



7th

Semi-Annual Report for the 7th Period

From December 1, 2014 to May 31, 2015

Activia Properties Inc.

16-3, Dogenzaka 1-chome, Shibuya-ku, Tokyo <http://www.activia-reit.co.jp/english>





Semi-Annual Report for the 7th Period

From December 1, 2014 to May 31, 2015

Cash Distributions (Result)

The 7th Period (May 31, 2015)

Cash distributions per unit

¥16,535

Cash Distributions (Forecast)

The 8th Period (November 30, 2015)

Cash distributions per unit

¥17,195

The 9th Period (May 31, 2016)

Cash distributions per unit

¥16,625



Activia Properties Inc. aims at **proactive investment** by selecting **real estate favored by customers** as an urban center or business activity hub in order to maximize **unitholder value** (taking initiatives, acting proactively and managing properties to improve the situation).

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 the value of our units

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We made our second public offering to enlarge scale of assets on a continuing basis and improve unitholder value.

Nariaki Hosoi

Executive Director
Activia Properties Inc.

Activia Properties Inc. (API) is pleased to inform you that we safely closed all accounts for the 7th period (from December 1, 2014 to May 31, 2015). I wish to again express my gratitude to you for your understanding and support.

In the fiscal period under review, the Japanese economy recovered modestly due to steady personal consumption, reflecting recovering consumer sentiment influenced by additional monetary easing by the Bank of Japan and the postponement of the consumption tax hike, in line with a trend toward improvement in corporate earnings. Although we should be

mindful of the monetary policy of the United States and the recurrence of the Greek sovereign debt problem, a gradual recovery is generally expected to occur on a continuing basis going forward. In the urban retail property market, in addition to a recovery in positive consumer sentiment, travel consumption of inbound tourists has shown an upward tendency, with the increased presence of foreign tourists. In the rental office market, against the backdrop of rising demand for expansion and relocation by companies, the vacancy rate in central Tokyo has continued to hover at a low level.

In these circumstances, API made its second public offering on December 2014. We acquired three properties (with a total acquisition price of ¥41.0 billion): The Shiodome Building, which is categorized as “Tokyo Office Properties,” one of our focused investment properties; Osaka Nakanoshima Building (additional acquisition of co-ownership interest); and Market Square Sagamiara.

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 99.7% through the 7th period. The occupancy rate for Tokyo Office Properties reached a particularly high level of more than 99%, which was maintained even after improving the leasing conditions in favor of API after the tenants left.

As a result, for the 7th period, API achieved ¥9,120 million in operating revenue, ¥5,199 million in operating income, ¥4,582 million in net income, and ¥16,535 in distributions per unit, all of which exceeded our forecasts.

Furthermore, in July 2015 (during the 8th period) API transferred icot Kongo at a price

of ¥1.9 billion, which exceeded the appraisal value and the book value, and acquired Frontier Ebisu (with an acquisition price of ¥7.1 billion) from a third party through the sourcing of TLC Activia Investment Management Inc., the asset manager. Through the strategic replacement of assets, API maintained its portfolio of 30 properties and expanded the total acquisition price to ¥288.1 billion and the relative portion of Urban Retail and Tokyo Office Properties, in which API focuses on investigating, to 81% of the portfolio.

From the 8th 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 a high occupancy rate and upward rent revision) 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 would be highly appreciated.

Thank you for your cooperation.

Financial Highlights (Millions of yen)

	The 6th Period	The 7th Period
Operating revenue	¥ 8,174	¥ 9,120
Operating income	¥ 4,594	¥ 5,199
Ordinary income	¥ 4,032	¥ 4,583
Net income	¥ 4,031	¥ 4,582

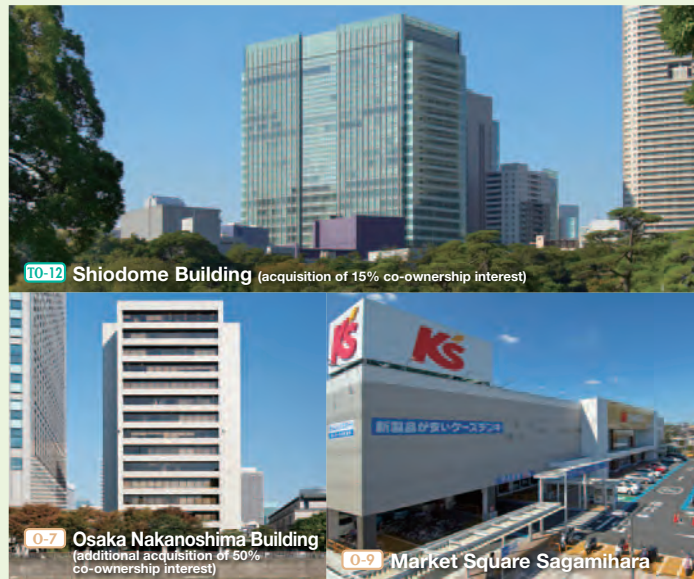
	The 6th Period	The 7th Period
Total assets	¥ 253,407	¥ 297,466
Net assets	¥ 130,086	¥ 155,353
Unitholders' equity to total assets (%)	51.3	52.2
Net assets per unit (yen)	¥ 518,143	¥ 560,574

TOPICS

1 Continuous Expansion of Assets under Management

Implementation of public offerings and acquisition of new properties

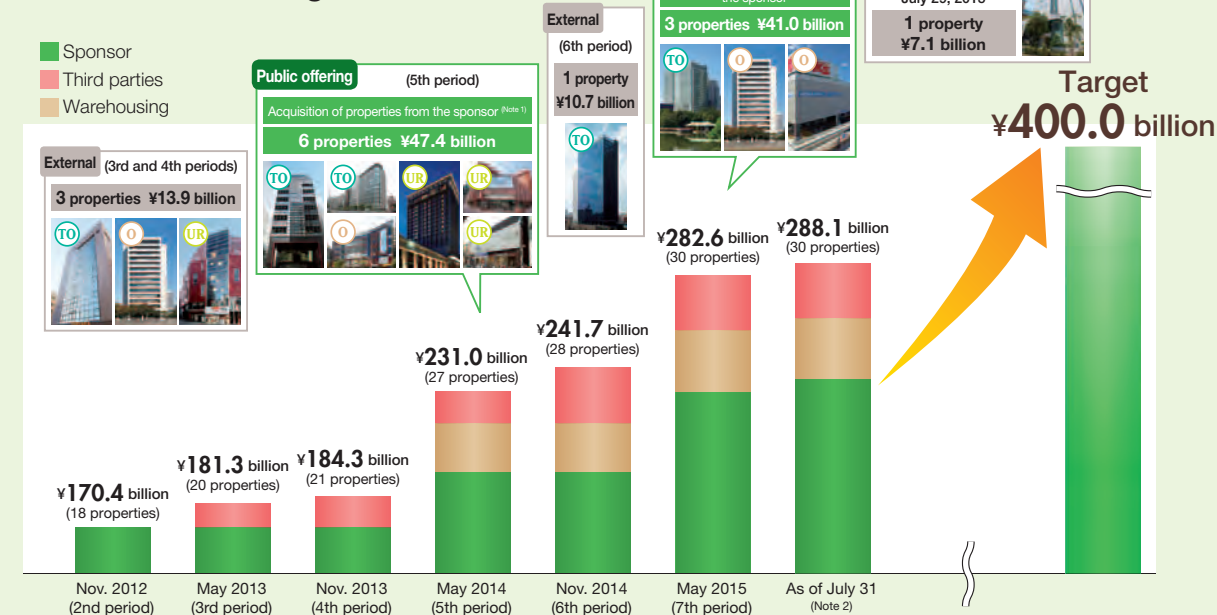
API made a public offering for the second time after the listing in December 2014, raising approximately ¥24.7 billion. The funds raised were used for the acquisition of three properties at a total cost of approximately ¥41.0 billion from Tokyu Land Corporation, the sponsor. Assets under management increased to ¥282.6 billion.



Summary of Public Offering

Number of units issued	26,070 Domestic public offering: 13,500 International offering: 10,550 Third-party allotment: 2,020
The number of issued and outstanding investment units following the issuance of new investment units	277,132
Offer price	¥979,020 per unit
Issue price	¥948,051 per unit
Total issue price	¥24.7 billion
Date of resolution of the issuance	November 27, 2014
Pricing date	December 10, 2014
Payment date	Public offering: December 17, 2014 Third-party allotment: January 8, 2015

Trends in the development of assets under management



(Note 1) Kobe Kyu Kyoryuchi 25Bank was acquired via warehousing.
(Note 2) The data shown above are the assumed values as of July 22, 2015.

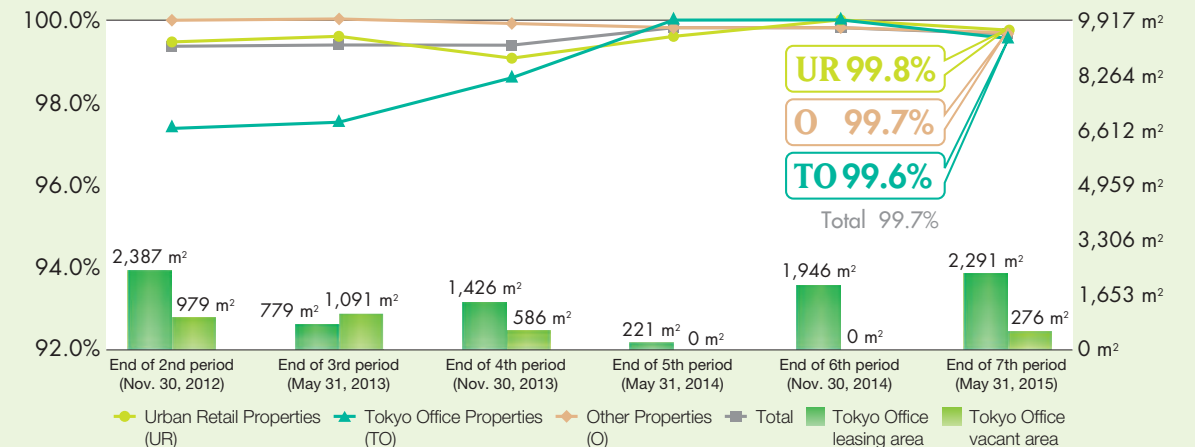
2 Maintaining a High Occupancy Rate

The entire portfolio maintains a high average occupancy rate of more than 99%.

In the event of termination, our flexible and prompt leasing approach allows all occupancy rates by category to be maintained at above 99%.

In addition, the occupancy rate of the overall portfolio was 99.7%; we have maintained a level of at least 99% since listing.

Trends in the development of occupancy rates of properties held by API

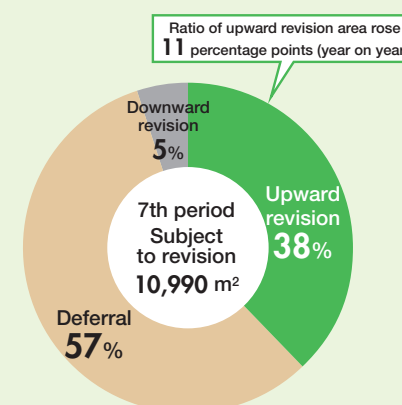


3 Upward Revisions of Rents in Tokyo Office Properties

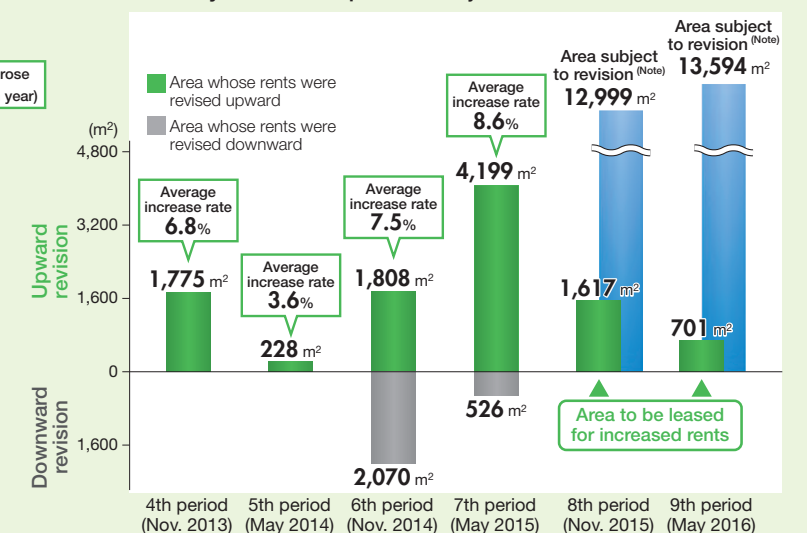
Achieve upward revisions of rents for six out of 12 Tokyo Office properties.

Out of rented space of 3,294 tsubo (10,990 m²) that was renewed during the 7th period, the rents of approximately 40% were revised upward (with an average rate of increase of 8.6%).

Percentage of upward rent revisions during the 7th period



Area in Tokyo Office Properties subject to revision



(Note) Area subject to revision includes Frontier Ebisu.

4 Diversification of Financing Means and Extension of Term

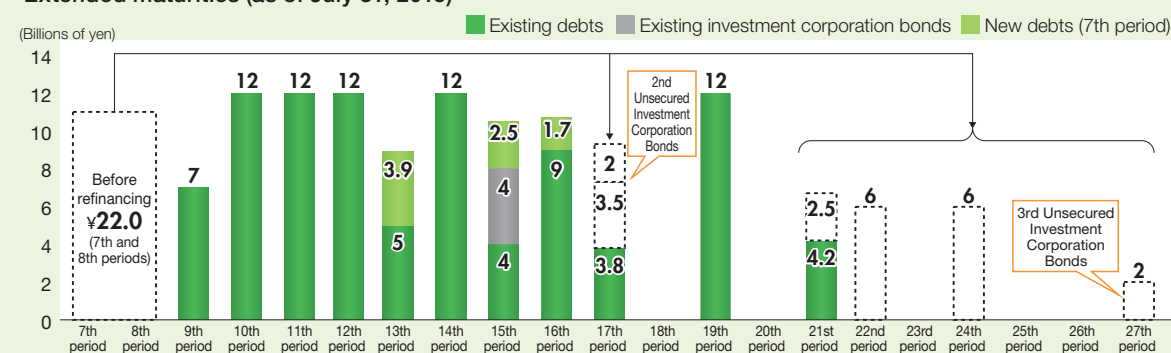
In April 2015, API issued investment corporation bonds—five-year bonds and 10-year bonds—for the second time and first time, respectively. API raised funds at the lowest level for each issue, and we were able to diversify the maturity of the bonds and extend the average remaining maturity.

Specifically, with respect to the average remaining maturity, including refinancing as of July 31, 2015, we were able to extend it to 3.4 years from 2.9 years as of the end of the 6th period.

