



Semi-Annual Report for the 9th Period

From December 1, 2015 to May 31, 2016

Activia Properties Inc.

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

9th





Semi-Annual Report for the 9th Period

From December 1, 2015 to May 31, 2016

► Cash Distributions (Result)

The 9th Period (May 31, 2016)

Cash distributions per unit

¥8,666

► Cash Distributions (Forecast)

The 10th Period (November 30, 2016)

Cash distributions per unit

¥8,810

The 11th Period (May 31, 2017)

Cash distributions per unit

¥8,820

(Note) Activia Properties Inc. (API) implemented a 2-for-1 investment unit split with October 1, 2015 as the effective date.



Activia Properties Inc. aims at **proactive management** through selecting **real estate favored by retail customers and office tenants** as an urban center and hub for business activity, to maximize unitholder value over the medium to long term. We take initiatives and work proactively to improve our asset management conditions.

Basic Policy of Activia Properties Inc.

- 1 Focused investments in urban retail 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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Implemented a Third Public Offering, Aiming to Enlarge the Scale of Assets on a Continuing Basis and Maximize Our Unitholder Value

Michie Kawai

Executive Director
Activia Properties Inc.
Representative Director, President and Chief Executive Officer
TLC Activia Investment Management Inc.

Activia Properties Inc. (API) is pleased to inform you that we safely closed all accounts for the 9th period (from December 1, 2015 to May 31, 2016). I wish to again express my gratitude to you for your understanding and support.

In the 9th period ended May 31, 2016, the Japanese economy continued to follow a path of moderate recovery overall amid a trend of steady improvement in the employment environment and recovery in capital investment. Nevertheless, signs of weakness have been seen in some respects that included a slowing pace of improvement in corporate earnings.

As for the J-REIT market, it is currently under a strong financing environment, particularly in

terms of funds flowing into the market targeting relatively high rates of return due to the Bank of Japan's stance on maintaining its monetary easing policy, which includes a negative interest rate policy. Nevertheless, we will need to pay attention to potential adverse effect of financial and capital market volatility, brought about by developments including the growing uncertainties in overseas markets, trends with respect to U.S. interest rate policy, and Brexit.

With respect to the environment surrounding retail properties, although consumer confidence has been unchanged overall, we expect a shift to gradual recovery in personal consumption against a backdrop of the government's opting to hold

off on implementing the consumption tax hike, combined with ongoing circumstances in terms of a favorable employment environment.

With respect to the office building leasing market, the vacancy rate in central Tokyo is continuously at a low level and the uptrend in rent continued for 29 months in a row up to May 2016.

Under these circumstances, API conducted a public offering in December 2015 for the third year in a row, and through the offering, we made acquisitions (total acquisition price of ¥33.8 billion) of Q plaza SHINSAIBASHI and Shiodome Building (additional 10% co-ownership interest), which are categorized as our focused investment targets in "Urban Retail Properties" and "Tokyo Office Properties," respectively.

Regarding internal growth, as for "Tokyo Office Properties," we achieved rent increases in 83% to all lease renewals during the period, and as for "Urban Retail Properties," favorable trend in sales-linked rent at hotels has continued.

With respect to occupancy rate, we have continuously maintained it at a high level. The occupancy rate of our portfolio at the end of the period rose to 99.8% as the outcome of prompt leasing of "Tokyo Office Properties."

As a result, for the 9th period, API achieved ¥10,175 million in operating revenue, ¥5,926 million in operating income, ¥5,196 million in profit, and ¥8,666 in distributions per unit, which exceeded the previous period that included the gain on disposition.

Furthermore, during the 10th period, API acquired A-PLACE Gotanda Ekimae^(Note) (acquisition price: ¥7.3 billion), which is categorized as our focused investment target in "Tokyo Office Properties," from a third party. Through the acquisition, API expanded its portfolio to 33 properties and the total acquisition price to ¥333.9 billion, and the relative portion of Urban Retail and Tokyo Office Properties, our focused investments, to 83.6% of the portfolio.

From the 10th period onward, API will seek to maximize unitholder value over the medium to long term by pursuing external growth and internal growth. We will accomplish this by leveraging the expertise and network of TLC Activia Investment Management Inc. as well as by utilizing the value chain of the Tokyu Fudosan Holdings Group.

Your continued support and cooperation are highly appreciated.

Thank you for your cooperation.

(Note) Gotanda Sankei Building was renamed as A-PLACE Gotanda Ekimae on July 1, 2016. The same applies hereafter.

Financial Highlights (Millions of yen)

	8th Period	9th Period
Operating revenue	¥ 9,701	¥ 10,175
Operating income	¥ 5,460	¥ 5,926
Ordinary income	¥ 4,790	¥ 5,197
Profit	¥ 4,789	¥ 5,196

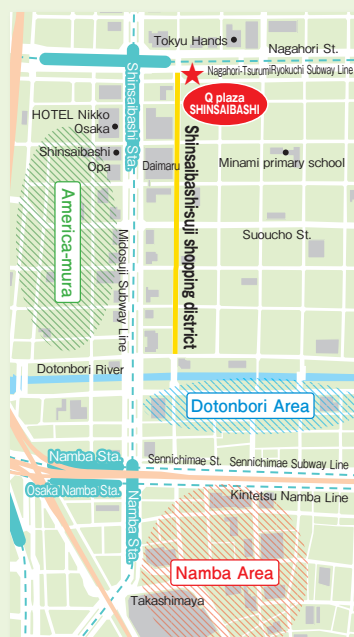
	8th Period	9th Period
Total assets	¥ 307,746	¥ 339,894
Net assets	¥ 155,560	¥ 176,729
Unitholders' equity to total assets (%)	50.5%	52.0%
Net assets per unit (yen) ^(Note)	¥ 280,661	¥ 294,719

(Note) API implemented a 2-for-1 investment unit split with October 1, 2015 as the effective date.

1 External Growth



UR-10 Q plaza SHINSAIBASHI



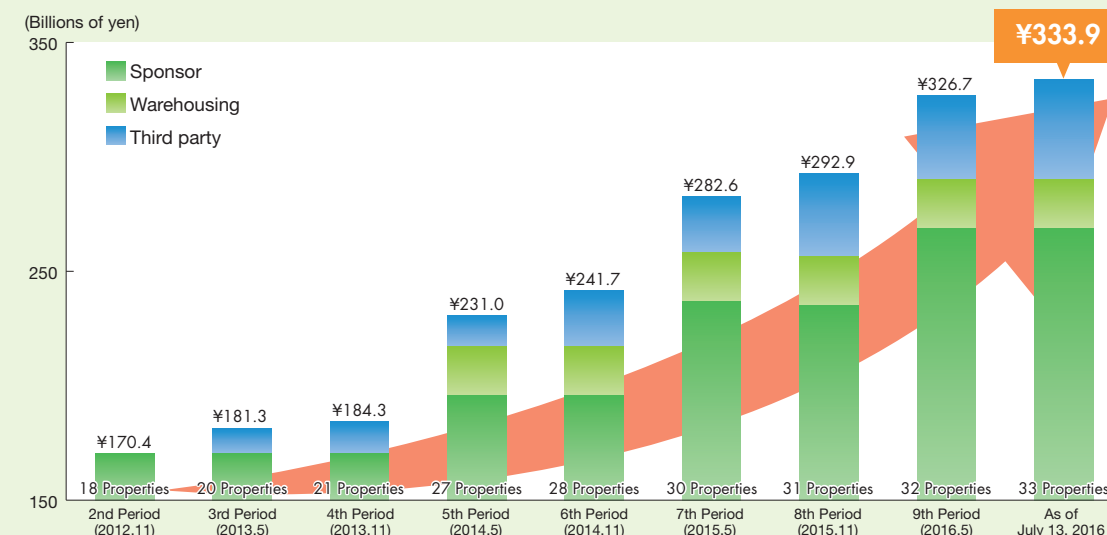
Location	Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka
Closest station	1-minute walk from Shinsaibashi Station on Midosuji Subway Line and other lines
Acquisition price	¥13,350 million
Appraisal value	¥13,400 million
Appraisal NOI yield	3.9%
Occupancy rate	88.4% (as of May 2016)

3 attractions of Q plaza SHINSAIBASHI

- 1. Drawing Power**
One of the busiest quarters in Osaka that provides visitors the "Osaka experience"
- 2. A Landmark**
A prominent landmark with a huge LED mural display
- 3. Scarcity**
Located at the entrance to Shinsaibashi-suji Shopping District with direct underground connection to the station

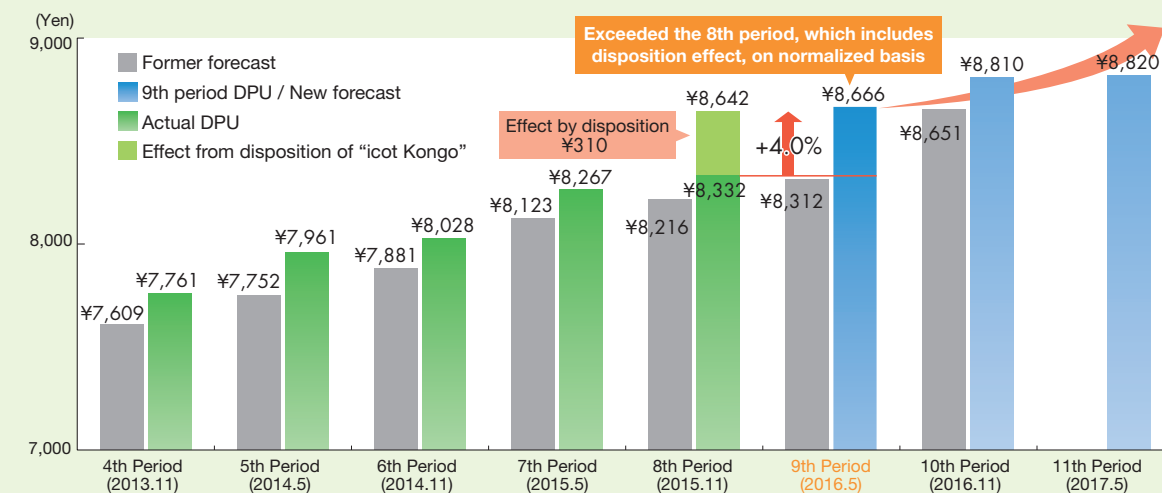
Continuous expansion of assets under management

- API implemented its third public offering (approximately ¥20.7 billion) and acquired "Q plaza SHINSAIBASHI" and "Shiodome Building" (additional 10% co-ownership interest) from our sponsor, Tokyu Land Corporation.
- As of July 13, 2016, the assets expanded to approximately ¥333.9 billion. They have more than doubled in about 4 years.



2 Trends in Dividends

- Mainly due to new contributions from two properties acquired in the 3rd public offering and consistent rent increase, in the 9th period, DPU reached ¥8,666, exceeding the initial forecast for the 9th period (¥8,312), the actual DPU for the 8th period (¥8,642 including disposition effect of icot Kongo), as well as the former forecast for the 10th period (¥8,651).
- We are aiming for the ¥9,000 level in the medium to long term.



(Note) To reflect the 2-for-1 unit split effected as of October 1, 2015, the figures before the 8th period are shown as half the actual DPU.



TO-12 Shiodome Building (additional 10% co-ownership interest)

Location	Kaigan, Minato-ku, Tokyo
Closest station	3-minute walk from Hamamatsucho Station on JR Yamanote Line and other lines, 3-minute walk from Daimon Station on Toei Oedo and Asakusa Lines



Acquisition price	¥20,400 million
Appraisal value	¥20,700 million
Appraisal NOI yield	4.1%
Occupancy rate	98.2% (as of May 2016)

3 attractions of Shiodome Building

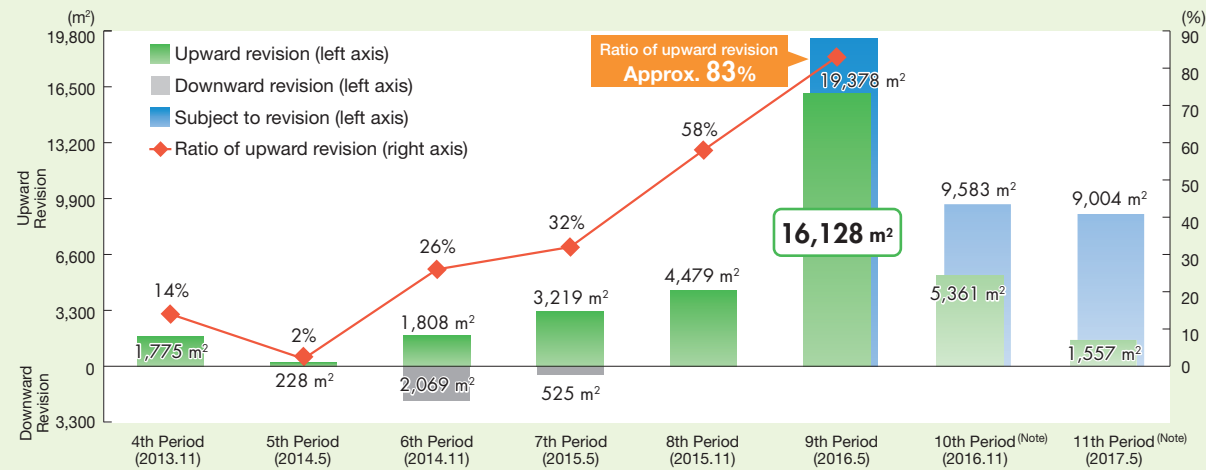
- 1. State-of-the-art Office Building**
A high-grade, well-equipped office building, with a pillar-less structure and more than 1,000 tsubo (3,502 m²) leasable area on a standard office floor, which can address needs from various tenants
- 2. Accessibility**
3-minute walk from Hamamatsucho Station. Excellent accessibility to Haneda Airport
- 3. Growth Potential of the Area**
The area has considerable growth potential with multiple large-scale redevelopment projects, including the one by our sponsor

3 Achievement of Internal Growth

Upward rent revisions for Tokyo Office Properties

Realized approximately 83% upward rent revisions out of all leases renewed during the 9th period.

Trend in rent revisions

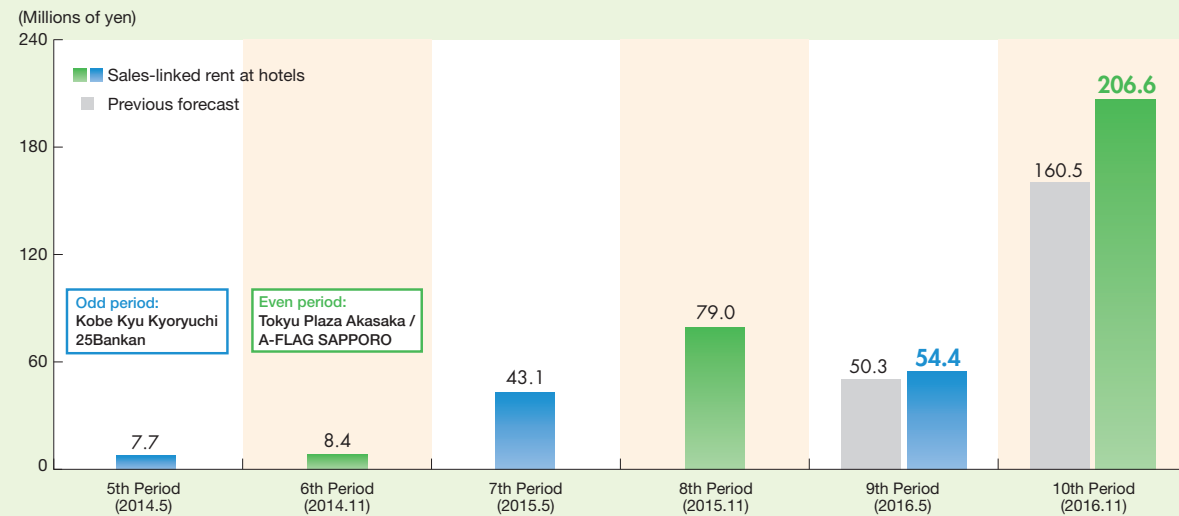


(Note) For the 10th period and the 11th period, as of July 13, 2016.

Trend in sales-linked rent at hotels

API owns three Urban Retail Properties with hotel sections and 1,178 guest rooms in total.

Sales-linked rent at hotels is on upward trend mainly due to domestic business accommodation demand, contributing to increased revenue.



