



8<sup>th</sup>

## Semi-Annual Report for the 8th Period

From June 1, 2015 to November 30, 2015

**Activia Properties Inc.**

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





## Semi-Annual Report for the 8th Period

From June 1, 2015 to November 30, 2015

### ► Cash Distributions (Result)

The 8th Period (November 30, 2015)

Cash distributions per unit

¥8,642

### ► Cash Distributions (Forecast)

The 9th Period (May 31, 2016)

Cash distributions per unit

¥8,529

The 10th Period (November 30, 2016)

Cash distributions per unit

¥8,651

(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** by 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, work proactively and manage properties to improve 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

## Contents

04	Message	25	Overview of the Asset Manager
06	Topics for the 8th Period	27	I. Asset Management Report
10	Topics for the 9th Period and Onwards	54	II. Balance Sheets
11	Financial Situation	56	III. Statements of Operations
12	API's Basic Policy	57	IV. Statements of Changes in Unitholders' Equity
14	Portfolio List	58	V. Statements of Cash Distributions
15	Portfolio Map	59	VI. Statements of Cash Flows
16	Properties Acquired in the 8th Period	60	VII. Notes to Financial Statements
17	Properties Acquired in the 9th Period	76	VIII. Schedule of Financial Statements
18	Properties Acquired before the 7th Period	82	Independent Auditor's Report
25	Overview of API	83	Information on Unitholders

# API 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 8th period (from June 1, 2015 to November 30, 2015). I wish to again express my gratitude to you for your understanding and support.

During the 8th period, ended November 30, 2015, the Japanese economy continued to follow a path of moderate recovery, despite the economic slowdown in China and other emerging nations adversely affecting exports and production. This reflected firm personal consumption amid an ongoing trend of improvement in the employment environment, underpinned by robust corporate earnings.

In the urban retail property market, in addition to stable consumer confidence, we anticipate ongoing growth in demand related to inbound tourism, as travel expenditures by overseas visitors to Japan continue to increase.

In the rental office market, against the backdrop of rising demand for expansion and relocation by companies, the vacancy rate in central Tokyo continues to hover at a low level and rent levels continue to rebound.

In these circumstances, during the 8th period API took steps to strategically reshuffle its asset portfolio through the disposition of icot Kongo with a transfer price of ¥1,880 million,

which exceeded the appraisal value and the book value, and the acquisition of Frontier Ebisu (with an acquisition price of ¥7,072 million) in July 2015. API also acquired the Shibuya Konnoh Building (with an acquisition price of ¥4,810 million) in October 2015. These two properties, which are in our “Tokyo Office Properties” portfolio of focused investment properties, were acquired from third parties through the sourcing of TLC Activia Investment Management Inc., the asset manager.

As for the occupancy rate, we have continuously maintained it at a high level. The occupancy rate at the end of each month for all properties was maintained at more than 99.2% through the 8th period.

As a result, for the 8th period, API achieved ¥9,701 million in operating revenue, ¥5,460 million in operating income, ¥4,789 million in net income and ¥8,642 in distributions per unit, all of which exceeded our forecasts.

Furthermore, through the third public offering in December 2015, we acquired two properties (with a total acquisition price of ¥33,750 million), Q plaza SHINSAIBASHI and the Shiodome Building (with an additional 10%

co-ownership interest), which are categorized as our focused investment targets of “Urban Retail Properties” and “Tokyo Office Properties,” respectively. Through the acquisition, API expanded its portfolio to 32 properties and its total acquisition price to ¥326,660 million, and expanded the relative portion of Urban Retail and Tokyo Office Properties to 83.2% of the portfolio.

Consequently, the forecasted distributions per unit for the 9th period have been changed to ¥8,529, which exceeds our initial forecast by ¥217 and will contribute to increasing our unitholder value.

From the 9th period onward, API will seek to maximize unitholder value over the medium to long term by pursuing external growth (acquisition of assets) and internal growth (maintaining the high occupancy rate and achieving upward rent revisions). 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.

## Financial Highlights (Millions of yen)

	The 7th Period	The 8th Period
Operating revenue	¥ 9,120	¥ <b>9,701</b>
Operating income	¥ 5,199	¥ <b>5,460</b>
Ordinary income	¥ 4,583	¥ <b>4,790</b>
Profit	¥ 4,582	¥ <b>4,789</b>

	The 7th Period	The 8th Period
Total assets	¥ 297,466	¥ <b>307,746</b>
Net assets	¥ 155,353	¥ <b>155,560</b>
Unitholders' equity to total assets (%)	52.2	<b>50.5</b>
Net assets per unit (yen) <sup>(Note)</sup>	¥ 280,287	¥ <b>280,661</b>

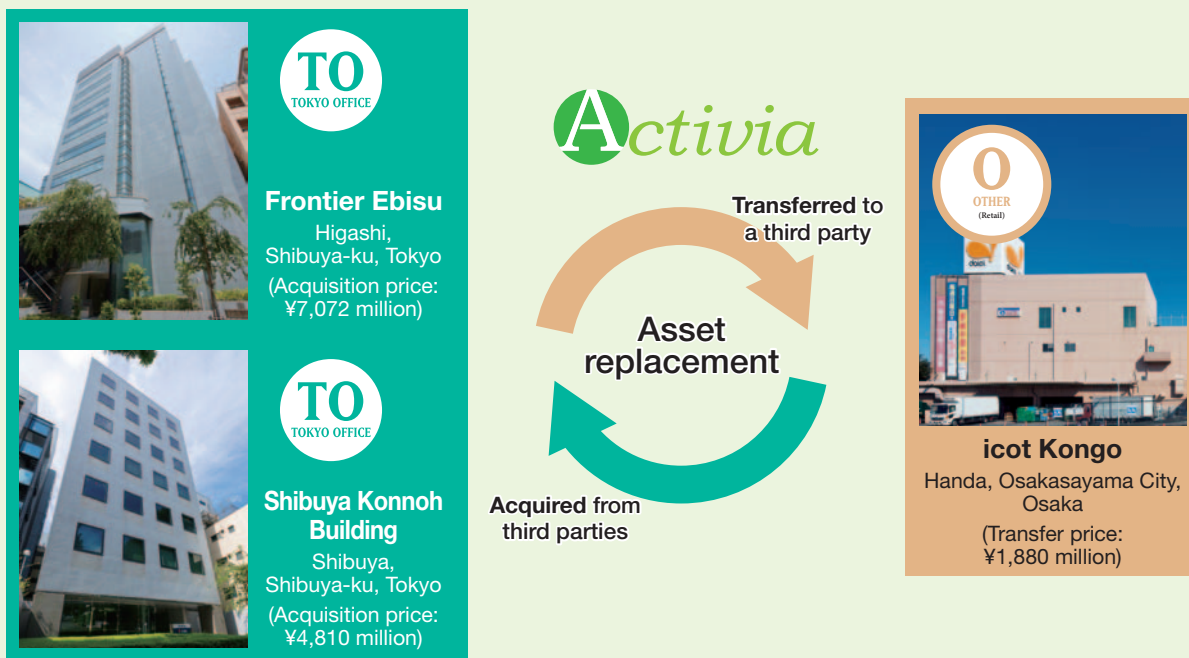
(Note) API implemented a 2-for-1 investment unit split with October 1, 2015 as the effective date.

# TOPICS

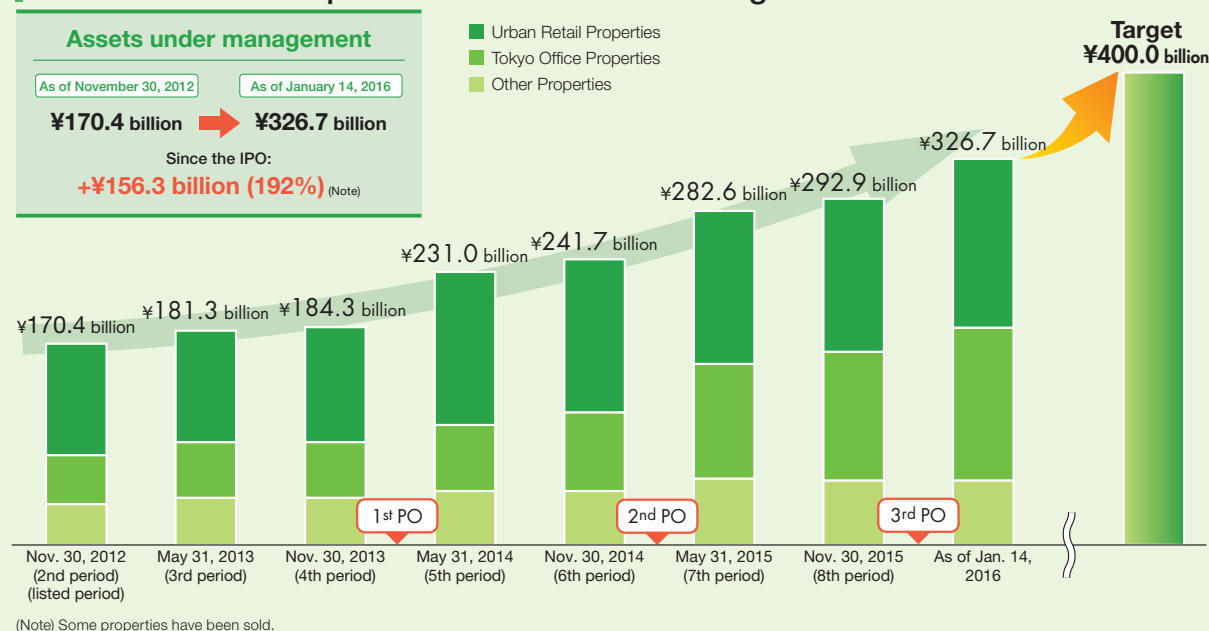
## 1 Continuous Expansion of Assets under Management

### Strategic replacement of assets

- During the 8th period, API carried out a reshuffle of its asset portfolio through the disposition of icot Kongo, which had been in the "Other Properties" category, and the acquisition of Frontier Ebisu and the Shibuya Konnoh Building, both of which are in our "Tokyo Office Properties" category of focused investment properties.



### Trends in the development of assets under management



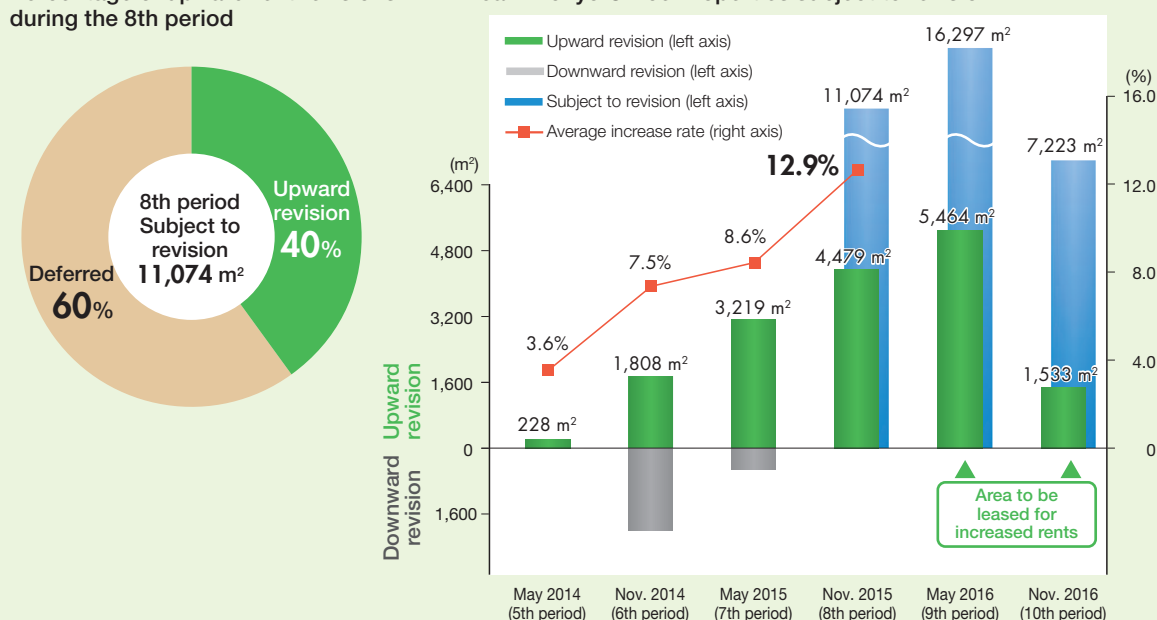
## 2 Achievement of Internal Growth

### Steady achievement of upward rent revisions for Tokyo Office Properties

- Out of rented space of 3,350 *tsubo* (11,074 m<sup>2</sup>) for which leases were renewed during the 8th period, API achieved upward rent revisions for approximately 40% (with an average rate of increase of 12.9%).

Percentage of upward rent revisions during the 8th period

Area in Tokyo Office Properties subject to revision



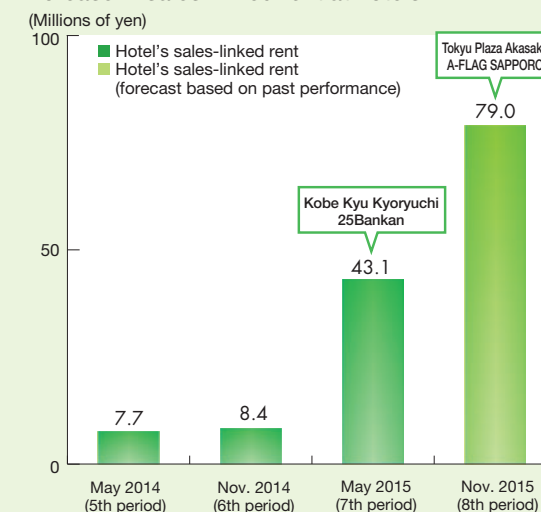
### Increase in sales-linked rent at hotels

- The increase in sales-linked rent at hotels contributed to the upside for revenues, supported by steady domestic accommodation demand and strong inbound tourism demand, among other factors.
- Three properties in the Urban Retail Properties that API owns have hotel sections, and the total number of guest rooms is 1,178.

API's assets with a hotel section



Increase in sales-linked rent at hotels



# 3 Financial Strategy

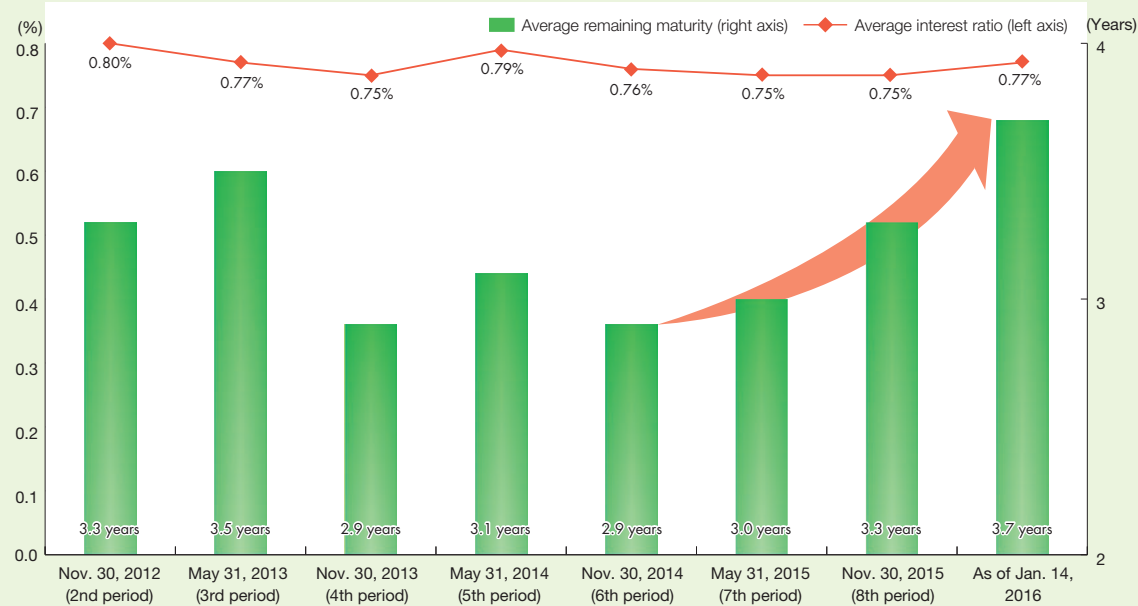
## Change in the rating outlook

- In September 2015, API's long-term issuer rating outlook by JCR was revised to "AA- (Positive Outlook)."