■ Issuance of investment corporation bonds

	2nd Unsecured Investment Corporation Bonds	3rd Unsecured Investment Corporation Bonds
Date of issue	April 21, 2015	April 21, 2015
Total issuance	¥2 billion	¥2 billion
Maturity	5 years	10 years
Interest rate	0.297%	0.726%
Rating	AA- (JCR)	AA- (JCR)

■ Extended maturities (as of July 31, 2015) (Note 1)

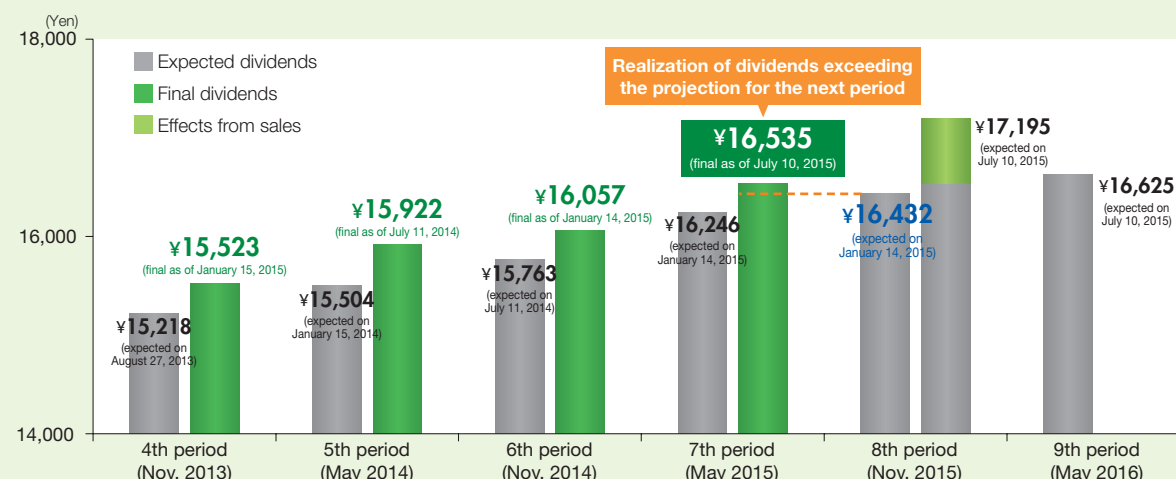


(Note 1) The data shown above are the assumed values as of July 22, 2015.

(Note 2) A short-term loan in the amount of ¥5 billion for the acquisition of Frontier Ebisu is excluded.

5 Trends in the Development of Dividends

Due mainly to steady upward rent revisions and increasing sales-linked rents, we were able to pay dividends of around ¥16,500 ahead of schedule, exceeding the preceding expected dividends of ¥16,432 for the 8th period.



TOPICS

Transfer of icot Kongo

Given that 38 years have passed since its completion, and building maintenance costs have become expensive in consideration of future tenant trends, API decided to transfer the property under the current strong market conditions. API plans to post a gain on sale of approximately ¥200 million in the 8th period.

Location	1 Handa, Osakasayama City, Osaka
Nearest station	5-minute walk from Kongo Station
Transfer date	July 8, 2015
Transfer price	¥1,880 million
Book value	¥1,618 million (As of May 31, 2015)
Appraisal value	¥1,860 million (As of May 31, 2015)
Capitalization rate / Discount rate / Terminal capitalization rate	6.6% / 6.4% / 7.1%
(Reference) Acquisition price	¥1,600 million

Acquisition of Frontier Ebisu

API acquired this competitive building with excellent lighting qualities and visibility. It is located along the Meiji Dori in Ebisu, which enjoys steady market demand.

Location	3 Higashi, Shibuya-ku, Tokyo
Nearest station	6-minute walk from Ebisu Station on JR Yamanote, Saikyo, Shonan Shinjuku lines, and Tokyo Metro Hibiya line
Date of completion	January 1992
Acquisition price	¥7,072 million
Appraisal value	¥7,160 million (June 1, 2015)
Vs. appraisal value	98.8%
Acquisition yield	4.4% (appraisal NOI: ¥310 million)
Capitalization rate / Discount rate / Terminal capitalization rate	4.1% / 3.9% / 4.3%
Total floor area	5,321 m ²
Total rentable area	4,010 m ²
Occupancy rate (as of acquisition date)	100.0%
Acquisition date	July 29, 2015

Strategic replacement of assets

For the 8th period, API transferred icot Kongo, categorized as Other Properties, and acquired Frontier Ebisu, categorized as Tokyo Office Properties, to conduct an effective replacement.



The replacement improved the ratio of Tokyo Office Properties, raising the ratio of focused investments (Urban Retail and Tokyo Office Properties).

API's Basic Policy

Focused investments in Urban Retail and Tokyo Office Properties

Portfolio Construction Policy I



Urban Retail Properties

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



Tokyo Office Properties

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



Other Properties

To enhance the stability and profitability of its portfolio, API carefully selects commercial facilities other than Urban Retail Properties and office buildings other than Tokyo Office Properties, assessing the attributes and competitiveness of each property.

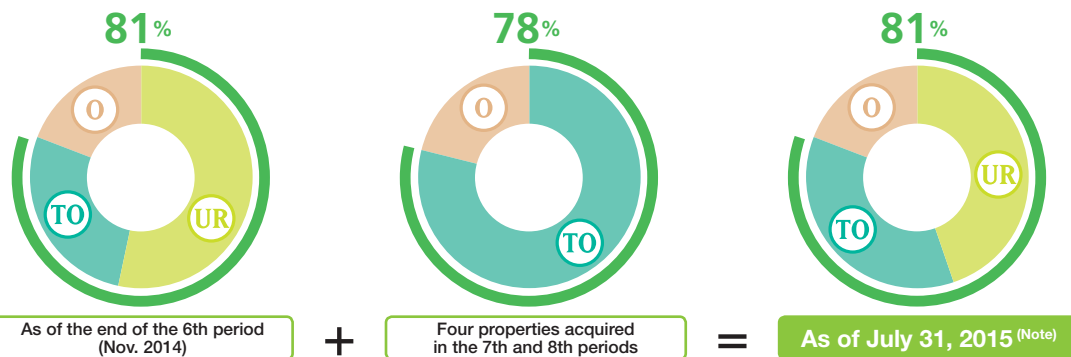
Investment ratio
(based on acquisition price)

70% or more
of the investment amount

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

Maintenance of a High Investment Ratio of Focused Investments I

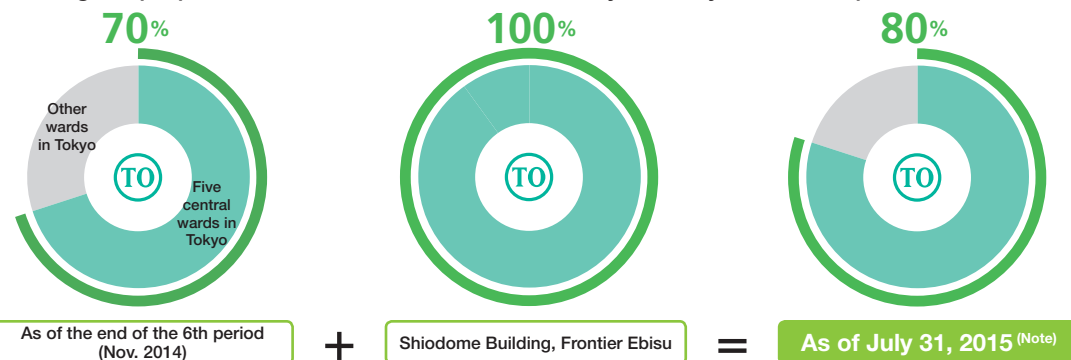
Percentage of Urban Retail and Tokyo Office Properties vs. the entire portfolio



(Note) The data shown above are the assumed values as of July 22, 2015.

Persistence in Location Choice I

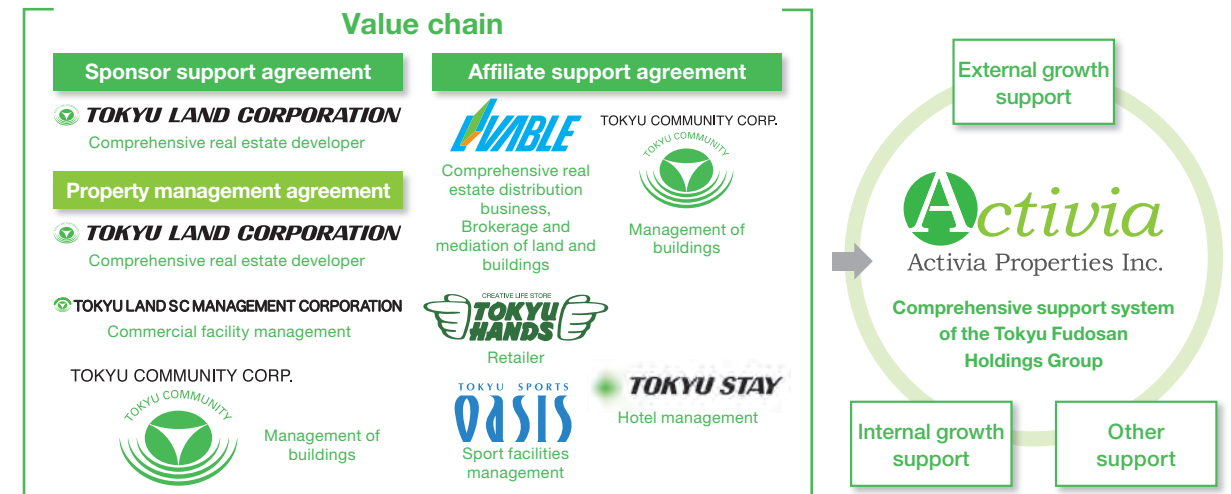
Percentage of properties in the five central wards of Tokyo in Tokyo Office Properties



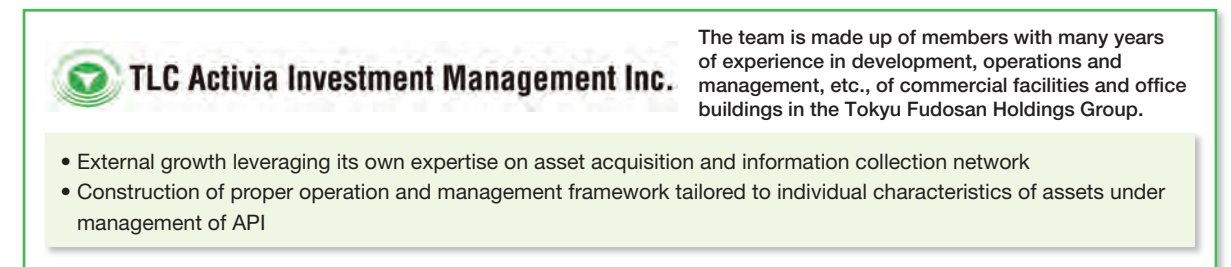
(Note) The data shown above are the assumed values as of July 22, 2015.

Utilizing the Value Chain of the Tokyu Fudosan Holdings Group

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



Utilizing the Proprietary Expertise of the Asset Manager I



Governance Structure for Maximizing Unitholder Value

Impartiality in Asset Acquisitions I

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

Alignment of the Interests of the Unitholders and Sponsor I

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 I

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.

Financial Situation

Based on stable banking transactions that are dependent on good relationships with major financial institutions, API maintains a stable financial base mainly by reducing interest costs and diversifying repayment schedules for interest-bearing debts.

■ Key financial indicators

	The 6th period (November 2014)	The 7th period (May 2015)	As of July 31, 2015 (Note 1)
Interest-bearing debt outstanding	¥110,800 million	¥127,100 million	¥132,100 million
LTV (Note 2)	43.7%	42.7%	43.7%
Long-term borrowing ratio (Note 3)	100.0% (83.8%)	100% (85.1%)	96.2% (81.8%)
Fixed interest ratio (Note 4)	77.4%	85.1%	81.8%
Average remaining borrowing period	2.9 years	3.0 years	3.4 years
Average interest ratio (Note 4)	0.76%	0.75%	0.75%

(Note 1) The data shown above are the assumed values as of July 22, 2015.

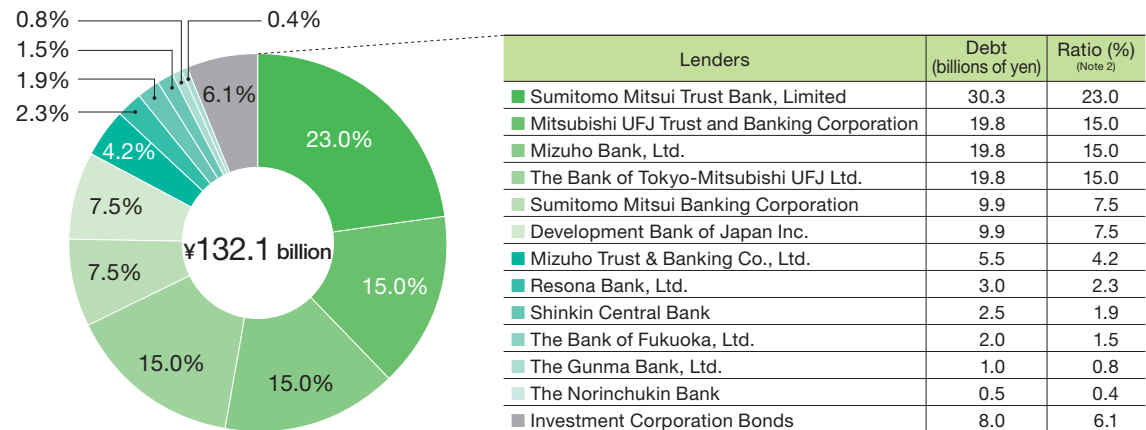
(Note 2) Interest-bearing debt ÷ total assets × 100

However, the total assets as of July 31, 2015 were computed as those at the end of the 6th period by adding the acquisition prices of three properties that were acquired during the 7th period.

(Note 3) The figure in parentheses is the long-term borrowing ratio excluding the current portion of long-term loans payable.

(Note 4) API entered into interest rate swap transactions to avoid interest rate fluctuation risk. Therefore, the figures incorporate the effect of interest rate swaps (fixed interest rate).

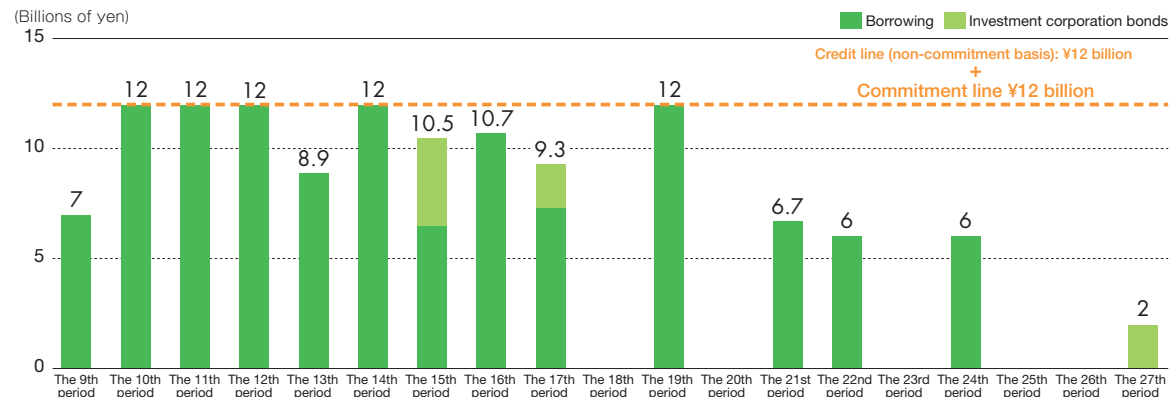
■ Diversification of lenders (As of July 31, 2015) (Note 1)



(Note 1) The data shown above are the assumed values as of July 22, 2015.

(Note 2) 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 July 31, 2015) (Note 1)



(Note 1) The data shown above are the assumed values as of July 22, 2015.

(Note 2) Short-term borrowings in the amount of ¥5 billion for acquisition of Frontier Ebisu are excluded.

