

15th



Semi-Annual Report for the Period ended May 31, 2019 (the 15th Period)

From December 1, 2018 to May 31, 2019



A-PLACE Gotanda



Semi-Annual Report for the 15th Period ended May 2019

From December 1, 2018 to May 31, 2019

► Cash Distributions (Result)

The Period ended May 2019
(the 15th Period)

Cash distributions per unit

¥10,017

► Cash Distributions (Forecast)

The Period ending November 2019
(the 16th Period)

Cash distributions per unit

¥10,018

The Period ending May 2019
(the 17th Period)

Cash distributions per unit

¥9,700



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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Pursuing Internal Growth Mainly in Office and Other Achievements, We Aim at Maximization of 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 15th period from December 1, 2018 to May 31, 2019. We owe this achievement to your understanding and continuous support for which we wish to extend our deep appreciation to you.

In the fiscal period under review, the Japanese economy continued on a trend of gradual recovery on the whole against an ongoing backdrop of robust employment and income environments, but signs of weakness in exports and capital investment also emerged due to a slowing global economy.

The J-REIT market has been maintaining an upward trend supported by a situation where respective investment corporations have been implementing initiatives with a focus on enhancement of unitholder value, which is in addition to a favorable

external environment marked by a robust real estate market, long-term interest rates remaining at low levels, etc. Financing activities through publicly offering 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, in internal growth aspect, API has continuously achieved rent increase at lease contract renewals, mainly in offices particularly of Tokyo Office properties. Management of retail properties such as Urban Retail properties remains stable for long-term, taking advantage of location and quality of the properties.

In December 2018, API conducted a public offering for a sixth consecutive year, and in connection with the offering, the investment corporation acquired total three properties, including two in “Urban Retail properties”: Tokyu Plaza Ginza (Land)

(30% co-ownership interest), Q plaza HARAJUKU (60% co-ownership interest) and one office property in “Activia Account properties”: EDGE Shinsaibashi. API also disposed of 50% co-ownership interest in a property in “Urban Retail properties” which is A-FLAG AKASAKA. Consequently, API’s portfolio has enhanced to 45 properties with the total acquisition price of ¥500.5 billion.

The overall occupancy rate of the portfolio at the end of the period under review was 99.5%, and we have successfully maintained a high rate.

As a result of the above-mentioned management, operating revenue, operating profit, and profit were ¥14,843 million, ¥8,599 million and ¥7,725 million, respectively, for the period ended May 2019. Distributions per investment unit resulted in ¥10,017, exceeding the previous forecast of ¥9,878.

Recently, there is increased demand for corporations to incorporate and actively promote ESG (Environment, Social, Governance) perspectives into their long-term management strategy to realize a sustainable society.

API has aimed to build a portfolio of properties that can expect stable and sustainable customer demand to maximize unitholder value in the medium- to long-term, and in addition to our focus on factors including location, usage, size, and quality, we promote wide range of efforts to reduce environmental load and to contribute to our

environment and local community.

Based on these efforts, our asset manager TLC REIT Management Inc. identified core issues for the medium- to long-term from social issues such as consideration for environment and society and enhanced governance. We have adopted these as our materiality and established our numerical targets and management policy to address such issues.

We will more actively promote efforts to achieve sustainable society with the target for each material issue.

For the next 16th period ending November 2019 and onwards, we will aim at a steady DPU growth by pursuing internal growth particularly in office, as well as seek to maximize unitholder value as our most important task in management, through using strategy for external growth which supports DPU growth speed.

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

Financial Highlights (Millions of yen)

	Period ended November 30, 2018 (the 14th Period)	Period ended May 31, 2019 (the 15th Period)
Operating revenue	¥ 13,815	¥ 14,843
Operating profit	¥ 7,546	¥ 8,599
Ordinary profit	¥ 6,697	¥ 7,726
Profit	¥ 6,696	¥ 7,725

	Period ended November 30, 2018 (the 14th Period)	Period ended May 31, 2019 (the 15th Period)
Total assets	¥ 445,464	¥ 514,359
Net assets	¥ 223,842	¥ 256,085
Unitholders' equity to total assets (%)	50.2%	49.8%
Net assets per unit (yen) ^(Note)	¥ 320,368	¥ 332,050

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

Topics

1 Management Highlights of the 15th Period Ended May 2019

Achieved Unitholder Value Increase

DPU
¥**10,017**

(vs. Previous period ¥+433/+4.5%)

NAV per unit
¥**451,012**

(vs. Previous period ¥+13,710/+3.1%)

Internal Growth

■ Strong Internal Growth in Offices

Rent increase

¥**+11,117** thousands/month

Ave. rent increase

+9.4%

External Growth

■ Portfolio increasing stability

Asset size (total acquisition price)

¥**500.5** billion

Ratio of top 10 tenants

24.2%

(vs. IPO -27.0pt)

Financial Strategies

■ Solid bank formation

Ave. interest rate

0.57%

(vs. Previous period -0.06pt)

Ave. years remaining to maturity

4.8 years

(vs. Previous period +0.3year)

ESG

■ Promote new approach

Issued in July 2019

Green Bonds

Established in April 2019

Sustainability Policy

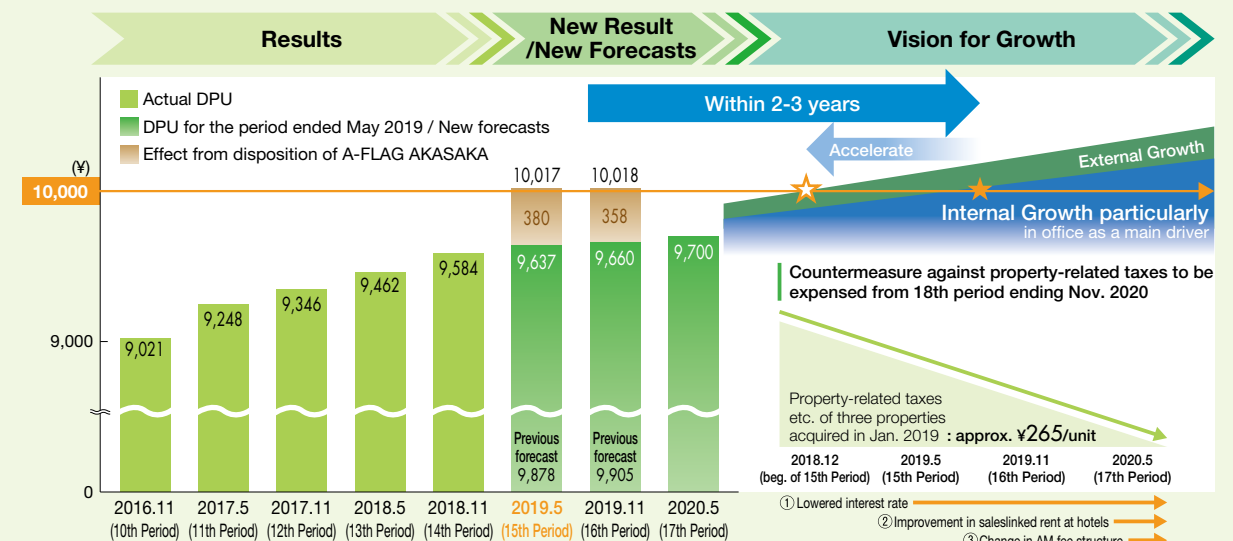
(Note 1) Based on results of the period ended May 2019, except for Financial Strategies of which figures are assumption-based as of July 18, 2019.

(Note 2) Figures related to Internal Growth are total of Tokyo Office properties and Activia Account properties, or average of the two categories.

(Note 3) Ratio of top 10 tenants is calculated based on contracted rents excluding lands (tenant: Sumitomo Mitsui Trust Bank, Limited).

2 Trend in DPU and Growth Strategy

- Actual DPU on stabilized basis (stabilized DPU) for the period ended May 2019 were ¥9,637, which is a sign of steady growth even after having reached ¥9,000 level (consecutive increases for 11th period).
- We aim at **further growth of stabilized DPU**, to have reached ¥10,000 level in coming **2 or 3 years**, with internal growth to achieve particularly in office properties as the main driver.



3 Change in Asset Management Fee Structure

- The change is supposed to take effect from the 17th period ending May 2020 upon approval at the 5th Unitholders' Meeting.

Purpose of the change: Further improvement of unitholder value Rebalance the type I (total asset-based) and type II (DPU (Note 2)/NOI-based) management fees

Strengthen incentives related to maximization of unitholder value

Management from unitholders' perspective

Outline of the Change (Note 3)

Type	Before		After	
	Type I (Note 4)	Type II	Type I (Note 4)	Type II
Based on	Total assets at end of the preceding period	DPU (Note 2) x NOI at each period	Total assets at the end of preceding period	DPU (Note 2) x NOI at each period
Actual rate (Note 5)	0.3% (up to 0.4%)	0.00020% (up to 0.00020%)	0.25% (up to 0.3%) ↓	0.00021% (up to 0.00021%) ↑
Actual amount	¥773 million	¥450 million	¥645 million ↓	¥481 million ↑
Ratio I : II	63.2%	36.8%	57.3% ↓	42.7% ↑
vs. Total assets	0.48% (Note 6)		0.44% (Note 6)	

(Note 1) The change is supposed to take effect upon approval at the 5th unitholders' meeting on Aug. 9, 2019 and completion of other procedures

(Note 2) DPU refer to distribution per unit before deduction of type II asset management fee

(Note 3) Calculated based on forecast for the 17th period ending Nov. 2020

(Note 4) Annual rate

(Note 5) Rate to be agreed between API and the Asset Manager

(Note 6) No change for the upper limit of total amount of type I and type II management fees (total assets at the end of each period x 0.5%)

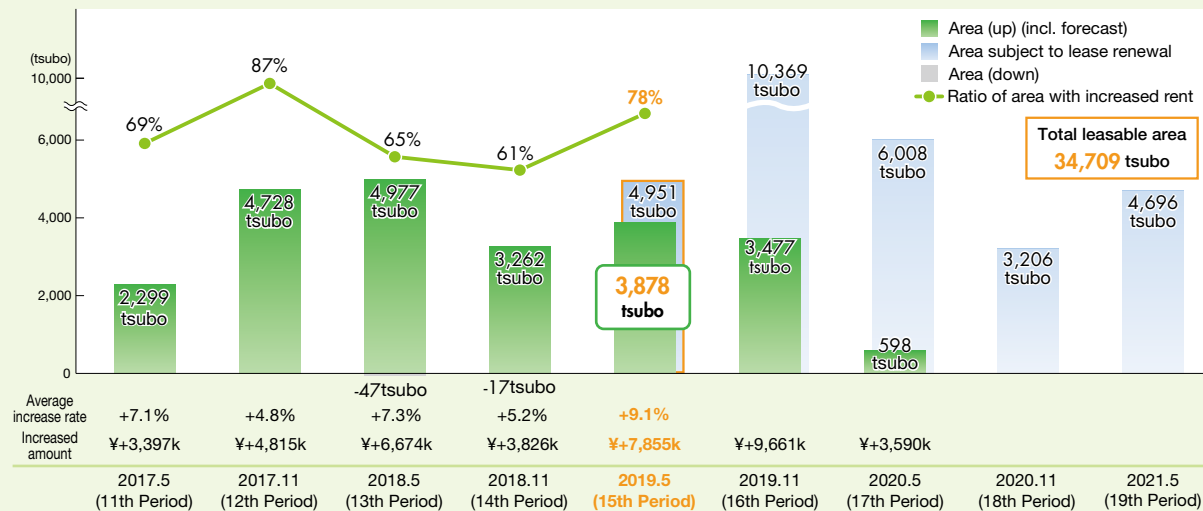
approx. ¥-100 million/period

4 Internal Growth

Management of Tokyo Office properties

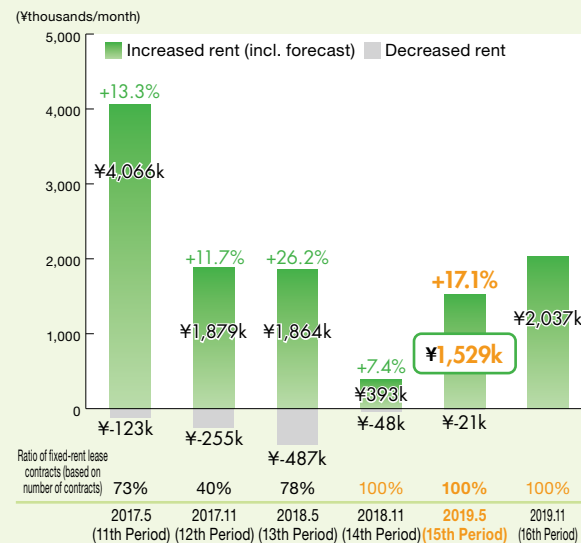
Rent revision

- Continuous uptrend continues and **will continue** in the period ending Nov. 2019 and onwards.
- Increased amount of rent in the period ended May 2019 recorded **highest ever**, as the result of aggressive negotiation backed by favorable market environment and rent gap.



Tenant replacement

- Seek proactively to conclude fixed-term lease contracts in order to achieve large increase in rent income as well as secure further **upside potential** at next contract negotiations.



Examples of tenant replacement with higher rent and rent revision (Shinagawa, Gotanda area)

TO-10 A-PLACE Shinagawa (replacement with higher rent)

- Tenant replacement succeeded with a **contracted rent largely exceeding rent gap** as a result of a bid which is a limited case in leasing activities against backdrop of favorable market environment.

2019.11 (16th Period)			
Area	245 tsubo	FR-DT	total 0 month
Rent gap	-23%	Rent increase	+40%

(Note) FR and DT refer to free rent period and down time, respectively.

TO-9 A-PLACE Gotanda (rent revision)

2017.11 (12th Period)		2019.5 (15th Period)	
Rent reviewed area	260 tsubo		520 tsubo
Rent increased area	0 tsubo		390 tsubo
Increase rate	—		+12.2%

Areas under leasing (Shinagawa, Gotanda area)	
TO-10 A-PLACE Shinagawa	123 tsubo
TO-15 A-PLACE Gotanda Ekimae	323 tsubo
TO-16 A-PLACE Shinagawa Higashi	117 tsubo

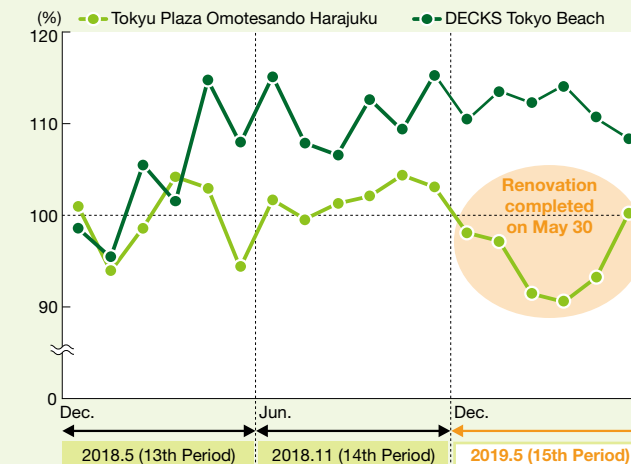
(Note) As of June 30, 2019.

Management of retail properties

Trend in sales

(Tokyu Plaza Omotesando Harajuku/DECKS Tokyo Beach)

- Sales recorded **111%** on Y-on-Y basis in DECKS Tokyo Beach, recording increase in every month.
- Sales decreased to 95% Y-on-Y in Tokyu Plaza Omotesando Harajuku partly due to the largest scale renovation held since its completion.



Outline of renovation work

(Tokyu Plaza Omotesando Harajuku)

- After lease termination of 20 zones in Jan., renovation works of 15 shops were held from Feb. to May 2019.
- +7.5% rent increase** was achieved in zones under review owing to tenant replacement (13 shops) with higher rents in spite of decrease generated in leased area due to zone division and integration.

Merchandising	Increase ability to draw in customers due to increasing number of cosmetic shops.
Profitability	Realize rent raise per tsubo due to strong leasing capability backed by excellent location.
Stability	Further promote diversification of tenants by lease zone diversification.

