



Semi-Annual Report for the 5th Period

From December 1, 2013 to May 31, 2014

Activia Properties Inc.

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

5th





Activia Properties Inc., to maximize unitholder value in the medium to long term, will select **properties that can expect stable and sustainable customer demand** at locations where people gather for corporate activities and urban recreation. We aim to **proactively manage** our properties by continually making improvements to meet expectations.



Basic Policies of Activia Properties Inc.

- 1 To focus on investments in Urban Retail Properties and Tokyo Office Properties
- 2 To utilize the Tokyu Land Group's comprehensive value chain support system
- 3 To establish a governance structure for maximizing unitholder value

Semi-Annual Report for the 5th Period

From December 1, 2013 to May 31, 2014

Cash Distributions (Result)

The 5th Period (May 31, 2014)

Cash distributions per unit

¥15,922

Cash Distributions (Forecast)

The 6th Period (November 30, 2014)

Cash distributions per unit

¥15,763

The 7th Period (May 31, 2015)

Cash distributions per unit

¥15,771

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Message

Completed the First Public Offering After the Listing, and Aim to Increase Our Portfolio Size

Activia Properties Inc. (API) closed the fifth period (from December 1, 2013 to May 31, 2014). Please let me convey my sincere gratitude to our unitholders for your understanding and support. I am pleased to report here an overview of our asset management and our operating results in the fifth period.



Haruki Sakane

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

The Japanese economy continued along a moderate recovery under various government measures although the impact of a rush and fall-off in demand due to the April 2014 consumption tax hike had been seen.

Based on the published land price in 2014, the average land price of residential and commercial districts in three major metropolitan areas (Tokyo, Osaka, and Nagoya) seems to recover for the first time in six years. Transaction in real estate market has been activated especially because of increase in trading participants including J-REITs. For the office market, the vacancy rate of the central Tokyo is gradually declining due to demands of expansion or better location from tenants, and the rent is expected to hit the bottom.

In these circumstances, we acquired six additional properties (total acquisition price: ¥47.4 billion) through the first public offering in December 2013, and also transferred Tokyo Kikai Honsha Building (Building) to our sponsor, Tokyu Land Corporation, in May 2014. Decision of the transfer was made under the consideration of maximizing the unitholders value by securing stable profitability from the land rent, and possibility of acquisition of new building in the future.

As a result of our well-progressed leasing activity, such as Hitotsugi LIP and TK Shinbashi Building, the occupancy rate for Tokyo Office Properties reached 100%, and the total occupancy rate has remained at a high level of 99.8% at the end of the fifth period.

As to our financial base, the financing methods are diversified by issuance of the first investment corporation bonds (¥4 billion with five years) in April 2014.

The results of the fifth period were ¥7,778 million for operating revenue, ¥4,580 million for operating income, ¥3,997 million for net income, and ¥15,922 for the distributions per unit, which exceeded our forecasts.

Further, we acquired OSAKI WIZTOWER categorized to Tokyo Office Properties (acquisition price: ¥10.7 billion) from the third party through the sourcing of TLC Activia Investment Management Inc., the asset manager. Our current portfolio as of the end

of June 2014 comprises of 28 properties with ¥241.7 billion (based on acquisition price).

From the sixth period and onwards, API will endeavor to maximize unitholders value over the medium to long term by pursuing external growth (acquisition of assets) and internal growth (maintaining high occupancy rate and upward rent revision) by leveraging the expertise and network of TLC Activia Investment Management Inc. as well as utilizing the value chain of the Tokyu Land Corporation group.

We respectfully ask for your continuous support. Thank you very much.

Financial Highlights

	The 4th Period (Nov. 30, 2013)	The 5th Period (May 31, 2014)
Operating revenues	¥6,124 million	¥7,778 million
Operating income	¥3,642 million	¥4,580 million
Ordinary income	¥3,187 million	¥3,998 million
Net income	¥3,186 million	¥3,997 million
Total assets	¥191,841 million	¥242,609 million
Net assets	¥94,560 million	¥130,052 million
Unitholders' equity to total assets	49.3 %	53.6 %
Net assets per unit	¥460,680	¥518,009

1 Enrichment of the Portfolio

Conducted the first public offering and acquired 6 properties

Acquired 6 properties (total acquisition price: ¥47.4 billion) from Tokyu Land Corporation, the sponsor, through the public offering in December 2013.

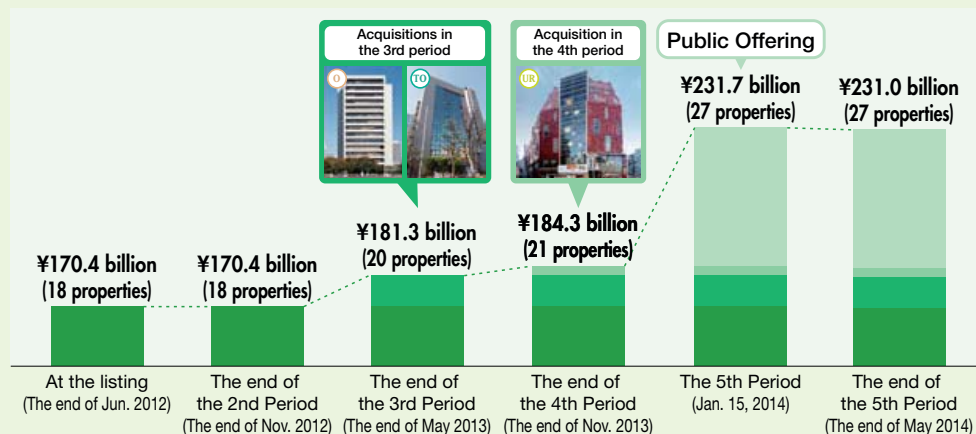


Transfer of Tokyo Kikai Honsha Building (Building)

We transferred Tokyo Kikai Honsha Building (Building) to Tokyu Land Corporation on May 30, 2014, which enables to receive the stable revenue from the land rent by holding the land, and enhances our pipeline by securing the possibility of acquisition of the new building (priority right for negotiation: within a year after the completion date).

Category	Tokyo Office Properties
Property number	TO-6
Property name	Tokyo Kikai Honsha Building (Building)
Transfer price	¥695 million
Transferee	Tokyu Land Corporation
Transfer date	May 30, 2014

Changes in AUM



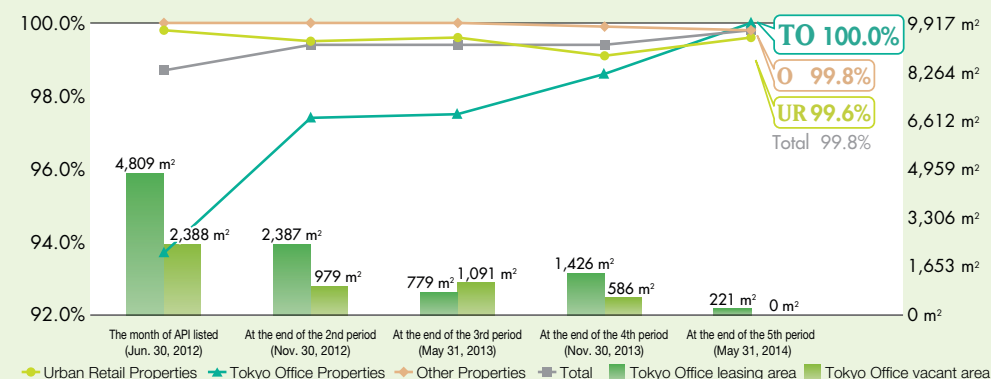
2 Maintaining High Occupancy Rate

Occupancy rate of Tokyo Office Properties reached 100%

Portfolio average occupancy rate is maintained high at 99.8% as of the end of May 2014.

Especially, the occupancy rate of Tokyo Office Properties was improved to 100% due to lease-up for TK Shinbashi Building, and other.

Trends of the occupancy rate for properties API held

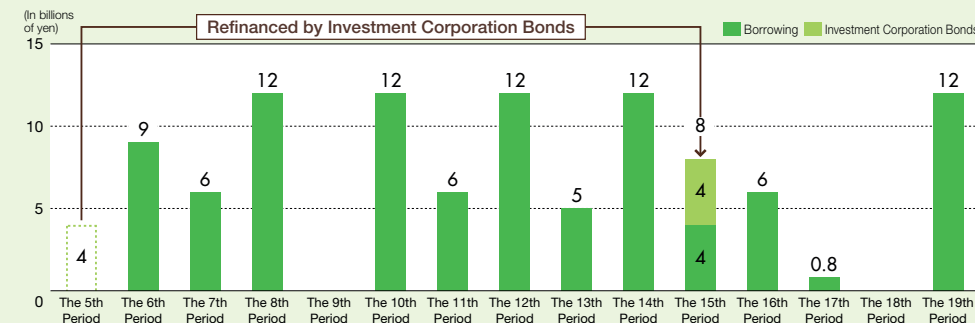


3 Diversifying Financing Methods

The first investment corporation bonds (5 years) was issued in April 2014 with low interest rate of 0.37%. As a result, diversified financing methods, debt maturity diversification, and lengthening of average remaining borrowing period are implemented.

