A photograph of the interior of Tokyu Plaza Ginza, showing a modern lounge with blue tufted sofas, wooden tables, and large, ornate pendant lights hanging from a high ceiling with a complex geometric pattern.

# Semi-Annual Report for the Period ended November 2018 (the 14th Period)

From June 1, 2018 to November 30, 2018

**Activia Properties Inc.**

1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo <https://www.activia-reit.co.jp/en/>





## Semi-Annual Report for the Period ended November 2018 (the 14th Period)

From June 1, 2018 to November 30, 2018

### ► Cash Distributions (Result)

The Period ended November 2018  
(the 14th Period)

Cash distributions per unit

¥9,584

### ► Cash Distributions (Forecast)

The Period ending May 2019  
(the 15th Period)

Cash distributions per unit

¥9,878

The Period ending November 2019  
(the 16th Period)

Cash distributions per unit

¥9,905



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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## Sixth Public Offering Implemented, Now We Aim to Enhance the Scale of Assets on a Continuing Basis and Maximize Our Unitholder Value

### Kazuyuki Murayama

Executive Director  
Activia Properties Inc.



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

Recently we have closed all accounts for the 14th period (June 1, 2018 to November 30, 2018). We owe this achievement to your understanding and continuous support, for which we wish to extend our deep appreciation to you.

In the period ended November 2018, the Japanese economy remained generally robust amid an ongoing trend of gradual recovery in the global economy overall against a backdrop of a continued trajectory of recovery in corporate earnings as well as the employment and income environments, and despite concerns particularly regarding effects from a string of natural disasters.

With respect to the environment surrounding retail properties, developments involving consumer sentiment have been weak according to the Monthly Consumer Confidence Survey released

by the Economic and Social Research Institute, Cabinet Office, Government of Japan, yet sales of retailers are gradually picking up steam according to the Current Survey of Commerce released by the Ministry of Economy, Trade and Industry. Moreover, according to the Consumption Trend Survey for Foreigners Visiting Japan released by the Japan Tourism Agency, the Ministry of Land, Infrastructure, Transport and Tourism, the number of foreign overseas visitors to Japan had decreased briefly due to effects from the string of natural disasters in the quarter spanning July to September 2018, but currently as of December 2018 the number exceeds 30 million people annually for the first time ever. As such, demand related to inbound tourism has been holding firm.

In the rental office market, a favorable environment of supply relative to demand has been persisting. In that regard, according to data published by Miki Shoji Co., Ltd., the average vacancy rate of

the five central wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) had been hovering just above the 2% range since March 2018 until it fell below 2% to 1.98% in November 2018. With respect to rent levels as well, the average rent has been increasing for 59 consecutive months. The market environment continues to be favorable also in major cities outside Tokyo amid declining vacancy rates and an increasingly upward trend in rent levels.

The J-REIT market has held firm overall amid further improvement in business performance underpinned largely by a favorable rental office market, as well as relatively high yields, and despite the Bank of Japan having announced that it will allow long-term interest rates to fluctuate to a greater extent. Financing activities through publicly offered capital increase and property acquisition have been continuously and actively conducted, and this has led to an ongoing expansion in J-REIT asset sizes.

Under such circumstances, API has achieved rent increase upon lease contract renewals in Tokyo Office properties for 13 consecutive periods, and in Urban Retail properties as well, backed by locational advantage and quality of the properties, rent increase upon tenant replacements and sales-linked rent have been growing, and such achievements have contributed to continue steady internal growth in overall portfolio.

The overall occupancy rate of the portfolio at end of the period under review was 99.9%, staying

consistently at a high level.

As a result of the above-mentioned management, operating revenue, operating profit, and profit were ¥13,815 million, ¥7,546 million, and ¥6,696 million, respectively, for the period ended November 2018. Distributions per investment unit resulted in ¥9,584, exceeding the previous forecast of ¥9,500.

In December 2018, API carried out a publicly offered capital increase for the sixth consecutive year, and in connection with the offering, the investment corporation acquired two properties categorized as “Urban Retail properties”: Tokyu Plaza Ginza (Land) (30% co-ownership interest) and Q plaza HARAJUKU (60% co-ownership interest) and one property categorized as “Activia Account property”: EDGE Shinsaibashi.

Consequently, the portfolio held by API has enhanced to 45 properties with the total acquisition price of ¥502.0 billion as of January 17, 2019.

For the next period ending May 2019 (the 15th period) and onwards, we will seek to maximize unitholder value over the medium to long term by promoting both internal and external growth taking advantage of Tokyu Fudosan Holdings Group’s comprehensive value-chain, along with continuing to leverage the expertise and network of TLC REIT Management Inc.

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

### Financial Highlights (Millions of yen)

	Period ended May 31, 2018 (the 13th Period)	Period ended November 30, 2018 (the 14th Period)
Operating revenue	¥ 13,327	¥ <b>13,815</b>
Operating profit	¥ 7,471	¥ <b>7,546</b>
Ordinary profit	¥ 6,611	¥ <b>6,697</b>
Profit	¥ 6,610	¥ <b>6,696</b>

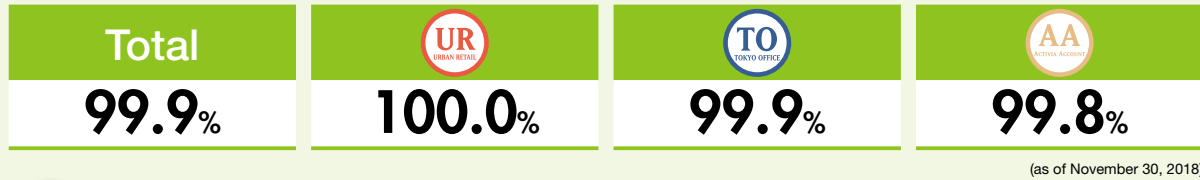
	Period ended May 31, 2018 (the 13th Period)	Period ended November 30, 2018 (the 14th Period)
Total assets	¥ 445,941	¥ <b>445,464</b>
Net assets	¥ 223,777	¥ <b>223,842</b>
Unitholders’ equity to total assets (%)	50.2%	<b>50.2%</b>
Net assets per unit (yen) <sup>(Note)</sup>	¥ 320,275	¥ <b>320,368</b>

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

# Topics

## 1 Occupancy Rate

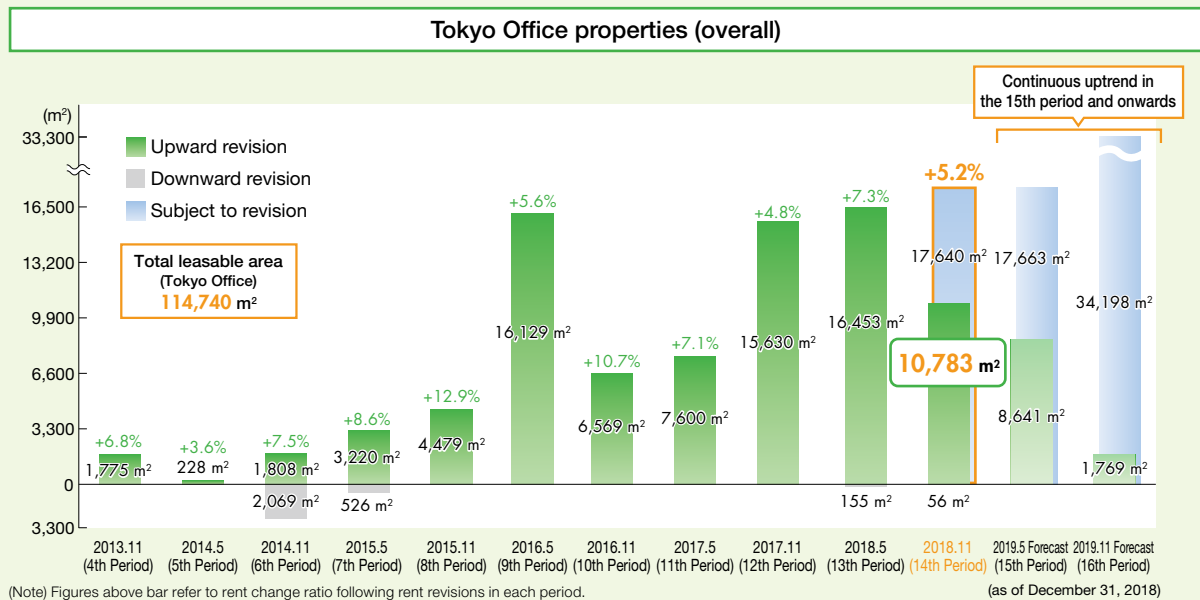
- Since our listing, we have continuously maintained a high occupancy rate of 99% or above at the end of each period, and recorded 99.9% at the end of the period ended November 2018 (the 14th period).



## 2 Internal Growth

### Upward rent revisions for Tokyo Office properties

- The uptrend in rent revisions has continued for 13 consecutive periods from the period ended November 2013 (the 4th period) to the period ending November 2019 (the 16th period).



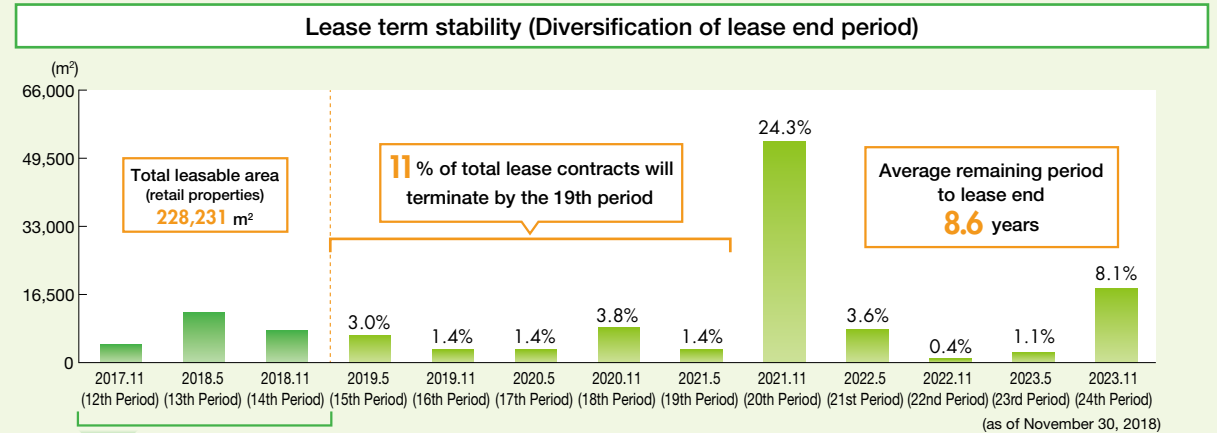
### Upward rent revisions for Tokyo Office properties

- Buoyed by robust demand for and low vacancy rates of offices, rent increases have been achieved in many properties for the period ended November 2018 (the 14th period) and onwards.



### Management of retail properties

- API's retail properties have long lease terms contributing to high revenue stability and also high profitability achieved through rent increases upon tenant replacement following lease end or rent revisions.

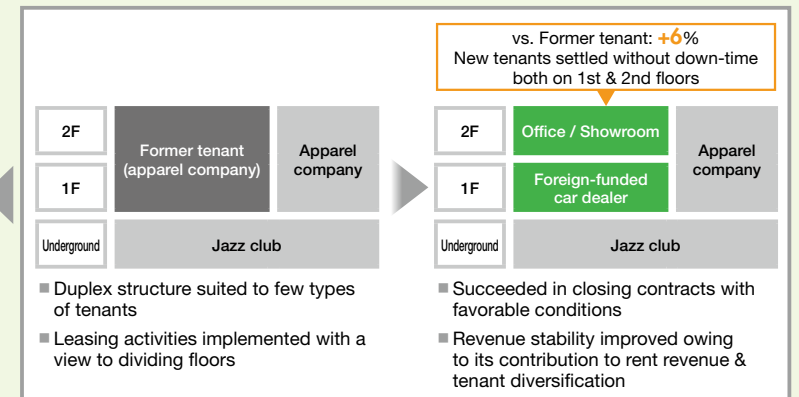
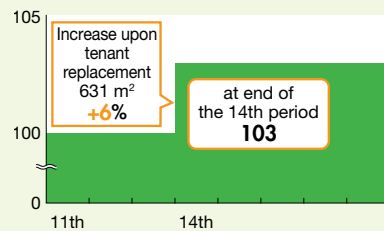


### <Tenant replacement examples>

- For the period ended November 2018 (the 14th period) and onwards, a rent increase of ¥44 million has been achieved in overall retail properties.

### Trend in rents at end of periods

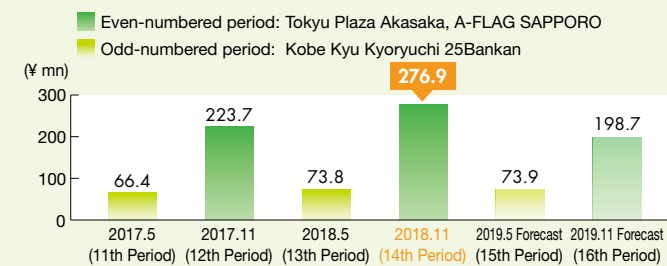
#### UR-12 A-FLAG BIJUTSUKAN DORI



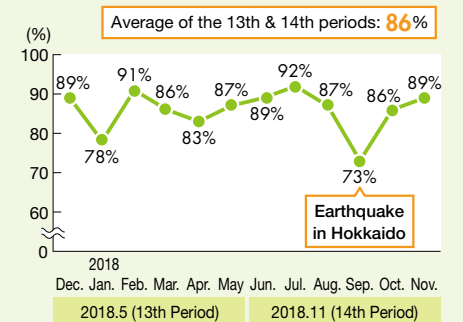
### Management of hotels

- A large increase in sales-linked rent was recorded in the period ended November 2018 (the 14th period) compared to the previous year. And decrease due to earthquake occurred in Hokkaido is expected for the period ending November 2019 (the 16th period) with signs of recovery emerging.

### Trends in sales-linked rent



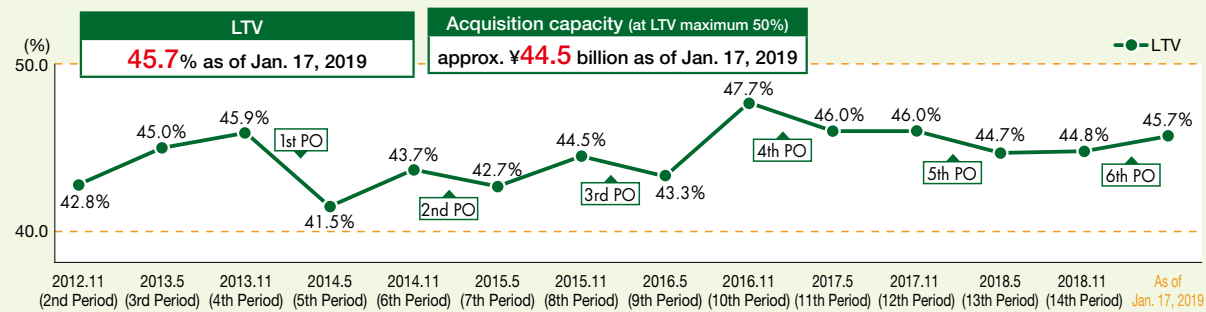
### Occupancy rate of hotel rooms



## 3 Financial Situation

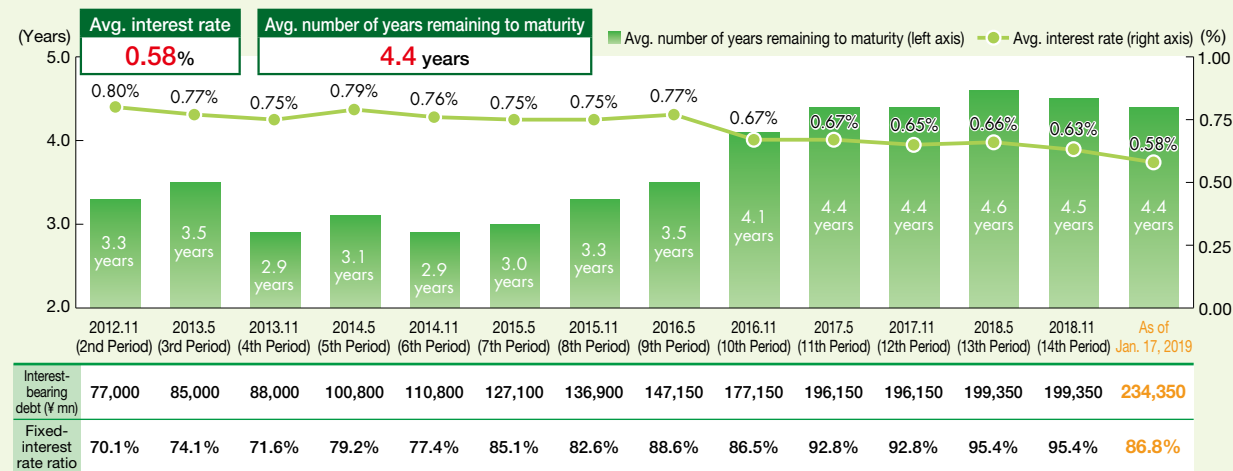
### LTV and acquisition capacity

- An acquisition capacity of approximately ¥44.5 billion at LTV 50% was secured through the last PO that enables future flexible asset acquisition.



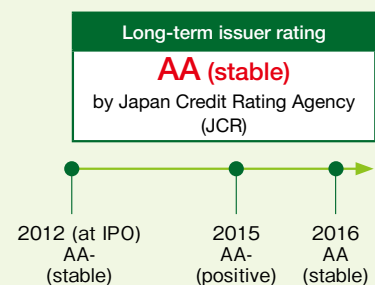
### Average interest rate, average number of years remaining to maturity

- An average number of years remaining to maturity of over four years and a fixed interest rate ratio of over 80% are secured as of January 17, 2019, while lowering average interest rate.



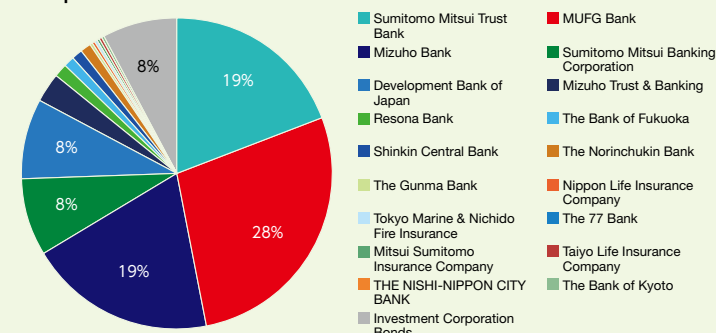
### Issuer rating

- Our long-term issuer rating by Japan Credit Rating Agency is AA (stable) since 2016.