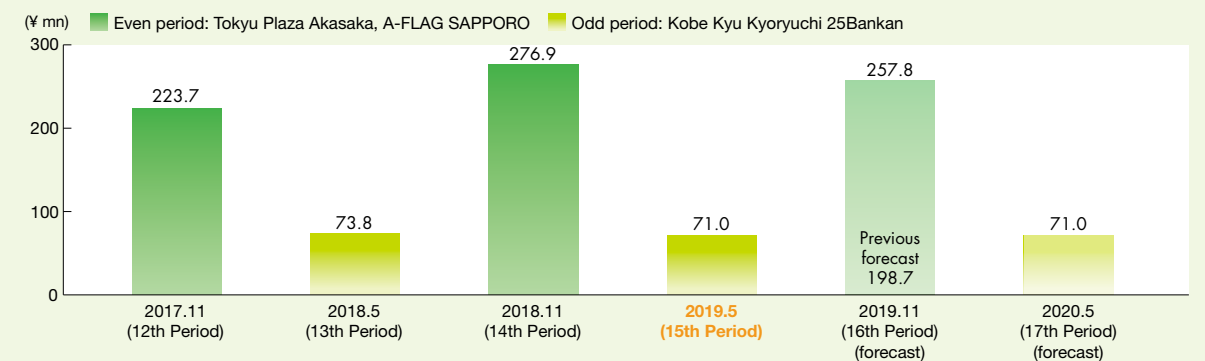
Charles & Keith
(Opened in Mar. 2019)

- Full line up of brand's products such as woman's shoes, bags, accessories.
- Established in Singapore, now present in 37 countries.
- The store is its 5th in Japan.

A case of newly opened shop

Sales-linked rent at hotels

- Large recovery from previous forecast considering impact of earthquake is expected for the period ending November 2019 (16th period).



Large-scale international events to be held in Japan

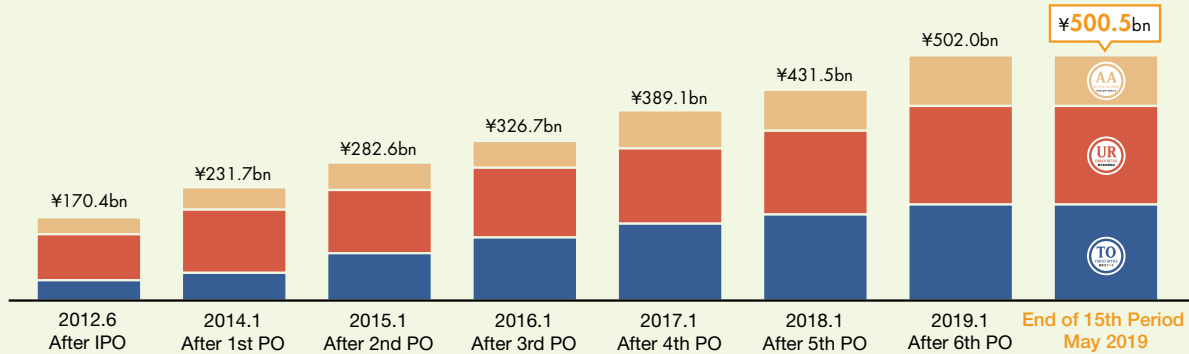
- API's Urban Retail properties including hotels are located in proximity to event's venue.
- Income increase** in properties following increased number of visitors during the event's period as well as **revitalization** of the area are expected.

Major events	Properties nearby
Sep.-Nov. 2019 Rugby World Cup™ Japan 2019	Tokyu Plaza Akasaka/Kobe Kyu Kyoryuchi 25Bankan/A-FLAG SAPPORO
Jul.-Sep. 2020 Olympic and Paralympic Games Tokyo 2020	Tokyu Plaza Akasaka/A-FLAG SAPPORO/DECKS Tokyo Beach
May-Nov. 2025 Expo 2025 in Osaka	Kobe Kyu Kyoryuchi 25Bankan/Q plaza SHINSAIBASHI

5 External Growth

Trends in asset size and investment ratio

- We continuously examine possibilities for acquisition of and replacement to new assets having **internal growth potential** in order to **achieve early** realization of ¥10,000 stabilized DPU.
- Given increased stability of the portfolio and market environment, API **will not** define further target asset size or **seek portfolio expansion**.



API's Asset Mix Strategy

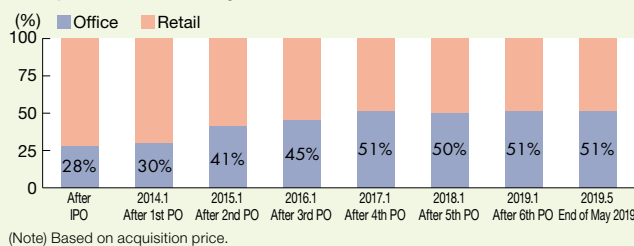
API's portfolio composition policy

- Rigorously selected investment** in retail properties and office properties is implemented since IPO.



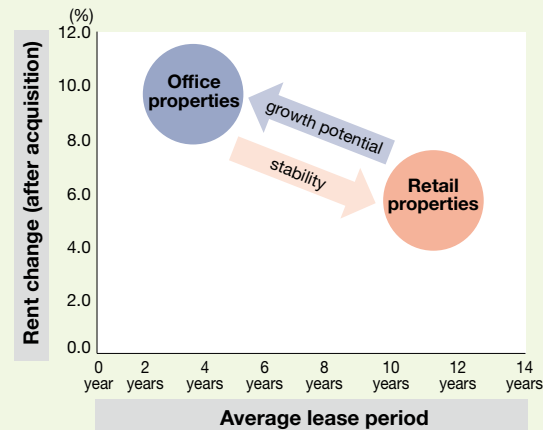
Trend in ratio of retail to office properties

- Realize to **compose most appropriate portfolio** by asset acquisition in a timely manner.



Asset mix exerting synergetic effect

- Establish a solid revenue base by **composition** of remarkably stable retail properties and office properties with **high growth potential** in portfolio.



	Average contract period	Rent increase
Retail properties	11.6 years	+4.9%
Office properties	3.3 years	+9.9%

(Note 1) Calculated based on properties acquired in connection with from the 1st to 5th PO.

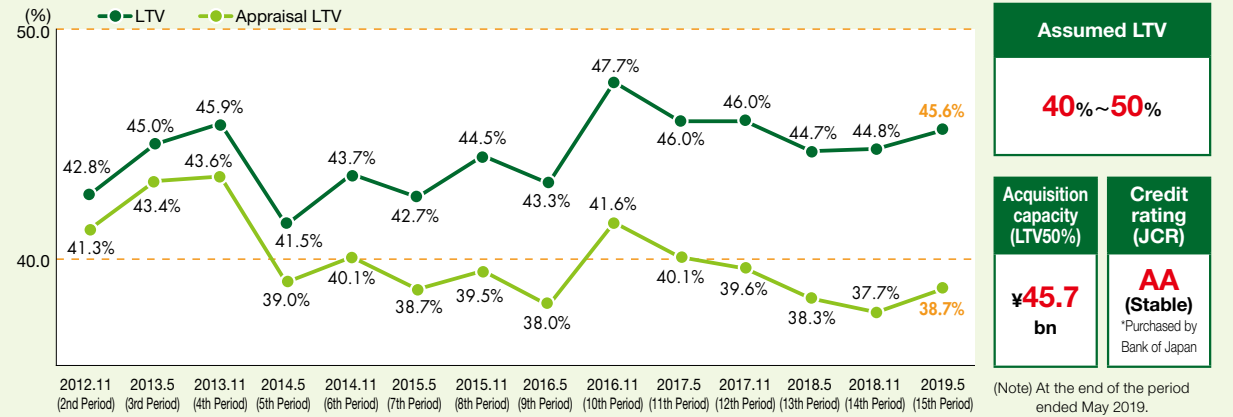
(Note 2) Average contract period is calculated based on lease contracts as of May 31, 2019.

(Note 3) Rent increase (rate) is calculated based on rents (including common fees) in lease agreements as of May 31, 2019.

6 Financial Management Status

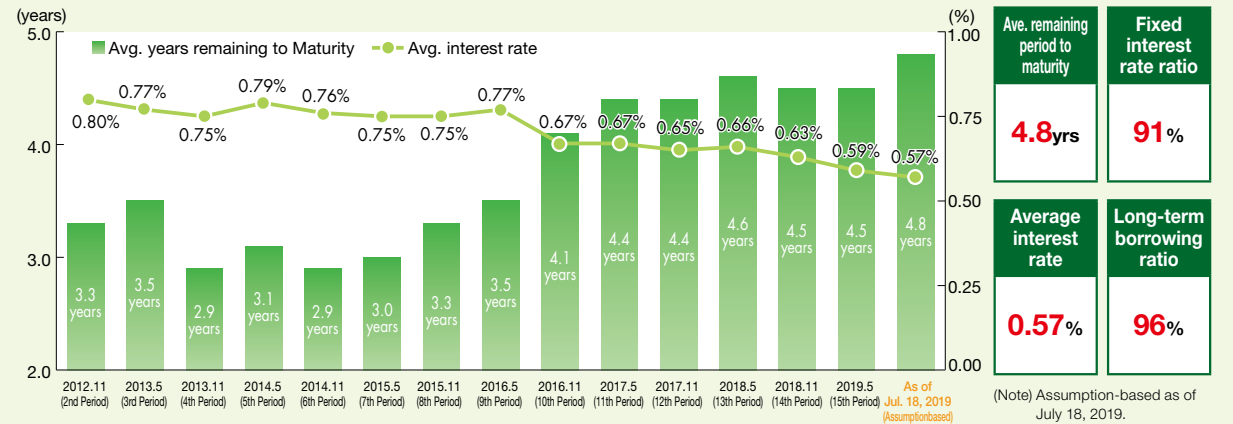
Trend in LTV

- With LTV recently **hovered around 45%**, flexibility for property acquisition secured with capacity for acquisition of **¥45.7bn** at LTV 50%.

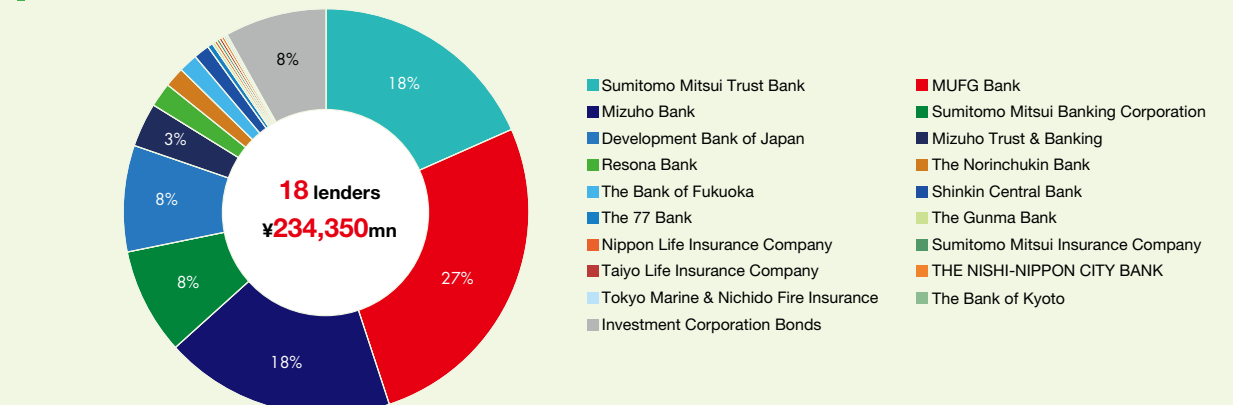


Trends in average period remaining to maturity and average interest rate

- From the period ended May 2017, **lowered average interest rate** with maintaining average period remaining to maturity at around 4.5 years.



List of Lenders (as of July 18, 2019)



7 Consistent Initiatives for ESG

Establishment of Sustainability Policy

■ TRM established a Sustainability Policy in Apr. 2019 with belief that efforts towards environment and society and reinforcement of corporate governance should lead to contribution to **sustainable development of the society**

Sustainability Policy

Environmental Considerations

- Consider energy efficiency, decarbonization, water efficiency, and waste reduction as four major items in investment operation, and promote initiatives by reflecting these items to the measures

Efforts for Employees

- Improve employees' sustainability knowledge and promote enlightenment activities for that purpose, implement capacity building to allow personnel to act professionally and become more proactive, provide training for human resource development, and support acquisition of qualifications
- Improve the way employees work in light of the policies and practices of the entire group and by close internal sharing of information

Legal Compliance and Risk Management

- Comply with environmental, social, and governance laws and regulations as well as pay close attention to and appropriately respond to legislative changes
- For risk assessment upon real estate acquisition, work on risk management in an appropriate manner, with consideration for environmental and social impacts

Information Disclosure

- Strive to disclose information on our sustainability efforts to investors and other stakeholders

Cooperation with External Stakeholders

- As a member of the local community, enhance relationships with customers, such as tenants and facility users, and the local community through improvements in disaster prevention and BCP measures, contributing to safety and security
- Promote programs and procurement with environmental and social considerations through engagement with tenants and suppliers, incl. PM companies
- Promote efforts to improve the way employees work in light of the policies and practices of the entire group and by close internal sharing of information

Sustainability Promotion Council

- To implement the Sustainability Policy, the Sustainability Promotion Council which comprises of company-wide members including the President & CEO of the Asset Manager (chief executive) is periodically held

Identification of Materiality

■ Identified core issues (materiality) by extracting significant medium- to long-term social issues based on Sustainability Policy set by the Asset Manager and prior environmental efforts exercised by API

Identification process



Materiality

Materiality	Related SDGs
Reducing environmental impact	7, 11, 12, 13
Human capital development as a group of professionals	3, 4, 5, 8
Contribution to the local community	3, 9, 11
Health and well-being of tenants	3, 11
Supplier engagement	11, 12
Management framework corresponding to multifaceted social demand towards sustainable society	8, 15

Website renewal

- Renewed API's website on the occasion of establishment of Sustainability Policy and identification of Materiality



ESG Initiatives

GRESB Real Estate Assessment

Rating	Benchmark	Public Disclosure
5 Stars (highest rank)	Sector Leader for two consecutive years "Diversified-Office/Retail/ Asia"	A (highest)
About GRESB	GRESB is an organization established in 2009 which is committed to assessing the environmental, social and governance (ESG) performance in real estate investments with aim to enhance investors' quality GRESB assesses sustainability efforts exercised by real estate companies and funds	

Other environmental certifications

CASBEE Property Assessment Certification	DBJ Green Building Certification	BELS Assessment
S class (5 stars): 11 properties A class (4 stars): 12 properties	5 stars: 1 property	5 stars: 2 properties 3 stars: 2 properties and 4 others

API's measurement examples

Environmental performance improvement

Energy consumption per year	CO ₂ emissions per year
-1.0%	-1.5%

(Note) Rates are per each unit, based on FY2018 results (compared to FY2017 results)

Enhancement of conversion to LEDs

Nb of Properties (office)	In addition to common areas where conversion to LEDs is already ongoing, works in office areas will be followed accordingly
15 properties	

Conclusion of green lease agreement

Energy-saving equipment was installed in some properties and concluded with a tenant special agreement stipulating payment of green lease fee

Green Bond Framework

■ API's Eligible Projects are limited to buildings obtained two highest ranks of green certifications (tightened eligible criteria as first J-REIT)

Investors declared intention to invest

Below are investors who invested in API's first green bonds in July and agreed to disclose their names
(In alphabetical order)

- Daitokyo Shinyokumiai
- IZAWA METAL Co., Ltd.
- Mitsubishi UFJ Trust and Banking Corporation
- Sumitomo Mitsui Trust Asset Management
- THE OITA BANK, LTD.
- The Miyazaki Taiyo Bank, Ltd.
- The Sugamo Shinkin Bank
- Wakayamaken Ishi Shinyokumiai

Green certificated assets
(¥291.3 billion)

Green Eligible projects
(¥253.6 billion)

Funds procurable
(¥110.5 billion)

Already procured
(¥5 billion)

LTV45.6%
(End of period ended May 2019)

(Note) Amount calculated based on book value at end of period

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.