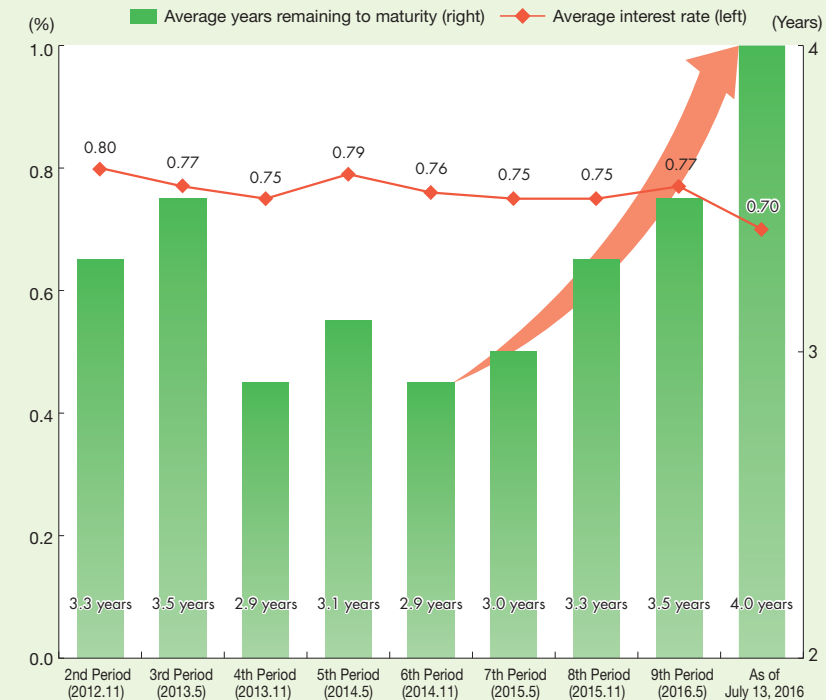
4 Financial Strategy

API refinanced of ¥21.4 billion between January and June in 2016 and cut down interest rate by 0.13ppt.

		Before	After	Change
① 2016.1.12 (Before negative interest policy)	¥7 billion	1.5 years 0.26%	8.0 years 0.78%	+6.5 years 0.52ppt
② 2016.6.13	¥12 billion	4.0 years 0.87%	8.0 years 0.33%	+4.3 years -0.52ppt
③ 2016.6.30	¥2.4 billion	0.7 years 0.17%	3.0 years 0.03%	+2.3 years -0.14ppt
Average / Total refinance	¥21.4 billion	2.8 years 0.59%	7.6 years 0.46%	+4.8 years -0.13ppt
Total of interest-bearing debt	¥154.4 billion	3.3 years 0.75%	4.0 years 0.70%	+0.7 years -0.05ppt

(Reference)
A borrowing with the same duration before the introduction of negative interest policy (2015.12.16)
Amount: ¥6 billion
Duration: 8.5 years
Interest rate: 0.85%

Lengthened average years remaining to maturity while lowering average interest rate



We issued the Investment Corporation Bonds (10-year) with interest rate at the record-low level

The Investment Corporation 4th Unsecured Bonds	
Issue date	February 3, 2016
Issuance amount	¥2 billion
Duration	10 years
Interest rate	0.770%
Condition	JGB +55bp

TOPICS

External Growth

New property acquired in the 10th period (A-PLACE Gotanda Ekimae)

TO-15 A-PLACE Gotanda Ekimae

- We acquired the highly visible office building located in front of the JR Yamanote Line “Gotanda” Station from a third-party in July 2016.



Location	Nishigotanda, Shinagawa-ku, Tokyo
Closest station	1-minute walk from Gotanda Station on JR Yamanote Line, Toei Asakusa Line and Tokyu Ikegami Line
Acquisition price	¥7,280 million
Appraisal value	¥7,390 million
Appraisal NOI yield	4.3%
Acquisition date	July 1, 2016
Occupancy rate	88.7% (as of July 1, 2016)

Property Features

- Located in front of the JR Yamanote Line “Gotanda” Station West Exit, the property is capable of addressing a wide range of demands from tenants including retail stores, due to locational rarity and high visibility from the station
- The property’s features include a standard office floor area of 148 *tsubo* (489 m²) with a ceiling height of 2,600 mm, individual air conditioning units, free access floor, etc. The rooms can be divided and flexibly address the needs from tenants
- Rent upside is expectable for office area since the current rent is lower than the market rent and there is a rent-gap of approximately ~10%



In front of the Gotanda Station



Financial Situation

Based on solid bank relationships backed by strong ties with major financial institutions, API will seek to maintain a stable financial base by reducing interest costs and diversifying the maturities of interest-bearing debt.

Key financial indicators

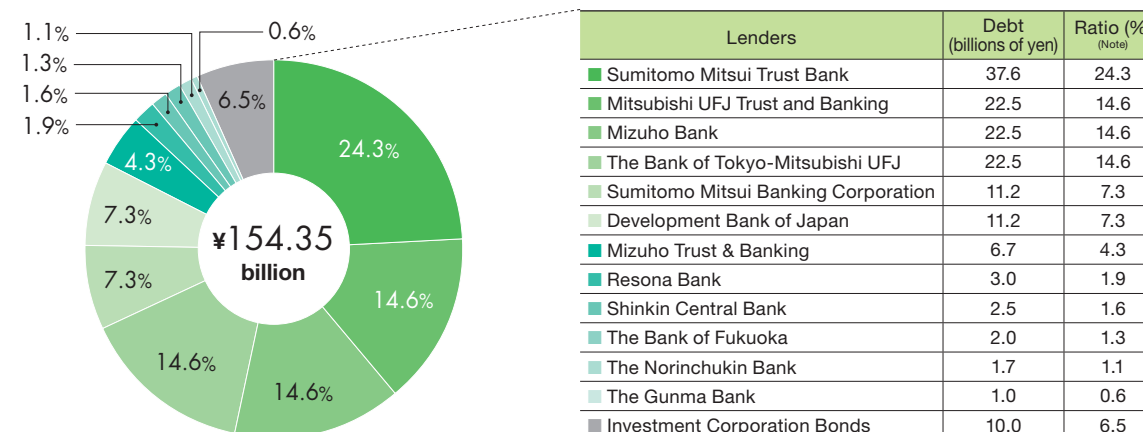
	Nov. 2015 (8th period)	May 2016 (9th period)	As of July 13, 2016
Interest-bearing debt outstanding	¥136,900 million	¥147,150 million	¥154,350 million
LTV (Note 1)	44.5%	43.3%	44.5%
Long-term borrowing ratio (Note 2)	98.2% (84.4%)	98.4% (80.4%)	98.0% (80.9%)
Fixed interest ratio (Note 3)	82.6%	88.6%	86.0%
Average remaining maturity	3.3 years	3.5 years	4.0 years
Average interest ratio (Note 3)	0.75%	0.77%	0.70%

(Note 1) Balance of interest-bearing debt ÷ Total assets × 100. However, total assets as of July 13, 2016 are calculated as those at the end of the 9th period by adding the acquisition price of a property that was acquired during the 10th period.

(Note 2) The figure in parentheses is the long-term borrowing ratio excluding the long-term borrowings repaid within a year.

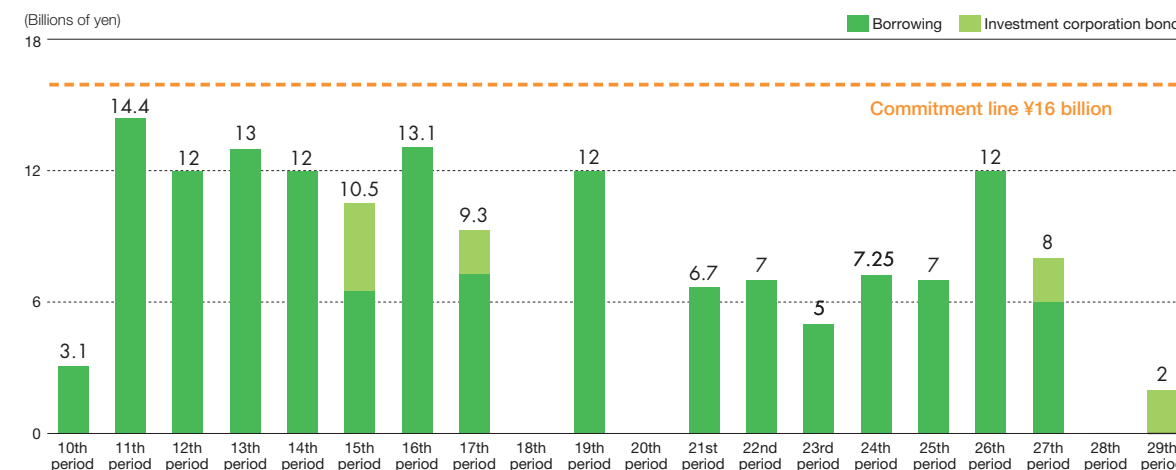
(Note 3) To hedge the risks arising from interest rate fluctuations, API has entered into interest rate swap agreements. Therefore, the figures reflect the effect of interest rate swaps (fixation of interest rate).

Diversification of lenders (as of July 13, 2016)



(Note) Data is rounded to the first decimal place. Therefore, the sum of the ratio may not be 100%.

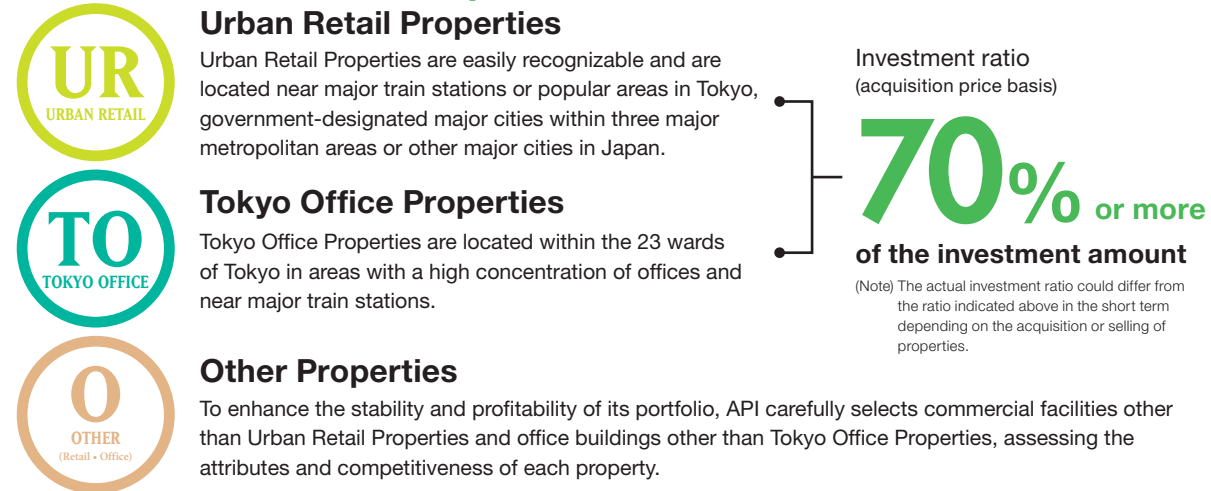
Diversification of repayments of interest-bearing debt (as of July 13, 2016)



API's Basic Policy

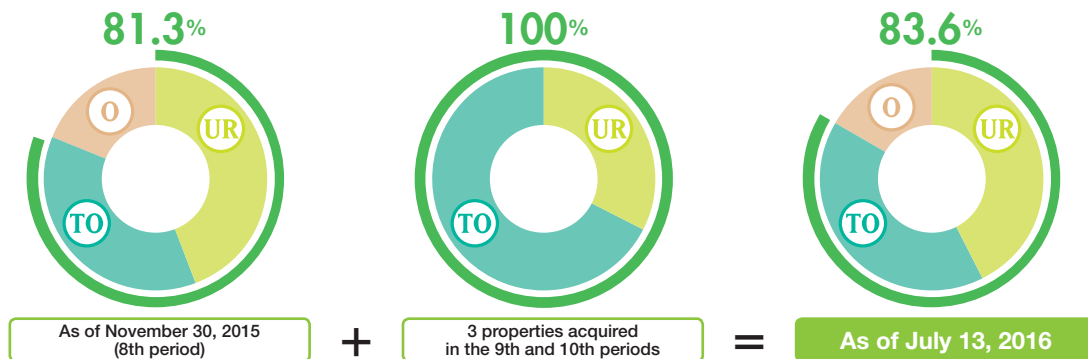
Focused investments in Urban Retail and Tokyo Office Properties

Portfolio Construction Policy I



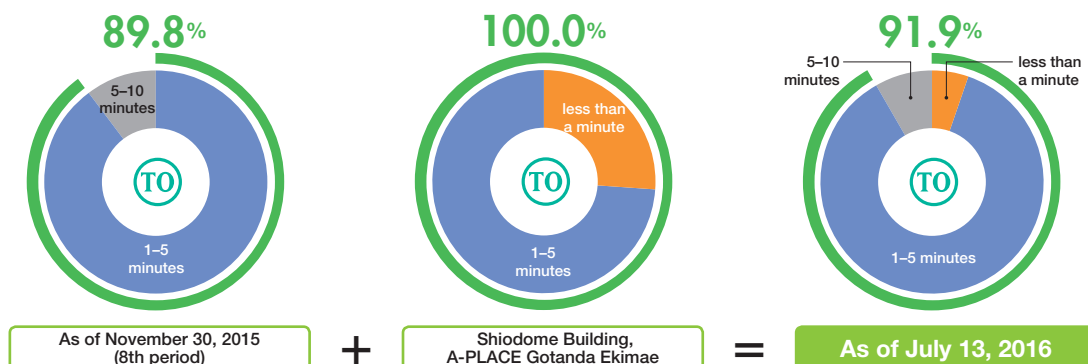
Maintenance of a High Investment Ratio of Focused Investments I

Percentage of Urban Retail and Tokyo Office Properties to API's entire portfolio



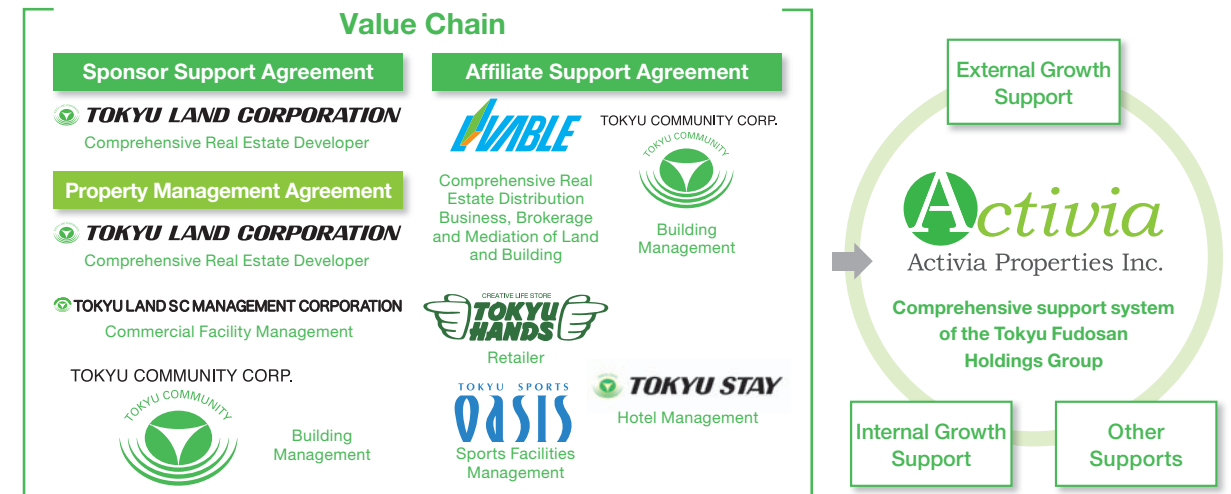
Persistence in Location Choice I

Percentage of Tokyo Office Properties located within a five-minute walking distance from the nearest train station

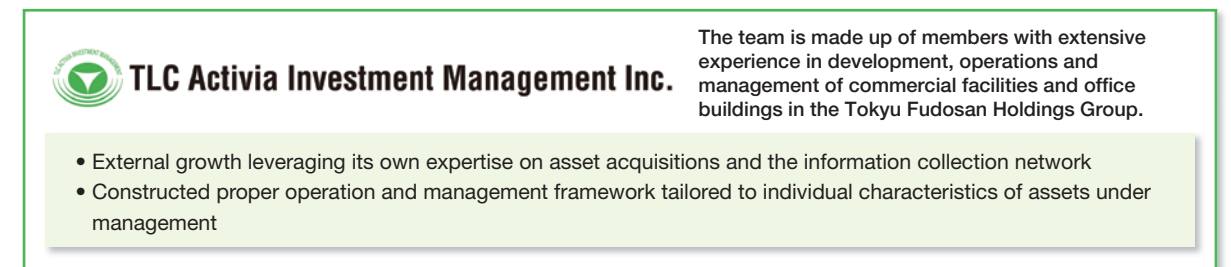


Utilizing the Value Chain of the Tokyu Fudosan Holdings Group

Leverage the Value Chain and Expertise of the Tokyu Fudosan Holdings Group I



Utilizing the Proprietary Expertise of the Asset Manager I



Governance Structure for Maximizing Unitholder Value

Impartiality in Asset Acquisitions I

API introduced an approval process ensuring impartiality in acquiring assets for the purpose of protecting the interests of unitholders, including the avoidance of conflicts of interest. In addition, from November 1, 2014, any buy/sell transactions and some lending transactions of real estate and/or securities with interested parties are subject to the approval of the Board of Directors of API.