Name	The Investment Corporation 1st unsecured bonds
Period	5 years
Total issue amount	¥4 billion
Issue date	April 25, 2014
Interest rate	0.37%
Rating	AA- (JCR)

Debt Maturity Diversification (As of the end of May 2014)



TOPICS

4 Actions to Improve Asset Values

CSR activities

Gotanda Front received a "Silver" of DBJ Green Building Certification* from Development Bank of Japan ("DBJ") on May 29, 2014.

*"DBJ Green Building Certification," offered by Development Bank of Japan Inc. (DBJ), is a comprehensive evaluation system which has 5 ranks: "Platinum," "Gold," "Silver," "Bronze," and "Certified."



Properties with excellent environmental and social awareness



TO-9 Gotanda Front

Evaluated points

1 Using LED lighting in common areas

2 Adoption of a lighting control system with use of daylight

3 Installing a secondary power supply

4 Keeping anti-disaster supplies

Following properties had received DBJ Green Building Certification by the end of the 4th period.

TO-7 A-PLACE Ikebukuro

O-6 Kanayama Center Place

TO-3 Yoyogi Place



Mar. 29, 2013



Mar. 29, 2013



Nov. 1, 2013

Tokyu Plaza Omotesando Harajuku

Asia Pacific Shopping Center Award: Gold winner

2014 VIVA BEST-OF-THE-BEST AWARD: Honoree of Design & Development

Tokyu Plaza Omotesando Harajuku was awarded Gold, which is the best prize, in the Design & Development category of the Asia Pacific Shopping Center Awards held by International Council of Shopping Center in 2013.

The award was established by ICSC for commendation of retail properties in Asia. Not only design and development plans, but also operation and achievement after opening are comprehensively evaluated.

After Asia Pacific Shopping Center Award, facilities awarded Gold in each category were entered for VIVA (Vision, Innovation, Value, Achievement) in May 2014. The property was awarded as an Honoree of Design & Development.



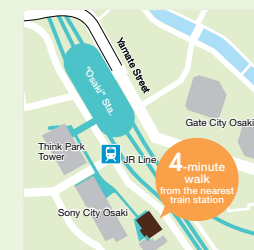
TOPICS

Acquisition of New Properties

Acquired Tokyo Office Properties

TO-11 OSAKI WIZTOWER

- Locating on 4-minute walking distance from "Osaki" station directly connected by the pedestrian deck.
- "Osaki" station which is one of the terminal stations connecting to not only central Tokyo but also Yokohama and Saitama area by JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line, and Rinkai Line.
- New building having the standard floor of 899 m² (approx. 272 tsubo), and comfortable space with the ceiling height of 2.8 m.
- Appealing to companies by equipped with BCP (Business Continuity Planning) facilities such as emergency power supplies enabling consecutive 48-hour electric power generation, in addition to the newest earthquake-resistant structure.



Location	Osaki, Shinagawa-ku, Tokyo
Nearest station	4-minute walk from Osaki station
Acquisition price	¥10,690 million
Appraisal value	¥11,200 million
vs. Appraisal value	95.4%
NOI yield	4.6%

*The Investment Corporation acquired the fourth through eleventh floors of the office building, which is under sectional ownership.



Focus on Investments in Urban Retail Properties and Tokyo Office Properties

Our Investment Objective



Urban Retail Properties

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



Tokyo Office Properties

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



Other Properties

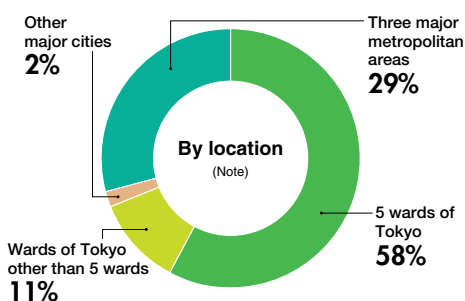
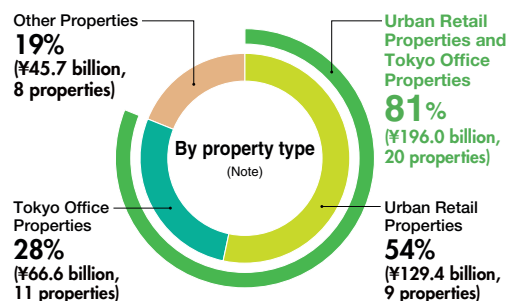
To enhance the stability and profitability of our portfolio, we carefully select commercial facilities other than Urban Retail Properties and office buildings other than Tokyo Office Properties, assessing the attributes and competitiveness of each property.

Target Portfolio (acquisition price basis)

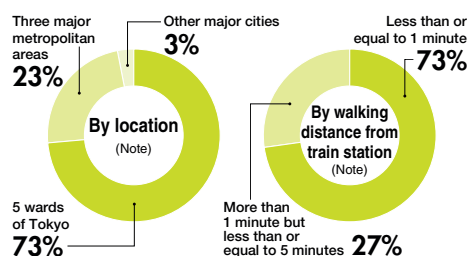
70% or more
of total investments

(Note) Percentages may be changed in the short term due to acquisition and sale of properties.

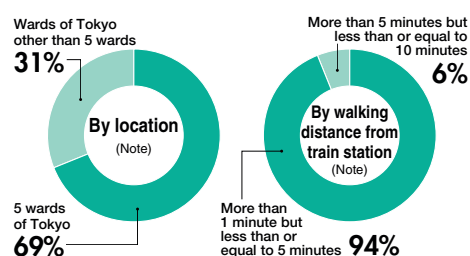
Portfolio Summary after Acquisition of OSAKI WIZTOWER (as of Jul. 11, 2014)



Urban Retail Properties



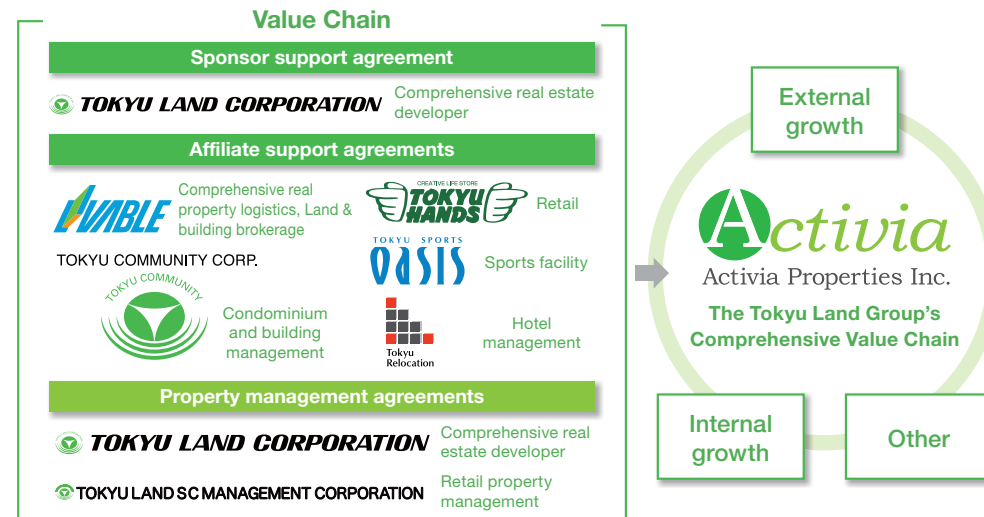
Tokyo Office Properties



(Note) Based on acquisition price (as of July 11, 2014)

Utilize the Tokyu Land Group's Comprehensive Value Chain Support System

Utilizing the Tokyu Land Group's Value Chain and Expertize



Utilizing the Unique Expertize of the Asset Manager



TLC Activia Investment Management Inc.

The staff mainly consists of members engaged in the development, operation, and management of retail properties and office properties for the Tokyu Land Group.

- Can achieve external growth by utilizing the asset manager's unique expertise in acquiring properties as well as its information network
- Can establish an operation and management system suitable for each of our assets under management in consideration of the characteristics of each property

Governance Structure to Maximize Unitholder Value

Impartiality in Asset Acquisitions by a Third Party

Impartiality in asset acquisitions to avoid conflicts of interest and protect the interests of unitholders.

Alignment of the Interests of the Unitholders and Tokyu Land Corporation

We establish a co-operate business structure by Tokyu Land Corporation's investment in us, and operating individual properties with Tokyu Land Corporation to align the interests between our unitholders and sponsor.

Management Fee System, Including Asset Management Fees Based on Distributions Per Unit

Under our Articles of Incorporation and asset management agreement, the asset management fees that we pay to the asset manager partly depend on our distributions per unit. Asset management fees based on distributions per unit give the asset manager an incentive to maximize unitholder value.

Financial Strategy

We have formed a basis for strong relationships with major lenders. Through stable long-term loans and maturity diversification, we will maintain sound financial base.

Summary Financial Information

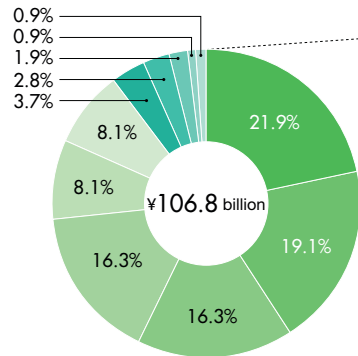
	The 4th period (Nov. 2013)	The 5th period (May 2014)	As of Jul. 11, 2014
Interest-bearing debt outstanding	¥88,000 million	¥100,800 million	¥110,800 million
LTV (Note 1)	45.9%	41.5%	43.7%
Long-term borrowing ratio (Note 2)	96.6% (85.2%)	97.0% (85.1%)	97.3% (81.0%)
Fixed interest ratio (Note 3)	71.6%	79.2%	74.7%
Average remaining borrowing period	2.9 years	3.1 years	3.1 years
Average interest ratio (Note 3)	0.75%	0.79%	0.76%

(Note 1) Interest bearing debt / total assets ×100. Total assets as of Jul. 11, 2014 are the total assets as of the end of the 5th period and acquisition price of OSAKI WIZTOWER acquired in the 6th period.