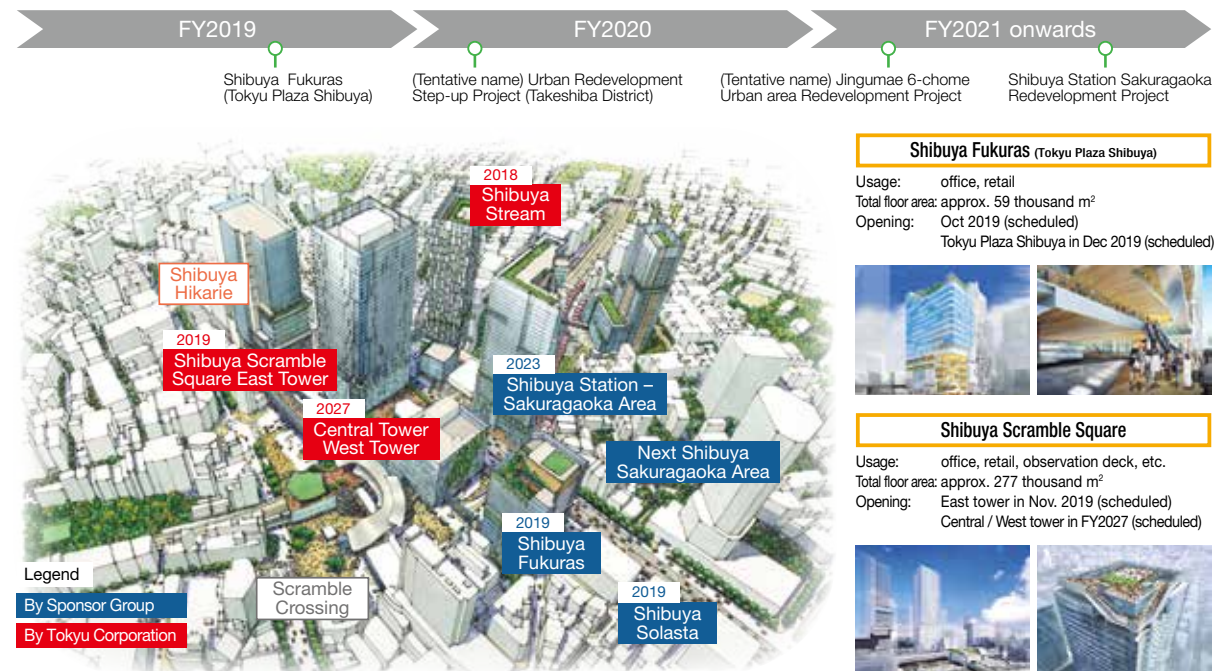
Investment ratio
(based on acquisition price)

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

Tokyu Fudosan Holdings Group's redevelopment projects, etc. in Shibuya



Shibuya Fukuras (Tokyu Plaza Shibuya)

Usage: office, retail
Total floor area: approx. 59 thousand m²
Opening: Oct 2019 (scheduled)
Tokyu Plaza Shibuya in Dec 2019 (scheduled)



Shibuya Scramble Square

Usage: office, retail, observation deck, etc.
Total floor area: approx. 277 thousand m²
Opening: East tower in Nov. 2019 (scheduled)
Central / West tower in FY2027 (scheduled)



Portfolio List

(As of May 31, 2019)

Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m ²)	Completion (Note 1)	Occupancy rate
<div>To be disposed</div> <div><div>UR</div>URBAN RETAIL</div>	UR-1	Tokyu Plaza Omotesando Harajuku (Note 2)	Jingumae, Shibuya-ku, Tokyo	45,000	9.0%	4,918.44	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	Motohononjicho, Nakagyō-ku, Kyoto	8,860	1.8%	21,616.04	Jul. 2006	100.0%
	UR-6	A-FLAG AKASAKA (Note 2) (Note 3)	Akasaka, Minato-ku, Tokyo	1,500	0.3%	1,140.11	Feb. 2008	100.0%
	UR-7	Kobe Kyū Kyoryūchi 25Bankan	Kyomachi, Chūō-ku, Kobe City, Hyogo	21,330	4.3%	19,653.90	Jan. 2010	100.0%
	UR-8	A-FLAG SAPPORO	Minami-Yonjō-Nishi, Chūō-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%	3,403.07	Jun. 1988	100.0%
	UR-10	Q plaza SHINSAIBASHI	Shinsaibashi-suji, Chūō-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	Sarugakuchō, Shibuya-ku, Tokyo	2,280	0.5%	2,579.08	Apr. 1992	100.0%
	UR-14	A-FLAG KITA SHINSAIBASHI	Minami-Senba, Chūō-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%	16,125.56	Jun. 1996 Nov. 2000 (Extension)	100.0%
	UR-16	Tokyu Plaza Ginza (Land) (Note 2)	Ginza, Chūō-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	100.0%
	Urban Retail properties				200,215	40.0%	125,816.68	—
<div><div>TO</div>TOKYO OFFICE</div>	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) (Note 4)	Shiba, Minato-ku, Tokyo	2,338	0.5%	1,287.96	—	100.0%
	TO-7	A-PLACE Ikebukuro	Minami-Ikebukuro, Toshima-ku, Tokyo	3,990	0.8%	3,409.73	Oct. 2011	100.0%
	TO-8	A-PLACE Shinbashi	Shinbashi, Minato-ku, Tokyo	5,650	1.1%	5,052.14	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	3.8%	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%
Tokyo Office properties				196,700	39.3%	114,740.36	—	99.9%
<div><div>AA</div>ACTIVIA ACCOUNT</div>	AA-1	Amagasaki Q's MALL (Land)	Shioe, Amagasaki City, Hyogo	12,000	2.4%	27,465.44	—	100.0%
	AA-2	icot Nakamozu	Nakamozucho, Kita-ku, Sakai City, Osaka	8,500	1.7%	28,098.02	Jun. 2007	100.0%
	AA-4	icot Mizonokuchi	Mizonokuchi, Takatsu-ku, Kawasaki City, Kanagawa	2,710	0.5%	14,032.05	Jul. 1998	100.0%
	AA-5	icot Tama Center	Ochiai, Tama City, Tokyo	2,840	0.6%	5,181.58	Mar. 2006	100.0%
	AA-6	A-PLACE Kanayama	Kanayama, Naka-ku, Nagoya City, Aichi	6,980	1.4%	9,314.90	Feb. 2009	100.0%
	AA-7	Osaka Nakanoshima Building	Nakanoshima, Kita-ku, Osaka City, Osaka	11,100	2.2%	20,226.77	Mar. 1984	99.9%
	AA-8	icot Omori	Omorikita, Ota-ku, Tokyo	5,790	1.2%	6,209.79	Mar. 2007	100.0%
	AA-9	Market Square Sagamihara	Shimokuzawa, Chūō-ku, Sagamihara 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, Chūō-ku, Osaka City, Osaka	19,800	4.0%	15,916.34	Apr. 1986	90.7%
	Activia Account properties				103,570	20.7%	174,610.18	—
Total				500,485	100.0%	415,167.22	—	99.5%

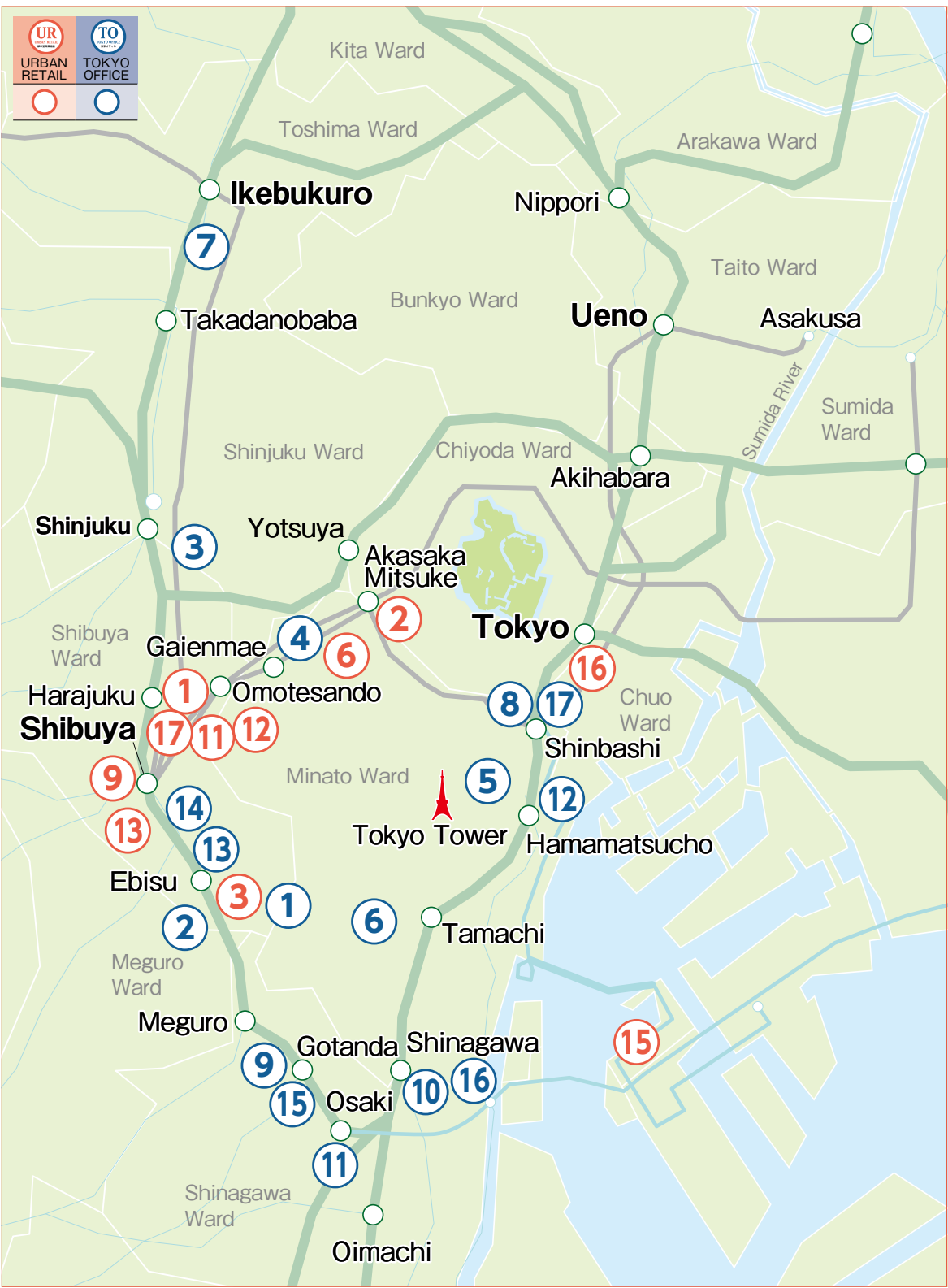
(Note 1) The completion date represents the date of construction of the main building as described in the property registry. For properties with multiple main buildings, the construction date of the oldest building is listed. However, for A-PLACE Shinbashi and A-FLAG SHIBUYA, the date of inspection that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

(Note 2) For Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, A-FLAG 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%, 50%, 50%, 49%, 30%, 60% and 35%, respectively).

(Note 3) We disposed of A-FLAG AKASAKA as of June 3, 2019 (the 16th period).

(Note 4) The acquisition price of TAMACHI SQUARE (Land) is the land acquisition price at the time of the initial acquisition (June 13, 2012).

Central Tokyo Area Portfolio Map



UR-1 Tokyu Plaza Omotesando Harajuku	UR-2 Tokyu Plaza Akasaka	UR-3 Q plaza EBISU	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		

Greater Tokyo Area



AA-4 icot Mizonokuchi



AA-5 icot Tama Center



AA-8 icot Omori



AA-9 Market Square Sagami-hara



AA-11 A-PLACE Bashamichi



Sapporo

UR-8 A-FLAG SAPPORO



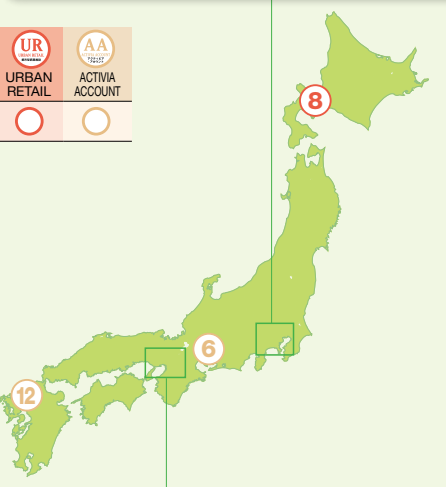
Nagoya

AA-6 A-PLACE Kanayama



Hakata

AA-12 Commercial Mall Hakata



Hyogo/Osaka/Kyoto



UR-5 Kyoto Karasuma Parking Building



UR-7 Kobe Kyu Kyoryuchi 25Bankan



UR-10 Q plaza SHINSAIBASHI



UR-14 A-FLAG KITA SHINSAIBASHI



AA-1 Amagasaki Q's MALL (Land)



AA-2 icot Nakamozu



AA-7 Osaka Nakanoshima Building



AA-10 Umeda Gate Tower

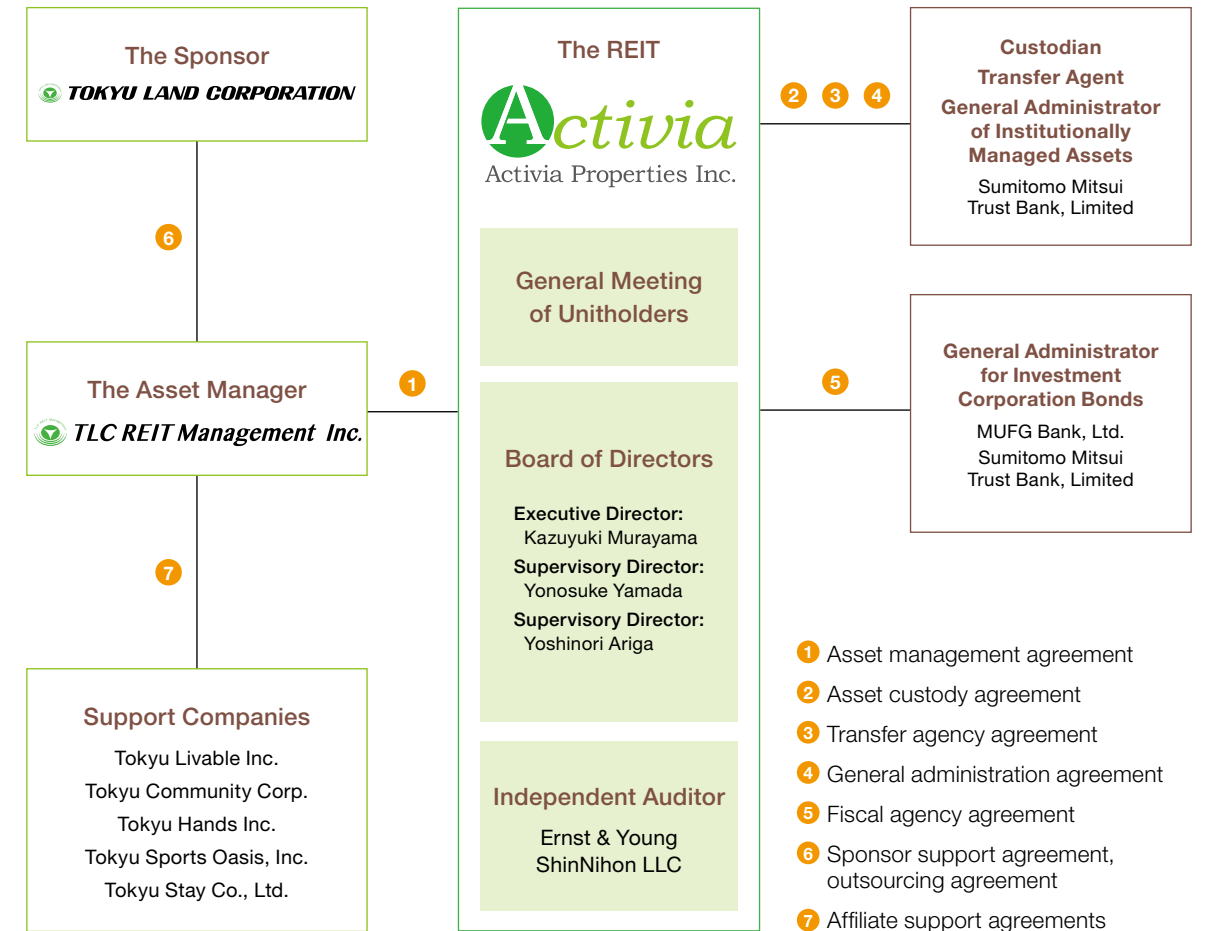


AA-13 EDGE Shinsaibashi



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 15th Fiscal Period (Semi-Annual Report)