Alignment of the Interests of the Unitholders and Sponsor I

Through the sponsor's contribution to API and co-ownership of part of our properties with the sponsor, API has an established system to align the interests of the unitholders that secures collaborative operations between API and the sponsor.

Distribution-Based Compensation I

A performance-based compensation system linked to distribution per unit for some management fees gives the asset manager an incentive to maximize unitholder value.

Portfolio List

(As of July 13, 2016)

Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m ²)	Completion (Note 1)	Occupancy rate (Note 2)
UR URBAN RETAIL	UR-1	Tokyu Plaza Omotesando Harajuku (Note 3)	Jingu-mae, Shibuya-ku, Tokyo	45,000	13.5%	4,904.94	Mar. 2012	100.0%
	UR-2	Tokyu Plaza Akasaka (Note 3)	Nagatacho, Chiyoda-ku, Tokyo	11,450	3.4%	16,579.26	Sep. 1969	100.0%
	UR-3	Q plaza EBISU	Ebisu, Shibuya-ku, Tokyo	8,430	2.5%	4,024.88	Aug. 2008	100.0%
	UR-4	Shinbashi Place	Shinbashi, Minato-ku, Tokyo	20,500	6.1%	9,156.01	Apr. 2008	100.0%
	UR-5	Kyoto Karasuma Parking Building	Motohonenjicho, Nakagyo-ku, Kyoto	8,860	2.7%	21,616.04	Jul. 2006	100.0%
	UR-6	A-FLAG AKASAKA	Akasaka, Minato-ku, Tokyo	3,000	0.9%	2,280.22	Feb. 2008	100.0%
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kyomachi, Chuo-ku, Kobe City, Hyogo	21,330	6.4%	19,653.90	Jan. 2010	100.0%
	UR-8	A-FLAG SAPPORO	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido	4,410	1.3%	21,229.16	May 1980	100.0%
	UR-9	A-FLAG SHIBUYA	Udagawa-cho, Shibuya-ku, Tokyo	6,370	1.9%	3,413.80	Jun. 1988	100.0%
	UR-10	Q plaza SHINSAIBASHI	Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka	13,350	4.0%	2,820.23	Nov. 2007	88.4%
Urban Retail Properties				142,700	42.7%	105,678.44	—	99.7%
TO TOKYO OFFICE	TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	2.2%	7,342.60	Mar. 1993	100.0%
	TO-2	A-PLACE Ebisu Minami	Ebisu-minami, Shibuya-ku, Tokyo	9,640	2.9%	7,950.51	Jan. 1995	100.0%
	TO-3	A-PLACE Yoyogi	Sendagaya, Shibuya-ku, Tokyo	4,070	1.2%	3,106.17	Feb. 2007	100.0%
	TO-4	A-PLACE Aoyama	Kita-Aoyama, Minato-ku, Tokyo	8,790	2.6%	7,303.69	Sep. 1966	100.0%
	TO-5	Luogo Shiodome	Higashi-Shinbashi, Minato-ku, Tokyo	4,540	1.4%	4,476.35	Jul. 2004	100.0%
	TO-6	TAMACHI SQUARE (Land)	Shiba, Minato-ku, Tokyo	2,338 (Note 4)	0.7%	1,287.96	—	100.0%
	TO-7	A-PLACE Ikebukuro	Minami Ikebukuro, Toshima-ku, Tokyo	3,990	1.2%	3,409.73	Oct. 2011	100.0%
	TO-8	A-PLACE Shinbashi	Shinbashi, Minato-ku, Tokyo	5,650	1.7%	5,052.14	Mar. 1999	100.0%
	TO-9	A-PLACE Gotanda	Nishigotanda, Shinagawa-ku, Tokyo	5,730	1.7%	4,028.69	Feb. 2012	100.0%
	TO-10	A-PLACE Shinagawa	Konan, Minato-ku, Tokyo	3,800	1.1%	2,986.36	Sep. 1991	100.0%
	TO-11	OSAKI WIZTOWER	Osaki, Shinagawa-ku, Tokyo	10,690	3.2%	7,193.28	Jan. 2014	100.0%
	TO-12	Shiodome Building (Note 5)	Kaigan, Minato-ku, Tokyo	30,300 20,400	9.1% 6.1%	20,097.18	Dec. 2007	98.2%
	TO-13	A-PLACE Ebisu Higashi (Note 6)	Higashi, Shibuya-ku, Tokyo	7,072	2.1%	4,010.69	Jan. 1992	100.0%
	TO-14	A-PLACE Shibuya Konnoh (Note 6)	Shibuya, Shibuya-ku, Tokyo	4,810	1.4%	2,958.85	Mar. 1992	100.0%
	TO-15	A-PLACE Gotanda Ekimae	Nishigotanda, Shinagawa-ku, Tokyo	7,280	2.2%	4,311.57	Nov. 1993	—
Tokyo Office Properties				136,500	40.9%	85,515.77	—	99.6%
O OTHER (Retail-Office)	O-1	Amagasaki Q's MALL (Land)	Amagasaki City, Hyogo	12,000	3.6%	27,465.44	—	100.0%
	O-2	icot Nakamozu	Sakai City, Osaka	8,500	2.5%	28,098.02	Jun. 2007	100.0%
	O-4	icot Mizonokuchi	Kawasaki City, Kanagawa	2,710	0.8%	14,032.05	Jul. 1998	100.0%
	O-5	icot Tama Center	Tama City, Tokyo	2,840	0.9%	5,181.58	Mar. 2006	100.0%
	O-6	A-PLACE Kanayama	Nagoya City, Aichi	6,980	2.1%	9,314.91	Feb. 2009	100.0%
	O-7	Osaka Nakanoshima Building	Nakanoshima, Kita-ku, Osaka City, Osaka	11,100	3.3%	20,235.57	Mar. 1984	100.0%
	O-8	icot Omori	Omorikita, Ota-ku, Tokyo	5,790	1.7%	6,209.79	Mar. 2007	100.0%
	O-9	Market Square Sagami-hara	Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	4,820	1.4%	15,152.42	Jun. 2014	100.0%
Other Properties				54,740	16.4%	125,689.78	—	100.0%
Total				333,940	100.0%	316,883.99	—	99.8%

(Note 1) The completion date represents the date of construction of the main building as described in the property registry. For properties with several 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) The occupancy rate is the ratio of total leased area to total leasable area on each property as of May 31, 2016.

(Note 3) For Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest (75% and 50%, respectively).

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

(Note 5) For the Shiodome Building, API initially acquired a co-ownership interest (15%) on January 9, 2015 and subsequently acquired an additional co-ownership interest (10%) on December 16, 2015. The upper, middle, and lower rows indicate the outline of the asset acquired as of January 9, 2015, the outline of the asset acquired as of December 16, 2015, and the total amount and the investment ratio based on the total amount, respectively. The total leasable area is in proportion to a pro rata share of our beneficiary co-ownership interest (25%) of the property.

(Note 6) The names of Frontier Ebisu and Shibuya Konnoh Building will be renamed as A-PLACE Ebisu Higashi and A-PLACE Shibuya Konnoh, respectively, on November 1, 2016. The same applies hereafter.

Central Tokyo Area Portfolio Map





Properties Acquired before the 8th Period

3 Advantages

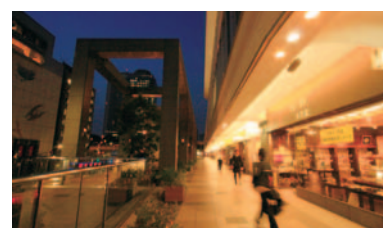
- 1 The ability to attract a large number of customers, supported by population flows into major cities and stable sales
- 2 A large and diverse tenant pool in response to diversifying consumer needs
- 3 Scarcity due to the relatively short supply of properties



UR-1 Tokyu Plaza Omotesando Harajuku

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

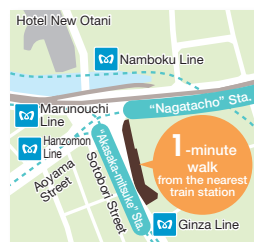
- The property is located on the corner of Omotesando Street and Meiji Street (Jingumae Crossing), one of the centers of fashion and culture in Japan. Fashion outlets can expect significant branding effects from the location.



UR-2 Tokyu Plaza Akasaka

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

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



UR-3 Q plaza EBISU

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

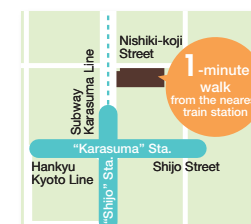
- The property is located in Ebisu, a popular area for adults. Facing the front of Ebisu Station, the property enjoys high visibility with a fancy, well-lit façade made of terracotta bars and glass.



UR-5 Kyoto Karasuma Parking Building

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

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



UR-4 Shinbashi Place

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

- The property is located only 1 minute on foot from Shinbashi Station, one of Japan's leading terminal stations with good traffic access. The property can also be used as an office building, offering good flexibility and availability to satisfy a variety of tenants.



UR-6 A-FLAG AKASAKA

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

- Akasaka is a 3-minute walk from Akasaka Station and a 5-minute walk from Akasakamitsuke Station on the Tokyo Metro Chiyoda line.
- The property is a highly visible commercial building facing Hitotsugi Street, the busiest street with the heaviest foot traffic in the Akasaka area.



UR-7 Kobe Kyu Kyoryuchi 25Bankan

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

- In the Kyu Kyoryuchi (the Former Foreign Settlement) area, there are famous historical spots in the port city Kobe at every turn. As a center for tourism and commerce in West Japan, it enjoys a prominent capability to attract tourists and customers.
- The property is located on the main street, Nakamachi-dori, with high demand for its favorable location near Daimaru Kobe, the Bank of Japan Kobe Branch and the Kobe City Museum.
- The Kobe Luminarie is held each year in December and features illuminated decorations around the Former Foreign Settlement.



3 Advantages

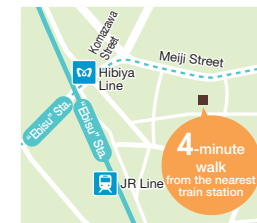
- 1 Solid tenant demand due to the high concentration of corporate entities
- 2 Relatively low vacancy rates and stable occupancy rates compared with properties in other major cities in Japan
- 3 A large stock of leased office properties and high liquidity



TO-1 TLC Ebisu Building

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

- The adjoining site is well known, as it has a large concentration of office buildings in the Ebisu area. The property is superior in terms of scale compared with other office buildings in the vicinity, with a standard floor area of approximately 805 m².



TO-2 A-PLACE Ebisu Minami

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

- The property is located within walking distance of Ebisu Station. Due to its traffic convenience, the Ebisu area attracts numerous tenants, particularly IT companies, food and beverage companies, esthetic clinics, schools, and other service companies.



UR-8 A-FLAG SAPPORO

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

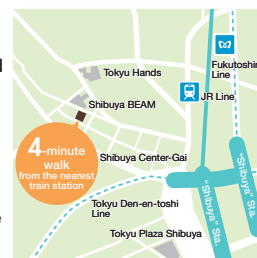
- SAPPORO TOKYU REI HOTEL, opened in 1980, is one of the largest hotels in Sapporo, with a total of 575 guest rooms.
- The property is located in Susukino, the largest amusement center in Hokkaido and one of the most popular tourist spots in Japan.
- A 2-minute walk from Susukino Station on the Sapporo Namboku line.



UR-9 A-FLAG SHIBUYA

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

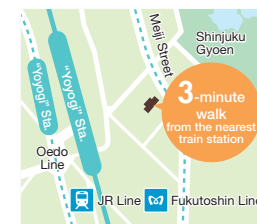
- The property is located in Shibuya, a major commercial district that is also known as a center for younger generations and the forefront of Japanese fashion and cultural trends.
- The Shibuya area enjoys increased convenience to Shibuya Station due to the recently launched shared operation of the Tokyu Toyoko Line and the Tokyo Metro Fukutoshin Line. Further growth is expected, reflecting by large-scale redevelopment plans in the area.



TO-3 A-PLACE Yoyogi

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

- The property is located within walking distance of Shinjuku Station and is situated on Meiji Street, with good visibility. Tenants can efficiently use a column-free space of approximately 346 m² per floor.



TO-4 A-PLACE Aoyama

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

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





TO-5 Luogo Shiodome

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

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

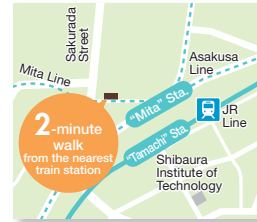


TO-6 TAMACHI SQUARE (Land)

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

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

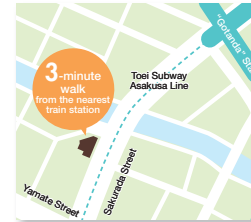
(Note) The land acquisition price stated is at the time of the initial acquisition (June 13, 2012).



TO-9 A-PLACE Gotanda

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

- Conveniently located 3 minutes on foot from Gotanda Station on the Toei Subway Asakusa Line and 4 minutes on foot from Gotanda Station on the JR Yamanote Line, the property offers good access to major areas in Tokyo with several other train lines.



TO-10 A-PLACE Shinagawa

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

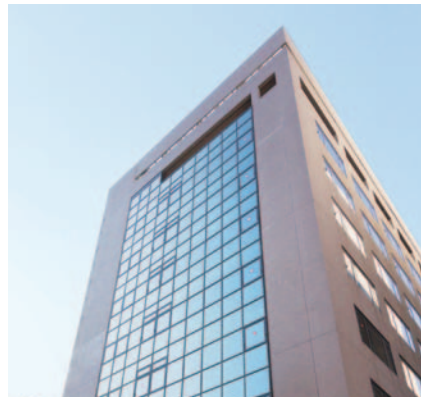
- A 4-minute walk from JR Shingawa Station. It provides easy access to major areas in Tokyo, including direct access to Haneda Airport with the Keikyu Line, as well as connections to the Tokaido Shinkansen.



TO-7 A-PLACE Ikebukuro

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

- The property offers good visibility, as it is located along Meiji Dori. A 6-minute walk from Ikebukuro Station that enjoys high potential as a terminal station.



TO-8 A-PLACE Shinbashi

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

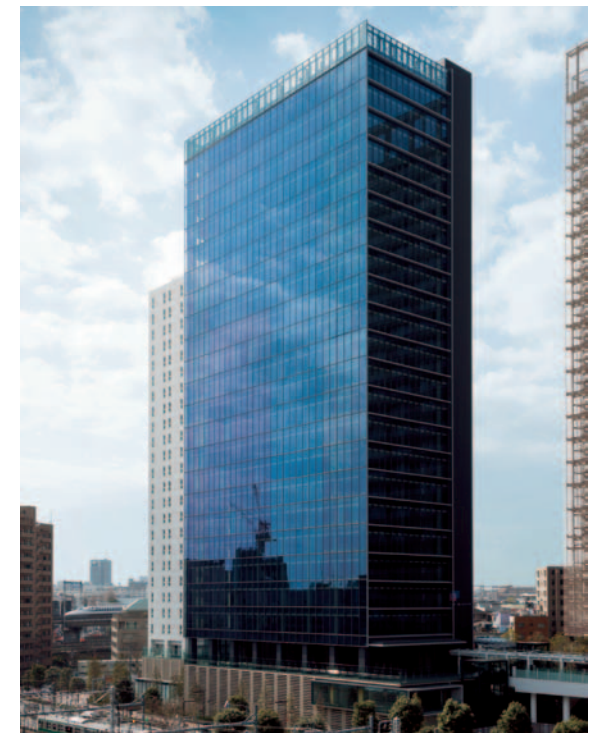
- A 3-minute walk from Shinbashi Station, where seven lines converge, including the JR Yamanote Line and Tokyo Metro Ginza Line. In addition to a spacious office space with a ceiling height of 2,700 mm, it offers quality facilities such as individual air conditioning and an automatic security system.



TO-11 OSAKI WIZTOWER

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

- The property is a 4-minute walk from Osaki Station with a direct connection through the pedestrian deck.
- Osaki Station is known as a terminal station in Tokyo, since four lines (JR Yamanote, Saikyo, Shonan Shinjuku and the Tokyo Waterfront Area Rapid Transit Rinkai Line) cross and connect to not only central Tokyo but also the area of Yokohama and Saitama.
- The property is a new office building offering a spacious office space with a standard office floor area of 899 m² (approx. 272 tsubo) and a ceiling height of 2,800 mm.
- The property is highly appealing to tenants as it is fully provided with business continuity plan (BCP) measures such as the latest vibration control and earthquake-proof systems, emergency power generation facilities for the building that can run continuously for 48 hours, as well as emergency power generator installation space for tenants.





TO-13 A-PLACE Ebisu Higashi

- Four train and subway lines (JR Yamanote Line, Saikyo Line, Shonan Shinjuku Line, and Tokyo Metro Hibiya Line) enter Ebisu Station, providing good access not only to other Tokyo areas but also Yokohama and Saitama.
- A very convenient location on the corner along Meiji Street, only a 6-minute walk from Ebisu Station, with excellent lighting and visibility.
- Although more than 20 years old, the property possesses competitive facilities to attract tenants, such as individualization of air conditioning and comprehensive renewal of the entrance design and restroom equipment that was completed in 2008.