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

(Note 3) In order to hedge the fluctuation of the interest rate payment, we entered the interest rate swap agreement for some borrowing and the above "Average interest rate" is calculated after fixing the interest rate.

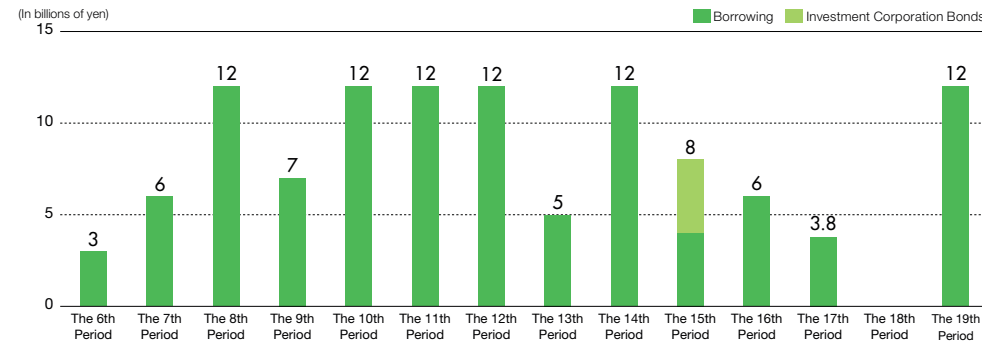
Borrowing Ratio and Lenders (As of Jul. 11, 2014)



Lenders	Debt (billion)	Ratio(%) (Note)
Sumitomo Mitsui Trust Bank, Limited	23.4	21.9
Mitsubishi UFJ Trust and Banking Corporation	20.4	19.1
Mizuho Bank, Ltd.	17.4	16.3
The Bank of Tokyo-Mitsubishi UFJ Ltd.	17.4	16.3
Sumitomo Mitsui Banking Corporation	8.7	8.1
Development Bank of Japan Inc.	8.7	8.1
Mizuho Trust & Banking Co., Ltd.	4.0	3.7
Resona Bank, Ltd.	3.0	2.8
The Bank of Fukuoka, Ltd.	2.0	1.9
The Gunma Bank, Ltd.	1.0	0.9
Shinkin Central Bank	1.0	0.9

(Note) The total of ratio will not be 100% due to the figures rounding to the first decimal place.

Diversified Maturity of Interest-bearing Debt (As of Jul. 11, 2014)



Ratings (As of July 11, 2014)

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

Portfolio List

(As of Jul. 11, 2014)

Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m ²)	Completion (Note 1)	Occupancy rate (Note 2)
UR URBAN RETAIL	UR-1	Tokyu Plaza Omotesando Harajuku (Note 3)	Jingu-mae, Shibuya-ku, Tokyo	45,000	18.6%	4,904.55	Mar. 2012	100.0%
	UR-2	Tokyu Plaza Akasaka (Note 3)	Nagatacho, Chiyoda-ku, Tokyo	11,450	4.7%	16,620.48	Sep. 1969	100.0%
	UR-3	Ebisu Q Plaza	Ebisu, Shibuya-ku, Tokyo	8,430	3.5%	4,024.88	Aug. 2008	100.0%
	UR-4	Shinbashi Place	Shinbashi, Minato-ku, Tokyo	20,500	8.5%	9,156.01	Apr. 2008	100.0%
	UR-5	Kyoto Karasuma Parking Building	Motohonanjicho, Nakagyo-ku, Kyoto	8,860	3.7%	21,616.04	Jul. 2006	100.0%
	UR-6	Hitotsugi LIP	Akasaka, Minato-ku, Tokyo	3,000	1.2%	2,280.22	Feb. 2008	84.2%
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kyomachi, Chuo-ku, Kobe City, Hyogo	21,330	8.8%	19,653.90	Jan. 2010	100.0%
	UR-8	Tokyu Plaza Sapporo	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido	4,410	1.8%	21,229.16	May 1980	100.0%
	UR-9	Kamata Kosan Building	Udagawa-cho, Shibuya-ku, Tokyo	6,370	2.6%	3,413.80	Jun. 1988	100.0%
Urban Retail Properties				129,350	53.5%	102,899.04		99.6%
TO TOKYO OFFICE	TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	3.1%	7,342.60	Mar. 1993	100.0%
	TO-2	A-PLACE Ebisu Minami	Ebisu-minami, Shibuya-ku, Tokyo	9,640	4.0%	7,950.51	Jan. 1995	100.0%
	TO-3	Yoyogi Place	Sendagaya, Shibuya-ku, Tokyo	4,070	1.7%	3,106.17	Feb. 2007	100.0%
	TO-4	Aoyama Plaza Building	Kita-Aoyama, Minato-ku, Tokyo	8,790	3.6%	7,303.69	Sep. 1966	100.0%
	TO-5	Luogo Shiodome	Higashi-Shinbashi, Minato-ku, Tokyo	4,540	1.9%	4,476.35	Jul. 2004	100.0%
	TO-6	Tokyo Kikai Honsha Building (Land)	Shiba, Minato-ku, Tokyo	2,338 (Note 4)	1.0%	1,287.96	—	100.0%
	TO-7	A-PLACE Ikebukuro	Minami Ikebukuro, Toshima-ku, Tokyo	3,990	1.7%	3,409.73	Oct. 2011	100.0%
	TO-8	TK Shinbashi Building	Shinbashi, Minato-ku, Tokyo	5,650	2.3%	5,052.14	Mar. 1999	100.0%
	TO-9	Gotanda Front	Nishigotanda, Shinagawa-ku, Tokyo	5,730	2.4%	4,028.69	Feb. 2012	100.0%
	TO-10	Shinagawa Place	Konan, Minato-ku, Tokyo	3,800	1.6%	2,986.36	Sep. 1991	100.0%
	TO-11	OSAKI WIZTOWER	Osaki, Shinagawa-ku, Tokyo	10,690	4.4%	7,193.28	Jan. 2014	100.0%
Tokyo Office Properties				66,638	27.6%	54,137.48		100.0%
O OTHER	O-1	Amagasaki Q's MALL (Land)	Amagasaki City, Hyogo	12,000	5.0%	27,465.44	—	100.0%
	O-2	icot Nakamozu	Sakai City, Osaka	8,500	3.5%	28,098.02	Jun. 2007	100.0%
	O-3	icot Kongo	Osakasayama City, Osaka	1,600	0.7%	17,884.55	Feb. 1977	100.0%
	O-4	icot Mizonokuchi	Kawasaki City, Kanagawa	2,710	1.1%	14,032.05	Jul. 1998	100.0%
	O-5	icot Tama Center	Tama City, Tokyo	2,840	1.2%	5,181.58	Mar. 2006	100.0%
	O-6	Kanayama Center Place	Nagoya City, Aichi	6,980	2.9%	9,314.91	Feb. 2009	100.0%
	O-7	Osaka Nakanoshima Building (Note 3)	Osaka City, Osaka	5,250	2.2%	10,178.28	Mar. 1984	97.3%
	O-8	J-CORE Omori	Omori-ku, Ota-ku, Tokyo	5,790	2.4%	6,209.79	Mar. 2007	100.0%
Other Properties				45,670	18.9%	118,364.62		99.8%
Total				241,658	100.0%	275,401.14		99.8%