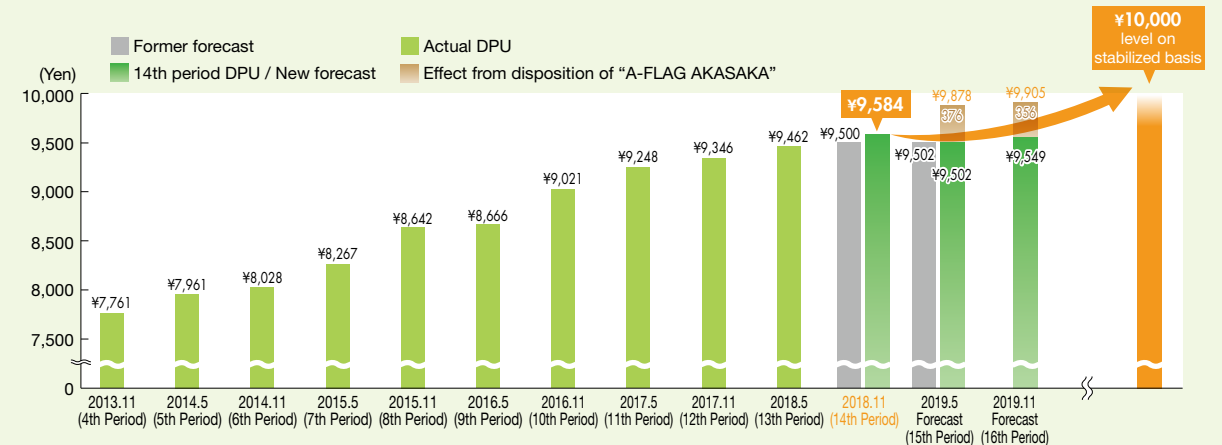
### Diversification of interest-bearing debt

- Presently, we have borrowed from 18 lenders and are promoting further diversification of lenders with leveraging investment corporation bonds.



## 4 Trend in DPU

- For the period ended November 2018 (the 14th period), we achieved DPU of ¥9,584, better than the former forecast for the period, owing to stabilized internal growth achieved in the period ended May 2018 (the 13th period) and preceding periods, and an increase in sales-linked rent at hotels.



(Note) API implemented a 2-for-1 investment unit split on October 1, 2015. To reflect the split, the DPU before the 8th period is represented as half of the actual values.

## 5 Continuous Efforts for ESG

### GRESB Real Estate Assessment



- Selected as "Sector Leader" in "Diversified - Office/Retail/Asia" sector in 2018 for two consecutive years
- Awarded five stars, the highest rank, in the GRESB Rating, a relative evaluation of overall score



- The award ceremony was held within the event "Sustainability and ESG investment in Real Estate - announcement of GRESB results and future trends in ESG" on November 5, 2018.

### Social contribution (Tokyu Plaza Omotesando Harajuku)



- Local nursery school children experienced vegetable farming at the rooftop terrace "Omohara Forest."
- Harvest festivals are organized since June 2018 that promote communication with local communities and build good relationships with the neighborhood through various projects.



# Overview of Public Offering and Acquired Properties

- In December 2018, we conducted our 6th global offering and the issue received a demand of ¥239.4 billion, approximately 8.2 times larger than the offer size.
- In connection with the PO, we acquired three properties (total acquisition price of ¥70.5 billion); two retail properties (¥50.7 billion) and one office property (¥19.8 billion), all rigorously selected with a focus on location and quality and successfully contributed to further enhance portfolio quality.

**UR-16** Tokyu Plaza Ginza (Land) (30% co-ownership interest)



**UR-17** Q plaza HARAJUKU (60% co-ownership interest)



**AA-13** EDGE Shinsaibashi



## Offering summary

Number of investment units issued	72,520 (Public: 67,320 units including 7,252 units allocated to designated purchaser, Third-party allocation: 5,200 units)
Ratio of Domestic to International	65:35
Total number of units after offering	771,224
Offer price	¥445,410 per unit
Issue price	¥431,320 per unit
Total amount offered	¥31,279,326,400 (incl. TPA)
Issuance announcement date	November 30, 2018 (Fri)
Pricing date	December 12, 2018 (Wed)
Payment date	December 19, 2018 (Wed)
Delivery date	December 20, 2018 (Thu)

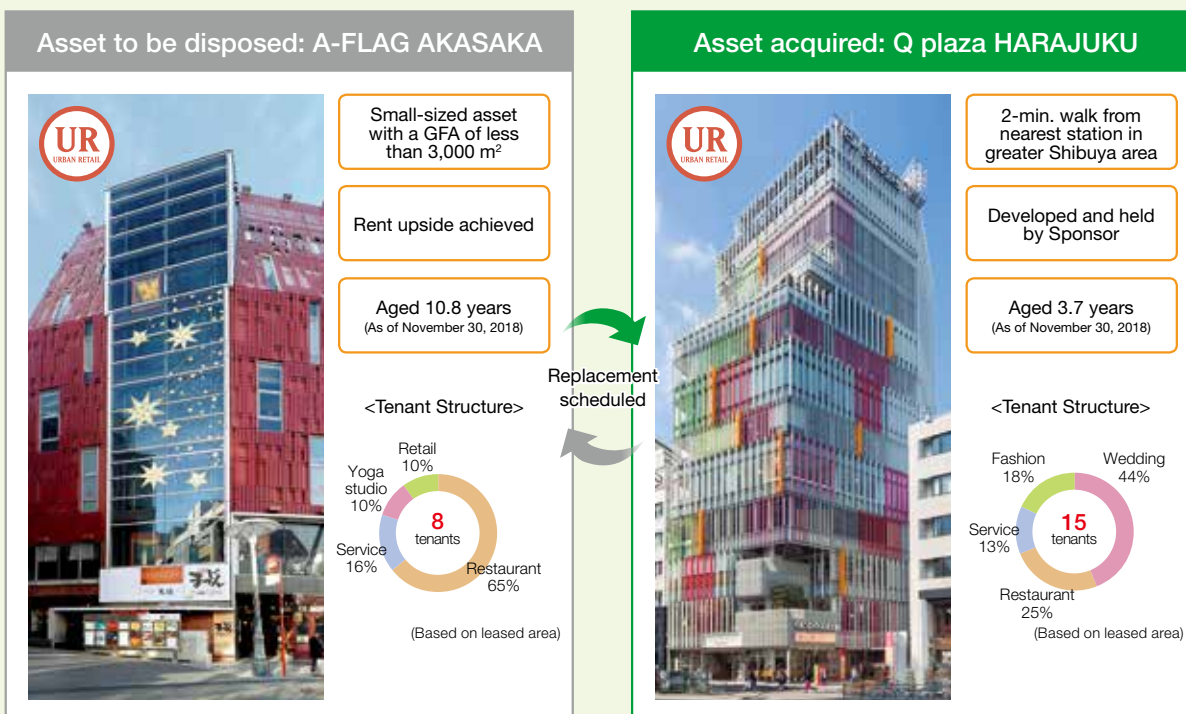
## Overview of acquired properties

Office / Retail	Property name	Address	Acquired from	Date of acquisition	Acquisition price (millions of yen)	Appraisal value (millions of yen)	Appraisal NOI yield
Retail	Tokyu Plaza Ginza (Land) (30% co-ownership interest)	Chuo, Tokyo	Sponsor sourced	January 10, 2019	37,500	39,000	2.5%
	Q plaza HARAJUKU (60% co-ownership interest)	Shibuya, Tokyo			13,200	13,300	3.1%
Office	EDGE Shinsaibashi	Osaka, Osaka			19,800	20,000	4.0%
Total / Average					70,500	72,300	3.1%

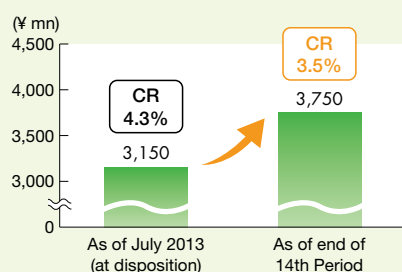
## Asset Replacement

### Replacement summary

- Asset replacement will be implemented with the aim of **enhancement of portfolio quality** and **DPU management**.

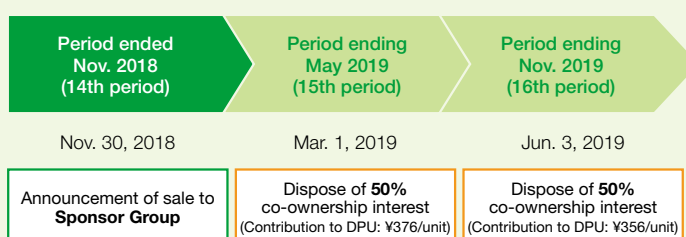


### Comparison of appraisal values



### Disposition schedule

- Gain on sale will be recorded in the 15th & 16th periods



### Policy of asset replacement

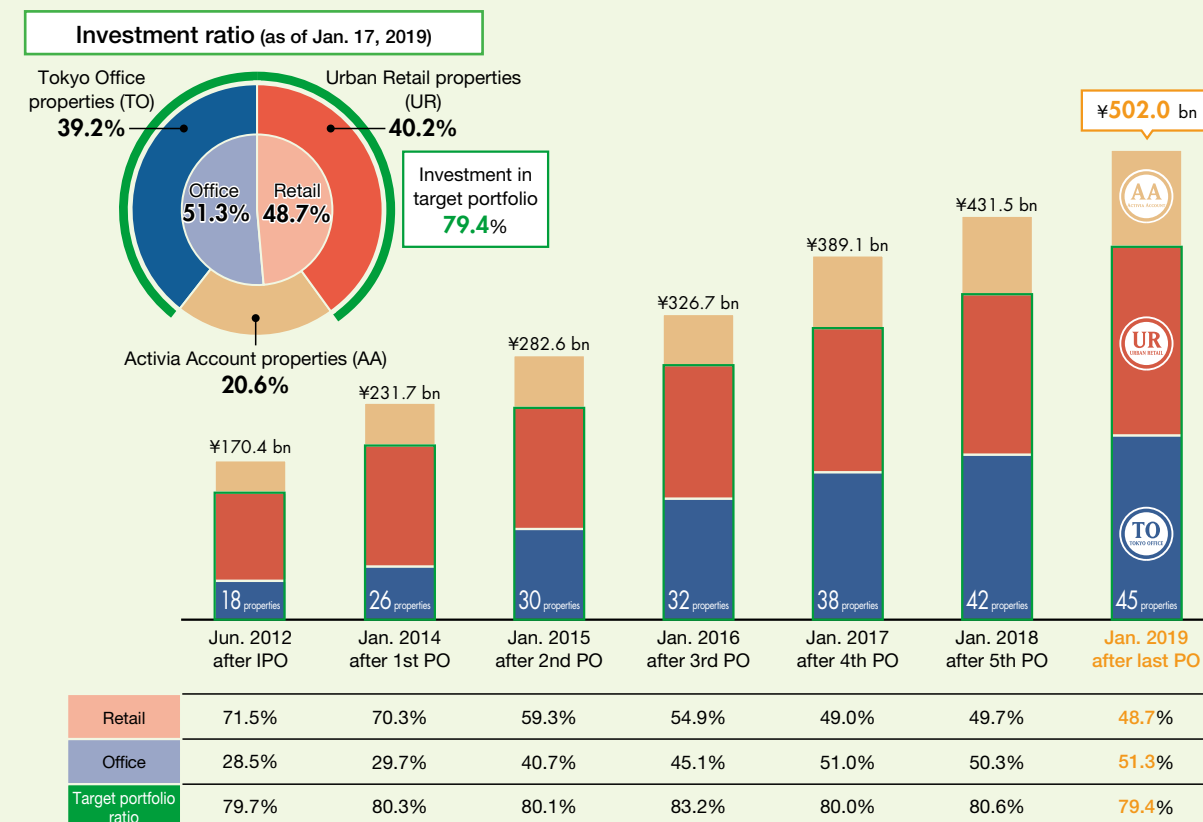
Enhance portfolio quality through asset replacement and aim at further growth of API

- Select asset to dispose by comprehensive evaluation of each asset's competitiveness and other factors
- Be flexible with regard to replacement timing

## External Growth

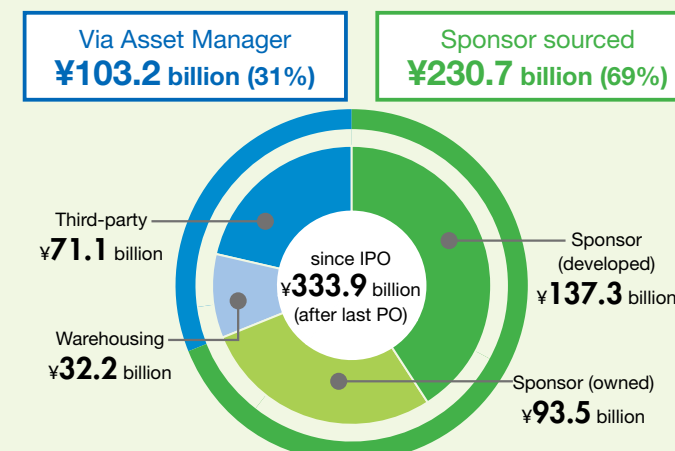
### Trend in AUM

- Since our IPO, we have continued to make competitive investments based on rigorous consideration of location and property quality, while maintaining our focused investment ratio at around 80%.
- We aim at further expansion of our portfolio that contributes to enhance our unitholders' value.



### Source of acquisition

- Since our IPO, API has achieved external growth leveraging both sourcing from Sponsor and independent sourcing by Asset Manager.



### Acquisition capacity

- Through the last PO, API has secured sufficient capacity for further acquisitions.

approx. **¥44.5 billion**  
\*at LTV 50%



# API's Basic Policy

## Focused investments in Urban Retail and Tokyo Office properties

### Portfolio Construction Policy



#### Urban Retail properties

Urban Retail properties are easily recognizable and are located near major train stations or popular areas in Tokyo, government-designated major cities within the three major metropolitan areas or other major cities in Japan.



#### Tokyo Office properties

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



#### Activia Account properties

Commercial facilities and office buildings other than Urban Retail and Tokyo Office properties that API rigorously selected assessing the attributes and competitiveness of each property in anticipation that such properties will secure both stability and profitability through portfolio diversification.

Investment ratio  
(based on acquisition price)

**70% or more**  
of the amount invested

(Note) The actual investment ratio could differ from the ratio indicated above in the short term depending on the acquisition or selling of properties.

# Sponsor's Situation

## Major properties owned by Sponsor Group



### Office

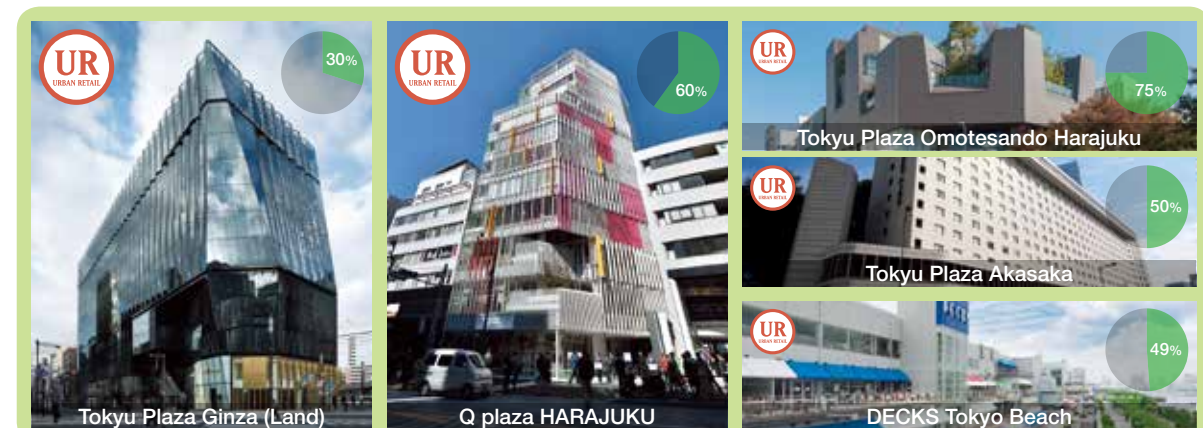
Number	Property name	Nearest station	Walking distance	Completion	GFA (thousands m <sup>2</sup> )
①	Ichibancho Tokyu Building	Hanzomon	1 min	2002	20
②	Ebisu Business Tower	Ebisu	2 mins	2003	23
③	Shibuya Square	Shibuya	3 mins	2004	13
④	Hamamatsucho Square	Hamamatsucho	1 min	2004	24
⑤	Shibuya Minami Tokyu Building	Shibuya	6 mins	2005	20
⑥	Uchisaiwaicho Tokyu Building	Shinbashi	2 mins	2006	14
⑦	Nihonbashi Maruzen Tokyu Building	Nihonbashi	1 min	2006	17
⑧	Minamiaoyama Tokyu Building	Omotesando	4 mins	2008	12
⑨	Shinbashi Tokyu Building	Shinbashi	2 mins	2008	15
⑩	Kasumigaseki Tokyu Building	Tameike-Sanno	4 mins	2010	19
⑪	Shin-Meguro Tokyu Building	Meguro	2 mins	2012	22
⑫	Shin-Aoyama Tokyu Building	Omotesando	3 mins	2015	9

### Retail

Number	Property name	Nearest station	Walking distance	Completion	GFA (thousands m <sup>2</sup> )
①	Shibuya BEAM	Shibuya	5 mins	1992	7
②	Daini Musashino Building	Shinjuku San-chome	1 min	1992	6

(As of September 30, 2018)

## Properties co-owned with Sponsor Group



(Note) Percentages are co-ownership interests held by API.

