision of depreciation worth ¥1,352,155 thousand.

(Note 3) The fair value at end of period is the appraisal value provided by an outside real estate appraiser. Regarding Tokyu Plaza Akasaka, it is based on the transfer price (11,800,000 thousand yen) in the sales contract dated May 21, 2021.

The profit/loss concerning investment and rental properties for the current fiscal period is indicated under “Notes to Statements of Operations.”

Segment Information

Segment Information for the fiscal periods ended November 30, 2020 and May 31, 2021 is as follows:

1. Operating Segment Information

Disclosure is omitted as the Investment Corporation is comprised of a single reportable segment engaged in the property rental business.

2. Enterprise-wide Disclosures

(1) Information about Products and Services

Disclosure is not required as revenues from external customers for the single segment is in excess of 90% of total revenues.

(2) Information about Geographic Areas

Revenues from Overseas Customers:

Disclosure is not required as revenues from external customers attributed to Japan are in excess of 90% of total revenues.

Property, plant and equipment:

Disclosure is not required as Property, plant and equipment located in Japan are in excess of 90% of total Property, plant and equipment.

3. Information about Major Customers

Previous fiscal period (From June 1, 2020 to November 30, 2020)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Community Corp.	6,064,036	Property rental business
Tokyu Land SC Management Corporation	3,939,335	Property rental business
Tokyu Land Corporation	2,124,905	Property rental business

Current fiscal period (From December 1, 2020 to May 31, 2021)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Community Corp.	5,914,339	Property rental business
Tokyu Land SC Management Corporation	3,968,534	Property rental business
Tokyu Land Corporation	1,863,166	Property rental business

Per Unit Information

	Previous fiscal period (From June 1, 2020 to November 30, 2020)	Current fiscal period (From December 1, 2020 to May 31, 2021)
Net assets per unit	¥331,558	¥331,397
Basic earnings per unit	¥9,547	¥9,400

(Note 1) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (previous fiscal period 771,224 units; current fiscal period 771,224 units). Diluted earnings per unit is not stated, as there is no potential investment unit.

(Note 2) The basis for calculating basic earnings per unit is as follows:

	Previous fiscal period (From June 1, 2020 to November 30, 2020)	Current fiscal period (From December 1, 2020 to May 31, 2021)
Profit (Thousands of yen)	7,363,018	7,249,804
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	7,363,018	7,249,804
Average number of investment units for the period (Units)	771,224	771,224

Significant Subsequent Events

1. Issuance of New Investment Units and Secondary Offering of Investment Units

API decided the issuance of new investment units and secondary offering of investment units at the board of directors meeting held on August 24, 2021. The offer price per unit, etc. shall be determined at API's board of directors meeting to be held on a day (the "Pricing Date") between September 1, 2021 and September 6, 2021.

(1) Issuance of new investment units through a public offering in domestic and international markets

Number of new investment units to be issued	49,030 units (Note 1)
Offering price	To be determined
Total offering price	To be determined
Paid-in amount	To be determined (Note 2)
Total paid-in amount	To be determined
Payment date	To be determined (Note 3)

(Note 1) This is the total number of the Domestic Primary Offering and the International Offering mainly in the United States, Europe and Asia.

(Note 2) Paid-in amount shall be determined on the Pricing Date.

(Note 3) It shall be four business days after the Pricing Date.

(2) Issuance of new investment units by way of third-party allotment (Note 1)

Number of new investment units to be issued	2,500 units
Paid-in amount	To be determined (Note 2)
Total paid-in amount	To be determined
Payment date	September 28, 2021
Allottee	Nomura Securities Co., Ltd.

(Note 1) This issuance shall be carried out in order to ensure that Nomura Securities Co., Ltd. will acquire the investment units necessary for returning the Borrowed Units in connection with secondary offering through over-allotment. If no application for subscription is made for all or part of number of new investment units issued, it may result in a decrease in the number of investment units issued through a third-party allocation due to the forfeiture of subscription rights or issuance of new investment units may not take place at all.

(Note 2) Paid-in amount shall be the same price as Paid-in amount for the Domestic Primary Offering.

2. Acquisition of Properties

On August 24, 2021, API decided to acquire the real estate trust beneficiary interest for the following three properties (hereinafter

referred to as "asset to be acquired") and entered into agreements with the acquisition date of September 10, 2021. The planned acquisition price (the purchase price stated in the Sales and Purchase Contract of Beneficiary Rights of Real Estate in Trust) does not include other acquisition related costs such as direct expenses for acquisition, property-related taxes and consumption taxes. Figures are rounded down to the nearest million yen.