■ Ratings (As of July 10, 2015)

Rating agency	Rating information	Rating	Outlook
Japan Credit Rating Agency (JCR)	Long-term issuer rating	AA-	Stable

Portfolio List

(As of July 31, 2015) (Note 1)

Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m ²)	Completion (Note 2)	Occupancy rate (Note 3)
	UR-1	Tokyu Plaza Omotesando Harajuku (Note 4)	Jingu-mae, Shibuya-ku, Tokyo	45,000	15.6%	4,904.55	Mar. 2012	100.0%
	UR-2	Tokyu Plaza Akasaka (Note 4)	Nagatacho, Chiyoda-ku, Tokyo	11,450	4.0%	16,620.46	Sep. 1969	98.8%
	UR-3	Q plaza Ebisu	Ebisu, Shibuya-ku, Tokyo	8,430	2.9%	4,024.88	Aug. 2008	100.0%
	UR-4	Shinbashi Place	Shinbashi, Minato-ku, Tokyo	20,500	7.1%	9,156.01	Apr. 2008	100.0%
	UR-5	Kyoto Karasuma Parking Building	Motohonenjicho, Nakagyo-ku, Kyoto	8,860	3.1%	21,616.04	Jul. 2006	100.0%
	UR-6	Hitotsugi LIP (Note 5)	Akasaka, Minato-ku, Tokyo	3,000	1.0%	2,280.22	Feb. 2008	100.0%
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kyomachi, Chuo-ku, Kobe City, Hyogo	21,330	7.4%	19,653.90	Jan. 2010	100.0%
	UR-8	Tokyu Plaza Sapporo (Note 5)	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido	4,410	1.5%	21,229.16	May 1980	100.0%
	UR-9	Kamata Kosan Building (Note 5)	Udagawa-cho, Shibuya-ku, Tokyo	6,370	2.2%	3,413.80	Jun. 1988	100.0%
Urban Retail Properties				129,350	44.9%	102,899.02		99.8%
	TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	2.6%	7,342.60	Mar. 1993	100.0%
	TO-2	A-PLACE Ebisu Minami	Ebisu-minami, Shibuya-ku, Tokyo	9,640	3.3%	7,950.51	Jan. 1995	100.0%
	TO-3	A-PLACE Yoyogi	Sendagaya, Shibuya-ku, Tokyo	4,070	1.4%	3,106.17	Feb. 2007	100.0%
	TO-4	A-PLACE Aoyama	Kita-Aoyama, Minato-ku, Tokyo	8,790	3.1%	7,303.69	Sep. 1966	100.0%
	TO-5	Luogo Shiodome	Higashi-Shinbashi, Minato-ku, Tokyo	4,540	1.6%	4,476.35	Jul. 2004	100.0%
	TO-6	TAMACHI SQUARE (Land)	Shiba, Minato-ku, Tokyo	2,338 (Note 6)	0.8%	1,287.96	—	100.0%
	TO-7	A-PLACE Ikebukuro	Minami Ikebukuro, Toshima-ku, Tokyo	3,990	1.4%	3,409.73	Oct. 2011	100.0%
	TO-8	A-PLACE Shinbashi	Shinbashi, Minato-ku, Tokyo	5,650	2.0%	5,052.14	Mar. 1999	98.7%
	TO-9	A-PLACE Gotanda	Nishigotanda, Shinagawa-ku, Tokyo	5,730	2.0%	4,028.69	Feb. 2012	100.0%
	TO-10	A-PLACE Shinagawa	Konan, Minato-ku, Tokyo	3,800	1.3%	2,986.36	Sep. 1991	100.0%
	TO-11	OSAKI WIZTOWER	Osaki, Shinagawa-ku, Tokyo	10,690	3.7%	7,193.28	Jan. 2014	100.0%
	TO-12	Shiodome Building (Note 4)	Kaigan, Minato-ku, Tokyo	30,300	10.5%	12,058.31	Dec. 2007	98.2%
	TO-13	Frontier Ebisu	Higashi, Shibuya-ku, Tokyo	7,072	2.5%	4,010.69	Jan. 1992	100.0%
Tokyo Office Properties				104,010	36.1%	70,206.48		99.6%
	O-1	Amagasaki Q's MALL (Land)	Amagasaki City, Hyogo	12,000	4.2%	27,465.44	—	100.0%
	O-2	icot Nakamozu	Sakai City, Osaka	8,500	3.0%	28,098.02	Jun. 2007	100.0%
	O-4	icot Mizonokuchi	Kawasaki City, Kanagawa	2,710	0.9%	14,032.05	Jul. 1998	100.0%
	O-5	icot Tama Center	Tama City, Tokyo	2,840	1.0%	5,181.58	Mar. 2006	100.0%
	O-6	A-PLACE Kanayama	Nagoya City, Aichi	6,980	2.4%	9,314.91	Feb. 2009	100.0%
	O-7	Osaka Nakanoshima Building (Note 7)	Nakanoshima, Kita-ku, Osaka City, Osaka	11,100	3.9%	20,344.33	Mar. 1984	97.9%
	O-8	icot Omori	Omori, Ota-ku, Tokyo	5,790	2.0%	6,209.79	Mar. 2007	100.0%
	O-9	Market Square Sagami-hara	Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	4,820	1.7%	15,152.42	Jun. 2014	100.0%
Other Properties				54,740	19.0%	125,798.54		99.7%
Total				288,100	100.0%	298,904.04		99.7%

(Note 1) The data shown above are the assumed values as of July 22, 2015.

(Note 2) The completion date represents the new construction date on the registry of the main building. If there is more than one main building, the oldest date on the registry is described. However, with regard to A-PLACE Shinbashi and the Kamata Kosan Building, the construction completion inspection date is described.

(Note 3) The occupancy rate at the end of period is the ratio of the rented area to the rentable area on each property as of May 31, 2015.

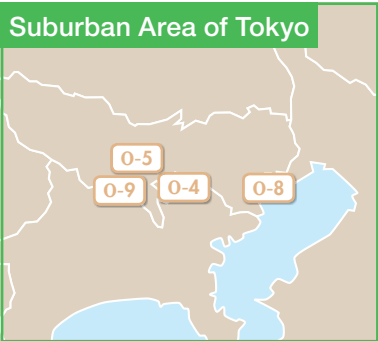
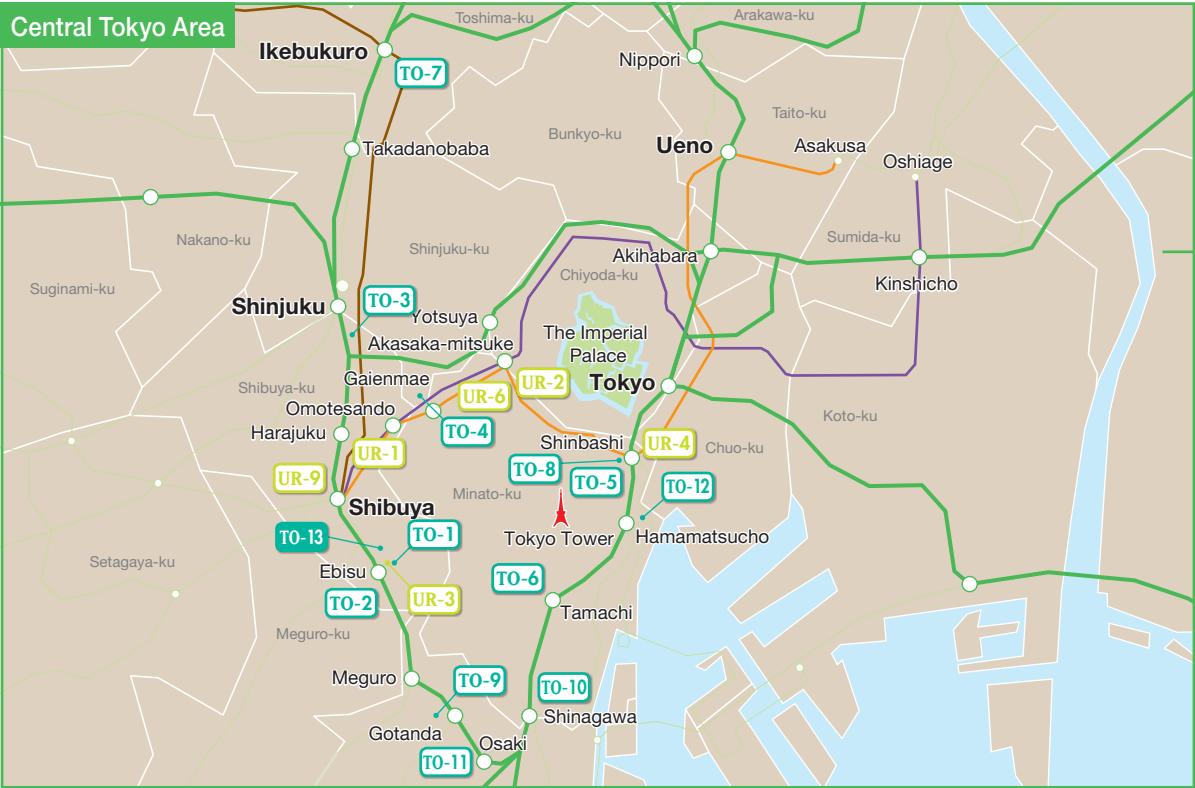
(Note 4) The acquisition price and rentable area of Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and the Shiodome Building correspond to each co-ownership interest (75%, 50% and 15%, respectively).

(Note 5) As of August 1, 2015, the property names of Hitotsugi LIP, Tokyu Plaza Sapporo and the Kamata Kosan Building were changed to A-FLAG Akasaka, A-FLAG Sapporo and A-FLAG Shibuya, respectively.

(Note 6) The acquisition price of TAMACHI SQUARE (Land) is the land acquisition price at the time of the initial acquisition (June 13, 2012).

(Note 7) With regard to Osaka Nakanoshima Building, API initially acquired the quasi co-ownership interest (50%) thereof as of January 25, 2013. Subsequently, API acquired the remaining quasi co-ownership interest (50%) thereof during the period under review.

Portfolio Map



UR-8 Tokyu Plaza Sapporo (Note)



O-4 icot Mizonokuchi



O-5 icot Tama Center



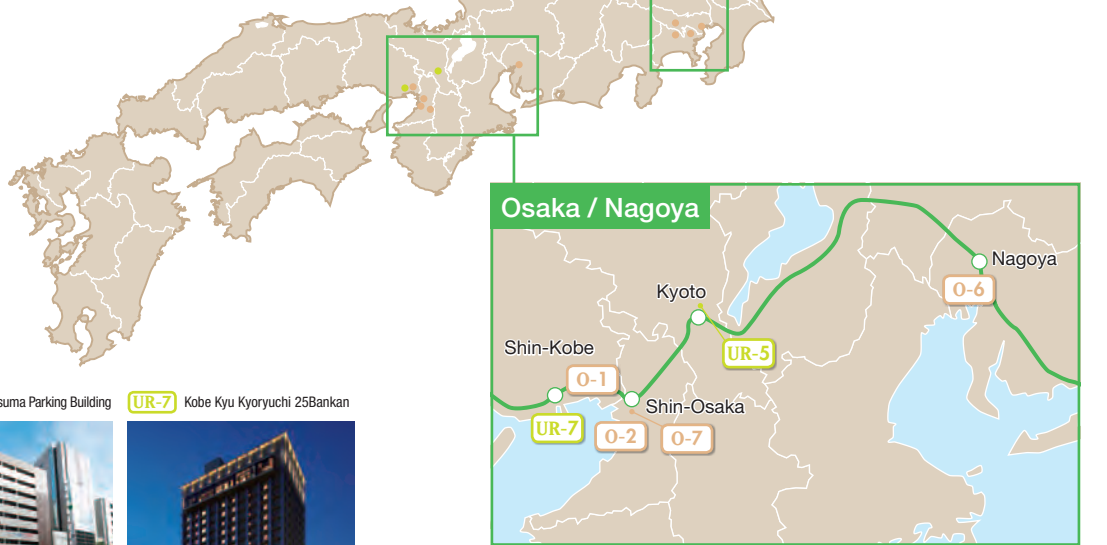
O-8 icot Omori



O-9 Market Square Sagami-hara



UR-1 Tokyu Plaza Omotesando Harajuku	UR-2 Tokyu Plaza Akasaka	UR-3 Q plaza EBISU	UR-4 Shinbashi Place	UR-6 Hitotsugi LIP (Note)
UR-9 Kamata Kosan Building	TO-1 TLC Ebisu Building	TO-2 A-PLACE Ebisu Minami	TO-3 A-PLACE Yoyogi	TO-4 A-PLACE Aoyama
TO-5 Luogo Shiodome	TO-6 TAMACHI SQUARE (Land)	TO-7 A-PLACE Ikebukuro	TO-8 A-PLACE Shinbashi	TO-9 A-PLACE Gotanda
TO-10 A-PLACE Shinagawa	TO-11 OSAKI WIZTOWER	TO-12 Shiodome Building	TO-13 Frontier Ebisu	



UR-5 Kyoto Karasuma Parking Building



UR-7 Kobe Kyu Kyoryuchi 25Bankan



O-1 Amagasaki Q's MALL (Land)



O-2 icot Nakamozu



O-6 A-PLACE Kanayama



O-7 Osaka Nakanoshima Building



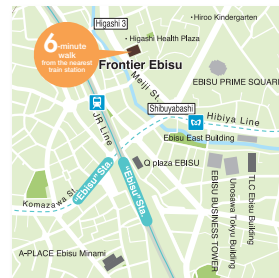
(Note) As of August 1, 2015, the property names of Hitotsugi LIP, Tokyu Plaza Sapporo and the Kamata Kosan Building were changed to A-FLAG Akasaka, A-FLAG Sapporo and A-FLAG Shibuya, respectively.

Properties Acquired in the 8th Period



T0-13 Frontier Ebisu

- Four train and subway lines (JR Yamanote Line, Saikyo Line, Shonan Shinjuku Lines, and Tokyo Metro Hibiya Line) enter Ebisu Station, with good access not only to Tokyo areas but also Yokohama and Saitama.
- A very convenient location on the corner along Meiji Dori, 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.
- A favorable market environment with steady demand where the Tokyu Fudosan Ebisu Building and A-PLACE Ebisu Minami, held by API, have maintained a high average occupancy rate of more than 99% since the acquisition.



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

Properties Acquired in the 7th Period

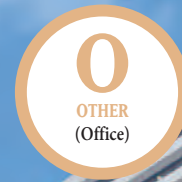


T0-12 Shiodome Building (acquisition of 15% co-ownership interest)

- 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* (115,710 m²).
- The property is also competitive in that it has a large office standard floor with more than 1,000 *tsubo* (3,306 m²), 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	15%
Acquisition price	¥30,300 million
Appraisal value	¥30,450 million
NOI yield	4.2%



0-7 Osaka Nakanoshima Building (acquisition of 50% co-ownership interest)

- The property is conveniently located with good traffic access to multiple stations. A 1-minute walk from Oebashi Station on the Keihan Nakanoshima line and a 5-minute walk from Yodoyabashi Station on the Osaka Municipal Subway Midosuji line.
- The Nakanoshima area has been a center for Osaka since the Edo Period. Since the Meiji Period, it has served as the origin of information and culture as well as a political and financial hub.
- Office standard floor size is 421 *tsubo* (1,392 m²). Since it provides a center core shape, the floor can be split flexibly.



Location	Nakanohsima, Kita-ku, Osaka
Nearest station	1-minute walk from Oebashi Station on the Keihan Nakanoshima line, and 5-minute walk from Yodoyabashi Station on the Osaka Subway Midosuji line
Share	50%
Acquisition price	¥5,850 million
Appraisal value	¥5,900 million
NOI yield	5.5%



0-9 Market Square Sagamiara

- Newly built facility opened in July 2014
- One of Market Square brands, a commercial facility brand comparable to Tokyu Plaza, Q Plaza and Q's MALL, which is managed on a nationwide basis by Tokyu Land Corporation, our sponsor.
- Tenants include major home electronics retailer K's Denki, large supermarket chain OK Store, and the well-known revolving sushi chain Hamazushi, serving as daily life-oriented commercial facility for neighborhood residents.
- A long-term contract of more than 10 years with tenants ensures the stability of earnings.