From December 1, 2018 to May 31, 2019

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		11th period	12th period	13th period	14th period	15th period
Business period		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	From December 1, 2018 to May 31, 2019
Operating revenue	(In millions of yen)	12,107	12,720	13,327	13,815	14,843
[Lease business revenue]	(In millions of yen)	[11,370]	[11,861]	[12,409]	[12,673]	[13,472]
Operating expenses	(In millions of yen)	5,127	5,645	5,855	6,268	6,243
[Expenses related to rent business]	(In millions of yen)	[4,097]	[4,509]	[4,706]	[5,076]	[4,973]
Operating profit	(In millions of yen)	6,980	7,074	7,471	7,546	8,599
Ordinary profit	(In millions of yen)	6,152	6,218	6,611	6,697	7,726
Profit	(In millions of yen)	6,151	6,217	6,610	6,696	7,725
Net assets	(In millions of yen)	208,451	208,523	223,777	223,842	256,085
[Change from the previous period]	(%)	[17.8]	[0.0]	[7.3]	[0.0]	[14.4]
Total assets	(In millions of yen)	425,977	426,838	445,941	445,464	514,359
[Change from the previous period]	(%)	[14.6]	[0.2]	[4.5]	[−0.1]	[15.5]
Unitholders' capital	(In millions of yen)	202,233	202,233	217,091	217,091	248,370
Number of units issued and outstanding	(Units)	665,214	665,214	698,704	698,704	771,224
Net assets per unit	(Yen)	313,359	313,467	320,275	320,368	332,050
Total distributions	(In millions of yen)	6,151	6,217	6,611	6,696	7,725
Basic earnings per unit (Note 1)	(Yen)	9,252	9,346	9,493	9,584	10,118
Cash distributions per unit						
[Earnings distributions per unit]	(Yen)	[9,248]	[9,346]	[9,462]	[9,584]	[10,003]
[Distributions per unit in excess of earnings]	(Yen)	[—]	[—]	[—]	[—]	[14]
Ordinary profit to total assets (Note 2)	(%)	1.5	1.5	1.5	1.5	1.6
Return on unitholders' equity (Note 2)	(%)	3.2	3.0	3.1	3.0	3.2
Unitholders' equity to total assets		48.9	48.9	50.2	50.2	49.8
[Change from the previous period] (Note 2)	(%)	[1.3]	[—]	[1.3]	[—]	[−0.4]
Payout ratio (Note 2)	(%)	100.0	99.9	100.0	99.9	99.8
[Other reference]						
Number of properties	(Properties)	39	39	42	42	45
Total leasable area (Note 3)	(m ²)	370,194.77	370,296.85	395,994.33	395,967.44	415,167.22
Occupancy rate at end of period	(%)	99.8	100.0	99.8	99.9	99.5
Depreciation	(In millions of yen)	1,175	1,189	1,234	1,267	1,294
Capital expenditure	(In millions of yen)	147	303	1,077	352	413
NOI (Note 2)	(In millions of yen)	9,185	9,400	9,855	10,006	10,827

(Note 1) Basic earnings per unit is calculated by dividing profit by the daily weighted average number of investment units issued and outstanding (664,866 units, 665,214 units, 696,324 units, 698,704 units and 763,508 units for the 11th, 12th, 13th, 14th and 15th 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 (excluding distributions in excess of earnings) ÷ Profit × 100 (rounded down to the first decimal place)

NOI: Rental operating income (Lease business revenue + Other lease business revenue − Expenses related to rental business) + Depreciation + Loss on retirement of non-current assets

(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, A-FLAG AKASAKA, DECKS Tokyo Beach, Shiodome Building, Q plaza HARAJUKU and Tokyu Plaza Ginza (Land), the figures are in proportion to a pro rata share of co-ownership interests of each property (75%, 50%, 50% (15th fiscal period), 49%, 35%, 60% and 30%, 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; hereinafter referred to as the “Investment Trust Act”), and completed its registration in the Kanto Local Finance Bureau on September 20, 2011 (Director-General of the Kanto Local Finance Bureau No. 73).

After that, the Investment Corporation was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (Securities code 3279) on June 13, 2012. On December 19, 2018, the Investment Corporation carried out a publicly offered capital increase for the sixth consecutive year, and on January 7, 2019, it carried out a third-party allotment.

“Activia” of “Activia Properties,” the name of the Investment Corporation, has been coined from the words “activate” and “ia,” a suffix meaning “place.” By investing in and managing real estate appropriate to its name, the Investment Corporation seeks to become an entity capable of broadly energizing society. The Investment Corporation will also select real estate capable of sustaining customer demand as a location for both corporate activities and urban recreation in popular areas, with the aim of maximizing the medium- and long-term value of unitholders, supported by its proactive management (management to improve the circumstances by taking initiatives and acting for the future).

In the fiscal period under review, which ended on May 31, 2019, the Investment Corporation took steps to reshuffle its asset portfolio which involved using proceeds from a publicly offered capital increase to acquire three properties including Tokyu Plaza Ginza (land) (30% co-ownership interest), which belongs in the focused investment properties category of “Urban Retail Properties,” and transferring A-FLAG AKASAKA (50% co-ownership interest). Consequently, the Investment Corporation held 45 properties (with the total acquisition price of ¥500,485 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 continued on a trend of gradual recovery on the whole against an ongoing backdrop of robust employment and income environments, but signs of weakness in exports and capital investment also emerged due to a slowing global economy.

With respect to the environment surrounding retail properties, personal consumption has been mounting a modest recovery yet consumer sentiment has been weak according to the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan. 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 continued on an upward trajectory during the quarter spanning January to March 2019. As such, demand related to inbound tourism has remained at high levels.

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) has been hovering just above the 1% range since November 2018, and rent levels have been encountering their longest upward phase of gains ever with the average rent having been increasing for 65 consecutive months. The market environment has remained favorable also in major cities outside Tokyo as vacancy rates hold to their lowest ever levels along with a persisting moderate upward trend in rent levels.

The J-REIT market has been maintaining an upward trend supported by a situation where respective investment corporations have been implementing initiatives with a focus on improving unitholder value, which is in addition to a favorable external environment marked by a robust real estate market, long-term interest rates remaining at low levels, etc. 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 acquired beneficiary interests of real estate in trust by publicly offered capital increase in a total of three properties, namely Tokyu Plaza Ginza (Land) (30% co-ownership interest) (with the acquisition price of ¥37,500 million), Q plaza HARAJUKU (60% co-ownership interest) (with the acquisition price of ¥13,200 million) and EDGE Shinsaibashi (with the acquisition price of ¥19,800 million)

on January 10, 2019, as trust assets in accordance with the basic asset management policy set forth in the Articles of Incorporation. On March 1, 2019, the Investment Corporation also transferred beneficiary interests of real estate in trust of A-FLAG AKASAKA (50% co-ownership interest) (with the transfer price of ¥1,875 million) as trust assets.

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 45 properties (with the total acquisition price of ¥500,485 million) with the total leasable area of 415,167 m² (125,586 tsubo). In addition, the occupancy rate at the end of the 15th period was 99.5%.

3) Initiatives Regarding Sustainability

In order to build a portfolio consisting of “real estate capable of sustaining customer demand” with the aim of maximizing medium- and long-term unitholder value, the Investment Corporation has been promoting various initiatives with its sights set on lowering environmental loads and contributing to our nearby surroundings and local communities, thereby extending beyond considerations such as location, use, size and qualities. Based on such initiatives, the Investment Corporation’s asset management company TLC REIT Management Inc. established the “Sustainability Policy” in April 2019, clearly stating our approach in contributing to sustainable development of society by addressing social issues such as concerns for the environment and society, and reinforcement of corporate governance. In July 2019, as material issues that the Investment Corporation needs to address, we released quantitative targets encompassing a wider range of performance benchmarks from an environmental standpoint, and also clearly stated practical management policy to such ends. This involves daily effort to achieve our basic objective of cutting unit energy consumption, etc. by an annual average of 1% over the medium to long term. Initiatives carried out in the fiscal period under review include upgrading to LED lighting at some private areas at Umeda Gate Tower, and some common areas of Kobe Kyu Kyoryuchi 25Bankan, A-FLAG KOTTO DORI, A-PLACE Shinbashi, Shiodome Building and A-PLACE Bashamichi. At Umeda Gate Tower, the Investment Corporation has entered into its first-ever green lease contract linked to energy consumption decreases under which tenants are to assume a portion of the costs of achieving lower energy consumption by having upgraded to the aforementioned LED lighting.

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 the seven properties Tokyu Plaza Omotesando Harajuku (S class), Tokyu Plaza Akasaka (S class), OSAKI WIZTOWER (S class), A-PLACE Yoyogi (S class), A-PLACE Ikebukuro (A class), A-PLACE Gotanda (A class), and A-PLACE Kanayama (A class). We have also acquired the BELS certifications for the two properties Tokyu Plaza Omotesando Harajuku (five stars) and Commercial Mall Hakata (five stars), and re-acquired the DBJ Green Building Certification for the one property Shiodome Building (five stars). As such, a total of 25 of our properties have acquired green building certification, which amounted to 57.8% of our holdings calculated on the basis of gross floor area (as of May 31, 2019).

Furthermore, at Tokyu Plaza Omotesando Harajuku, we continued 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, in order to cover a part of the acquisition costs for beneficiary interests of real estate in trust to the above three properties and related costs, the Investment Corporation additionally issued investment units (67,320 units) through a public offering on December 19, 2018, issued new investment units (5,200 units) by a third-party allotment on January 7, 2019, and borrowed funds of ¥35,000 million on January 10, 2019. The Investment Corporation has refinanced borrowings amounting to a total of ¥23,700 million largely in order to cover repayment of borrowings and investment corporation bonds that had come due. Moreover, the Investment Corporation has been working to maintain a stable financial base through ongoing moves that have included reducing interest costs and diversifying repayment dates on interest-bearing debt, which in part involves making use of interest rate swaps in some such cases when arranging such borrowings and refinancing. As of the end of the fiscal period under review, the balance of interest-bearing debt was ¥234,350 million (borrowings of ¥220,350 million and investment corporation bonds of ¥14,000 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 45.6% 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 94.0% and 89.0%, respectively.

The credit rating the Investment Corporation has obtained as of the end of the fiscal period under review is as follows. This investment unit does not have a credit rating provided or made available for inspection by a credit rating agency or one scheduled to be provided or made available for inspection by a credit rating agency at the Investment Corporation’s request.

Credit Rating Agency	Rating	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 ¥14,843 million, ¥8,599 million, and ¥7,726 million, respectively, for the fiscal period under review, and profit was ¥7,725 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), the decision was made with respect to paying distributions of profits of ¥7,714,553,672, which is the entire amount of the net profit defined in Article 136, Paragraph 1 of the Investment Trust Act, with such amount excluding a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the “Special Taxation Measures Act”). In addition, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥10,797,136 as distributions related to allowance for temporary difference adjustments, calculated to exclude a fraction of less than ¥1 of distributions in excess of earnings per investment unit, with the amount equivalent to deferred losses on hedges of ¥11,474,393. Consequently, distributions per investment unit resulted in ¥10,017.

(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)
December 19, 2018	Capital increase through public offering	67,320	766,024	29,036	246,127	(Note 15)
January 7, 2019	Capital increase through third-party allotment	5,200	771,224	2,242	248,370	(Note 16)

- (Note 1) The Investment Corporation was established through an investment of Tokyu Land Corporation, which underwrote the investment units with an offer price per unit of ¥500,000.
- (Note 2) API issued new investment units through a public offering at a price of ¥460,000 per unit (issue price of ¥445,050 per unit) to raise funds for the acquisition of new properties, etc.
- (Note 3) Following the public offering on June 12, 2012, API issued new investment units through a third-party allotment at a price of ¥445,050 per unit.
- (Note 4) API issued new investment units through a public offering at a price of ¥782,925 per unit (issue price of ¥757,229 per unit) to raise funds for the acquisition of new properties, etc.
- (Note 5) Following the public offering on December 16, 2013, API issued new investment units through a third-party allotment at a price of ¥757,229 per unit.
- (Note 6) API issued new investment units through a public offering at a price of ¥979,020 per unit (issue price of ¥948,051 per unit) to raise funds for the acquisition of new properties.
- (Note 7) Following the public offering on December 17, 2014, API issued new investment units through a third-party allotment at a price of ¥948,051 per unit.
- (Note 8) A 2-for-1 investment unit split was implemented with September 30, 2015 as the record date and October 1, 2015 as the effective date.
- (Note 9) API issued new investment units through a public offering at a price of ¥472,360 per unit (issue price of ¥457,418 per unit) to raise funds for the acquisition of new properties, etc.
- (Note 10) Following the public offering on December 15, 2015, API issued new investment units through a third-party allotment at a price of ¥457,418 per unit.
- (Note 11) API issued new investment units through a public offering at a price of ¥483,326 per unit (issue price of ¥468,283 per unit) to raise funds for the acquisition of new properties.
- (Note 12) Following the public offering on December 1, 2016, API issued new investment units through a third-party allotment at a price of ¥468,283 per unit.
- (Note 13) API issued new investment units through a public offering at a price of ¥458,150 per unit (issue price of ¥443,657 per unit) to raise funds for the acquisition of new properties.
- (Note 14) Following the public offering on December 13, 2017, API issued new investment units through a third-party allotment at a price of ¥443,657 per unit.
- (Note 15) API issued new investment units through a public offering at a price of ¥445,410 per unit (issue price of ¥431,320 per unit) to raise funds for the acquisition of new properties.
- (Note 16) Following the public offering on December 19, 2018, API issued new investment units through a third-party allotment at a price of ¥431,320 per unit.

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	11th period	12th period	13th period	14th period	15th period
Business period	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	From December 1, 2018 to May 31, 2019
Highest price	560,000	518,000	499,500	518,000	492,500
Lowest price	490,000	437,500	448,000	466,000	432,000

(4) Distributions, etc.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), the decision was made with respect to paying distributions of profits of ¥7,714,553,672, which is the entire amount of the net profit defined in Article 136, Paragraph 1 of the Investment Trust Act, with such amount excluding a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the "Special Taxation Measures Act"). In addition, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥10,797,136 as distributions related to allowance for temporary difference adjustments, calculated to exclude a fraction of less than ¥1 of distributions in excess of earnings per investment unit, with the amount equivalent to deferred losses on hedges of ¥11,474,393. Consequently, distributions per investment unit resulted in ¥10,017.

Fiscal period	11th period	12th period	13th period	14th period	15th period
Business period	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	From December 1, 2018 to May 31, 2019
Unappropriated retained earnings (undisposed loss)	¥6,152,150 thousand	¥6,217,532 thousand	¥6,611,254 thousand	¥6,696,690 thousand	¥7,726,143 thousand
Retained earnings	¥251 thousand	¥442 thousand	¥117 thousand	¥311 thousand	¥11,589 thousand
Total distribution payments [Distributions per unit]	¥6,151,899 thousand [¥9,248]	¥6,217,090 thousand [¥9,346]	¥6,611,137 thousand [¥9,462]	¥6,696,379 thousand [¥9,584]	¥7,725,350 thousand [¥10,017]
Of which, total distributions of profits were [Distributions of profits per unit]	¥6,151,899 thousand [¥9,248]	¥6,217,090 thousand [¥9,346]	¥6,611,137 thousand [¥9,462]	¥6,696,379 thousand [¥9,584]	¥7,714,553 thousand [¥10,003]
Of which, total return on unitholders' capital was [Return on unitholders' capital per unit]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥10,797 thousand [¥14]
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 [¥—]	¥10,797 thousand [¥14]
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 hold, driven in part by robust employment and income environments, and also by increasing expenditures particularly involving public-sector investment, and despite concerns of weak exports and production for the time being amid global economic slowdown. Meanwhile, we will need to closely monitor risks of global economic slowdown, particularly with respect to developments involving the Sino-American trade war and monetary policy in Europe and the U.S., and the direction being taken regarding the U.K.'s withdrawal from the European Union.