(TO-20) Meguro Tokyu Building

Type of assets	Trust beneficiary interest
Acquisition price	¥16,300 million
Scheduled acquisition date	September 10, 2021
Location	13-17, Kami-osaki 2-chome, Shinagawa-ku, Tokyo
Use	Offices, retail
Land area	1,776.41 m ²
Gross floor area	8,813.74 m ²
Structure	Steel framed / 7 floors above ground
Month and year of completion	December 2002
Ownership	Land: Owned Building: Owned

(TO-21) Q plaza Shinjuku-3chome

Type of assets	Trust beneficiary interest
Acquisition price	¥18,400 million
Scheduled acquisition date	September 10, 2021
Location	5-6 Shinjuku 3-chome, Shinjuku-ku, Tokyo
Use	Retail
Land area	748.59 m ²
Gross floor area	6,316.65 m ²
Structure	SRC, Steel framed / 8 floors above and 2 floors underground
Month and year of completion	September 1992
Ownership	Land: Owned Building: Owned

(TO-22) A-PLACE Shibuya Nanpeidai (Note)

Type of assets	Trust beneficiary interest
Acquisition price	¥8,800 million
Scheduled acquisition date	September 10, 2021
Location	2-17 Nanpeidai-machi, Shibuya-ku, Tokyo
Use	Offices, bank
Land area	901.79 m ²
Gross floor area	6,133.08 m ²
Structure	SRC / 8 floors above and 1 floor underground
Month and year of completion	July 1989 (additional construction February 1992)
Ownership	Land: Owned Building: Owned

(Note) The name of this property is currently "Nikko Shibuya Nanpeidai Building," but is scheduled to be renamed to the stated name after acquisition.

Omission of Disclosure

As the need for disclosing notes on securities, retirement benefits, equity in earnings of affiliates, and asset retirement obligations in this financial report is not material or applicable, the disclosure of these items is omitted.

VIII. Schedule of Financial Statements

Securities

1. Shares
Not applicable

2. Securities Other Than Shares
Not applicable

Derivative Transactions

(Unit: Thousands of yen)

Classification	Type of derivative transactions	Amount of contract (Note 1)		Fair value (Note 2) (Note 3)
			Portion due after one year	
Over-the-counter	Interest rate swaps Receive floating Pay fixed	30,140,000	30,140,000	(39,646)
Total		30,140,000	30,140,000	(39,646)

(Note 1) The amounts of contract do not represent the market risk exposure associated with the derivative instruments.
(Note 2) The interest rate swaps which qualify for hedge accounting and meet specific criteria are not measured at fair value in the balance sheets and the interest received or paid under the interest rate swap contracts is recognized on an accrual basis.
(Note 3) Fair value is based on prices, etc. indicated by partner financial institutions.

Property and Equipment

The following tables show the summary of movement in property and equipment.

(Unit: Thousands of yen)

		Beginning balance	Increase	Decrease	Ending Balance	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
Tangible Assets	Buildings in trust	85,235,526	568,123	43,640	85,760,008	16,450,302	1,276,719	69,309,705
	Structures in trust	741,007	64,350	-	805,357	252,555	18,894	552,802
	Machinery and equipment in trust	1,397,285	25,683	-	1,422,969	462,948	37,092	960,021
	Tools, furniture and fixtures in trust	282,268	20,201	-	302,469	181,133	19,447	121,335
	Land in trust	424,862,322	-	-	424,862,322	-	-	424,862,322
	Construction in progress in trust	34,458	128,542	-	163,000	-	-	163,000
	Subtotal	512,552,867	806,901	43,640	513,316,128	17,346,939	1,352,155	495,969,188
Intangible Assets	Leasehold rights in trust	9,055,086	-	-	9,055,086	-	-	9,055,086
	Other (Note)	7,153	-	-	7,153	6,475	254	678
	Subtotal	9,062,239	-	-	9,062,239	6,475	254	9,055,764
Total		521,615,107	806,901	43,640	522,378,368	17,353,415	1,352,409	505,024,953

(Note) "Other" is software (non-real estate asset).

Other Specified Assets
Not applicable

Investment Corporation Bonds

(Unit: Thousands of yen)

Issue	Issue Date	Beginning balance	Decrease	Ending balance	Interest Rate	Redemption Date	Use of funds	Remarks
3rd unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 21, 2015	2,000,000	—	2,000,000	0.726%	April 21, 2025	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
4th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 3, 2016	2,000,000	—	2,000,000	0.770%	February 3, 2026	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
6th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	1,000,000	—	1,000,000	0.480%	February 2, 2027	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
7th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	1,000,000	—	1,000,000	0.810%	February 2, 2032	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
8th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 13, 2018	1,000,000	—	1,000,000	0.160%	August 12, 2022	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
9th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 13, 2018	1,000,000	—	1,000,000	1.050%	February 12, 2038	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
10th unsecured bonds (with pari passu conditions among specified investment corporation bonds)(Green Bonds)	July 9, 2019	5,000,000	—	5,000,000	0.220%	July 9, 2024	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
11th unsecured bonds (with pari passu conditions among specified investment corporation bonds)(Green Bonds)	November 18, 2019	4,000,000	—	4,000,000	0.530%	November 16, 2029	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
12th unsecured bonds (with pari passu conditions among specified investment corporation bonds)(Green Bonds)	October 21, 2020	4,500,000	—	4,500,000	0.510%	October 21, 2030	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
13th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 9, 2021	—	—	1,300,000	0.750%	February 8, 2036	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
Total	—	21,500,000	—	22,800,000	—	—	—	—

(Note) Annual redemptions of investment corporation bonds scheduled for next five years after each balance sheet date were as follows:

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years
Unsecured bonds (with pari passu conditions among specified investment corporation bonds)	—	1,000,000	—	7,000,000	2,000,000

Loans Payable

The following tables show the details of loans payable.