Location	Shimokuzawa, Chuo-ku, Sagamiara City, Kanagawa
Nearest station	15-minute walk from Minamihashimoto Station on the JR Sagamiara line
Acquisition price	¥4,820 million
Appraisal value	¥4,820 million
NOI yield	5.5%



Properties Acquired before the 6th Period

Three advantages

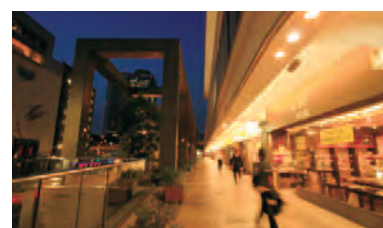
- 1 The ability to attract a large number of customers, supported by population flows into major cities and stable sales
- 2 A large and diverse tenant pool in response to diversifying consumer needs
- 3 Scarcity due to the relatively short supply of properties



UR-1 Tokyu Plaza Omotesando Harajuku

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

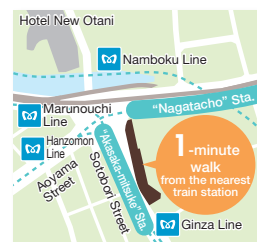
- The property is located on the corner of Omotesando Street and Meiji Dori (Jingumae Crossing), one of the centers of fashion and culture in Japan. Fashion outlets can expect significant branding effects from the location.



UR-2 Tokyu Plaza Akasaka

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

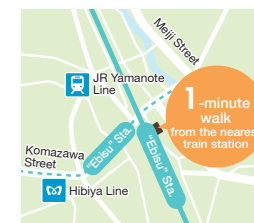
- The property is located within a collection of restaurants, hotels and offices where office workers gather in the Akasaka area. This area houses many foreign companies and embassies and is also close to Nagatacho and Kasumigaseki.



UR-3 Q plaza EBISU

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

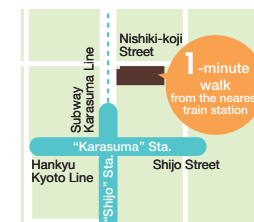
- The property is located in the Ebisu area, a part of the city for adults. The facade and lights offer high visibility: a combination of terracotta louver and glass in front of the station.



UR-5 Kyoto Karasuma Parking Building

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

- Located in the Shijo Karasuma area, the center that represents Kyoto. The property serves as a tie-up parking lot for the Daimaru Kyoto Store and Takashimaya Kyoto Store, emphasizing its importance as a service facility for the 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 Hitotsugi LIP (Note)

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.
- Faces Hitotsugi street, one of the highest pedestrian flow sites in Akasaka, with high visibility for pedestrians.



(Note) As of August 1, 2015, the name was changed from Hitotsugi LIP to A-FLAG Akasaka.

UR-7 Kobe Kyu Kyoryuchi 25Bankan

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

- Kobe Kyu Kyoryuchi (the Former Foreign Settlement) houses many famous historical spots in the port city of Kobe, boasting one of the strongest abilities to attract tourists and consumers as a center of tourism and commercial business in West Japan.
- 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

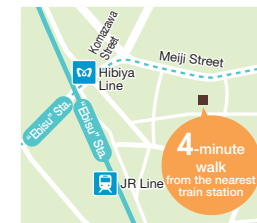
- 1 Solid tenant demand due to the high concentration of corporate entities
- 2 Relatively low vacancy rates and stable occupancy rates compared with properties in other major cities in Japan
- 3 A large stock of leased office properties and high liquidity



TO-1 TLC Ebisu Building

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

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



TO-2 A-PLACE Ebisu Minami

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

- The property is located within walking distance of Ebisu Station, with high traffic convenience. Due to this, the Ebisu area attracts tenants particularly from software development and other IT companies, apparel companies, food and beverage companies, esthetic clinics and schools, and other service companies.



UR-8 Tokyu Plaza Sapporo (Note)

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 Kamata Kosan Building (Note)

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 area offers the increased convenience of Shibuya Station through mutual direct operation between the Tokyu Toyoko line and the Tokyo Metro Fukutoshin line. The area is well positioned to benefit from large-scale redevelopment projects in the future.



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 Dori, with good visibility. Tenants can achieve efficient use with column-free space of about 346 m² per floor.



TO-4 A-PLACE Aoyama

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

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

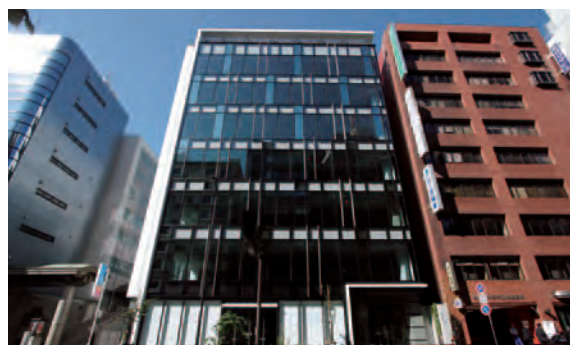


(Note) As of August 1, 2015, the names were changed from Tokyu Plaza Sapporo and Kamata Kosan Building to A-FLAG Sapporo and A-FLAG Shibuya, respectively.



TO-5 Luogo Shiodome

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



TO-7 A-PLACE Ikebukuro

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



TO-9 A-PLACE Gotanda

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



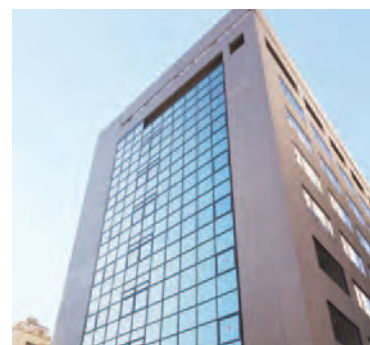
TO-10 A-PLACE Shinagawa

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



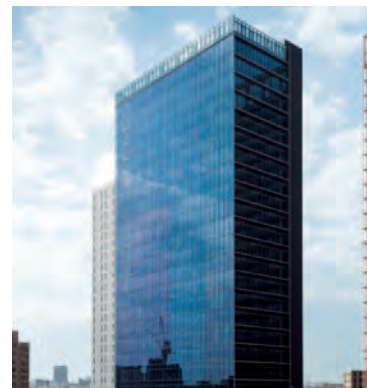
TO-6 TAMACHI SQUARE (Land)

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



TO-11 OSAKI WIZTOWER

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

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



0-4 icot Mizonokuchi

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



0-6 A-PLACE Kanayama

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



0-8 icot Omori

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



0-2 icot Nakamozu

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



0-5 icot Tama Center

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



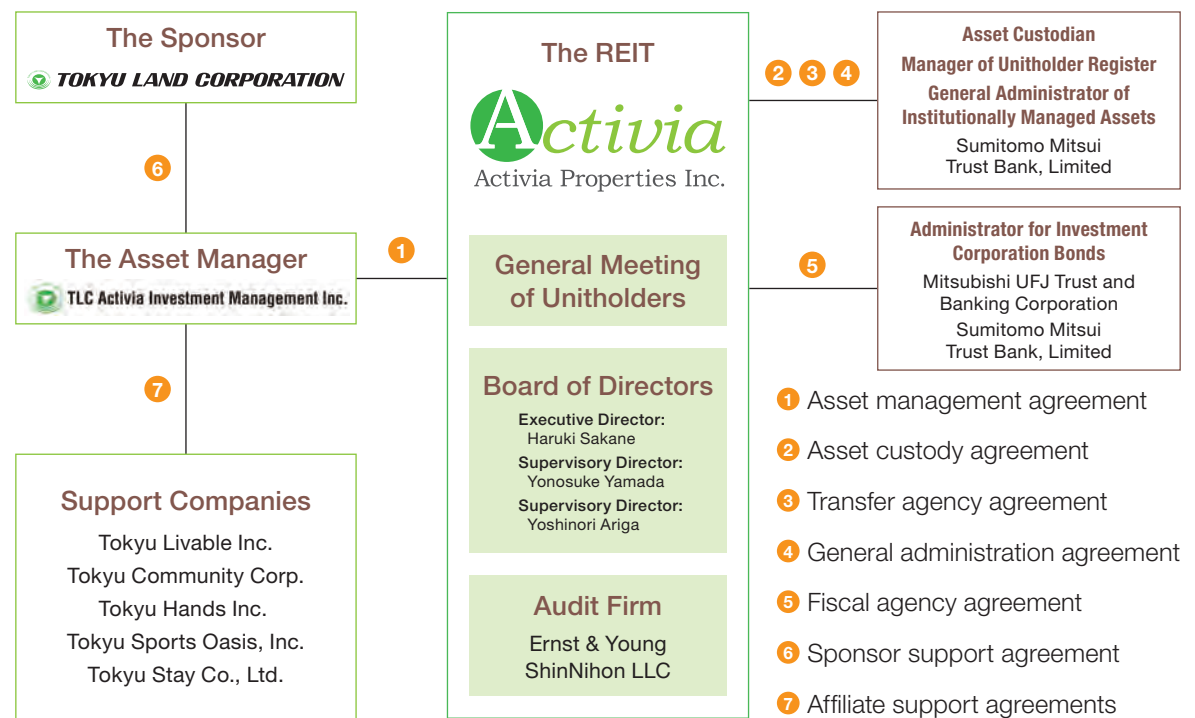
0-7 Osaka Nakanoshima Building

Location: Nakanoshima, Kita-ku, Osaka City, Osaka
Acquisition price: ¥11,100 million^(Note)

(Note) The price for additional acquisition (¥5,850 million as of December 19, 2014) is included.

Overview of API

Structure



Profile

Name	Activia Properties Inc.
Executive Director	Nariaki Hosoi
Address	16-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo
Contact	TLC Activia Investment Management Inc. Tel. +81-3-6415-3120
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.	Shareholder	Tokyu Land Corporation 100%
Established	November 15, 2010	President and CEO	Michie Kawai
Capital	¥300 million	Registration & License	Real estate agent license (Governor of Tokyo (1) No. 92551) Discretionary Transaction Agent License (Minister of Land, Infrastructure and Transportation Approval No. 67) Licensed Financial Instrument Trader (<i>kinsho</i>) 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

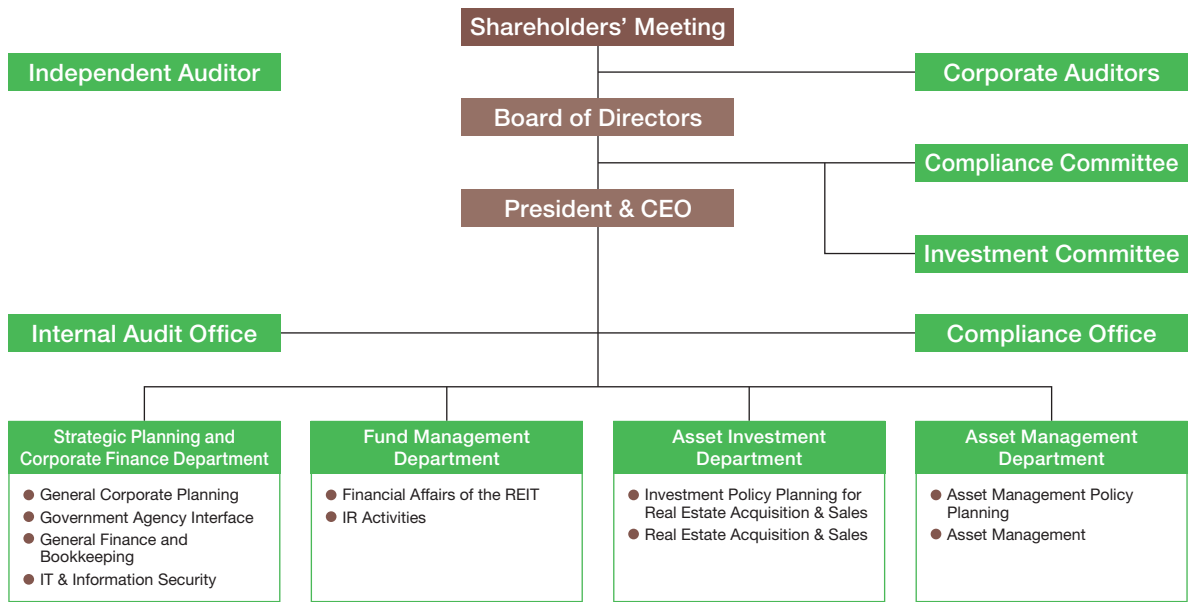
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyo Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses 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 7th Fiscal Period (Semi-Annual Report)

From December 1, 2014 to May 31, 2015

I.	Asset Management Report
II.	Balance Sheets
III.	Statements of Operations
IV.	Statements of Changes in Unitholders' Equity
V.	Notes to Financial Statements
VI.	Statements Related to Distributions Paid
VII.	Statements of Cash Flows (Reference Information)

Activia Properties Inc.
16-3 Dogenzaka 1-chome,
Shibuya-ku, Tokyo

I. Asset Management Report

1. Review of Asset Management

(1) Investment Performance of the Investment Corporation

Fiscal period		3rd period	4th period	5th period	6th period	7th period
Business period		From December 1, 2012 to May 31, 2013	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
Operating revenue	(In millions of yen)	5,803	6,124	7,778	8,174	9,120
[Rent revenue-real estate]	(In millions of yen)	[5,453]	[5,712]	[7,237]	[7,544]	[8,501]
Operating expenses	(In millions of yen)	1,951	2,482	3,198	3,580	3,921
[Expenses related to rent business]	(In millions of yen)	[1,435]	[1,975]	[2,632]	[2,937]	[3,210]
Operating income	(In millions of yen)	3,851	3,642	4,580	4,594	5,199
Ordinary income	(In millions of yen)	3,479	3,187	3,998	4,032	4,583
Net income	(In millions of yen)	3,478	3,186	3,997	4,031	4,582
Net assets	(In millions of yen)	94,852	94,560	130,052	130,086	155,353
[Change from the previous period]	(%)	[0.7]	[−0.3]	[37.5]	[0.0]	[19.4]
Total assets	(In millions of yen)	188,837	191,841	242,609	253,407	297,466
[Change from the previous period]	(%)	[4.9]	[1.6]	[26.5]	[4.5]	[17.4]
Unitholders' capital	(In millions of yen)	91,373	91,373	126,054	126,054	150,770
Number of units issued and outstanding	(Units)	205,262	205,262	251,062	251,062	277,132
Net assets per unit	(Yen)	462,103	460,680	518,009	518,143	560,574
Total distributions	(In millions of yen)	3,478	3,186	3,997	4,031	4,582
Net income per unit (Note 1)	(Yen)	16,946	15,522	16,194	16,056	16,688
Cash distributions per unit						
[Profit distributions per unit]	(Yen)	[16,946]	[15,523]	[15,922]	[16,057]	[16,535]
[Distributions per unit in excess of profit]	(Yen)	[—]	[—]	[—]	[—]	[—]
Ordinary income to total assets (Note 2)	(%)	1.9	1.7	1.8	1.6	1.7
Return on unitholders' equity (Note 2)	(%)	3.7	3.4	3.6	3.1	3.2
Unitholders' equity to total assets (Note 2)	(%)	50.2	49.3	53.6	51.3	52.2
[Change from the previous period]	(%)	[−2.1]	[−0.9]	[4.3]	[−2.3]	[0.9]
Payout ratio (Note 2)	(%)	99.9	100.0	99.9	100.0	99.9
[Other reference]						
Number of properties	(Properties)	20	21	27	28	30
Total leasable area (Note 3)	(m ²)	211,543.78	213,787.15	268,207.86	275,398.92	312,777.90
Occupancy rate at end of period	(%)	99.4	99.4	99.8	99.9	99.7
Depreciation	(In millions of yen)	487	518	739	762	887
Capital expenditure	(In millions of yen)	149	108	114	165	429
NOI (Note 2)	(In millions of yen)	4,858	4,668	5,889	6,000	6,796

(Note 1) Net income per unit is calculated by dividing the net income by the daily weighted average number of investment units issued and outstanding (205,262 units for the 3rd and 4th fiscal periods and 246,842 units, 251,062 units, and 274,595 units for the 5th fiscal periods, the 6th fiscal period, and the 7th fiscal period, respectively).