Location	3 Higashi, Shibuya-ku, Tokyo
Nearest station	6-minute walk from Ebisu Station on JR Yamanote and other lines
Acquisition price	¥7,072 million
Appraisal value	¥7,160 million
Appraisal NOI yield	4.4%



TO-14 A-PLACE Shibuya Konnoh

- A 4-minute walk from Shibuya Station, where nine train lines converge.
- Although located in a commercially busy district such as Shibuya, the property offers a green and tranquil environment, located directly across from the Konnoh Hachimangu Shrine.
- In the area of Shibuya Station's south exit, further development and advancement of accessibility are expected, with several urban improvement and redevelopment plans including the installation of new pedestrian decks and escalators.
- Owing to large-scale renovations such as the renewal of an air conditioning and lighting system that was carried out over 2011 and 2012, the property offers appealing facilities to tenants.



Location	Shibuya, Shibuya-ku, Tokyo
Nearest station	4-minute walk from Shibuya Station on JR Yamanote and other lines
Acquisition price	¥4,810 million
Appraisal value	¥4,900 million
Appraisal NOI yield	4.4%



Focused Points

Retail Properties
Office Properties

- 1 A large population in the trade area
 - 2 Good access to the nearest station or arterial roads
 - 3 Key tenant lease terms in the medium to long term
- Competitiveness with the surrounding area



O-1 Amagasaki Q's MALL (Land)

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



O-2 icot Nakamozu

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



O-4 icot Mizonokuchi

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



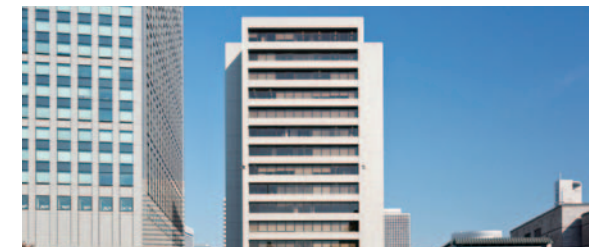
O-5 icot Tama Center

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



O-6 A-PLACE Kanayama

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



O-7 Osaka Nakanoshima Building

Location: Nakanoshima, Kita-ku, Osaka City, Osaka
Acquisition price: ¥11,100 million



O-8 icot Omori

Location: Omorikita, Ota-ku, Tokyo
Acquisition price: ¥5,790 million



O-9 Market Square Sagamihara

Location: Shimokuzawa, Chuo-ku, Sagamihara City, Kanagawa
Acquisition price: ¥4,820 million

Asset Management Report for the 9th Fiscal Period (Semi-Annual Report)

From December 1, 2015 to May 31, 2016

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		5th period	6th period	7th period	8th period	9th period
Business period		From December 1, 2013 to May 31, 2014	From June 1, 2014 to November 30, 2014	From December 1, 2014 to May 31, 2015	From June 1, 2015 to November 30, 2015	From December 1, 2015 May 31, 2016
Operating revenue	(In millions of yen)	7,778	8,174	9,120	9,701	10,175
[Rent revenue-real estate]	(In millions of yen)	[7,237]	[7,544]	[8,501]	[8,780]	[9,528]
Operating expenses	(In millions of yen)	3,198	3,580	3,921	4,241	4,249
[Expenses related to rent business]	(In millions of yen)	[2,632]	[2,937]	[3,210]	[3,422]	[3,399]
Operating income	(In millions of yen)	4,580	4,594	5,199	5,460	5,926
Ordinary income	(In millions of yen)	3,998	4,032	4,583	4,790	5,197
Profit	(In millions of yen)	3,997	4,031	4,582	4,789	5,196
Net assets	(In millions of yen)	130,052	130,086	155,353	155,560	176,729
[Change from the previous period]	(%)	[37.5]	[0.0]	[19.4]	[0.1]	[13.6]
Total assets	(In millions of yen)	242,609	253,407	297,466	307,746	339,894
[Change from the previous period]	(%)	[26.5]	[4.5]	[17.4]	[3.5]	[10.4]
Unitholders' capital	(In millions of yen)	126,054	126,054	150,770	150,770	171,532
Number of units issued and outstanding	(Units)	251,062	251,062	277,132	554,264	599,654
Net assets per unit	(Note 1) (Yen)	518,009	518,143	280,287	280,661	294,719
Total distributions	(In millions of yen)	3,997	4,031	4,582	4,789	5,196
Basic earnings per unit	(Note 1) (Note 2) (Yen)	16,194	16,056	8,344	8,642	8,722
Cash distributions per unit						
[Earnings distributions per unit]	(Yen)	[15,922]	[16,057]	[16,535]	[8,642]	[8,666]
[Distributions per unit in excess of earnings]	(Yen)	[—]	[—]	[—]	[—]	[—]
Ordinary income to total assets	(Note 3) (%)	1.8	1.6	1.7	1.6	1.6
Return on unitholders' equity	(Note 3) (%)	3.6	3.1	3.2	3.1	3.1
Unitholders' equity to total assets		53.6	51.3	52.2	50.5	52.0
[Change from the previous period]	(Note 3) (%)	[4.3]	[−2.3]	[0.9]	[−1.7]	[1.5]
Payout ratio	(Note 3) (%)	99.9	100.0	99.9	99.9	99.9
[Other reference]						
Number of properties	(Properties)	27	28	30	31	32
Total leasable area	(Note 4) (m ²)	268,207.86	275,398.92	312,777.90	301,802.03	312,572.42
Occupancy rate at end of period	(%)	99.8	99.9	99.7	99.2	99.8
Depreciation	(In millions of yen)	739	762	887	925	989
Capital expenditure	(In millions of yen)	114	165	429	272	244
NOI	(Note 3) (In millions of yen)	5,889	6,000	6,796	7,006	7,766

(Note 1) API implemented a 2-for-1 investment unit split with September 30, 2015 as the record date and October 1, 2015 as the effective date. Net assets per unit and Basic earnings per unit are calculated on the assumption that the investment unit split was implemented at the beginning of the 7th fiscal period.

(Note 2) Basic earnings per unit is calculated by dividing profit by the daily weighted average number of investment units issued and outstanding (246,842 units for the 5th fiscal period and 251,062 units, 549,191 units, 554,264 units, and 595,758 units for the 6th, 7th, 8th, and 9th fiscal periods, respectively).

(Note 3) The indicators are calculated as follows:

Ordinary income to total assets: Ordinary income ÷ Average total assets × 100; Average total assets = (Total assets at beginning of period + Total assets at end of period) ÷ 2

Return on unitholders' equity: Profit ÷ Average net assets × 100; Average net assets = (Net assets at beginning of period + Net assets at end of period) ÷ 2

Unitholders' equity to total assets: Net assets at end of period ÷ Total assets at end of period × 100

Payout ratio: Total distribution amount ÷ Profit × 100 (rounded down to the first decimal place)

NOI: Rental operating income (Rental revenues-real estate + Other rental revenues – Expenses related to rental business) + Depreciation + Loss on retirement of non-current assets

(Note 4) 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 Osaka Nakanoshima Building (from the 5th fiscal period to the 6th fiscal period), Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Shiodome Building, the figures are in proportion to a pro rata share of co-ownership interests of each property (50%, 75%, 50% and 15% (from the 7th fiscal period to the 8th fiscal period) or 25% (9th fiscal period), respectively).

(2) Asset Management during the Fiscal Period under Review

1) Transition of Investment Corporation

Activia Properties Inc. (hereinafter referred to as the “Investment Corporation”) was established on September 7, 2011, with unitholders’ capital of ¥200 million (400 units) and TLC Township Inc. (currently TLC Activia Investment Management Inc.) as the organizer under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent revisions), and completed its registration in the Kanto Local Finance Bureau on September 20, 2011 (Director-General of the Kanto Local Finance Bureau No. 73).

After that, the Investment Corporation was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (Securities code 3279) on June 13, 2012. On December 15, 2015, the Investment Corporation carried out a publicly offered capital increase for the third consecutive year, and on January 6, 2016, 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 investors, 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, 2016, the Investment Corporation made an acquisition by publicly offered capital increase of Q plaza SHINSAIBASHI, which is in its “Urban Retail Properties” portfolio of focused investment properties, and made an additional acquisition of 10% trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) of Shiodome Building, which is in its “Tokyo Office Properties” portfolio of focused investment properties. Consequently, the Investment Corporation held 32 properties (with the total acquisition price of ¥326,660 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 to follow a path of moderate recovery overall amid a trend of steady improvement in the employment environment and recovery in capital investment. Nevertheless, signs of weakness have been seen in some respects amid developments that included a slowing pace of improvements in corporate earnings due to the adverse impact of factors such as slowing economies in China, other emerging nations in Asia, and resource-rich countries.

With respect to the environment surrounding retail properties, the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan indicates that previously gaining consumer confidence index declined for two consecutive months beginning in January 2016, and has subsequently been going through a phase of some volatility while remaining largely unchanged overall. Moreover, despite a decline in per-person travel expenditure on a quarterly basis largely due to yen appreciation from January to March 2016, demand related to inbound tourism has been holding to high levels, while tourism consumption by overseas visitors to Japan increased by 31.7% year on year, amid substantial gains in numbers of overseas visitors to Japan, according to the Consumption Trend Survey for Foreigners Visiting Japan released in April by the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism.

In the rental office market, the average vacancy rate of five central wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) has been hovering in the lower half of the 4% range, amid a situation where vacancies fell over nine consecutive months until January 2016 to 4.01%, before marking brief gains largely due to new supply, and then subsequently heading lower once again, according to data published by Miki Shoji Co., Ltd. Rent levels have remained on a firm upward trajectory, having increased for 29 consecutive months running up to May 2016. Supply has been tight relative to demand amid a situation where the downward trend in average vacancy rates has been showing signs of spreading to major cities outside Tokyo.

In the J-REIT market, the Tokyo Stock Exchange REIT Index remained firm overall. This has partially been attributable to expectations for more upbeat supply-demand fundamentals amid the Bank of Japan’s decision in December 2015 to increase its rate ceiling for J-REIT securities purchases, and also attributable to further decreases in long-term interest rates as a result of the Bank of Japan having introduced its negative interest rate policy in February 2016. Moreover, the market has seen ongoing expansion in J-REIT asset sizes, fueled by factors such as brisk fund raising activity involving IPOs and

publicly offered capital increases, along with property acquisitions.

The Investment Corporation acquired beneficiary rights of real estate in trust to Q plaza SHINSAIBASHI (with the acquisition price of ¥13,350 million) and Shiodome Building (additional acquisition of 10% co-ownership interest) (with the acquisition price of ¥20,400 million) on December 16, 2015, as trust assets by publicly offered capital increase in accordance with the basic asset management policy set forth in the Articles of Incorporation.

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 32 properties (with the total acquisition price of ¥326,660 million) with the total leasable area of 312,572 m2 (94,553 tsubo). In addition, the occupancy rate at the end of the 9th period was 99.8%.

3) Overview of Financing

In the fiscal period under review, in order to cover the acquisition costs for beneficiary interests of real estate in trust to the above two properties and related costs, the Investment Corporation additionally issued investment units (41,870 units) through a public offering on December 15, 2015, issued new investment units (3,520 units) by a third-party allotment on January 6, 2016, and borrowed funds of ¥10,500 million. In addition, the Investment Corporation refinanced borrowings of ¥7,000 million on January 12, 2016. Also, in order to diversify repayment dates, extend the average maturity and diversify means of financing, the Investment Corporation issued investment corporation bonds of ¥2,000 million on February 3, 2016, and used the funds to cover repayment of short-term loans payable. As a result, as of the end of the fiscal period under review, unitholders’ capital amounted to ¥171,532 million, the total number of investment units issued came to 599,654 units and the balance of interest-bearing debt was ¥147,150 million (borrowings of ¥137,150 million and investment corporation bonds of ¥10,000 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets × 100) was 43.3% as of the end of the fiscal period under review. The ratio of long-term debt and fixed-interest debt to total interest-bearing debt were 98.4% and 88.6%, respectively.

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

Credit Rating Agency	Rating	Outlook
Japan Credit Rating Agency (JCR)	Long-term issuer rating: AA-	Positive

4) Overview of Financial Results and Distributions

As a result of the above-mentioned investments, operating revenue, operating income, and ordinary income were ¥10,175 million, ¥5,926 million, and ¥5,197 million, respectively, for the fiscal period under review, and profit was ¥5,196 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), it was decided that the all amount of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the “Special Taxation Measures Act”). Consequently, distributions per investment unit resulted in ¥8,666.

(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)

- (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.

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	5th period	6th period	7th period	8th period	9th period
Business period	From December 1, 2013 to May 31, 2014	From June 1, 2014 to November 30, 2014	From December 1, 2014 to May 31, 2015	From June 1, 2015 to November 30, 2015	From December 1, 2015 to May 31, 2016
Highest price	877,000	981,000	1,137,000	537,000	609,000
Lowest price	777,000	834,000	975,000	421,500	481,500

(Note) A 2-for-1 investment unit split was implemented with October 1, 2015 as the effective date. The figures for the 8th period are calculated based on the assumption that the investment unit split was implemented at the beginning of the 8th period.

(4) Distributions, etc.

The Investment Corporation decided to distribute the entire unappropriated retained earnings at the end of the fiscal period under review excluding fractions of the distribution amount per unit that are less than ¥1 to ensure that the maximum amount of profit distribution would be included in tax deductible expenses with the application of a special provision of taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Accordingly, distributions per investment unit were ¥8,666.

Fiscal period	5th period	6th period	7th period	8th period	9th period
Business period	From December 1, 2013 to May 31, 2014	From June 1, 2014 to November 30, 2014	From December 1, 2014 to May 31, 2015	From June 1, 2015 to November 30, 2015	From December 1, 2015 to May 31, 2016
Unappropriated retained earnings (undisposed loss)	¥3,997,550 thousand	¥4,031,303 thousand	¥4,582,505 thousand	¥4,790,093 thousand	¥5,196,849 thousand
Retained earnings	¥141 thousand	¥1 thousand	¥127 thousand	¥143 thousand	¥247 thousand
Total distribution payments [Distributions per unit]	¥3,997,409 thousand [¥15,922]	¥4,031,302 thousand [¥16,057]	¥4,582,377 thousand [¥16,535]	¥4,789,949 thousand [¥8,642]	¥5,196,601 thousand [¥8,666]
Of which, total distributions of profits were [Distributions of profits per unit]	¥3,997,409 thousand [¥15,922]	¥4,031,302 thousand [¥16,057]	¥4,582,377 thousand [¥16,535]	¥4,789,949 thousand [¥8,642]	¥5,196,601 thousand [¥8,666]
Of which, total return on unitholders' capital was [Return on unitholders' capital per unit]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]
Of the total return on unitholders' capital, the total distribution payments from the allowance for temporary difference [Of the return on unitholders' capital per unit, the distribution payment from the allowance for temporary difference per unit]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]
Of the total return on unitholders' capital, the total distribution payments from investments and other decreased distribution under tax laws [Of the return on unitholders' capital per unit, the distribution payments from investments and other decreased distribution under tax laws]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]

(5) Future Investment Policy and Issues to Address

In the Japanese economy going forward, there are signs of ongoing improvement in the employment environment, but a slowdown in corporate earnings. Meanwhile, the Investment Corporation will need to focus its attention on the potential adverse impact of various developments in the global economy including concerns of downside in business overseas against a backdrop of slowing economies in China and other emerging markets, monetary policy in the U.S., and the U.K.’s withdrawal from the European Union.

In the rental office market, despite wariness with respect to business sentiment among corporations, supply of office space in central Tokyo over the years 2016 to 2017 is likely to be somewhat lower than in previous years. Consequently, amid the current prospect of continuing tight supply relative to demand, this is likely to result in an ongoing trend of rising rents despite slowing growth, along with lower vacancy rates. With respect to the environment surrounding retail properties, we expect a shift to gradual recovery in personal consumption against a backdrop of the government’s opting to hold off on implementing the consumption tax hike, combined with ongoing circumstances in terms of a favorable employment environment. As for the J-REIT market, activity is likely to remain brisk with respect to financing and property acquisitions involving J-REITs underpinned by a strong financing environment particularly in terms of funds targeting relatively high rates of return flowing into the market due to the Bank of Japan’s stance on holding to its monetary easing policy which includes its strategy of negative interest rates. Nevertheless, we will need to pay attention to potential adverse effects of financial and capital market volatility, brought about by developments that include growing uncertainties in overseas markets, trends with respect to U.S. interest rate policy, and moves by the U.K. involving its withdrawal from the European Union. Amid this environment, the Investment Corporation aims to keep expanding size of its assets and working to control LTV while making careful investment decisions that help to improve unitholder value by drawing on its own channels and its sponsor’s pipeline.

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 investor 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, quality, specifications, and tenants in order to construct a competitive portfolio in the medium to long term.

To acquire these competitive assets on an ongoing basis, the Investment Corporation will work to maintain and improve the quality of its portfolio and will seek to expand the size of its assets by carefully selecting investment assets based on the information it receives under its sponsor support agreement with Tokyu Land Corporation 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 management company.