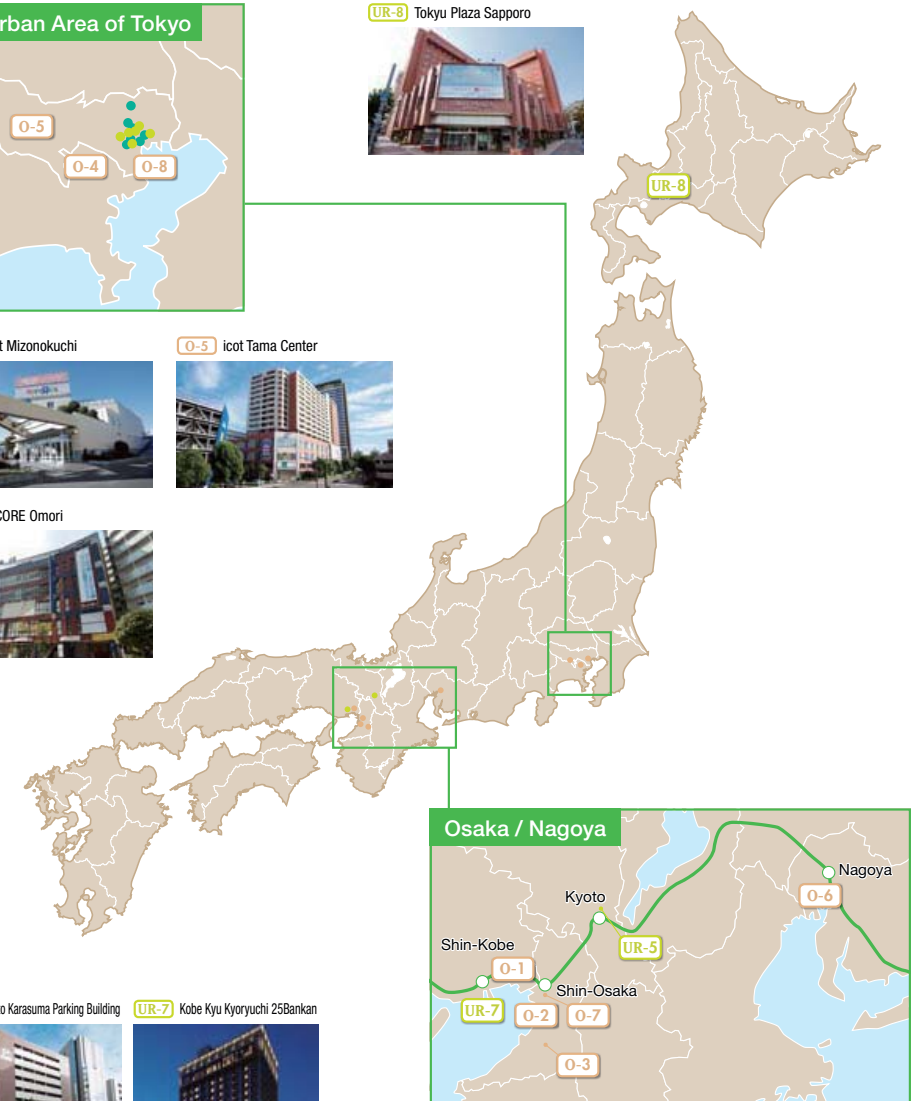
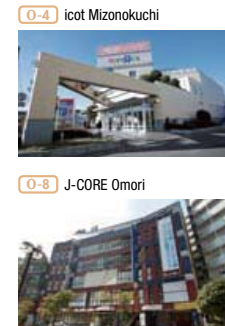
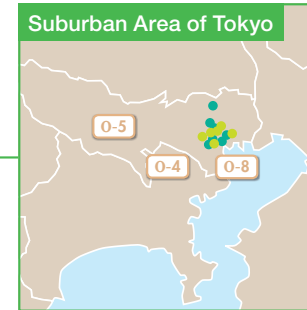
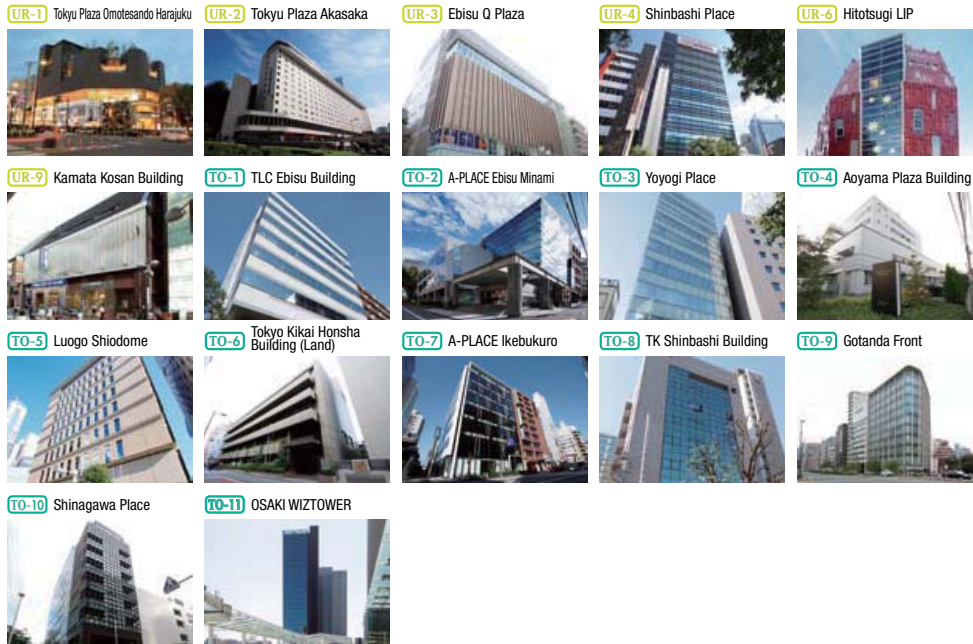
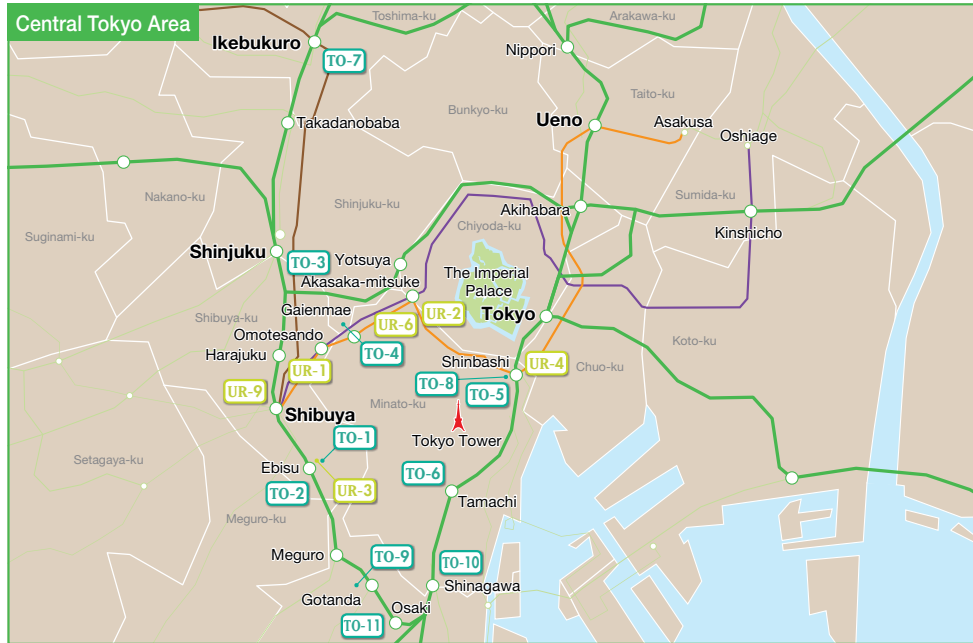
(Note 1) The month in the Completion column is based on the date of completion of the main building recorded on the registry. If there is more than one main building on the registry, the oldest date is chosen. However, as to TK Shinbashi Building, the month in the completion is based on the date of inspection for completion of construction on the certification inspection.

(Note 2) The occupancy rate at the end of the period is calculated based on the total leasable area toward the relative portion of the total leasable area of each property as of the end of May 2014 except OSAKI WIZTOWER as of June 24, 2014.

(Note 3) Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka, and Osaka Nakanoshima Building, the co-ownership (*jun kyoyu-mochibun*) properties, are calculated based on the pro rata share (75%, 50% and 50%, respectively).

(Note 4) Acquisition price of Tokyo Kikai Honsha Building (Land) is the land price at the acquisition (June 13, 2012).

Portfolio Map



Properties Acquired in the 6th Period

TO-11 OSAKI WIZTOWER

- Locating on 4-minute walking distance from "Osaki" station directly connected by the pedestrian deck.
- "Osaki" station which is one of the terminal stations connecting to not only central Tokyo but also Yokohama and Saitama area by JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line, and Rinkai Line.
- New building having the standard floor of 899 m² (approx. 272 tsubo), and comfortable space with the ceiling height of 2.8 m.
- Appealing to companies by equipped with BCP (Business Continuity Planning) facilities such as emergency power supplies enabling consecutive 48-hour electric power generation, in addition to the newest earthquake-resistant structure.

Location	Osaki, Shinagawa-ku, Tokyo
Nearest station	4-minute walk from Osaki station
Acquisition price	¥10,690 million
Appraisal value	¥11,200 million
vs. Appraisal value	95.4%
NOI yield	4.6%



UR-8 Tokyu Plaza Sapporo

- The property is our third acquisition of a Tokyu Plaza building, following "Omotesando Harajuku" and "Akasaka".
- "Sapporo Tokyu Inn" is one of the largest hotels in Sapporo. Opened in 1980, the hotel has a total of 575 guest rooms.
- Located in "Susukino," the most popular entertainment district in Hokkaido and one of Japan's major tourist spots.
- Conveniently located in 2-minute walking distance from "Susukino" station on Sapporo Namboku Line.

Location	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido
Nearest station	2-minute walk from Susukino station
Acquisition price	¥4,410 million
Appraisal value	¥4,800 million
vs. Appraisal value	91.9%
NOI yield	8.7%

Properties Acquired in the 5th Period

UR-7 Kobe Kyu Kyoryuchi 25Bankan

- Located in Kobe, a port city with long history and various historic sites / buildings. The Kyu Kyoryuchi area is one of the leading commercial districts in West Japan in terms of the number of visitors.
- Kobe Kyu Kyoryuchi 25Bankan is favorably located on the main street, Nakamachi-dori where has high demand for its favorable location near Daimaru Kobe, Bank of Japan Kobe Branch and Kobe City Museum.
- Kobe Luminarie, a light festival illuminating the area around Kyu Kyoryuchi, is held every December; more than 3.5 million visitors were attracted to this festival in 2013.