(Note 2) 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: Net income ÷ 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 ÷ Net income × 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 3) The total leasable area is equal to the gross floor area of leasable space in each property excluding properties for which we acquire land only, based on the lease agreements for building or floor plans as of the end of each fiscal period. Total leasable area for properties for which only land is acquired is based on the lease agreement for land or land plans as of the end of each fiscal period. As for Tokyo Plaza Omotesando Harajuku, Tokyo Plaza Akasaka, Shiodome Building, and Osaka Nakanoshima Building (from the 3rd fiscal period to the 6th fiscal period), the figures are equivalent to the share of quasi co-ownership interests of each property (75%, 50%, 15%, and 50%, 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).

In the fiscal period under review, which ended on May 31, 2015, the Investment Corporation acquired three properties including the Shiodome Building (acquisition of 15% co-ownership interest), which is categorized as its focused investment properties, “Tokyo Office Properties,” by publicly offered capital increase. Consequently, the Investment Corporation held 30 properties (with the total acquisition price of ¥282,628 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. This reflected firm personal consumption amid an upturn in consumer sentiment resulting from additional monetary easing by the Bank of Japan and the postponement of a planned consumption tax hike, as well as an increase in corporate earnings. Amid this environment, the outlook for the economy is also positive, with further moderate recovery expected due partly to the impact from a fall in the crude oil price and the effects of various policies.

The environment surrounding retail properties saw an upturn in consumer sentiment, which cooled temporarily due to the consumption tax hike implemented in April 2014, due to improvements in the employment environment and others. This was reflected in the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan, in which the consumer confidence index rose for four consecutive months from December 2014.

Moreover, the amount of tourism consumption by overseas visitors to Japan from January to March 2015 hit a record high and increased by 64.4% year on year, according to the Consumption Trend Survey for Foreigners Visiting Japan released in April by the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism. In addition, the number of overseas visitors to Japan in April 2015 also hit a record high, and the contribution from foreigners to hotel occupancy rates and consumption is increasing. In the rental office market, data published by Miki Shoji Co., Ltd. showed that the average vacancy rate of five central Tokyo wards (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) fell for 21 consecutive months up to March 2015. Although the rate showed a slight rise to 5.34% in April, it hovered in the lower range of 5% from January. Rent levels continued to show a moderate recovery, as demonstrated by the average rent rising for 16 consecutive months. In addition, this trend of recovery in market conditions is showing signs of spreading to major cities outside Tokyo. In the J-REIT market, the Tokyo Stock Exchange REIT Index is showing firmness due to the Bank of Japan’s maintenance of its monetary easing policy and expectations of an improvement in real estate market conditions, although there was a temporary drop reflecting caution regarding a deterioration in supply and demand due to a rise in long-term interest rates in Japan and publicly offered capital increases. Amid this situation, there were active property acquisitions through publicly offered capital increases reflecting continued favorable financing environment and heightened investment intention. As a result, the number of properties acquired and property acquisition costs, which had temporarily declined in 2014 due to intensification of acquisition competition in the real estate transaction market, began to increase again following the start of 2015.

The Investment Corporation acquired beneficiary rights of real estate in trust to 3 properties consisting of Osaka Nakanoshima Building (additional acquisition of the remaining 50% coownership interest) (with the acquisition price of ¥5,850 million) acquired on December 19, 2014, and Shiodome Building (acquisition of 15% co-ownership interest) (with the acquisition price of ¥30,300 million) and Market Square Sagamihara (with the acquisition price of ¥4,820 million) acquired on January 9, 2015, as trust assets by publicly offered capital increase in accordance with the basic asset management policy set forth in the Articles of Incorporation.

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 30 properties (with the total acquisition price of ¥282,628 million) with the total leasable area of 312,777 m² (94,615 *tsubo*). In addition the occupancy rate at the end of the 8th period was 99.7%.

3) Overview of Financing

In the fiscal period under review, in order to cover the acquisition costs for beneficiary interests of real estate in trust to the above three properties and related costs, the Investment Corporation additionally issued investment units (24,050 units) through a public offering on December 17, 2014, issued new investment units (2,020 units) by a third-party allotment on January 8, 2015, and borrowed funds of ¥16,300 million. In addition, the Investment Corporation refinanced borrowings of ¥6,000 million on March 31, 2015. Also, in order to diversify repayment dates, extend the average maturity and diversify means of financing, the Investment Corporation issued investment corporation bonds of ¥4,000 million on April 21, 2015, and used the funds to cover repayment of short-term loans payable.

As a result, as of the end of the fiscal period under review, unitholders’ capital amounted to ¥150,770 million, the total number of investment units issued came to 277,132 units and the balance of interestbearing debt was ¥127,100 million (borrowings of ¥119,100 million and investment corporation bonds of ¥8,000 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interestbearing debt / Total assets x 100) was 42.7% 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 100.0% and 85.1%, respectively.

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

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

4) Overview of Financial Results and Distributions

As a result of the above-mentioned investments, operating revenue, operating income, and ordinary income were ¥9,120 million, ¥5,199 million, and ¥4,583 million, respectively, for the fiscal period under review, and net income was ¥4,582 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 ¥16,535.

(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	Private placement establishment	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)

- (Note 1) The Investment Corporation was incorporated 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.

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	3rd period	4th period	5th period	6th period	7th period
Business period	From December 1, 2012 to May 31, 2013	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
Highest price	976,000	860,000	877,000	981,000	1,137,000
Lowest price	501,000	655,000	777,000	834,000	975,000

(4) Distributions, etc.

The Investment Corporation decided to distribute the entire unappropriated retained earnings at the end of the fiscal period under review excluding fractions of the distribution amount per unit that are less than ¥1 to ensure that the maximum amount of profit distribution would be included in tax deductible expenses with the application of a special provision of taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Accordingly, distributions per investment unit were ¥16,535.

Fiscal period	3rd period	4th period	5th period	6th period	7th period
Business period	From December 1, 2012 to May 31, 2013	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
Unappropriated retained earnings (undisposed loss)	¥3,478,463 thousand	¥3,186,370 thousand	¥3,997,550 thousand	¥4,031,303 thousand	¥4,582,505 thousand
Retained earnings	¥93 thousand	¥88 thousand	¥141 thousand	¥1 thousand	¥127 thousand
Total distribution payments [Distributions per unit]	¥3,478,369 thousand [¥16,946]	¥3,186,282 thousand [¥15,523]	¥3,997,409 thousand [¥15,922]	¥4,031,302 thousand [¥16,057]	¥4,582,377 thousand [¥16,535]
Of which, total distributions of profits were [Distributions of profits per unit]	¥3,478,369 thousand [¥16,946]	¥3,186,282 thousand [¥15,523]	¥3,997,409 thousand [¥15,922]	¥4,031,302 thousand [¥16,057]	¥4,582,377 thousand [¥16,535]
Of which, total return on unitholders' capital was [Return on unitholders' capital per unit]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]

(5) Future Investment Policy and Issues to Address

The Japanese economy is forecast to continue growing moderately with the expected recovery in consumer spending, supported by improving employment and income environments, and corporate earnings appear to be picking up, although Japanese enterprises are seeing their business performance remain nearly flat. Attention should be paid, however, to downside risks for the Japanese economy, including the impact of financial measures by the United States, a slowdown in economic recovery in Europe due to recurrence of the Greek debt problem, and instability of the economies of resource-rich countries due to falling crude oil prices.

In the office rental market, since supply-demand balance remains tight in Tokyo, supported by a recovery in corporate earnings, rents are likely to continue to rise further. At the same time, in major regional cities, vacancy rates are forecast to decline, leading to a full-fledged rise in rents. Regarding the retail property market, retail sales, mainly for commercial facilities in the center of cities, are predicted to increase, backed by the recovery in consumer sentiment and the expansion of inbound demand caused by further depreciation of the yen. In the J-REIT market, transactions are expected to continue actively against the backdrop of a favorable fundraising environment. The Investment Corporation will try to continue growing its asset base and to control LTV while carefully selecting properties to be acquired in order to enhance unitholders’ value by using its own channels and sponsor’s pipeline.

1) Basic Policy

The Investment Corporation manages funds under the following basic investment policy: intensive investment in urban retail and Tokyo Office Properties, utilization of the Tokyu Fudosan Holdings Group’s value chain through the comprehensive support system, and maintenance of a governance system to maximize unitholders’ value.

2) External Growth Strategy

The Investment Corporation will intensively invest in Urban Retail and Tokyo Office Properties. To construct an optimal portfolio that should be competitive over the medium and long term, the Investment Corporation will carefully conduct its investment judgments by placing importance on the selection of locations including the environment surrounding properties, and comprehensively considering individual factors such as use, size, quality, specifications, and tenants.

To continuously acquire such competitive properties, the Investment Corporation will use information provided under its sponsor support agreement with Tokyu Land Corporation and its support agreement with five subsidiaries of the Tokyu Fudosan Holdings Group in addition to its asset manager’s original know-how on the acquisition of properties and information gathering network. Based on such information, the Investment Corporation will carefully select properties to be acquired, maintain and improve the quality of its portfolio, and attempt to grow its asset base.

3) Internal Growth Strategy

Based on its asset manager’s original know-how, the Investment Corporation will operate, manage, and renovate properties to maintain and enhance their competitiveness, with a comprehensive understanding of the features of its overall portfolio and its individual properties under management.

At the same time, to manage its portfolio stably and strengthen its profitability, the Investment Corporation will select a property management company that has extensive experience in operations and management of real estate, implement regular and non-regular reviews, and conduct appropriate operations and management in accordance with individual characteristics of the properties under its management.

Furthermore, the Investment Corporation will strive to maintain and enhance its asset value through its internal growth know-how related to operations and management that maximizes the competitiveness of its investment portfolio and the continuous assistance of Tokyu Land Corporation and other support companies, which contribute to understanding the needs of consumers, and retain information on business trends in retail and service industries, through face-to-face business with consumers.

With respect to property management operations for the assets under management, the Investment Corporation receives leasing support from Tokyu Land Corporation, Tokyu Land SC Management Corporation or Tokyu Community Corporation.

4) Financial Strategy

The Investment Corporation possesses a sound financial policy that aims for conservative LTV control, a shift to long-term fixed interest rate loans, and diversification of maturity (diversifying repayment deadlines); that will endeavor to establish a stable financial position taking advantage of a solid bank formation based on good relationships with major financial institutions; that will carefully watch financial market trends and issue investment corporation bonds to diversify financing methods; and that will flexibly issue new investment units with the aim of achieving stable earnings growth over the long term while appropriately paying attention to the dilution of earnings per investment unit.

(6) Significant Matters after Book Closing

Not applicable.

(Reference)

(a) Transfer of assets

The Investment Corporation transferred the asset listed below in accordance with the basic asset management policy set forth in the Articles of Incorporation.

(O-3) icot Kongo

Type of asset	Trust beneficiary interest
Transfer price	¥1,880 million
Book value	¥1,611 million
Difference between transfer price and book value	¥268 million
Transfer date	July 8, 2015
Location	1-35-1 Handa, Osaka Sayama-shi, Osaka
Use	Store
Land area	10,821.40 m ² (Note)
Gross floor area	17,894.95 m ²
Structure	Reinforced concrete/3 floors above ground
Completion date	February 1977
Ownership	Land: Ownership right Building: Ownership right

(Note) The area totaling approximately 82 m², which is deemed to be a road in accordance with Article 42 Paragraph 1 of the Construction Standards Act, is included.

(b) Acquisition of assets

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

(TO-13) Frontier Ebisu

Type of asset	Trust beneficiary interests
Acquisition price	¥7,072 million
Acquisition date	July 29, 2015
Location	3-13-11 Higashi, Shibuya-ku, Tokyo
Use	Office and parking lots
Land area	1,273.97 m ²
Gross floor area	5,321.23 m ²
Structure	Steel-reinforced concrete/10 floors above and 2 floors under ground
Completion date	January 1992
Ownership	Land: Ownership right Building: Ownership right

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	3rd period As of May 31, 2013	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
Total number of authorized investment units (Units)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total number of investment units issued (Units)	205,262	205,262	251,062	251,062	277,132
Unitholders' capital (In millions of yen)	¥91,373	¥91,373	¥126,054	¥126,054	¥150,770
Number of unitholders (Persons)	10,194	8,355	7,995	7,071	6,832

(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)	72,891	26.30
The Master Trust Bank of Japan, Ltd. (Trust accounts)	29,545	10.66
Tokyu Land Corporation	28,687	10.35
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	22,851	8.24
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	10,641	3.83
THE BANK OF NEW YORK MELLON SA / NV10 (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	3,363	1.21
Mizuho Trust & Banking Co., Ltd.	3,108	1.12
State Street Bank & Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd.)	3,045	1.09
EVERGREEN (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	2,926	1.05
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2,924	1.05
Total	179,981	64.94

(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)	Haruki Sakane (Note 2)	TLC Activia Investment Management Inc., President and Chief Executive Officer	—
Managing Executive Director (Note 1)	Nariaki Hosoi (Note 2)	TLC Activia Investment Management Inc., Managing Director	—
Supervisory Directors (Note 1)	Yonosuke Yamada	Yamada, Goya and Suzuki Law Office Representative Partner	3,300
	Yoshinori Ariga	Ariga Yoshinori Accounting Office Certified Accountant	
Independent Auditor	Ernst & Young ShinNihon LLC	—	31,900 (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) Haruki Sakane resigned from office as Executive Director of the Investment Corporation effective March 31, 2015. Nariaki Hosoi, substitute Executive Director, assumed office as Executive Director of the Investment Corporation effective March 31, 2015. At the same time, Haruki Sakane retired from office as President and Chief Executive Officer of TLC Activia Investment Management Inc., effective March 31, 2015.

(Note 3) Compensation for the Independent Auditor includes fees for preparing comfort letters related to the issuance of new investment units in December 2014 and the issuance of investment corporation bonds in April 2015.

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

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

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

Consignment classification	Name
Asset manager	TLC 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 (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	6th period As of November 30, 2014		7th period As of May 31, 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	130,110	51.3	129,968	43.7
	Tokyo Office Properties	66,849	26.4	97,224	32.7
	Other Properties	45,474	17.9	56,119	18.9
	Subtotal	242,434	95.7	283,311	95.2
Total real estate, etc.		242,434	95.7	283,311	95.2
Deposits and other assets		10,972	4.3	14,154	4.8
Total assets (Note 2)		253,407 (242,434)	100.0 (95.7)	297,466 (283,311)	100.0 (95.2)

(Note 1) The total amount of assets owned is based on the amounts recorded in the balance sheet as of the end of each fiscal period (real estate and real estate in trust represent the total book value after depreciation), 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 fall on real estate owned in the object assets.

(2) Major Assets Owned

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

Property name	Book value at end of period (In millions of yen)	Total leasable area (m ²) (Note 1)	Total leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Major use
Tokyu Plaza Omotesando Harajuku (Note 4)	44,996	4,904.55	4,904.55	100.0	12.1	Retail
Shiodome Building (Note 4)	30,488	12,058.31	11,846.41	98.2	5.9	Office
Kobe Kyu Kyoryuchi 25Bankan	21,559	19,653.90	19,653.90	100.0	8.4	Retail
Shinbashi Place	20,446	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	3.7	Retail
Tokyu Plaza Akasaka (Note 4)	11,792	16,620.46	16,421.27	98.8	6.5	Retail
Osaka Nakanoshima Building	11,170	20,344.33	19,920.19	97.9	5.4	Office
OSAKI WIZTOWER	11,014	7,193.28	7,193.28	100.0	(Note 5)	Office
A-PLACE Ebisu Minami	9,554	7,950.51	7,950.51	100.0	3.7	Office
Kyoto Karasuma Parking Building	8,845	21,616.04	21,616.04	100.0	(Note 5)	Parking
Total	181,982	146,962.83	146,127.60	99.4	—	

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of May 31, 2015 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 2015.