# Portfolio List

(As of January 17, 2019)

Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m <sup>2</sup> )	Completion (Note 1)	Occupancy rate
To be disposed	UR-1	Tokyu Plaza Omotesando Harajuku (Note 2)	Jingumae, Shibuya-ku, Tokyo	45,000	9.0%	4,999.87	Mar. 2012	100.0%
	UR-2	Tokyu Plaza Akasaka (Note 2)	Nagatacho, Chiyoda-ku, Tokyo	11,450	2.3%	16,609.75	Sep. 1969	100.0%
	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	1.8%	21,616.04	Jul. 2006	100.0%
	UR-6	A-FLAG AKASAKA	Akasaka, Minato-ku, Tokyo	3,000	0.6%	2,280.22	Feb. 2008	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	100.0%
	UR-9	A-FLAG SHIBUYA	Udagawacho, Shibuya-ku, Tokyo	6,370	1.3%	3,417.70	Jun. 1988	100.0%
	UR-10	Q plaza SHINSAIBASHI	Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka	13,350	2.7%	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	100.0%
	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	Sarugakuchou, Shibuya-ku, Tokyo	2,280	0.5%	2,579.08	Apr. 1992	100.0%
	UR-14	A-FLAG KITA SHINSAIBASHI	Minami-Senba, Chuo-ku, Osaka City, Osaka	4,725	0.9%	2,536.75	Mar. 2008	100.0%
	UR-15	DECKS Tokyo Beach (Note 2)	Daiba, Minato-ku, Tokyo	12,740	2.5%	16,112.00	Jun. 1996 Nov. 2000 (Extension)	99.7%
	UR-16	Tokyu Plaza Ginza (Land) (Note 2)	Ginza, Chuo-ku, Tokyo	37,500	7.5%	1,130.04	—	100.0%
	UR-17	Q plaza HARAJUKU (Note 2)	Jingumae, Shibuya-ku, Tokyo	13,200	2.6%	3,378.49	Mar. 2015	95.2%
	Urban Retail properties			201,715	40.2%	127,039.29	—	99.7%
Acquired in the 15th Period	TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	1.5%	7,342.60	Mar. 1993	100.0%
	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	1.8%	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	100.0%
	TO-6	TAMACHI SQUARE (Land)	Shiba, Minato-ku, Tokyo	2,338 (Note 3)	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%	5,052.14	Mar. 1999	98.7%
	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	0.8%	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 (Note 2)	Kaigan, Minato-ku, Tokyo	71,600	14.3%	28,136.05	Dec. 2007	100.0%
	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	1.0%	2,995.72	Mar. 1992	100.0%
	TO-15	A-PLACE Gotanda Ekimae	Nishi-Gotanda, Shinagawa-ku, Tokyo	7,280	1.5%	4,316.89	Nov. 1993	100.0%
	TO-16	A-PLACE Shinagawa Higashi	Konan, Minato-ku, Tokyo	18,800	3.7%	14,658.98	Aug. 1985 (Main building) Sep. 1999 (Annex)	100.0%
	TO-17	A-PLACE Shinbashi Ekimae (Note 4)	Shinbashi, Minato-ku, Tokyo	20,500	4.1%	6,484.57	Apr. 2008	100.0%
Acquired in the 15th Period	Tokyo Office properties			196,700	39.2%	114,740.36	—	99.9%
	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%	20,229.25	Mar. 1984	100.0%
	AA-8	icot Omori	Omorikita, Ota-ku, Tokyo	5,790	1.2%	6,209.79	Mar. 2007	100.0%
	AA-9	Market Square Sagami-hara	Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	4,820	1.0%	15,152.42	Jun. 2014	100.0%
	AA-10	Umeda Gate Tower	Tsurunochi, Kita-ku, Osaka City, Osaka	19,000	3.8%	13,624.49	Jan. 2010	100.0%
	AA-11	A-PLACE Bashamichi	Honcho, Naka-ku, Yokohama City, Kanagawa	3,930	0.8%	9,775.50	May 1975	100.0%
	AA-12	Commercial Mall Hakata	Tokojimachi, Hakata-ku, Fukuoka City, Fukuoka	6,100	1.2%	9,612.88	Nov. 2005	97.0%
	AA-13	EDGE Shinsaibashi	Nishi-Shinsaibashi, Chuo-ku, Osaka City, Osaka	19,800	3.9%	15,950.45	Apr. 1986	93.8%
	Activia Account properties			103,570	20.6%	174,646.77	—	99.3%
	Total			501,985	100.0%	416,426.42	—	99.6%

(Note 1) The completion date represents 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) For Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Tokyu Plaza Ginza (Land), Q plaza HARAJUKU and Shiodome Building, the acquisition price and total leasable area are in proportion to our pro rata share of the co-ownership interests (75%, 50%, 49%, 30%, 60%, and 35%, 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).

(Note 4) The property name of Shinbashi Place was changed to A-PLACE Shinbashi Ekimae on June 1, 2018 (the 14th period). Its asset category also changed from Urban Retail properties to Tokyo Office properties on the same day.



## Central Tokyo Area Portfolio Map



UR-1 Tokyu Plaza Omotesando Harajuku



UR-3 Q plaza EBISU



UR-2 Tokyu Plaza Akasaka



UR-6 A-FLAG AKASAKA



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



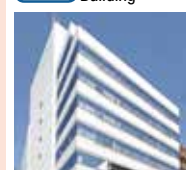
UR-16 Tokyu Plaza Ginza (Land)



UR-17 Q plaza HARAJUKU



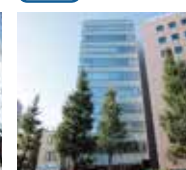
TO-1 TLC Ebisu Building



TO-2 A-PLACE Ebisu Minami



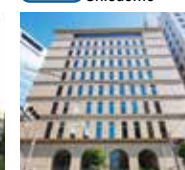
TO-3 A-PLACE Yoyogi



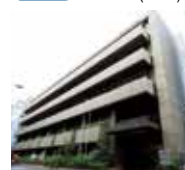
TO-4 A-PLACE Aoyama



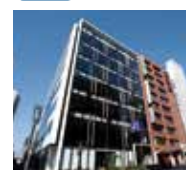
TO-5 Luogo Shiodome



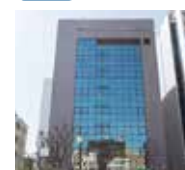
TO-6 TAMACHI SQUARE (Land)



TO-7 A-PLACE Ikebukuro



TO-8 A-PLACE Shinbashi



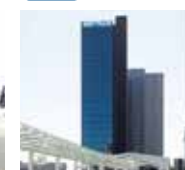
TO-9 A-PLACE Gotanda



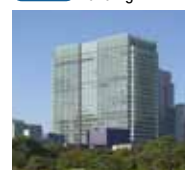
TO-10 A-PLACE Shinagawa



TO-11 OSAKI WIZTOWER



TO-12 Shiodome Building



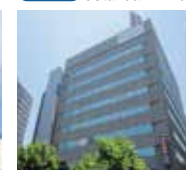
TO-13 A-PLACE Ebisu Higashi



TO-14 A-PLACE Shibuya Konnoh



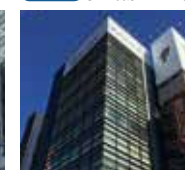
TO-15 A-PLACE Gotanda Ekimae



TO-16 A-PLACE Shinagawa Higashi



TO-17 A-PLACE Shinbashi Ekimae



## Overview of Urban Retail Properties



UR-1 Tokyu Plaza Omotesando Harajuku

Location: Jingumae, Shibuya-ku, Tokyo  
Acquisition price: ¥45,000 million

- The property is located on the corner of Omotesando Street and Meiji Street (Jingumae Crossing), a center of fashion and culture in Japan. Fashion outlets can expect significant branding effects from the location.



UR-2 Tokyu Plaza Akasaka

Location: Nagatacho, Chiyoda-ku, Tokyo  
Acquisition price: ¥11,450 million

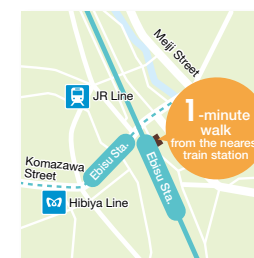
- Adjoining the Nagatacho and Kasumigaseki area, the Akasaka area is home to many embassies and foreign firms. The property is located in a business quarter in proximity to restaurants, bars, hotels and offices where many office workers gather.



UR-3 Q plaza EBISU

Location: Ebisu, Shibuya-ku, Tokyo  
Acquisition price: ¥8,430 million

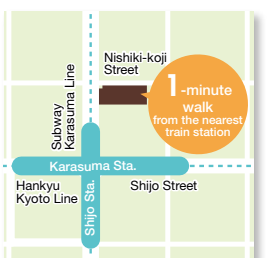
- The property is located in Ebisu, an area recognized as a city for adults.
- Facing the front of Ebisu Station, the property enjoys high visibility with a fancy, well-lit façade made of terracotta bars and glass.



UR-5 Kyoto Karasuma Parking Building

Location: Motohononjicho, Nakagyo-ku, Kyoto  
Acquisition price: ¥8,860 million

- The property is located in the Shijo Karasuma area, Kyoto's most prominent city center.
- As a tie-up parking lot for the Daimaru Kyoto department store and the Takashimaya Kyoto department store, the property also serves as an important service facility for neighboring retail stores.







## UR-6 A-FLAG AKASAKA

Location: Akasaka, Minato-ku, Tokyo  
Acquisition price: ¥3,000 million

- Located a 3-minute walk from Akasaka Station and a 5-minute walk from Akasaka-mitsuke Station.
- The property is a highly visible commercial building facing Hitotsugi Street, the busiest street with the heaviest foot traffic in the Akasaka area.



## UR-7 Kobe Kyu Kyoryuchi 25Bankan

Location: Kyomachi, Chuo-ku, Kobe City, Hyogo  
Acquisition price: ¥21,330 million

- In the Kyu Kyoryuchi (the Former Foreign Settlement) area, there are famous historical spots in the port city Kobe at every turn. As a center of tourism and commerce in western Japan, it enjoys a prominent ability to attract tourists and customers.
- The property faces the main street, Nakamachi Street, with high demand for its favorable location near Daimaru Kobe, the Bank of Japan Kobe Branch and the Kobe City Museum.



## UR-10 Q plaza SHINSAIBASHI

Location: Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka  
Acquisition price: ¥13,350 million

- Located in Shinsaibashi, a popular place for both domestic and international tourists to experience the uniqueness of the city of Osaka
- The building located near the entrance of Shinsaibashi-suji shopping street is a prominent landmark.



## UR-11 A-FLAG KOTTO DORI

Location: Minami-Aoyama, Minato-ku, Tokyo  
Acquisition price: ¥4,370 million

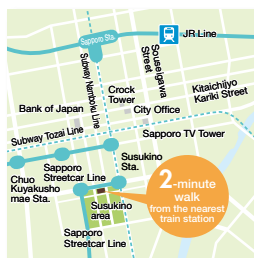
- A rare property located along Kotto Street in the Omotesando and Minami-Aoyama area with a luxurious and high-design façade finished with granite
- A highly versatile space able to meet various commercial needs



## UR-8 A-FLAG SAPPORO

Location: Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido  
Acquisition price: ¥4,410 million

- The property is located in Susukino, the largest amusement center in Hokkaido and one of the most popular tourist spots in Japan.
- SAPPORO TOKYU REI HOTEL, opened in 1980, is one of the largest hotels in Sapporo with a total of 575 guest rooms.



## UR-9 A-FLAG SHIBUYA

Location: Udagawacho, Shibuya-ku, Tokyo  
Acquisition price: ¥6,370 million

- The property is located in Shibuya, a major commercial district that is also known as a center for younger generations and the forefront of Japanese fashion and cultural trends.
- Further growth is expected, reflected by large-scale redevelopment projects in the area.



## UR-12 A-FLAG BIJUTSUKAN DORI

Location: Minami-Aoyama, Minato-ku, Tokyo  
Acquisition price: ¥4,700 million

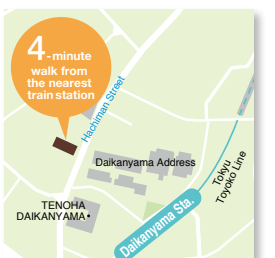
- A rare property located along Museum Street in Omotesando and Minami-Aoyama area with a famous jazz club as one of its tenants
- The building facing a boulevard has a high visibility and offers a spacious atmosphere.



## UR-13 A-FLAG DAIKANYAMA WEST

Location: Sarugakuchō, Shibuya-ku, Tokyo  
Acquisition price: ¥2,280 million

- Located along Hachiman Street, the main street in Daikanyama area
- The property is equipped with a courtyard and a corridor that appeals to tenants who prefer the area.



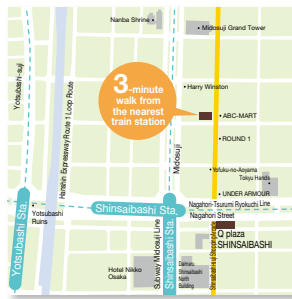




### UR-14 A-FLAG KITA SHINSAIBASHI

Location: Minami-Senba, Chuo-ku, Osaka City, Osaka  
Acquisition price: ¥4,725 million

- Facing a popular shopping arcade in the Shinsaibashi-kita shopping district, the property enjoys a locational advantage as a retail property.
- This property meets the needs of customers with a diverse tenant structure including a cellular phone store, a fitness gym and a live music club.



### UR-15 DECKS Tokyo Beach

Location: Daiba, Minato-ku, Tokyo  
Acquisition price: ¥12,740 million

- Located in Odaiba, an area crowded by domestic and inbound visitors, with a magnificent view of Rainbow Bridge and the central Tokyo
- A large commercial facility with rare, hands-on experience based retail tenants being the one and only outlet in Japan or in Tokyo metropolitan area



### TO-3 A-PLACE Yoyogi

Location: Sendagaya, Shibuya-ku, Tokyo  
Acquisition price: ¥4,070 million

- The property is located within walking distance of Shinjuku Station and is situated on Meiji Street with good visibility.
- Tenants can efficiently use a column-free space of approximately 344 m<sup>2</sup> per floor.



### TO-4 A-PLACE Aoyama

Location: Kita-Aoyama, Minato-ku, Tokyo  
Acquisition price: ¥8,790 million

- The property is superior in terms of scale compared to other office buildings located in the vicinity.
- Large-scale renovations, including anti-earthquake reinforcement, were completed in 2008.



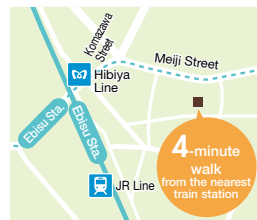
## Overview of Tokyo Office Properties



### TO-1 TLC Ebisu Building

Location: Ebisu, Shibuya-ku, Tokyo  
Acquisition price: ¥7,400 million

- The surroundings are well known, as the area has a large concentration of office buildings around Ebisu.
- The property is superior in terms of scale compared with other office buildings in the vicinity, with a standard floor area of approximately 803 m<sup>2</sup>.



### TO-2 A-PLACE Ebisu Minami

Location: Ebisu-Minami, Shibuya-ku, Tokyo  
Acquisition price: ¥9,640 million

- The property is conveniently located a 4-minute walk from Ebisu Station.
- Thanks to its traffic convenience, the Ebisu area attracts numerous tenants, particularly IT companies such as software development companies, apparel companies, and foreign firms.



### TO-5 Luogo Shiodome

Location: Higashi-Shinbashi, Minato-ku, Tokyo  
Acquisition price: ¥4,540 million

- The property is located on the north side of the west district of "Shiodome Sio-Site," which is known as "Italia Gai (Italy Town)," and boasts good traffic access.
- Equipped with an earthquake-resistant structure, it is highly competitive with surrounding office buildings.



### TO-6 TAMACHI SQUARE (Land)

Location: Shiba, Minato-ku, Tokyo  
Acquisition price: ¥2,338 million (Note)

- A 2-minute walk from Mita Station and a 4-minute walk from Tamachi Station
- The area offers close proximity to central Tokyo with good traffic access, as several JR lines and Toei subway lines can be used.

(Note) The land acquisition price stated is at the time of the initial acquisition (June 13, 2012).



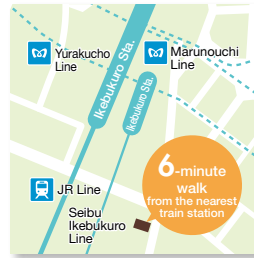




## TO-7 A-PLACE Ikebukuro

Location: Minami-Ikebukuro, Toshima-ku, Tokyo  
Acquisition price: ¥3,990 million

- The property offers good visibility, as it is located along Meiji Street. A 6-minute walk from Ikebukuro Station which enjoys high potential as a terminal station.
- Further development of the area is expected owing to the large scale development project by a railway company and the redevelopment of the land of former administrative building of Toshima ward scheduled in the vicinity.



## TO-8 A-PLACE Shinbashi

Location: Shinbashi, Minato-ku, Tokyo  
Acquisition price: ¥5,650 million

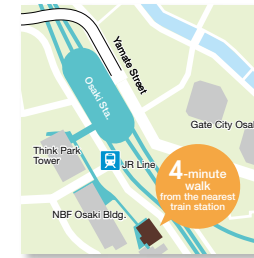
- A 3-minute walk from Shinbashi Station, where seven lines converge, including the JR Yamanote Line and Tokyo Metro Ginza Line
- In addition to a spacious office space with a ceiling height of 2,700 mm, the property offers quality facilities such as individual air conditioning.



## TO-11 OSAKI WIZTOWER

Location: Osaki, Shinagawa-ku, Tokyo  
Acquisition price: ¥10,690 million

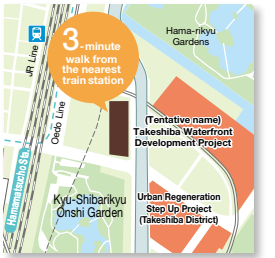
- A 4-minute walk with a direct connection through the pedestrian deck from Osaki Station, a terminal station serviced by four railway lines
- Enjoys good access to the Tokyo metropolitan area as well as Yokohama and Saitama.



## TO-12 Shiodome Building

Location: Kaigan, Minato-ku, Tokyo  
Acquisition price: ¥71,600 million

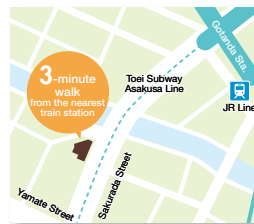
- A high-spec building able to respond flexibly to a wide range of needs
- Accessible from two train stations serviced by five lines, the property also has direct access to Haneda Airport. Further development of the area is expected in line with large-scale urban redevelopment projects.



## TO-9 A-PLACE Gotanda

Location: Nishi-Gotanda, Shinagawa-ku, Tokyo  
Acquisition price: ¥5,730 million

- Conveniently located a 3-minute walk from Gotanda Station on the Toei Subway Asakusa Line and a 4-minute walk from Gotanda Station on JR Line
- The property offers good access to major areas in Tokyo via several railway lines.