(Unit: Thousands of yen)

Category		Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender									
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	2,000,000	—	2,000,000	—	0.18079%	January 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		2,000,000	—	2,000,000	—				
	MUFG Bank, Ltd.		1,000,000	—	1,000,000	—				
	Sumitomo Mitsui Trust Bank, Limited	November 30, 2020	506,000	—	506,000	—	0.20464%	November 30, 2021	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		506,000	—	506,000	—				
	MUFG Bank, Ltd.		506,000	—	506,000	—				
Total			6,518,000	—	6,518,000	—				
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	December 19, 2013	1,060,000	—	1,060,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,060,000	—	1,060,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,060,000	—	1,060,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,060,000	—	1,060,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		530,000	—	530,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		530,000	—	530,000	—	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2014	1,340,000	—	1,340,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,340,000	—	1,340,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,340,000	—	1,340,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,340,000	—	1,340,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		670,000	—	670,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		670,000	—	670,000	—	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Nippon Life Insurance Company	March 31, 2017	500,000	—	500,000	—	0.25000%	March 31, 2021	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	3,920,000	—	—	3,920,000	0.22246%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		3,920,000	—	—	3,920,000				
	MUFG Bank, Ltd.		1,970,000	—	—	1,970,000				
	Sumitomo Mitsui Banking Corporation	January 10, 2019	1,970,000	—	—	1,970,000	0.36607%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		1,970,000	—	—	1,970,000				
	Sumitomo Mitsui Trust Bank, Limited		320,000	—	—	320,000				
	MUFG Bank, Ltd.	January 5, 2018	640,000	—	—	640,000	0.41931%	December 28, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		320,000	—	—	320,000				
	Sumitomo Mitsui Banking Corporation		160,000	—	—	160,000				
	Development Bank of Japan Inc.		160,000	—	—	160,000				
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2015	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		420,000	—	—	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	January 10, 2020	420,000	—	—	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,420,000	—	—	1,420,000	0.21746%	January 11, 2022	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,420,000	—	—	1,420,000				
	MUFG Bank, Ltd.		720,000	—	—	720,000				
	Sumitomo Mitsui Banking Corporation	January 10, 2020	720,000	—	—	720,000	0.31571%	January 11, 2022	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		720,000	—	—	720,000				

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender									
Long-term loans payable (Note 2)	Mizuho Trust & Banking Co.,LTD.	March 31, 2015	2,000,000	—	—	2,000,000	0.68500%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank		500,000	—	—	500,000				
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	March 31, 2017	400,000	—	—	400,000	0.30630%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed
	The 77 Bank, Ltd.		400,000	—	—	400,000				
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	December 16, 2015	200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		100,000	—	—	100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	June 13, 2018	100,000	—	—	100,000	0.44835%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,560,000	—	—	1,560,000				
	Mizuho Bank, Ltd.		1,560,000	—	—	1,560,000				
	MUFG Bank, Ltd.		1,560,000	—	—	1,560,000				
	Sumitomo Mitsui Banking Corporation		160,000	—	—	160,000				
	Development Bank of Japan Inc.		160,000	—	—	160,000				