(Note 2) Total leased area refers to the total of the leased area of each property based on lease agreements as of May 31, 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 May 31, 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 equivalent to the share of quasi co-ownership interests 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 ²) (Note 1)	Assessed value at end of period (In millions of yen) (Note 2)	Book value at end of period (In millions of yen) (Note 3)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	30-3 Jingu-mae 4-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,904.55	52,050	44,996
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,620.46	13,400	11,792
	Ebisu Q Plaza (Note 5)	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	9,620	8,378
	Shinbashi Place	12-9 Shinbashi 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	9,156.01	24,100	20,446
	Kyoto Karasuma Parking Building	678 Motohononjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	9,910	8,845
	Hitotsugi LIP (Note 6)	3-6 Akasaka 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,280.22	3,360	3,118
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	23,300	21,559
	Tokyu Plaza Sapporo (Note 6)	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	5,880	4,443
	Kamata Kosan Building (Note 6)	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,413.80	6,860	6,387
Subtotal				102,899.02	148,480	129,968
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	7,980	7,324
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.51	11,300	9,554
	A-PLACE Yoyogi	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,080	4,015
	A-PLACE Aoyama	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	8,660	8,750
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	5,220	4,429
	Tamachi Square (Land) (Note 7)	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	2,500	2,362
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	4,380	3,902
	A-PLACE Shinbashi	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,052.14	6,280	5,845
	A-PLACE Gotanda	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	6,030	5,716
	A-PLACE Shinagawa	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	4,090	3,821
	OSAKI WIZTOWER	11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	12,600	11,014
	Shiodome Building (Note 4)	2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	12,058.31	31,200	30,488
Subtotal				66,195.79	104,320	97,224
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	12,600	12,113
	icot Nakamozu	428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka	Trust beneficiary interests	28,098.02	9,820	8,376
	icot Kongo (Note 8)	35-1 Handa 1-chome, Osakasayama City, Osaka	Trust beneficiary interests	17,884.55	1,860	1,617
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,090	2,688
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	3,200	2,763
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.91	7,480	6,738
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,344.33	12,300	11,170
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.79 (Note 9)	6,130	5,774
	Market Square Sagamiyara	777-2 Shimokuzawa, Chuo-ku, Sagamiyara-shi, Kanagawa	Trust beneficiary interests	15,152.42	4,850	4,874
Subtotal				143,683.09	61,330	56,119
Total				312,777.90	314,130	283,311

- (Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of May 31, 2015 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 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 May 31, 2015 taken as the point of evaluation.
- (Note 3) Book value at end of period stands for the book value minus depreciation as of May 31, 2015, rounding down to the nearest ¥ million.
- (Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are equivalent to the share of quasi co-ownership interests 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) Effective April 1, 2015, the property name of Tokyo Kikai Honsha Building (Land) was changed to Tamachi Square (Land); the same shall apply hereafter.
- (Note 8) Effective July 8, 2015, icot Kongo was transferred; the same shall apply hereafter.
- (Note 9) The calculation of total leasable area for icot Omori includes part of an external bicycle parking lot (approximately 21 m²) and part of a common area on the second floor (approximately 28 m²).

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

Property name		6th period (From June 1, 2014 to November 30, 2014)				7th period (From December 1, 2014 to May 31, 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	1,111	13.6	27	100.0	1,107	12.1
	Tokyu Plaza Akasaka (Note 4)	99	100.0	590	7.2	97	98.8	590	6.5
	Ebisu Q Plaza	4	100.0	272	3.3	4	100.0	268	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)
	Hitotsugi LIP	8	100.0	98	1.2	8	100.0	107	1.2
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	726	8.9	7	100.0	765	8.4
	Tokyu Plaza Sapporo	18	100.0	447	5.5	18	100.0	431	4.7
	Kamata Kosan Building	2	100.0	209	2.6	2	100.0	207	2.3
	Subtotal	168	100.0	—	—	166	99.8	—	—
Tokyo Office Properties	TLC Ebisu Building	11	100.0	279	3.4	11	100.0	275	3.0
	A-PLACE Ebisu Minami	9	100.0	337	4.1	9	100.0	338	3.7
	A-PLACE Yoyogi	3	100.0	121	1.5	3	100.0	117	1.3
	A-PLACE Aoyama	8	100.0	258	3.2	8	100.0	248	2.7
	Luogo Shiodome	6	100.0	169	2.1	6	100.0	168	1.8
	Tamachi Square (Land)	1	100.0	62	0.8	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	10	100.0	191	2.3	9	98.7	190	2.1
	A-PLACE Gotanda	11	100.0	180	2.2	11	100.0	178	2.0
	A-PLACE Shinagawa	8	100.0	99	1.2	8	100.0	109	1.2
	OSAKI WIZTOWER	1	100.0	(Note 5)	(Note 5)	5	100.0	(Note 5)	(Note 5)
	Shiodome Building (Note 4)	—	—	—	—	36	98.2	540	5.9
	Subtotal	69	100.0	—	—	108	99.6	—	—
	Subtotal	69	100.0	—	—	108	99.6	—	—
Other Properties	Amagasaki Q's MALL (Land)	1	100.0	341	4.2	1	100.0	341	3.7
	icot Nakamozu	2	100.0	310	3.8	2	100.0	310	3.4
	icot Kongo	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	icot Mizonokuchi	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	icot Tama Center	11	100.0	144	1.8	10	100.0	144	1.6
	A-PLACE Kanayama	21	100.0	281	3.4	21	100.0	281	3.1
	Osaka Nakanoshima Building	41	98.2	253	3.1	40	97.9	490	5.4
	icot Omori	9	100.0	235	2.9	9	100.0	232	2.5
	Market Square Sagamihara	—	—	—	—	3	100.0	135	1.5
	Subtotal	87	99.8	—	—	88	99.7	—	—
Total		324	99.9	8,174	100.0	362	99.7	9,120	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 equivalent to the share of quasi co-ownership interests 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.

(4) Details of Specified Transaction

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

(In thousands of yen)

Classification	Transaction	Notional contract amount (Note 1)		Fair value (Note 2)
			Over 1 year	
Over-the-counter	Interest rate swaps (Receive floating Pay fixed)	5,000,000	5,000,000	—
Total		5,000,000	5,000,000	—

(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

Other specified assets as of the end of the fiscal period under review are as follows:

Securities Other than Shares (In thousands of yen)

Type of asset	Name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Market value	Valuation gain or loss	Remarks
Government bonds	Principal-stripped government bonds (5 years, Series 91)	10,000	9,992	—	—	9,999	7	Given as security deposit
Total		10,000	9,992	—	—	9,999	7	

4. Capital Expenditure for Assets under Management

(1) Scheduled Capital Expenditure

The following table shows major capital expenditure for renovation works scheduled for the future on the properties owned by the Investment Corporation at the end of the fiscal period under review. The estimated renovation cost below includes the amount to be charged as expenses 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
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Partial renovations	July 2015 to September 2015	44 (Note)	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Exterior wall renovations	May 2015 to November 2015	37 (Note)	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of bus duct B system (2nd phase)	April 2015 to October 2015	34 (Note)	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of sensors	July 2015 to November 2015	31	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of package air conditioning units	April 2015 to July 2015	25 (Note)	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Installation of individual package air conditioning units	October 2015 to November 2015	17 (Note)	—	—
A-PLACE Aoyama (Minato, Tokyo)	Roof waterproofing works	October 2015 to November 2015	15	—	—
Tokyu Plaza Sapporo (Sapporo, Hokkaido)	Replacement of control unit for emergency power generators	November 2015	15	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Renovation of UB in guest rooms	July 2015	14 (Note)	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of Hotel Card System	July 2015 to August 2015	14 (Note)	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Inspection of emergency private power generators	July 2015 to November 2015	10	—	—

(Note) The figures for Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka are amounts equivalent to the percentage of the Investment Corporation's quasi co-ownership interest (75% and 50%, respectively) of the total renovation cost.

(2) Capital Expenditures during the Period

The following table shows major capital expenditure implemented by the Investment Corporation during the fiscal period under review. Capital expenditure amounted to ¥429 million, and repair cost that was expensed in the fiscal period under review was ¥118 million. Consequently, the Investment Corporation spent ¥547 million for construction work.

Name of real property (Location)	Purpose	Period	Construction cost (In millions of yen)
TLC Ebisu Building (Shibuya, Tokyo)	Replacement of air conditioning unit (1st phase)	October 2014 to May 2015	97
Tokyu Plaza Sapporo (Sapporo, Hokkaido)	Replacement of UB in new annex guest rooms	March 2015 to April 2015	75
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of disaster prevention control panel (1st phase)	December 2014 to May 2015	49
A-PLACE Shinbashi (Minato, Tokyo)	Replacement of air conditioning unit	September 2014 to January 2015	45
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of individual air conditioning units in stores	September 2014 to January 2015	25 (Note)
Tokyu Plaza Sapporo (Sapporo, Hokkaido)	Replacement of FCU in new annex guest rooms	March 2015 to April 2015	21
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of bus duct B system (1st phase)	December 2014 to March 2015	18 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of bus duct C system (2nd phase)	November 2014 to March 2015	12 (Note)
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of Scott transformers inside EPS on each floor	March 2015	10
Other			73
Total			429

(Note) The figure for Tokyu Plaza Akasaka is an amount equivalent to the percentage of the Investment Corporation's quasi co-ownership interest (50%) 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)	
	6th period (From June 1, 2014 to November 30, 2014)	7th period (From December 1, 2014 to May 31, 2015)
(a) Asset management fees (Note)	567,459	615,641
(b) Asset custody fees	7,089	7,981
(c) Administrative service fees	14,062	14,611
(d) Remuneration paid to officers	3,300	3,300
(e) Other expenses	51,359	68,984
Total	643,270	710,520

(Note) Asset management fees contain acquisition fees that were included in the book value of acquired properties (6th fiscal period: ¥74,830 thousand; 7th fiscal period: ¥204,850 thousand).

(2) Borrowings

The status of borrowings from financial institutions as of May 31, 2015 is as follows:

Category	Lender	Drawdown date	Balance as of November 30, 2014 (In millions of yen)	Balance as of May 31, 2015 (In millions of yen)	Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
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	0.301	December 13, 2016			
		July 9, 2014	700	700	0.281	January 9, 2016			
		July 9, 2014	300	300	0.725	January 10, 2020			
		January 9, 2015	-	390	0.498	January 9, 2018			
		January 9, 2015	-	250	0.523	January 9, 2019			
		January 9, 2015	-	170	0.544	July 9, 2019			
		January 9, 2015	-	420	0.737	January 9, 2022			
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2012	3,000	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			
		March 29, 2013	500	-	0.281	March 31, 2015			
		March 29, 2013	500	500	0.306	March 31, 2017			
		March 29, 2013	5,000	5,000	0.683 (Note 5)	March 31, 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	0.281	January 9, 2016			
		July 9, 2014	600	600	0.725	January 10, 2020			
		January 9, 2015	-	780	0.498	January 9, 2018			
		January 9, 2015	-	500	0.523	January 9, 2019			
		January 9, 2015	-	340	0.544	July 9, 2019			
		January 9, 2015	-	840	0.737	January 9, 2022			
	Mitsubishi UFJ Trust and Banking Corporation	June 13, 2012	3,000	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	0.281	January 9, 2016			
		July 9, 2014	600	600	0.725	January 10, 2020			
		January 9, 2015	-	780	0.498	January 9, 2018			
		January 9, 2015	-	500	0.523	January 9, 2019			
		January 9, 2015	-	340	0.544	July 9, 2019			
		January 9, 2015	-	840	0.737	January 9, 2022			
	Mizuho Bank, Ltd.	June 13, 2012	3,000	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	0.281	January 9, 2016			
		July 9, 2014	600	600	0.725	January 10, 2020			
		January 9, 2015	-	780	0.498	January 9, 2018			
		January 9, 2015	-	500	0.523	January 9, 2019			
		January 9, 2015	-	340	0.544	July 9, 2019			
		January 9, 2015	-	840	0.737	January 9, 2022			
		Subtotal							
		Total							

Category	Lender	Drawdown date	Balance as of November 30, 2014 (In millions of yen)	Balance as of May 31, 2015 (In millions of yen)	Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
Long-term (Note 3)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 13, 2012	3,000	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	0.281	January 9, 2016			
		July 9, 2014	600	600	0.725	January 10, 2020			
		January 9, 2015	-	780	0.498	January 9, 2018			
		January 9, 2015	-	500	0.523	January 9, 2019			
		January 9, 2015	-	340	0.544	July 9, 2019			
		January 9, 2015	-	840	0.737	January 9, 2022			
	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	0.281	January 9, 2016			
		July 9, 2014	300	300	0.725	January 10, 2020			
		January 9, 2015	-	390	0.498	January 9, 2018			
		January 9, 2015	-	250	0.523	January 9, 2019			
		January 9, 2015	-	170	0.544	July 9, 2019			
		January 9, 2015	-	420	0.737	January 9, 2022			
		Subtotal							
	Mizuho Trust & Banking Co., Ltd.	March 29, 2013	2,000	-	0.281	March 31, 2015			
		March 29, 2013	2,000	2,000	0.306	March 31, 2017			
		August 29, 2014	1,500	1,500	0.510	August 29, 2019			
		March 31, 2015	-	2,000	0.685	March 31, 2022			
	Resona Bank, Limited.	March 29, 2013	1,500	-	0.281	March 31, 2015			
		March 29, 2013	1,500	1,500	0.306	March 31, 2017			
		March 31, 2015	-	1,500	0.525	March 31, 2020			
	The Bank of Fukuoka, Ltd.	March 29, 2013	1,000	-	0.281	March 31, 2015			
		March 29, 2013	1,000	1,000	0.306	March 31, 2017			
		March 31, 2015	-	1,000	0.525	March 31, 2020			
	The Gunma Bank, Ltd.	March 29, 2013	500	-	0.281	March 31, 2015			
		March 29, 2013	500	500	0.306	March 31, 2017			
		March 31, 2015	-	500	0.525	March 31, 2020			
	Shinkin Central Bank	March 29, 2013	500	-	0.281	March 31, 2015			
		March 29, 2013	500	500	0.306	March 31, 2017			
		August 29, 2014	1,500	1,500	0.510	August 29, 2019			
		March 31, 2015	-	500	0.685	March 31, 2022			
	The Norinchukin Bank	March 31, 2015	-	500	0.525	March 31, 2020			
	Subtotal		106,800	119,100					
	Total		106,800	119,100					

(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 current portion of long-term loans payable.

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

(Note 5) To avoid interest rate fluctuation risk, long-term loans payable were hedged by interest rate swap contracts. The swapped interest rates are used to calculate the weighted average of interest.

(3) Investment Corporation Bonds

Name of bonds	Issuance date	November 30, 2014 (In millions of yen)	May 31, 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	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	0.726	April 21, 2025	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
Total		4,000	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.

Category	Asset type	Property name	Acquisition		Disposal			
			Acquisition date	Acquisition price (In millions of yen) (Note)	Disposal date	Disposal amount (In millions of yen)	Book value (In millions of yen)	Gain (loss) on disposal (In millions of yen)
Other properties	Trust beneficiary interests	Osaka Nakanoshima Building (Note 2)	December 19, 2014	5,850	—	—	—	—
Tokyo Office Properties	Trust beneficiary interests	Shiodome Building (Note 2)	January 9, 2015	30,300	—	—	—	—
Other properties	Trust beneficiary interests	Market Square Sagamihara	January 9, 2015	4,820	—	—	—	—
Total				40,970	—	—	—	—

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

(Note 2) The acquisition price for Osaka Nakanoshima Building and Shiodome Building represent figures equivalent to the percentage of the Investment Corporation’s quasi co-ownership interest (50% and 15%, respectively).