## TO-10 A-PLACE Shinagawa

Location: Konan, Minato-ku, Tokyo  
Acquisition price: ¥3,800 million

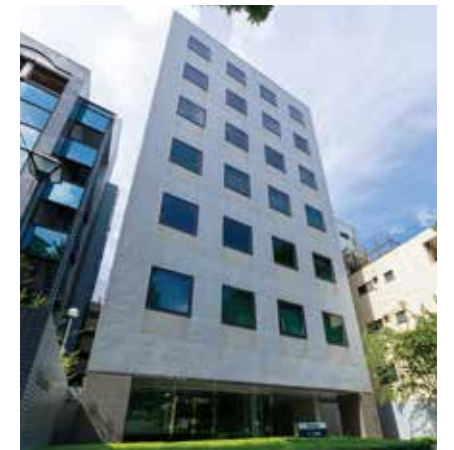
- A 4-minute walk from JR Shinagawa Station
- Shinagawa Station is serviced by the Tokaido Shinkansen (bullet train) and has direct access to Haneda Airport by the Keikyu Line.



## TO-13 A-PLACE Ebisu Higashi

Location: Higashi, Shibuya-ku, Tokyo  
Acquisition price: ¥7,072 million

- Located a 6-minute walk from Ebisu Station and on a corner along Meiji Street, the property has excellent lighting and visibility.
- A comprehensive renovation of facilities in the entire building has enhanced its appeal to tenants.



## TO-14 A-PLACE Shibuya Konnoh

Location: Shibuya, Shibuya-ku, Tokyo  
Acquisition price: ¥4,810 million

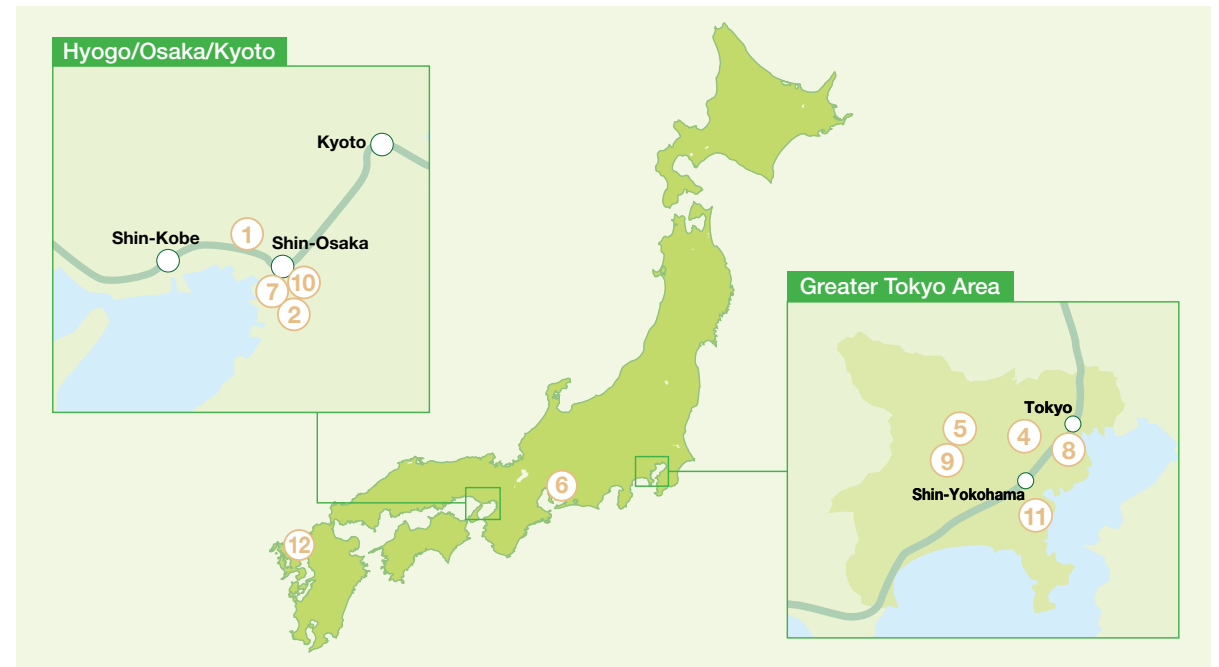
- A 4-minute walk from Shibuya Station, serviced by nine railway lines
- Around Shibuya Station South Exit, further development and improved accessibility are expected. Improvement projects along National Route 246 and other renewal plans include the installation of new pedestrian decks and escalators.







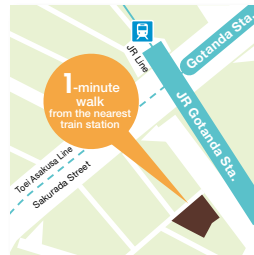
## Overview of Activia Account Properties



### TO-15 A-PLACE Gotanda Ekimae

Location: Nishi-Gotanda, Shinagawa-ku, Tokyo  
Acquisition price: ¥7,280 million

- Located a short 1-minute walk from Gotanda Station
- Having good visibility from Gotanda Station and excellent convenience, the property can fulfill an advertising role and attract demand for various tenants, such as stores where people shop in person.



### TO-16 A-PLACE Shinagawa Higashi

Location: Konan, Minato-ku, Tokyo  
Acquisition price: ¥18,800 million

- Located near Konan Exit of Shinagawa Station, an area serving as a hub of major domestic companies. Further development of the area is expected in line with the opening of the Linear Shinkansen (maglev train).
- A large renovation was completed in 2014 including installation of a green wall.



### TO-17 A-PLACE Shinbashi Ekimae

Location: Shinbashi, Minato-ku, Tokyo  
Acquisition price: ¥20,500 million

- The property is located only 1 minute on foot from Shinbashi Station, a gateway to Ginza, one of the busiest commercial districts in Japan
- With its excellent visibility from Shinbashi Station and high convenience, the property can respond to the diverse needs of tenants including stores where people shop in person.



### AA-1 Amagasaki Q's MALL (Land)

Location: Shioe, Amagasaki City, Hyogo  
Acquisition price: ¥12,000 million



### AA-2 icot Nakamozu

Location: Nakamozucho, Kita-ku, Sakai City, Osaka  
Acquisition price: ¥8,500 million



### AA-4 icot Mizonokuchi

Location: Mizonokuchi, Takatsu-ku, Kawasaki City, Kanagawa  
Acquisition price: ¥2,710 million



### AA-5 icot Tama Center

Location: Ochiai, Tama City, Tokyo  
Acquisition price: ¥2,840 million





**AA-6 A-PLACE Kanayama**  
Location: Kanayama, Naka-ku, Nagoya City, Aichi  
Acquisition price: ¥6,980 million



**AA-7 Osaka Nakanoshima Building**  
Location: Nakanoshima, Kita-ku, Osaka City, Osaka  
Acquisition price: ¥11,100 million



**AA-8 icot Omori**  
Location: Omorikita, Ota-ku, Tokyo  
Acquisition price: ¥5,790 million



**AA-9 Market Square Sagamihara**  
Location: Shimokuzawa, Chuo-ku, Sagamihara City, Kanagawa  
Acquisition price: ¥4,820 million



**AA-10 Umeda Gate Tower**  
Location: Tsurunocho, Kita-ku, Osaka City, Osaka  
Acquisition price: ¥19,000 million



**AA-11 A-PLACE Bashamichi**  
Location: Honcho, Naka-ku, Yokohama City, Kanagawa  
Acquisition price: ¥3,930 million



**AA-12 Commercial Mall Hakata**  
Location: Tokojimachi, Hakata-ku, Fukuoka City, Fukuoka  
Acquisition price: ¥6,100 million

## Overview of API

### Structure



### Profile

Name	Activia Properties Inc.
Executive Director	Kazuyuki Murayama
Address	Shin-Aoyama Building East 9F, 1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo, Japan
Contact	TLC REIT Management Inc. Tel. +81-3-6804-5671
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)



## Asset Management Report for the 14th Fiscal Period (Semi-Annual Report)

From June 1, 2018 to November 30, 2018

I.	Asset Management Report
II.	Balance Sheets
III.	Statements of Operations
IV.	Statements of Changes in Unitholders' Equity
V.	Statements of Cash Distributions
VI.	Statements of Cash Flows
VII.	Notes to Financial Statements
VIII.	Schedule of Financial Statements
	Independent Auditor's Report

Activia Properties Inc.  
1-1 Minami-Aoyama 1-chome,  
Minato-ku, Tokyo

## I. Asset Management Report

### 1. Review of Asset Management

#### (1) Investment Performance of the Investment Corporation

Fiscal period		10th period	11th period	12th period	13th period	14th period
Business period		From June 1, 2016 to November 30, 2016	From December 1, 2016 to May 31, 2017	From June 1, 2017 to November 30, 2017	From December 1, 2017 to May 31, 2018	From June 1, 2018 to November 30, 2018
Operating revenue	(In millions of yen)	10,917	12,107	12,720	13,327	13,815
[Lease business revenue]	(In millions of yen)	[10,175]	[11,370]	[11,861]	[12,409]	[12,673]
Operating expenses	(In millions of yen)	4,755	5,127	5,645	5,855	6,268
[Expenses related to rent business]	(In millions of yen)	[3,833]	[4,097]	[4,509]	[4,706]	[5,076]
Operating profit	(In millions of yen)	6,161	6,980	7,074	7,471	7,546
Ordinary profit	(In millions of yen)	5,410	6,152	6,218	6,611	6,697
Profit	(In millions of yen)	5,409	6,151	6,217	6,610	6,696
Net assets	(In millions of yen)	177,018	208,451	208,523	223,777	223,842
[Change from the previous period]	(%)	[0.2]	[17.8]	[0.0]	[7.3]	[0.0]
Total assets	(In millions of yen)	371,680	425,977	426,838	445,941	445,464
[Change from the previous period]	(%)	[9.4]	[14.6]	[0.2]	[4.5]	[−0.1]
Unitholders' capital	(In millions of yen)	171,532	202,233	202,233	217,091	217,091
Number of units issued and outstanding	(Units)	599,654	665,214	665,214	698,704	698,704
Net assets per unit	(Yen)	295,200	313,359	313,467	320,275	320,368
Total distributions	(In millions of yen)	5,409	6,151	6,217	6,611	6,696
Basic earnings per unit (Note 1)	(Yen)	9,021	9,252	9,346	9,493	9,584
Cash distributions per unit						
[Earnings distributions per unit]	(Yen)	[9,021]	[9,248]	[9,346]	[9,462]	[9,584]
[Distributions per unit in excess of earnings]	(Yen)	[—]	[—]	[—]	[—]	[—]
Ordinary profit to total assets (Note 2)	(%)	1.5	1.5	1.5	1.5	1.5
Return on unitholders' equity (Note 2)	(%)	3.1	3.2	3.0	3.1	3.0
Unitholders' equity to total assets	(%)	47.6	48.9	48.9	50.2	50.2
[Change from the previous period]	(%)	[−4.4]	[1.3]	[—]	[1.3]	[—]
Payout ratio (Note 2)	(%)	99.9	100.0	99.9	100.0	99.9
[Other reference]						
Number of properties	(Properties)	35	39	39	42	42
Total leasable area (Note 3)	(m <sup>2</sup> )	340,271.66	370,194.77	370,296.85	395,994.33	395,967.44
Occupancy rate at end of period	(%)	99.3	99.8	100.0	99.8	99.9
Depreciation	(In millions of yen)	1,051	1,175	1,189	1,234	1,267
Capital expenditure	(In millions of yen)	502	147	303	1,077	352
NOI (Note 2)	(In millions of yen)	8,135	9,185	9,400	9,855	10,006

(Note 1) Basic earnings per unit is calculated by dividing profit by the daily weighted average number of investment units issued and outstanding (599,654 units, 664,866 units, 665,214 units, 696,324 and 698,704 units for the 10th, 11th, 12th, 13th and 14th fiscal periods, respectively).

(Note 2) 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 ÷ 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

(Note 3) 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 and Shiodome Building, the figures are in proportion to a pro rata share of co-ownership interests of each property (75%, 50%, 49% and 25% (10th fiscal period) or 35% (from the 11th fiscal period to the 14th fiscal period), respectively).

## (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), 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 13, 2017, the Investment Corporation carried out a publicly offered capital increase for the fifth consecutive year, and on December 26, 2017, 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).

Moreover, 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 42 properties (with the total acquisition price of ¥431,485 million) at the end of the fiscal period under review.

### 2) Investment Environment and Investment Performance

In the fiscal period under review, the Japanese economy remained generally robust amid an ongoing trend of gradual recovery in the global economy overall against a backdrop of a continued trajectory of recovery in corporate earnings as well as the employment and income environments, and despite concerns particularly regarding effects from a string of natural disasters.

With respect to the environment surrounding retail properties, developments involving consumer sentiment have been weak according to the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan, yet sales of retailers are gradually picking up steam according to the Current Survey of Commerce released by the Ministry of Economy, Trade and Industry. Moreover, according to the Consumption Trend Survey for Foreigners Visiting Japan released by the Japan Tourism Agency, the Ministry of Land, Infrastructure, Transport and Tourism, the number of foreign overseas visitors to Japan had decreased briefly due to effects from the string of natural disasters in the quarter spanning July to September 2018, but currently as of December 2018 the number exceeds 30 million people annually for the first time ever. As such, demand related to inbound tourism has been holding firm.

In the rental office market, a favorable environment of supply relative to demand has been persisting. In that regard, according to data published by Miki Shoji Co., Ltd., the average vacancy rate of the five central wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) had been hovering just above the 2% range since March 2018 until it fell below 2% to 1.98% in November 2018. With respect to rent levels as well, the average rent has been increasing for 59 consecutive months. The market environment continues to be favorable also in major cities outside Tokyo amid declining vacancy rates and an increasingly upward trend in rent levels.

The J-REIT market has held firm overall amid further improvement in business performance underpinned largely by a favorable rental office market, as well as relatively high yields, and despite the Bank of Japan having announced that it will allow long-term interest rates to fluctuate to a greater extent. Financing activities through publicly offered capital increase and property acquisition have been continuously and actively conducted, and this has led to an ongoing expansion in J-REIT asset sizes.

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 42 properties (with the total acquisition price of ¥431,485 million) with the total leasable area of 395,967 m<sup>2</sup> (119,764 tsubo). In addition, the occupancy rate at the end of the 14 th period was 99.9%.

### 3) Initiatives Regarding Sustainability

In aiming to build a portfolio consisting of “real estate capable of sustaining customer demand,” the Investment Corporation deems that efforts to achieve “lower environmental loads” while acting to “contribute to our nearby surroundings and local communities” also constitute an important portfolio consideration. This involves daily effort to achieve our basic objective of cutting unit energy consumption by an annual average of 1% over the medium to long term. Initiatives carried out in the fiscal period under review include upgrading to LED lighting at some private areas at A-PLACE Gotanda Ekimae, timed in conjunction with change of tenants at the facility, and some common areas of A-PLACE Ebisu Higashi and Commercial Mall Hakata. In addition, in new lease agreements and memorandums of renewal, we have added “green lease clauses” and are working with each tenant to build a system of cooperation with respect to environmental awareness. Moreover, we continue to engage in annual initiatives geared to acquiring green building certifications. During the fiscal period under review, we have acquired the CASBEE (Comprehensive Assessment System for Built Environment Efficiency) for Real Estate certification, for four properties including A-PLACE Shinagawa Higashi (S class), TLC Ebisu Building (A class), A-PLACE Ebisu Higashi (A class), and A-PLACE Shibuya Konnoh (A class). As such, a total of 24 of our properties have acquired green building certification, which amounted to 58.8% of our holdings calculated on the basis of gross floor area (as of November 30, 2018).

Furthermore, at Tokyu Plaza Omotesando Harajuku, we held the first harvest of the “Yasai-no-mori (garden of vegetables) Project,” which entails the property growing vegetables in cooperation with NPOs, sponsor companies, and neighboring nursery schools. We also cooperated in community activities to coexist with nearby businesses, residents and cities as part of initiatives for local society, which included our participation in clean-up campaigns and summer festivals in various areas where our properties are located.

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, the Investment Corporation refinanced borrowings amounting to ¥17,000 million in June 2018, in order to cover repayment of loans payable that had come due, and worked to otherwise maintain a stable financial base through ongoing moves that have included reducing interest costs and diversifying repayment dates on interest-bearing debt. As of the end of the fiscal period under review, the balance of interest-bearing debt was ¥199,350 million (borrowings of ¥181,350 million and investment corporation bonds of ¥18,000 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 44.8% 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 both 95.4%.

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	Outlook
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 ¥13,815 million, ¥7,546 million, and ¥6,697 million, respectively, for the fiscal period under review, and profit was ¥6,696 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the



Articles of Incorporation), it was decided that the all amount of unappropriated retained earnings would be distributed except 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”). Consequently, distributions per investment unit resulted in ¥9,584.

### (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 (In 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)

(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.

### Fluctuation in Market Price of the Investment Securities

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

(Yen)

Fiscal period	10th period	11th period	12th period	13th period	14th period
Business period	From June 1, 2016 to November 30, 2016	From December 1, 2016 to May 31, 2017	From June 1, 2017 to November 30, 2017	From December 1, 2017 to May 31, 2018	From June 1, 2018 to November 30, 2018
Highest price	580,000	560,000	518,000	499,500	518,000
Lowest price	488,500	490,000	437,500	448,000	466,000

### (4) Distributions, etc.

The Investment Corporation decided to distribute the entire unappropriated retained earnings at the end of the fiscal period under review excluding fractions of the distribution amount per unit that are less than ¥1 to ensure that the maximum amount of profit distribution would be included in tax deductible expenses with the application of a special provision of taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Accordingly, distributions per investment unit were ¥9,584.

Fiscal period	10th period	11th period	12th period	13th period	14th period
Business period	From June 1, 2016 to November 30, 2016	From December 1, 2016 to May 31, 2017	From June 1, 2017 to November 30, 2017	From December 1, 2017 to May 31, 2018	From June 1, 2018 to November 30, 2018
Unappropriated retained earnings (undisposed loss)	¥5,409,874 thousand	¥6,152,150 thousand	¥6,217,532 thousand	¥6,611,254 thousand	¥6,696,690 thousand
Retained earnings	¥395 thousand	¥251 thousand	¥442 thousand	¥117 thousand	¥311 thousand
Total distribution payments [Distributions per unit]	¥5,409,478 thousand [¥9,021]	¥6,151,899 thousand [¥9,248]	¥6,217,090 thousand [¥9,346]	¥6,611,137 thousand [¥9,462]	¥6,696,379 thousand [¥9,584]
Of which, total distributions of profits were [Distributions of profits per unit]	¥5,409,478 thousand [¥9,021]	¥6,151,899 thousand [¥9,248]	¥6,217,090 thousand [¥9,346]	¥6,611,137 thousand [¥9,462]	¥6,696,379 thousand [¥9,584]
Of which, total return on unitholders' capital was [Return on unitholders' capital per unit]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]
Of the total return on unitholders' capital, the total distribution payments from the allowance for temporary difference adjustment [Of the return on unitholders' capital per unit, the distribution payment from the allowance for temporary difference adjustment per unit]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]
Of the total return on unitholders' capital, the total distribution payments from investments and other decreased distribution under tax laws [Of the return on unitholders' capital per unit, the distribution payments from investments and other decreased distribution under tax laws]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]

### (5) Future Investment Policy and Issues to Address

In the Japanese economy going forward, we expect the trend of modest recovery to persist on the whole, driven in part by firm domestic demand particularly in terms of capital investment and personal consumption and also by continued robust employment and income environments, against a backdrop of factors that include the Bank of Japan's sustained monetary easing policy as well as support from government expenditure. On the other hand, risk factors include potential effects on the global economy as well as financial and capital markets stemming from developments with respect to trade policies particularly of the U.S. as well as monetary policy in Europe and the U.S., along with potential effects of outcomes in negotiations ahead of the U.K.'s withdrawal from the European Union and Japan's hike in its consumption tax rate.