Rating agency	Type of Credit Rating	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating	AA-	Stable ► <b>Positive</b>

## Extending of the average remaining maturity

- API managed to improve its financial stability by extending the average remaining maturity and diversifying repayment dates for interest-bearing debt, while monitoring funding costs.
- We have put in place a financial strategy that contributes to unitholder value, and established a stable financial base through a diversification of funding methods, such as by issuing new investment corporation bonds at low interest rates in April 2015.



## Increasing the commitment line

- To secure a flexible and stable funding measure, API set a new commitment line of ¥4 billion in September 2015.

Sep. 2015				
May 31, 2015 (7th period)	Total amount: ¥ 12 billion	Additionally set ¥ 4 billion	As of Jan. 14, 2016	Total amount: ¥ 16 billion

# 4 Implementation of an Investment Unit Split

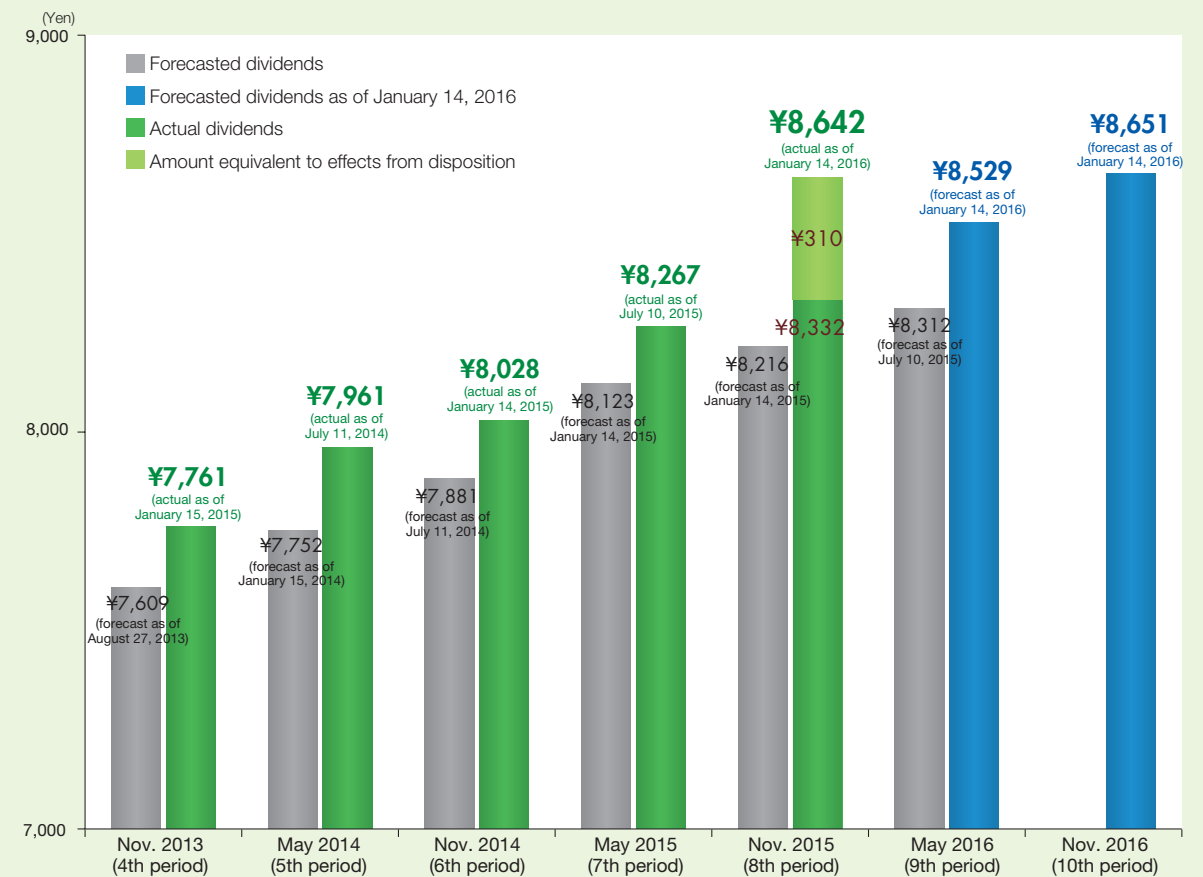
- API implemented a 2-for-1 investment unit split with September 30, 2015 as the record date and October 1, 2015 as the effective date. By reducing the per unit price, our objective was to enable investors to more easily purchase our units, thereby broadening our investor base and improving the liquidity of our units.

Record date	Sep. 30	Effective date	Oct. 1
Number of units issued and outstanding			
Before the split		After the split	
277,132 units		554,264 units (Note)	

(Note) The number of units after the public offering in December 2015 is 599,654.

# 5 Trends in Dividends

- In the 8th period, due to steady upward rent revisions and a rise in sales-linked rents, we were able to pay dividends of more than ¥8,500 ahead of schedule, which exceeded the preceding forecast for the next (9th) period of ¥8,312.
- We are aiming for the ¥9,000 level in the medium to long term.



(Note) To reflect a 2-for-1 investment unit split with October 1, 2015 as the effective date, the indicated figures up to the 7th period are half of the amount of the time.

# TOPICS

## Public Offering and Acquisition of New Properties

In December 2015, API made a public offering for the third time since its listing, raising approximately ¥20.8 billion. The funds raised were used for the acquisition of two properties from the Tokyu Fudosan Holdings Group at a total cost of approximately ¥33.8 billion. Consequently, assets under management increased to approximately ¥326.7 billion.

### Summary of public offering

Number of units issued	45,390 Domestic public offering: 23,720 International offering: 18,150 Third-party allotment: 3,520	Total issue price	¥20,762 million
The number of issued and outstanding investment units following the issuance of new investment units	599,654	Date of resolution of the issuance	November 26, 2015
Offer price	¥472,360 per unit	Pricing date	December 8, 2015
Issue price	¥457,418 per unit	Payment date	Public offering: December 15, 2015 Third-party allotment: January 6, 2016

### UR-10 Q plaza SHINSAIBASHI

A landmark building in Shinsaibashi, one of the busiest commercial districts in west Japan



Location	Shinsaibashi-suji, Chuo-ku, Osaka
Nearest station	1-minute walk from Shinsaibashi Station on the Osaka Subway Midosuji and other lines
Acquisition price	¥13,350 million
Appraisal value	¥13,400 million
% of appraisal value	99.6%
NOI yield	3.9%



### TO-12 Shiodome Building

(an additional 10% co-ownership interest)

From the sponsor group, we additionally acquired this state-of-the-art office building with a high scarcity value within the five central wards of Tokyo



Location	Kaigan, Minato-ku, Tokyo
Nearest station	3-minute walk from Hamamatsucho Station on JR Yamanote and other lines, and Daimon Station on Toei Oedo and Asakusa lines
Acquisition price	¥20,400 million
Appraisal value	¥20,700 million
% of appraisal value	98.6%
NOI yield	4.1%



## Financial Situation

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

### Key financial indicators

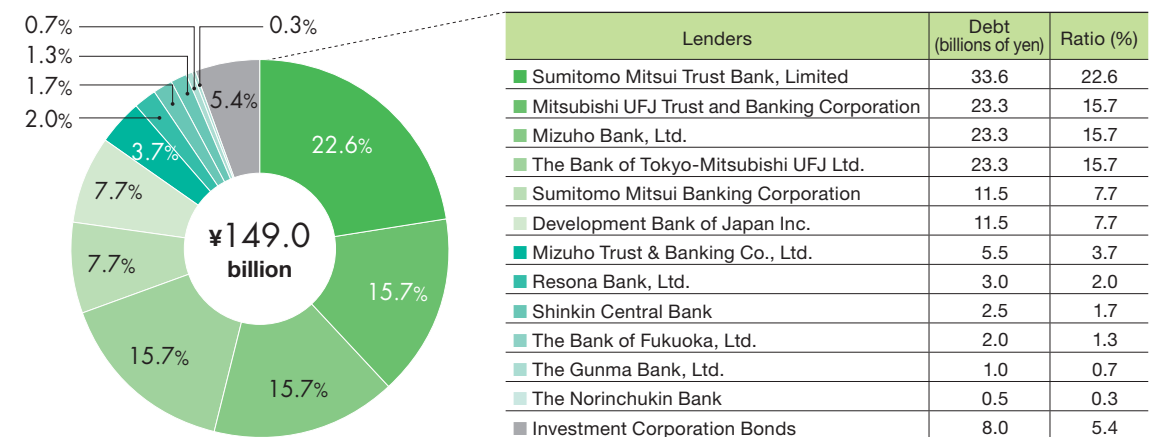
	May 2015 (7th period)	Nov. 2015 (8th period)	As of Jan. 14, 2016
Interest-bearing debt outstanding	¥127,100 million	¥136,900 million	¥149,000 million
LTV (Note 1)	42.7%	44.5%	43.6%
Long-term borrowing ratio (Note 2)	100% (85.1%)	98.2% (84.4%)	95.8% (82.1%)
Fixed interest ratio (Note 3)	85.1%	82.6%	86.1%
Average remaining maturity	3.0 years	3.3 years	3.7 years
Average interest ratio (Note 3)	0.75%	0.75%	0.77%

(Note 1) Balance of interest-bearing debt outstanding ÷ Total assets × 100. However, total assets as of January 14, 2016 are calculated as those at the end of the 8th period by adding the acquisition prices of two properties that were acquired during the 9th period.

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

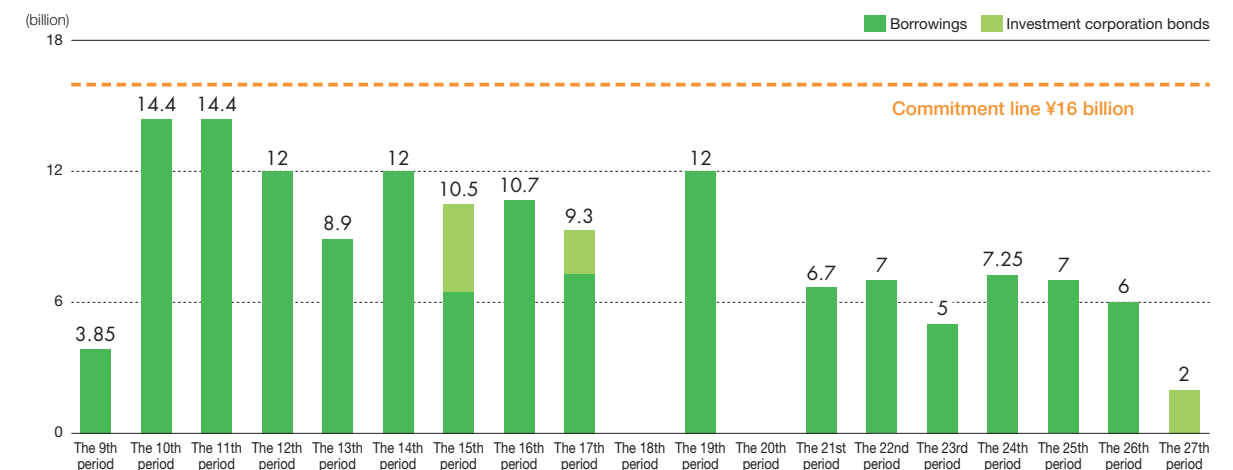
(Note 3) To hedge the risks arising from interest rate fluctuations, API has entered into interest rate swap agreements. Therefore, the figures reflect the effect of interest rate swaps (fixation of interest rate).

### Diversification of lenders (as of January 14, 2016)



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

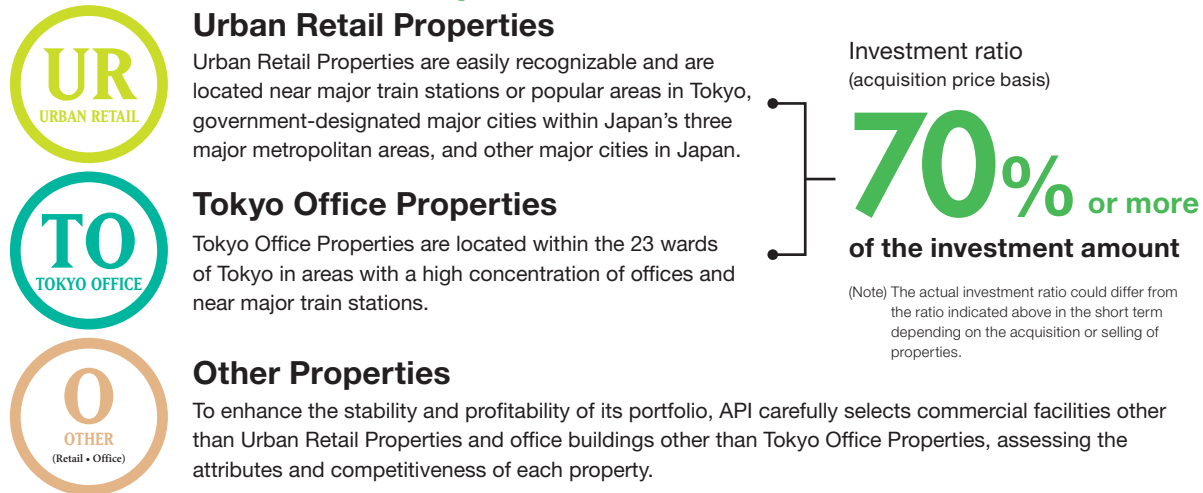
### Diversification of repayments of interest-bearing debt (as of January 14, 2016)



## API's Basic Policy

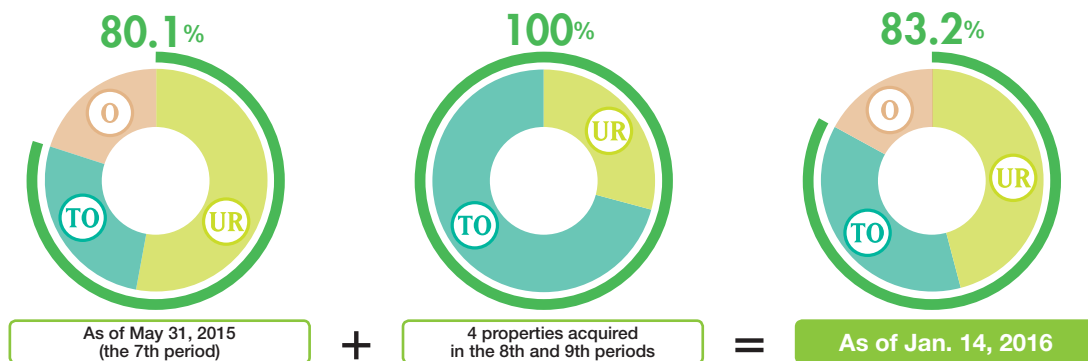
### Focused investments in Urban Retail and Tokyo Office Properties