(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

Acquisition / Disposal	Property name	Acquisition date	Acquisition price (In millions of yen) (Note 1)	Assessed value at end of period (In millions of yen)	Name of appraiser	Date of appraisal
Acquisition	Osaka Nakanoshima Building (Note 2)	December 19, 2014	5,850	5,900	Japan Real Estate Institute	September 1, 2014
	Shiodome Building (Note 2)	January 9, 2015	30,300	30,450	Morii Appraisal & Investment Consulting Inc.	September 1, 2014
	Market Square Sagamihara	January 9, 2015	4,820	4,820	Japan Valuers Co., Ltd.	September 1, 2014
	Total	—	40,970	41,170	—	—

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

(Note 2) The acquisition price for Osaka Nakanoshima Building and Shiodome Building represent figures equivalent to the percentage of the Investment Corporation’s quasi co-ownership interest (50% and 15%, respectively).

(Note 3) 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.”

(4) Transactions between Interested Parties and Major Unitholders

1) Transactions

Category	Purchase and sales amounts	
	Purchase amounts	Sales amounts
Total amounts	¥40,970 million	¥— million
Details of transactions between interested parties and major unitholders		
Classer LLC	¥30,300 million (74.0%)	¥— million (—%)
Godo Kaisha Bellflower	¥5,850 million (14.3%)	¥— million (—%)
Tokyu Land Corporation	¥4,820 million (11.8%)	¥— million (—%)
Total	¥40,970 million (100.0%)	¥— million (—%)

2) Commissions Paid

Category	Total amount (A) (In thousands of yen)	Breakdown of transactions with related parties and major unitholders		(B) / (A) (%)
		Paid to	Amount (B) (In thousands of yen)	
Property management fee	301,353	Tokyu Land Corporation	211,163	70.1
		Tokyu Land SC Management Corporation	63,463	21.1
		Tokyu Community Corporation	15,801	5.2
Building management fee	455,194	Tokyu Land Corporation	98,204	21.6
		Tokyu Community Corporation	251,474	55.2
Construction management fee	4,679	Tokyu Land Corporation	2,974	63.5
		Tokyu Land SC Management Corporation	581	12.4
		Tokyu Community Corporation	1,083	23.2
Other management operation expenses	63,883	Tokyu Land SC Management Corporation	5,625	8.8
Other lease business expenses	165,304	Tokyu Community Corporation	16,547	10.0
		Tokyu Land Corporation	3,079	1.9
		Tokyu Land SC Management Corporation	2,633	1.6
		HANDS LAB INC.	893	0.5
		Ishikatsu Exterior, Inc.	650	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 Corporation	¥38,142 thousand
Tokyu Homes Corporation	¥16,386 thousand
Tokyu Land Corporation	¥12,675 thousand

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

As the asset manager (TLC Activia Investment Management Inc.) does not engage in any other business, such as 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, no relevant matter exists under this subject.

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. Notes to Financial Statements” and “VI. Statements Related to Distributions Paid.”

(2) Changes in the Calculation Method of Depreciation Expenses

Not applicable

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

Not applicable

8. Other

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

Not applicable

(2) Announcements

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

Date of approval	Item	Summary
May 28, 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: June 1, 2015 to October 3, 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.

(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.

II. Balance Sheets

(Unit: Thousands of yen)

	As of November 30, 2014	As of May 31, 2015
Assets		
Current assets		
Cash and deposits	8,585,158	9,743,232
Cash and deposits in trust	1,540,009	3,007,251
Operating accounts receivable	316,083	353,933
Prepaid expenses	170,163	288,392
Deferred tax assets	11	17
Consumption taxes receivable	–	359,151
Other	–	1,546
Total current assets	10,611,426	13,753,525
Non-current assets		
Property, plant and equipment		
Buildings in trust	52,319,762	61,617,753
Accumulated depreciation	(2,734,761)	(3,573,458)
Buildings in trust, net	49,585,001	58,044,295
Structures in trust	403,342	548,652
Accumulated depreciation	(49,339)	(62,644)
Structures in trust, net	354,002	486,007
Machinery and equipment in trust	1,142,718	1,205,731
Accumulated depreciation	(93,321)	(121,137)
Machinery and equipment in trust, net	1,049,397	1,084,594
Tools, furniture and fixtures in trust	61,618	65,463
Accumulated depreciation	(8,702)	(15,743)
Tools, furniture and fixtures in trust, net	52,916	49,720
Land in trust	186,823,468	219,073,983
Construction in progress in trust	5,200	9,174
Total property, plant and equipment	237,869,985	278,747,775
Intangible assets		
Leasehold rights in trust	4,562,628	4,562,628
Other	3,089	2,628
Total intangible assets	4,565,717	4,565,256
Investments and other assets		
Long-term prepaid expenses	329,135	341,930
Securities deposited	9,979	9,992
Other	–	3,794
Total investments and other assets	339,115	355,717
Total non-current assets	242,774,818	283,668,749
Deferred assets		
Investment corporation bond issuance costs	21,024	44,372
Total deferred assets	21,024	44,372
Total assets	253,407,269	297,466,647

(Unit: Thousands of yen)

	As of November 30, 2014	As of May 31, 2015
Liabilities		
Current liabilities		
Operating accounts payable	582,927	687,543
Current portion of long-term loans payable	18,000,000	19,000,000
Accounts payable—other	42,874	112,013
Accrued expenses	375,920	402,760
Income taxes payable	383	258
Accrued consumption taxes	116,971	–
Advances received	105,716	217,484
Deposits received	2,129	9,647
Other	–	433
Total current liabilities	19,226,923	20,430,142
Non-current liabilities		
Investment corporation bonds	4,000,000	8,000,000
Long-term loans payable	88,800,000	100,100,000
Tenant leasehold and security deposits in trust	11,294,108	13,583,386
Other	12	2
Total non-current liabilities	104,094,121	121,683,388
Total liabilities	123,321,044	142,113,530
Net assets		
Unitholders' equity		
Unitholders' capital	126,054,921	150,770,610
Surplus		
Unappropriated retained earnings	4,031,303	4,582,505
(undisposed loss)	–	–
Total surplus	4,031,303	4,582,505
Total unitholders' equity	130,086,225	155,353,116
Total net assets	*1 130,086,225	*1 155,353,116
Total liabilities and net assets	253,407,269	297,466,647

III. Statements of Operations

(Unit: Thousands of yen)

	Current fiscal period (From June 1, 2014 to November 30, 2014)		Previous fiscal period (From December 1, 2014 to May 31, 2015)	
Operating revenue				
Rent revenue—real estate	*1, *2	7,544,941	*1, *2	8,501,606
Other lease business revenue	*1, *2	630,009	*1, *2	619,027
Total operating revenue		8,174,951		9,120,633
Operating expenses				
Expenses related to rent business	*1, *2	2,937,675	*1, *2	3,210,806
Asset management fees		567,459		615,641
Asset custody fees		7,089		7,981
Administrative service fees		14,062		14,611
Directors' compensation		3,300		3,300
Other operating expenses		51,359		68,984
Total operating expenses		3,580,945		3,921,326
Operating income		4,594,005		5,199,306
Non-operating income				
Interest income		442		550
Interest on securities		1,787		3,083
Interest on refund		1,889		—
Insurance income		1,472		161
Total non-operating income		5,593		3,794
Non-operating expenses				
Interest expenses		413,995		449,096
Interest expenses on investment corporation bonds		7,416		9,615
Amortization of investment corporation bond issuance costs		2,380		3,012
Investment unit issuance expenses		49,228		56,205
Borrowing related expenses		93,976		101,181
Other		593		500
Total non-operating expenses		567,590		619,611
Ordinary income		4,032,008		4,583,489
Income before income taxes		4,032,008		4,583,489
Income taxes—current		833		992
Income taxes—deferred		11		(6)
Total income taxes		845		985
Net income		4,031,162		4,582,504
Retained earnings brought forward		141		1
Unappropriated retained earnings (undisposed loss)		4,031,303		4,582,505

IV. Statements of Changes in Unitholders' Equity

Previous fiscal period (From June 1, 2014 to November 30, 2014)

(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	3,997,550	3,997,550	130,052,471	130,052,471
Changes of items during period					
Dividends from surplus		(3,997,409)	(3,997,409)	(3,997,409)	(3,997,409)
Net income		4,031,162	4,031,162	4,031,162	4,031,162
Total changes of items during period	—	33,753	33,753	33,753	33,753
Balance at end of current period	*1 126,054,921	4,031,303	4,031,303	130,086,225	130,086,225

Current 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 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)
Net income		4,582,504	4,582,504	4,582,504	4,582,504
Total changes of items during 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

V. Notes to Financial Statements

[Notes on Important Accounting Policies]

Item	Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
1. Valuation basis and method for securities	Held-to-maturity bonds The amortized cost method (straight-line method) is used.	Held-to-maturity bonds The amortized cost method (straight-line method) is used.
2. Method of depreciation of non-current assets	(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. 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) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.	(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. 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) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.
3. Accounting method for deferred assets	(1) Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure. (2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.	(1) Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure. (2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.
4. Accounting standards for income and expenses	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. There is no amount equivalent to property tax included in acquisition cost for properties for the current fiscal period.	Property-related taxes For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business. The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called "amount equivalent to property tax") is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to property tax included in acquisition cost for properties for the current fiscal period is ¥123,880 thousand.
5. Method of hedge accounting	(1) Method of hedge accounting For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable (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. (4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness is ensured based upon the fulfillment of the requirements of special treatment.	(1) Method of hedge accounting For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable (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. (4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness is ensured based upon the fulfillment of the requirements of special treatment.

6. Other important matters related to the preparation of financial statements	(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. i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust iii) Tenant leasehold and security deposits in trust (2) Accounting method for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for non-current assets, etc. are included in acquisition cost for each asset.	(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. i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust iii) Tenant leasehold and security deposits in trust (2) Accounting method for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for non-current assets, etc. are included in acquisition cost for each asset.
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[Notes to Balance Sheets]

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

	As of November 30, 2014	As of May 31, 2015
	¥50,000 thousand	¥50,000 thousand

2. Commitment Line Contracts

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

	As of November 30, 2014	As of May 31, 2015
Total amount specified in the commitment line contracts	¥12,000,000 thousand	¥12,000,000 thousand
Loan balance	—	—
Net balance	¥12,000,000 thousand	¥12,000,000 thousand

[Notes to Statements of Operations]

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

(In thousands of yen)

	Previous fiscal period (From June 1, 2014 to November 30, 2014)		Current fiscal period (From December 1, 2014 to May 31, 2015)	
A. Real estate leasing business revenues				
Rent revenue—real estate				
Rent	6,945,300		7,761,778	
Common service fees	402,113		515,023	
Parking lot fees	146,907		162,233	
Other rent revenue	50,619	7,544,941	62,570	8,501,606
Other lease business revenue		630,009		619,027
Total real estate leasing business revenues		8,174,951		9,120,633
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	693,503		825,110	
Utilities expenses	593,991		627,789	
Tax and public dues	575,707		578,744	
Insurance	7,426		8,720	
Repair and maintenance expenses	142,813		118,075	
Depreciation	762,984		887,061	
Loss on retirement of non-current assets	115		—	
Other expenses related to rent business	161,132	2,937,675	165,304	3,210,806
Total real estate leasing business expenses		2,937,675		3,210,806
C. Income (loss) from real estate leasing business (A – B)		5,237,275		5,909,826

*2. Transactions with Major Unitholders

(In thousands of yen)

	Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
Operating transactions		
Rent revenue—real estate	5,458,629	4,410,535
Other lease business revenue	437,394	383,534
Expenses related to rent business	286,118	315,421

[Notes to Statements of Changes in Unitholders' Equity]

	Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
*1. Total number of authorized investment units and total number of investment units issued		
Total number of authorized investment units	2,000,000 units	2,000,000 units
Total number of investment units issued	251,062 units	277,132 units

[Notes on Deferred Tax Accounting]

1. Components of Deferred Tax Assets and Deferred Tax Liability

	Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥11 thousand	¥17 thousand
Total deferred tax assets	¥11 thousand	¥17 thousand
Net deferred tax assets	¥11 thousand	¥17 thousand

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

	Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
Effective statutory tax rate	34.16%	34.15%
(Adjustments)		
Dividends paid included in deductibles	(34.15)%	(34.14)%
Other	0.02%	0.01%
Effective income tax rate after the application of tax effect accounting	0.02%	0.02%

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

With the Act on Partial Amendment of the Income Taxation Act, etc., (Act No.9 of 2015) being promulgated on March 31, 2015, the corporate tax rates were revised, effective for accounting periods starting on and after April 1, 2015. In accordance with this amendment, the effective statutory tax rate used to calculate deferred income tax assets and liabilities for the fiscal period under review was changed from 34.15% to 32.31%. The effect of this change is immaterial.

[Notes on Financial Instruments]

Previous fiscal period (From June 1, 2014 to November 30, 2014)

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 carefully 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 carefully 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 amount, fair value, and the difference between the two values as of November 30, 2014, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table.

(In thousands of yen)			
	Carrying amount	Fair value	Difference
(1) Cash and deposits	8,585,158	8,585,158	—
(2) Cash and deposits in trust	1,540,009	1,540,009	—
Total assets	10,125,167	10,125,167	—
(1) Current portion of long-term loans payable	18,000,000	18,027,930	27,930
(2) Investment corporation bond	4,000,000	4,022,063	22,063
(3) Long-term loans payable	88,800,000	89,766,861	966,861
Total liabilities	110,800,000	111,816,856	1,016,856
Derivative transaction	—	—	—

(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) Current portion of long-term loans payable, (3) 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 rate, given that the fair value is almost the same as the book value, as their interest rates are reviewed on a short-term interval to reflect market interest rates.

- (2) Investment corporation bond

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

- (1) Derivative transaction to which hedge accounting is not applied

Not applicable

- (2) Derivative transaction to which hedge accounting is applied

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.

(In thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after 1 year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	5,000,000	5,000,000	*1	—

*1 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 the above note (Liabilities, (3) Long-term loans payable)).

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

(In thousands of yen)

Category	Amount on the balance sheets
Tenant leasehold and security deposits in trust *2	11,294,108

*2 As there are no market prices for 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 security deposits in trust is not subject to the disclosure of fair value.

(Note 3) Expected Amount of Repayments of Monetary Claims after the Account Closing Date (November 30, 2014)

(In thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	8,585,158	—	—	—	—	—
Deposits in trust	1,540,009	—	—	—	—	—
Total	10,125,167	—	—	—	—	—

(Note 4) Expected Amount of Repayments of Loans Payable after the Account Closing Date (November 30, 2014)

(In thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Investment corporation bond	—	—	—	—	4,000,000	—
Long-term loans payable	18,000,000	19,000,000	24,000,000	17,000,000	13,000,000	15,800,000
Total	18,000,000	19,000,000	24,000,000	17,000,000	17,000,000	15,800,000

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

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 carefully 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 carefully 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 amount, fair value, and the difference 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.

(In 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	—
(1) Current portion of long-term loans payable	19,000,000	19,004,282	4,282
(2) Investment corporation bond	8,000,000	8,005,561	5,561
(3) Long-term loans payable	100,100,000	101,047,721	947,721
Total liabilities	127,100,000	128,057,565	957,565
Derivative transaction	—	—	—

(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) Current portion of long-term loans payable, (3) 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 rate, given that the fair value is almost the same as the book value, as their interest rates are reviewed on a short-term interval to reflect market interest rates.

(2) Investment corporation bond

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

(1) Derivative transaction to which hedge accounting is not applied

Not applicable

(2) Derivative transaction to which hedge accounting is applied

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.

(In thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after 1 year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	5,000,000	5,000,000	*1	—

*1 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 the above note (Liabilities, (3) Long-term loans payable)).

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

(In thousands of yen)

Category	Amount on the balance sheets
Tenant leasehold and security deposits in trust *2	13,583,386

*2 As there are no market prices for 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 security deposits in trust is not subject to the disclosure of fair value.