In the rental office market, conditions are likely to remain favorable amid a scenario of ongoing robust demand particularly in terms of corporate expansion as well as improving and relocating business sites, along with continued tightening of supply relative to demand. With respect to the environment surrounding retail properties, trends that include robust employment and income environments along with the increasing number of foreign overseas visitors to Japan were ongoing, and temporary effects of the consumption tax



hike aside, we anticipate robust performance with some contribution to this expected from fiscal stimulus. The J-REIT market, is likely to gain support from the robust real estate market and long-term interest rates remaining at low levels in Japan, despite the need to closely monitor the overseas economic situation particularly with respect to uncertainties brought about by developments involving policy in Europe and the U.S. Amid this environment, the Investment Corporation will promote both external growth through making careful investment decisions, in part by continuing to leverage its sponsor support, and also internal growth by leveraging the competitiveness of its assets under management, with the aim of improving unitholder value.

#### 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 and will seek to expand the size of its assets by carefully 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 the sound financial strategy in an effort to conservatively control LTV as well as make stable long-term loans and diversify maturities (diversifying repayment dates), the Investment Corporation will endeavor to build stable financial base with solid bank formation. 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. The Investment Corporation will also continue to flexibly issue new investment units while paying appropriate attention to dilution of investment units with the aim of achieving long-term and stable growth.

### (6) Significant Matters after Book Closing

#### 1) Issuance of New Investment Units

At meetings of the board of directors held on November 30, 2018 and December 12, 2018, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 19, 2018 and January 7, 2019. As a result, unitholders' capital amounted to ¥248,370,846,700, and the total number of investment units issued came to 771,224units.

(a) Issuance of new investment units through the public offering (Public placement)

Number of new investment units issued	67,320 units
Offering price	¥445,410 per unit
Total offering price	¥29,985,001,200
Paid-in amount	¥431,320 per unit
Total paid-in amount	¥29,036,462,400
Payment date	December 19, 2018

#### (b) Issuance of new investment units through third-party allotment

Number of new investment units issued	5,200 units
Paid-in amount	¥431,320 per unit
Total paid-in amount	¥2,242,864,000
Payment date	January 7, 2019
Allottee	Nomura Securities Co.,Ltd

#### 2) Borrowing of Funds

In order to cover a part of the acquisition costs for beneficiary interests of real estate in trust described in the below section "3) Acquisition of Properties" and related costs, the Investment Corporation borrowed funds as follows.

Borrowed funds as follows:						
Category	Lender	Total amount borrowed	Interest rate	Drawdown date	Due date (Note 1)	Borrowing and repayment methods, security, and guarantee
Short-term	Sumitomo Mitsui Trust Bank, Limited	¥5,000 million	Base rate + 0.13%	January 10, 2019	May 31, 2019	Borrowing based on a borrowing agreement with the lender shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed
	Mizuho Bank, Ltd.					
	MUFG Bank, Ltd.					
	Sumitomo Mitsui Trust Bank, Limited	¥5,000 million	Base rate + 0.13%	January 10, 2019	January 10, 2020	
	Mizuho Bank, Ltd.					
	MUFG Bank, Ltd.					
	Total	¥10,000 million				
Long-term	Sumitomo Mitsui Trust Bank, Limited	¥11,780 million	Base rate + 0.145%	January 10, 2019	July 12, 2021	Borrowing based on a borrowing agreement with the lender shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed
	Mizuho Bank, Ltd.					
	MUFG Bank, Ltd.					
	Sumitomo Mitsui Banking Corporation	¥1,970 million	0.36607%	January 10, 2019	July 12, 2021	
	Development Bank of Japan Inc.					
	Sumitomo Mitsui Trust Bank, Limited					
	Mizuho Bank, Ltd.	¥9,640 million	0.55800% (Note 2)	January 10, 2019	January 11, 2028	
	MUFG Bank, Ltd.					
	Sumitomo Mitsui Banking Corporation					
	Development Bank of Japan Inc.	¥1,610 million	0.65264%	January 10, 2019	January 11, 2028	
	Total	¥25,000 million				
Total		¥35,000 million				

(Note 1) If the due date is a non-business day, the due date shall be the following business day. If such day comes in the following month, the due date shall be the immediately preceding business day.

(Note 2) The Investment Corporation conducts interest rate swaps to hedge interest rate fluctuation risk, and, accordingly, the indicated interest rate reflects the effect of the interest rate swaps.

#### 3) Acquisition of Properties

The Investment Corporation acquired properties listed below with proceeds from the issuance of new investment units through the public offering (public placement) and third-party allotment and borrowings, etc. in accordance with the basic asset management policy set forth in the Article of Incorporation.



(UR-16) Tokyu Plaza Ginza (Land) (acquisition of 30% co-ownership interest)

Type of assets	Trust beneficiary interest
Acquisition price	¥37,500 million
Acquisition date	January 10, 2019
Location	2-1, Ginza 5-chome, Chuo-ku, Tokyo
Use	—
Land area	3,766.80 m <sup>2</sup>
Gross floor area	—
Structure	—
Month and year of completion	—
Ownership	Land: Owned (30% co-ownership interest)

(UR-17) Q Plaza HARAJUKU (acquisition of 60% co-ownership interest)

Type of assets	Trust beneficiary interest
Acquisition price	¥13,200 million
Acquisition date	January 10, 2019
Location	28-6, Jingumae 6-chome, Shibuya-ku, Tokyo
Use	(BuildingA) Retail, (BuildingB) Hall
Land area	2,165.54 m <sup>2</sup>
Gross floor area	7,667.27 m <sup>2</sup>
Structure	(BuildingA) SRC, Steel framed / 11 floors above and 2 floors underground (BuildingB) SRC, Steel framed / 2 floors above and 1 floor underground
Month and year of completion	March 2015
Ownership	Land: Owned (60% co-ownership interest) Building: Owned (60% co-ownership interest)

(AA-13) EDGE Shinsaibashi

Type of assets	Trust beneficiary interest
Acquisition price	¥19,800 million
Acquisition date	January 10, 2019
Location	2-3, Nishishinsaibashi 2-chome, Chuo-ku, Osaka City, Osaka
Use	Office, retail, parking
Land area	2,217.78 m <sup>2</sup>
Gross floor area	23,483.28 m <sup>2</sup>
Structure	SRC, Reinforced concrete, Steel framed / 14 floors above and 2 floors underground
Month and year of completion	April 1986
Ownership	Land: Owned Building: Owned

〈Reference Information〉

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-6) A-FLAG AKASAKA

Type of assets	Trust beneficiary interest
Scheduled transfer price	Total ¥3,750 million (i) ¥1,875 million (50% co-ownership interest) (ii) ¥1,875 million (50% co-ownership interest)
Scheduled delivery date (Note)	(i) March 1, 2019 (50% co-ownership interest) (ii) June 3, 2019 (50% co-ownership interest)
Location	3-6, Akasaka 4-chome, Minato-ku, Tokyo
Use	Retail
Land area	514.86 m <sup>2</sup>
Gross floor area	2,429.01 m <sup>2</sup>
Structure	SRC, Steel framed / 7 floors above and 1 floor underground
Month and year of completion	February 2008
Ownership	Land: Ownership and partial leasehold Building: Owned

(Note) The contract for the sale of trust beneficiary interests 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

	10th period As of November 30, 2016	11th period As of May 31, 2017	12th period As of November 30, 2017	13th period As of May 31, 2018	14th period As of November 30, 2018
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)	599,654	665,214	665,214	698,704	698,704
Unitholders’ capital (In millions of yen)	¥171,532	¥202,233	¥202,233	¥217,091	¥217,091
Number of unitholders (Persons)	6,359	6,656	6,871	7,162	6,910

### (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)
Japan Trustee Services Bank, Ltd. (Trust accounts)	129,161	18.48
The Master Trust Bank of Japan, Ltd. (Trust accounts)	111,255	15.92
Tokyu Land Corporation	61,913	8.86
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	28,691	4.10
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	22,646	3.24
State Street Bank & Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	12,711	1.81
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	11,100	1.58
THE BANK OF NEW YORK 133970 (Standing proxy: Mizuho Bank, Ltd.)	10,246	1.46
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	8,160	1.16
STATE STREET BANK AND TRUST COMPANY 505012 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	7,693	1.10
Total	403,576	57.76

(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 (In thousands of yen)
Executive Director (Note 1)	Kazuyuki Murayama	TLC REIT Management Inc., General Manager of Strategy Department, 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	—	13,100 (Note 2)

(Note 1) Executive Directors 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 the audit fees for financial statements prepared in English.

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.

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 (administration of the unitholders' registry, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrator (accounting data processing, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrator (administration related to the operation of administrative instruments)	Sumitomo Mitsui Trust Bank, Limited
General administrator (administration related to investment corporation bonds)	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	13th period As of May 31, 2018		14th period As of November 30, 2018	
		Total amount of assets owned (In millions of yen) (Note 1)	Ratio to total assets (%)	Total amount of assets owned (In 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 (Note 3)	172,148	38.6	151,044	33.9
	Tokyo Office Properties (Note 3)	175,402	39.3	195,900	44.0
	Activia Account Properties	83,348	18.7	83,038	18.6
	Subtotal	430,898	96.6	429,984	96.5
Total real estate, etc.		430,898	96.6	429,984	96.5
Deposits and other assets		15,042	3.4	15,480	3.5
Total assets (Note 2)		445,941	100.0	445,464	100.0
		(430,898)	(96.6)	(429,984)	(96.5)

(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.

(Note 3) As of June 1, 2018, the name of Shinbashi Place was changed to A-PLACE Shinbashi Ekimae and its asset category was changed from Urban Retail Properties to Tokyo Office Properties; the same shall apply hereinafter.

(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 (In millions of yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Major use
Shiodome Building (Note 4)	71,141	28,136.05	28,136.05	100.0	11.1	Office
Tokyu Plaza Omotesando Harajuku (Note 4)	44,757	4,999.87	4,999.87	100.0	8.0	Retail
A-PLACE Shinbashi Ekimae	20,921	6,484.57	6,484.57	100.0	2.8	Office
Kobe Kyu Kyoryuchi 25Bankan	20,753	19,653.90	19,653.90	100.0	5.4	Retail
Umeda Gate Tower	19,431	13,624.49	13,624.49	100.0	3.2	Office
A-PLACE Shinagawa Higashi	18,876	14,658.98	14,658.98	100.0	3.7	Office
Q plaza SHINSAIBASHI	13,437	2,820.23	2,820.23	100.0	2.5	Retail
DECKS Tokyo Beach (Note 4)	12,892	16,112.00	16,056.19	99.7	4.6	Retail
Amagasaki Q's MALL (Land)	12,113	27,465.44	27,465.44	100.0	2.6	Retail
Tokyu Plaza Akasaka (Note 4)	11,744	16,609.75	16,609.75	100.0	4.8	Retail
Total	246,070	150,565.28	150,509.47	100.0	—	

(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 November 30, 2018 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2018.

(Note 2) Leased area refers to the leased area of each property based on lease agreements as of November 30, 2018. 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 November 30, 2018, rounding down to the first decimal place.

(Note 4) As for Shiodome Building, Tokyu Plaza Omotesando Harajuku, DECKS Tokyo Beach and Tokyu Plaza Akasaka, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (35%, 75% , 49%and 50%, 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 <sup>2</sup> ) (Note 1)	Assessed value at end of period (In millions of yen) (Note 2)	Book value at end of period (In 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	4,999.87	61,200	44,757
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,609.75	15,500	11,744
	Q plaza EBISU	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	11,900	8,251
	Kyoto Karasuma Parking Building	678 Motohonenjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	11,000	8,736
	A-FLAG AKASAKA (Note 6)	3-6 Akasaka 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,280.22	3,750	3,070
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	26,900	20,753
	A-FLAG SAPPORO	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	7,090	4,723
	A-FLAG SHIBUYA	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,417.70	7,930	6,358
	Q plaza SHINSAIBASHI	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	2,820.23	14,600	13,437
	A-FLAG KOTTO DORI	4-40, Minami-Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,656.53	4,880	4,401
	A-FLAG BIJUTSUKAN DORI	3-16, Minami-Aoyama 6-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,994.65	4,920	4,722
	A-FLAG DAIKANYAMA WEST	11-6, Sarugakucho, Shibuya-ku, Tokyo	Trust beneficiary interests	2,579.08	2,340	2,345
	A-FLAG KITA SHINSAIBASHI	10-11, Minami Senba 3-chome, Chuo-ku, Osaka city, Osaka	Trust beneficiary interests	2,536.75	4,740	4,847
	DECKS Tokyo Beach (Note 4)	6-1, Daiba 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	16,112.00	12,887	12,892
	Subtotal			122,530.76	189,637	151,044
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	10,800	7,289
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.49	14,600	9,411
	A-PLACE Yoyogi	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,710	3,907
	A-PLACE Aoyama	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	10,100	8,615
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	6,220	4,256
	TAMACHI SQUARE (Land)	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	2,830	2,362
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	5,120	3,757
	A-PLACE Shinbashi	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,052.14	7,080	5,701
	A-PLACE Gotanda	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	6,970	5,529
	A-PLACE Shinagawa	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	4,400	3,787
	OSAKI WIZTOWER	11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	14,600	10,713
	Shiodome Building (Note 4)	2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	28,136.05	75,600	71,141
	A-PLACE Ebisu Higashi (Note 5)	13-11 Higashi 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,010.69	7,700	7,112
	A-PLACE Shibuya Konnoh (Note 5)	3-1 Shibuya 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	2,995.72	5,350	4,970
	A-PLACE Gotanda Ekimae	5-1 Nishigotanda 1-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,316.89	7,690	7,546
	A-PLACE Shinagawa Higashi	7-18 Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	14,658.98	19,500	18,876
	A-PLACE Shinbashi Ekimae	12-9 Shinbashi 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	6,484.57	20,500	20,921
	Subtotal			114,740.36	223,770	195,900

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	13,900	12,113
	icot Nakamozu	428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka	Trust beneficiary interests	28,098.02	10,500	8,137
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,170	2,629
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	3,880	2,645
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.90	8,550	6,377
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,229.25	14,300	10,970
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.79 (Note 5)	6,870	5,674
	Market Square Sagamiara	777-2 Shimokuzawa, Chuo-ku, Sagamiara City, Kanagawa	Trust beneficiary interests	15,152.42	5,020	4,709
	Umeda Gate Tower	1-9, Tsurunochi, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	13,624.49	21,300	19,431
	A-PLACE Bashamichi	43 Honcho 4-chome, Naka-ku, Yokohama City, Kanagawa	Trust beneficiary interests	9,775.50	4,500	4,012
	Commercial Mall Hakata	6-40, Tokojimachi 2-chome, Hakata-ku, Fukuoka city, Fukuoka	Trust beneficiary interests	9,612.88	6,290	6,336
	Subtotal			158,696.32	98,280	83,038
Total				395,967.44	511,687	429,984

(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 November 30, 2018 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2018.

(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 November 30, 2018 taken as the point of evaluation.

(Note 3) Book value at end of period stands for the book value minus depreciation as of November 30, 2018, rounded down to the nearest ¥ million.

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

(Note 5) The calculation of total leasable area for icot Omori includes part of an external bicycle parking lot (approximately 21 m<sup>2</sup>) and part of a common area on the second floor (approximately 28 m<sup>2</sup>).

(Note 6) Regarding the trust beneficiary co-ownership interests in A-FLAG AKASAKA, the Investment Corporation and ORB Limited Liability Company concluded sales contracts with the effective dates of March 1, 2019 (50% co-ownership interest) and June 3, 2019 (50% co-ownership interest). The Investment Corporation also concluded an agreement on trust beneficiary co-ownership interest with ORB Limited Liability Company; the same shall apply hereinafter.