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender									
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 9, 2019	620,000	—	—	620,000	0.38236%	January 10, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		620,000	—	—	620,000				
	MUFG Bank, Ltd.		620,000	—	—	620,000				
	Sumitomo Mitsui Banking Corporation		320,000	—	—	320,000				
	Development Bank of Japan Inc.	September 30, 2015	320,000	—	—	320,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,250,000	—	—	1,250,000				
	MUFG Bank, Ltd. (Note 6)		1,250,000	—	—	1,250,000				
	Mizuho Bank, Ltd.		1,250,000	—	—	1,250,000				
	MUFG Bank, Ltd.	March 30, 2018	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		750,000	—	—	750,000				
	Mizuho Bank, Ltd.		750,000	—	—	750,000				
	MUFG Bank, Ltd.		750,000	—	—	750,000				
	Sumitomo Mitsui Banking Corporation	October 6, 2016	375,000	—	—	375,000	0.44804%	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		375,000	—	—	375,000				
	Sumitomo Mitsui Trust Bank, Limited		800,000	—	—	800,000				
	MUFG Bank, Ltd.		1,600,000	—	—	1,600,000				
	Mizuho Bank, Ltd.	June 15, 2015	800,000	—	—	800,000	0.38472%	April 6, 2023	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		400,000	—	—	400,000				
	Development Bank of Japan Inc.		400,000	—	—	400,000				
	Sumitomo Mitsui Trust Bank, Limited		1,500,000	—	—	1,500,000				
	MUFG Bank, Ltd. (Note 6)	December 16, 2015	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,500,000	—	—	1,500,000				
	MUFG Bank, Ltd.		1,500,000	—	—	1,500,000				
	Sumitomo Mitsui Banking Corporation		1,500,000	—	—	1,500,000				
	Development Bank of Japan Inc.	June 13, 2017	625,000	—	—	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		625,000	—	—	625,000				
	MUFG Bank, Ltd.		1,250,000	—	—	1,250,000				
	Mizuho Bank, Ltd.		2,500,000	—	—	2,500,000				
	Taiyo Life Insurance Company	March 31, 2020	1,250,000	—	—	1,250,000	0.46400%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Mitsui Sumitomo Insurance Company, Limited		500,000	—	—	500,000				
	Mitsui Sumitomo Insurance Company, Limited		500,000	—	—	500,000				
	Resona Bank, Limited.		500,000	—	—	500,000				
	The Gunma Bank, Ltd.	March 31, 2020	1,500,000	—	—	1,500,000	0.19371%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed
		March 31, 2020	500,000	—	—	500,000	0.23371%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender									
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 12, 2016	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		700,000	—	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		700,000	—	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	1,420,000	—	—	1,420,000	0.34459%	January 12, 2024	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,420,000	—	—	1,420,000				
	MUFG Bank, Ltd.		720,000	—	—	720,000				
	Sumitomo Mitsui Banking Corporation		720,000	—	—	720,000				
	Development Bank of Japan Inc.	March 31, 2017	720,000	—	—	720,000	0.41380%	March 29, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co., LTD.		2,000,000	—	—	2,000,000				
	Resona Bank, Limited.		1,500,000	—	—	1,500,000				
	The Bank of Fukuoka, Ltd.		1,000,000	—	—	1,000,000				
	Shinkin Central Bank	December 16, 2015	500,000	—	—	500,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	The Norinchukin Bank		500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited		1,200,000	—	—	1,200,000				
	MUFG Bank, Ltd. (Note 6)		1,200,000	—	—	1,200,000				
	Mizuho Bank, Ltd.	June 13, 2016	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,200,000	—	—	1,200,000				
	Sumitomo Mitsui Banking Corporation		600,000	—	—	600,000				
	Development Bank of Japan Inc.		600,000	—	—	600,000				
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2016	1,500,000	—	—	1,500,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,500,000	—	—	1,500,000				
	Mizuho Bank, Ltd.		3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited		1,500,000	—	—	1,500,000				
	MUFG Bank, Ltd.	June 13, 2016	1,500,000	—	—	1,500,000	0.33150% (Note 5)	June 17, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited		1,500,000	—	—	1,500,000				
	MUFG Bank, Ltd.		1,500,000	—	—	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	1,500,000	—	—	1,500,000	0.36900% (Note 5)	December 13, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,200,000	—	—	1,200,000				
	Mizuho Bank, Ltd.		2,400,000	—	—	2,400,000				
	Sumitomo Mitsui Banking Corporation		1,200,000	—	—	1,200,000				
	Development Bank of Japan Inc.	March 31, 2021	600,000	—	—	600,000	0.54094%	March 21, 2025	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		600,000	—	—	600,000				
	Sumitomo Mitsui Trust Bank, Limited		600,000	—	—	600,000				
	MUFG Bank, Ltd.		600,000	—	—	600,000				
	Nippon Life Insurance Company	March 31, 2021	—	500,000	—	500,000	0.25000%	March 31, 2025	(Note 4)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	March 16, 2017	1,800,000	—	—	1,800,000	0.70169%	September 16, 2025	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,600,000	—	—	3,600,000				
	Mizuho Bank, Ltd.		1,800,000	—	—	1,800,000				
	Sumitomo Mitsui Banking Corporation		900,000	—	—	900,000				
	Development Bank of Japan Inc.		900,000	—	—	900,000				
	Mizuho Trust & Banking Co.,LTD.	March 16, 2018	440,000	—	—	440,000	0.46453%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.		440,000	—	—	440,000				
	The Bank of Fukuoka, Ltd.		440,000	—	—	440,000				
	Shinkin Central Bank		440,000	—	—	440,000				
	The Norinchukin Bank		440,000	—	—	440,000				
	THE NISHI-NIPPON CITY BANK, LTD.	March 30, 2018	500,000	—	—	500,000	0.58630%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed
	The Bank of Kyoto,Ltd.		300,000	—	—	300,000				
	Sumitomo Mitsui Trust Bank, Limited		500,000	—	—	500,000				
	Mizuho Bank, Ltd.		500,000	—	—	500,000				
	MUFG Bank, Ltd.		500,000	—	—	500,000				
	Sumitomo Mitsui Banking Corporation	August 29, 2019	250,000	—	—	250,000	0.09313%	February 27, 2026	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		250,000	—	—	250,000				
	Mizuho Trust & Banking Co.,LTD.		1,500,000	—	—	1,500,000				
	Shinkin Central Bank		1,500,000	—	—	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	2,100,000	—	—	2,100,000	0.61942%	March 19, 2026	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		4,200,000	—	—	4,200,000				
	Mizuho Bank, Ltd.		2,100,000	—	—	2,100,000				
	Sumitomo Mitsui Banking Corporation		1,050,000	—	—	1,050,000				
	Development Bank of Japan Inc.		1,050,000	—	—	1,050,000				
	Sumitomo Mitsui Banking Corporation	December 13, 2016	6,000,000	—	—	6,000,000	0.69796%	June 12, 2026	(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	March 7, 2019	1,100,000	—	—	1,100,000	0.35765%	September 7,2026	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.		1,100,000	—	—	1,100,000				
	The Bank of Fukuoka, Ltd.		1,100,000	—	—	1,100,000				
	The Norinchukin Bank		1,100,000	—	—	1,100,000				
	The 77 Bank, Ltd.		600,000	—	—	600,000				
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,750,000	—	—	1,750,000	0.71015%	December 14, 2026	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,500,000	—	—	3,500,000				
	Mizuho Bank, Ltd.		1,750,000	—	—	1,750,000				
	Mizuho Trust & Banking Co.,LTD.	June 28, 2019	1,200,000	—	—	1,200,000	0.23004%	December 28, 2026	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank		1,200,000	—	—	1,200,000				