#### Portfolio Construction Policy



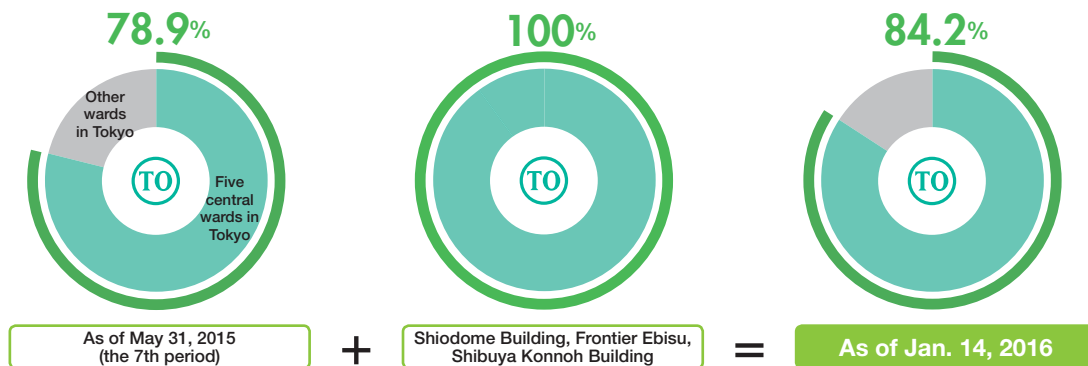
#### Maintenance of a High Investment Ratio of Focused Investments

Percentage of Urban Retail and Tokyo Office Properties to the entire portfolio



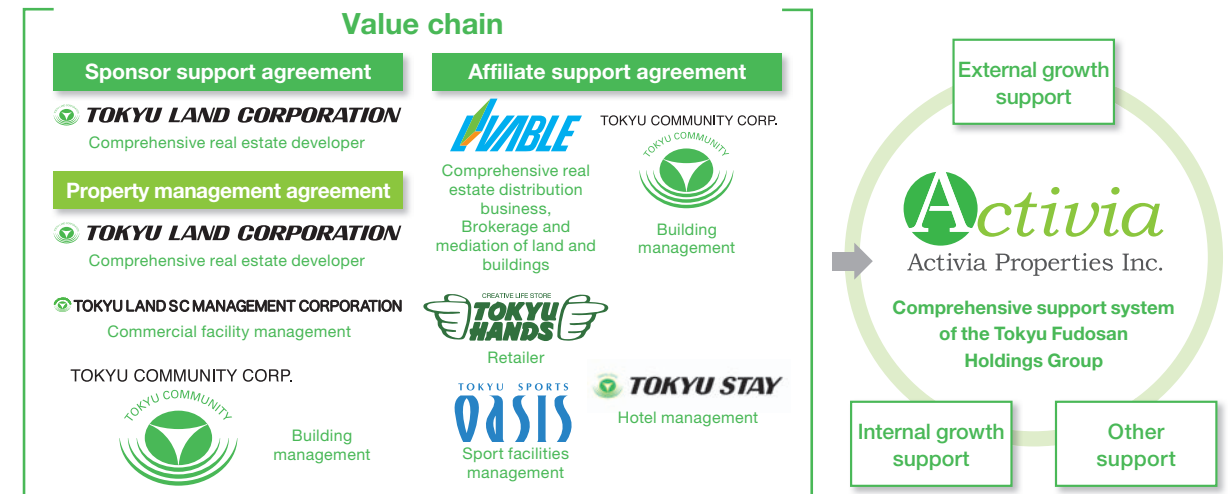
#### Persistence in Location Choice

Percentage of properties in the five central wards of Tokyo in Tokyo Office Properties



### Utilizing the Value Chain of the Tokyu Fudosan Holdings Group

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



#### Utilizing the Proprietary Expertise of the Asset Manager



**TLC Activia Investment Management Inc.**

The team is made up of members with extensive experience in development, operations and management, etc., of commercial facilities and office buildings in the Tokyu Fudosan Holdings Group.

- External growth leveraging its own expertise on asset acquisition and information collection network
- Construction of proper operation and management framework tailored to individual characteristics of assets under management

### Governance Structure for Maximizing Unitholder Value

#### Impartiality in Asset Acquisitions

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

API has an established system to align the interests of the unitholders and secure collaborative operations between API and the sponsor through contributions to API from the sponsor and co-ownership of some properties by the sponsor.

#### Distribution-Based Compensation

Asset management fees based on distributions per unit give the asset manager an incentive to maximize unitholder value. For some management fees, by adopting a performance-based compensation system linked to distribution per unit, the asset manager has an incentive to maximize unitholder value.

# Portfolio List

(As of January 14, 2016)

Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m <sup>2</sup> )	Completion (Note 1)	Occupancy rate (Note 2)
UR URBAN RETAIL	UR-1	Tokyu Plaza Omotesando Harajuku (Note 3)	Jingu-mae, Shibuya-ku, Tokyo	45,000	13.8%	4,887.81	Mar. 2012	100.0%
	UR-2	Tokyu Plaza Akasaka (Note 3)	Nagatacho, Chiyoda-ku, Tokyo	11,450	3.5%	16,579.26	Sep. 1969	99.9%
	UR-3	Q plaza EBISU	Ebisu, Shibuya-ku, Tokyo	8,430	2.6%	4,024.88	Aug. 2008	100.0%
	UR-4	Shinbashi Place	Shinbashi, Minato-ku, Tokyo	20,500	6.3%	9,156.01	Apr. 2008	100.0%
	UR-5	Kyoto Karasuma Parking Building	Motohononjicho, Nakagyo-ku, Kyoto	8,860	2.7%	21,616.04	Jul. 2006	100.0%
	UR-6	A-FLAG AKASAKA (Note 4)	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	6.5%	19,653.90	Jan. 2010	100.0%
	UR-8	A-FLAG SAPPORO (Note 4)	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido	4,410	1.4%	21,229.16	May 1980	100.0%
	UR-9	A-FLAG SHIBUYA (Note 4)	Udagawa-cho, Shibuya-ku, Tokyo	6,370	2.0%	3,413.80	Jun. 1988	100.0%
	UR-10	Q plaza SHINSAIBASHI	Shinsaibashi-suji, Chuo-ku, Osaka	13,350	4.1%	2,820.23	Nov. 2007	—
Urban Retail Properties				142,700	43.7%	105,661.31		100.0%
TO TOKYO OFFICE	TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	2.3%	7,342.60	Mar. 1993	87.5%
	TO-2	A-PLACE Ebisu Minami	Ebisu-minami, Shibuya-ku, Tokyo	9,640	3.0%	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	2.7%	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 5)	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	97.8%
	TO-9	A-PLACE Gotanda	Nishigotanda, Shinagawa-ku, Tokyo	5,730	1.8%	4,028.69	Feb. 2012	100.0%
	TO-10	A-PLACE Shinagawa	Konan, Minato-ku, Tokyo	3,800	1.2%	2,986.36	Sep. 1991	100.0%
	TO-11	OSAKI WIZTOWER	Osaki, Shinagawa-ku, Tokyo	10,690	3.3%	7,193.28	Jan. 2014	100.0%
	TO-12	Shiodome Building (Note 6)	Kaigan, Minato-ku, Tokyo	30,300 20,400	9.3% 6.2%	20,097.18	Dec. 2007	93.2%
	TO-13	Frontier Ebisu	Higashi, Shibuya-ku, Tokyo	7,072	2.2%	4,010.69	Jan. 1992	100.0%
	TO-14	Shibuya Konnoh Building	Shibuya, Shibuya-ku, Tokyo	4,810	1.5%	2,958.85	Mar. 1992	100.0%
Tokyo Office Properties				129,220	39.6%	81,204.20		97.5%
O OTHER (Retail + Office)	O-1	Amagasaki Q's MALL (Land)	Amagasaki City, Hyogo	12,000	3.7%	27,465.44	—	100.0%
	O-2	icot Nakamozu	Sakai City, Osaka	8,500	2.6%	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	3.4%	20,341.41	Mar. 1984	97.9%
	O-8	icot Omori	Omori-ku, Ota-ku, Tokyo	5,790	1.8%	6,209.79	Mar. 2007	100.0%
	O-9	Market Square Sagami-hara	Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	4,820	1.5%	15,152.42	Jun. 2014	100.0%
Other Properties				54,740	16.8%	125,795.62		99.7%
Total				326,660	100.0%	312,661.13		99.2%

(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 November 30, 2015.

(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).

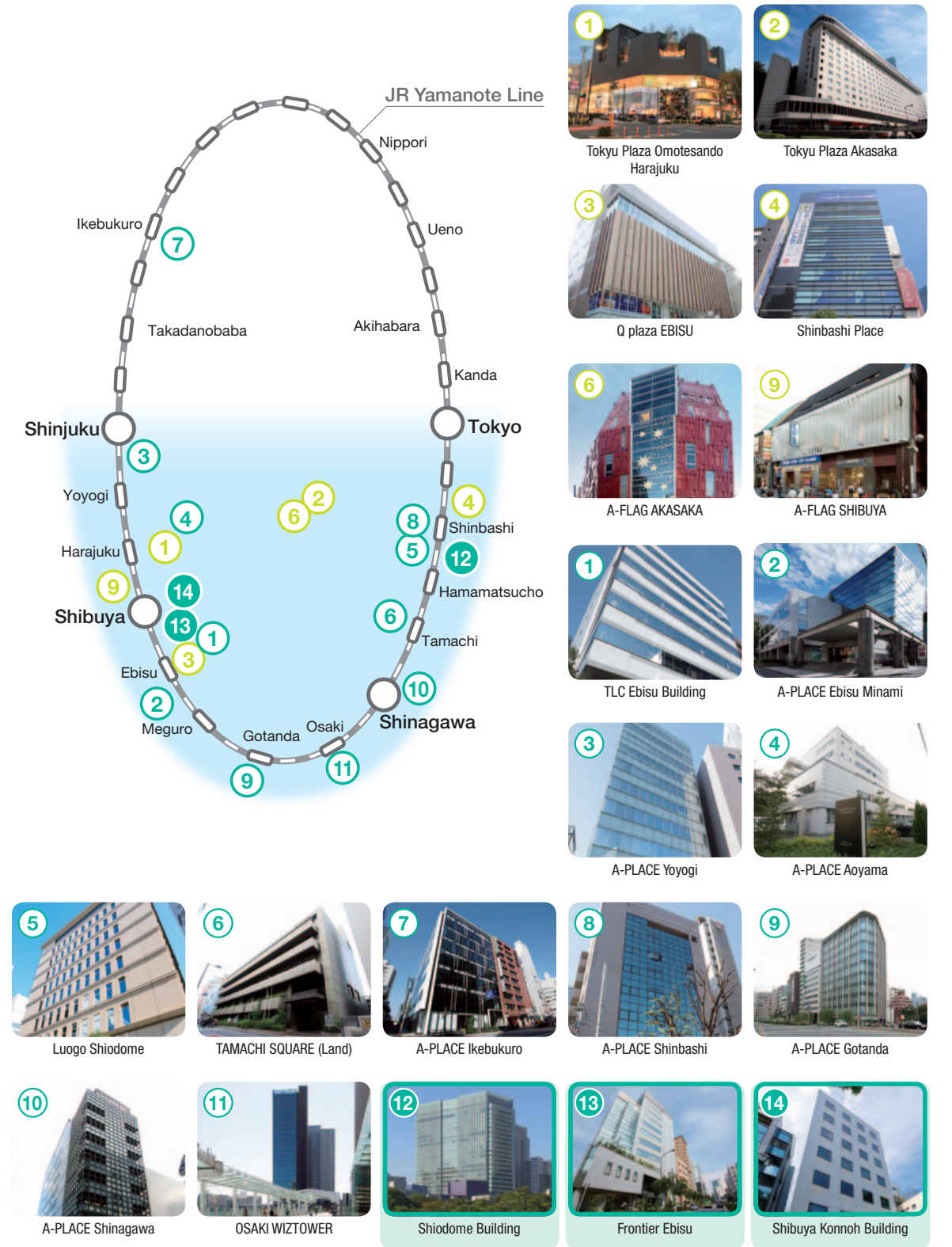
(Note 4) The property names Hitsugui LIP, Tokyu Plaza Sapporo and the Kamata Kosan Building were changed to A-FLAG AKASAKA, A-FLAG SAPPORO and A-FLAG SHIBUYA, respectively, on August 1, 2015.

(Note 5) The acquisition price of TAMACHI SQUARE (Land) is the land acquisition price at the time of the initial acquisition (June 13, 2012).

(Note 6) 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.

Central Tokyo Area

## Portfolio Map

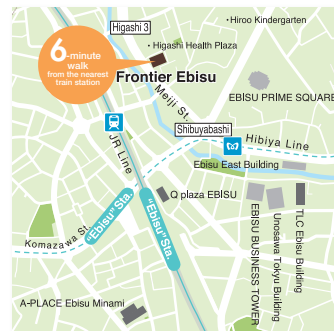


## Properties Acquired in the 8th Period



### TO-13 Frontier Ebisu

- Four train and subway lines (JR Yamanote Line, Saikyo Line, Shonan Shinjuku Lines, 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
NOI yield	4.4%

## Properties Acquired in the 9th Period



### UR-10 Q plaza SHINSAIBASHI

- The Shinsaibashi area is one of the prime commercial districts in the city of Osaka, with a variety of commercial facilities ranging from luxury stores such as Daimaru department store in Midotsuji to brand-name fashion boutiques, retail stores and restaurants in Shinsaibashi-suji, mid-to-high-rise commercial buildings along Nagahori Street and underground shopping centers.
- The property, which is located at the entrance of Shinsaibashi-suji shopping district, has a façade equipped with one of the largest LED displays in Japan, allowing it to use its highly advantageous location to promote the property and make it a prominent landmark.



Location	Shinsaibashi-suji, Chuo-ku, Osaka
Nearest station	1-minute walk from Shinsaibashi Station on the Osaka Subway Midotsuji and other lines
Acquisition price	¥13,350 million
Appraisal value	¥13,400 million
NOI yield	3.9%



### TO-14 Shibuya Konnoh Building

- 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
NOI yield	4.4%



### TO-12 Shiodome Building (acquisition of 10% co-ownership interest)

- Located at the south entrance of the large-scale redevelopment project Shiodome Sio-Site, which offers good access to JR Hamamatsucho Station, with high visibility and an excellent office location.
- Completed in December 2007, the property is one of the largest buildings in Tokyo, with 24 stories above ground and a total floor area of more than 35,000 *tsubo* (115,930 m<sup>2</sup>).
- The property is also competitive in that it has a large office standard floor with more than 1,000 *tsubo* (3,502 m<sup>2</sup>), which can meet demand for large head office space as well as a wide variety of tenant demands by floor splitting.



Location	Kaigan, Minato-ku, Tokyo
Nearest station	3-minute walk from Hamamatsucho Station on JR Yamanote and other lines, and Daimon Station on Toei Oedo and Asakusa lines
Share	10%
Acquisition price	¥20,400 million (Note)
Appraisal value	¥20,700 million
NOI yield	4.1%

(Note) For the Shiodome Building, API initially acquired a co-ownership interest (15%) on January 9, 2015 (acquisition price: ¥30,300 million). The total acquisition price including the addition acquisition will be ¥50,700 million.