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

Property name		13th period (From December 1, 2017 to May 31, 2018)				14th period (From June 1, 2018 to November 30, 2018)			
		Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (In 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 (In millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	30	100.0	1,084	8.1	30	100.0	1,101	8.0
	Tokyu Plaza Akasaka (Note 4)	97	100.0	612	4.6	98	100.0	656	4.8
	Q plaza EBISU	4	100.0	267	2.0	4	100.0	275	2.0
	Shinbashi Place	6	100.0	(Note 5)	(Note 5)	—	—	—	—
	Kyoto Karasuma Parking Building	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
	A-FLAG AKASAKA	8	100.0	103	0.8	8	100.0	107	0.8
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	809	6.1	7	100.0	744	5.4
	A-FLAG SAPPORO	18	100.0	443	3.3	17	100.0	677	4.9
	A-FLAG SHIBUYA	2	100.0	205	1.5	2	100.0	212	1.5
	Q plaza SHINSAIBASHI	5	88.4	283	2.1	6	100.0	345	2.5
	A-FLAG KOTTO DORI	7	100.0	107	0.8	7	100.0	121	0.9
	A-FLAG BIJUTSUKAN DORI	3	100.0	123	0.9	4	100.0	138	1.0
	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	108	0.8	5	100.0	110	0.8
	DECKS Tokyo Beach	86	100.0	462	3.5	85	99.7	634	4.6
	Subtotal	281	99.7	—	—	276	100.0	—	—
Tokyo Office Properties	TLC Ebisu Building	12	100.0	317	2.4	12	100.0	324	2.4
	A-PLACE Ebisu Minami	11	100.0	368	2.8	11	100.0	373	2.7
	A-PLACE Yoyogi	4	100.0	127	1.0	3	100.0	129	0.9
	A-PLACE Aoyama	8	100.0	293	2.2	8	100.0	303	2.2
	Luogo Shiodome	7	100.0	174	1.3	7	100.0	181	1.3
	TAMACHI SQUARE (Land)	1	100.0	62	0.5	1	100.0	62	0.5
	A-PLACE Ikebukuro	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-PLACE Shinbashi	10	100.0	197	1.5	9	98.7	199	1.4
	A-PLACE Gotanda	11	100.0	175	1.3	11	100.0	180	1.3
	A-PLACE Shinagawa	7	100.0	114	0.9	7	100.0	116	0.8
	OSAKI WIZTOWER	5	100.0	334	2.5	5	100.0	349	2.5
	Shiodome Building (Note 4)	38	99.9	1,499	11.3	39	100.0	1,534	11.1
	A-PLACE Ebisu Higashi	8	100.0	179	1.3	8	100.0	175	1.3
	A-PLACE Shibuya Konnoh	4	100.0	(Note 5)	(Note 5)	4	100.0	115	0.8
	A-PLACE Gotanda Ekimae	10	100.0	180	1.4	10	100.0	179	1.3
	A-PLACE Shinagawa Higashi	9	100.0	492	3.7	9	100.0	509	3.7
	A-PLACE Shinbashi Ekimae	—	—	—	—	6	100.0	381	2.8
	Subtotal	146	100.0	—	—	151	99.9	—	—

Activia Account Properties	Amagasaki Q's MALL (Land)	1	100.0	353	2.7	1	100.0	356	2.6
	icot Nakamozu	2	100.0	310	2.3	2	100.0	311	2.3
	icot Mizonokuchi	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	icot Tama Center	9	100.0	147	1.1	9	100.0	147	1.1
	A-PLACE Kanayama	20	100.0	285	2.1	20	100.0	292	2.1
	Osaka Nakanoshima Building	40	98.4	525	3.9	41	100.0	535	3.9
	icot Omori	9	100.0	233	1.8	8	100.0	239	1.7
	Market Square Sagamihara	3	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
	Umeda Gate Tower	13	100.0	449	3.4	14	100.0	444	3.2
	A-PLACE Bashamichi	33	100.0	185	1.4	33	100.0	191	1.4
	Commercial Mall Hakata	18	97.0	168	1.3	18	97.0	222	1.6
	Subtotal	149	99.6	—	—	150	99.8	—	—
	Total	576	99.8	13,327	100.0	577	99.9	13,815	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, DECKS Tokyo Beach and Shiodome Building, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50% , 49% and 35%, 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:

(In 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)	19,400,000	17,000,000	54,245
Total		19,400,000	17,000,000	54,245

(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.



## 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 expensed 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-PLACE Shinbashi (Minato, Tokyo)	Large-scale repairs	From November 2018 to April 2019	139	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of hot water main pipe	From January 2019 to April 2019	59	–	–
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Renewal works (First period)	From February 2019 to May 2019	48 (Note)	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of power control board(First period)	From June 2018 to May 2019	29	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Work to replace card locks	From January 2019 to March 2019	21	–	–
A-PLACE Shinagawa Higashi (Minato, Tokyo)	Renewal of air conditioning equipment on the fourth floor	From December 2018 to January 2019	14	–	–
DECKS Tokyo Beach (Minato, Tokyo)	Work to reinforce ceiling meeting specific engineering specifications	From January 2019 to February 2019	11 (Note)	–	–
Shiodome Building (Minato, Tokyo)	Renewal of ITV camera surveillance system	From January 2019 to February 2019	10 (Note)	–	–
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Construction of nursing room	From February 2019 to February 2019	10 (Note)		
Kobe Kyu Kyoryuchi 25Bankan (Kobe, Hyogo)	Renovation of multilevel car park system	From April 2019 to May 2019	10	–	–

(Note) The shown estimated construction cost with regard to Tokyu Plaza Omotesando Harajuku, DECKS Tokyo Beach and Shiodome Building is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests of real estate trust beneficiary (75%, 49% and 35%, respectively).

### (2) Capital Expenditure during the Period

For assets held by the Investment Corporation in the 14th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended November 30, 2018 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended November 30, 2018 amounted to ¥352 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended November 30, 2018 came to ¥281 million. On aggregate, construction work of ¥633 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (Millions of yen)
A-FLAG SAPPORO (Sapporo, Hokkaido)	Conversion of air conditioning units of large banquet hall systems into gas- heat-pump (GHP) air- conditioning systems	From September 2018 to November 2018	60
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Construction to upgrade plumbing	From July 2018 to November 2018	17 (Note)
Kobe Kyu Kyoryuchi 25Bankan (Kobe, Hyogo)	Renovation of multilevel car park system	From September 2018 to November 2018	17
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of halon fire extinguishing system control panel	From October 2018 to November 2018	16
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of heater units	From November 2018 to November 2018	14
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units and fan coil units	From September 2018 to November 2018	14
A-FLAG SAPPORO (Sapporo, Hokkaido)	Extension of chilled water coil	From May 2018 to June 2018	11
TLC Ebisu Building (Shibuya, Tokyo)	Replacement works for receivers and sensors of automatic fire alarms	From August 2018 to November 2018	11
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Renovation of women's restroom	From November 2018 to November 2018	10 (Note)
A-FLAG SHIBUYA (Shibuya, Tokyo)	Maintenance of total heat exchangers	From November 2018 to November 2018	10
Other			167
Total			352

(Note) The shown estimated construction cost with regard to Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests of real estate trust beneficiary (75% and 50%, respectively).

### (3) Money Accumulated for Long-Term Repair Plan

Not applicable

## 5. Expenses and Liabilities

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

Item	(In thousands of yen)	
	13th period (From December 1, 2017 to May 31, 2018)	14th period (From June 1, 2018 to November 30, 2018)
(a) Asset management fees (Note)	1,034,028	1,077,918
(b) Asset custody fees	12,427	12,638
(c) Administrative service fees	32,131	32,248
(d) Directors' compensation	3,300	3,300
(e) Other operating expenses	67,522	66,403
Total	1,149,409	1,192,509

(Note) Asset management fees contain acquisition fees that were included in the book value of acquired properties (13th fiscal period: ¥117,825 thousand).

### (2) Borrowings

The status of borrowings from financial institutions as of November 30, 2018 is as follows:

(Unit: Millions of yen)

Category		Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
Lender									
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	September 29, 2017	1,250	—	—% (Note 7)	June 1, 2018	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,250	—					
	MUFG Bank, Ltd.		2,500	—					
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2018	1,025	1,025	0.18898%	January 9, 2019	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		2,050	2,050					
	Mizuho Bank, Ltd.		1,025	1,025					
	Sumitomo Mitsui Trust Bank, Limited	June 1, 2018	—	1,670	0.18802%	June 1, 2019	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	1,670					
	MUFG Bank, Ltd.		—	1,660					
Total			9,100	9,100					
Long-term loans payable (Note 2)	Mizuho Bank, Ltd.	June 13, 2012	3,000	—	1.06309%	June 13, 2018	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		3,000	—					
	MUFG Bank, Ltd.		6,000	—					
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2015	500	500	0.52304%	January 9, 2019	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		500	500	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		500	500	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		500	500	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		250	250	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		250	250	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		800	800	0.91941%	April 19, 2019		Lump-sum repayment	(Note 3)
	MUFG Bank, Ltd. (Note 6)	800	800	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed		
	Mizuho Bank, Ltd.	800	800	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed		
	MUFG Bank, Ltd.	800	800	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed		
	Sumitomo Mitsui Banking Corporation	400	400	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed		
	Development Bank of Japan Inc.	400	400	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed		
	Development Bank of Japan Inc.	June 13, 2012	6,000	6,000	1.19051%	June 13, 2019	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	June 30, 2016	1,200	1,200	0.02875% (Note 5)	June 28, 2019	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
The Norinchukin Bank	1,200		1,200	0.02875% (Note 5)					



(Unit: Millions of yen)

	Category	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 9, 2015	340	340	0.54352%	July 9, 2019	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		340	340	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		340	340	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		340	340	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		170	170	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		170	170	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	August 29, 2014	1,500	1,500	0.51000%	August 29, 2019	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank		1,500	1,500					
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2014	160	160	0.93846%	January 10, 2020	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		160	160	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		160	160	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		160	160	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		80	80	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		80	80	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		600	600	0.72546%	January 10, 2020		(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		600	600	0.72546%	January 10, 2020		(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	July 9, 2014	600	600	0.72546%	January 10, 2020	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		600	600	0.72546%	January 10, 2020		(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		300	300	0.72546%	January 10, 2020		(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		300	300	0.72546%	January 10, 2020		(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	March 31, 2015	1,500	1,500	0.52500%	March 31, 2020	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.		1,000	1,000					
	The Gunma Bank, Ltd.		500	500					
	The Norinchukin Bank		500	500					
	Sumitomo Mitsui Trust Bank, Limited	December 19, 2013	1,060	1,060	1.07980%	December 19, 2020	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,060	1,060	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,060	1,060	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,060	1,060	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		530	530	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		530	530	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed

(Unit: Millions of yen)

	Category	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 10, 2014	1,340	1,340	1.07856%	January 10, 2021	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,340	1,340	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,340	1,340	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,340	1,340	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		670	670	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		670	670	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	Nippon Life Insurance Company	March 31, 2017	500	500	0.25000%	March 31, 2021	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 5, 2018	320	320	0.41931%	December 28, 2021	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		640	640					
	Mizuho Bank, Ltd.		320	320					
	Sumitomo Mitsui Banking Corporation		160	160					
	Development Bank of Japan Inc.		160	160					
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2015	840	840	0.73690%	January 9, 2022	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		840	840	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		840	840	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		840	840	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		420	420	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		420	420	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	March 31, 2015	2,000	2,000	0.68500%	March 31, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank		500	500					
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	March 31, 2017	400	400	0.30630%	March 31, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	The 77 Bank, Ltd.		400	400					
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500	1,500	0.94688%	June 15, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,500	1,500	0.94688%	June 15, 2022		(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,500	1,500	0.94688%	June 15, 2022		(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,500	1,500	0.94688%	June 15, 2022		(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	December 16, 2015	200	200	0.65691%	June 15, 2022	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		200	200	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		200	200	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		200	200	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		100	100	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		100	100	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed

(Unit: Millions of yen)

Category	Lender	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	—	1,560	0.44835%	June 15, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	1,560					
	MUFG Bank, Ltd.		—	1,560					
	Sumitomo Mitsui Banking Corporation		—	160					
	Development Bank of Japan Inc.		—	160					
	Sumitomo Mitsui Trust Bank, Limited	September 30, 2015	1,250	1,250	0.61330% (Note 5)	March 30, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6) (Note 7)		1,250	1,250	0.61330% (Note 5)	March 30, 2023		(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,250	1,250	0.61330% (Note 5)	March 30, 2023		(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,250	1,250	0.61330% (Note 5)	March 30, 2023		(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	750	750	0.44804%	March 30, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		750	750					
	MUFG Bank, Ltd.		750	750					
	Sumitomo Mitsui Banking Corporation		375	375					
	Development Bank of Japan Inc.	October 6, 2016	375	375	0.38472%	April 6, 2023	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		800	800					
	MUFG Bank, Ltd.		1,600	1,600					
	Mizuho Bank, Ltd.		800	800					
	Sumitomo Mitsui Banking Corporation		400	400					
	Development Bank of Japan Inc.		400	400					
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500	1,500	1.06316%	June 15, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,500	1,500	1.06316%	June 15, 2023		(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,500	1,500	1.06316%	June 15, 2023		(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,500	1,500	1.06316%	June 15, 2023		(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	December 16, 2015	625	625	0.75387%	June 15, 2023	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		625	625	0.75387%	June 15, 2023		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,250	1,250	0.46400%	June 15, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		2,500	2,500					
	Mizuho Bank, Ltd.		1,250	1,250					
	Taiyo Life Insurance Company	March 31, 2017	500	500	0.35998%	September 29, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mitsui Sumitomo Insurance Company, Limited		500	500					

(Unit: Millions of yen)

Category	Lender	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 12, 2016	1,400	1,400	0.78362%	January 12, 2024	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,400	1,400	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,400	1,400	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,400	1,400	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		700	700	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		700	700	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co., LTD.	March 31, 2017	2,000	2,000	0.41380%	March 29, 2024	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.		1,500	1,500					
	The Bank of Fukuoka, Ltd.		1,000	1,000					
	Shinkin Central Bank		500	500					
	The Norinchukin Bank		500	500					
	Sumitomo Mitsui Trust Bank, Limited	December 16, 2015	1,200	1,200	0.85377%	June 17, 2024	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,200	1,200	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,200	1,200	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,200	1,200	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		600	600	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		600	600	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2016	1,500	1,500	0.33150% (Note 5)	June 17, 2024	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,000	3,000					
	Mizuho Bank, Ltd.		1,500	1,500					
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2016	1,500	1,500	0.36900% (Note 5)	December 13, 2024	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,000	3,000					
	Mizuho Bank, Ltd.		1,500	1,500					
	Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	1,200	1,200	0.54094%	March 21, 2025	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		2,400	2,400					
	Mizuho Bank, Ltd.		1,200	1,200					
	Sumitomo Mitsui Banking Corporation		600	600					
	Development Bank of Japan Inc.	March 16, 2017	600	600	0.70169%	September 16, 2025	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,800	1,800					
	MUFG Bank, Ltd.		3,600	3,600					
	Mizuho Bank, Ltd.		1,800	1,800					
	Sumitomo Mitsui Banking Corporation		900	900					
	Development Bank of Japan Inc.		900	900					



(Unit: Millions of yen)

	Category	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Mizuho Trust & Banking Co.,LTD.	March 16, 2018	440	440	0.46453%	September 16, 2025	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.		440	440					
	The Bank of Fukuoka, Ltd.		440	440					
	Shinkin Central Bank		440	440					
	The Norinchukin Bank		440	440					
	THE NISHI-NIPPON CITY BANK, LTD.		500	500					
	The Bank of Kyoto,Ltd.		300	300					
	Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	500	500	0.58630%	September 16, 2025	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		500	500					
	MUFG Bank, Ltd.		500	500					
	Sumitomo Mitsui Banking Corporation		250	250					
	Development Bank of Japan Inc.		250	250					
	Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	2,100	2,100	0.61942%	March 19, 2026	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		4,200	4,200					
	Mizuho Bank, Ltd.		2,100	2,100					
	Sumitomo Mitsui Banking Corporation		1,050	1,050					
	Development Bank of Japan Inc.		1,050	1,050					
	Sumitomo Mitsui Banking Corporation	December 13, 2016	6,000	6,000	0.69796%	June 12, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,750	1,750	0.71015%	December 14, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,500	3,500					
	Mizuho Bank, Ltd.		1,750	1,750					
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2018	780	780	0.70698%	January 9, 2027	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,560	1,560					
	Mizuho Bank, Ltd.		780	780					
	Sumitomo Mitsui Banking Corporation		390	390					
	Development Bank of Japan Inc.		390	390					
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	—	2,200	0.73360%	June 13, 2027	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	2,200					
	MUFG Bank, Ltd.		—	2,200					
	Sumitomo Mitsui Banking Corporation		—	200					
	Development Bank of Japan Inc.		—	200					
	Sumitomo Mitsui Trust Bank, Limited	January 5, 2018	320	320	0.74869%	July 5, 2027	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		640	640					
	Mizuho Bank, Ltd.		320	320					
	Sumitomo Mitsui Banking Corporation		160	160					
	Development Bank of Japan Inc.		160	160					
Total			172,250	172,250					

(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.

(Note 7) Based on the loan agreements, interests were accrued excluding the last day of the borrowing period. Thus, no interest was incurred for the period ended November 30, 2018.

### Investment Corporation Bonds

Name of bonds	Issuance date	Balance as of May 31, 2018 (In millions of yen)	Balance as of November 30, 2018 (In millions of yen)	Interest rate (%)	Maturity date	Repayment method	Use of proceeds	Remarks
The 1st Unsecured Investment Corporation Bond	April 25, 2014	4,000	4,000	0.370	April 25, 2019	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 2nd Unsecured Investment Corporation Bond	April 21, 2015	2,000	2,000	0.297	April 21, 2020	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
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 5th Unsecured Investment Corporation Bond	February 2, 2017	4,000	4,000	0.001	January 31, 2020	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
Total		18,000	18,000					

(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) (In thousands of yen)	Breakdown of transactions with interested parties		(B) / (A) (%)
		Paid to	Amount (B) (In thousands of yen)	
Property management fee	453,607	Tokyu Land SC Management Corporation	179,773	39.6
		Tokyu Community Corp.	168,910	37.2
		Tokyu Land Corporation	72,156	15.9
Building management fee	713,754	Tokyu Community Corp.	622,571	87.2
Construction management fee	9,527	Tokyu Community Corp.	4,643	48.7
		Tokyu Land SC Management Corporation	3,191	33.5
		Tokyu Land Corporation	1,198	12.6
Other management operation expenses	59,387	Tokyu Community Corp.	6,943	11.7
Other lease business expenses	292,707	Tokyu Community Corp.	52,605	18.0
		Tokyu Re • design Corporation	6,192	2.1
		Tokyu Architects & Engineers INC.	1,500	0.5
		HANDS LAB INC.	1,057	0.4
		TOKYU HANDS INC.	804	0.3
		Tokyu Land Corporation	620	0.2

(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.	¥81,137 thousand
Tokyu Re • design Corporation	¥22,690 thousand
Tokyu Land SC Management Corporation	¥7,765 thousand
Tokyu Architects & Engineers INC.	¥5,700 thousand
Tokyu Land Corporation	¥1,569 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 (or the securities business under the former Securities 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**

Here is an outline of major agreements that the Board of Directors of the Investment Corporation approved to conclude and modify for the fiscal period under review.

Date of approval	Item	Summary
November 30, 2018	Conclusion of an underwriting agreement for new investment units	We entrusted the underwriters (Note) with general administration related to the issuance of new investment units and the secondary offering of investment units, which was approved by the Board of Directors of the Investment Corporation on the same day.

(Note)The underwriters in Japan are Nomura Securities Co.,Ltd.,Daiwa Securities Co.,Ltd.,Mizuho Securities Co.,Ltd.,Mitsubishi UFJ Morgan Stanley Securities Co.,Ltd.,SMBC Nikko Securities Inc.,and SBI SECURITIES Co.,Ltd. The underwriters overseas are Nomura International plc, Daiwa Capital Markets Europe Limited, Morgan Stanley & Co. International plc and Citigroup Global Markets Limited.