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 management company. 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 Corporation.

4) Financial Strategy

Having the sound financial strategy in an effort to conservatively control LTV as well as make stable long-term loans and diversify maturities (diversifying repayment dates), the Investment Corporation will endeavor to build stable financial base with solid bank formation. In addition, with the aim of diversifying means of raising funds, the Investment Corporation will issue investment corporation bonds while paying close attention to trends in financial markets. The Investment Corporation will also continue to flexibly issue new investment units while paying appropriate attention to dilution of investment units with the aim of achieving long-term and stable growth.

(6) Significant Matters after Book Closing

Not applicable

< Reference Information >

The Investment Corporation acquired the property listed below with borrowings, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation.

(TO-15) A-PLACE Gotanda Ekimae (Note 1)	
Type of assets	Trust beneficiary interest
Acquisition price	¥7,280 million
Acquisition date	July 1, 2016
Location	5-1 Nishigotanda 1-chome, Shinagawa-ku, Tokyo
Use	Office and retail
Land area	752.59 m ²
Gross floor area	5,961.02 m ²
Structure	SRC/ 9 floors above and 1 floor underground
Month and year of completion	November 1993
Ownership	Land: Owned and partial leasehold (Note 2) Building: Owned

(Note 1) Property name of Gotanda Sankei Building was changed to A-PLACE Gotanda Ekimae on July 1, 2016.

(Note 2) The partial lease hold area based on the official registry is 35.17 m².

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	5th period As of May 31, 2014	6th period As of November 30, 2014	7th period As of May 31, 2015	8th period As of November 30, 2015	9th period As of May 31, 2016
Total number of authorized investment units (Units)	2,000,000	2,000,000	2,000,000	4,000,000	4,000,000
Total number of investment units issued (Units)	251,062	251,062	277,132	554,264	599,654
Unitholders' capital (In millions of yen)	¥126,054	¥126,054	¥150,770	¥150,770	¥171,532
Number of unitholders (Persons)	7,995	7,071	6,832	6,526	6,502

(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)	156,596	26.11
Tokyu Land Corporation	61,913	10.32
The Master Trust Bank of Japan, Ltd. (Trust accounts)	58,773	9.80
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	54,685	9.11
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	20,712	3.45
State Street Bank & Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	10,722	1.78
THE BANK OF NEW YORK, NON – TREATY JASDEC ACCOUNT (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	9,947	1.65
NOMURA BANK (LUXEMBOURG) S.A. (Standing proxy: Sumitomo Mitsui Banking Corporation)	8,483	1.41
State Street Bank & Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd.)	8,479	1.41
THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED (Standing proxy: Japan Trustee Services Bank, Ltd.)	5,623	0.93
Total	395,933	66.02

(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)	Michie Kawai	TLC Activia Investment Management Inc., Representative Director, President and Chief Executive Officer	—
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	—	33,400 (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 2015 and the issuance of investment corporation bonds in February 2016.

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.

3) Disciplinary Action Ordering a Suspension of Operations to Which the Independent Auditor was

Subject the past two years

Details of the disciplinary action announced by the Financial Services Agency as of December 22, 2015 are as follows:

- Target of the disciplinary action
Ernst & Young ShinNihon LLC
- Contents of the disciplinary action
 - Suspension from accepting new engagements for three months (from January 1, 2016, to March 31, 2016)
 - Ordered to improve its operations (Improvement of audit management systems)
Note: In addition, commencement of trial procedures for the administrative monetary penalty payment order of approximately ¥2.1 billion was decided on the same day.
- Reasons for the action
 - Seven certified public accountants from Ernst & Young ShinNihon LLC (“the firm”) had, in negligence of due care, attested to financial statements of TOSHIBA CORPORATION for fiscal 2009, fiscal 2011 and fiscal 2012 (for the years ended March 31, 2010, 2012 and 2013) that contained material misstatements.
 - The firm's operations were deemed significantly inappropriate.

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

Consignment classification	Name
Asset manager	TLC Activia Investment 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 corporate bonds)	Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited

3. Assets of the Investment Corporation

(1) Composition of Assets of the Investment Corporation

Type of assets	Category	8th period As of November 30, 2015		9th period As of May 31, 2016	
		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	—	—	—	—
	Other Properties	—	—	—	—
	Subtotal	—	—	—	—
Real estate in trust	Urban Retail Properties	129,841	42.2	142,985	42.1
	Tokyo Office Properties	109,126	35.5	129,392	38.1
	Other Properties	54,335	17.7	54,166	15.9
	Subtotal	293,303	95.3	326,543	96.1
Total real estate, etc.		293,303	95.3	326,543	96.1
Deposits and other assets		14,442	4.7	13,350	3.9
Total assets (Note 2)		307,746 (293,303)	100.0 (95.3)	339,894 (326,543)	100.0 (96.1)

(Note 1) The total amount of assets owned is based on the amounts on the balance sheet 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 sheet 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)	Total leasable area (m ²) (Note 1)	Total leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Major use
Shiodome Building (Note 4)	50,811	20,097.18	19,740.37	98.2	9.8	Office
Tokyu Plaza Omotesando Harajuku (Note 4)	44,961	4,904.94	4,904.94	100.0	10.7	Retail
Kobe Kyu Kyoryuchi 25Bankan	21,319	19,653.90	19,653.90	100.0	7.6	Retail
Shinbashi Place	20,381	9,156.01	9,156.01	100.0	(Note 5)	Retail
Q plaza SHINSAIBASHI	13,420	2,820.23	2,493.82	88.4	2.7	Retail
Amagasaki Q's MALL (Land)	12,113	27,465.44	27,465.44	100.0	3.4	Retail
Tokyu Plaza Akasaka (Note 4)	11,849	16,579.26	16,579.26	100.0	5.9	Retail
Osaka Nakanoshima Building	11,140	20,235.57	20,235.57	100.0	5.0	Office
OSAKI WIZTOWER	10,954	7,193.28	7,193.28	100.0	3.0	Office
A-PLACE Ebisu Minami	9,493	7,950.51	7,950.51	100.0	3.4	Office
Total	206,446	136,056.32	135,373.10	99.5	—	

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of May 31, 2016 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 2016.
(Note 2) Total leased area refers to the total of the leased area of each property based on lease agreements as of May 31, 2016. For properties with master lease agreements, total leased area refers to the total of 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, 2016, rounding down to the first decimal place.
(Note 4) As for Shiodome Building, Tokyu Plaza Omotesando Harajuku, and Tokyu Plaza Akasaka, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (25%, 75% and 50%, respectively).
(Note 5) Ratio of rental revenue to total rental revenues is not disclosed, as consent from tenants has not been obtained.

(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	4,904.94	54,525	44,961
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,579.26	14,000	11,849
	Q plaza EBISU	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	10,200	8,341
	Shinbashi Place	12-9 Shinbashi 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	9,156.01	24,700	20,381
	Kyoto Karasuma Parking Building	678 Motohonenjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	10,900	8,814
	A-FLAG AKASAKA	3-6 Akasaka 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,280.22	3,520	3,104
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	25,100	21,319
	A-FLAG SAPPORO	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	6,550	4,411
	A-FLAG SHIBUYA	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,413.80	7,190	6,380
	Q plaza SHINSAIBASHI	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	2,820.23	13,400	13,420
	Subtotal			105,678.44	170,085	142,985
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	8,800	7,370
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.51	11,800	9,493
	A-PLACE Yoyogi	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,330	3,984
	A-PLACE Aoyama	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	9,110	8,707
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	5,660	4,385
	TAMACHI SQUARE (Land)	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	2,620	2,362
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	4,730	3,860
	A-PLACE Shinbashi	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,052.14	6,430	5,793
	A-PLACE Gotanda	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	6,300	5,662
	A-PLACE Shinagawa	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	4,230	3,804
	OSAKI WIZTOWER	11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	13,600	10,954
	Shiodome Building (Note 4)	2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	20,097.18	52,000	50,811
	Frontier Ebisu (Note 5)	13-11 Higashi 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,010.69	7,360	7,213
	Shibuya Konnoh Building (Note 5)	3-1 Shibuya 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	2,958.85	5,000	4,987
	Subtotal			81,204.20	141,970	129,392
Other 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	13,100	12,113
	icot Nakamozu	428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka	Trust beneficiary interests	28,098.02	10,000	8,307
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,210	2,671
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	3,450	2,727
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.91	7,780	6,635
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,235.57	12,800	11,140
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests (Note 6)	6,209.79 (Note 6)	6,360	5,742
	Market Square Sagamihara	777-2 Shimokuzawa, Chuo-ku, Sagamihara-shi, Kanagawa	Trust beneficiary interests	15,152.42	4,960	4,827
Subtotal				125,689.78	61,660	54,166
Total				312,572.42	373,715	326,543

(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, 2016 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 2016.

(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 Morii Appraisal & Investment Consulting, Inc. Assessed value at end of period stands for the appraised value described in each real estate appraisal report, with May 31, 2016 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, 2016, rounded down to the nearest ¥ million.

(Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, 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% and 25%, respectively).

(Note 5) Property names of Frontier Ebisu and Shibuya Konnoh Building are scheduled to be changed to A-PLACE Ebisu Higashi and A-PLACE Shibuya Konnoh, respectively, on November 1, 2016; the same shall apply hereinafter.

(Note 6) The calculation of total leasable area for icot Omori includes part of an external bicycle parking lot (approximately 21 m²) and part of a common area on the second floor (approximately 28 m²).

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

Property name		8th period (From June 1, 2015 to November 30, 2015)				9th period (From December 1, 2015 to May 31, 2016)			
		Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (In millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (In millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	29	100.0	1,108	11.7	29	100.0	1,084	10.7
	Tokyu Plaza Akasaka (Note 4)	98	99.9	607	6.4	99	100.0	597	5.9
	Q plaza EBISU	4	100.0	273	2.9	4	100.0	268	2.6
	Shinbashi Place	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	Kyoto Karasuma Parking Building	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
	A-FLAG AKASAKA	8	100.0	112	1.2	8	100.0	107	1.1
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	727	7.7	7	100.0	778	7.6
	A-FLAG SAPPORO	18	100.0	496	5.2	18	100.0	432	4.2
	A-FLAG SHIBUYA	2	100.0	209	2.2	2	100.0	205	2.0
	Q plaza SHINSAIBASHI	—	—	—	—	5	88.4	270	2.7
	Subtotal	169	100.0	—	—	175	99.7	—	—
Tokyo Office Properties	TLC Ebisu Building	10	87.5	264	2.8	12	100.0	274	2.7
	A-PLACE Ebisu Minami	9	100.0	344	3.6	9	100.0	345	3.4
	A-PLACE Yoyogi	3	100.0	123	1.3	3	100.0	126	1.2
	A-PLACE Aoyama	8	100.0	251	2.6	8	100.0	271	2.7
	Luogo Shiodome	6	100.0	170	1.8	6	100.0	166	1.6
	TAMACHI SQUARE (Land)	1	100.0	62	0.7	1	100.0	62	0.6
	A-PLACE Ikebukuro	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-PLACE Shinbashi	8	97.8	191	2.0	10	100.0	190	1.9
	A-PLACE Gotanda	11	100.0	179	1.9	10	100.0	176	1.7
	A-PLACE Shinagawa	8	100.0	110	1.2	8	100.0	111	1.1
	OSAKI WIZTOWER	6	100.0	(Note 5)	(Note 5)	5	100.0	301	3.0
	Shiodome Building (Note 4)	35	93.2	674	7.1	36	98.2	994	9.8
	Frontier Ebisu	9	100.0	105	1.1	9	100.0	160	1.6
	Shibuya Konnoh Building	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
	Subtotal	117	97.5	—	—	120	99.6	—	—
Other Properties	Amagasaki Q's MALL (Land)	1	100.0	345	3.6	1	100.0	345	3.4
	icot Nakamozu	2	100.0	310	3.3	2	100.0	310	3.1
	icot Kongo (Note 6)	—	—	(Note 5)	(Note 5)	—	—	—	—
	icot Mizonokuchi	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	icot Tama Center	10	100.0	143	1.5	9	100.0	142	1.4
	A-PLACE Kanayama	21	100.0	284	3.0	20	100.0	280	2.8
	Osaka Nakanoshima Building	40	97.9	516	5.4	41	100.0	506	5.0
	icot Omori	9	100.0	234	2.5	9	100.0	232	2.3
	Market Square Sagamihara	3	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
	Subtotal	87	99.7	—	—	86	100.0	—	—
Total		373	99.2	9,500	100.0	381	99.8	10,175	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 total leased area to total 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, 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% and 15% (8th period and from December 1, 2015 to December 15, 2015 in 9th period) or 25% (from December 16, 2015 to May 31, 2016 in 9th period), 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.

(Note 6) icot Kongo was transferred as of July 8, 2015.

(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)
			Over 1 year	
Over-the-counter	Interest rate swaps (Receive floating pay fixed)	10,000,000	10,000,000	—
Total		10,000,000	10,000,000	—

(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.

(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 (In millions of yen)		
			Total amount	Payment for the period	Total amount paid
TLC Ebisu Building (Shibuya, Tokyo)	Replacement work of air conditioning (Third period)	From November 2015 to August 2016	99	—	—
A-FLAG Sapporo (Sapporo, Hokkaido)	Renovations of new annex guest rooms	From March 2015 to June 2016	87	—	—
Q plaza SHINSAIBASHI (Osaka, Osaka)	Commercialization work	From September 2016 to October 2016	50	—	—
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of air conditioning units of main building guest room systems	From October 2016 to November 2016	30	—	—
A-FLAG Sapporo (Sapporo, Hokkaido)	Installation work of new well water filtration devices	From April 2016 to June 2016	28	—	—
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of total heat exchangers in main building	From September 2016 to October 2016	27	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Maintenance of outer wall on north- and west-side lower stories	From May 2016 to November 2016	24 (Note)	—	—
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of FCUs in new annex guest rooms	From March 2016 to June 2016	21	—	—
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of air conditioning units of new annex small banquet hall systems	From September 2016 to September 2016	16	—	—
A-PLACE Aoyama (Minato, Tokyo)	Repair of rainwater drainage pipes	From October 2016 to November 2016	16	—	—
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of air conditioning units of new annex lobby systems	From September 2016 to October 2016	15	—	—
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of air conditioning units of main building hotel backyard systems	From September 2016 to September 2016	14	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Renovations of hotel modular bathrooms, etc.	From July 2016 to September 2016	13 (Note)	—	—
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of vertical drainage pipes in new annex guest rooms	From February 2016 to June 2016	11	—	—

(Note) As for Tokyu Plaza Akasaka, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of the property (50%) of the total renovation cost.

(2) Capital Expenditures during the Period

The following table shows major construction works for owned assets conducted by the Investment Corporation that falls into capital expenditure during the fiscal period under review. Capital expenditure amounted to ¥244 million for the fiscal period, and repair and maintenance expenses that were accounted for as expense in the period came to ¥78 million. On aggregate, construction work of ¥323 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (In millions of yen)
TLC Ebisu Building (Shibuya, Tokyo)	Replacement work of air conditioning (Second period)	From May 2015 to January 2016	117
Osaka Nakanoshima Building (Osaka, Osaka)	Repair and replacement of substation panels (control equipment, etc.) (Second period)	From July 2015 to March 2016	20
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of human/cargo elevator machinery and equipment	From January 2016 to January 2016	14
Osaka Nakanoshima Building (Osaka, Osaka)	Exchange work of Scott connection transformers in electric pipe space on each floor	From March 2016 to March 2016	12
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Partial remodeling work	From March 2016 to March 2016	11 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of plumbing for cold and hot water, etc.	From September 2015 to February 2016	11 (Note)
Other			56
Total			244

(Note) As for Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50%, respectively) of the total renovation cost.

(3) Money Accumulated for Long-Term Repair Plan

Not applicable

5. Expenses and Liabilities

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

Item	(In thousands of yen)	
	8th period (From June 1, 2015 to November 30, 2015)	9th period (From December 1, 2015 to May 31, 2016)
(a) Asset management fees (Note)	703,280	747,023
(b) Asset custody fees	8,490	9,502
(c) Administrative service fees	26,348	25,059
(d) Directors' compensation	3,300	3,300
(e) Other operating expenses	77,059	64,988
Total	818,478	849,873

(Note) Asset management fees contain acquisition fees that were included in the book value of acquired properties (8th fiscal period: ¥83,174 thousand; 9th fiscal period: ¥168,750 thousand) and transfer fees that were deducted from the gain or loss on the disposal of properties (8th fiscal period: ¥9,400 thousand).