## Properties Acquired before the 7th Period

### Three advantages

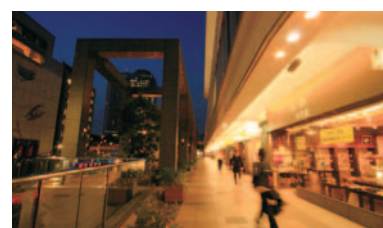
- 1 The ability to attract a large number of customers, supported by population flows into major cities and stable sales
- 2 A large and diverse tenant pool in response to diversifying consumer needs
- 3 Scarcity due to the relatively short supply of properties



### UR-1 Tokyu Plaza Omotesando Harajuku

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

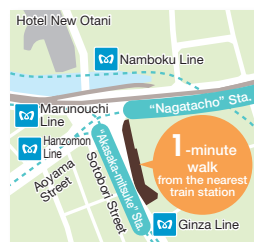
- The property is located on the corner of Omotesando Street and Meiji Street (Jingumae Crossing), one of the centers of fashion and culture in Japan. Fashion outlets can expect significant branding effects from the location.



### UR-2 Tokyu Plaza Akasaka

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

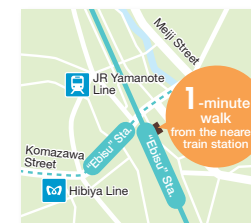
- Adjoining the Nagatacho and Kasumigaseki area, the Akasaka area is home to many embassies and foreign firms. The property is located in a business quarter within the area containing restaurants, bars, hotels and offices where many office workers gather.



### UR-3 Q plaza EBISU

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

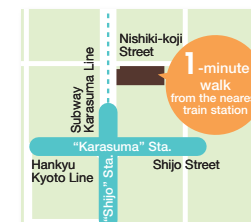
- The property is located in Ebisu, a popular area for adults. Facing the front of Ebisu Station, the property enjoys high visibility with a fancy, well-lit façade made of terracotta bars and glass.



### 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 Hitotsugui 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.



Three advantages

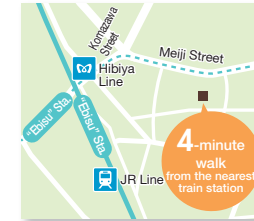
- 1 Solid tenant demand due to the high concentration of corporate entities
- 2 Relatively low vacancy rates and stable occupancy rates compared with properties in other major cities in Japan
- 3 A large stock of leased office properties and high liquidity



## 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 m<sup>2</sup>.



## 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 Tokyo 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 m<sup>2</sup> per floor.



## TO-4 A-PLACE Aoyama

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

- The property is superior in terms of scale compared to 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-7 A-PLACE Ikebukuro

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

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

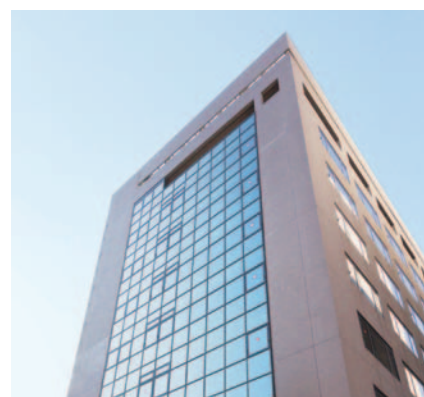
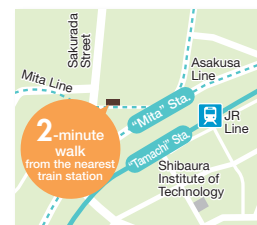


## TO-6 TAMACHI SQUARE (Land)

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-8 A-PLACE Shinbashi

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

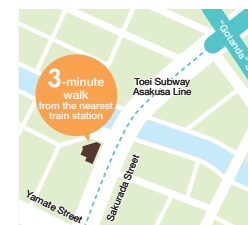
- A 3-minute walk from Shinbashi Station, where seven lines converge, including the JR Yamanote Line and Tokyo Metro Ginza Line. In addition to a spacious office space with a ceiling height of 2,700 mm, it offers quality facilities such as individual air conditioning and an automatic security system.



## TO-9 A-PLACE Gotanda

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

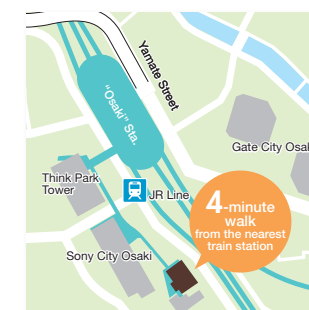
- Conveniently located 3 minutes on foot from Gotanda Station on the Toei Subway Asakusa Line and 4 minutes on foot from Gotanda Station on the JR Yamanote Line, the property offers good access to major areas in Tokyo with several other train lines.



## TO-11 OSAKI WIZTOWER

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

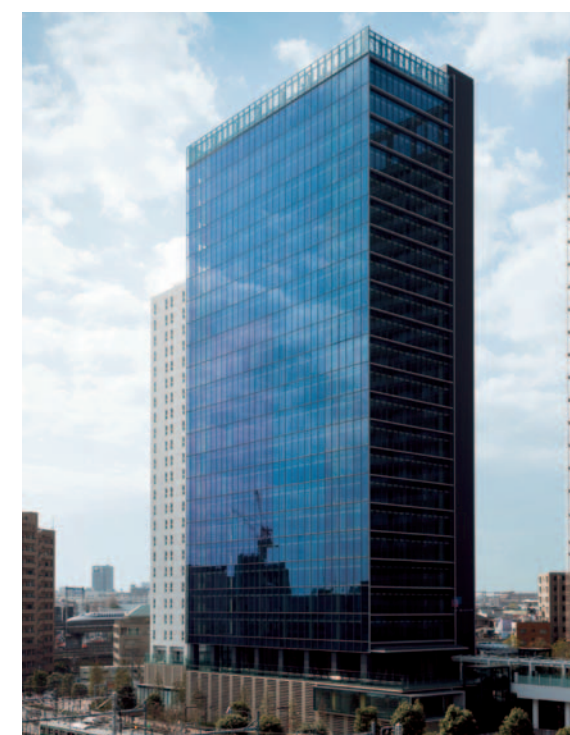
- The property is a 4-minute walk from Osaki Station with a direct connection through the pedestrian deck.
- Osaki Station is known as a terminal station in Tokyo, since four lines (JR Yamanote, Saikyo, Shonan Shinjuku and the Tokyo Waterfront Area Rapid Transit Rinkai Line) cross and connect to not 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 m<sup>2</sup> (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-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 a connection to the Tokaido Shinkansen.





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



### 0-1 Amagasaki Q's MALL (Land)

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



### 0-2 icot Nakamozu

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



### 0-4 icot Mizonokuchi

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



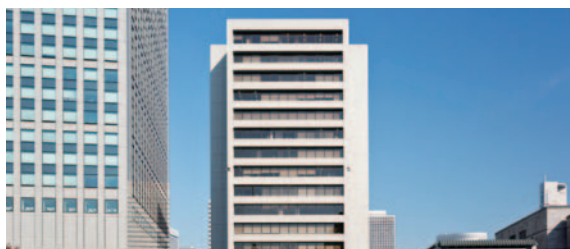
### 0-5 icot Tama Center

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



### 0-6 A-PLACE Kanayama

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



### 0-7 Osaka Nakanoshima Building

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



### 0-8 icot Omori

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

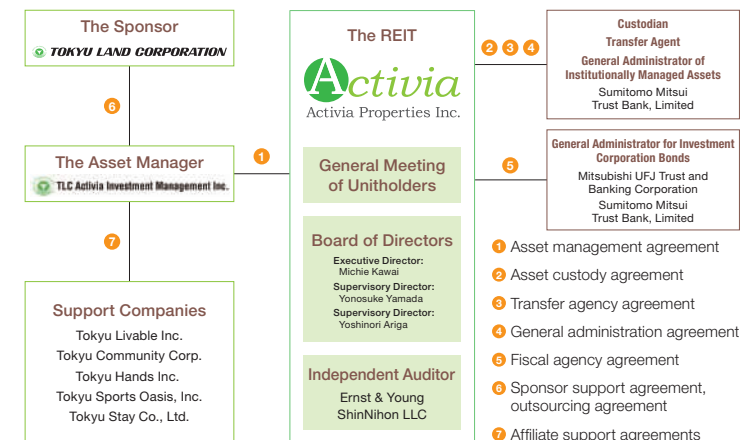


### 0-9 Market Square Sagamihara

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

## 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
Contact	TLC Activia Investment Management Inc. Tel. +81-3-6804-5671
Closing date	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

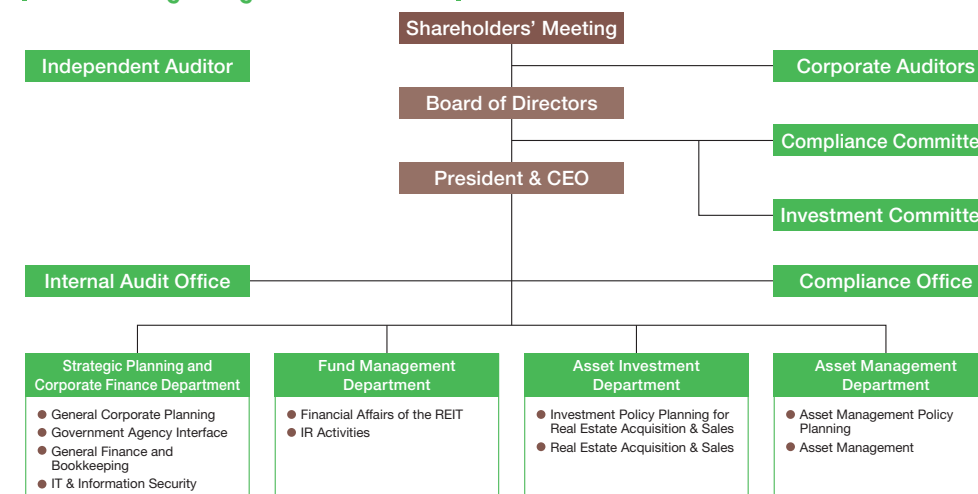
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyu Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses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



## Asset Management Report for the 8th Fiscal Period (Semi-Annual Report)

From June 1, 2015 to November 30, 2015

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		4th period	5th period	6th period	7th period	8th period
Business period		From June 1, 2013 to November 30, 2013	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
Operating revenue	(In millions of yen)	6,124	7,778	8,174	9,120	9,701
[Rent revenue-real estate]	(In millions of yen)	[5,712]	[7,237]	[7,544]	[8,501]	[8,780]
Operating expenses	(In millions of yen)	2,482	3,198	3,580	3,921	4,241
[Expenses related to rent business]	(In millions of yen)	[1,975]	[2,632]	[2,937]	[3,210]	[3,422]
Operating income	(In millions of yen)	3,642	4,580	4,594	5,199	5,460
Ordinary income	(In millions of yen)	3,187	3,998	4,032	4,583	4,790
Profit	(In millions of yen)	3,186	3,997	4,031	4,582	4,789
Net assets	(In millions of yen)	94,560	130,052	130,086	155,353	155,560
[Change from the previous period]	(%)	[−0.3]	[37.5]	[0.0]	[19.4]	[0.1]
Total assets	(In millions of yen)	191,841	242,609	253,407	297,466	307,746
[Change from the previous period]	(%)	[1.6]	[26.5]	[4.5]	[17.4]	[3.5]
Unitholders' capital	(In millions of yen)	91,373	126,054	126,054	150,770	150,770
Number of units issued and outstanding	(Units)	205,262	251,062	251,062	277,132	554,264
Net assets per unit (Note 1)	(Yen)	460,680	518,009	518,143	280,287	280,661
Total distributions	(In millions of yen)	3,186	3,997	4,031	4,582	4,789
Basic earnings per unit (Note 1) (Note 2)	(Yen)	15,522	16,194	16,056	8,344	8,642
Cash distributions per unit						
[Earnings distributions per unit]	(Yen)	[15,523]	[15,922]	[16,057]	[16,535]	[8,642]
[Distributions per unit in excess of earnings]	(Yen)	[—]	[—]	[—]	[—]	[—]
Ordinary income to total assets (Note 3)	(%)	1.7	1.8	1.6	1.7	1.6
Return on unitholders' equity (Note 3)	(%)	3.4	3.6	3.1	3.2	3.1
Unitholders' equity to total assets (Note 3)	(%)	49.3	53.6	51.3	52.2	50.5
[Change from the previous period]	(%)	[−0.9]	[4.3]	[−2.3]	[0.9]	[−1.7]
Payout ratio (Note 3)	(%)	100.0	99.9	100.0	99.9	99.9
[Other reference]						
Number of properties	(Properties)	21	27	28	30	31
Total leasable area (Note 4)	(m <sup>2</sup> )	213,787.15	268,207.86	275,398.92	312,777.90	301,802.03
Occupancy rate at end of period	(%)	99.4	99.8	99.9	99.7	99.2
Depreciation	(In millions of yen)	518	739	762	887	925
Capital expenditure	(In millions of yen)	108	114	165	429	272
NOI (Note 3)	(In millions of yen)	4,668	5,889	6,000	6,796	7,006

(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 (205,262 units for the 4th fiscal period and 246,842 units, 251,062 units, 549,191 units, and 554,264 units for the 5th, 6th, 7th, and 8th 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 4th 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%, 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 17, 2014, the Investment Corporation carried out a publicly offered capital increase for the second consecutive year, and on January 8, 2015, 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).

During the fiscal period under review, ended November 30, 2015, the Investment Corporation disposed of icot Kongo, which had been in the “Other Properties” category, and acquired Frontier Ebisu and the Shibuya Konnoh Building, both of which are in the Investment Corporation’s “Tokyo Office Properties” portfolio of focused investment properties. Consequently, the Investment Corporation held 31 properties (with a total acquisition price of ¥292,910 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 despite the economic slowdown in China and other emerging nations adversely affecting exports and production. This reflected firm personal consumption amid an ongoing trend of improvement in the employment environment, underpinned by robust corporate earnings.

With respect to the environment surrounding retail properties, consumer confidence has once again been showing signs of recovery with the consumer confidence index published in the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan having marked gains over two consecutive months as of November 2015. Before that, the index had been on a recovery track prior to April 2015 but then endured a spell where it had remained more or less unchanged. Moreover, the amount of tourism consumption by overseas visitors to Japan from July to September 2015 increased by 81.8% year on year, during which time it exceeded ¥1 trillion on a quarterly basis for the first time ever, thereby putting it at a record-high level for the seventh consecutive quarter according to the Consumption Trend Survey for Foreigners Visiting Japan released in October by the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism. In addition, we anticipate gains in hotel occupancy rates and consumption fueled by ongoing growth in demand related to inbound tourism as the number of overseas visitors to Japan and per-person travel expenditure continue to increase.

In the rental office market, the average vacancy rate of five central Tokyo wards (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) has improved. Average vacancies are now hovering in the lower half of the 4% range after falling for six consecutive months, having reached 4.19% as of November 30, 2015, down from 5.17% on May 31, 2015, according to data published by Miki Shoji Co., Ltd. Rent levels also continue to rebound, with average rents having risen over the course of 23 consecutive months. This recovery trend in the market also continues with respect to major cities outside Tokyo.