Location	Kyomachi, Chuo-ku, Kobe City, Hyogo
Nearest station	5-minute walk from Kyu Kyoryuchi-Daimarumae station
Acquisition price	¥21,330 million
Appraisal value	¥21,600 million
vs. Appraisal value	98.8%
NOI yield	4.8%



UR-9 Kamata Kosan Building

- The property is located in the Shibuya area, one of the major commercial districts and the fashion centers for "younger generations".
- "Shibuya" station has improved since the extension of the Tokyu Toyoko Line and the Subway Fukutoshin Line. The area is expected to further develop through a planned large-scale redevelopment project.

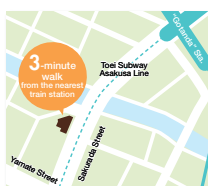
Location	Udagawa-cho, Shibuya-ku, Tokyo
Nearest station	4-minute walk from Shibuya station
Acquisition price	¥6,370 million
Appraisal value	¥6,400 million
vs. Appraisal value	99.5%
NOI yield	4.9%



T0-9 Gotanda Front

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

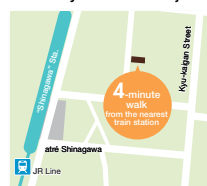
- Conveniently located in 3-minute and 4-minute walking distances from "Gotanda" station on the Toei Subway Asakusa Line and the JR Yamanote Line, respectively, providing easy access to major areas in Tokyo. A number of other train stations are also within walking distance.
- An office building with a high-profile facade, developed by Tokyu Land Corporation is a relatively new (completed in February 2012). The building has a typical floor area of 130 tsubo, and equipped with high-tech facilities including 100mm-high free-access floors (raised flooring), individual air conditioning units and grid ceilings.



T0-10 Shinagawa Place

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

- Conveniently located in 4-minute walking distance from JR "Shinagawa" station on JR Line, providing direct access to Haneda Airport via the Keikyu Line and easy access to major areas in Tokyo. The Tokaido Bullet Train also stops at "Shinagawa" station.
- The Konan area has a high concentration of headquarter buildings of major companies such as NTT, Sony and Mitsubishi Heavy Industries.



O-8 J-CORE Omori

- A retail property located near the station square, only 3-minute walking distance from "Omori" station, which provides easy access to central Tokyo.
- The area has high foot traffic including commuters, students, and residents due to its easy access from both a residential district and an office district dominated by large office building.
- The Omori area is heavily populated due to its high level of convenience, with a population of 68,000 and 463,000 in the 1 km and 3 km trade areas respectively.



Location	Omori, Ota-ku, Tokyo
Nearest station	3-minute walk from Omori station
Acquisition price	¥5,790 million
Appraisal value	¥5,810 million
vs. Appraisal value	99.7%
NOI yield	5.1%



Properties Acquired before the 4th Period Activa

Three advantages

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



UR-1 Tokyu Plaza Omotesando Harajuku

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

- Located at the crossing of Omotesando and Meiji Street, the center of Japan's fashion culture. It is an excellent location with strong branding effect for fashion shops.



UR-2 Tokyu Plaza Akasaka

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

- Property is located in an area of Akasaka with a high concentration of restaurants, hotels and offices where many middle-aged office workers like to meet. The strong international flavor stems from the many foreign companies and embassies in this area. In the back of the site is the Nagatacho and Kasumigaseki areas.





UR-3 Ebisu Q Plaza

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

- Located in Ebisu area which is, unlike Shibuya or Daikanyama, well-known as the town for grown-ups. High-profile building located in front of a station with a large facade made of terracotta bars and glass.



UR-5 Kyoto Karasuma Parking Building

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

- Located in the Shijo-Karasuma area, which is one of Kyoto's most prominent city center areas. Highly important facility as it provides parking space to retail facilities in the neighborhood such as Daimaru Kyoto and Takashimaya Kyoto.



UR-4 Shinbashi Place

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

- 1-minute walking distance from convenient "Shinbashi" station, which is one of the busiest terminal stations in Japan. Versatile structure of the building allows various alternative uses including, but not limited to, use as offices for versatile coverage of diverse tenants' needs.



UR-6 Hitotsugi LIP

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

- Located 3-minute and 5-minute walking distance from "Akasaka" station and "Akasakamitsuke" station, respectively.
- A highly visible commercial building on Hitotsugi-dori, the busiest street with the heaviest foot traffic in Akasaka.
- The tenants include high-profile restaurants such as "IL Casita" and "Hai Whan."



Three advantages

- 1 Solid tenant demand due to the 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 higher liquidity



TO-1 TLC Ebisu Building

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

- The building is in the high-profile area of Ebisu, which has the highest concentration of office buildings in this area. Compared with other buildings in the neighborhood, its large floor size of approx. 805 m² on standard floors makes it highly competitive.



TO-3 Yoyogi Place

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

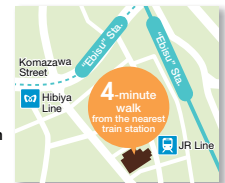
- Highly visible building standing along the roadside of Meiji Street and is within walking distance from "Shinjuku" station. Approx. 346 m² astylar space on one floor allows highly efficient space usage.



TO-2 A-PLACE Ebisu Minami

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

- Located within 4-minute walking distance from "Ebisu" station, which attracts high traffic. Considering the high traffic of Ebisu area, demand by IT companies including software developers, apparel companies, as well as service providers such as restaurants, beauty salons & clinics and schools is quite high.



TO-4 Aoyama Plaza Building

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

- Building has strong competitive advantages compared with the office buildings in the neighborhood due to its large size. Large-scale renovation of the building including seismic strengthening completed in 2008.





TO-5 Luogo Shiodome

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

- Located on the north side of Shiodome Siosite's western district, known as "Italy Town," which has high traffic. Higher competitiveness compared with other office properties in the neighborhood due to its quake-absorbing structure.



TO-7 A-PLACE Ikebukuro

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

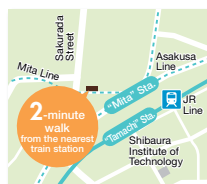
- High-profile building located within 6-minute walking distance from "Ikebukuro station" along Meiji Street.



TO-6 Tokyo Kikai Honsha Building (Land)

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

- Located 2-minute walking distance from "Mita" station and 4-minute walking distance from JR "Tamachi" station.
- High traffic with several lines, such as JR and subway providing easy access to central Tokyo.



TO-8 TK Shinbashi Building

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

- Located 3-minute walking distance from "Shinbashi" Station on 7 lines, such as JR Lines and Tokyo Metro Subway Line. The standard floor for offices has the ceiling height of 2,700 mm, and equipped with qualified features such as the individual air-conditioning units, automated security systems and other.



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 in the surrounding area



0-1 Amagasaki Q's MALL (Land)

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



0-2 icot Nakamozu

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



0-3 icot Kongo

Location: Handa, Osakasayama City, Osaka
Acquisition price: ¥1,600 million



0-4 icot Mizonokuchi

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



0-5 icot Tama Center

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



0-6 Kanayama Center Place

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



0-7 Osaka Nakanoshima Building

Location: Nakanoshima, Kita-ku, Osaka City, Osaka
Acquisition price: ¥5,250 million

- The Nakanoshima area features many office buildings, including financial institutions and government offices, such as the Bank of Japan Osaka branch and the Osaka City Hall, as well as offices of major companies. Flanked by the Dojima river to the north and the Tosabori river to the south, the property is highly prominent and is in a good environment for offices.

Summary of Activia Properties Inc.

Structure



Profile

Name	Activia Properties Inc.
Executive Director	Haruki Sakane
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)

Summary of the Asset Manager

Summary of the Asset Manager

Corporate name	TLC Activia Investment Management Inc.	Shareholder	Tokyu Land Corp. 100%
Established on	November 15, 2010	Representative Director and President	Haruki Sakane
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 DNA of the Tokyu Land Corporation Group

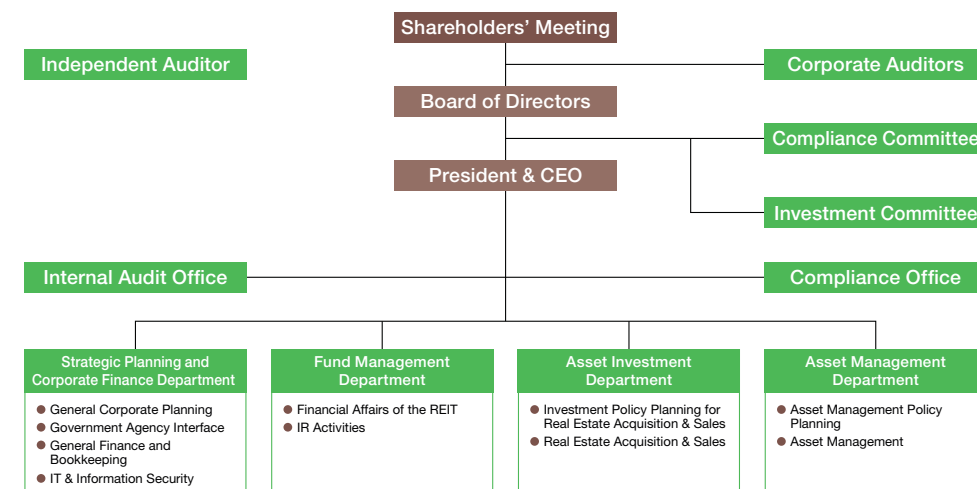
The frontier spirit and development capacity of the Tokyu Land Corporation, growing its business mainly in the Tokyo Metropolitan area and major cities in Japan, have become ingrained in the entire Group. Tokyu Land Corporation has always been ahead of the times in responding to customer needs, being the first to develop a multi-use facility "Tokyu Plaza" in front of a train station and to pioneer the "Tokyu Hands" lifestyle products specialty retailer.