**(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 May 31, 2018	As of November 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	9,498,104	10,023,157
Cash and deposits in trust	3,116,967	3,067,204
Operating accounts receivable	645,833	848,825
Prepaid expenses	455,470	294,817
Consumption taxes receivable	47,699	—
Other	6,514	3,066
Total current assets	13,770,589	14,237,072
Non-current assets		
Property, plant and equipment		
Buildings in trust	83,050,493	83,354,620
Accumulated depreciation	(9,675,982)	(10,879,394)
Buildings in trust, net	73,374,511	72,475,226
Structures in trust	689,748	696,585
Accumulated depreciation	(150,438)	(168,417)
Structures in trust, net	539,310	528,167
Machinery and equipment in trust	1,364,809	1,390,538
Accumulated depreciation	(300,583)	(330,343)
Machinery and equipment in trust, net	1,064,225	1,060,195
Tools, furniture and fixtures in trust	183,401	193,307
Accumulated depreciation	(82,287)	(98,107)
Tools, furniture and fixtures in trust, net	101,113	95,200
Land in trust	346,689,270	346,689,270
Construction in progress in trust	—	6,708
Total property, plant and equipment	421,768,431	420,854,767
Intangible assets		
Leasehold rights in trust	9,130,097	9,130,097
Other	2,575	2,118
Total intangible assets	9,132,673	9,132,216
Investments and other assets		
Long-term prepaid expenses	1,078,965	1,080,595
Derivatives	74,904	54,245
Deferred tax assets	5	18
Other	38,742	38,322
Total investments and other assets	1,192,618	1,173,181
Total non-current assets	432,093,723	431,160,166
Deferred assets		
Investment corporation bond issuance costs	77,584	67,645
Total deferred assets	77,584	67,645
Total assets	445,941,897	445,464,883

(Unit: Thousands of yen)

	As of May 31, 2018	As of November 30, 2018
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	846,139	913,616
Short-term loans payable	9,100,000	9,100,000
Current portion of investment corporation bonds	4,000,000	4,000,000
Current portion of long-term loans payable	18,500,000	19,600,000
Accounts payable - other	234,813	73,949
Accrued expenses	809,070	902,125
Income taxes payable	708	976
Accrued consumption taxes	—	457,386
Advances received	314,273	428,888
Deposits received	4,755	566
Total current liabilities	33,809,761	35,477,509
Non-current liabilities		
Investment corporation bond	14,000,000	14,000,000
Long-term loans payable	153,750,000	152,650,000
Tenant leasehold and security deposits in trust	20,604,450	19,494,916
Other	6	2
Total non-current liabilities	188,354,456	186,144,918
Total liabilities	222,164,217	221,622,427
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	217,091,520	217,091,520
Surplus		
Unappropriated retained earnings	6,611,254	6,696,690
(undisposed loss)	—	—
Total surplus	6,611,254	6,696,690
Total unitholders' equity	223,702,774	223,788,210
Valuation and translation adjustments		
Deferred gains or losses on hedges	74,904	54,245
Total valuation and translation adjustments	74,904	54,245
Total net assets	*2 223,777,679	*2 223,842,455
Total liabilities and net assets	445,941,897	445,464,883



### III. Statements of Operations

(Unit: Thousands of yen)				
	Previous fiscal period (From December 1, 2017 to May 31, 2018)		Current fiscal period (From June 1, 2018 to November 30, 2018)	
Operating revenue				
Lease business revenue	*1	12,409,430	*1	12,673,479
Other lease business revenue	*1	917,584	*1	1,141,921
Total operating revenue		13,327,014		13,815,400
Operating expenses				
Expenses related to rent business	*1	4,706,236	*1	5,076,357
Asset management fee		1,034,028		1,077,918
Asset custody fee		12,427		12,638
Administrative service fees		32,131		32,248
Directors' compensations		3,300		3,300
Other operating expenses		67,522		66,403
Total operating expenses		5,855,645		6,268,867
Operating profit		7,471,369		7,546,533
Non-operating income				
Interest income		81		55
Reversal of distribution payable		908		830
Interest on refund		—		409
Insurance income		—		149
Total non-operating income		990		1,443
Non-operating expenses				
Interest expenses		615,512		595,522
Interest expenses on investment corporation bonds		35,235		37,928
Amortization of investment corporation bond issuance costs		9,546		9,938
Investment unit issuance expenses		46,468		54,545
Borrowing related expenses		153,550		151,997
Other		500		500
Total non-operating expenses		860,813		850,432
Ordinary Profit		6,611,545		6,697,544
Profit before income taxes		6,611,545		6,697,544
Income taxes - current		721		984
Income taxes - deferred		12		(12)
Total income taxes		734		971
Profit		6,610,811		6,696,573
Retained earnings brought forward		442		117
Unappropriated retained earnings (undisposed loss)		6,611,254		6,696,690

### IV. Statements of Changes in Unitholders' Equity

Previous fiscal period (From December 1, 2017 to May 31, 2018)

(Unit: Thousands of yen)							
	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	202,233,447	6,217,532	6,217,532	208,450,980	72,117	72,117	208,523,097
Changes of items during period							
Issuance of new investment units	14,858,072			14,858,072			14,858,072
Dividends of surplus		(6,217,090)	(6,217,090)	(6,217,090)			(6,217,090)
Profit		6,610,811	6,610,811	6,610,811			6,610,811
Net changes of items other than unitholders' equity					2,787	2,787	2,787
Total changes of items during period	14,858,072	393,721	393,721	15,251,794	2,787	2,787	15,254,581
Balance at end of current period	*1 217,091,520	6,611,254	6,611,254	223,702,774	74,904	74,904	223,777,679

Current fiscal period (From June 1, 2018 to November 30, 2018)

(Unit: Thousands of yen)							
	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	217,091,520	6,611,254	6,611,254	223,702,774	74,904	74,904	223,777,679
Changes of items during period							
Dividends of surplus		(6,611,137)	(6,611,137)	(6,611,137)			(6,611,137)
Profit		6,696,573	6,696,573	6,696,573			6,696,573
Net changes of items other than unitholders' equity					(20,659)	(20,659)	(20,659)
Total changes of items during period	—	85,435	85,435	85,435	(20,659)	(20,659)	64,776
Balance at end of current period	*1 217,091,520	6,696,690	6,696,690	223,788,210	54,245	54,245	223,842,455

## V. Statements of Cash Distributions

	Fiscal periods	
	Previous fiscal period (From December 1, 2017 to May 31, 2018)	Current fiscal period (From June 1, 2018 to November 30, 2018)
	Amount	Amount
I Unappropriated retained earnings (Undisposed loss)	¥6,611,254,555	¥6,696,690,398
II Distributions	¥6,611,137,248	¥6,696,379,136
[Cash distribution per unit]	¥[9,462]	¥[9,584]
III Earnings carried forward	¥117,307	¥311,262

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 at the total amount of ¥6,611,137,248, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 698,704, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.	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 at the total amount of ¥6,696,379,136, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 698,704, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.
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## VI. Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period (From December 1, 2017 to May 31, 2018)	Current fiscal period (From June 1, 2018 to November 30, 2018)
Cash flows from operating activities		
Profit before income taxes	6,611,545	6,697,544
Depreciation	1,234,776	1,267,428
Loss on retirement of non-current assets	284	—
Amortization of investment corporation bond issuance costs	9,546	9,938
Interest income and interest on securities	(81)	(55)
Interest expenses	650,748	633,450
Investment unit issuance expenses	46,468	54,545
Borrowing related expenses	153,550	151,997
Decrease (increase) in operating accounts receivable	(159,576)	(202,992)
Decrease (increase) in consumption taxes refund receivable	(47,699)	47,699
Increase (decrease) in accrued consumption taxes	(494,431)	457,386
Decrease (increase) in prepaid expenses	(158,518)	166,083
Increase (decrease) in operating accounts payable	22,389	11,232
Increase (decrease) in accounts payable - other	78,334	(78,334)
Increase (decrease) in accrued expenses	24,647	9,346
Increase (decrease) in advances received	(119,943)	114,615
Decrease (increase) in long-term prepaid expenses	11,258	(12,281)
Other, net	(715)	(18,142)
Subtotal	7,862,582	9,309,462
Interest income received	81	55
Interest expenses paid	(638,416)	(600,021)
Income taxes paid	(984)	(717)
Net cash provided by (used in) operating activities	7,223,263	8,708,779
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(25,062,465)	(354,286)
Repayments of tenant leasehold and security deposits in trust	(523,524)	(1,879,200)
Proceeds from tenant leasehold and security deposits in trust	1,544,178	786,882
Other, net	1,354	(24,459)
Net cash provided by (used in) investing activities	(24,040,457)	(1,471,063)
Cash flows from financing activities		
Increase in short-term loans payable	4,098,155	4,997,750
Decrease in short-term loans payable	(5,000,000)	(5,000,000)
Proceeds from long-term loans payable	14,940,999	11,878,013
Repayments of long-term loans payable	(13,000,000)	(12,000,000)
Proceeds from issuance of investment corporation bonds	1,979,812	—
Proceeds from issuance of investment units	14,756,418	—
Dividends paid	(6,216,193)	(6,609,955)
Other, net	(16,310)	(28,233)
Net cash provided by (used in) financing activities	11,542,882	(6,762,426)
Net increase (decrease) in cash and cash equivalents	(5,274,310)	475,289
Cash and cash equivalents at beginning of period	17,889,382	12,615,072
Cash and cash equivalents at end of period	*1 12,615,072	*1 13,090,361



## 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 60 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 60 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 60 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 at the time of expenditure.</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 rent business.</p> <p>The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called "amount equivalent to property tax") is not recorded as expenses related to rent 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 loans payable</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 right with real estate, etc. as trust asset With regard to trust beneficiary right 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. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets.</p> <ul style="list-style-type: none"> <li>i) Cash and deposits in trust</li> <li>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 leasehold rights in trust</li> <li>iii) Tenant leasehold and security deposits in trust</li> </ul> <p>(2) Accounting method for consumption tax and local consumption tax 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>
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### Changes Resulting from Application of "Partial Amendments to Accounting Standard for Tax Effect

#### Accounting"

The Investment Corporation has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the current fiscal period. Accordingly, the presentation method has been changed, whereby deferred tax assets were presented under "Investment and other assets" and deferred tax liabilities were presented under "Non-current liabilities." Consequently deferred tax assets of ¥5 thousand that had been presented under "Current assets" in the balance sheet of the previous fiscal period were presented as being included in deferred tax assets of ¥5 thousand under "Investments and other assets."

### Notes to Balance Sheets

#### 1. Commitment Line Contracts

The Investment Corporation has the commitment line contracts with four of the banks (as of May 31, 2018) and three of the banks (as of November 30, 2018), respectively.

	As of May 31, 2018	As of November 30, 2018
Total amount specified in the commitment line contracts	¥20,000,000 thousand	¥21,000,000 thousand
Loan balance	—	—
Net balance	¥20,000,000 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 May 31, 2018	As of November 30, 2018
	¥50,000 thousand	¥50,000 thousand

## Notes to Statements of Operations

### \*1. Breakdown of Income from Real Estate Leasing Business

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2017 to May 31, 2018)		Current fiscal period (From June 1, 2018 to November 30, 2018)	
A. Real estate leasing business revenues				
Lease business revenue				
Rent	11,196,642		11,463,285	
Common service fees	851,982		810,382	
Parking lot fees	267,359		285,449	
Other rent revenue	93,445	12,409,430	114,361	12,673,479
Other lease business revenue		917,584		1,141,921
Total real estate leasing business revenues		13,327,014		13,815,400
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	1,225,076		1,236,276	
Utilities expenses	836,857		1,001,848	
Tax and public dues	895,539		988,148	
Insurance	8,795		8,875	
Repair and maintenance expenses	235,857		281,326	
Depreciation	1,234,521		1,267,174	
Loss on retirement of non-current assets	284		—	
Other expenses related to rent business	269,303	4,706,236	292,707	5,076,357
Total real estate leasing business expenses		4,706,236		5,076,357
C. Income from real estate leasing business (A – B)		8,620,778		8,739,043

## 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 December 1, 2017 to May 31, 2018)	Current fiscal period (From June 1, 2018 to November 30, 2018)
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	698,704 units	698,704 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 December 1, 2017 to May 31, 2018)	Current fiscal period (From June 1, 2018 to November 30, 2018)
Cash and deposits	¥9,498,104 thousand	¥10,023,157 thousand
Cash and deposits in trust	¥3,116,967 thousand	¥3,067,204 thousand
Cash and cash equivalents	¥12,615,072 thousand	¥13,090,361 thousand

## Notes to Lease Rental Revenues

The Investment Corporation leases properties on which rental revenues are earned. As of May 31, 2018 and November 30, 2018, future lease revenues under non-cancelable operating leases are summarized as follows:

	As of May 31, 2018	As of November 30, 2018
Due within one year	¥12,024,634 thousand	¥12,844,688 thousand
Due after one year	¥50,559,841 thousand	¥51,061,025 thousand
Total	¥62,584,475 thousand	¥63,905,714 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.

The Investment Corporation also invests temporary excess funds in deposits in general, taking safety and liquidity, etc. into account and considering the interest-rate environment and its cash management.

The Investment Corporation may carry out derivatives transactions for the purpose of hedging the interest-rate risk of borrowings and other risks, but does 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, the Investment Corporation deposits excess funds carefully by limiting the period of deposits to the short term, taking safety and liquidity, etc. into account and considering the financial environment and its cash management.

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

Floating-rate loans payable 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 loans payable.

#### (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 May 31, 2018, 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	9,498,104	9,498,104	—
(2) Cash and deposits in trust	3,116,967	3,116,967	—
Total assets	12,615,072	12,615,072	—
(1) Short-term loans payable	9,100,000	9,100,000	—
(2) Current portion of investment corporation bonds	4,000,000	4,011,819	11,819
(3) Current portion of long-term loans payable	18,500,000	18,535,570	35,570
(4) Investment corporation bonds	14,000,000	14,225,517	225,517
(5) Long-term loans payable	153,750,000	155,002,178	1,252,178
Total liabilities	199,350,000	200,875,086	1,525,086
Derivative transactions	74,904	74,904	—

Carrying amounts, fair values, and the differences between the two values as of November 30, 2018, 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	10,023,157	10,023,157	—
(2) Cash and deposits in trust	3,067,204	3,067,204	—
Total assets	13,090,361	13,090,361	—
(1) Short-term loans payable	9,100,000	9,100,000	—
(2) Current portion of investment corporation bonds	4,000,000	4,006,417	6,417
(3) Current portion of long-term loans payable	19,600,000	19,663,090	63,090
(4) Investment corporation bonds	14,000,000	14,199,701	199,701
(5) Long-term loans payable	152,650,000	154,031,795	1,381,795
Total liabilities	199,350,000	201,001,005	1,651,005
Derivative transactions	54,245	54,245	—

(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 loans payable

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 investment corporation bonds, (4) Investment corporation bonds

The fair value is 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.

(3) Current portion of long-term loans payable, (5) Long-term loans payable

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 loans payable with floating interest rates, 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 loans payable with floating interest rates 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).

#### Derivative transactions

Please refer to “Notes on Derivative Transactions.”

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

(Unit: Thousands of yen)

Category	As of May 31, 2018	As of November 30, 2018
Tenant leasehold and security deposits in trust *1	20,604,450	19,494,916

\*1 As there are no market prices for tenant leasehold and security deposits 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 tenant leasehold and security deposits in trust is not subject to the disclosure of fair value.

(Note 3) Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (May 31, 2018)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	9,498,104	—	—	—	—	—
Deposits in trust	3,116,967	—	—	—	—	—
Total	12,615,072	—	—	—	—	—

Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (November 30, 2018)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	10,023,157	—	—	—	—	—
Deposits in trust	3,067,204	—	—	—	—	—
Total	13,090,361	—	—	—	—	—

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (May 31, 2018)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term loans payable	9,100,000	—	—	—	—	—
Investment corporation bonds	4,000,000	6,000,000	—	—	1,000,000	7,000,000
Long-term loans payable	18,500,000	20,400,000	12,500,000	9,100,000	19,000,000	92,750,000
Total	31,600,000	26,400,000	12,500,000	9,100,000	20,000,000	99,750,000

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (November 30, 2018)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term loans payable	9,100,000	—	—	—	—	—
Investment corporation bonds	4,000,000	6,000,000	—	1,000,000	—	7,000,000
Long-term loans payable	19,600,000	7,300,000	12,500,000	21,100,000	25,250,000	86,500,000
Total	32,700,000	13,300,000	12,500,000	22,100,000	25,250,000	93,500,000

## Notes on Derivative Transactions

### 1. Derivative transaction to which hedge accounting is not applied

(As of May 31, 2018)

Not applicable

(As of November 30, 2018)

Not applicable

### 2. Derivative transaction to which hedge accounting is applied

(As of May 31, 2018)

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 one year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	14,400,000	14,400,000	74,904	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	5,000,000	5,000,000	*	—

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to “(Note 1) Liabilities (5), 2. Matters Regarding Fair Values of Financial Instruments, Notes on Financial Instruments.”)

(As of November 30, 2018)

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 one year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	14,400,000	12,000,000	54,245	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	5,000,000	5,000,000	*	—

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to “(Note 1) Liabilities (5), 2. Matters Regarding Fair Values of Financial Instruments, Notes on Financial Instruments.”)



## Notes on Deferred Tax Accounting

### 1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of May 31, 2018	As of November 30, 2018
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥5 thousand	¥18 thousand
Total deferred tax assets	¥5 thousand	¥18 thousand
Net deferred tax assets	¥5 thousand	¥18 thousand

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

	As of May 31, 2018	As of November 30, 2018
Effective statutory tax rate	31.74%	31.51%
(Adjustments)		
Distributions paid included in deductibles	(31.74)%	(31.50)%
Other	0.01%	0.00%
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 December 1, 2017 to May 31, 2018)

Not applicable

Current fiscal period (From June 1, 2018 to November 30, 2018)

Not applicable

### 2. Affiliates, etc.

Previous fiscal period (From December 1, 2017 to May 31, 2018)

Not applicable

Current fiscal period (From June 1, 2018 to November 30, 2018)

Not applicable

### 3. Sister companies, etc.

Previous fiscal period (From December 1, 2017 to May 31, 2018)

Not applicable

Current fiscal period (From June 1, 2018 to November 30, 2018)

Not applicable

### 4. Directors and major individual unitholders

Previous fiscal period (From December 1, 2017 to May 31, 2018)

Not applicable

Current fiscal period (From June 1, 2018 to November 30, 2018)

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 sheet, 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 December 1, 2017 to May 31, 2018)	Current fiscal period (From June 1, 2018 to November 30, 2018)
Urban Retail Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	153,842,632	172,148,067
	Changes during period	18,305,434	(21,103,355)
	Balance at end of period	172,148,067	151,044,711
	Fair value at end of period	205,947,000	189,637,000
Tokyo Office Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	175,846,419	175,402,564
	Changes during period	(443,854)	20,498,333
	Balance at end of period	175,402,564	195,900,898
	Fair value at end of period	201,240,000	223,770,000
Activia Account Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	77,256,285	83,348,268
	Changes during period	6,091,983	(309,624)
	Balance at end of period	83,348,268	83,038,644
	Fair value at end of period	97,800,000	98,280,000
Total	Carrying amount on the balance sheets		
	Balance at beginning of period	406,945,337	430,898,900
	Changes during period	23,953,563	(914,646)
	Balance at end of period	430,898,900	429,984,254
	Fair value at end of period	504,987,000	511,687,000

(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 ¥1,267,174 thousand.