In the J-REIT market, financing activity and property acquisitions held course while the total amount of J-REIT assets continued on a growth trajectory. This was despite signs of volatility with developments such as a brief downturn in the Tokyo Stock Exchange REIT Index partially due to jitters regarding risks associated with China’s economic slowdown, contrasted by a trend toward recovery beginning in the autumn months underpinned by rising hopes of additional monetary easing in both Europe and Japan.

The Investment Corporation took steps to reshuffle its asset portfolio through the disposition of icot Kongo on July 8, 2015 (with the transfer price of ¥1,880 million) and acquisition of Frontier Ebisu on July 29, 2015 (with the acquisition price of ¥7,072 million), in accordance with the basic asset management policy set forth in the Articles of Incorporation. The Investment Corporation also acquired beneficiary rights of real estate in trust to the Shibuya Konnoh Building as a trust asset on October 1, 2015 (with the acquisition price of ¥4,810 million).

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 31 properties (with the total acquisition price of ¥292,910 million) with the total leasable area of 301,802 m<sup>2</sup> (91,295 *tsubo*). In addition, the occupancy rate at the end of the 8th period was 99.2%.

### 3) Overview of Financing

In the fiscal period under review, funds of ¥9,800 million were borrowed to cover acquisition costs for beneficiary interests of real estate in trust for the two properties noted above and related costs. Meanwhile, we refinanced borrowings of ¥12,000 million in June 2015 and borrowings of ¥5,000 million by making use of interest rate swap transactions in September 2015, and worked to otherwise maintain a stable financial base through moves that included reducing interest costs and diversifying repayment dates on interest-bearing debt. As a result, the ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 44.5% 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 98.2% and 82.6%, respectively.

In addition, the Investment Corporation implemented a two-for-one split of the investment units with September 30, 2015 as the record date and October 1, 2015 as the effective date in order to create an environment that enables investors to purchase the investment units more easily by reducing the investment unit price, which would broaden the Investment Corporation’s investor base and improve the liquidity of the investment units.

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

(Note) On September 15, 2015, during the fiscal period under review, the Japan Credit Rating Agency, Ltd. (JCR) announced that it had revised its outlook of the long-term issuer rating for the Investment Corporation as below.  
—Outlook: From “Stable” to “Positive”

### 4) Overview of Financial Results and Distributions

As a result of the above-mentioned investments, operating revenue, operating income, and ordinary income were ¥9,701 million, ¥5,460 million, and ¥4,790 million, respectively, for the fiscal period under review, and profit was ¥4,789 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 ¥8,642.

(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)

(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.  
(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.  
(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.

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	4th period	5th period	6th period	7th period	8th period
Business period	From June 1, 2013 to November 30, 2013	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
Highest price	860,000	877,000	981,000	1,137,000	537,000
Lowest price	655,000	777,000	834,000	975,000	421,500

(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 ¥8,642.

Fiscal period	4th period	5th period	6th period	7th period	8th period
Business period	From June 1, 2013 to November 30, 2013	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
Unappropriated retained earnings (undisposed loss)	¥3,186,370 thousand	¥3,997,550 thousand	¥4,031,303 thousand	¥4,582,505 thousand	¥4,790,093 thousand
Retained earnings	¥88 thousand	¥141 thousand	¥1 thousand	¥127 thousand	¥143 thousand
Total distribution payments [Distributions per unit]	¥3,186,282 thousand [¥15,523]	¥3,997,409 thousand [¥15,922]	¥4,031,302 thousand [¥16,057]	¥4,582,377 thousand [¥16,535]	¥4,789,949 thousand [¥8,642]
Of which, total distributions of profits were [Distributions of profits per unit]	¥3,186,282 thousand [¥15,523]	¥3,997,409 thousand [¥15,922]	¥4,031,302 thousand [¥16,057]	¥4,582,377 thousand [¥16,535]	¥4,789,949 thousand [¥8,642]
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, we expect moves toward gradual recovery amid a trend of ongoing improvement in the employment environment buoyed by growth in corporate earnings, and also underpinned by positive effects emerging from various government policies. On the other hand, risk factors include the pace of U.S. economic recovery as the Fed moves toward normalizing monetary policy, economic trends in emerging countries including China and resource-rich countries, and the impact on business of developments with respect to the debt issue in Europe.

In the rental office market, vacancy rates continue to decrease while rents keep heading higher in Tokyo and major provincial cities. Accordingly, we expect an ongoing scenario where office demand is driven by companies relocating operations with the aim of increasing office floor space to accommodate business expansion, improving office locations and other such positive motives, particularly given projections for strong corporate earnings continuing into the future. With respect to the environment surrounding retail properties, retail sales are likely to remain generally robust given the likelihood of an ongoing trend of firm personal consumption fueled by steady improvement in the employment environment, and also due to continuing strong demand related to inbound tourism despite a need to be wary regarding risks of slowing economic conditions in China. As for the J-REIT market, we expect the market’s supply-demand fundamentals to gain a measure of support from the Bank of Japan’s decision to increase its ceiling for J-REIT purchases, which was made at its monetary policy meeting of December 18, 2015. Consequently, we are likely to see continuing growth with respect to the scale of J-REIT assets, while the scenario of intense competition to acquire properties is also likely to continue going forward. Amid this environment, the Investment Corporation aims to keep adding to its overall assets and working to control LTV while making careful investment decisions that help to improve investor 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

### 1) Issuance of New Investment Units

At meetings of the Board of Directors held on November 26, 2015 and December 8, 2015, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 15, 2015 and January 6, 2016. As a result, unitholders' capital amounted to ¥171,532,813,890, and the total number of investment units issued came to 599,654 units.

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

Number of new investment units issued	41,870 units
Offering price	¥472,360 per unit
Total offering price	¥19,777,713,200
Paid-in amount	¥457,418 per unit
Total paid-in amount	¥19,152,091,660
Payment date	December 15, 2015

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

Number of new investment units issued	3,520 units
Paid-in amount	¥457,418 per unit
Total paid-in amount	¥1,610,111,360
Payment date	January 6, 2016
Allottee	Nomura Securities Co., Ltd.

## 2) Borrowing of Funds

The Investment Corporation borrowed funds as follows.

Category	Lender	Total amount borrowed	Interest rate	Drawdown date	Due date (Note)	Borrowing and repayment methods, security and guarantee
Short-term	Sumitomo Mitsui Trust Bank, Limited	¥450 million	Base rate +0.13%	December 16, 2015	May 31, 2016	Lump-sum repayment, unsecured, and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	¥450 million				
	Mizuho Bank, Ltd.	¥450 million				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥450 million				
	Sumitomo Mitsui Banking Corporation	¥225 million				
	Development Bank of Japan Inc.	¥225 million				
	Sumitomo Mitsui Trust Bank, Limited Mitsubishi UFJ Trust and Banking Corporation Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥1,600 million	Base rate +0.275%	December 16, 2015	May 31, 2016	
Long-term	Sumitomo Mitsui Trust Bank, Limited	¥200 million	0.65691 %	December 16, 2015	June 15, 2022	
	Mitsubishi UFJ Trust and Banking Corporation	¥200 million				
	Mizuho Bank, Ltd.	¥200 million				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥200 million				
	Sumitomo Mitsui Banking Corporation	¥100 million				
	Development Bank of Japan Inc.	¥100 million				
	Sumitomo Mitsui Banking Corporation	¥625 million	0.75387 %	December 16, 2015	June 15, 2023	
	Development Bank of Japan Inc.	¥625 million				
	Sumitomo Mitsui Trust Bank, Limited	¥1,200 million	0.85377 %	December 16, 2015	June 17, 2024	
	Mitsubishi UFJ Trust and Banking Corporation	¥1,200 million				
	Mizuho Bank, Ltd.	¥1,200 million				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥1,200 million				
	Sumitomo Mitsui Banking Corporation	¥600 million				
	Development Bank of Japan Inc.	¥600 million				
	Total					

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

## 3) Acquisition of Properties

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

### (UR-10) Q plaza SHINSAIBASHI

Type of asset	Trust beneficiary interest
Acquisition price	¥13,350 million
Acquisition date	December 16, 2015
Location	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka
Use	Retail
Land area	491.19 m <sup>2</sup>
Gross floor area	3,822.45 m <sup>2</sup>
Structure	Steel framed, SRC, reinforced concrete/8 floors above and 2 floors underground
Month and year of completion	November 2007
Ownership	Land: Owned Building: Owned

### (TO-12) Shiodome Building

Type of asset	Trust beneficiary interest
Acquisition price	¥20,400 million
Acquisition date	December 16, 2015
Location	2-20 Kaigan 1-chome, Minato-ku, Tokyo
Use	Office, retail, parking lot
Land area	16,875.61 m <sup>2</sup> (Note)
Gross floor area	115,930.83 m <sup>2</sup>
Structure	Steel framed, SRC/24 floors above and 2 floors underground
Month and year of completion	December 2007
Ownership	Land: Owned (Trust beneficiary co-ownership interests ( <i>jun kyōyū-mochibun</i> ) 10%) Building: Owned (Trust beneficiary co-ownership interests ( <i>jun kyōyū-mochibun</i> ) 10%)

(Note) Land area is the one stated for the ancient land. The total area of designated provisional replotting is approximately 12,054.22 m<sup>2</sup>.

## 2. Overview of the Investment Corporation

### (1) Unitholders' Capital

	4th period As of November 30, 2013	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
Total number of authorized investment units (Units)	2,000,000	2,000,000	2,000,000	2,000,000	4,000,000
Total number of investment units issued (Units)	205,262	251,062	251,062	277,132	554,264
Unitholders' capital (In millions of yen)	¥91,373	¥126,054	¥126,054	¥150,770	¥150,770
Number of unitholders (Persons)	8,355	7,995	7,071	6,832	6,526

### (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)	158,696	28.63
The Master Trust Bank of Japan, Ltd. (Trust accounts)	60,889	10.98
Tokyu Land Corporation	57,374	10.35
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	47,014	8.48
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	20,553	3.70
State Street Bank & Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd.)	7,075	1.27
NOMURA BANK (LUXEMBOURG) S.A. (Standing proxy: Sumitomo Mitsui Banking Corporation)	6,737	1.21
State Street Bank & Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd.)	6,539	1.17
THE BANK OF NEW YORK MELLON SA / NV10 (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	6,452	1.16
THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED	5,454	0.98
Total	376,783	67.97

(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 (Note 2)	TLC Activia Investment Management Inc., Representative Director, President and Chief Executive Officer	—
	Nariaki Hosoi (Note 2)	TLC Activia Investment Management Inc., Director, Managing 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	—	14,000 (Note 3)

(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) Nariaki Hosoi resigned from office as Executive Director at the end of his term of office effective September 7, 2015. Michie Kawai was elected as Executive Director at the general meeting of unitholders of the Investment Corporation held on August 11, 2015 and assumed office effective September 8, 2015.

(Note 3) Compensation for the Independent Auditor includes the audit fees for financial statements prepared in English.

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

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

#### 3) Disciplinary Action Ordering a Suspension of Operations to Which the Independent Auditor Is Subject

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

- (i) Target of the disciplinary action  
Ernst & Young ShinNihon LLC
- (ii) Contents of the disciplinary action
  - Suspension from accepting new engagements for three months (from January 1, 2016, to March 31, 2016)
  - Order 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.
- (iii) 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	7th period As of May 31, 2015		8th period As of November 30, 2015	
		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	129,968	43.7	129,841	42.2
	Tokyo Office Properties	97,224	32.7	109,126	35.5
	Other Properties	56,119	18.9	54,335	17.7
	Subtotal	283,311	95.2	293,303	95.3
Total real estate, etc.		283,311	95.2	293,303	95.3
Deposits and other assets		14,154	4.8	14,442	4.7
Total assets (Note 2)		297,466 (283,311)	100.0 (95.2)	307,746 (293,303)	100.0 (95.3)

(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 <sup>2</sup> ) (Note 1)	Total leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Major use
Tokyu Plaza Omotesando Harajuku (Note 4)	44,997	4,887.81	4,887.81	100.0	11.7	Retail
Shiodome Building (Note 4)	30,410	12,058.31	11,241.50	93.2	7.1	Office
Kobe Kyu Kyoryuchi 25Bankan	21,439	19,653.90	19,653.90	100.0	7.7	Retail
Shinbashi Place	20,414	9,156.01	9,156.01	100.0	(Note 5)	Retail
Amagasaki Q's MALL (Land)	12,113	27,465.44	27,465.44	100.0	3.6	Retail
Tokyu Plaza Akasaka (Note 4)	11,862	16,579.26	16,567.75	99.9	6.4	Retail
Osaka Nakanoshima Building	11,156	20,341.41	19,917.27	97.9	5.4	Office
OSAKI WIZTOWER	10,968	7,193.28	7,193.28	100.0	(Note 5)	Office
A-PLACE Ebisu Minami	9,524	7,950.51	7,950.51	100.0	3.6	Office
Kyoto Karasuma Parking Building	8,829	21,616.04	21,616.04	100.0	(Note 5)	Parking
Total	181,716	146,901.97	145,649.51	99.1	—	

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of November 30, 2015 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2015.  
 (Note 2) Total leased area refers to the total of the leased area of each property based on lease agreements as of November 30, 2015. 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 November 30, 2015, rounding down to the first decimal place.  
 (Note 4) As for Tokyu Plaza Omotesando Harajuku, Shiodome Building, 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%, 15% 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 <sup>2</sup> ) (Note 1)	Assessed value at end of period (In millions of yen) (Note 2)	Book value at end of period (In millions of yen) (Note 3)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	30-3 Jingu-mae 4-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,887.81	53,625	44,997
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,579.26	13,600	11,862
	Q plaza EBISU (Note 5)	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	9,900	8,359
	Shinbashi Place	12-9 Shinbashi 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	9,156.01	24,700	20,414
	Kyoto Karasuma Parking Building	678 Motohonenjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	10,100	8,829
	A-FLAG AKASAKA (Note 6)	3-6 Akasaka 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,280.22	3,470	3,111
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	24,300	21,439
	A-FLAG SAPPORO (Note 6)	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	6,050	4,438
	A-FLAG SHIBUYA (Note 6)	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,413.80	7,010	6,388
	Subtotal			102,841.08	152,755	129,841
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	8,370	7,288
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.51	11,600	9,524
	A-PLACE Yoyogi	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,230	3,999
	A-PLACE Aoyama	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	8,890	8,729
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	5,330	4,403
	TAMACHI SQUARE (Land)	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	2,560	2,362
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	4,470	3,881
	A-PLACE Shinbashi	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,052.14	6,430	5,819
	A-PLACE Gotanda	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	6,170	5,690
	A-PLACE Shinagawa	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	4,180	3,812
	OSAKI WIZTOWER	11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	13,200	10,968
	Shiodome Building (Note 4)	2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	12,058.31	31,050	30,410
	Frontier Ebisu	13-11 Higashi 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,010.69	7,350	7,236
	Shibuya Konnoh Building	3-1 Shibuya 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	2,958.85	4,900	4,999
	Subtotal			73,165.33	118,730	109,126
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	12,800	12,113
	icot Nakamozu	428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka	Trust beneficiary interests	28,098.02	10,000	8,342
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,140	2,680
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	3,250	2,745
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.91	7,620	6,687
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,341.41	12,800	11,156
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.79 (Note 7)	6,320	5,759
	Market Square Sagamihara	777-2 Shimokuzawa, Chuo-ku, Sagamihara-shi, Kanagawa	Trust beneficiary interests	15,152.42	4,940	4,850
Subtotal				125,795.62	60,870	54,335
Total				301,802.03	332,355	293,303

- (Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of November 30, 2015 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2015.
- (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 November 30, 2015 taken as the point of evaluation
- (Note 3) Book value at end of period stands for the book value minus depreciation as of November 30, 2015, rounding 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 15%, respectively).
- (Note 5) Effective June 1, 2015, the property name of Ebisu Q Plaza was changed to Q plaza EBISU; the same shall apply hereafter.
- (Note 6) Effective August 1, 2015, the property name of Hitotsugi LIP was changed to A-FLAG AKASAKA, the property name of Tokyu Plaza Sapporo was changed to A-FLAG SAPPORO, and the property name of Kamata Kosan Building was changed to A-FLAG SHIBUYA; the same shall apply hereafter.
- (Note 7) The calculation of total leasable area for icot Omori includes part of an external bicycle parking lot (approximately 21 m<sup>2</sup>) and part of a common area on the second floor (approximately 28 m<sup>2</sup>).