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 9, 2018	780,000	—	—	780,000	0.70698%	January 9, 2027	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,560,000	—	—	1,560,000				
	Mizuho Bank, Ltd.		780,000	—	—	780,000				
	Sumitomo Mitsui Banking Corporation		390,000	—	—	390,000				
	Development Bank of Japan Inc.		390,000	—	—	390,000				
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	950,000	—	—	950,000	0.43349%	January 12, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		950,000	—	—	950,000				
	MUFG Bank, Ltd.		950,000	—	—	950,000				
	Sumitomo Mitsui Banking Corporation		475,000	—	—	475,000				
	Development Bank of Japan Inc.		475,000	—	—	475,000				
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	2,200,000	—	—	2,200,000	0.73360%	June 13, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		2,200,000	—	—	2,200,000				
	MUFG Bank, Ltd.		2,200,000	—	—	2,200,000				
	Sumitomo Mitsui Banking Corporation		200,000	—	—	200,000				
	Development Bank of Japan Inc.	January 5, 2018	200,000	—	—	200,000	0.74869%	July 5, 2027	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		320,000	—	—	320,000				
	MUFG Bank, Ltd.		640,000	—	—	640,000				
	Mizuho Bank, Ltd.		320,000	—	—	320,000				
	Sumitomo Mitsui Banking Corporation	April 19, 2019	160,000	—	—	160,000	0.54375% (Note 5)	July 5, 2027	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		160,000	—	—	160,000				
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	—	—	1,000,000				
	Mizuho Bank, Ltd.		1,000,000	—	—	1,000,000				
	MUFG Bank, Ltd.	April 19, 2019	1,000,000	—	—	1,000,000	0.58821%	July 5, 2027	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		500,000	—	—	500,000				
	Development Bank of Japan Inc.		500,000	—	—	500,000				
	The Bank of Fukuoka, Ltd.	March 31, 2020	1,000,000	—	—	1,000,000	0.28500%	September 30,2027	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank		500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	3,210,000	—	—	3,210,000	0.55800% (Note 5)	January 11, 2028	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		3,210,000	—	—	3,210,000				
	MUFG Bank, Ltd.		1,610,000	—	—	1,610,000				
	Sumitomo Mitsui Banking Corporation	January 10, 2019	1,610,000	—	—	1,610,000	0.65264%	January 11, 2028	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		1,610,000	—	—	1,610,000				
	Sumitomo Mitsui Trust Bank, Limited	May 31, 2019	1,165,000	—	—	1,165,000	0.56127%	May 31, 2028	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,165,000	—	—	1,165,000				
	MUFG Bank, Ltd.		590,000	—	—	590,000				
	Sumitomo Mitsui Banking Corporation		590,000	—	—	590,000				
	Development Bank of Japan Inc.		590,000	—	—	590,000				

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender									
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	July 9, 2019	420,000	—	—	420,000	0.49281%	July 10, 2028	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		420,000	—	—	420,000				
	MUFG Bank, Ltd.		420,000	—	—	420,000				
	Sumitomo Mitsui Banking Corporation		220,000	—	—	220,000				
	Development Bank of Japan Inc.		220,000	—	—	220,000				
	Mizuho Trust & Banking Co.,LTD.	January 12, 2021	—	1,500,000	—	1,500,000	0.27935%	July 12, 2028	(Note 4)	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.		—	1,500,000	—	1,500,000				
	The 77 Bank, Ltd.		—	1,000,000	—	1,000,000				
	THE NISHI-NIPPON CITY BANK, LTD.		—	1,000,000	—	1,000,000				
	Development Bank of Japan Inc.	June 13, 2019	6,000,000	—	—	6,000,000	0.56511%	December 13,2028	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	December 21,2020	—	1,320,000	—	1,320,000	0.45403%	December 21,2029	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	1,320,000	—	1,320,000				
	MUFG Bank, Ltd.		—	1,320,000	—	1,320,000				
	Sumitomo Mitsui Banking Corporation		—	670,000	—	670,000				
	Development Bank of Japan Inc.		—	670,000	—	670,000				
	Sumitomo Mitsui Trust Bank, Limited	January 12, 2021	—	1,670,000	—	1,670,000	0.45882%	January 12, 2030	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	1,670,000	—	1,670,000				
	MUFG Bank, Ltd.		—	1,670,000	—	1,670,000				
	Sumitomo Mitsui Banking Corporation		—	845,000	—	845,000				
	Development Bank of Japan Inc.		—	845,000	—	845,000				
Total			216,350,000	17,500,000	12,500,000	221,350,000				

(Note 1) Weighted average rate, rounding to the sixth decimal place.

(Note 2) Long-term loans payable include current portion.

(Note 3) Use of the borrowings is acquisition of the real estate trust beneficiary interests.

(Note 4) Use of the borrowings is appropriated to repayment of outstanding loans payable.

(Note 5) This long-term loans payable is hedged by interest rate swap contract. The average interest rate reflects the effectiveness of this hedging instrument.

(Note 6) The role of Mitsubishi UFJ Trust and Banking Corporation as a lender has been taken over by MUFG Bank, Ltd. on April 16, 2018.

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years
Long-term loans payable	27,850,000	26,500,000	32,750,000	24,500,000	27,500,000

Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
Activia Properties Inc.