In the rental office market, robust conditions are likely to persist amid a scenario of tightening of supply relative to demand coupled with strong demand particularly due to factors that include continuing office environment improvements along with office expansion and relocation due to workforce increases. With respect to the environment surrounding retail properties, although there are concerns regarding effects of the consumption tax hike, we anticipate robust performance amid hopes that the market will gain support from various economic measures, as well as an ongoing situation of robust employment and income environments along with a still increasing number of foreign overseas visitors to Japan. The J-REIT market is likely to remain firm amid a scenario of consistent J-REIT performance and relatively high dividend yields, in addition ongoing favorable conditions in the external environment, particularly with respect to a robust real estate market and long-term interest rates remaining at low levels in Japan. Amid this environment, the Investment Corporation will continue to promote internal growth by leveraging the competitiveness of its assets under management, while also working to achieve external growth through careful investment decisions, 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 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 borrowings 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. Concerning the issuance of new investment units, moreover, the Investment Corporation will prudently and flexibly carry out such issuance while paying appropriate attention to various environmental factors with the aim of achieving long-term and stable growth.

(6) Significant Matters after Book Closing

Issuance of Investment Corporation Bonds

Based on a comprehensive resolution on the issuance of investment corporation bonds at the board of directors meeting held on May 28, 2019, the Investment Corporation issued investment corporation bonds on July 9, 2019 as described below.

Name	The Investment Corporation 10th unsecured investment corporation bonds (green bonds) (with pari passu conditions among specified investment corporation bonds) (“the Investment Corporation Bonds”)
Total issue amount	¥5.0 billion
Interest rate	0.220% per annum
Collateral	Neither collateral nor guarantee is provided for the Investment Corporation Bonds, and no asset has been particularly secured for the Investment Corporation Bonds.
Redemption method and date	The total amount of the Investment Corporation Bonds will be redeemed on July 9, 2024. Redemption by purchase of the Investment Corporation Bonds by the Investment Corporation will be available any time on and after the following day of the payment date, unless otherwise determined by the Japan Securities Depository Center, Incorporated.
Credit rating	AA (Japan Credit Rating Agency)
Use of proceeds	The proceeds have been allocated for all, or a portion of, funds for early repayment of existing borrowings.

2. Overview of the Investment Corporation

(1) Unitholders’ Capital

	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	15th period As of May 31, 2019
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)	665,214	665,214	698,704	698,704	771,224
Unitholders’ capital (In millions of yen)	¥202,233	¥202,233	¥217,091	¥217,091	¥248,370
Number of unitholders (Persons)	6,656	6,871	7,162	7,162	7,680

(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)	137,274	17.79
The Master Trust Bank of Japan, Ltd. (Trust accounts)	116,965	15.16
Tokyu Land Corporation	73,425	9.52
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	29,741	3.85
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	28,929	3.75
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	10,627	1.37
State Street Bank & Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	10,611	1.37
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	8,910	1.15
Rakuten General Insurance Co., Ltd.	6,600	0.85
Mizuho Trust & Banking Co.,LTD.	6,415	0.83
Total	429,497	55.69

(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	—	30,800 (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 fees for preparing comfort letters related to the issuance of new investment units in December 2018.

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	14th period As of November 30, 2018		15th period As of May 31, 2019	
		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)	151,044	33.9	200,524	39.0
	Tokyo Office Properties (Note 3)	195,900	44.0	195,556	38.0
	Activia Account Properties	83,038	18.6	102,739	20.0
	Subtotal	429,984	96.5	498,820	97.0
Total real estate, etc.		429,984	96.5	498,820	97.0
Deposits and other assets		15,480	3.5	15,538	3.0
Total assets (Note 2)		445,464 (429,984)	100.0 (96.5)	514,359 (498,820)	100.0 (97.0)

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

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

(2) Major Assets Owned

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

Property name	Book value at end of period (In millions of yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Major use
Shiodome Building (Note 4)	71,017	28,136.05	28,136.05	100.0	10.5	Office
Tokyu Plaza Omotesando Harajuku (Note 4)	44,754	4,918.44	4,918.44	100.0	7.5	Retail
Tokyu Plaza Ginza (Land) (Note 4)	37,895	1,130.04	1,130.04	100.0	3.1	Retail
A-PLACE Shinbashi Ekimae	20,872	6,484.57	6,484.57	100.0	2.8	Office
Kobe Kyu Kyoryuchi 25Bankan	20,645	19,653.90	19,653.90	100.0	5.6	Retail
EDGE Shinsaibashi	20,006	15,916.34	14,431.18	90.7	2.4	Office
Umeda Gate Tower	19,368	13,624.49	13,624.49	100.0	3.2	Office
A-PLACE Shinagawa Higashi	18,858	14,658.98	14,658.98	100.0	3.6	Office
Q plaza SHINSAIBASHI	13,427	2,820.23	2,820.23	100.0	2.4	Retail
Q plaza HARAJUKU (Note 4)	13,334	3,378.49	3,378.49	100.0	1.3	Retail
Total	280,181	110,721.53	109,236.37	98.7	42.3	

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of May 31, 2019 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 2019.

(Note 2) Leased area refers to the leased area of each property based on lease agreements as of May 31, 2019. For properties with master lease agreements, leased area refers to leased areas of each property and is actually leased based on sublease agreements with end-tenants.

(Note 3) Occupancy rate refers to the percentage of total leased area for each property to total leasable area for each property as of May 31, 2019, rounding down to the first decimal place.

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

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

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

Property name		Location	Asset type	Total leasable area (m ²) (Note 1)	Assessed value at end of period (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	4,918.44	62,475	44,754
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,609.75	15,500	11,711
	Q plaza EBISU	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	11,900	8,233
	Kyoto Karasuma Parking Building	678 Motohonjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	11,000	8,720
	A-FLAG AKASAKA (Note 4) (Note 6)	3-6 Akasaka 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,140.11	1,875	1,531
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	27,300	20,645
	A-FLAG SAPPORO	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	7,150	4,735
	A-FLAG SHIBUYA	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,403.07	8,120	6,351
	Q plaza SHINSAIBASHI	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	2,820.23	14,700	13,427
	A-FLAG KOTTO DORI	4-40, Minami-Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,656.53	4,890	4,397
	A-FLAG BIJUTSUKAN DORI	3-16, Minami-Aoyama 6-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,994.65	4,920	4,716
	A-FLAG DAIKANYAMA WEST	11-6, Sarugakuchō, Shibuya-ku, Tokyo	Trust beneficiary interests	2,579.08	2,350	2,343
	A-FLAG KITA SHINSAIBASHI	10-11, Minami Senba 3-chome, Chuo-ku, Osaka city, Osaka	Trust beneficiary interests	2,536.75	4,780	4,842
	DECKS Tokyo Beach (Note 4)	6-1, Daiba 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	16,125.56	12,887	12,884
	Tokyu Plaza Ginza (Land) (Note 4)	2-1, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficiary interests	1,130.04	39,000	37,895
	Q plaza HARAJUKU (Note 4)	28-6, Jingu-mae 6-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,378.49	13,300	13,334
	Subtotal			125,816.68	242,147	200,524
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	11,400	7,246
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.49	15,000	9,382
	A-PLACE Yoyogi	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,860	3,892
	A-PLACE Aoyama	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	10,100	8,595
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	6,220	4,231
	TAMACHI SQUARE (Land)	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	2,920	2,362
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	5,230	3,737
	A-PLACE Shinbashi	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,052.14	7,250	5,828
	A-PLACE Gotanda	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	7,400	5,502
	A-PLACE Shinagawa	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	5,120	3,782
	OSAKI WIZTOWER	11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	14,600	10,664
	Shiodome Building (Note 4)	2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	28,136.05	77,700	71,017
	A-PLACE Ebisu Higashi (Note 5)	13-11 Higashi 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,010.69	7,700	7,088
	A-PLACE Shibuya Konnoh (Note 5)	3-1 Shibuya 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	2,995.72	5,350	4,958
	A-PLACE Gotanda Ekimae	5-1 Nishigotanda 1-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,316.89	7,710	7,534
	A-PLACE Shinagawa Higashi	7-18 Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	14,658.98	20,000	18,858
	A-PLACE Shinbashi Ekimae	12-9 Shinbashi 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	6,484.57	20,200	20,872
	Subtotal			114,740.36	228,760	195,556

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	10,700	8,103
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,190	2,621
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	3,950	2,627
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.90	8,820	6,327
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,226.77	15,000	10,910
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.79 (Note 5)	6,870	5,656
	Market Square Sagami-hara	777-2 Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	Trust beneficiary interests	15,152.42	5,020	4,685
	Umeda Gate Tower	1-9, Tsurunochō, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	13,624.49	21,400	19,368
	A-PLACE Bashamichi	43 Honcho 4-chome, Naka-ku, Yokohama City, Kanagawa	Trust beneficiary interests	9,775.50	4,520	3,995
	Commercial Mall Hakata	6-40, Tokojimachi 2-chome, Hakata-ku, Fukuoka city, Fukuoka	Trust beneficiary interests	9,612.88	6,290	6,324
	EDGE Shinsaibashi	2-3, Nishi Shinsaibashi 2-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	15,916.34	20,000	20,006
	Subtotal			174,610.18	119,660	102,739
Total				415,167.22	590,567	498,820

- (Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of May 31, 2019 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 2019.
- (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 Mori Valuation & Advisory K.K.. Assessed value at end of period stands for the appraised value described in each real estate appraisal report, with May 31, 2019 taken as the point of evaluation.
- (Note 3) Book value at end of period stands for the book value minus depreciation as of May 31, 2019, rounded down to the nearest ¥ million.
- (Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, A-FLAG AKASAKA, DECKS Tokyo Beach, Tokyu Plaza Ginza (Land), Q plaza HARAJUKU 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%, 50%, 49%, 30%, 60% and 35%, respectively).
- (Note 5) The calculation of total leasable area for icot Omori includes part of an external bicycle parking lot (approximately 21 m²) and part of a common area on the second floor (approximately 28 m²).
- (Note 6) Co-ownership interests of 50% in A-FLAG AKASAKA have been transferred as of March 1, 2019 (15th fiscal period), and again in June 3, 2019 (16th fiscal period); 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		14th period (From June 1, 2018 to November 30, 2018)				15th period (From December 1, 2018 to May 31, 2019)			
		Number of tenants	Occupancy rate (%)	Revenues related to rent business	Ratio of rental revenue to total rental revenues	Number of tenants	Occupancy rate (%)	Revenues related to rent business	Ratio of rental revenue to total rental revenues
		(Note 1)	(Note 2)	(In millions of yen) (Note 3)	(%)	(Note 1)	(Note 2)	(In millions of yen) (Note 3)	(%)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	30	100.0	1,101	8.0	35	100.0	1,081	7.5
	Tokyu Plaza Akasaka (Note 4)	98	100.0	656	4.8	98	100.0	613	4.2
	Q plaza EBISU	4	100.0	275	2.0	4	100.0	271	1.9
	Kyoto Karasuma Parking Building	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
	A-FLAG AKASAKA	8	100.0	107	0.8	8	100.0	79	0.5
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	744	5.4	7	100.0	805	5.6
	A-FLAG SAPPORO	17	100.0	677	4.9	17	100.0	448	3.1
	A-FLAG SHIBUYA	2	100.0	212	1.5	2	100.0	217	1.5
	Q plaza SHINSAIBASHI	6	100.0	345	2.5	6	100.0	353	2.4
	A-FLAG KOTTO DORI	7	100.0	121	0.9	7	100.0	122	0.8
	A-FLAG BIJUTSUKAN DORI	4	100.0	138	1.0	4	100.0	124	0.9
	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	110	0.8	5	100.0	106	0.7
	DECKS Tokyo Beach (Note 4)	85	99.7	634	4.6	85	100.0	583	4.0
	Tokyu Plaza Ginza (Land) (Note 4)	—	—	—	—	1	100.0	448	3.1
	Q plaza HARAJUKU (Note 4)	—	—	—	—	16	100.0	184	1.3
	Subtotal	276	100.0	—	—	298	100.0	—	—
Tokyo Office Properties	TLC Ebisu Building	12	100.0	324	2.4	12	100.0	343	2.4
	A-PLACE Ebisu Minami	11	100.0	373	2.7	11	100.0	374	2.6
	A-PLACE Yoyogi	3	100.0	129	0.9	3	100.0	130	0.9
	A-PLACE Aoyama	8	100.0	303	2.2	8	100.0	303	2.1
	Luogo Shiodome	7	100.0	181	1.3	7	100.0	179	1.2
	TAMACHI SQUARE (Land)	1	100.0	62	0.5	1	100.0	62	0.4
	A-PLACE Ikebukuro	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-PLACE Shinbashi	9	98.7	199	1.4	9	98.7	199	1.4
	A-PLACE Gotanda	11	100.0	180	1.3	11	100.0	182	1.3
	A-PLACE Shinagawa	7	100.0	116	0.8	7	100.0	116	0.8
	OSAKI WIZTOWER	5	100.0	349	2.5	5	100.0	337	2.3
	Shiodome Building (Note 4)	39	100.0	1,534	11.1	39	100.0	1,524	10.5
	A-PLACE Ebisu Higashi	8	100.0	175	1.3	8	100.0	175	1.2
	A-PLACE Shibuya Konnoh	4	100.0	115	0.8	4	100.0	115	0.8
	A-PLACE Gotanda Ekimae	10	100.0	179	1.3	10	100.0	185	1.3
	A-PLACE Shinagawa Higashi	9	100.0	509	3.7	9	100.0	518	3.6
	A-PLACE Shinbashi Ekimae	6	100.0	381	2.8	6	100.0	399	2.8
	Subtotal	151	99.9	—	—	151	99.9	—	—

Activia Account Properties	Amagasaki Q's MALL (Land)	1	100.0	356	2.6	1	100.0	356	2.5
	icot Nakamozu	2	100.0	311	2.3	2	100.0	311	2.1
	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	146	1.0
	A-PLACE Kanayama	20	100.0	292	2.1	20	100.0	287	2.0
	Osaka Nakanoshima Building	41	100.0	535	3.9	40	99.9	535	3.7
	icot Omori	8	100.0	239	1.7	8	100.0	233	1.6
	Market Square Sagamihara	3	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
	Umeda Gate Tower	14	100.0	444	3.2	15	100.0	464	3.2
	A-PLACE Bashamichi	33	100.0	191	1.4	34	100.0	184	1.3
	Commercial Mall Hakata	18	97.0	222	1.6	18	97.0	210	1.5
	EDGE Shinsaibashi	—	—	—	—	19	90.7	351	2.4
	Subtotal	150	99.8	—	—	170	99.0	—	—
Total		577	99.9	13,815	100.0	619	99.5	14,502	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, Tokyu plaza Ginza (Land), Q plaza HARAJUKU 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%, 30%, 60% 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)	32,540,000	30,140,000	△11,474
Total		32,540,000	30,140,000	△11,474

(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
Osaka Nakanoshima Building (Osaka, Osaka)	Complete replacement of elevator machinery and equipment	From June 2019 to October 2019	107	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of emergency power generators	From April 2019 to September 2019	89	—	—
icot Omori (Ota, Tokyo)	Large-scale repair work	From June 2019 to November 2019	87	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of escalators	From October 2019 to October 2019	41	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Repair of lavatory plumbing	From August 2019 to November 2019	34	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of power control board (Second period)	From August 2019 to November 2019	30	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of main building	From October 2019 to November 2019	27	—	—
Shiodome Building (Minato, Tokyo)	Through inspection and maintenance of emergency power generation equipment and replacement of its worn out parts	From September 2019 to October 2019	23 (Note)	—	—
Kobe Kyu Kyoryuchi 25Bankan (Kobe, Hyogo)	Renovation of multilevel car park system (Computers for system operations, etc.)	From October 2019 to November 2019	22	—	—
A-PLACE Gotanda Ekimae (Shinagawa, Tokyo)	Installation of LED lighting	From July 2019 to November 2019	20	—	—
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Replacement of humidifier drain extraction pipes	From August 2019 to October 2019	18	—	—
DECKS Tokyo Beach (Minato, Tokyo)	Replacement of package air conditioning units	From October 2019 to November 2019	15 (Note)	—	—
DECKS Tokyo Beach (Minato, Tokyo)	Repair of pipeline system for collecting waste	From October 2019 to November 2019	14 (Note)	—	—
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Maintenance of air conditioning units (replacement of sensors, and motors for electronic expansion valves) (First period)	From September 2019 to November 2019	12	—	—
DECKS Tokyo Beach (Minato, Tokyo)	Sign and environment-related improvement work	From October 2019 to November 2019	12 (Note)	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Repairs involving waterproofing and top-coating application work for structures on rooftop	From May 2019 to August 2019	12	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of DC power supply on new annex	From October 2019 to October 2019	11	—	—
Shiodome Building (Minato, Tokyo)	Replacement of humidifying element	From July 2019 to November 2019	10 (Note)	—	—

(Note) The shown estimated construction cost with regard to 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 (49% and 35%, respectively).