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

Property name		7th period (From December 1, 2014 to May 31, 2015)				8th period (From June 1, 2015 to November 30, 2015)			
		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)	27	100.0	1,107	12.1	29	100.0	1,108	11.7
	Tokyu Plaza Akasaka (Note 4)	97	98.8	590	6.5	98	99.9	607	6.4
	Q plaza EBISU	4	100.0	268	2.9	4	100.0	273	2.9
	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	107	1.2	8	100.0	112	1.2
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	765	8.4	7	100.0	727	7.7
	A-FLAG SAPPORO	18	100.0	431	4.7	18	100.0	496	5.2
	A-FLAG SHIBUYA	2	100.0	207	2.3	2	100.0	209	2.2
	Subtotal	166	99.8	—	—	169	100.0	—	—
Tokyo Office Properties	TLC Ebisu Building	11	100.0	275	3.0	10	87.5	264	2.8
	A-PLACE Ebisu Minami	9	100.0	338	3.7	9	100.0	344	3.6
	A-PLACE Yoyogi	3	100.0	117	1.3	3	100.0	123	1.3
	A-PLACE Aoyama	8	100.0	248	2.7	8	100.0	251	2.6
	Luogo Shiodome	6	100.0	168	1.8	6	100.0	170	1.8
	TAMACHI SQUARE (Land)	1	100.0	62	0.7	1	100.0	62	0.7
	A-PLACE Ikebukuro	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-PLACE Shinbashi	9	98.7	190	2.1	8	97.8	191	2.0
	A-PLACE Gotanda	11	100.0	178	2.0	11	100.0	179	1.9
	A-PLACE Shinagawa	8	100.0	109	1.2	8	100.0	110	1.2
	OSAKI WIZTOWER	5	100.0	(Note 5)	(Note 5)	6	100.0	(Note 5)	(Note 5)
	Shiodome Building (Note 4)	36	98.2	540	5.9	35	93.2	674	7.1
	Frontier Ebisu	—	—	—	—	9	100.0	105	1.1
	Shibuya Konnoh Building	—	—	—	—	2	100.0	(Note 5)	(Note 5)
	Subtotal	108	99.6	—	—	117	97.5	—	—
Other Properties	Amagasaki Q's MALL (Land)	1	100.0	341	3.7	1	100.0	345	3.6
	icot Nakamozu	2	100.0	310	3.4	2	100.0	310	3.3
	icot Kongo (Note 6)	1	100.0	(Note 5)	(Note 5)	—	—	(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	144	1.6	10	100.0	143	1.5
	A-PLACE Kanayama	21	100.0	281	3.1	21	100.0	284	3.0
	Osaka Nakanoshima Building	40	97.9	490	5.4	40	97.9	516	5.4
	icot Omori	9	100.0	232	2.5	9	100.0	234	2.5
	Market Square Sagamihara	3	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
	Subtotal	88	99.7	—	—	87	99.7	—	—
Total		362	99.7	9,120	100.0	373	99.2	9,500	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%, 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	10,000,000	10,000,000	—
	(Receive floating Pay fixed)			
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 of air conditioning units (second phase)	From May 2015 to January 2016	122	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of air conditioning controllers	From March 2016 to May 2016	49	—	—
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Partial remodeling work	From February 2016 to April 2016	29 (Note)	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Installation of new well water filtration device	From April 2016 to May 2016	28	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of machinery equipment for human/cargo elevator	From February 2016 to March 2016	23	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Repair and replacement of incoming and transforming panels (control equipment, etc.) (second phase)	From July 2015 to March 2016	20	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of Scott transformer in the EPS on each floor	From March 2016 to March 2016	12	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of piping for cold and hot water, etc.	From September 2015 to February 2016	11 (Note)	—	—

(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.

##### (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 ¥272 million for the fiscal period, and repair and maintenance expenses that were accounted for as expense in the period came to ¥202 million. On aggregate, construction work of ¥474 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (In millions of yen)
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Partial remodeling work	From July 2015 to September 2015	44 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of bus duct B system (second phase)	From April 2015 to October 2015	36 (Note)
Osaka Nakanoshima Building (Osaka, Osaka)	Exchange of sensors	From July 2015 to November 2015	31
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of packaged air conditioning units	From April 2015 to July 2015	24 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Installation work of individual packaged air conditioning units	From September 2015 to November 2015	15 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of hotel card system	From September 2015 to September 2015	13 (Note)
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of emergency power generator panels	From November 2015 to November 2015	13
Other			92
Total			272

(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)	
	7th period (From December 1, 2014 to May 31, 2015)	8th period (From June 1, 2015 to November 30, 2015)
(a) Asset management fees (Note)	615,641	703,280
(b) Asset custody fees	7,981	8,490
(c) Administrative service fees	14,611	26,348
(d) Directors' compensation	3,300	3,300
(e) Other operating expenses	68,984	77,059
Total	710,520	818,478

(Note) Asset management fees contain acquisition fees that were included in the book value of acquired properties (7th fiscal period: ¥204,850 thousand; 8th fiscal period: ¥83,174 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 November 30, 2015 is as follows:

Category		Drawdown date	Balance as of May 31, 2015 (In millions of yen)	Balance as of November 30, 2015 (In millions of yen)	Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of funds	Remarks		
	Lender										
Short-term loan payable	Sumitomo Mitsui Trust Bank, Limited	October 1, 2015	-	2,400	0.270	June 30, 2016	Lump-sum repayment	(Note 2)	Unsecured, non-guaranteed		
	Subtotal		-	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	0.3	December 13, 2016					
		July 9, 2014	700	700	0.28	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					(Note 2)
		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					
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2012	3,000	-	0.800	June 13, 2015		(Note 2)			
		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					
		March 29, 2013	500	500	0.305	March 31, 2017				(Note 4)	
		March 29, 2013	5,000	5,000	0.683 (Note 5)	March 31, 2018					
		April 19, 2013	800	800	0.919	April 19, 2019					(Note 2)
		December 19, 2013	1,060	1,060	1.08	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	1,400	0.28	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					(Note 2)
		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	0.947	June 15, 2022				(Note 4)	
		June 15, 2015	-	1,500	1.063	June 15, 2023					
		September 30, 2015	-	1,250	0.613 (Note 5)	March 30, 2023					
		October 1, 2015	-	2,400	0.272	December 26, 2016					
	Mitsubishi UFJ Trust and Banking Corporation	June 13, 2012	3,000	-	0.800	June 13, 2015		(Note 2)			
		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				(Note 4)	
		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	1,400	0.28	January 9, 2016				(Note 2)	
		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				(Note 4)	
		January 9, 2015	840	840	0.737	January 9, 2022					
		June 15, 2015	-	1,500	0.947	June 15, 2022					
		June 15, 2015	-	1,500	1.063	June 15, 2023					
		September 30, 2015	-	1,250	0.613 (Note 5)	March 30, 2023					

Category		Drawdown date	Balance as of May 31, 2015 (In millions of yen)	Balance as of November 30, 2015 (In millions of yen)	Average interest rate (%)(Note 1)	Maturity date	Repayment method	Use of funds	Remarks
Long-term (Note 3)	Lender								
	Mizuho Bank, Ltd.	June 13, 2012	3,000	-	0.800	June 13, 2015	Lump-sum repayment	(Note 2)	Unsecured, non-guaranteed
		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	1,400	0.28	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	0.947	June 15, 2022			
		June 15, 2015	-	1,500	1.063	June 15, 2023			
		September 30, 2015	-	1,250	0.613 (Note 5)	March 30, 2023			
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 13, 2012	3,000	-	0.800		June 13, 2015	
			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	1,400	0.28	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	0.947	June 15, 2022			
	June 15, 2015		-	1,500	1.063	June 15, 2023			
	September 30, 2015		-	1,250	0.613 (Note 5)	March 30, 2023			
	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	700	0.28	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			
		Mizuho Trust & Banking Co., Ltd.	March 29, 2013	2,000	2,000	0.305	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	0.305	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	0.305	March 31, 2017				
	March 31, 2015	1,000	1,000	0.525	March 31, 2020				
The Gunma Bank, Ltd.	March 29, 2013	500	500	0.305	March 31, 2017				
	March 31, 2015	500	500	0.525	March 31, 2020				
Shinkin Central Bank	March 29, 2013	500	500	0.305	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		119,100	126,500					
	Total		119,100	128,900					

(Note 1) The average interest rate of borrowings with floating interest rates is weighted by the balance of each borrowing as at the end of the period and rounded to the nearest third decimal place.

(Note 2) Proceeds from the borrowings are used to acquire real estate trust beneficiary interests and pay for their related expenses.

(Note 3) Long-term loans payable includes the long-term borrowings repaid within a year.

(Note 4) Proceeds from borrowings are used to repay existing loans payable.

(Note 5) 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).

(3) Investment Corporation Bonds

Name of bonds	Issuance date	Balance as of May 31, 2015 (In millions of yen)	Balance as of November 30, 2015 (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
Total		8,000	8,000					

(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) (Note 1)	Book value (In millions of yen)	Gain (loss) on disposal (In millions of yen)
Other properties	Trust beneficiary interests	icot Kongo (Note 2)	—	—	July 8, 2015	1,880	1,611	200
Tokyo Office Properties	Trust beneficiary interests	Frontier Ebisu	July 29, 2015	7,072	—	—	—	—
Tokyo Office Properties	Trust beneficiary interests	Shibuya Konnoh Building	October 1, 2015	4,810	—	—	—	—
Total				11,882	—	1,880	1,611	200

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

(Note 2) Regarding the disposal of icot Kongo, in addition to the above, there were “Other disposal expenses” of ¥67 million and the gain (loss) on disposal reflects such expenses.

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

Not applicable. In addition, the Company’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	Frontier Ebisu	July 29, 2015	7,072	7,160	Japan Valuers Co., Ltd.	June 1, 2015
	Shibuya Konnoh Building	October 1, 2015	4,810	4,900	Japan Valuers Co., Ltd.	September 1, 2015
	Total	—	11,882	12,060	—	—
Disposal	icot Kongo	July 8, 2015	1,880	1,860	Morii Appraisal & Investment Consulting Inc.	May 31, 2015
	Total	—	1,880	1,860	—	—

(Note 1) The acquisition price or disposal amount 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 appraisal of the above mentioned real estate was conducted by applying “Real Estate Appraisal Standard Section 3: Appraisals Regarding Prices of Real Estate for Securitization.”

#### 2) Others

Of the transactions that the Investment Corporation made during the target period from June 1, 2015 to November 30, 2015, those deemed to require a survey of prices pursuant to provisions of Article 201 of the Act on Investment Trusts and Investment Corporations consisted of one interest rate swap transaction. We requested Ernst & Young ShinNihon LLC to carry out the survey for the transaction and have received the survey report.

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

### (4) Transactions between Interested Parties and Major Unitholders

#### 1) Transactions

Not applicable.

#### 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	279,463	Tokyu Community Corp.	108,204	38.7
		Tokyu Land Corporation	73,623	26.3
		Tokyu Land SC Management Corporation	84,100	30.1
Building management fee	470,777	Tokyu Community Corp.	361,243	76.7
Construction management fee	7,794	Tokyu Community Corporation	3,488	44.8
		Tokyu Land Corp.	3,180	40.8
		Tokyu Land SC Management Corporation	964	12.4
Other management operation expenses	63,993	Tokyu Land SC Management Corporation	5,625	8.8
Other lease business expenses	161,476	Tokyu Community Corp.	18,986	11.8
		HANDS LAB INC.	1,073	0.7
		TOKYU HANDS INC.	745	0.5
		Tokyu Land SC Management Corporation	674	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.	¥41,683 thousand
Tokyu Homes Corporation	¥30,231 thousand
Tokyu Land Corporation	¥6,215 thousand
Tokyu Land SC Management Corporation	¥1,985 thousand
TOKYU HANDS INC.	¥507 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

- 1) The third unitholders’ meeting was held on August 11, 2015.  
The main summary of matters that were approved at the unitholders’ meeting was as follows:

Agenda	Summary
Agendum 1: Partial Amendment to the Articles of Incorporation (Part 1)	<p>The Articles of Incorporation were amended with regard to the following matters as per the original proposal:</p> <ul style="list-style-type: none"><li>• To change the location of the head office of the Investment Corporation from Shibuya-ku, Tokyo to Minato-ku, Tokyo as of the date of the relocation of the head office of the Investment Corporation decided at the meeting of the Board of Directors held by December 31, 2015.</li><li>• To amend the provisions related to the amendment of the Act on Investment Trusts and Investment Corporation that was enforced on December 1, 2014.<ul style="list-style-type: none"><li>(i) The Act on Investment Trusts and Investment Corporation stipulates that it is possible to prescribe in the Articles of Incorporation to convene a general meeting of unitholders on or after a certain date without delay, to enable the omission of an announcement in the procedures for the convocation of unitholders’ meetings. The Investment Corporation will change the “certain date” to July 25 from its previously stipulated date of August 15 in consideration of preparations and convocation of the unitholders’ meeting.</li><li>(ii) A new provision that enables the extension or reduction of the terms of office of the Executive Director and Supervisory Directors will be established based on the new establishment of paragraph 2, Article 99 and the amendment to paragraph 2, Article 101 of the Act on Investment Trusts and Investment Corporation, through the resolution of the unitholders’ meeting, and within the limit set forth by laws and regulations.</li></ul></li><li>• To change the provisions and amend related wording, to clarify the fact that the purpose is to invest assets mainly in real estate (of those set forth in the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporation, real estate, leasehold rights of real estate, superficies, and beneficiary rights of trusts that entrust only such assets), following the amendment of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporation.</li><li>• To establish the necessary provisions and amend related wording following the addition of assets that correspond to specified assets due to the amendment to the Order for the Enforcement of the Act on Investment Trusts and Investment Corporation.</li><li>• To delete provisions that have become unnecessary following the amendment of the Ordinance for Enforcement of the Act on Special Measures concerning Taxation.</li><li>• To change the provisions to enable the distribution of money that exceeds profit with the aim of alleviating the taxation burden of the Investment Corporation following the amendment of the Act on Investment Trusts and Investment Corporation and the Act on Special Measures concerning Taxation, with regard to the issue of discrepancy between tax and accounting profits at investment corporations.</li><li>• To change the relevant provisions to clarify that the Investment Corporation bears the costs of issuing subscription rights for new investment units.</li><li>• In addition to the above, to change and clarify the necessary expressions, amend wording, and establish the number of clauses in order to stipulate that the chairperson of the Board of Directors shall be decided by the board, and to delete the provisions that have become unnecessary due to simplification of the contents of the Articles of Incorporation, clarification of provisions and termination of specific operation periods.</li></ul>

Agendum 2: Partial Amendment to the Articles of Incorporation (Part 2)	<p>The Articles of Incorporation were amended with regard to the following matters as per the original proposal:</p> <ul style="list-style-type: none"><li>• To add adjustment provisions to exclude the number of own investment units that the Investment Corporation acquired and holds from the total number of investment units in order to clarify the treatment of own investment units, and to clarify the treatment of cases where a consolidation or split of investment units was carried out, in calculating management fees II.</li><li>• To add wording to clarify that cases where assets are succeeded from an investment corporation that is the counterpart of a merger of the Investment Corporation and another investment corporation are included in the calculation of acquisition fees.</li><li>• To delete the wording so as to stipulate that adjustment by operating period will not be carried out with regard to the payment period of acquisition fees and disposal fees.</li><li>• In addition to the above, to change the necessary expressions and amend wording in order to delete provisions that have become unnecessary due to the clarification of provisions and termination of specific operation periods.</li></ul>
Agendum 3: Election of One Executive Director	Michie Kawai was elected as Executive Director as per the original proposal.
Agendum 4: Election of One Alternate Executive Director	Nariaki Hosoi was elected as Alternate Executive Director as per the original proposal.
Agendum 5: Election of Two Supervisory Directors	Yonosuke Yamada and Yoshinori Ariga were elected as Supervisory Directors as per the original proposal.