Opinion

We have audited the accompanying financial statements of Activia Properties Inc. (the Investment Corporation), which comprise the balance sheet as at May 31, 2021, and the statements of operations, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Investment Corporation as at May 31, 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Investment Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Investment Corporation's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Supervisory Directors are responsible for overseeing the Investment Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Investment Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Investment Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Investment Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Investment Corporation which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Ernst & Young ShinNihon LLC
Tokyo, Japan

August 24, 2021

向出 勇治 (Signature)

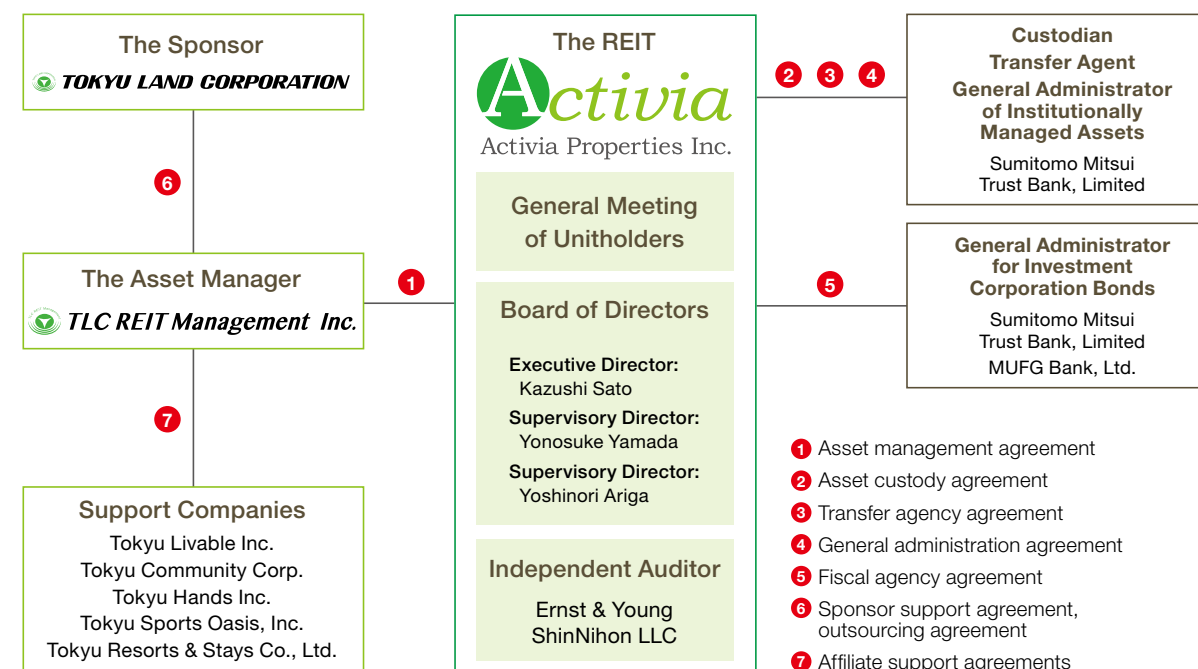
Yuji Mukaide
Designated Engagement Partner
Certified Public Accountant

新居 幹也 (Signature)

Mikiya Arai
Designated Engagement Partner
Certified Public Accountant

Overview of API

Structure



Profile

Name	Activia Properties Inc.
Executive Director	Kazushi Sato
Address	Shibuya Solasta 18F, 21-1 Dogenzaka 1-chome, Shibuya-ku, Tokyo
Contact	Activia Management Division of TLC REIT Management Inc. Tel. +81-3-6455-3377
Closing dates	May 31 and November 30

History

Sep. 7, 2011	Registration of incorporation, and foundation under Article 166 of the Act on Investment Trusts and Investment Corporations
Sep. 20, 2011	Implementation of registration by the prime minister under Article 189 of the Act on Investment Trusts and Investment Corporations (registration number: Director of Kanto Local Finance Bureau No. 73)
Jun. 13, 2012	Listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3279)

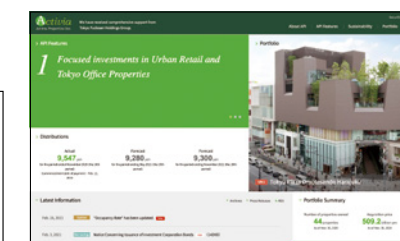
API Website

We provide all appropriate information on our website in a timely and reliable manner.

URL

<https://www.activia-reit.co.jp/en/>

Accessible from smartphone as well.



Overview of the Asset Manager

Overview of the Asset Manager

Corporate name	TLC REIT Management Inc.	Registration & License	Financial Instruments Business Firm, granted by the Director of the Kanto Regional Finance Bureau (Financial Instruments) Registration No. 2370 Discretionary Transaction Agent granted by the Minister of Land, Infrastructure, Transport and Tourism, Registration No. 65 Building Lots and Building Transactions Business License, granted by the Governor of Tokyo (3) No. 91139 Member of the Investment Trusts Association, Japan
Established	October 6, 2009		
Capital	¥200 million		
Shareholder	Tokyu Land Corporation 100%	President and CEO	Masaaki Kanematsu