With professionals who have developed experience in many different Tokyu Land Corporation divisions involved in J-REIT asset management, we answer the needs of all of our unit holders.

Corporate Culture

Our professionals are expected to be proactive (to take the initiative, to anticipate events, and to make things better than they were before). As an asset management company, we focus our attention on the operation and management of individual properties, as well as on the changing market conditions (real estate transaction markets, real estate rental markets, financial markets). By responding quickly to opportunities, we can engage in long-term, stable asset management.

Asset Manager Organizational Chart



Asset Management Report for the 5th Fiscal Period (Semi-Annual Report)

From December 1, 2013 to May 31, 2014

I.	Asset Management Report
II.	Balance Sheets
III.	Statements of Income
IV.	Statements of 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		1st period	2nd period	3rd period	4th period	5th period
Business period		From September 7, 2011 to May 31, 2012	From June 1, 2012 to November 30, 2012	From December 1, 2012 to May 31, 2013	From June 1, 2013 to November 30, 2013	From December 1, 2013 to May 31, 2014
Operating revenue	(In millions of yen)	—	5,194	5,803	6,124	7,778
[Rent revenue-real estate]	(In millions of yen)	[—]	[4,889]	[5,453]	[5,712]	[7,237]
Operating expenses	(In millions of yen)	7	1,696	1,951	2,482	3,198
[Expenses related to rent business]	(In millions of yen)	[—]	[1,278]	[1,435]	[1,975]	[2,632]
Operating income (loss)	(In millions of yen)	(7)	3,498	3,851	3,642	4,580
Ordinary income (loss)	(In millions of yen)	(60)	2,923	3,479	3,187	3,998
Net income (loss)	(In millions of yen)	(61)	2,922	3,478	3,186	3,997
Net assets	(In millions of yen)	138	94,234	94,852	94,560	130,052
[Change from the previous period]	(%)	[—]	[—]	[0.7]	[0.3]	[37.5]
Total assets	(In millions of yen)	142	180,066	188,837	191,841	242,609
[Change from the previous period]	(%)	[—]	[—]	[4.9]	[1.6]	[26.5]
Unitholders' capital	(In millions of yen)	200	91,373	91,373	91,373	126,054
Number of units issued and outstanding	(Units)	400	205,262	205,262	205,262	251,062
Net assets per unit	(Yen)	347,457	459,095	462,103	460,680	518,009
Total distributions	(In millions of yen)	—	2,860	3,478	3,186	3,997
Net income (loss) per unit	(Note 1) (Yen)	(152,542)	15,153 [14,244]	16,946	15,522	16,194
Cash distributions per unit						
[Profit distributions per unit]	(Yen)	[—]	[13,938]	[16,946]	[15,523]	[15,922]
[Distributions per unit in excess of profit]	(Yen)	[—]	[—]	[—]	[—]	[—]
Ordinary income to total assets	(Note 2) (%)	(35.5)	3.2	1.9	1.7	1.8
Return on unitholders' equity	(Note 2) (%)	(36.0)	6.2	3.7	3.4	3.6
Unitholders' equity to total assets	(Note 2) (%)	97.6	52.3	50.2	49.3	53.6
[Change from the previous period]		[—]	[(45.3)]	[(2.1)]	[(0.9)]	[4.3]
Payout ratio	(Note 2) (%)	—	97.9	99.9	100.0	99.9
[Other reference]						
Number of properties	(Properties)	—	18	20	21	27
Total leasable area	(Note 3) (m ²)	—	196,296.20	211,543.78	213,787.15	268,207.86
Occupancy rate at end of period	(%)	—	99.4	99.4	99.4	99.8
Depreciation	(In millions of yen)	—	452	487	518	739
Capital expenditure	(In millions of yen)	—	84	149	108	114
NOI	(Note 2) (In millions of yen)	—	4,373	4,858	4,668	5,889

(Note 1) Net income (loss) per unit is calculated by dividing net income (loss) by the day-weighted average number of investment units for the period (400 units and 192,832 units for the fiscal periods ended May 31, 2012 and November 30, 2012, respectively, and 205,262 units for the fiscal periods ended May 31, 2013 and November 30, 2013, respectively, and 246,842 units for the fiscal period ended May 31, 2014). For the fiscal period ended November 30, 2012, net income per unit which is calculated based on day-weighted average number of investment units (205,141 units) assuming that the fiscal period started on June 13, 2012, the actual start date of asset management, is also provided in square brackets.

(Note 2) The stated indicators are calculated as follows:
 Ordinary income to total assets Ordinary income (loss) / Average net assets × 100 Average net assets = (Net assets at the beginning of the period + Net assets at the end of the period) / 2
 Return on unitholders' equity Net income (loss) / Average net assets × 100 Average net assets = (Net assets at the beginning of the period + Net assets at the end of the period) / 2
 Unitholders' equity to total assets Net assets / Total assets × 100
 Payout ratio Total distributions / Net income × 100 (rounding down to the nearest tenth.)
 NOI Income from real estate leasing business (rent revenues-real estate + other rent business revenue - expenses related to rent business) + depreciation + loss on retirement of non-current assets

(Note 3) The total leasable area is equal to gross floor area of leasable space in each property other than properties for which we acquire only land, 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 we acquire only land 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 and Osaka Nakanoshima Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jū kyōyū-mochibun*) (75% , 50% 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 16, 2013, the Investment Corporation carried out its first publicly offered capital increase after the listing, and on January 15, 2014, it carried out a private placement.

“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, 2014, the Investment Corporation acquired six properties including three “Urban Retail Properties” and two “Tokyo Office Properties,” by publicly offered capital increase, which are both categorized as its focused investment properties. In addition, the Investment Corporation transferred Tokyo Kikai Honsha Building (building) to Tokyu Land Corporation, the sponsor of the Investment Corporation, on May 30, 2014. Consequently, the Investment Corporation held 27 properties (with the total acquisition price of ¥230,968 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 along a moderate recovery path underpinned by the effects of various government measures. Despite lingering weakness in consumption resulting from a rush in demand before the April 2014 consumption tax hike and the consequent drop in demand, which had been a cause for concern, the impact of this drop gradually softened. This was reflected in the May 2014 Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan, in which the consumer confidence index rose from the previous month for the first time in six months. As a result, the Japanese economy is expected to mount a gradual, albeit moderate, recovery.

In the environment surrounding retail properties, there was a 4.3% decrease in the sales of retailers in April from the same month of the previous year according to the Current Survey of Commerce released by the Ministry of Economy, Trade and Industry. Even so, there were improvements in the employment and income situations, and consumption trends are being closely watched leading up to the summer. Furthermore, the number of tourists visiting Japan from abroad is increasing partly due to the impact of yen depreciation and relaxation of visa issuance requirements. According to the Consumption Trend Survey for Foreigners Visiting Japan announced by the Japan Tourism Agency, the Ministry of Land, Infrastructure, Transport and Tourism in May, the amount of tourism consumption by foreigners visiting Japan from January 2014 through March 2014 increased by 48.5% year on year, which was the highest amount since the start of the survey. Consequently, the increase in foreign visitors is expected to result in a higher hotel utilization rate and an increase in consumption. In the rental office market, according to data published by Miki Shoji Co., Ltd., the average vacancy rate of five central Tokyo wards (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) as of May 31, 2014 stood at 6.52%, down from 7.52% as of November 30, 2013, showing improvement for the eleventh consecutive month. With regard to rent levels, although average rents for newly constructed buildings were about level with those of the previous month, market rent prices for existing buildings rose for the fifth consecutive month and there was an increase in examples of turnarounds in rents mainly in major cities such as Tokyo, Osaka and Nagoya. In the J-REIT market, although a large number of new IPOs and publicly offered capital increases were carried out in the fiscal period under review, the funds raised and property acquisition prices were down in comparison to 2013 due to harsh competition for acquisitions in the real estate transaction market.

In this situation, the Investment Corporation acquired beneficiary rights of real estate in trust to six properties by publicly offered capital increase (with a total acquisition price of ¥47,430 million) in accordance with the basic asset management policy set forth in the Articles of Incorporation. These consisted of four properties acquired on December 19, 2013: Kobe Kyu Kyoryuchi 25Bankan, Tokyu Plaza Sapporo, Kamata Kosan Building and J-CORE Omori; and two properties acquired on January 10, 2014: Gotanda Front and Shinagawa Place. In addition, the Investment Corporation transferred the building portion of Tokyo Kikai Honsha Building (transfer price: ¥695 million) to Tokyu Land Corporation, the sponsor of the Investment Corporation, on May 30, 2014.

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 27 properties (with the total acquisition price of ¥230,968 million) with the total leasable area of 268,207 m² (81,132 *tsubo*).