- 2) 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
August 26, 2015	Conclusion of the third alteration agreement for a consignment agreement for asset management	In response to the approval of changes in the stipulations related to asset management fees at the third general meeting of unitholders of the Investment Corporation, the Board of Directors of the Investment Corporation approved changes in part of a consignment agreement for asset management (including later changes), which was entered into by and between the Investment Corporation and TLC Activia Investment Management Inc. as of September 7, 2011.
September 25, 2015	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: ¥25 billion or less; issuance period: October 4, 2015 to May 31, 2015); 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.
November 26, 2015	Conclusion of an underwriting agreement for new investment units	We entrusted the underwriters (Note) with general administration related to the issuance of new investment units and the secondary offering of investment units, which was approved by the Board of Directors of the Investment Corporation on the same day.

(Note) The underwriters in Japan are Nomura Securities Co., Ltd., Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Daiwa Securities Co., Ltd., SMBC Nikko Securities Inc., and Tokai Tokyo Securities Co., Ltd. The underwriters overseas are Nomura International plc, UBS AG, London Branch, Daiwa Capital Markets Europe Limited and Citigroup Global Markets Limited.

(3) Status of Companies Owning Real Estate Overseas

Not applicable

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

Not applicable

(5) Other

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

## Financial Statements

### II. Balance Sheets

(Unit: Thousands of yen)

	As of May 31, 2015	As of November 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	9,743,232	10,356,687
Cash and deposits in trust	3,007,251	2,985,837
Operating accounts receivable	353,933	364,124
Prepaid expenses	288,392	198,238
Deferred tax assets	17	11
Income taxes receivable	—	53
Consumption taxes receivable	359,151	—
Other	1,546	1,692
Total current assets	13,753,525	13,906,644
Non-current assets		
Property, plant and equipment		
Buildings in trust	61,617,753	62,998,720
Accumulated depreciation	(3,573,458)	(4,327,404)
Buildings in trust, net	58,044,295	58,671,315
Structures in trust	548,652	541,463
Accumulated depreciation	(62,644)	(69,712)
Structures in trust, net	486,007	471,750
Machinery and equipment in trust	1,205,731	1,231,423
Accumulated depreciation	(121,137)	(149,904)
Machinery and equipment in trust, net	1,084,594	1,081,519
Tools, furniture and fixtures in trust	65,463	73,944
Accumulated depreciation	(15,743)	(23,340)
Tools, furniture and fixtures in trust, net	49,720	50,603
Land in trust	219,073,983	228,459,519
Construction in progress in trust	9,174	4,879
Total property, plant and equipment	278,747,775	288,739,588
Intangible assets		
Leasehold rights in trust	4,562,628	4,562,628
Other	2,628	2,167
Total intangible assets	4,565,256	4,564,795
Investments and other assets		
Long-term prepaid expenses	341,930	481,518
Securities deposited	9,992	—
Other	3,794	13,944
Total investments and other assets	355,717	495,463
Total non-current assets	283,668,749	293,799,847
Deferred assets		
Investment corporation bond issuance costs	44,372	40,096
Total deferred assets	44,372	40,096
Total assets	297,466,647	307,746,588

(Unit: Thousands of yen)

	As of May 31, 2015	As of November 30, 2015
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	687,543	644,184
Short-term loans payable	—	2,400,000
Current portion of long-term loans payable	19,000,000	19,000,000
Accounts payable - other	112,013	68,571
Accrued expenses	402,760	540,277
Income taxes payable	258	—
Accrued consumption taxes	—	324,818
Advances received	217,484	192,393
Deposits received	9,647	2,251
Other	433	2,128
Total current liabilities	20,430,142	23,174,626
Non-current liabilities		
Investment corporation bond	8,000,000	8,000,000
Long-term loans payable	100,100,000	107,500,000
Tenant leasehold and security deposits in trust	13,583,386	13,511,215
Other	2	42
Total non-current liabilities	121,683,388	129,011,258
Total liabilities	142,113,530	152,185,884
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	150,770,610	150,770,610
Surplus		
Unappropriated retained earnings	4,582,505	4,790,093
(undisposed loss)	—	—
Total surplus	4,582,505	4,790,093
Total unitholders' equity	155,353,116	155,560,704
Total net assets	*2 155,353,116	*2 155,560,704
Total liabilities and net assets	297,466,647	307,746,588

### III. Statements of Operations

(Unit: Thousands of yen)					
	Previous fiscal period (From December 1, 2014 to May 31, 2015)		Current fiscal period (From June 1, 2015 to November 30, 2015)		
Operating revenue					
Rent revenue - real estate	*1, *3	8,501,606	*1, *3	8,780,954	
Other lease business revenue	*1, *3	619,027	*1, *3	719,892	
Gain on sales of real estate properties		—	*2	200,380	
Total operating revenue		9,120,633		9,701,227	
Operating expenses					
Expenses related to rent business	*1, *3	3,210,806	*1, *3	3,422,612	
Asset management fee		615,641		703,280	
Asset custody fee		7,981		8,490	
Administrative service fees		14,611		26,348	
Directors' compensations		3,300		3,300	
Other operating expenses		68,984		77,059	
Total operating expenses		3,921,326		4,241,090	
Operating income		5,199,306		5,460,137	
Non-operating income					
Interest income		550		451	
Interest on securities		3,083		3,488	
Interest on refund		—		1,138	
Insurance income		161		—	
Total non-operating income		3,794		5,078	
Non-operating expenses					
Interest expenses		449,096		483,538	
Interest expenses on investment corporation bonds		9,615		17,664	
Amortization of investment corporation bond issuance costs		3,012		4,276	
Investment unit issuance expenses		56,205		62,950	
Borrowing related expenses		101,181		105,568	
Other		500		500	
Total non-operating expenses		619,611		674,498	
Ordinary income		4,583,489		4,790,716	
Income before income taxes		4,583,489		4,790,716	
Income taxes - current		992		745	
Income taxes - deferred		(6)		6	
Total income taxes		985		751	
Profit		4,582,504		4,789,965	
Retained earnings brought forward		1		127	
Unappropriated retained earnings (undisposed loss)		4,582,505		4,790,093	

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

Previous fiscal period (From December 1, 2014 to May 31, 2015)				(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	126,054,921	4,031,303	4,031,303	130,086,225	130,086,225
Changes of items during the period					
Issuance of new investment units	24,715,689			24,715,689	24,715,689
Dividends from surplus		(4,031,302)	(4,031,302)	(4,031,302)	(4,031,302)
Profit		4,582,504	4,582,504	4,582,504	4,582,504
Total changes of items during the period	24,715,689	551,201	551,201	25,266,891	25,266,891
Balance at end of current period	*1 150,770,610	4,582,505	4,582,505	155,353,116	155,353,116

Current fiscal period (From June 1, 2015 to November 30, 2015)					(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	4,582,505	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

## V. Statements of Cash Distributions

	Fiscal periods	
	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
	Amount	Amount
I Unappropriated retained earnings (Undisposed loss)	¥4,582,505,581	¥4,790,093,192
II Distributions	¥4,582,377,620	¥4,789,949,488
[Cash distribution per unit]	¥[16,535]	¥[8,642]
III Earnings carried forward	¥127,961	¥143,704

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 ¥4,582,377,620, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 277,132, 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 ¥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.
--------------------------------------	--	--

## VI. Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Cash flows from operating activities		
Income before income taxes	4,583,489	4,790,716
Depreciation	887,319	925,507
Loss on retirement of non-current assets	—	2,862
Amortization of investment corporation bond issuance costs	3,012	4,276
Interest income and interest on securities	(3,633)	(3,940)
Interest expenses	458,712	501,203
Investment unit issuance expenses	56,205	62,950
Borrowing related expenses	101,181	105,568
Decrease (increase) in operating accounts receivable	(37,850)	(10,190)
Decrease (increase) in consumption taxes refund receivable	(359,151)	359,151
Increase (decrease) in accrued consumption taxes	(116,971)	324,818
Decrease (increase) in prepaid expenses	(112,469)	107,120
Decrease from sales of property, plant and equipment in trust	—	1,611,869
Increase (decrease) in operating accounts payable	29,815	43,719
Increase (decrease) in accrued expenses	37,420	34,319
Increase (decrease) in advances received	111,768	(25,091)
Decrease (increase) in long-term prepaid expenses	(357)	(41,948)
Other, net	6,395	(5,807)
Subtotal	5,644,887	8,787,107
Interest income received	3,621	3,932
Interest expenses paid	(423,776)	(452,221)
Income taxes paid	(1,117)	(1,056)
Net cash provided by (used in) operating activities	5,223,614	8,337,761
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(41,620,986)	(12,664,006)
Repayments of tenant leasehold and security deposits	(130,157)	(750,334)
Proceeds from tenant leasehold and security deposits	2,419,435	678,164
Other, net	(3,794)	(150)
Net cash provided by (used in) investing activities	(39,335,503)	(12,736,326)
Cash flows from financing activities		
Increase in short-term loans payable	4,000,000	7,398,405
Decrease in short-term loans payable	(4,000,000)	(5,000,000)
Proceeds from long-term loans payable	18,194,908	19,196,865
Decrease in long-term loans payable	(6,000,000)	(12,000,000)
Proceeds from issuance of investment corporation bonds	3,975,840	—
Proceeds from issuance of investment units	24,610,255	—
Dividends paid	(4,031,023)	(4,580,483)
Other, net	(12,776)	(24,180)
Net cash provided by (used in) financing activities	36,737,204	4,990,606
Net increase (decrease) in cash and cash equivalents	2,625,315	592,041
Cash and cash equivalents at beginning of period	10,125,167	12,750,483
Cash and cash equivalents at end of period	*1 12,750,483	*1 13,342,524

## VII. Notes to Financial Statements

### Notes on Assumption of Going Concern

Not applicable

### Notes on Important Accounting Policies

1. Method of depreciation of noncurrent assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table> <tr> <td>Buildings</td><td>2 to 70 years</td></tr> <tr> <td>Structures</td><td>2 to 60 years</td></tr> <tr> <td>Machinery and equipment</td><td>2 to 33 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr> </table> <p>(2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	2 to 70 years	Structures	2 to 60 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 60 years								
Machinery and equipment	2 to 33 years								
Tools, furniture and fixtures	2 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure.</p> <p>(2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.</p>								
3. Accounting for income and expenses	<p>Property-related taxes For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business. 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 ¥15,795 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"> <li>i) Cash and deposits in trust</li> <li>ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust</li> <li>iii) Tenant leasehold and security deposits in trust</li> </ul> <p>(2) Accounting method for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for noncurrent assets, etc. are included in acquisition cost for each asset.</p>
---	---

### Notes to Balance Sheets

#### 1. Commitment Line Contracts

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

	As of May 31, 2015	As of November 30, 2015
Total amount specified in the commitment line contracts	¥12,000,000 thousand	¥16,000,000 thousand
Loan balance	–	–
Net balance	¥12,000,000 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 May 31, 2015	As of November 30, 2015
	¥50,000 thousand	¥50,000 thousand

## Notes to Statements of Operations

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

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2014 to May 31, 2015)		Current fiscal period (From June 1, 2015 to November 30, 2015)	
A. Real estate leasing business revenues				
Rent revenue—real estate				
Rent	7,761,778		7,995,439	
Common service fees	515,023		551,704	
Parking lot fees	162,233		167,202	
Other rent revenue	62,570	8,501,606	66,608	8,780,954
Other lease business revenue		619,027		719,892
Total real estate leasing business revenues		9,120,633		9,500,847
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	825,110		822,028	
Utilities expenses	627,789		658,114	
Tax and public dues	578,744		643,543	
Insurance	8,720		6,793	
Repair and maintenance expenses	118,075		202,545	
Depreciation	887,061		925,248	
Loss on retirement of noncurrent assets	—		2,862	
Other expenses related to rent business	165,304	3,210,806	161,476	3,422,612
Total real estate leasing business expenses		3,210,806		3,422,612
C. Income from real estate leasing business (A – B)		5,909,826		6,078,235

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

Previous fiscal period (From December 1, 2014 to May 31, 2015)

Not applicable

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

(Unit: Thousands of yen)

icot Kongo	
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

### \*3. Transactions with Major Unitholders

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Operating transactions		
Rent revenue—real estate	4,410,535	1,935,495
Other lease business revenue	383,534	188,396
Expenses related to rent business	315,421	77,096

## Notes to Statements of Changes in Unitholders' Equity

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

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Total number of authorized investment units	2,000,000 units	4,000,000 units
Total number of investment units issued	277,132 units	554,264 units

**Notes to Statements of Cash Flows**

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

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Cash and deposits	¥9,743,232 thousand	¥10,356,687 thousand
Cash and deposits in trust	¥3,007,251 thousand	¥2,985,837 thousand
Cash and cash equivalents	¥12,750,483 thousand	¥13,342,524 thousand

**Notes to Lease Rental Revenues**

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

	As of May 31, 2015	As of November 30, 2015
Due within one year	¥10,339,469 thousand	¥9,525,080 thousand
Due after one year	¥50,880,545 thousand	¥47,113,916 thousand
Total	¥61,220,014 thousand	¥56,638,996 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 May 31, 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	9,743,232	9,743,232	–
(2) Cash and deposits in trust	3,007,251	3,007,251	–
Total assets	12,750,483	12,750,483	–
(2) Current portion of long-term loans payable	19,000,000	19,004,282	4,282
(3) Investment corporation bonds	8,000,000	8,005,561	5,561
(4) Long-term loans payable	100,100,000	101,047,721	947,721
Total liabilities	127,100,000	128,057,565	957,565
Derivative transactions	–	–	–

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	–	–	–

(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 May 31, 2015	As of November 30, 2015
Tenant leasehold and security deposits in trust *1	13,583,386	13,511,215

\*1 As there are no market prices for tenant leasehold and security deposits in trust from tenants for leasehold properties and the actual period of deposit from move-in of the tenant to move-out is difficult to determine, it is extremely difficult to reasonably estimate the cash flow. Therefore, the fair value for tenant leasehold and security deposits in trust is not subject to the disclosure of fair value.