DNA of Tokyu Land Corporation

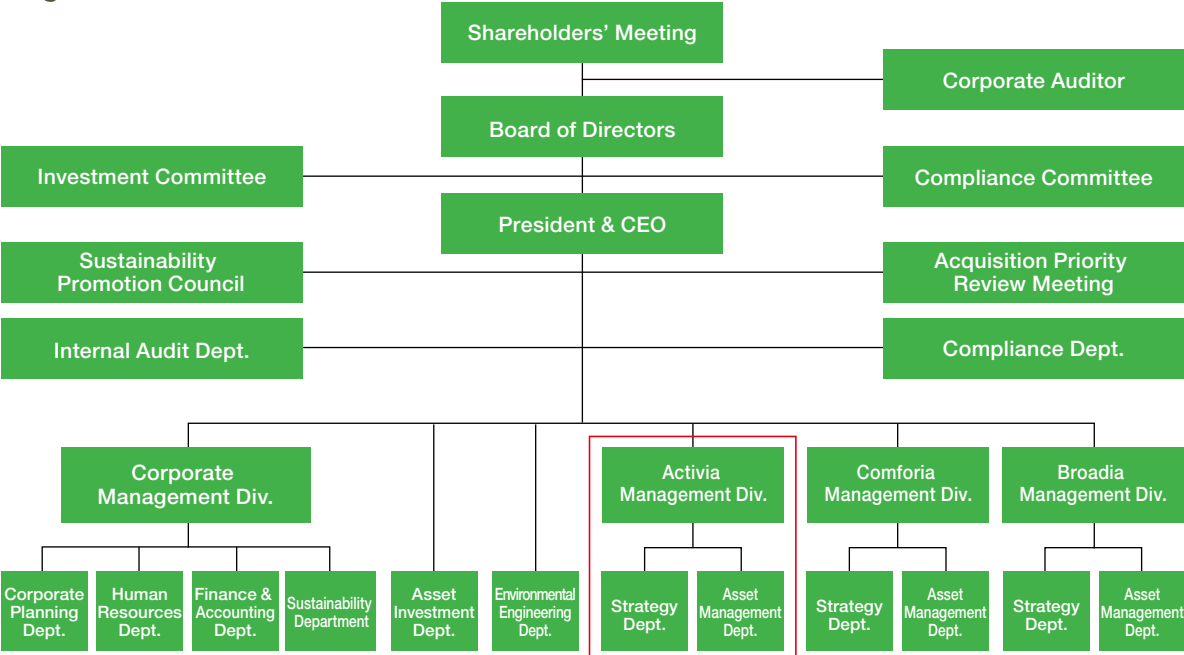
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyu Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses ahead of the times in anticipation of customer demands, for example by opening Tokyu Plaza as the forefront of a building complex near the station and Tokyu Hands as a specialty store for daily-life materials.

The Asset Manager staff, with abundant experience in many fields of the Tokyu Fudosan Holdings Group, engage in J-REIT operations to meet the needs of unitholders.

Proactive Behavior

As an asset manager, employees are required to work proactively (take initiative, foresee and make improvements). API aims at stable asset management over the medium to long term, through not only management and good care of individual properties, but also by closely observing and responding early to the changing market environment (real estate transaction, leasing and finance markets).