(2) Capital Expenditure during the Period

For assets held by the Investment Corporation in the 15th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended May 31, 2019 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended May 31, 2019 amounted to ¥413 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended May 31, 2019 came to ¥189 million. On aggregate, construction work of ¥603 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (Millions of yen)
A-PLACE Shinbashi (Minato, Tokyo)	Large-scale renovation work	From July 2018 to April 2019	146
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Renewal works	From February 2019 to March 2019	39 (Note)
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of power control board	From June 2018 to April 2019	29
A-FLAG SAPPORO (Sapporo, Hokkaido)	Work to replace hotel hotel card locks	From January 2019 to March 2019	22
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of hot water main pipe and horizontal rainwater pipe for upper floors (First period)	From January 2019 to April 2019	22
A-PLACE Shinagawa Higashi (Minato, Tokyo)	Renewal of air conditioning equipment	From December 2018 to January 2019	12
Shiodome Building (Minato, Tokyo)	Renewal of ITV camera surveillance system	From January 2019 to February 2019	10 (Note)
Other			130
Total			413

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

(3) Money Accumulated for Long-Term Repair Plan

Not applicable

5. Expenses and Liabilities

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

(In thousands of yen)

Item	14th period (From June 1, 2018 to November 30, 2018)	15th period (From December 1, 2018 to May 31, 2019)
(a) Asset management fees (Note)	1,077,918	1,127,058
(b) Asset custody fees	12,638	14,021
(c) Administrative service fees	32,248	35,168
(d) Directors' compensation	3,300	3,300
(e) Other operating expenses	66,403	90,830
Total	1,192,509	1,270,378

(Note) Asset management fees contain acquisition fees that were included in the book value of acquired properties (15th fiscal period: ¥352,500 thousand).

(2) Borrowings

The status of borrowings from financial institutions as of May 31, 2019 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	January 9, 2018	1,025	—	0.17679%	January 9, 2019	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		2,050	—					
	Mizuho Bank, Ltd.		1,025	—					
	Sumitomo Mitsui Trust Bank, Limited	June 1, 2018	1,670	1,670	0.19216%	June 1, 2019	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,670	1,670					
	Mizuho Bank, Ltd.		1,660	1,660					
	Sumitomo Mitsui Trust Bank, Limited	April 24, 2019	—	1,600	0.19162%	November 24, 2019	Lump-sum repayment	(Note 7)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	1,600					
	MUFG Bank, Ltd.		—	800					
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	—	2,000	0.18694%	January 10, 2020	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	2,000					
	MUFG Bank, Ltd.		—	1,000					
Total			9,100	14,000					
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 9, 2015	500	—	0.52304%	January 9, 2019	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		500	—	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		500	—	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		500	—	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		250	—	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		250	—	0.52304%	January 9, 2019		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	April 19, 2013	800	—	0.91941%	April 19, 2019	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		800	—	0.91941%	April 19, 2019		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		800	—	0.91941%	April 19, 2019		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		800	—	0.91941%	April 19, 2019		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		400	—	0.91941%	April 19, 2019		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		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)				
	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

(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.	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	July 9, 2014	600	600	0.72546%	January 10, 2020	Lump-sum repayment	(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.		600	600	0.72546%	January 10, 2020		(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
	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 10, 2019	—	3,920	0.20194%	July 12, 2021	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		—	3,920					
	Mizuho Bank, Ltd.		—	1,970					
	Sumitomo Mitsui Banking Corporation		—	1,970					
	Development Bank of Japan Inc.	January 10, 2019	—	1,970	0.36607%	July 12, 2021	Lump-sum repayment	(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 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	March 31, 2017	500	500	0.30630%	March 31, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Tokio Marine & Nichido Fire Insurance Co., Ltd.		400	400					
	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
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	1,560	1,560	0.44835%	June 15, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,560	1,560					
	MUFG Bank, Ltd.		1,560	1,560					
	Sumitomo Mitsui Banking Corporation		160	160					
	Development Bank of Japan Inc.		160	160					
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2019	—	620	0.38236%	January 10, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	620					
	MUFG Bank, Ltd.		—	620					
	Sumitomo Mitsui Banking Corporation		—	320					
	Development Bank of Japan Inc.		—	320					

(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	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) (Note7)		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.		375	375					
	Sumitomo Mitsui Trust Bank, Limited	October 6, 2016	800	800	0.38472%	April 6, 2023	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	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					
	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						

(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	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	March 16, 2018	900	900	0.46453%	September 16, 2025	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		900	900					
	Mizuho Trust & Banking Co.,LTD.		440	440					
	Resona Bank, Limited.		440	440					
	The Bank of Fukuoka, Ltd.	March 30, 2018	440	440	0.58630%	September 16, 2025	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank		440	440					
	The Norinchukin Bank		440	440					
	THE NISHI-NIPPON CITY BANK, LTD.		500	500					
	The Bank of Kyoto, Ltd.	September 21, 2016	300	300	0.61942%	March 19, 2026	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		500	500					
	Mizuho Bank, Ltd.		500	500					
	MUFG Bank, Ltd.		500	500					
	Sumitomo Mitsui Banking Corporation	December 13, 2016	250	250	0.69796%	June 12, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		250	250					
	Sumitomo Mitsui Trust Bank, Limited		2,100	2,100					
	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		6,000	6,000					

(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 7, 2019	—	1,100	0.35765%	September 7, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Resona Bank, Limited.		—	1,100					
	The Bank of Fukuoka, Ltd.		—	1,100					
	The Norinchukin Bank		—	1,100					
	The 77 Bank, Ltd.		—	600					
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,750	1,750	0.71015%	December 14, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	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-uaranteed
	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	2,200	0.73360%	June 13, 2027	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Mizuho Bank, Ltd.		2,200	2,200					
	MUFG Bank, Ltd.		2,200	2,200					
	Sumitomo Mitsui Banking Corporation		200	200					
	Development Bank of Japan Inc.		200	200					
	Sumitomo Mitsui Trust Bank, Limited	January 5, 2018	320	320	0.74869%	July 5, 2027	Lump-sum repayment	(Note 3)	Unsecured, non-uaranteed
	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	April 19, 2019	—	1,000	0.54375% (Note 5)	July 5, 2027	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Mizuho Bank, Ltd.		—	1,000					
	MUFG Bank, Ltd.		—	1,000					
	Sumitomo Mitsui Banking Corporation		—	500					
	Development Bank of Japan Inc.	April 19, 2019	—	500	0.58821%	July 5, 2027	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	—	3,210	0.55800% (Note 5)	January 11, 2028	Lump-sum repayment	(Note 3)	Unsecured, non-uaranteed
	Mizuho Bank, Ltd.		—	3,210					
	MUFG Bank, Ltd.		—	1,610					
	Sumitomo Mitsui Banking Corporation		—	1,610					
	Development Bank of Japan Inc.	January 10, 2019	—	1,610	0.65264%	January 11, 2028	Lump-sum repayment	(Note 3)	Unsecured, non-uaranteed
	Sumitomo Mitsui Trust Bank, Limited	May 31, 2019	—	1,165	0.56127%	May 31, 2028	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Mizuho Bank, Ltd.		—	1,165					
	MUFG Bank, Ltd.		—	590					
	Sumitomo Mitsui Banking Corporation		—	590					
	Development Bank of Japan Inc.		—	590					
Total			172,250	206,350					

(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) Use of the borrowings is appropriated to repayment of investment corporation bonds.

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	—	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	14,000					

(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

Category	Asset type	Property name	Acquisition		Disposal			
			Acquisition date	Acquisition price (In millions of yen) (Note1)	Disposal date (Note1)	Disposal amount (In millions of yen)	Book value (In millions of yen)	Gain (loss) on disposal (In millions of yen)
Urban Retail Properties	Trust beneficiary interests	Tokyu Plaza Ginza (Land) (Note 2)	January 10, 2019	37,500	—	—	—	—
Urban Retail Properties	Trust beneficiary interests	Q plaza HARAJUKU (Note 2)	January 10, 2019	13,200	—	—	—	—
Activia Account	Trust beneficiary interests	EDGE Shinsaibashi	January 10, 2019	19,800	—	—	—	—
Urban Retail Properties	Trust beneficiary interests	A-FLAG AKASAKA (Note 2) (Note 3)	—	—	March 1, 2019	1,875	1,532	341
Total				70,500		1,875	1,532	341

(Note1) The acquisition price and the disposal amount represent the trading value of trust beneficiary rights stipulated in each beneficiary right purchase and sale agreement for the assets (excluding consumption tax, local consumption tax, and expenses such as trading commissions).

(Note2) The acquisition price or disposal amount for Tokyu Plaza Ginza (Land), Q plaza HARAJUKU and A-FLAG AKASAKA represent figures equivalent to the percentage of the Investment Corporation's co-ownership interest (30%, 60% and 50%, respectively).

(Note3) Regarding the disposal of A-FLAG AKASAKA, in addition to the above, there were "Other disposal expenses" of ¥1 million and the gain (loss) on disposal reflects such expenses.

(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

Acquisition / Disposal	Property name	Date of acquisition / disposal	Acquisition price or disposal amount (In millions of yen) (Note 1)	Appraisal value at end of period (In millions of yen)	Name of appraiser	Date of appraisal
Acquisition	Tokyu Plaza Ginza (Land) (Note 2)	January 10, 2019	37,500	39,000	JLL Morii Valuation & Advisory K.K.	November 1, 2018
	Q plaza HARAJUKU (Note 2)	January 10, 2019	13,200	13,300	Japan Valuers Co., Ltd.	October 1, 2018
	EDGE Shinsaibashi	January 10, 2019	19,800	20,000	Japan Valuers Co., Ltd.	October 1, 2018
	Total	—	70,500	72,300	—	—
Disposal	A-FLAG AKASAKA (Note 2)	March 1, 2019	1,875	1,875	Japan Real Estate Institute	October 1, 2018
	Total	—	1,875	1,875	—	—

(Note 1) The acquisition price and disposal amount represent the trading value of trust beneficiary rights stipulated in each beneficiary right purchase and sale agreement for the assets (excluding consumption tax, local consumption tax, and expenses such as trading commissions).

(Note 2) The acquisition price or disposal amount for Tokyu Plaza Ginza (Land), Q plaza HARAJUKU and A-FLAG AKASAKA represent figures equivalent to the percentage of the Investment Corporation's co-ownership interest (30%, 60% and 50%, respectively).

(Note 3) The appraisals of the above-mentioned real estate were conducted by applying "Real Estate Appraisal Standard Section 3: Appraisals Regarding Prices of Real Estate for Securitization."

2) Others

Of the transaction that the Investment Corporation made during the target period from December 1, 2018 to May 31, 2019, those deemed to require a survey of prices pursuant to provisions of Article 201 of the Act on Investment Trusts and Investment Corporations consisted of two interest rate swap transactions. We requested Tokyo Kyodo Accounting Office to carry out the survey for the transactions and have received the survey reports.

We commissioned the survey on the name of the counterpart, the issue, the type of financial instrument or financial indicator, transaction period, and other details of the interest rate swap.

(4) Transactions between Interested Parties

Category	Purchase and sales amounts	
	Purchase amounts	Sales amounts
Total amount	¥70,500 million	¥1,875 million
Details of transactions between interested parties		
SPADE HOUSE Limited Liability Company	¥37,500 million (53.2%)	¥— million (—%)
JACK.Y.K.	¥19,800 million (28.1%)	¥— million (—%)
Tokyu Land Corporation	¥13,200 million (18.7%)	¥— million (—%)
ORB Limited Liability Company	— million (—%)	¥1,875 million (100.0%)
Total	¥70,500 million (100.0%)	¥1,875 million (100.0%)

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	417,733	Tokyu Community Corp.	168,817	40.4
		Tokyu Land SC Management Corporation	129,885	31.1
		Tokyu Land Corporation	80,131	19.2
Building management fee	752,028	Tokyu Community Corp.	635,537	84.5
Construction management fee	6,527	Tokyu Community Corp.	2,972	45.5
		Tokyu Land SC Management Corporation	2,206	33.8
		Tokyu Land Corporation	826	12.7
Other management operation expenses	59,546	Tokyu Community Corp.	7,102	11.9
Other lease business expenses	300,981	Tokyu Community Corp.	50,241	16.7
		Tokyu Land Corporation	1,348	0.4
		Tokyu Land SC Management Corporation	1,305	0.4
		HANDS LAB INC.	1,237	0.4
		Tokyu Re • design Corporation	658	0.2
		Ishikatsu Exterior Inc.	650	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.	¥62,596 thousand
Tokyu Re • design Corporation	¥23,244 thousand
Tokyu Land SC Management Corporation	¥5,499 thousand
Tokyu Land Corporation	¥2,096 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
May 28, 2019	Comprehensive approval of issuance of investment corporation bonds and appointment of administrators	The Board of Directors of the Investment Corporation made a comprehensive resolution regarding the issuance of investment corporation bonds (total amount: ¥50 billion or less; issuance period: June 1, 2019 to May 31, 2020); approved the appointment of candidate companies for the entrustment of affairs and administrative works, such as issuing agent, financial agent, and paying agent regarding the placing of investment corporation bonds; and entrusted the decision of other necessary matters to the Executive Director.