(2) Borrowings

The status of borrowings from financial institutions as of May 31, 2016 is as follows:

	Category	Drawdown date	Balance as of November 30, 2015 (In millions of yen)	Balance as of May 31, 2016 (In millions of yen)	Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of funds	Remarks	
Short-term (Less than 1 year)	Sumitomo Mitsui Trust Bank, Limited	October 1, 2015	2,400	2,400	0.235	June 30, 2016	Lump-sum repayment	(Note 2)	Unsecured, non-guaranteed	
	Subtotal		2,400	2,400						
Long-term (Note 3)	Sumitomo Mitsui Banking Corporation	April 19, 2013	400	400	0.919	April 19, 2019	Lump-sum repayment	(Note 2)	Unsecured, non-guaranteed	
		December 19, 2013	530	530	1.080	December 19, 2020				
		January 10, 2014	80	80	0.938	January 10, 2020				
		January 10, 2014	670	670	1.079	January 10, 2021				
		June 13, 2014	6,000	6,000	0.265	December 13, 2016				
		July 9, 2014	700	-	0.275	January 9, 2016		(Note 4)		
		July 9, 2014	300	300	0.725	January 10, 2020				
		January 9, 2015	390	390	0.498	January 9, 2018				
		January 9, 2015	250	250	0.523	January 9, 2019				
		January 9, 2015	170	170	0.544	July 9, 2019		(Note 2)		
		January 9, 2015	420	420	0.737	January 9, 2022				
		December 16, 2015	-	100	0.657	June 15, 2022				
		December 16, 2015	-	625	0.754	June 15, 2023				
		December 16, 2015	-	600	0.854	June 17, 2024				
		January 12, 2016	-	700	0.784	January 12, 2024		(Note 4)		
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2012	3,000	3,000	0.866	June 13, 2016		(Note 2)		
		June 13, 2012	3,000	3,000	0.953	June 13, 2017				
		June 13, 2012	3,000	3,000	1.063	June 13, 2018				
		March 29, 2013	500	500	0.270	March 31, 2017				
		March 29, 2013	5,000	5,000	0.683 (Note 5)	March 31, 2018		(Note 4)		
		April 19, 2013	800	800	0.919	April 19, 2019				
		December 19, 2013	1,060	1,060	1.080	December 19, 2020				
		January 10, 2014	160	160	0.938	January 10, 2020				
		January 10, 2014	1,340	1,340	1.079	January 10, 2021				
		July 9, 2014	1,400	-	0.275	January 9, 2016		(Note 4)		
		July 9, 2014	600	600	0.725	January 10, 2020				
		January 9, 2015	780	780	0.498	January 9, 2018				
		January 9, 2015	500	500	0.523	January 9, 2019		(Note 2)		
		January 9, 2015	340	340	0.544	July 9, 2019				
		January 9, 2015	840	840	0.737	January 9, 2022				
		June 15, 2015	1,500	1,500	0.947	June 15, 2022				
		June 15, 2015	1,500	1,500	1.063	June 15, 2023		(Note 4)		
		September 30, 2015	1,250	1,250	0.613 (Note 5)	March 30, 2023				
	Mitsubishi UFJ Trust and Banking Corporation	October 1, 2015	2,400	2,400	0.237	December 26, 2016		(Note 2)		
		December 16, 2015	-	200	0.657	June 15, 2022				
		December 16, 2015	-	1,200	0.854	June 17, 2024		(Note 4)		
		January 12, 2016	-	1,400	0.784	January 12, 2024				
		June 13, 2012	3,000	3,000	0.866	June 13, 2016		(Note 2)		
		June 13, 2012	3,000	3,000	0.953	June 13, 2017				
		June 13, 2012	3,000	3,000	1.063	June 13, 2018				
		April 19, 2013	800	800	0.919	April 19, 2019				
		December 19, 2013	1,060	1,060	1.080	December 19, 2020				
		January 10, 2014	160	160	0.938	January 10, 2020				
		January 10, 2014	1,340	1,340	1.079	January 10, 2021				
		July 9, 2014	1,400	-	0.275	January 9, 2016		(Note 4)		
		July 9, 2014	600	600	0.725	January 10, 2020				
		January 9, 2015	780	780	0.498	January 9, 2018				
		January 9, 2015	500	500	0.523	January 9, 2019		(Note 2)		
		January 9, 2015	340	340	0.544	July 9, 2019				
		January 9, 2015	840	840	0.737	January 9, 2022				
		June 15, 2015	1,500	1,500	0.947	June 15, 2022				
		June 15, 2015	1,500	1,500	1.063	June 15, 2023		(Note 4)		
		September 30, 2015	1,250	1,250	0.613 (Note 5)	March 30, 2023				
		December 16, 2015	-	200	0.657	June 15, 2022				
		December 16, 2015	-	1,200	0.854	June 17, 2024		(Note 2)		
		January 12, 2016	-	1,400	0.784	January 12, 2024				

Category	Lender	Drawdown date	Balance as of November 30, 2015 (In millions of yen)	Balance as of May 31, 2016 (In millions of yen)	Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
Long-term (Note 3)	Mizuho Bank, Ltd.	June 13, 2012	3,000	3,000	0.866	June 13, 2016	Lump-sum repayment	(Note 2)	Unsecured, non-guaranteed
		June 13, 2012	3,000	3,000	0.953	June 13, 2017			
		June 13, 2012	3,000	3,000	1.063	June 13, 2018			
		April 19, 2013	800	800	0.919	April 19, 2019			
		December 19, 2013	1,060	1,060	1.080	December 19, 2020			
		January 10, 2014	160	160	0.938	January 10, 2020			
		January 10, 2014	1,340	1,340	1.079	January 10, 2021			
		July 9, 2014	1,400	-	0.275	January 9, 2016			
		July 9, 2014	600	600	0.725	January 10, 2020			
		January 9, 2015	780	780	0.498	January 9, 2018			
		January 9, 2015	500	500	0.523	January 9, 2019			
		January 9, 2015	340	340	0.544	July 9, 2019			
		January 9, 2015	840	840	0.737	January 9, 2022			
		June 15, 2015	1,500	1,500	0.947	June 15, 2022			
		June 15, 2015	1,500	1,500	1.063	June 15, 2023			
		September 30, 2015	1,250	1,250	0.613 (Note 5)	March 30, 2023			
		December 16, 2015	-	200	0.657	June 15, 2022			
		December 16, 2015	-	1,200	0.854	June 17, 2024			
	January 12, 2016	-	1,400	0.784	January 12, 2024				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 13, 2012	3,000	3,000	0.866	June 13, 2016			
		June 13, 2012	3,000	3,000	0.953	June 13, 2017			
		June 13, 2012	3,000	3,000	1.063	June 13, 2018			
		April 19, 2013	800	800	0.919	April 19, 2019			
		December 19, 2013	1,060	1,060	1.080	December 19, 2020			
		January 10, 2014	160	160	0.938	January 10, 2020			
		January 10, 2014	1,340	1,340	1.079	January 10, 2021			
		July 9, 2014	1,400	-	0.275	January 9, 2016			
		July 9, 2014	600	600	0.725	January 10, 2020			
		January 9, 2015	780	780	0.498	January 9, 2018			
January 9, 2015		500	500	0.523	January 9, 2019				
January 9, 2015		340	340	0.544	July 9, 2019				
January 9, 2015		840	840	0.737	January 9, 2022				
June 15, 2015		1,500	1,500	0.947	June 15, 2022				
June 15, 2015		1,500	1,500	1.063	June 15, 2023				
September 30, 2015		1,250	1,250	0.613 (Note 5)	March 30, 2023				
December 16, 2015		-	200	0.657	June 15, 2022				
December 16, 2015		-	1,200	0.854	June 17, 2024				
January 12, 2016	-	1,400	0.784	January 12, 2024					
Development Bank of Japan Inc.	June 13, 2012	6,000	6,000	1.191	June 13, 2019				
	April 19, 2013	400	400	0.919	April 19, 2019				
	December 19, 2013	530	530	1.080	December 19, 2020				
	January 10, 2014	80	80	0.938	January 10, 2020				
	January 10, 2014	670	670	1.079	January 10, 2021				
	July 9, 2014	700	-	0.275	January 9, 2016				
	July 9, 2014	300	300	0.725	January 10, 2020				
	January 9, 2015	390	390	0.498	January 9, 2018				
	January 9, 2015	250	250	0.523	January 9, 2019				
	January 9, 2015	170	170	0.544	July 9, 2019				
	January 9, 2015	420	420	0.737	January 9, 2022				
	December 16, 2015	-	100	0.657	June 15, 2022				
	December 16, 2015	-	625	0.754	June 15, 2023				
	December 16, 2015	-	600	0.854	June 17, 2024				
	January 12, 2016	-	700	0.784	January 12, 2024				
	Mizuho Trust & Banking Co., Ltd.	March 29, 2013	2,000	2,000	0.270	March 31, 2017			
		August 29, 2014	1,500	1,500	0.510	August 29, 2019			
		March 31, 2015	2,000	2,000	0.685	March 31, 2022			
Resona Bank, Limited.	March 29, 2013	1,500	1,500	0.270	March 31, 2017				
	March 31, 2015	1,500	1,500	0.525	March 31, 2020				
The Bank of Fukuoka, Ltd.	March 29, 2013	1,000	1,000	0.270	March 31, 2017				
	March 31, 2015	1,000	1,000	0.525	March 31, 2020				
The Gunma Bank, Ltd.	March 29, 2013	500	500	0.270	March 31, 2017				
	March 31, 2015	500	500	0.525	March 31, 2020				
Shinkin Central Bank	March 29, 2013	500	500	0.270	March 31, 2017				
	August 29, 2014	1,500	1,500	0.510	August 29, 2019				
	March 31, 2015	500	500	0.685	March 31, 2022				
The Norinchukin Bank	March 31, 2015	500	500	0.525	March 31, 2020				
	Subtotal	126,500	134,750						
	Total	128,900	137,150						

(3) Investment Corporation Bonds

Name of bonds	Issuance date	Balance as of November 30, 2015 (In millions of yen)	Balance as of May 31, 2016 (In millions of yen)	Interest rate (%)	Maturity date	Repayment method	Use of proceeds	Remarks
The 1st Unsecured Investment Corporation Bond	April 25, 2014	4,000	4,000	0.370	April 25, 2019	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 2nd Unsecured Investment Corporation Bond	April 21, 2015	2,000	2,000	0.297	April 21, 2020	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 3rd Unsecured Investment Corporation Bond	April 21, 2015	2,000	2,000	0.726	April 21, 2025	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 4th Unsecured Investment Corporation Bond	February 3, 2016	—	2,000	0.770	February 3, 2026	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
Total		8,000	10,000					

(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.

(4) Short-Term Investment Corporation Bonds

Not applicable

(5) 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) (Note 1)	Disposal date	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	Q plaza SHINSAIBASHI	December 16, 2015	13,350	—	—	—	—
Tokyo Office Properties	Trust beneficiary interests	Shiodome Building (Note 2)	December 16, 2015	20,400	—	—	—	—
Total				33,750	—	—	—	—

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

(Note 2) The acquisition price for the Shiodome Building represent figures equivalent to the percentage of the Investment Corporation’s co-ownership interest (10%).

(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	Q plaza SHINSAIBASHI	December 16, 2015	13,350	13,400	Japan Valuers Co., Ltd.	September 1, 2015
	Shiodome Building (Note 2)	December 16, 2015	20,400	20,700	Morii Appraisal & Investment Consulting Inc.	September 1, 2015
	Total	—	33,750	34,100	—	—

(Note 1) The acquisition price represents 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 for the Shiodome Building represent figures equivalent to the percentage of the Investment Corporation’s co-ownership interest (10%).

(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.”

(4) Transactions between Interested Parties and Major Unitholders

1) Transactions

Category	Purchase and sales amounts	
	Purchase amounts	Sales amounts
Total amount	¥33,750 million	¥— million
Details of transactions between interested parties and major unitholders		
Classer LLC	¥20,400 million (60.4%)	¥— million (—%)
Tokyu Land Corporation	¥13,350 million (39.6%)	¥— million (—%)
Total	¥33,750 million (100.0%)	¥— million (—%)

2) Commissions Paid

Category	Total amount (A) (In thousands of yen)	Breakdown of transactions with interested parties and major unitholders		(B) / (A) (%)
		Paid to	Amount (B) (In thousands of yen)	
Property management fee	305,883	Tokyu Community Corp.	114,137	37.3
		Tokyu Land SC Management Corporation	92,093	30.1
		Tokyu Land Corporation	78,318	25.6
Building management fee	496,638	Tokyu Community Corp.	437,368	88.1
Construction management fee	3,037	Tokyu Community Corp.	1,357	44.7
		Tokyu Land SC Management Corporation	921	30.3
		Tokyu Land Corporation	687	22.6
Other management operation expenses	63,993	Tokyu Land SC Management Corporation	5,625	8.8
Other lease business expenses	175,811	Tokyu Community Corp.	20,030	11.4
		Tokyu Land SC Management Corporation	4,438	2.5
		Tokyu Livable Staff Corporation	1,578	0.9
		HANDS LAB INC.	939	0.5
		Ishikatsu Exterior Inc.	934	0.5
		Tokyu Land Corporation	762	0.4

(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 and major unitholders are as follows:

Tokyu Community Corp.	¥37,261 thousand
Tokyu Land Corporation	¥1,474 thousand
Tokyu Homes Corporation	¥1,250 thousand
Tokyu Land SC Management Corporation	¥893 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 Activia Investment 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
December 25, 2015	Conclusion of the memorandum on the transfer agency agreement	With respect to the enforcement of the Act on the Use of Numbers to identify a Specific Individual in the Administrative Procedure, API concluded the memorandum on the transfer agency agreement and incidental memorandums as of August 29, 2011 with Sumitomo Mitsui Trust Bank, Limited to add outsourcing of administrative operations and other matters.
May 25, 2016	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, 2016 to May 31, 2017); 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, 2015	As of May 31, 2016
Assets		
Current assets		
Cash and deposits	10,356,687	7,850,554
Cash and deposits in trust	2,985,837	4,013,423
Operating accounts receivable	364,124	448,019
Prepaid expenses	198,238	353,242
Deferred tax assets	11	16
Income taxes receivable	53	—
Consumption taxes receivable	—	5,083
Other	1,692	1,968
Total current assets	13,906,644	12,672,309
Non-current assets		
Property, plant and equipment		
Buildings in trust	62,998,720	67,043,786
Accumulated depreciation	(4,327,404)	(5,263,878)
Buildings in trust, net	58,671,315	61,779,907
Structures in trust	541,463	565,465
Accumulated depreciation	(69,712)	(83,894)
Structures in trust, net	471,750	481,570
Machinery and equipment in trust	1,231,423	1,264,865
Accumulated depreciation	(149,904)	(179,609)
Machinery and equipment in trust, net	1,081,519	1,085,255
Tools, furniture and fixtures in trust	73,944	77,138
Accumulated depreciation	(23,340)	(31,583)
Tools, furniture and fixtures in trust, net	50,603	45,554
Land in trust	228,459,519	258,584,206
Construction in progress in trust	4,879	4,102
Total property, plant and equipment	288,739,588	321,980,596
Intangible assets		
Leasehold rights in trust	4,562,628	4,562,628
Other	2,167	1,706
Total intangible assets	4,564,795	4,564,334
Investments and other assets		
Long-term prepaid expenses	481,518	611,931
Other	13,944	14,791
Total investments and other assets	495,463	626,723
Total non-current assets	293,799,847	327,171,654
Deferred assets		
Investment corporation bond issuance costs	40,096	50,969
Total deferred assets	40,096	50,969
Total assets	307,746,588	339,894,933

(Unit: Thousands of yen)

	As of November 30, 2015	As of May 31, 2016
Liabilities		
Current liabilities		
Operating accounts payable	644,184	394,577
Short-term loans payable	2,400,000	2,400,000
Current portion of long-term loans payable	19,000,000	26,400,000
Accounts payable - other	68,571	14,969
Accrued expenses	540,277	574,049
Income taxes payable	—	702
Accrued consumption taxes	324,818	—
Advances received	192,393	203,975
Deposits received	2,251	5,011
Other	2,128	0
Total current liabilities	23,174,626	29,993,285
Non-current liabilities		
Investment corporation bond	8,000,000	10,000,000
Long-term loans payable	107,500,000	108,350,000
Tenant leasehold and security deposits in trust	13,511,215	14,821,932
Other	42	51
Total non-current liabilities	129,011,258	133,171,984
Total liabilities	152,185,884	163,165,269
Net assets		
Unitholders' equity		
Unitholders' capital	150,770,610	171,532,813
Surplus		
Unappropriated retained earnings	4,790,093	5,196,849
(undisposed loss)	—	—
Total surplus	4,790,093	5,196,849
Total unitholders' equity	155,560,704	176,729,663
Total net assets	*2 155,560,704	*2 176,729,663
Total liabilities and net assets	307,746,588	339,894,933