3) Overview of Financing

In the fiscal period under review, mainly to cover the acquisition costs for beneficiary interests of real estate in trust to the above six properties and related costs, the Investment Corporation issued additional investment units (43,100 units) through a public offering on December 16, 2013 and new investment units (2,700 units) by private placement on January 15, 2014, and borrowed funds of ¥12,800 million. In addition, on April 25, 2014, in order to diversify its means of financing, and extend borrowing periods, the Investment Corporation issued its first investment corporation bonds at ¥4,000 million 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 ¥126,054 million, the number of investment units issued came to 251,062 units and the balance of interest-bearing debt came to ¥100,800 million (borrowings of ¥96,800 million and investment corporation bonds of ¥4,000 million). In addition, the ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 41.5% as of the end of the fiscal period under review. The ratio of long-term debt and fixed-interest debt to total interest-bearing debt were 97.0% and 79.2%, 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 by a credit rating agency at the Investment Corporation’s request; or a credit rating made available for inspection or one provided by a credit rating agency; or a credit rating scheduled to be made available for inspection.

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 ¥7,778 million, ¥4,580 million, and ¥3,998 million, respectively, for the fiscal period under review, and net income was ¥3,997 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 ¥15,922.

(3) Capital Increase, etc.

The Investment Corporation carried out issuances of new investment units on December 16, 2013, and January 15, 2014 (43,100 units in a capital increase through public offering and 2,700 units in a third-party allotment), thus procuring funds of ¥34,681 million. Changes in total investments and the number of investment units issued up to the current fiscal period are as follows:

Date	Summary	Number of 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)

(Note 1) The Investment Corporation was established through an investment of Tokyu Land Corporation, which underwrote the investment units with an offer price per unit of ¥500,000.

(Note 2) New investment units were issued by public offering with an offering price per unit of ¥460,000 (issue price of ¥445,050 per unit) in order to raise funds for the acquisition of new properties, etc.

(Note 3) New investment units were issued with an issue price of ¥445,050 per unit and underwritten by Nomura Securities Co., Ltd.

(Note 4) New investment units were issued by public offering with an offering price per unit of ¥782,925 (issue price of ¥757,229 per unit) in order to raise funds for the acquisition of new properties, etc.

(Note 5) New investment units were issued with an issue price of ¥757,229 per unit and underwritten by Nomura Securities Co., Ltd.

Fluctuation in market price of the investment securities

The market price of the investment securities on Tokyo Stock Exchange REIT Market fluctuated during each fiscal period as follows:

(Yen)

Fiscal period	1st period	2nd period	3rd period	4th period	5th period
Business period	From September 7, 2011 to May 31, 2012	From June 1, 2012 to November 30, 2012	From December 1, 2012 to May 31, 2013	From June 1, 2013 to November 30, 2013	From December 1, 2013 to May 31, 2014
Highest price	—	557,000	976,000	860,000	877,000
Lowest price	—	440,500	501,000	655,000	777,000

(4) Distributions, etc.

The Investment Corporation intends to distribute all of unappropriated retained earnings at the end of the period, except for fractional distribution per unit less than ¥1 with the distributions to be treated as a tax-allowable deduction as defined in Article 67-15 of the Special Taxation Measures Act of Japan. As a result, cash distribution per unit for the six months ended May 31, 2014 amounted to ¥15,922.

Fiscal period	1st period	2nd period	3rd period	4th period	5th period
Business period	From September 7, 2011 to May 31, 2012	From June 1, 2012 to November 30, 2012	From December 1, 2012 to May 31, 2013	From June 1, 2013 to November 30, 2013	From December 1, 2013 to May 31, 2014
Unappropriated retained earnings (undisposed loss)	(¥61,017 thousand)	¥2,861,026 thousand	¥3,478,463 thousand	¥3,186,370 thousand	¥3,997,550 thousand
Retained earnings	(¥61,017 thousand)	¥85 thousand	¥93 thousand	¥88 thousand	¥141 thousand
Total distribution payments	¥— thousand	¥2,860,941 thousand	¥3,478,369 thousand	¥3,186,282 thousand	¥3,997,409 thousand
[Distributions per unit]	[¥—]	[¥13,938]	[¥16,946]	[¥15,523]	[¥15,922]
Of which, total distributions of profits were	¥— thousand	¥2,860,941 thousand	¥3,478,369 thousand	¥3,186,282 thousand	¥3,997,409 thousand
[Distributions of profits per unit]	[¥—]	[¥13,938]	[¥16,946]	[¥15,523]	[¥15,922]
Of which, total return on unitholders' capital was	¥— thousand	¥— thousand	¥— thousand	¥— thousand	¥— thousand
[Return on unitholders' capital per unit]	[¥—]	[¥—]	[¥—]	[¥—]	[¥—]

(5) Future Investment Policy and Issues to Address

While it is important to keep a close watch on trends in personal consumption in line with the consumption tax hike, the Japanese economy is expected to mount a sustained recovery mainly on the back of optimism toward the government's various economic measures and their growth strategies, improvement in the employment situation, and improvement in economies overseas, primarily in the U.S. On the other hand, there is a risk of adverse pressure from economic downturns overseas, including concerns of stagnation in Asian economies and economic instability in emerging countries.

In the rental office market, turnarounds in rents are expected to increase further on the back of improvements in average vacancy rates and higher rent levels, mainly reflecting increased demand for floor space expansion and office expansion through moving as a result of improved corporate conditions. Even so, regarding the rebound in rent levels, the overall rental market is expected to rise in accordance with further development in the economic recovery, as there are still many cases in which levels are determined by the situations of areas or individual buildings. With respect to retail properties, recovery in household income on the back of improvements in the employment and income situations and business related to foreign visitors to Japan are forecast to underpin overall consumption. In the J-REIT market, attention will be focused on future actions by the Government Pension Investment Fund (GPIF) and IPOs of J-REITs in the field of healthcare. As further property acquisitions are forecast due to publicly offered capital increases by existing J-REITs, competition for property acquisitions is expected to increase, particularly in Tokyo. In order to continue to acquire competitive assets, the Investment Corporation will work to control LTV and make property acquisitions using its own means and through its sponsor pipeline.

1) Basic Policy

The Investment Corporation's basic policies are to invest in assets, with targeted investments in Urban Retail and Tokyo Office Properties; utilize the Tokyu Land Group's value chain based on the comprehensive support system; and have in place a governance structure that maximizes investor value.

2) External Growth Strategy

The Investment Corporation will invest in Urban Retail and Tokyo Office Properties as a main target. It will make its investment decisions carefully, concentrating on selecting properties in excellent locations, including surrounding areas, and thoroughly considering individual factors such as use, size, quality, specifications, and tenants in order to construct a competitive portfolio in the medium and long term.

To acquire these competitive assets on an ongoing basis, the Investment Corporation will work to maintain and improve the quality of its portfolio and will seek to expand the size of its assets. It will do this by carefully selecting investment assets based on the information it receives under its sponsor support agreement with Tokyu Land Corporation and its support agreement with five subsidiaries in the Tokyu Land Group. It will also acquire properties through the exclusive know-how and information-gathering network of the Asset Management Company.

3) Internal Growth Strategy

The Investment Corporation will operate, manage, and refurbish its portfolio to maintain and improve the competitiveness of its facilities through a comprehensive understanding of the features of its overall portfolio and its individual assets under management, based on the unique expertise of its Asset Management Company. The Investment Corporation will also seek to manage its portfolio in a stable manner and strengthen its earnings by establishing appropriate operational and management systems tailored to the specific characteristics of the assets it has invested in, and through regular and one-time inspections by the property management company that has considerable experience in the operation and management of real estate.

The Investment Corporation will also maintain and improve the value of its assets through its expertise in internal growth gained from operating and managing properties. It will maximize the competitiveness of its assets through the ongoing assistance of Tokyu Land Corporation and other support companies, which, through their face-to-face business with consumers, have rich information regarding consumer needs and developments in industries such as retail and services.

With respect to the property management business for the assets under management, leasing support has been provided from Tokyu Land Corporation and Tokyu Land SC Management Corporation.

4) Financial Strategy

Carrying out a sound financial strategy in an effort to conservatively control LTV as well as make stable long-term loans and diversify maturities (diversifying repayment dates), the Investment Corporation will endeavor to build stable financial base with solid bank formation.

In addition, with an aim of achieving long-term and stable growth, the Investment Corporation will flexibly issue new investment units while paying appropriate attention to dilution of investment units.

(6) Significant Matters after the Book Closing

Not applicable

< Reference Information >

The Investment Corporation acquired property listed below on June 24, 2014.

(TO-11) OSAKI WIZTOWER (Note)

Type of assets	Trust beneficiary interest
Acquisition price	¥10,690 million (section owned)
Acquisition date	June 24, 2014
Location	11-1, Osaki 2-chome, Shinagawa-ku, Tokyo
Use	Office, residence, retail and other (complex facility of Osaki Wiz City)
Land area	7,171.46 m ² (total land area)
Gross floor area	54,363.84 m ² (complex facility of Osaki Wiz City)
Structure	Steel framed, reinforced concrete, SRC/ 25 floors above and 2 floors underground (complex facility of Osaki Wiz City)
Month and year of completion	January 2014
Ownership	Land: Right of site (ownership ratio: 31,246,760/100,000,000) Building: Sectional ownership interest (fourth to eleventh floors of OSAKI WIZTOWER, total of 7,122 m ²)

(Note) The acquisition by the Investment Corporation is the fourth through eleventh floors of the office building called OSAKI WIZTOWER, which is mainly comprised of offices, within the large complex facility Osaki Wiz City, which is comprised of office, residence, retail and other facilities.