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

(In 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	—	—	—	—	—

(Note 4) Expected Amount of Repayments of Loans Payable after the Account Closing Date (May 31, 2015)

(In thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Investment corporation bond	—	—	—	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

[Notes on Lease 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 as of May 31, 2015, changes during the fiscal period, and fair values of investment lease properties are as follows.

(In thousands of yen)

	Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
Amount on the balance sheets		
Balance at beginning of period	231,924,507	242,434,405
Changes during period	10,509,897	40,877,587
Balance at end of period	242,434,405	283,311,992
Fair value at end of period	265,130,000	314,130,000

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

(Note 2) The main reason for the increase in the fiscal period under review is the acquisition of Shiodome Building, Osaka Nakanoshima Building, and Market Square Sagamihara (¥41,335,065 thousand). The decrease is mainly due to depreciation of ¥887,061 thousand.

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

The income (loss) concerning lease properties for the current fiscal period is indicated under “Notes to Statements of Operations.”

[Notes on Transactions with Related Parties]

Previous fiscal period (From June 1, 2014 to November 30, 2014)

Attribute	Name	Address	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (In thousands of yen)	Account title	Ending balance (In thousands of yen)
					Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	Real estate business	10.38%	None	Major unitholder, and rent and management of properties	Delivery of tenant leasehold and security deposits	430,841	Tenant leasehold and security deposits in trust	6,203,539
							Receipt of tenant leasehold and security deposits	514,425		
							Repayments of tenant leasehold and security deposits	1,891,086		
							Rental revenues, etc.	5,896,023	Operating accounts receivable	222,533
									Advances received	105,267
							Fees for consignment for real estate management	286,522	Operating accounts payable	60,189
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	Real estate management business	—	None	Subsidiary of major unitholder	Receipt of tenant leasehold and security deposits	232,384	Tenant leasehold and security deposits in trust	3,277,798
							Repayments of tenant leasehold and security deposits	2,325		
							Rental revenues, etc.	1,922,667	Operating accounts receivable	80,043
									Advances received	339
Subsidiary of major unitholder	Tokyu Community Corporation	10-1 Yoga 4-chome, Setagaya-ku, Tokyo	Real estate management business	—	None	Subsidiary of major unitholder	Receipt of tenant leasehold and security deposits	336,920	Tenant leasehold and security deposits in trust	336,920
							Rental revenues, etc.	44,178	Operating accounts receivable	5,889
									Advances received	109
Asset custody company	Sumitomo Mitsui Trust Bank, Ltd.	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	Banking business	—	None	Asset custody company	Interest expenses	95,223	Long-term loans	23,360,000
									Accrued expenses	18,350
							Loan fees	10,007	Accrued expenses	2,677
									Prepaid expenses	43,450
									Long-term prepaid expenses	90,362

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

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

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

Attribute	Name	Address	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (In thousands of yen)	Account title	Ending balance (In thousands of yen)
					Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	Real estate business	10.35%	None	Major unitholder, and rent and management of properties	Purchase of beneficiary interests 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
									Advances received	108,952
							Fees for consignment for real estate management	312,341	Operating accounts payable	105,096
Subsidiary of major unitholder	Godo Kaisha Bellflower	1-4-1 Nihonbashi, Chuo-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary interests of real estate in trust	5,850,000	—	—
							Acceptance of tenant leasehold and security deposits	336,920	—	—
Subsidiary of major unitholder	Classer LLC	1-4-1 Nihonbashi, Chuo-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary interests 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	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	Tokyu Community Corporation	10-1 Yoga 4-chome, Setagaya-ku, Tokyo	Real estate management business	—	None	Subsidiary of major unitholder	Delivery of tenant leasehold and security deposits	336,920	Tenant leasehold and security deposits in trust	682,354
							Receipt of tenant leasehold and security deposits	347,642		
							Repayments of tenant leasehold and security deposits	2,207		
							Rental revenues, etc.	490,349	Operating accounts receivable	9,202
									Advances received	563
Asset custody company	Sumitomo Mitsui Trust Bank, Ltd.	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	Banking business	—	None	Asset custody company	Interest expenses	103,514	Long-term loans	25,320,000
									Accrued expenses	23,704
							Loan fees	18,983	Accrued expenses	3,027
									Prepaid expenses	42,603
									Long-term prepaid expenses	81,580

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

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

[Notes to Per Unit Information]

	Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
Net assets per unit	¥518,143	¥560,574
Net income per unit	¥16,056	¥16,688

(Note 1) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period (previous fiscal period 251,062 units; current fiscal period 274,595 units). Fully diluted net income per unit is not stated, as there is no potential investment unit.

(Note 2) The basis for calculating net income per share is as follows:

	Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
Net income (In thousands of yen)	4,031,162	4,582,504
Amount not attributable to common unitholders (In thousands of yen)	—	—
Net income attributable to common investment units (In thousands of yen)	4,031,162	4,582,504
Average number of investment units for the period (Units)	251,062	274,595

[Notes to Significant Subsequent Events]

Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
<p>1. Issuance of New Investment Units</p> <p>At meetings of the board of directors held on November 27, 2014 and December 10, 2014, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 17, 2014 and January 8, 2015. As a result, unitholders' capital amounted to ¥150,770,610,870, and the number of investment units issued came to 277,132 units.</p> <p>(i) Issuance of new investment units through the public offering (Public placement)</p> <p>i) Number of new investment units issued 24,050 units</p> <p>ii) Offering price ¥979,020 per unit</p> <p>iii) Total offering price ¥23,545,431,000</p> <p>iv) Paid-in amount ¥948,051 per unit</p> <p>v) Total paid-in amount ¥22,800,626,550</p> <p>vi) Payment date December 17, 2014</p> <p>vii) Initial date of reckoning distributions December 1, 2014</p> <p>(ii) Issuance of new investment units through third-party allotment</p> <p>i) Number of new investment units issued 2,020 units</p> <p>ii) Paid-in amount ¥948,051 per unit</p> <p>iii) Total paid-in amount ¥1,915,063,020</p> <p>iv) Payment date January 8, 2015</p> <p>v) Initial date of reckoning distributions December 1, 2014</p> <p>vi) Allottee Nomura Securities Co., Ltd.</p> <p>2. Borrowing of Funds</p> <p>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 ¥16,300 million on January 9, 2015. For the details, please refer to the preceding "I. Asset Management Report, 1. Review of Asset Management, (6) Significant Matters after the Book Closing, b. Borrowing of Funds."</p> <p>3. Acquisition of Properties</p> <p>The Investment Corporation acquired beneficiary rights of real estate in trust to one property for ¥5,850 million on December 19, 2014, and two properties for ¥35,120 million on January 9, 2015, with proceeds from the issuance of new investment units through public offering (public placement) and third-party allotment 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 "I. Asset Management Report, 1. Review of Asset Management, (6) Significant Matters after the Book Closing, c. Acquisition of Properties."</p>	Not applicable

VI. Statements Related to Distributions Paid

	Previous fiscal period (From June 1, 2014 to November 30, 2014)	Current fiscal period (From December 1, 2014 to May 31, 2015)
	Amount	Amount
I Unappropriated retained earnings	¥4,031,303,721	¥4,582,505,581
II Distributions	¥4,031,302,534	¥4,582,377,620
[Cash distributions per unit]	[¥16,057]	[¥16,535]
III Earnings carried forward	¥1,187	¥127,961

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 Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions at the total amount of ¥4,031,302,534, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 251,062, which is the 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 Act on Special Measures Concerning Taxation. 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 number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.
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Note

Accompanying English financial information, comprising balance sheets, statements of operations, statements of changes in unitholders' equity, notes to financial statements and statements related to distributions paid, have been translated from the Japanese financial statements of the Investment Corporation prepared in accordance with the Act on Investment Trusts and Investment Corporations of Japan. Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended May 31, 2015 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. But, English translation of the Japanese language report of independent auditors is not attached herein because the accompanying English translation of balance sheets, statements of operations statements of changes in unitholders' equity, notes to financial statements and statements related to distributions paid are unaudited.

VII. Statements of Cash Flows (Reference Information)

	(Unit: Thousands of yen)	
	Previous fiscal period	Current fiscal period
	(From June 1, 2014 to November 30, 2014)	(From December 1, 2014 to May 31, 2015)
Cash flows from operating activities		
Income before income taxes	4,032,008	4,583,489
Depreciation	763,242	887,319
Loss on retirement of non-current assets	115	–
Amortization of investment corporation bond issuance costs	2,380	3,012
Interest income and interest on securities	(2,230)	(3,633)
Interest expenses	421,411	458,712
Investment unit issuance expenses	49,228	56,205
Borrowing related expenses	93,976	101,181
Decrease (increase) in operating accounts receivable	(11,842)	(37,850)
Decrease (increase) in consumption taxes refund receivable	541,917	(359,151)
Increase (decrease) in accrued consumption taxes	116,971	(116,971)
Decrease (increase) in prepaid expenses	109,947	(112,469)
Increase (decrease) in operating accounts payable	72,950	29,815
Increase (decrease) in accrued expenses	9,030	37,420
Increase (decrease) in advances received	(6,144)	111,768
Decrease (increase) in long-term prepaid expenses	350	(357)
Other, net	(8,889)	6,395
Subtotal	6,184,423	5,644,887
Interest income received	2,218	3,621
Interest expenses paid	(417,839)	(423,776)
Income taxes paid	(1,124)	(1,117)
Net cash provided by (used in) operating activities	5,767,677	5,223,614
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(11,215,077)	(41,620,986)
Purchase of intangible assets in trust	(2,056)	–
Repayments of tenant leasehold and security deposits	(77,350)	(130,157)
Proceeds from tenant leasehold and security deposits	550,690	2,419,435
Other, net	–	(3,794)
Net cash provided by (used in) investing activities	(10,743,793)	(39,335,503)
Cash flows from financing activities		
Increase in short-term loans payable	10,000,000	4,000,000
Decrease in short-term loans payable	(13,000,000)	(4,000,000)
Proceeds from long-term loans payable	18,939,062	18,194,908
Decrease in long-term loans payable	(6,000,000)	(6,000,000)
Proceeds from issuance of investment corporation bonds	–	3,975,840
Proceeds from issuance of investment units	–	24,610,255
Dividends paid	(3,996,503)	(4,031,023)
Other, net	(15,179)	(12,776)
Net cash provided by (used in) financing activities	5,927,379	36,737,204
Net increase (decrease) in cash and cash equivalents	951,264	2,625,315
Cash and cash equivalents at beginning of period	9,173,903	10,125,167
Cash and cash equivalents at end of period	*1 10,125,167	*1 12,750,483

(Note) The statements of cash flows are unaudited because the statements are out of scope of independent audit under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan.

[Notes to Important Accounting Policies] (Reference Information)

	As of November 30, 2014	As of May 31, 2015
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 will mature within 3 months from the date of acquisition.	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 will mature within 3 months from the date of acquisition.

[Notes to Statements of Cash Flows] (Reference Information)

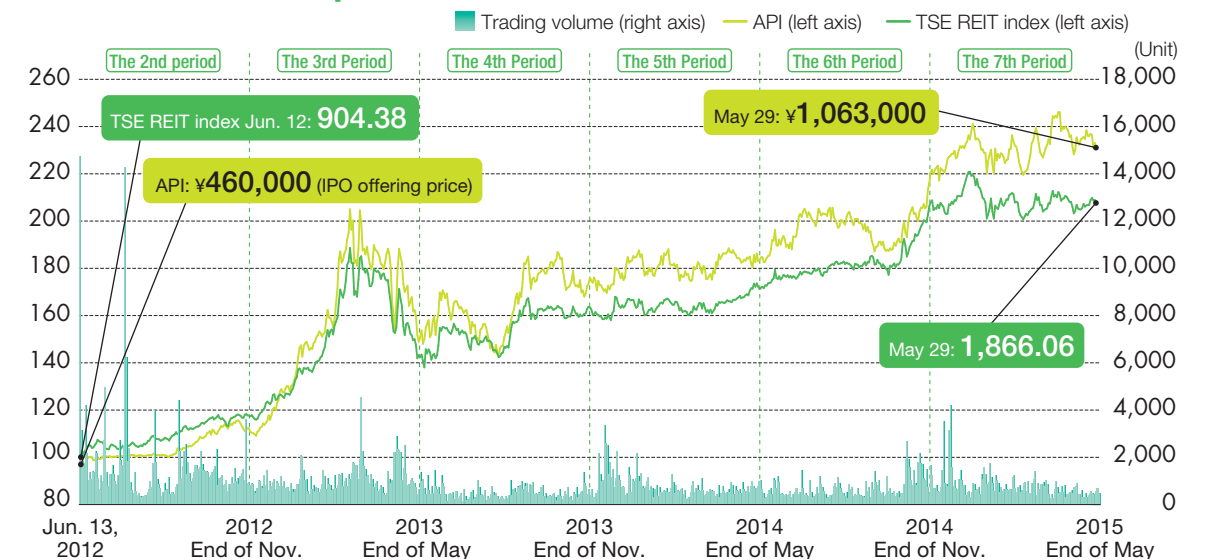
*1. The relationship between cash and cash equivalents at the end of the period and the amount of items recorded in the balance sheets

(In thousands of yen)

	As of November 30, 2014	As of May 31, 2015
Cash and deposits	8,585,158	9,743,232
Cash and deposits in trust	1,540,009	3,007,251
Cash and cash equivalents	10,125,167	12,750,483

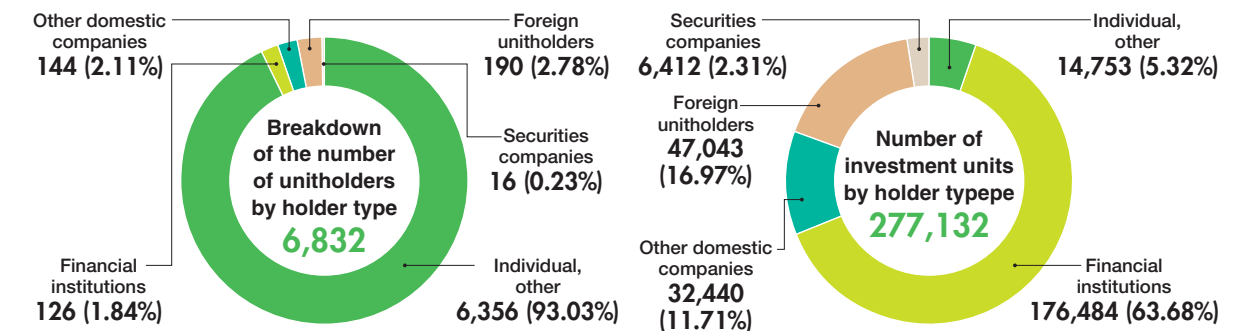
Information on Unitholders

Trends in the Development of Unit Prices



(Note 1) Regarding API's investment unit prices, daily closing prices were indexed from the listing date with a price of ¥460,000 = 100.
(Note 2) 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



Annual Schedule



API Website

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

URL

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



Information on Unitholders

I Unitholder Memo I

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: http://www.smtb.jp/personal/agency/ (Japanese page)
Stock exchange	J-REIT section of the Tokyo Stock Exchange (securities code: 3279)
Newspaper to provide public notice	<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: 0120-782-031
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■ Dividend statement

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

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

Abolition of the 10% reduced tax rate relating to dividends of listed investment corporations (income tax of 7% and residence tax of 3%)

Effective from January 1, 2014, the 10% reduced tax rate relating to dividends of listed investment corporations (income tax of 7% and residence tax of 3%) has been abolished, and **the original tax rate (20%) shall be applicable (income tax of 15% and residence tax of 5%).**

In addition, 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.

Withholding tax rate on dividends of listed investment corporations

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

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

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 of 20% + reconstruction special income tax of 0.42% ^(Note)).
Note, however, that 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 of 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