(Note 3) Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (May 31, 2015)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	9,743,232	–	–	–	–	–
Deposits in trust	3,007,251	–	–	–	–	–
Total	12,750,483	–	–	–	–	–

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	–	–	–	–	–

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (May 31, 2015)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Investment corporation bonds	–	–	–	4,000,000	2,000,000	2,000,000
Long-term loans payable	19,000,000	24,000,000	20,900,000	18,500,000	18,000,000	18,700,000
Total	19,000,000	24,000,000	20,900,000	22,500,000	20,000,000	20,700,000

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

## Notes on Derivative Transactions

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

(As of May 31, 2015)

Not applicable

(As of November 30, 2015)

Not applicable

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

(As of May 31, 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	5,000,000	5,000,000	*	—

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

(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.”)

## Notes on Deferred Tax Accounting

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

	As of May 31, 2015	As of November 30, 2015
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥17 thousand	¥11 thousand
Total deferred tax assets	¥17 thousand	¥11 thousand
Net deferred tax assets	¥17 thousand	¥11 thousand

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

	As of May 31, 2015	As of November 30, 2015
Effective statutory tax rate	34.15%	32.31%
(Adjustments)		
Distributions paid included in deductibles	(34.14)%	(32.30)%
Other	0.01%	0.01%
Effective income tax rate after application of tax effect accounting	0.02%	0.02%

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

Previous fiscal period (From December 1, 2014 to May 31, 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	Purchase of beneficiary rights of real estate in trust	4,820,000	—	—
								Acceptance of tenant leasehold and security deposits	322,869	Tenant leasehold and security deposits in trust	6,721,489
								Receipt of tenant leasehold and security deposits	618,522		
								Repayments of tenant leasehold and security deposits	100,572		
								Rental revenues, etc.	4,794,070	Operating accounts receivable	224,256
								Fees for consignment for real estate management	312,341	Advances received	108,952
										Operating accounts payable	105,096

Current 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

(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 December 1, 2014 to May 31, 2015)

Not applicable

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

Not applicable

3. Sister companies, etc.

Previous fiscal period (From December 1, 2014 to May 31, 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 relation				
Subsidiary of major unitholder	Godo Kaisha Bellflower	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	5,850,000	—	—
								Acceptance of tenant leasehold and security deposits	336,920	—	—
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	30,300,000	—	—
								Acceptance of tenant leasehold and security deposits	1,130,131	—	—
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	1,605,891	Tenant leasehold and security deposits in trust	4,883,960
								Receipt of tenant leasehold and security deposits	1,606,161		
								Rental revenues, etc.	3,093,984	Operating accounts receivable	87,112
										Advances received	488
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	820,491	Other accrued expenses	255,498

Current 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

(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 December 1, 2014 to May 31, 2015)

Not applicable

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

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 December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Urban Retail Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	130,110,434	129,968,262
	Changes during period	(142,172)	(127,142)
	Balance at end of period	129,968,262	129,841,119
	Fair value at end of period	148,480,000	152,755,000
Tokyo Office Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	66,849,917	97,224,657
	Changes during period	30,374,740	11,902,155
	Balance at end of period	97,224,657	109,126,813
	Fair value at end of period	104,320,000	118,730,000
Other Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	45,474,053	56,119,072
	Changes during period	10,645,018	(1,783,402)
	Balance at end of period	56,119,072	54,335,670
	Fair value at end of period	61,330,000	60,870,000
Total	Carrying amount on the balance sheets		
	Balance at beginning of period	242,434,405	283,311,992
	Changes during period	40,877,587	9,991,610
	Balance at end of period	283,311,992	293,303,602
	Fair value at end of period	314,130,000	332,355,000

(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 (Frontier Ebisu and Shibuya Konnoh Building) worth ¥12,259,592 thousand. The decrease is mainly due to the transfer of icot Kongo worth ¥1,611,869 thousand and the provision of depreciation worth ¥925,248 thousand.

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

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

### Segment Information

Segment Information for the fiscal periods ended May 31, 2015 and November 30, 2015 is as follows:

#### 1. Operating Segment Information

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

#### 2. Enterprise-wide Disclosures

##### (1) Information about Products and Services

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

##### (2) Information about Geographic Areas

Revenues from Overseas Customers:

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

Property, plant and equipment:

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

#### 3. Information about Major Customers

Previous fiscal period (From December 1, 2014 to May 31, 2015)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Land Corporation	4,794,070	Property rental business
Tokyu Land SC Management Corporation	3,093,984	Property rental business

Current 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

# Per Unit Information

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Net assets per unit	¥280,287	¥280,661
Basic earnings per unit	¥8,344	¥8,642

(Note 1) Activia Properties Inc. implemented a two-for-one split of the investment units 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 based on the assumption that the split of investment units was implemented at the beginning of the previous fiscal period.

(Note 2) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (previous fiscal period 549,191 units and current fiscal period 554,264 units). Diluted earnings per unit is not stated, as there is no potential investment unit.

(Note 3) The basis for calculating basic earnings per unit is as follows:

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Profit (Thousands of yen)	4,582,504	4,789,965
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	4,582,504	4,789,965
Average number of investment units for the period (Units)	549,191	554,264

# Significant Subsequent Events

## a. Issuance of New Investment Units

At meetings of the board of directors held on November 26, 2015 and December 8, 2015, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 15, 2015 and January 6, 2016. As a result, unitholders' capital amounted to ¥171,532,813,890, and the total number of investment units issued came to 599,654 units.

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

Number of new investment units issued	41,870 units
Offering price	¥472,360 per unit
Total offering price	¥19,777,713,200
Paid-in amount	¥457,418 per unit
Total paid-in amount	¥19,152,091,660
Payment date	December 15, 2015
Initial date of reckoning distributions	December 1, 2015

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

Number of new investment units issued	3,520 units
Paid-in amount	¥457,418 per unit
Total paid-in amount	¥1,610,111,360
Payment date	January 6, 2016
Initial date of reckoning distributions	December 1, 2015
Allottee	Nomura Securities Co., Ltd.

## b. Borrowing of Funds

In order to cover the acquisition costs for beneficiary rights of real estate in trust to two properties and related costs, the Investment Corporation borrowed funds of ¥12,100 million on December 16, 2015. For the details, please refer to the preceding "Asset Management Report, 1. Review of Asset Management, (6) Significant Matters after Book Closing, 2) Borrowing of Funds".

## c. Acquisition of Properties

The Investment Corporation acquired beneficiary rights of real estate in trust to two properties for ¥33,750 million on December 16, 2015, with proceeds from the issuance of new investment units through public offering (public placement) and borrowings, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation. For the details, please refer to the preceding "Asset Management Report, 1. Review of Asset Management, (6) Significant Matters after Book Closing, 3) Acquisition of Properties".

# Omission of Disclosure

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

## VIII. Schedule of Financial Statements

### Securities

#### 1. Shares

Not applicable

#### 2. Securities Other Than Shares

Not applicable

### Derivative Transactions

(Unit: Thousands of yen)

Classification	Type of derivative transactions	Amount of contract (Note 1)		Fair value (Note 2)
			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)	61,617,753	2,124,167	743,199	62,998,720	4,327,404	875,120	58,671,315
	Structures in trust	548,652	13,230	20,419	541,463	69,712	13,561	471,750
	Machinery and equipment in trust	1,205,731	25,692	—	1,231,423	149,904	28,767	1,081,519
	Tools, furniture and fixtures in trust	65,463	8,480	—	73,944	23,340	7,597	50,603
	Land in trust (Note 1)	219,073,983	10,364,314	978,779	228,459,519	—	—	228,459,519
	Construction in progress in trust	9,174	1,795	6,090	4,879	—	—	4,879
	Subtotal	282,520,759	12,537,681	1,748,489	293,309,951	4,570,362	925,046	288,739,588
Intangible Assets	Leasehold rights in trust	4,562,628	—	—	4,562,628	—	—	4,562,628
	Other (Note 2)	4,610	—	—	4,610	2,443	461	2,167
	Subtotal	4,567,239	—	—	4,567,239	2,443	461	4,564,795
Total		287,087,998	12,537,681	1,748,489	297,877,190	4,572,806	925,507	293,304,384

(Note 1) The main reason for the increase in the fiscal period ended November 30, 2015 is the acquisition of 2 properties (Frontier Ebisu and Shibuya Konnoh Building).

The main reason for the decrease in the fiscal period ended November 30, 2015 is the transfer of 1 property (icot Kongo).

(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
Total	—	8,000,000	—	8,000,000	—	—	—	—

(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	—	5,000,000	5,000,000	—	0.26896%	September 30, 2015	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	2,400,000	—	2,400,000	0.27000%	June 30, 2016	(Note 2)	Unsecured, non-guaranteed
Total		—	7,400,000	5,000,000	2,400,000				
Long-term loans payable (Note 3)	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	3,000,000	—	0.79955%	June 13, 2015	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	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 Trust Bank, Limited	1,400,000	—	—	1,400,000	0.28000%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,400,000	—	—	1,400,000	0.28000%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,400,000	—	—	1,400,000	0.28000%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,400,000	—	—	1,400,000	0.28000%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000	0.28000%	January 9, 2016	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	700,000	—	—	700,000	0.28000%	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	0.30000%	December 13, 2016	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	2,400,000	—	2,400,000	0.27200%	December 26, 2016	(Note 2)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	2,000,000	—	—	2,000,000	0.30500%	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				
	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

(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)	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
	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

(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)	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
	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

(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)	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	–	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
	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
	Total	119,100,000	19,400,000	12,000,000	126,500,000				

(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	19,000,000	26,400,000	20,900,000	17,200,000	7,300,000

# Independent Auditor's Report



Ernst & Young ShinNihon LLC  
Hibiya Kokusai Bldg.  
2-2-3 Uchisaiwai-cho, Chiyoda-ku  
Tokyo, Japan 100-0011  
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 November 30, 2015, and the statements of operations, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

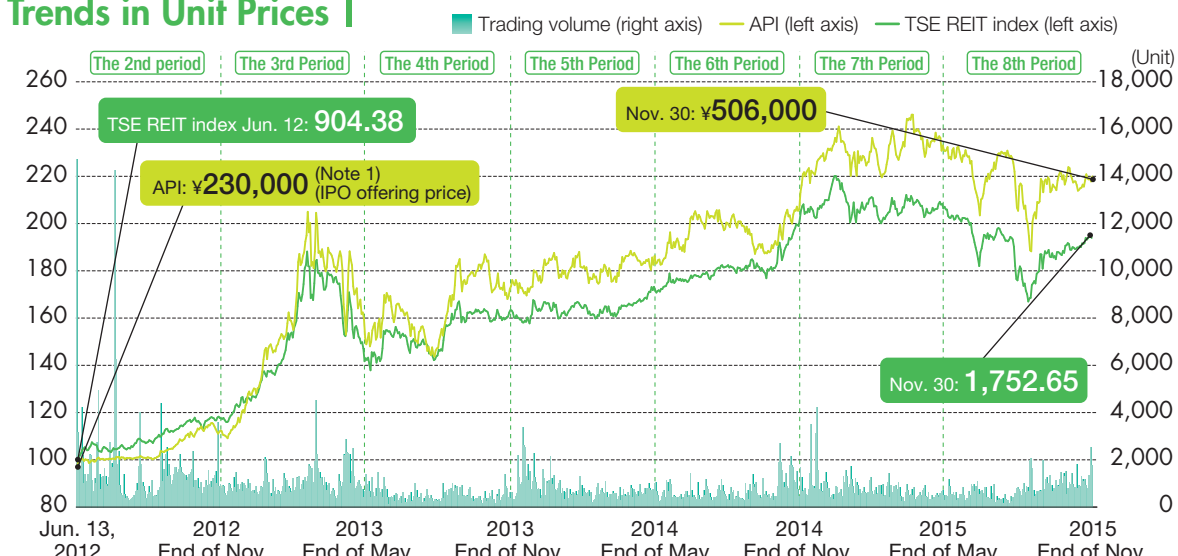
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Activia Properties Inc. as at November 30, 2015, and their financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

February 24, 2016  
Tokyo, Japan

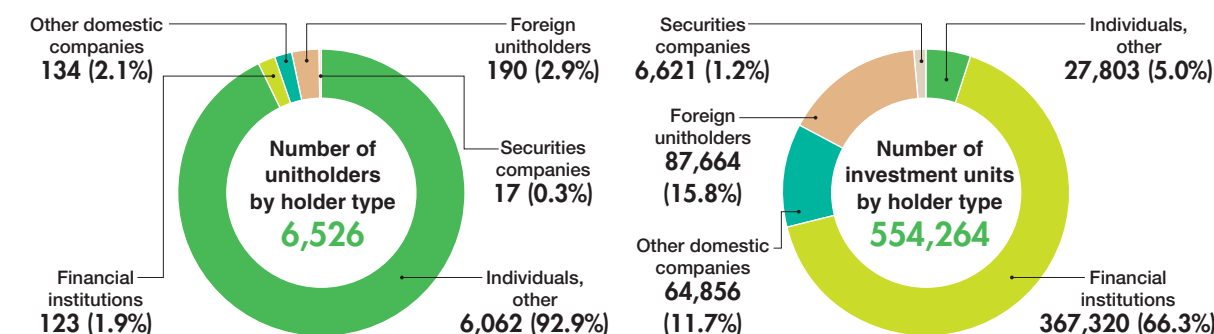
# Information on Unitholders

## Trends in Unit Prices



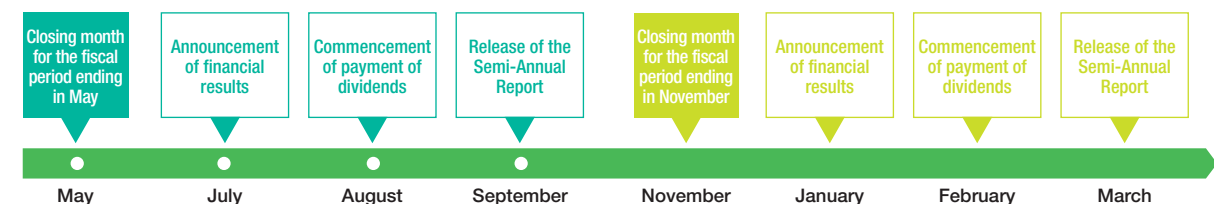
(Note 1) API implemented a 2-for-1 investment unit split with October 1, 2015 as the effective date. To reflect the split, the issue price is indicated as ¥230,000 (half of ¥460,000).  
(Note 2) Regarding API's investment unit prices, daily closing prices were indexed from the listing date with the issue 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>



# Information on Unitholders

## Unitholder Memo

Account closing month	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
Date 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: <a href="http://www.smtb.jp/personal/agency/">http://www.smtb.jp/personal/agency/</a> (Japanese page)
Stock exchange	J-REIT section of the Tokyo Stock Exchange (securities code: 3279)
Newspaper to provide public notice	<i>Nihon Keizai Shimbun</i>

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

Please contact the securities company.

### Dividends

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

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

Telephone inquiries	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited Tel: <b>0120-782-031</b> (toll-free, available within Japan only)
---------------------	--

### 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.)

## 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	<b>20.315%</b>		<b>20%</b>	
	Breakdown	Income tax 15% + Reconstruction special income tax 0.315% <sup>(Note)</sup>	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% <sup>(Note)</sup>). 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***