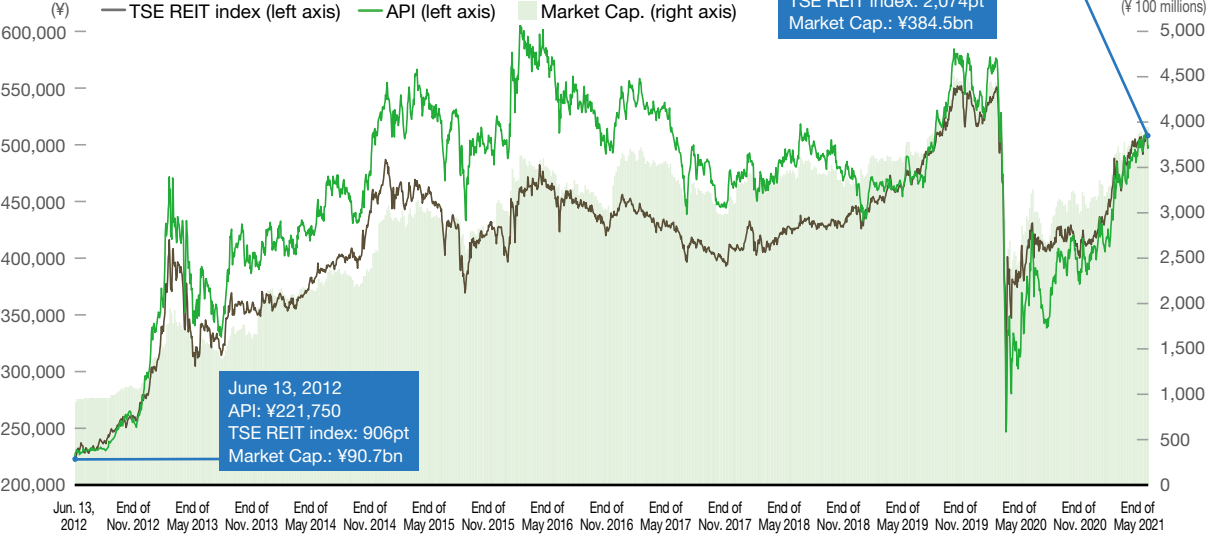
Organizational Chart



(Note) Newly established in April 2021

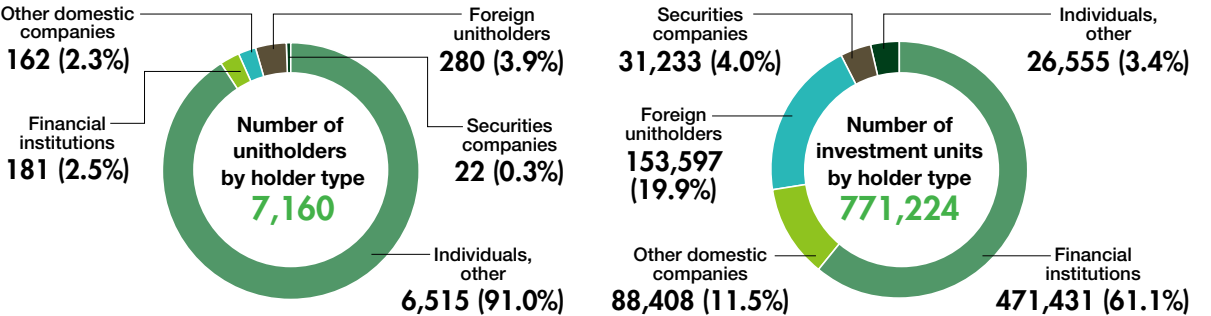
Information on Unitholders

Trends in Unit Prices



(Note 1) Performance of TSE REIT index is indexed to API unit price as of June 13, 2012 being 100.
(Note 2) As API implemented a 2-for-1 investment unit split effected as of October 1, 2015, the closing prices from the listing date to the end of May 2015 are indicated as half as adjusted for the unit split.

Distribution of Unitholders



(Note 1) API implemented a 2-for-1 investment unit split effected as of October 1, 2015.
(Note 2) "Individuals, other" includes governments and local public entities.

Unitholder Memo

Account closing dates	May 31 and November 30
Unitholders' meeting	To be held at least once every two years
Record date for unitholders' meeting	A record date based on Article 15, Section 1 of the Articles of Incorporation
Dates for determining cash distribution payments	May 31 and November 30
Administrator of unitholders' registry	Sumitomo Mitsui Trust Bank, Limited 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Place of business of administrator of unitholders' registry	Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited Mailing address: 8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan ☎ 0120-782-031 (toll-free, available within Japan only) URL: https://www.smtb.jp/personal/agency/index.html (Japanese page)
Stock exchange	J-REIT section of the Tokyo Stock Exchange (securities code: 3279)
Newspaper to provide public notice	Nihon Keizai Shimbun

■ **Change of registered address, name or seal, etc., or designation or change of account for receipt of dividends:**

Please contact the securities company.

■ **Dividends**

You can receive dividends by presenting a dividend receipt to the nearest head office/branch/office of Japan Post Bank (bank agency). If the period for receipt has already expired, please specify how you wish to receive dividends on the back of the dividend receipt, and then mail it to the Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, or receive dividends directly at the service counter of the head office/branch of the bank.

In addition, with respect to future dividends, if you wish to receive dividends through transfer to a bank account, etc., please take the necessary procedures at your securities company.

Telephone inquiries	Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited 0120-782-031 (toll-free, available within Japan only)
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Withholding tax rate on dividends of listed investment corporations

Commencement date of the dividend payment	From January 1, 2014 through December 31, 2037		From January 1, 2038	
Dividend tax rate of listed investment corporations	20.315%		20%	
	Breakdown	Income tax 15% + Reconstruction special income tax 0.315% ^(Note)	Breakdown	Income tax 15%
		Residence tax 5%		Residence tax 5%

(Note) 15% × reconstruction special income tax rate 2.1% = 0.315%.

During the period from January 1, 2013 through December 31, 2037 (25 years), the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (2011 Law No. 117) is in force. As a result, there is a reconstruction special income tax of 2.1%.

This reconstruction special income tax will be imposed together when income tax is withheld at the source on dividends paid by listed investment corporations.

Additional issues to be aware of are as follows.

■ **Matters to be noted regarding the withholding tax on dividends of listed investment corporations**

- In the case of an individual unitholder who holds 3% or more of the outstanding investment, the income tax rate is 20.42% (income tax 20% + reconstruction special income tax 0.42% ^(Note)). However, with regard to residence tax, a separate procedure is required.
- If a corporate unitholder receives dividends, no residence tax will be imposed.

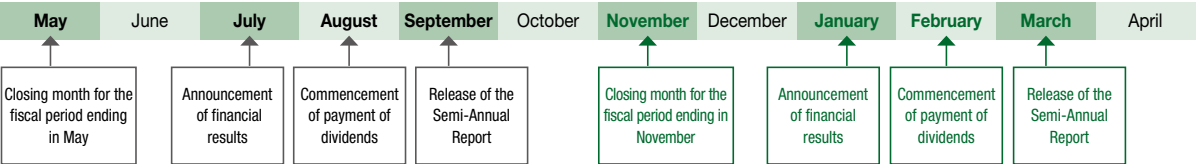
(Note) 20% × reconstruction special income tax rate 2.1% = 0.42%.

■ **Matters to be noted regarding the Reconstruction Special Income Tax**

- In cases where income tax is non-taxable or exempt, or where the income tax rate is less than the rate provided by domestic laws due to the application of a tax treaty, the reconstruction special income tax will not be imposed.
- With regard to taxes in the case where you have selected the method of allocation in proportion to the number of shares held, please ask your securities company.

For more details, please ask the tax office with jurisdiction over the place of tax payment.

Annual Schedule





API 3279



<https://www.activia-reit.co.jp/en/>