III. Statements of Operations

	(Unit: Thousands of yen)			
	Previous fiscal period		Current fiscal period	
	(From June 1, 2015		(From December 1, 2015	
	to November 30, 2015)		to May 31, 2016)	
Operating revenue				
Lease business revenue	*1, *3	8,780,954	*1, *3	9,528,262
Other lease business revenue	*1, *3	719,892	*1, *3	647,599
Gain on sales of real estate properties	*2	200,380		–
Total operating revenue		9,701,227		10,175,862
Operating expenses				
Expenses related to rent business	*1, *3	3,422,612	*1, *3	3,399,234
Asset management fee		703,280		747,023
Asset custody fee		8,490		9,502
Administrative service fees		26,348		25,059
Directors' compensations		3,300		3,300
Other operating expenses		77,059		64,988
Total operating expenses		4,241,090		4,249,107
Operating income		5,460,137		5,926,754
Non-operating income				
Interest income		451		549
Interest on securities		3,488		1,055
Reversal of distribution payable		–		6,902
Interest on refund		1,138		–
Total non-operating income		5,078		8,507
Non-operating expenses				
Interest expenses		483,538		539,715
Interest expenses on investment corporation bonds		17,664		22,639
Amortization of investment corporation bond issuance costs		4,276		4,794
Investment unit issuance expenses		62,950		49,399
Borrowing related expenses		105,568		120,564
Other		500		500
Total non-operating expenses		674,498		737,613
Ordinary income		4,790,716		5,197,648
Profit before income taxes		4,790,716		5,197,648
Income taxes - current		745		948
Income taxes - deferred		6		(4)
Total income taxes		751		943
Profit		4,789,965		5,196,705
Retained earnings brought forward		127		143
Unappropriated retained earnings (undisposed loss)		4,790,093		5,196,849

IV. Statements of Changes in Unitholders' Equity

Previous fiscal period (From June 1, 2015 to November 30, 2015)				(Unit: Thousands of yen)	
	Unitholders' equity			Total unitholders' equity	Total net assets
	Unitholders' capital	Surplus			
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	150,770,610	4,582,505	4,582,505	155,353,116	155,353,116
Changes of items during period					
Dividends from surplus		(4,582,377)	(4,582,377)	(4,582,377)	(4,582,377)
Profit		4,789,965	4,789,965	4,789,965	4,789,965
Total changes of items during period	—	207,587	207,587	207,587	207,587
Balance at end of current period	*1 150,770,610	4,790,093	4,790,093	155,560,704	155,560,704

Current fiscal period (From December 1, 2015 to May 31, 2016)				(Unit: Thousands of yen)	
	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	150,770,610	4,790,093	4,790,093	155,560,704	155,560,704
Changes of items during the period					
Issuance of new investment units	20,762,203			20,762,203	20,762,203
Dividends from surplus		(4,789,949)	(4,789,949)	(4,789,949)	(4,789,949)
Profit		5,196,705	5,196,705	5,196,705	5,196,705
Total changes of items during the period	20,762,203	406,756	406,756	21,168,959	21,168,959
Balance at end of current period	*1 171,532,813	5,196,849	5,196,849	176,729,663	176,729,663

V. Statements of Cash Distributions

	Fiscal periods	
	Previous fiscal period (From June 1, 2015 to November 30, 2015)	Current fiscal period (From December 1, 2015 to May 31, 2016)
	Amount	Amount
I Unappropriated retained earnings (Undisposed loss)	¥4,790,093,192	¥5,196,849,213
II Distributions	¥4,789,949,488	¥5,196,601,564
[Cash distribution per unit]	¥[8,642]	¥[8,666]
III Earnings carried forward	¥143,704	¥247,649

Calculation method for distributions	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of 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 Special Taxation Measures Act. In consideration of this policy, we will pay distributions at the total amount of ¥4,789,949,488, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 554,264, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of 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 Special Taxation Measures Act. In consideration of this policy, we will pay distributions at the total amount of ¥5,196,601,564, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 599,654, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.
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VI. Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period (From June 1, 2015 to November 30, 2015)	Current fiscal period (From December 1, 2015 to May 31, 2016)
Cash flows from operating activities		
Profit before income taxes	4,790,716	5,197,648
Depreciation	925,507	989,961
Loss on retirement of non-current assets	2,862	0
Amortization of investment corporation bond issuance costs	4,276	4,794
Interest income and interest on securities	(3,940)	(1,604)
Interest expenses	501,203	562,355
Investment unit issuance expenses	62,950	49,399
Borrowing related expenses	105,568	120,564
Decrease (increase) in operating accounts receivable	(10,190)	(83,895)
Decrease (increase) in consumption taxes refund receivable	359,151	(5,083)
Increase (decrease) in accrued consumption taxes	324,818	(324,818)
Decrease (increase) in prepaid expenses	107,120	(147,887)
Decrease from sales of property, plant and equipment in trust	1,611,869	–
Increase (decrease) in operating accounts payable	43,719	(142,794)
Increase (decrease) in accrued expenses	34,319	35,193
Increase (decrease) in advances received	(25,091)	11,581
Decrease (increase) in long-term prepaid expenses	(41,948)	(43,623)
Other, net	(5,807)	(6,538)
Subtotal	8,787,107	6,215,250
Interest income received	3,932	1,604
Interest expenses paid	(452,221)	(509,393)
Income taxes paid	(1,056)	(192)
Net cash provided by (used in) operating activities	8,337,761	5,707,269
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(12,664,006)	(34,385,143)
Repayments of tenant leasehold and security deposits in trust	(750,334)	(287,375)
Proceeds from tenant leasehold and security deposits in trust	678,164	1,598,092
Other, net	(150)	(846)
Net cash provided by (used in) investing activities	(12,736,326)	(33,075,273)
Cash flows from financing activities		
Increase in short-term loans payable	7,398,405	3,849,536
Decrease in short-term loans payable	(5,000,000)	(3,850,000)
Proceeds from long-term loans payable	19,196,865	15,054,812
Decrease in long-term loans payable	(12,000,000)	(7,000,000)
Proceeds from issuance of investment corporation bonds	–	1,984,332
Proceeds from issuance of investment units	–	20,655,664
Dividends paid	(4,580,483)	(4,789,235)
Other, net	(24,180)	(15,654)
Net cash provided by (used in) financing activities	4,990,606	25,889,457
Net increase (decrease) in cash and cash equivalents	592,041	(1,478,546)
Cash and cash equivalents at beginning of period	12,750,483	13,342,524
Cash and cash equivalents at end of period	*1 13,342,524	*1 11,863,978

VII. Notes to Financial Statements

Notes on Assumption of Going Concern

Not applicable

Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table> <tr> <td>Buildings</td><td>2 to 70 years</td></tr> <tr> <td>Structures</td><td>2 to 60 years</td></tr> <tr> <td>Machinery and equipment</td><td>2 to 33 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr> </table> <p>(2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	2 to 70 years	Structures	2 to 60 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 60 years								
Machinery and equipment	2 to 33 years								
Tools, furniture and fixtures	2 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure.</p> <p>(2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.</p>								
3. Accounting for income and expenses	<p>Property-related taxes</p> <p>For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business.</p> <p>The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. Taxes on property, plant and equipment capitalized as part of the acquisition cost of properties amounted to ¥3,955 thousand.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment.</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 ensuring the fulfillment of the requirements of special treatment.</p>								
5. Scope of cash (cash and cash equivalents) in the statements of cash flows	Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.								

6. Other important matters related to the preparation of financial statements	<p>(1) Accounting method for trust beneficiary right with real estate, etc. as trust asset With regard to trust beneficiary right with real estate, etc. in holding as trust asset, all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of operations. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets.</p> <ul style="list-style-type: none"> i) Cash and deposits in trust 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 iii) Tenant leasehold and security deposits in trust <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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Notes to Balance Sheets

1. Commitment Line Contracts

The Investment Corporation has the commitment line contracts with four of the banks.

	As of November 30, 2015	As of May 31, 2016
Total amount specified in the commitment line contracts	¥16,000,000 thousand	¥16,000,000 thousand
Loan balance	—	—
Net balance	¥16,000,000 thousand	¥16,000,000 thousand

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

	As of November 30, 2015	As of May 31, 2016
	¥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, 2015 to November 30, 2015)		Current fiscal period (From December 1, 2015 to May 31, 2016)	
A. Real estate leasing business revenues				
Lease business revenue				
Rent	7,995,439		8,659,816	
Common service fees	551,704		622,892	
Parking lot fees	167,202		177,735	
Other rent revenue	66,608	8,780,954	67,818	9,528,262
Other lease business revenue		719,892		647,599
Total real estate leasing business revenues		9,500,847		10,175,862
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	822,028		869,553	
Utilities expenses	658,114		629,540	
Tax and public dues	643,543		649,062	
Insurance	6,793		7,136	
Repair and maintenance expenses	202,545		78,425	
Depreciation	925,248		989,702	
Loss on retirement of non-current assets	2,862		0	
Other expenses related to rent business	161,476	3,422,612	175,811	3,399,234
Total real estate leasing business expenses		3,422,612		3,399,234
C. Income from real estate leasing business (A – B)		6,078,235		6,776,628

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

Previous fiscal period (From June 1, 2015 to November 30, 2015)

(Unit: Thousands of yen)

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Income from sales of real estate properties	1,880,000
Costs of sales of real estate properties	1,611,869
Other costs of sales	67,750
Gain on sales of real estate properties	200,380

Current fiscal period (From December 1, 2015 to May 31, 2016)

Not applicable

*3. Transactions with Major Unitholders

(Unit: Thousands of yen)

	Previous fiscal period (From June 1, 2015 to November 30, 2015)	Current fiscal period (From December 1, 2015 to May 31, 2016)
Operating transactions		
Lease business revenue	1,935,495	1,937,035
Other lease business revenue	188,396	153,328
Expenses related to rent business	77,096	79,767

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, 2015 to November 30, 2015)	Current fiscal period (From December 1, 2015 to May 31, 2016)
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	554,264 units	599,654 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, 2015 to November 30, 2015)	Current fiscal period (From December 1, 2015 to May 31, 2016)
Cash and deposits	¥10,356,687 thousand	¥7,850,554 thousand
Cash and deposits in trust	¥2,985,837 thousand	¥4,013,423 thousand
Cash and cash equivalents	¥13,342,524 thousand	¥11,863,978 thousand

Notes to Lease Rental Revenues

The Investment Corporation leases properties on which rental revenues are earned. As of November 30, 2015 and May 31, 2016, future lease revenues under non-cancelable operating leases are summarized as follows:

	As of November 30, 2015	As of May 31, 2016
Due within one year	¥9,525,080 thousand	¥11,028,815 thousand
Due after one year	¥47,113,916 thousand	¥49,474,207 thousand
Total	¥56,638,996 thousand	¥60,503,022 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 fund-raising 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, 2015, 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	10,356,687	10,356,687	–
(2) Cash and deposits in trust	2,985,837	2,985,837	–
Total assets	13,342,524	13,342,524	–
(1) Short-term loans payable	2,400,000	2,400,000	–
(2) Current portion of long-term loans payable	19,000,000	19,031,316	31,316
(3) Investment corporation bonds	8,000,000	8,059,778	59,778
(4) Long-term loans payable	107,500,000	108,640,246	1,140,246
Total liabilities	136,900,000	138,131,341	1,231,341
Derivative transactions	–	–	–

Carrying amounts, fair values, and the differences between the two values as of May 31, 2016, 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	7,850,554	7,850,554	—
(2) Cash and deposits in trust	4,013,423	4,013,423	—
Total assets	11,863,978	11,863,978	—
(1) Short-term loans payable	2,400,000	2,400,000	—
(2) Current portion of long-term loans payable	26,400,000	26,406,389	6,389
(3) Investment corporation bonds	10,000,000	10,233,115	233,115
(4) Long-term loans payable	108,350,000	110,699,489	2,349,489
Total liabilities	147,150,000	149,738,995	2,588,995
Derivative transactions	—	—	—

(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 long-term loans payable, (4) 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).

(3) 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.

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, 2015	As of May 31, 2016
Tenant leasehold and security deposits in trust *1	13,511,215	14,821,932

*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, 2015)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	10,356,687	—	—	—	—	—
Deposits in trust	2,985,837	—	—	—	—	—
Total	13,342,524	—	—	—	—	—

Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (May 31, 2016)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	7,850,554	—	—	—	—	—
Deposits in trust	4,013,423	—	—	—	—	—
Total	11,863,978	—	—	—	—	—

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (November 30, 2015)

(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	2,400,000	—	—	—	—	—
Investment corporation bonds	—	—	—	4,000,000	2,000,000	2,000,000
Long-term loans payable	19,000,000	26,400,000	20,900,000	17,200,000	7,300,000	35,700,000
Total	21,400,000	26,400,000	20,900,000	21,200,000	9,300,000	37,700,000

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (May 31, 2016)

(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	2,400,000	—	—	—	—	—
Investment corporation bonds	—	—	4,000,000	2,000,000	—	4,000,000
Long-term loans payable	26,400,000	20,900,000	18,500,000	18,000,000	12,000,000	38,950,000
Total	28,800,000	20,900,000	22,500,000	20,000,000	12,000,000	42,950,000

Notes on Derivative Transactions

1. Derivative transaction to which hedge accounting is not applied

(As of November 30, 2015)

Not applicable

(As of May 31, 2016)

Not applicable

2. Derivative transaction to which hedge accounting is applied

(As of November 30, 2015)

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		
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	10,000,000	10,000,000	*	—

* 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 (4), 2. Matters Regarding Fair Values of Financial Instruments, Notes on Financial Instruments.”)

(As of May 31, 2016)

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		
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	10,000,000	10,000,000	*	—

* 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 (4), 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, 2015	As of May 31, 2016
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥11 thousand	¥16 thousand
Total deferred tax assets	¥11 thousand	¥16 thousand
Net deferred tax assets	¥11 thousand	¥16 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, 2015	As of May 31, 2016
Effective statutory tax rate	32.31%	32.31%
(Adjustments)		
Distributions paid included in deductibles	(32.30)%	(32.30)%
Other	0.01%	0.01%
Effective income tax rate after application of tax effect accounting	0.02%	0.02%

3. Tax Rate Change in Line with Revision to Income Taxes

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Revision, etc. of the Local Tax Act, etc.” (Act No. 13 of 2016) were promulgated on March 31, 2016, and the tax rates for income taxes were revised from the fiscal period beginning on or after April 1, 2016. In conjunction with this, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for the current fiscal period was changed to 31.74% from the previous tax rate of 32.31%. The impact of this change is immaterial.

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

Previous fiscal period (From June 1, 2015 to November 30, 2015)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.35%	None	Major unitholder, and rent and management of properties	Receipt of tenant leasehold and security deposits	51,790	Tenant leasehold and security deposits in trust	2,469,938
								Repayments of tenant leasehold and security deposits	4,303,341		
								Rental revenues, etc.	2,123,891	Operating accounts receivable	83,504
										Advances received	57,998

Current fiscal period (From December 1, 2015 to May 31, 2016)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.32%	None	Major unitholder, and rent and management of properties	Purchase of beneficiary rights of real estate in trust	13,350,000	—	—
								Acceptance of tenant leasehold and security deposits	451,675	Tenant leasehold and security deposits in trust	2,494,102
								Receipt of tenant leasehold and security deposits	67,440		
								Repayments of tenant leasehold and security deposits	43,276		
								Rental revenues, etc.	2,090,363	Operating accounts receivable	77,034
										Advances received	60,594

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

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

2. Affiliates, etc.

Previous fiscal period (From June 1, 2015 to November 30, 2015)

Not applicable

Current fiscal period (From December 1, 2015 to May 31, 2016)

Not applicable

3. Sister companies, etc.

Previous fiscal period (From June 1, 2015 to November 30, 2015)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	—	None	Subsidiary of major unitholder	Receipt of tenant leasehold and security deposits	142,051	Tenant leasehold and security deposits in trust	4,927,191
								Repayments of tenant leasehold and security deposits	98,820		
								Rental revenues, etc.	3,524,840	Operating accounts receivable	131,999
										Advances received	382
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	—	One interlocking officer	Asset manager	Payment of fees for asset management	795,854	Other accrued expenses	276,326

Current fiscal period (From December 1, 2015 to May 31, 2016)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relation				
Subsidiary of major unitholder	Classer LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	1	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	20,400,000	—	—
								Acceptance of tenant leasehold and security deposits	731,843	—	—
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	—	None	Subsidiary of major unitholder	Delivery of tenant leasehold and security deposits	451,675	Tenant leasehold and security deposits in trust	5,388,994
								Receipt of tenant leasehold and security deposits	477,316		
								Repayments of tenant leasehold and security deposits	15,513		
								Rental revenues, etc.	3,745,187	Operating accounts receivable	137,603
										Advances received	1,980
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	16-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	—	One interlocking officer	Asset manager	Payment of fees for asset management	915,773	Other accrued expenses	306,870

(Note 1) The amount of Payment of fees for asset management above is in accordance with the terms set forth in the Articles of Incorporation of the Investment Corporation.

(Note 2) Of the amounts above, the transaction amount does not include consumption taxes, and the ending balance includes consumption taxes.

(Note 3) The transaction terms are based on current market practices.