(3) Status of Companies Owning Real Estate Overseas

Not applicable

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

Not applicable

(5) Other

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

Financial Statements

II. Balance Sheets

(Unit: Thousands of yen)

	As of November 30, 2018	As of May 31, 2019
Assets		
Current assets		
Cash and deposits	10,023,157	9,257,380
Cash and deposits in trust	3,067,204	3,542,901
Operating accounts receivable	848,825	866,251
Prepaid expenses	294,817	507,244
Other	3,066	7,987
Total current assets	14,237,072	14,181,766
Non-current assets		
Property, plant and equipment		
Buildings in trust	83,354,620	84,710,063
Accumulated depreciation	(10,879,394)	(12,065,901)
Buildings in trust, net	72,475,226	72,644,162
Structures in trust	696,585	698,826
Accumulated depreciation	(168,417)	(185,296)
Structures in trust, net	528,167	513,529
Machinery and equipment in trust	1,390,538	1,406,968
Accumulated depreciation	(330,343)	(359,497)
Machinery and equipment in trust, net	1,060,195	1,047,471
Tools, furniture and fixtures in trust	193,307	222,204
Accumulated depreciation	(98,107)	(113,714)
Tools, furniture and fixtures in trust, net	95,200	108,489
Land in trust	346,689,270	415,408,426
Construction in progress in trust	6,708	5,928
Total property, plant and equipment	420,854,767	489,728,007
Intangible assets		
Leasehold rights in trust	9,130,097	9,092,591
Other	2,118	1,695
Total intangible assets	9,132,216	9,094,287
Investments and other assets		
Long-term prepaid expenses	1,080,595	1,258,702
Derivatives	54,245	—
Deferred tax assets	18	24
Other	38,322	38,322
Total investments and other assets	1,173,181	1,297,049
Total non-current assets	431,160,166	500,119,344
Deferred assets		
Investment corporation bond issuance costs	67,645	58,103
Total deferred assets	67,645	58,103
Total assets	445,464,883	514,359,213

(Unit: Thousands of yen)

	As of November 30, 2018	As of May 31, 2019
Liabilities		
Current liabilities		
Operating accounts payable	913,616	614,988
Short-term loans payable	9,100,000	14,000,000
Current portion of investment corporation bonds	4,000,000	6,000,000
Current portion of long-term loans payable	19,600,000	20,400,000
Accounts payable - other	73,949	375,773
Accrued expenses	902,125	929,635
Income taxes payable	976	1,099
Accrued consumption taxes	457,386	165,430
Advances received	428,888	574,299
Deposits received	566	11,019
Other	—	0
Total current liabilities	35,477,509	43,072,245
Non-current liabilities		
Investment corporation bond	14,000,000	8,000,000
Long-term loans payable	152,650,000	185,950,000
Tenant leasehold and security deposits in trust	19,494,916	21,239,977
Derivatives Liabilities	—	11,474
Other	2	—
Total non-current liabilities	186,144,918	215,201,452
Total liabilities	221,622,427	258,273,697
Net assets		
Unitholders' equity		
Unitholders' capital	217,091,520	248,370,846
Surplus		
Unappropriated retained earnings (undisposed loss)	6,696,690	7,726,143
Total surplus	6,696,690	7,726,143
Total unitholders' equity	223,788,210	256,096,990
Valuation and translation adjustments		
Deferred gains or losses on hedges	54,245	(11,474)
Total valuation and translation adjustments	54,245	(11,474)
Total net assets	*2 223,842,455	*2 256,085,515
Total liabilities and net assets	445,464,883	514,359,213

III. Statements of Operations

(Unit: Thousands of yen)

	Previous fiscal period (From June 1, 2018 to November 30, 2018)		Current fiscal period (From December 1, 2018 to May 31, 2019)	
Operating revenue				
Lease business revenue	*1	12,673,479	*1	13,472,375
Other lease business revenue	*1	1,141,921	*1	1,030,063
Gain on sales of real estate properties		—	*2	341,051
Total operating revenue		13,815,400		14,843,490
Operating expenses				
Expenses related to rent business	*1	5,076,357	*1	4,973,578
Asset management fee		1,077,918		1,127,058
Asset custody fee		12,638		14,021
Administrative service fees		32,248		35,168
Directors' compensations		3,300		3,300
Other operating expenses		66,403		90,830
Total operating expenses		6,268,867		6,243,957
Operating profit		7,546,533		8,599,533
Non-operating income				
Interest income		55		73
Reversal of distribution payable		830		913
Interest on tax refund		409		—
Insurance claim income		149		—
Total non-operating income		1,443		986
Non-operating expenses				
Interest expenses		595,522		634,549
Interest expenses on investment corporation bonds		37,928		36,262
Amortization of investment corporation bond issuance costs		9,938		9,542
Investment unit issuance expenses		54,545		25,013
Borrowing related expenses		151,997		167,716
Other		500		500
Total non-operating expenses		850,432		873,583
Ordinary Profit		6,697,544		7,726,936
Profit before income taxes		6,697,544		7,726,936
Income taxes - current		984		1,110
Income taxes - deferred		(12)		(6)
Total income taxes		971		1,104
Profit		6,696,573		7,725,832
Retained earnings brought forward		117		311
Unappropriated retained earnings (undisposed loss)		6,696,690		7,726,143

IV. Statements of Changes in Unitholders' Equity

Previous 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

Current fiscal period (From December 1, 2018 to May 31, 2019)

(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	6,696,690	6,696,690	223,788,210	54,245	54,245	223,842,455
Changes of items during period							
Issuance of new investment units	31,279,326			31,279,326			31,279,326
Dividends of surplus		(6,696,379)	(6,696,379)	(6,696,379)			(6,696,379)
Profit		7,725,832	7,725,832	7,725,832			7,725,832
Net changes of items other than unitholders' equity					(65,719)	(65,719)	(65,719)
Total changes of items during period	31,279,326	1,029,453	1,029,453	32,308,779	(65,719)	(65,719)	32,243,059
Balance at end of current period	*1 248,370,846	7,726,143	7,726,143	256,096,990	(11,474)	(11,474)	256,085,515

V. Statements of Cash Distributions

	Fiscal periods	
	Previous fiscal period (From June 1, 2018 to November 30, 2018)	Current fiscal period (From December 1, 2018 to May 31, 2019)
	Amount	Amount
I Unappropriated retained earnings	¥6,696,690,398	¥7,726,143,417
II Additional amount of cash distributions in excess of earnings	—	¥10,797,136
Of which, allowance for temporary difference adjustments	—	¥10,797,136
III Distributions	¥6,696,379,136	¥7,725,350,808
[Cash distributions per unit]	¥ [9,584]	¥ [10,017]
Of which, distributions of earnings	¥6,696,379,136	¥7,714,553,672
[Of which, distributions of earnings per unit]	¥ [9,584]	¥ [10,003]
Of which, allowance for temporary difference adjustments	—	¥10,797,136
[Of which, cash distributions in excess of earnings per unit (Related to allowance for temporary difference adjustments)]	¥ [—]	¥ [14]
IV Earnings carried forward	¥311,262	¥11,589,745

Calculation method for distributions	<p>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.</p>	<p>Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions of profits of ¥7,714,553,672, which is almost the entire amount of the net profit defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, except for fractional distribution per unit less than one yen. Based on the policy on distribution of cash exceeding net profit set forth in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥10,797,136 as distributions related to allowance for temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations), calculated to exclude a fraction of less than ¥1 of distributions in excess of earnings per investment unit, with the amount equivalent to deferred losses on hedges of ¥11,474,393. As a result, distributions are to amount to ¥7,725,350,808 for the fiscal period under review.</p>
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VI. Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period	Current fiscal period
	(From June 1, 2018	(From December 1, 2018
	to November 30, 2018)	to May 31, 2019)
Cash flows from operating activities		
Profit before income taxes	6,697,544	7,726,936
Depreciation	1,267,428	1,295,168
Loss on retirement of non-current assets	—	3,793
Amortization of investment corporation bond issuance costs	9,938	9,542
Interest income and interest on securities	(55)	(73)
Interest expenses	633,450	670,811
Investment unit issuance expenses	54,545	25,013
Borrowing related expenses	151,997	167,716
Decrease (increase) in operating accounts receivable	(202,992)	(17,425)
Decrease (increase) in consumption taxes refund receivable	47,699	—
Increase (decrease) in accrued consumption taxes	457,386	(291,956)
Decrease (increase) in prepaid expenses	166,083	(172,582)
Decrease in property, plant and equipment in trust due to sale	—	1,495,081
Decrease in intangible assets in trust due to sale	—	37,505
Increase (decrease) in operating accounts payable	11,232	(75,397)
Increase (decrease) in accounts payable - other	(78,334)	—
Increase (decrease) in accrued expenses	9,346	72,335
Increase (decrease) in advances received	114,615	145,410
Decrease (increase) in long-term prepaid expenses	(12,281)	9,113
Other, net	(18,142)	(5,940)
Subtotal	9,309,462	11,095,053
Interest income received	55	73
Interest expenses paid	(600,021)	(668,083)
Income taxes paid	(717)	(987)
Net cash provided by (used in) operating activities	8,708,779	10,426,056
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(354,286)	(71,588,974)
Repayments of tenant leasehold and security deposits in trust	(1,879,200)	(326,192)
Proceeds from tenant leasehold and security deposits in trust	786,882	2,082,892
Other, net	(24,459)	—
Net cash provided by (used in) investing activities	(1,471,063)	(69,832,274)
Cash flows from financing activities		
Increase in short-term loans payable	4,997,750	18,095,107
Decrease in short-term loans payable	(5,000,000)	(13,200,000)
Proceeds from long-term loans payable	11,878,013	40,234,648
Repayments of long-term loans payable	(12,000,000)	(6,500,000)
Redemption of investment corporation bonds	—	(4,000,000)
Proceeds from issuance of investment units	—	31,199,767
Dividends paid	(6,609,955)	(6,695,537)
Other, net	(28,233)	(17,847)
Net cash provided by (used in) financing activities	(6,762,426)	59,116,138
Net increase (decrease) in cash and cash equivalents	475,289	(290,079)
Cash and cash equivalents at beginning of period	12,615,072	13,090,361
Cash and cash equivalents at end of period	*1 13,090,361	*1 12,800,282

VII. Notes to Financial Statements

Notes on Assumption of Going Concern

Not applicable

Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table> <tr> <td>Buildings</td><td>2 to 70 years</td></tr> <tr> <td>Structures</td><td>2 to 66 years</td></tr> <tr> <td>Machinery and equipment</td><td>2 to 33 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr> </table> <p>(2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	2 to 70 years	Structures	2 to 66 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 66 years								
Machinery and equipment	2 to 33 years								
Tools, furniture and fixtures	2 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses The full amount is recorded as expenses 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. 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. The amount equivalent to property tax included in acquisition cost for properties for the current fiscal period is ¥366,528 thousand.</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> <p>i) Cash and deposits in trust</p> <p>ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust</p> <p>iii) Tenant leasehold and security deposits in trust</p> <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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Additional information

Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments

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

Not applicable.

Current fiscal period (From December 1, 2018 to May 31, 2019)

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

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Allowance for temporary difference adjustments
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	10,797

2. Specific Method of Reversal

Deferred gains or losses on hedges

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

Notes to Balance Sheets

1. Commitment Line Contracts

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

	As of November 30, 2018	As of May 31, 2019
Total amount specified in the commitment line contracts	¥21,000,000 thousand	¥21,000,000 thousand
Loan balance	—	—
Net balance	¥21,000,000 thousand	¥21,000,000 thousand

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

	As of November 30, 2018	As of May 31, 2019
	¥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 June 1, 2018 to November 30, 2018)	Current fiscal period (From December 1, 2018 to May 31, 2019)
A. Real estate leasing business revenues		
Lease business revenue		
Rent	11,463,285	12,235,271
Common service fees	810,382	836,999
Parking lot fees	285,449	291,993
Other rent revenue	114,361	108,110
	12,673,479	13,472,375
Other lease business revenue	1,141,921	1,030,063
Total real estate leasing business revenues	13,815,400	14,502,439
B. Real estate leasing business expenses		
Expenses related to rent business		
Management operation expenses	1,236,276	1,235,835
Utilities expenses	1,001,848	940,529
Tax and public dues	988,148	998,158
Insurance	8,875	9,402
Repair and maintenance expenses	281,326	189,963
Depreciation	1,267,174	1,294,914
Loss on retirement of non-current assets	—	3,793
Other expenses related to rent business	292,707	300,981
	5,076,357	4,973,578
Total real estate leasing business expenses	5,076,357	4,973,578
C. Income from real estate leasing business (A – B)	8,739,043	9,528,861

*2. Breakdown of Gain on sales of real estate properties

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

Not applicable.

Current fiscal period (From December 1, 2018 to May 31, 2019)

(Unit: Thousands of yen)

A-FLAG AKASAKA (50% co-ownership interest)

Income from sales of real estate properties	1,875,000
Costs of sales of real estate properties	1,532,587
Other costs of sales	1,361
Gain on sales of real estate properties	341,051

Notes to Statements of Changes in Unitholders' Equity

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

	Previous fiscal period (From June 1, 2018 to November 30, 2018)	Current fiscal period (From December 1, 2018 to May 31, 2019)
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	698,704 units	771,224 units

Notes to Statements of Cash Flows

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

	Previous fiscal period (From June 1, 2018 to November 30, 2018)	Current fiscal period (From December 1, 2018 to May 31, 2019)
Cash and deposits	¥10,023,157 thousand	¥9,257,380 thousand
Cash and deposits in trust	¥3,067,204 thousand	¥3,542,901 thousand
Cash and cash equivalents	¥13,090,361 thousand	¥12,800,282 thousand

Notes to Lease Rental Revenues

The Investment Corporation leases properties on which rental revenues are earned. As of November 30, 2018 and May 31, 2019, future lease revenues under non-cancelable operating leases are summarized as follows:

	As of November 30, 2018	As of May 31, 2019
Due within one year	¥12,844,688 thousand	¥14,945,574 thousand
Due after one year	¥51,061,025 thousand	¥128,246,729 thousand
Total	¥63,905,714 thousand	¥143,192,304 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 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	—

Carrying amounts, fair values, and the differences between the two values as of May 31, 2019, 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	9,257,380	9,257,380	—
(2) Cash and deposits in trust	3,542,901	3,542,901	—
Total assets	12,800,282	12,800,282	—
(1) Short-term loans payable	14,000,000	14,000,000	—
(2) Current portion of investment corporation bonds	6,000,000	6,003,546	3,546
(3) Current portion of long-term loans payable	20,400,000	20,446,855	46,855
(4) Investment corporation bonds	8,000,000	8,327,254	327,254
(5) Long-term loans payable	185,950,000	188,220,631	2,270,631
Total liabilities	234,350,000	236,998,287	2,648,287
Derivative transactions	(11,474)	(11,474)	—

(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 November 30, 2018	As of May 31, 2019
Tenant leasehold and security deposits in trust *1	19,494,916	21,239,977

*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 (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	—	—	—	—	—

Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (May 31, 2019)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	9,257,380	—	—	—	—	—
Deposits in trust	3,542,901	—	—	—	—	—
Total	12,800,282	—	—	—	—	—

(Note 4) 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

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (May 31, 2019)

(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	14,000,000	—	—	—	—	—
Investment corporation bonds	6,000,000	—	—	1,000,000	—	7,000,000
Long-term loans payable	20,400,000	12,500,000	22,850,000	26,500,000	25,750,000	98,350,000
Total	40,400,000	12,500,000	22,850,000	27,500,000	25,750,000	105,350,000

Notes on Derivative Transactions

1. Derivative transaction to which hedge accounting is not applied

(As of November 30, 2018)

Not applicable

(As of May 31, 2019)

Not applicable

2. Derivative transaction to which hedge accounting is applied

(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.”)

(As of May 31, 2019)

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	(11,474)	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	18,140,000	18,140,000	*	—

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term 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 November 30, 2018	As of May 31, 2019
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥18 thousand	¥24 thousand
Total deferred tax assets	¥18 thousand	¥24 thousand
Net deferred tax assets	¥18 thousand	¥24 thousand

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

	As of November 30, 2018	As of May 31, 2019
Effective statutory tax rate	31.51%	31.51%
(Adjustments)		
Distributions paid included in deductibles	(31.50)%	(31.50)%
Other	0.00%	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 June 1, 2018 to November 30, 2018)

Not applicable

Current fiscal period (From December 1, 2018 to May 31, 2019)

Not applicable

2. Affiliates, etc.

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

Not applicable

Current fiscal period (From December 1, 2018 to May 31, 2019)

Not applicable

3. Sister companies, etc.

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

Not applicable

Current fiscal period (From December 1, 2018 to May 31, 2019)

Not applicable

4. Directors and major individual unitholders

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

Not applicable

Current fiscal period (From December 1, 2018 to May 31, 2019)

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 June 1, 2018 to November 30, 2018)	Current fiscal period (From December 1, 2018 to May 31, 2019)
Urban Retail Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	172,148,067	151,044,711
	Changes during period	(21,103,355)	49,479,865
	Balance at end of period	151,044,711	200,524,577
	Fair value at end of period	189,637,000	242,147,000
Tokyo Office Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	175,402,564	195,900,898
	Changes during period	20,498,333	(344,767)
	Balance at end of period	195,900,898	195,556,130
	Fair value at end of period	223,770,000	228,760,000
Activia Account Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	83,348,268	83,038,644
	Changes during period	(309,624)	19,701,246
	Balance at end of period	83,038,644	102,739,890
	Fair value at end of period	98,280,000	119,660,000
Total	Carrying amount on the balance sheets		
	Balance at beginning of period	430,898,900	429,984,254
	Changes during period	(914,646)	68,836,344
	Balance at end of period	429,984,254	498,820,598
	Fair value at end of period	511,687,000	590,567,000

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

(Note 2) The main reason for the increase in the current fiscal period is the acquisition of three properties (Tokyu Plaza Ginza (Land), Q plaza HARAJUKU, and EDGE Shinsaibashi) worth ¥ 71,254,331 thousand. The decrease is mainly due to the transfer of A-FLAG AKASAKA worth ¥ 1,532,587 thousand and the provision of depreciation worth ¥1,294,914 thousand.