(Note 3) The fair value at end of period is the appraisal value provided by an independent real estate appraiser.

The income/loss concerning investment and rental properties is indicated under “Notes to Statements of Operations.”

## Segment Information

Segment Information for the fiscal periods ended May 31, 2018 and November 30, 2018 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 December 1, 2017 to May 31, 2018)

(Unit: Thousands of yen)		
Name of Customer	Revenues	Related Segment
Tokyu Community Corp.	4,616,099	Property rental business
Tokyu Land SC Management Corporation	4,530,224	Property rental business
Tokyu Land Corporation	2,113,698	Property rental business

Current fiscal period (From June 1, 2018 to November 30, 2018)

(Unit: Thousands of yen)		
Name of Customer	Revenues	Related Segment
Tokyu Community Corp.	5,476,634	Property rental business
Tokyu Land SC Management Corporation	4,429,746	Property rental business
Tokyu Land Corporation	2,176,562	Property rental business

## Per Unit Information

	Previous fiscal period (From December 1, 2017 to May 31, 2018)	Current fiscal period (From June 1, 2018 to November 30, 2018)
Net assets per unit	¥320,275	¥320,368
Basic earnings per unit	¥9,493	¥9,584

(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 696,324 units; current fiscal period 698,704 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 December 1, 2017 to May 31, 2018)	Current fiscal period (From June 1, 2018 to November 30, 2018)
Profit (Thousands of yen)	6,610,811	6,696,573
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	6,610,811	6,696,573
Average number of investment units for the period (Units)	696,324	698,704

## Significant Subsequent Events

### 1) Issuance of New Investment Units

At meetings of the board of directors held on November 30, 2018 and December 12, 2018, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 19, 2018 and January 7, 2019. As a result, unitholders' capital amounted to ¥248,370,846,700, and the total number of investment units issued came to 771,224 units.

#### (a) Issuance of new investment units through the public offering (Public placement)

Number of new investment units issued	67,320 units
Offering price	¥445,410 per unit
Total offering price	¥29,985,001,200
Paid-in amount	¥431,320 per unit
Total paid-in amount	¥29,036,462,400
Payment date	December 19, 2018

#### (b) Issuance of new investment units through third-party allotment

Number of new investment units issued	5,200 units
Paid-in amount	¥431,320 per unit
Total paid-in amount	¥2,242,864,000
Payment date	January 7, 2019
Allottee	Nomura Securities Co.,Ltd

### 2) Borrowing of Funds

In order to cover a part of the acquisition costs for beneficiary interests of real estate in trust described in the below section "3) Acquisition of Properties" and related costs, the Investment Corporation borrowed funds of ¥35,000 million on January 10, 2019. For the details, please refer to the preceeding "2. Asset Management Policies and Status, (2) Asset Management Status, 2) Outlook for the Next Fiscal Period, (6) Significant Matters After Book Closing, 2) Borrowing of funds."

### 3) Acquisition of Properties

The Investment Corporation acquired beneficiary interests of real estate in trust to three properties for ¥70,500 million on January 10, 2019, with proceeds from the issuance of new investment units through public offering (public placement) and third-party allotment and from borrowings, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation. For the details, please refer to the preceeding 2. Asset Management Policies and Status, (2) Asset Management Status, 2)

Outlook for the Next Fiscal Period, (6) Significant Matters After Book Closing, 3) Acquisition of Properties.”

#### 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	19,400,000	17,000,000	54,245
Total		19,400,000	17,000,000	54,245

(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	83,050,493	304,126	—	83,354,620	10,879,394	1,203,412	72,475,226
	Structures in trust	689,748	6,836	—	696,585	168,417	17,979	528,167
	Machinery and equipment in trust	1,364,809	25,729	—	1,390,538	330,343	29,759	1,060,195
	Tools, furniture and fixtures in trust	183,401	9,906	—	193,307	98,107	15,819	95,200
	Land in trust (Note1)	346,689,270	—	—	346,689,270	—	—	346,689,270
	Construction in progress in trust	—	6,708	—	6,708	—	—	6,708
	Subtotal	431,977,722	353,307	—	432,331,030	11,476,262	1,266,971	420,854,767
Intangible Assets	Leasehold rights in trust	9,130,097	—	—	9,130,097	—	—	9,130,097
	Other (Note)	7,153	—	—	7,153	5,035	457	2,118
	Subtotal	9,137,251	—	—	9,137,251	5,035	457	9,132,216
Total		441,114,974	353,307	—	441,468,281	11,481,297	1,267,428	429,986,984

(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
1st unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 25, 2014	4,000,000	—	4,000,000	0.370%	April 25, 2019	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
2nd unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 21, 2015	2,000,000	—	2,000,000	0.297%	April 21, 2020	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
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
5th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	4,000,000	—	4,000,000	0.001%	January 31, 2020	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
Total	—	18,000,000	—	18,000,000	—	—	—	—

(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)	4,000,000	6,000,000	—	1,000,000	—

Loans Payable

The following tables show the details of loans payable.

(Unit: Thousands of yen)

	Category	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	1,250,000	—	1,250,000	—	—% (Note 7)	June 1, 2018	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,250,000	—	1,250,000	—				
	MUFG Bank, Ltd.	2,500,000	—	2,500,000	—				
	Sumitomo Mitsui Trust Bank, Limited	1,025,000	—	—	1,025,000	0.18898%	January 9, 2019	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	2,050,000	—	—	2,050,000				
	Mizuho Bank, Ltd.	1,025,000	—	—	1,025,000				
	Sumitomo Mitsui Trust Bank, Limited	—	1,670,000	—	1,670,000	0.18802%	June 1, 2019	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	1,670,000	—	1,670,000				
	MUFG Bank, Ltd.	—	1,660,000	—	1,660,000				
Total		9,100,000	5,000,000	5,000,000	9,100,000				
Long-term loans payable (Note 2)	Mizuho Bank, Ltd.	3,000,000	—	3,000,000	—	1.06309%	June 13, 2018	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	3,000,000	—				
	MUFG Bank, Ltd.	6,000,000	—	6,000,000	—				
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	250,000	—	—	250,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	250,000	—	—	250,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	6,000,000	—	—	6,000,000	1.19051%	June 13, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	1,200,000	—	—	1,200,000	0.02875% (Note 5)	June 28, 2019	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank	1,200,000	—	—	1,200,000	0.02875% (Note 5)			

(Unit: Thousands of yen)

	Category	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	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	170,000	—	—	170,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	170,000	—	—	170,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	1,500,000	—	—	1,500,000	0.51000%	August 29, 2019	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank	1,500,000	—	—	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	80,000	—	—	80,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	80,000	—	—	80,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	300,000	—	—	300,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	300,000	—	—	300,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	1,500,000	—	—	1,500,000	0.52500%	March 31, 2020	(Note 4)	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000				
	The Gunma Bank, Ltd.	500,000	—	—	500,000				
	The Norinchukin Bank	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	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

(Unit: Thousands of yen)

	Category	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	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	500,000	—	—	500,000	0.25000%	March 31, 2021	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	320,000	—	—	320,000	0.41931%	December 28, 2021	(Note 3)	Unsecured, non-guaranteed
	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	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.	420,000	—	—	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	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.	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	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	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

(Unit: Thousands of yen)

Category	Lender	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	—	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				
	Sumitomo Mitsui Trust Bank, Limited	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. (Note 6)	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	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	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	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	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	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	500,000	—	—	500,000	0.35998%	September 29, 2023	(Note 4)	Unsecured, non-guaranteed
	Mitsui Sumitomo Insurance Company, Limited	500,000	—	—	500,000				

(Unit: Thousands of yen)

Category	Lender	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	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
	Mizuho Trust & Banking Co., LTD.	2,000,000	—	—	2,000,000	0.41380%	March 29, 2024	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	1,500,000	—	—	1,500,000				
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000				
	Shinkin Central Bank	500,000	—	—	500,000				
	The Norinchukin Bank	500,000	—	—	500,000				
	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.	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	600,000	—	—	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	0.33150% (Note 5)	June 17, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	3,000,000	—	—	3,000,000				
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	0.36900% (Note 5)	December 13, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	3,000,000	—	—	3,000,000				
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,200,000	—	—	1,200,000	0.54094%	March 21, 2025	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	2,400,000	—	—	2,400,000				
	Mizuho 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	0.70169%	September 16, 2025	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,800,000	—	—	1,800,000				
	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				



(Unit: Thousands of yen)

	Category	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.	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.	500,000	—	—	500,000				
	The Bank of Kyoto,Ltd.	300,000	—	—	300,000	0.58630%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed
	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	250,000	—	—	250,000				
	Development Bank of Japan Inc.	250,000	—	—	250,000				
	Sumitomo Mitsui Trust Bank, Limited	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	6,000,000	—	—	6,000,000	0.69796%	June 12, 2026	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	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				
	Sumitomo Mitsui Trust Bank, Limited	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	—	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.	—	200,000	—	200,000				
	Sumitomo Mitsui Trust Bank, Limited	320,000	—	—	320,000	0.74869%	July 5, 2027	(Note 3)	Unsecured, non-guaranteed
	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				
	Total	172,250,000	12,000,000	12,000,000	172,250,000				

(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.

(Note 7) Based on the loan agreements, interests were accrued excluding the last day of the borrowing period. Thus, no interest was incurred for the period ended November 30, 2018.

(Note 8) Annual repayments of long-term loans payable 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
Long-term loans payable	19,600,000	7,300,000	12,500,000	21,100,000	25,250,000

# Independent Auditor's Report



Ernst & Young ShinNihon LLC  
Hibiya Mitsui Tower, Tokyo Midtown Hibiya  
1-1-2 Yurakucho, Chiyoda-ku  
Tokyo 100-0005, Japan

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## Independent Auditor's Report

The Board of Directors  
Activia Properties Inc.

We have audited the accompanying financial statements of Activia Properties Inc., which comprise the balance sheet as at November 30, 2018, and the statements of operations, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Activia Properties Inc. as at November 30, 2018, and their financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon LLC*

February 25, 2019  
Tokyo, Japan

# 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 (2) No. 91139
Established	October 6, 2009		
Capital	¥200 million		
Shareholder	Tokyu Land Corporation 100%	President and CEO	Hiroyuki Tohmata

## IDNA of Tokyu Land Corporation

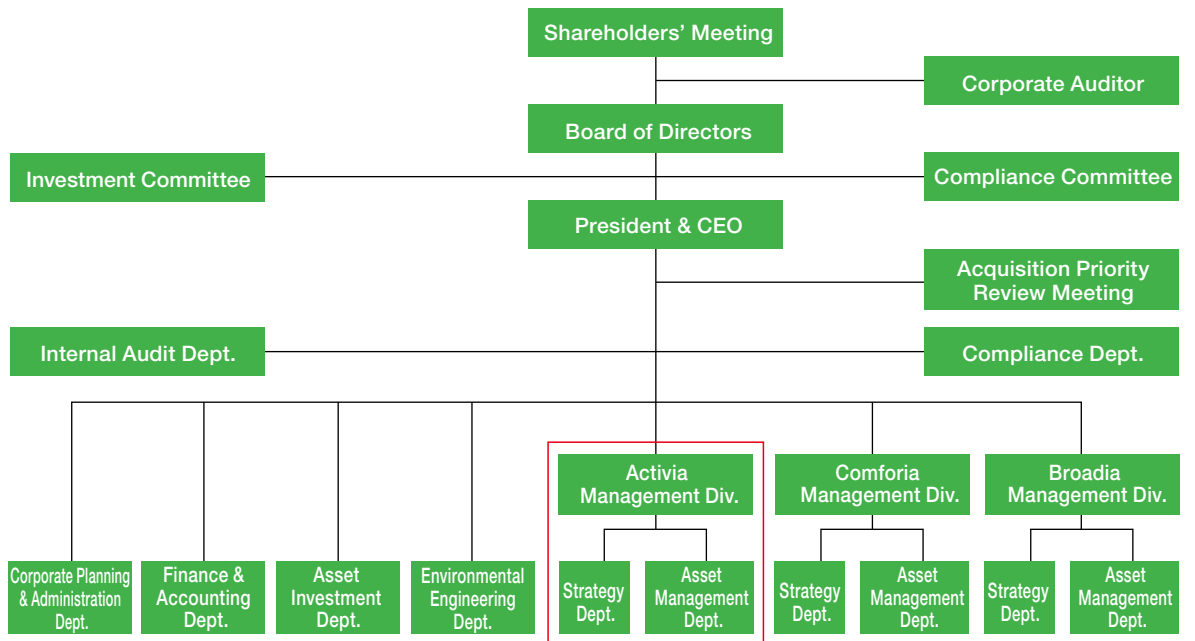
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyu Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses 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.

API's 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

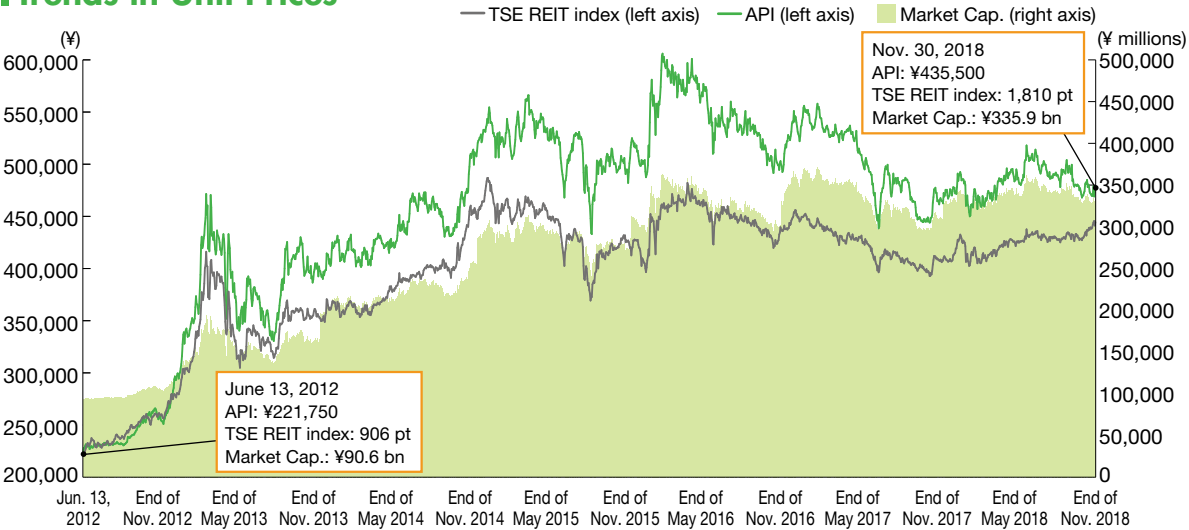
As an asset manager, API's staff is required to work proactively (take initiative, foresee and make improvements). API aims at stable asset management over the medium to long term, through not only management and good care of individual properties, but also by closely observing and responding early to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

## Organizational Chart



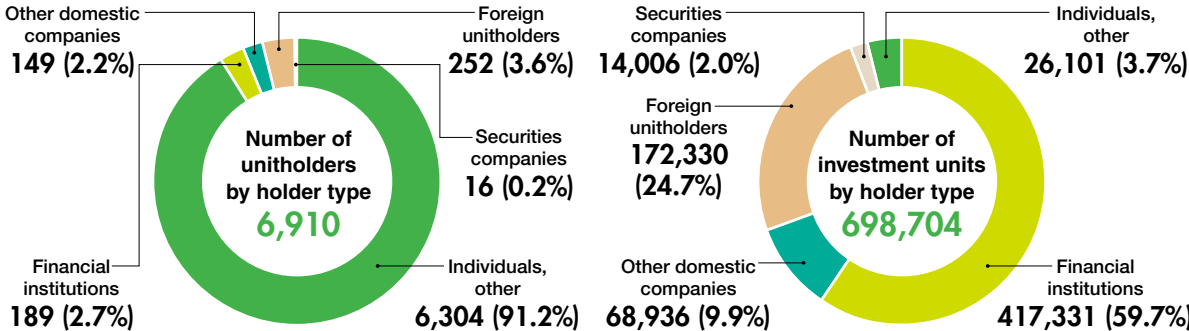
# Information on Unitholders

## Trends in Unit Prices



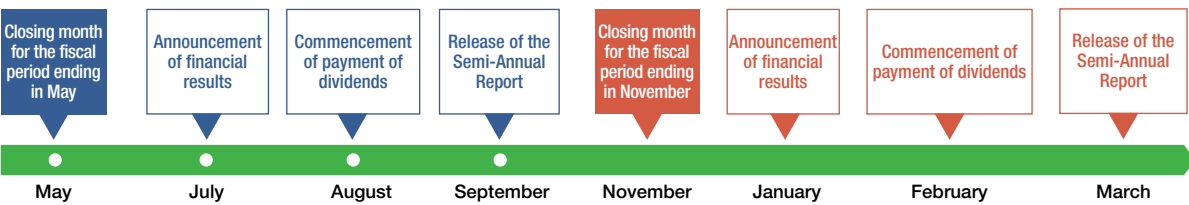
(Note 1) Performance of TSE REIT index is indexed to API unit price as of June 13, 2012 being 100.  
 (Note 2) As API implemented a 2-for-1 investment unit split effected as of October 1, 2015, the closing prices on and after the listing date are indicated as half as adjusted for the unit split.

## Distribution of Unitholders



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

## Annual Schedule



## API Website

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

URL

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



Accessible from smartphone as well.

## 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 Tel: 0120-782-031 (toll-free, available within Japan only) URL: <a href="https://www.smtb.jp/personal/agency/">https://www.smtb.jp/personal/agency/</a> (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 Tel: <b>0120-782-031</b> (toll-free, available within Japan only)
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## Dividend statement

Pursuant to the provisions of the Act on Special Measures concerning Taxation, with regard to dividends paid by API, API will send to each unitholder a payment notification describing the amount of the dividend, withholding tax and so forth. However, the dividend statement sent along with the dividend payment also functions as the payment notification.

Please note that each unitholder may use the payment notification as an attachment for a tax return. (If you select the method of allocation in proportion to the number of shares held, please ask your securities company for further information.)



Information on Unitholders

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% + <b>Reconstruction special income tax 0.315%</b> (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.