4. Directors and major individual unitholders

Previous fiscal period (From June 1, 2015 to November 30, 2015)

Not applicable

Current fiscal period (From December 1, 2015 to May 31, 2016)

Not applicable

Notes on Investment and Rental Properties

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

(Unit: Thousands of yen)

Use		Previous fiscal period (From June 1, 2015 to November 30, 2015)	Current fiscal period (From December 1, 2015 to May 31, 2016)
Urban Retail Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	129,968,262	129,841,119
	Changes during period	(127,142)	13,144,133
	Balance at end of period	129,841,119	142,985,252
	Fair value at end of period	152,755,000	170,085,000
Tokyo Office Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	97,224,657	109,126,813
	Changes during period	11,902,155	20,265,716
	Balance at end of period	109,126,813	129,392,529
	Fair value at end of period	118,730,000	141,970,000
Other Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	56,119,072	54,335,670
	Changes during period	(1,783,402)	(169,454)
	Balance at end of period	54,335,670	54,166,215
	Fair value at end of period	60,870,000	61,660,000
Total	Carrying amount on the balance sheets		
	Balance at beginning of period	283,311,992	293,303,602
	Changes during period	9,991,610	33,240,395
	Balance at end of period	293,303,602	326,543,997
	Fair value at end of period	332,355,000	373,715,000

(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 two properties (Q plaza SHINSAIBASHI and Shiodome Building (additional acquisition of 10% co-ownership interest)) worth ¥33,943,100 thousand. The decrease is mainly due to the provision of depreciation worth ¥989,702 thousand.

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

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

Segment Information

Segment Information for the fiscal periods ended November 30, 2015 and May 31, 2016 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, 2015 to November 30, 2015)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Land SC Management Corporation	3,524,840	Property rental business
Tokyu Community Corporation	2,975,322	Property rental business
Tokyu Land Corporation	2,123,891	Property rental business

Current fiscal period (From December 1, 2015 to May 31, 2016)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Land SC Management Corporation	3,745,187	Property rental business
Tokyu Community Corporation	3,107,742	Property rental business
Tokyu Land Corporation	2,090,363	Property rental business

Per Unit Information

	Previous fiscal period (From June 1, 2015 to November 30, 2015)	Current fiscal period (From December 1, 2015 to May 31, 2016)
Net assets per unit	¥280,661	¥294,719
Basic earnings per unit	¥8,642	¥8,722

(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 554,264 units and current fiscal period 595,758 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, 2015 to November 30, 2015)	Current fiscal period (From December 1, 2015 to May 31, 2016)
Profit (Thousands of yen)	4,789,965	5,196,705
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	4,789,965	5,196,705
Average number of investment units for the period (Units)	554,264	595,758

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)
			Portion due after one year	
Over-the-counter	Interest rate swaps Receive floating Pay fixed	10,000,000	10,000,000	—
	Total	10,000,000	10,000,000	—

(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.

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 (Note 1)	62,998,720	4,045,960	895	67,043,786	5,263,878	937,369	61,779,907
	Structures in trust	541,463	24,001	—	565,465	83,894	14,181	481,570
	Machinery and equipment in trust	1,231,423	33,441	—	1,264,865	179,609	29,705	1,085,255
	Tools, furniture and fixtures in trust	73,944	3,193	—	77,138	31,583	8,243	45,554
	Land in trust (Note 1)	228,459,519	30,124,687	—	258,584,206	—	—	258,584,206
	Construction in progress in trust	4,879	3,048	3,824	4,102	—	—	4,102
	Subtotal	293,309,951	34,234,332	4,720	327,539,564	5,558,967	989,500	321,980,596
Intangible Assets	Leasehold rights in trust	4,562,628	—	—	4,562,628	—	—	4,562,628
	Other (Note 2)	4,610	—	—	4,610	2,904	461	1,706
	Subtotal	4,567,239	—	—	4,567,239	2,904	461	4,564,334
Total		297,877,190	34,234,332	4,720	332,106,803	5,561,871	989,961	326,544,931

(Note 1) The main reason for the increase in the fiscal period ended May 31, 2016 is the acquisition of 2 properties (Shiodome Building and Q plaza SHINSAIBASHI).

(Note 2) “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	0.770%	February 3, 2026	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
Total	–	8,000,000	–	10,000,000	–	–	–	–

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

(Unit: Thousands of yen)

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

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	–	450,000	450,000	–	0.25627%	May 31, 2016	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	–	450,000	450,000	–	0.25627%	May 31, 2016	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	–	450,000	450,000	–	0.25627%	May 31, 2016	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	450,000	450,000	–	0.25627%	May 31, 2016	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	–	225,000	225,000	–	0.25627%	May 31, 2016	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	–	225,000	225,000	–	0.25627%	May 31, 2016	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	–	400,000	400,000	–	0.39864%	May 31, 2016	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	–	400,000	400,000	–				
	Mizuho Bank, Ltd.	–	400,000	400,000	–				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	400,000	400,000	–				
	Sumitomo Mitsui Trust Bank, Limited	2,400,000	–	–	2,400,000	0.23456%	June 30, 2016	(Note 2)	Unsecured, non-guaranteed
	Total	2,400,000	3,850,000	3,850,000	2,400,000				
Long-term loans payable (Note 3)	Sumitomo Mitsui Trust Bank, Limited	1,400,000	–	1,400,000	–	0.27494%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,400,000	–	1,400,000	–	0.27494%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,400,000	–	1,400,000	–	0.27494%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,400,000	–	1,400,000	–	0.27494%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	700,000	–	700,000	–	0.27494%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	700,000	–	700,000	–	0.27494%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	–	–	3,000,000	0.86572%	June 13, 2016	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	–	–	3,000,000				
	Mizuho Bank, Ltd.	3,000,000	–	–	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	–	–	3,000,000				
	Sumitomo Mitsui Banking Corporation	6,000,000	–	–	6,000,000	0.26456%	December 13, 2016	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	2,400,000	–	–	2,400,000	0.23656%	December 26, 2016	(Note 2)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	2,000,000	–	–	2,000,000	0.26956%	March 31, 2017	(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				
	The Gunma Bank, Ltd.	500,000	–	–	500,000				
	Shinkin Central Bank	500,000	–	–	500,000				
	Sumitomo Mitsui Trust Bank, 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 3)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000	0.95315%	June 13, 2017	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000				
	Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	780,000	—	—	780,000	0.49815%	January 9, 2018	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	780,000	—	—	780,000	0.49815%	January 9, 2018	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	780,000	—	—	780,000	0.49815%	January 9, 2018	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	780,000	—	—	780,000	0.49815%	January 9, 2018	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	390,000	—	—	390,000	0.49815%	January 9, 2018	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	390,000	—	—	390,000	0.49815%	January 9, 2018	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	5,000,000	—	—	5,000,000	0.68315% (Note 5)	March 31, 2018	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000	1.06309%	June 13, 2018	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	250,000	—	—	250,000	0.52304%	January 9, 2019	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	250,000	—	—	250,000	0.52304%	January 9, 2019	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	6,000,000	—	—	6,000,000	1.19051%	June 13, 2019	(Note 2)	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 3)	Sumitomo Mitsui Trust Bank, Limited	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	170,000	—	—	170,000	0.54352%	July 9, 2019	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	170,000	—	—	170,000	0.54352%	July 9, 2019	(Note 2)	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 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	80,000	—	—	80,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	80,000	—	—	80,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	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
	The Bank of Tokyo-Mitsubishi UFJ, 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 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	530,000	—	—	530,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	530,000	—	—	530,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 3)	Sumitomo Mitsui Trust Bank, Limited	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	670,000	—	—	670,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	670,000	—	—	670,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	420,000	—	—	420,000	0.73690%	January 9, 2022	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	420,000	—	—	420,000	0.73690%	January 9, 2022	(Note 2)	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				
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	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
	The Bank of Tokyo-Mitsubishi UFJ, 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 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	200,000	—	200,000	0.65691%	June 15, 2022	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	200,000	—	200,000	0.65691%	June 15, 2022	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	200,000	—	200,000	0.65691%	June 15, 2022	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	—	100,000	—	100,000	0.65691%	June 15, 2022	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	100,000	—	100,000	0.65691%	June 15, 2022	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	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
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 3)	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	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
	The Bank of Tokyo-Mitsubishi UFJ, 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 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	625,000	—	625,000	0.75387%	June 15, 2023	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	1,400,000	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	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
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	1,400,000	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	—	700,000	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	700,000	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	1,200,000	—	1,200,000	0.85377%	June 17, 2024	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	1,200,000	—	1,200,000	0.85377%	June 17, 2024	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	1,200,000	—	1,200,000	0.85377%	June 17, 2024	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	1,200,000	—	1,200,000	0.85377%	June 17, 2024	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	—	600,000	—	600,000	0.85377%	June 17, 2024	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	600,000	—	600,000	0.85377%	June 17, 2024	(Note 2)	Unsecured, non-guaranteed
	Total	126,500,000	15,250,000	7,000,000	134,750,000				

- (Note 1) Weighted average rate, rounding to the sixth decimal place.
- (Note 2) Use of the borrowings is acquisition of the real estate trust beneficiary interests.
- (Note 3) Long-term loans payable include current portion.
- (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) 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	26,400,000	20,900,000	18,500,000	18,000,000	12,000,000

Independent Auditor's Report



Ernst & Young ShinNihon LLC
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Tokyo 100-0011, Japan
Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

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, 2016, 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, 2016, 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 24, 2016
Tokyo, Japan

Overview of API

Structure



Profile

Name	Activia Properties Inc.
Executive Director	Michie Kawai
Address	Shin-Aoyama Building East 14F, 1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo, Japan
Contact	TLC Activia Investment 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)

Overview of the Asset Manager

Overview of the Asset Manager

Corporate name	TLC Activia Investment Management Inc.
Established	November 15, 2010
Capital	¥300 million
Shareholder	Tokyu Land Corporation 100%
President and CEO	Michie Kawai
Registration & License	Building Lots and Building Transactions Business License (Governor of Tokyo (2) No. 92551) Discretionary Transaction Agent License (Minister of Land, Infrastructure and Transportation Approval No. 67) Licensed Financial Instrument Trader (kinsho) Kanto Local Finance Bureau License No. 2551 Member of the Investment Trusts Association, Japan (general incorporated association) The Association for Real Estate Securitization

Characteristics Inherited from Tokyu Land Corporation

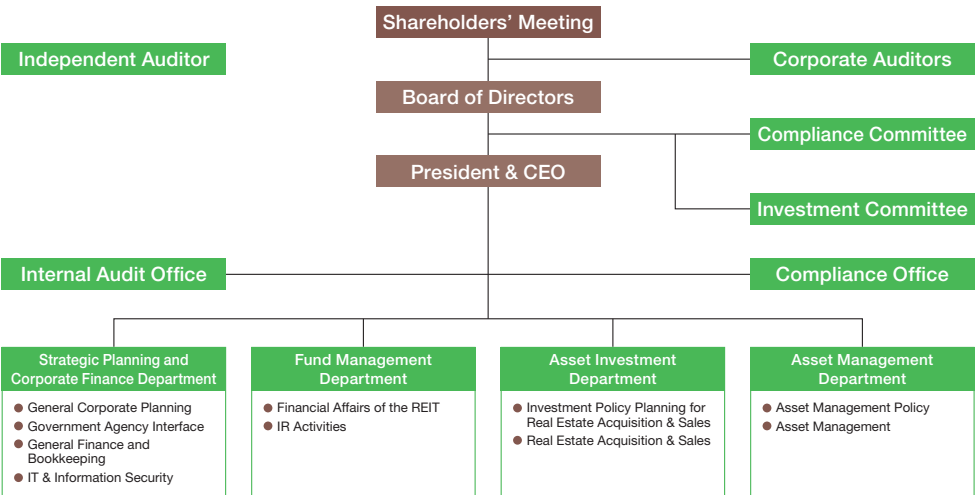
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyu Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses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

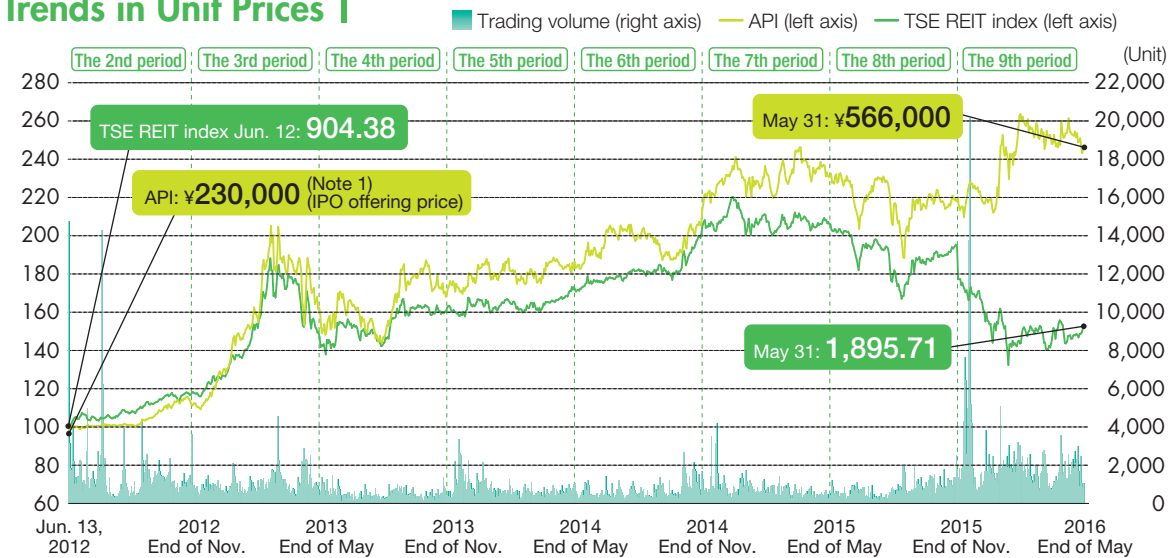
As an asset manager, each staff member is required to work proactively (take the initiative, look ahead and improve the situation). As an asset manager, we will manage and take good care of individual properties as a matter of course, and we will closely observe the changing market environment (the real estate, leasing and financial markets) and take immediate measures to achieve stable management of assets from a medium- to long-term perspective.

Asset Manager Organizational Chart



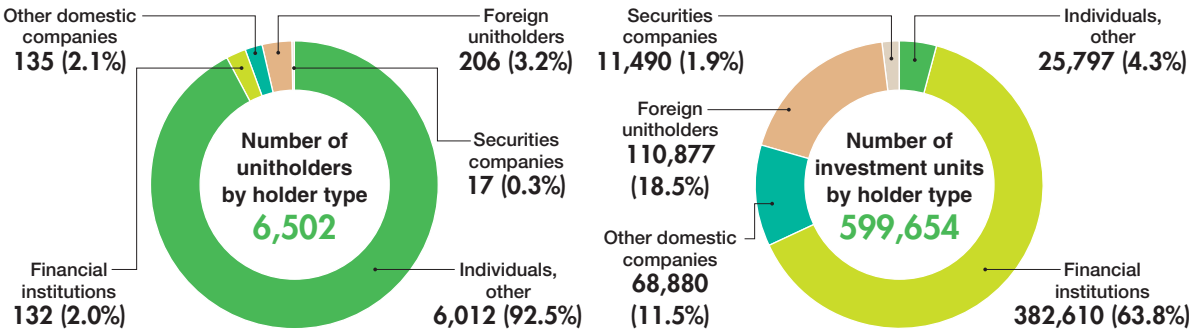
Information on Unitholders

Trends in Unit Prices



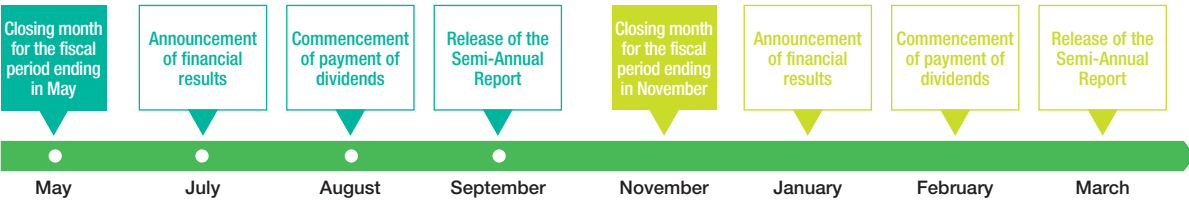
(Note 1) API implemented a 2-for-1 investment unit split with October 1, 2015 as the effective date. To reflect the split, the issue price is indicated as ¥230,000 (half of ¥460,000).
 (Note 2) Regarding API's investment unit prices, daily closing prices were indexed from the listing date with the issue price = 100.
 (Note 3) Regarding the Tokyo Stock Exchange REIT Index, daily closing prices were indexed from the listing date with a closing price of June 12, 2012 = 100.

Distribution of Unitholders



(Note) API implemented a 2-for-1 investment unit split, with October 1, 2015 as the effective date.

Annual Schedule



API Website

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

URL

<http://www.activia-reit.co.jp/english>



Unitholder Memo

Account closing dates	May 31 and November 30
Unitholders' meeting	To be held at least once every two years
Record date	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	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo 168-0003, Japan Sumitomo Mitsui Trust Bank, Limited
Address of administrator of unitholders' registry	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo 168-0003, Japan Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited Tel: 0120-782-031 (toll-free, available within Japan only) URL: http://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	Nihon Keizai Shimbun

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

Please contact the securities company.

Dividends

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

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

Telephone inquiries	Stock Transfer Agency Department, 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