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

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

Segment Information

Segment Information for the fiscal periods ended November 30, 2018 and May 31, 2019 is as follows:

1. Operating Segment Information

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

2. Enterprise-wide Disclosures

(1) Information about Products and Services

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

(2) Information about Geographic Areas

Revenues from Overseas Customers:

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

Property, plant and equipment:

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

3. Information about Major Customers

Previous fiscal period (From June 1, 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

Current fiscal period (From December 1, 2018 to May 31, 2019)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Community Corp.	5,513,357	Property rental business
Tokyu Land SC Management Corporation	4,353,049	Property rental business
Tokyu Land Corporation	2,114,424	Property rental business

Per Unit Information

	Previous fiscal period (From June 1, 2018 to November 30, 2018)	Current fiscal period (From December 1, 2018 to May 31, 2019)
Net assets per unit	¥320,368	¥332,050
Basic earnings per unit	¥9,584	¥10,118

(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 698,704 units; current fiscal period 763,508 units). Diluted earnings per unit is not stated, as there is no potential investment unit.

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

	Previous fiscal period (From June 1, 2018 to November 30, 2018)	Current fiscal period (From December 1, 2018 to May 31, 2019)
Profit (Thousands of yen)	6,696,573	7,725,832
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	6,696,573	7,725,832
Average number of investment units for the period (Units)	698,704	763,508

Significant Subsequent Events

Not applicable.

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	32,540,000	30,140,000	△ 11,474
Total		32,540,000	30,140,000	△ 11,474

(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	83,354,620	1,659,323	303,880	84,710,063	12,065,901	1,229,507	72,644,162
	Structures in trust	696,585	6,216	3,975	698,826	185,296	18,043	513,529
	Machinery and equipment in trust	1,390,538	17,900	1,471	1,406,968	359,497	29,453	1,047,471
	Tools, furniture and fixtures in trust	193,307	31,472	2,576	222,204	113,714	17,740	108,489
	Land in trust (Note1)	346,689,270	69,952,726	1,233,570	415,408,426	—	—	415,408,426
	Construction in progress in trust	6,708	—	780	5,928	—	—	5,928
	Subtotal	432,331,030	71,667,639	1,546,253	502,452,417	12,724,410	1,294,745	489,728,007
Intangible Assets	Leasehold rights in trust	9,130,097	—	37,505	9,092,591	—	—	9,092,591
	Other (Note2)	7,153	—	—	7,153	5,458	423	1,695
	Subtotal	9,137,251	—	37,505	9,099,745	5,458	423	9,094,287
Total		441,468,281	71,667,639	1,583,758	511,552,162	12,729,868	1,295,168	498,822,294

(Note1)The main reason for the increase in the fiscal period ended May 31, 2019 is the acquisition of 3properties (Tokyu Plaza Ginza (Land), Q plaza HARAJUKU, EDGE Shinsaibashi). The decrease is mainly due to the transfer of A-FLAG AKASAKA.

(Note2)“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	4,000,000	14,000,000	—	—	—	—

(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)	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	1,025,000	—	1,025,000	—	0.17679%	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	—	1,370,000	1,370,000	—	0.18720%	May 31, 2019	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	1,370,000	1,370,000	—				
	MUFG Bank, Ltd.	—	1,360,000	1,360,000	—				
	Sumitomo Mitsui Trust Bank, Limited	—	1,995,000	1,995,000	—	0.17998%	May 31, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	1,995,000	1,995,000	—				
	MUFG Bank, Ltd.	—	1,010,000	1,010,000	—				
	Sumitomo Mitsui Trust Bank, Limited	1,670,000	—	—	1,670,000	0.19216%	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				
	Sumitomo Mitsui Trust Bank, Limited	—	1,600,000	—	1,600,000	0.19162%	November 24, 2019	(Note 7)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	1,600,000	—	1,600,000				
	MUFG Bank, Ltd.	—	800,000	—	800,000				
	Sumitomo Mitsui Trust Bank, Limited	—	2,000,000	—	2,000,000	0.18694%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	2,000,000	—	2,000,000				
	MUFG Bank, Ltd.	—	1,000,000	—	1,000,000				
Total		9,100,000	18,100,000	13,200,000	14,000,000				
Long-term loans payable (Note 2)	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	—	3,920,000	—	3,920,000	0.20194%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	3,920,000	—	3,920,000				
	MUFG Bank, Ltd.	—	1,970,000	—	1,970,000				
	Sumitomo Mitsui Banking Corporation	—	1,970,000	—	1,970,000				
	Development Bank of Japan Inc.	—	1,970,000	—	1,970,000	0.36607%	July 12, 2021	(Note 3)	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	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	840,000	—	—	840,000				
	MUFG Bank, Ltd. (Note 6)	840,000	—	—	840,000				
	Mizuho Bank, Ltd.	840,000	—	—	840,000				
	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	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	1,560,000	—	—	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	—	620,000	—	620,000	0.38236%	January 10, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	620,000	—	620,000				
	MUFG Bank, Ltd.	—	620,000	—	620,000				
	Sumitomo Mitsui Banking Corporation	—	320,000	—	320,000				
	Development Bank of Japan Inc.	—	320,000	—	320,000				
	Sumitomo Mitsui Trust Bank, Limited	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	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	1,400,000	—	—	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				
	Sumitomo Mitsui Trust Bank, Limited	1,800,000	—	—	1,800,000	0.70169%	September 16, 2025	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	3,600,000	—	—	3,600,000				
	Mizuho Bank, Ltd.	1,800,000	—	—	1,800,000				
	Sumitomo Mitsui Banking Corporation	900,000	—	—	900,000				
	Development Bank of Japan Inc.	900,000	—	—	900,000				

(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				
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000	0.58630%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed
	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
	Mizuho Trust & Banking Co.,LTD.	—	1,100,000	—	1,100,000	0.35765%	September 7, 2026	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	—	1,100,000	—	1,100,000				
	The Bank of Fukuoka, Ltd.	—	1,100,000	—	1,100,000				
	The Norinchukin Bank	—	1,100,000	—	1,100,000				
	The 77 Bank, Ltd.	—	600,000	—	600,000				
	Sumitomo Mitsui Trust Bank, Limited	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				

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
	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				
	Sumitomo Mitsui Trust Bank, Limited	—	1,000,000	—	1,000,000	0.54375% (Note 5)	July 5, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	1,000,000	—	1,000,000				
	MUFG Bank, Ltd.	—	1,000,000	—	1,000,000				
	Sumitomo Mitsui Banking Corporation	—	500,000	—	500,000	0.58821%	July 5, 2027	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	500,000	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	—	3,210,000	—	3,210,000	0.55800% (Note 5)	January 11, 2028	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	3,210,000	—	3,210,000				
	MUFG Bank, Ltd.	—	1,610,000	—	1,610,000				
	Sumitomo Mitsui Banking Corporation	—	1,610,000	—	1,610,000	0.65264%	January 11, 2028	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	1,610,000	—	1,610,000				
	Sumitomo Mitsui Trust Bank, Limited	—	1,165,000	—	1,165,000	0.56127%	May 31, 2028	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	1,165,000	—	1,165,000				
	MUFG Bank, Ltd.	—	590,000	—	590,000				
	Sumitomo Mitsui Banking Corporation	—	590,000	—	590,000				
	Development Bank of Japan Inc.	—	590,000	—	590,000				
Total		172,250,000	40,600,000	6,500,000	206,350,000				

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

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

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

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

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

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

(Note 7) Use of the borrowings is appropriated to repayment of investment corporation bonds.

(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	20,400,000	12,500,000	22,850,000	26,500,000	25,750,000

Independent Auditor's Report



Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, 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 May 31, 2019, 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 May 31, 2019, 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

August 28, 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

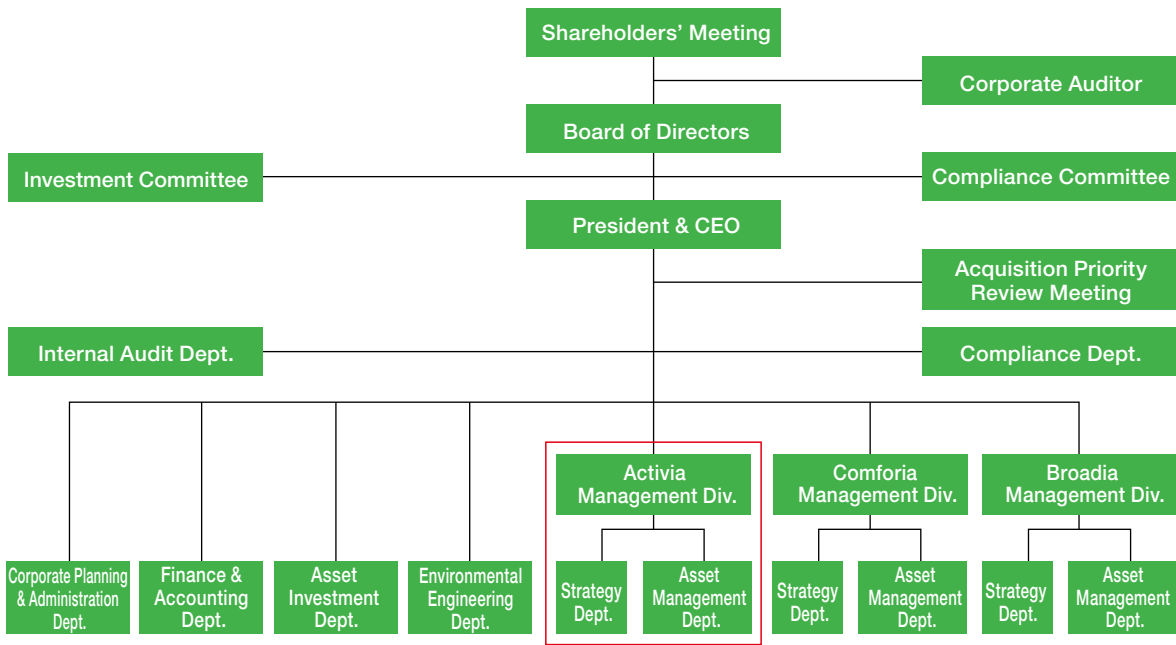
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyu Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses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

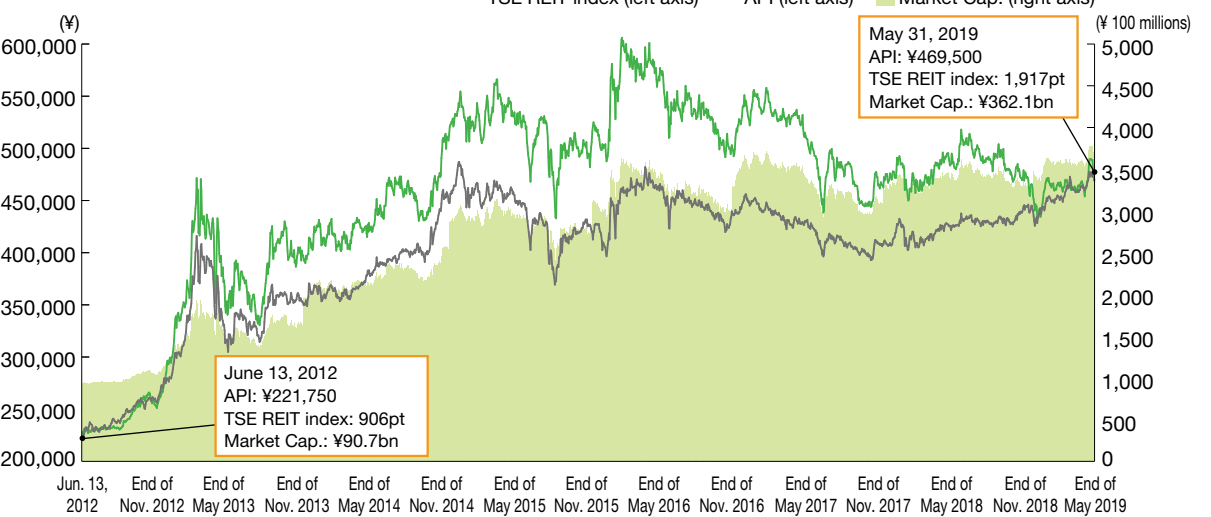
As an asset manager, API's staff is required to work proactively (take initiative, foresee and make improvements). API aims at stable asset management over the medium to long term, through not only management and good care of individual properties, but also by closely observing and responding early to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

Organizational Chart



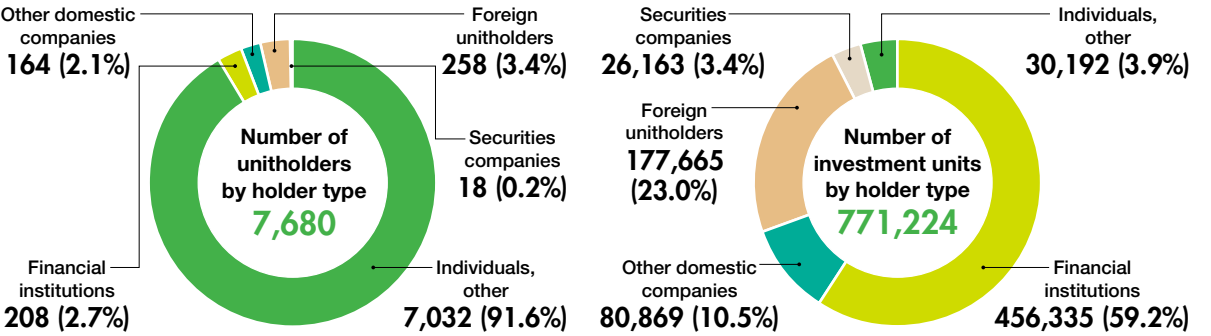
Information on Unitholders

Trends in Unit Prices



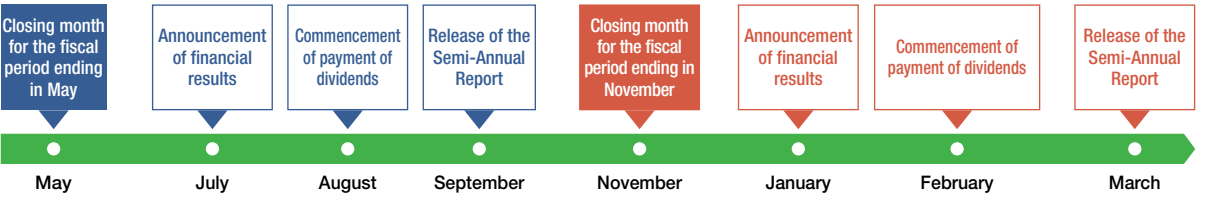
(Note 1) Performance of TSE REIT index is indexed to API unit price as of June 13, 2012 being 100.
(Note 2) As API implemented a 2-for-1 investment unit split effected as of October 1, 2015, the closing prices on and after the listing date are indicated as half as adjusted for the unit split.

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 appropriate 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: https://www.smtb.jp/personal/agency/ (Japanese page)
Stock exchange	J-REIT section of the Tokyo Stock Exchange (securities code: 3279)
Newspaper to provide public notice	<i>Nihon Keizai Shimbun</i>

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: 0120-782-031 (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% + Reconstruction special income tax 0.315% (Note)	Breakdown	Income tax 15%
		Residence tax 5%		Residence tax 5%

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

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

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

Additional issues to be aware of are as follows.

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

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

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

Matters to be noted regarding the Reconstruction Special Income Tax

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

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



Activia Properties Inc.

API 3279