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	1st period As of May 31, 2012	2nd period As of November 30, 2012	3rd period As of May 31, 2013	4th period As of November 30, 2013	5th period As of May 31, 2014
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)	400	205,262	205,262	205,262	251,062
Unitholders' capital (In millions of yen)	200	91,373	91,373	91,373	126,054
Number of Unitholders (Persons)	1	15,134	10,194	8,355	7,995

(2) Matters Relating to Investment Units

Major unitholders as of May 31, 2014 were as follows:

Name	Number of units owned	Percentage of total units issued (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust accounts)	58,868	23.44
Tokyu Land Corporation	26,080	10.38
The Master Trust Bank of Japan, Ltd. (Trust accounts)	24,167	9.62
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	16,845	6.70
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	12,583	5.01
STATE STREET BANK AND TRUST COMPANY 505223	5,386	2.14
THE BANK OF NEW YORK MELLON SA / NV10	4,617	1.83
NOMURA BANK (LUXEMBOURG) S.A.	3,633	1.44
STATE STREET BANK AND TRUST COMPANY	2,896	1.15
EVERGREEN	2,779	1.10
Total	157,854	62.87

(Note) 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	TLC Activia Investment Management Inc., President and Chief Executive Officer	—
Supervisory Directors	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	—	32,274 (Note 2)

(Note 1) The Executive Director and Supervisory Directors do not own investment units of the Investment Corporation in their own name or another person's name.

Although the Supervisory Directors may be officers in another corporation than the ones indicated above, they do not have a vested interest in the Investment Corporation, including in the posts indicated above.

(Note 2) The compensation for Independent Auditor includes the audit fees for comfort letters with respect to the issuance of new investment units in December 2013 and the issuance of investment corporate bonds in April 25, 2014.

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

We have a policy to determine whether to dismiss the accounting auditor pursuant to the provisions of the Investment Trust Act, and determine whether not to reappoint the accounting auditor taking into comprehensive consideration on various reasons through a general meeting of unitholders.

(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

3. Assets of the Investment Corporation

(1) Composition of the Assets of the Investment Corporation

Type of assets	Category	4th period As of November 30, 2013		5th period As of May 31, 2014	
		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	97,815	51.0	130,346	53.7
	Tokyo Office Properties	47,267	24.6	55,983	23.1
	Other Properties	39,933	20.8	45,595	18.8
	Subtotal	185,017	96.4	231,924	95.6
Total real estate, etc.		185,017	96.4	231,924	95.6
Deposits and other assets		6,824	3.6	10,684	4.4
Total assets (Note 2)		191,841 (185,017)	100.0 (96.4)	242,609 (231,924)	100.0 (95.9)

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

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

(2) Major Assets Owned

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)	45,088	4,904.55	4,904.55	100.0	14.2	Retail
Kobe Kyu Kyoryuchi 25Bankan	21,800	19,653.90	19,653.90	100.0	8.5	Retail
Shinbashi Place	20,512	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	4.4	Retail
Tokyu Plaza Akasaka (Note 4)	11,735	16,620.48	16,620.48	100.0	7.6	Retail
A-PLACE Ebisu Minami	9,609	7,950.51	7,950.51	100.0	4.3	Office
Kyoto Karasuma Parking Building	8,876	21,616.04	21,616.04	100.0	(Note 5)	Parking
Aoyama Plaza Building	8,791	7,303.69	7,303.69	100.0	3.5	Office
icot Nakamozu	8,445	28,098.02	28,098.02	100.0	4.0	Retail
Ebisu Q Plaza	8,413	4,024.88	4,024.88	100.0	3.4	Retail
Total	155,386	146,793.52	146,793.52	100.0	—	

(Note 1) The total leasable area is equal to gross floor area of leasable space in each property other than properties for which we acquire only land, based on the lease agreements for building or floor plans as of May 31, 2014. Total leasable area for properties for which we acquire only land is based on the lease agreement for land or land plans as of May 31, 2014.

(Note 2) The total leased area is equal to the total leased area in each property as of May 31, 2014. For properties with master lease agreements, the total leased area is based on the sublease agreements with the end-tenants.

(Note 3) The occupancy rate is calculated by dividing total leased area for each property by the total leasable area as of May 31, 2014, rounding to the nearest tenth. The subtotal and portfolio total are calculated by dividing aggregate leased area for each category by aggregate leasable area, rounding to the nearest tenth.

(Note 4) As for Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75% and 50%, respectively).

(Note 5) We have not obtained permission from the tenant of this property to release the information missing from this table.

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

	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	48,750	45,088
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,620.48	12,200	11,735
	Ebisu Q Plaza	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	9,310	8,413
	Shinbashi Place	12-9 Shinbashi 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	9,156.01	23,200	20,512
	Kyoto Karasuma Parking Building	678 Motohononjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	9,650	8,876
	Hitotsugi LIP	3-6 Akasaka 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,280.22	3,210	3,116
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	22,300	21,800
	Tokyu Plaza Sapporo	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	4,970	4,402
	Kamata Kosan Building	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,413.80	6,520	6,400
	Subtotal			102,899.04	140,110	130,346
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	7,740	7,294
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.51	10,600	9,609
	Yoyogi Place	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	3,960	4,045
	Aoyama Plaza Building	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	8,240	8,791
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	5,010	4,481
	Tokyo Kikai Honsha Building (Land) (Note 5)	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	2,400	2,362
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	4,250	3,943
	TK Shinbashi Building	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,052.14	6,070	5,848
	Gotanda Front	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	5,910	5,769
	Shinagawa Place	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	3,870	3,836
	Subtotal			46,944.20	58,050	55,983
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	9,520	8,445
	icot Kongo	35-1 Handa 1-chome, Osakasayama City, Osaka	Trust beneficiary interests	17,884.55	1,860	1,602
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,050	2,705
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	3,120	2,801
	Kanayama Center Place	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.91	7,580	6,842
	Osaka Nakanoshima Building (Note 4)	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	10,178.03	5,850	5,276
	J-CORE Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.79 (Note 6)	5,920	5,808
	Subtotal			118,364.62	49,500	45,595
Total				268,207.86	247,660	231,924

(Note 1) The total leasable area is equal to gross floor area of leasable space in each property other than properties for which we acquire only land, based on the lease agreements for building or floor plans as of May 31, 2014. Total leasable area for properties for which we acquire only land is based on the lease agreement for land or land plans as of May 31, 2014.

(Note 2) The appraisal of properties is commissioned to Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., Japan Valuers Co., Ltd. or Mori Appraisal & Investment Consulting, Inc. Assessed value at end of period shows appraised value described in each real estate appraisal report with the date of value estimate as of May 31, 2014.

(Note 3) Book value at end of period represents book value less depreciation expenses as of May 31, 2014, rounding to the nearest million yen.

(Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Osaka Nakanoshima Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75% , 50% and 50%, respectively).

(Note 5) Trust beneficiary right with building was transferred to Tokyu Land Corporation on May 30, 2014.

(Note 6) The calculation for J-CORE 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).

Transition of our leasing business is as follows:

Property name		4th period (From June 1, 2013 to November 30, 2013)				5th period (From December 1, 2013 to May 31, 2014)			
		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	1,108	18.1	27	100.0	1,104	14.2
	Tokyu Plaza Akasaka (Note 4)	99	98.9	585	9.6	100	100.0	590	7.6
	Ebisu Q Plaza	4	100.0	272	4.4	4	100.0	267	3.4
	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	7	84.2	64	1.1	7	84.2	84	1.1
	Kobe Kyu Kyoryuchi 2SBankan	—	—	—	—	7	100.0	658	8.5
	Tokyu Plaza Sapporo	—	—	—	—	18	100.0	384	4.9
	Kamata Kosan Building	—	—	—	—	2	100.0	186	2.4
	Subtotal	140	99.6	—	—	168	99.6	—	—
Tokyo Office Properties	TLC Ebisu Building	11	100.0	278	4.6	11	100.0	273	3.5
	A-PLACE Ebisu Minami	9	100.0	327	5.4	9	100.0	334	4.3
	Yoyogi Place	3	100.0	121	2.0	3	100.0	120	1.5
	Aoyama Plaza Building	9	100.0	266	4.3	8	100.0	269	3.5
	Luogo Shiodome	6	100.0	169	2.8	6	100.0	167	2.2
	Tokyo Kikai Honsha Building (Land) (Note 6)	3	100.0	154	2.5	1	100.0	134	1.7
	A-PLACE Ikebukuro	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	TK Shinbashi Building	8	88.4	164	2.7	10	100.0	182	2.3
	Gotanda Front	—	—	—	—	11	100.0	138	1.8
	Shinagawa Place	—	—	—	—	8	100.0	78	1.0
	Subtotal	50	97.5	—	—	68	100.0	—	—
Other Properties	Amagasaki Q's MALL (Land)	1	100.0	341	5.6	1	100.0	341	4.4
	icot Nakamozu	2	100.0	310	5.1	2	100.0	310	4.0
	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	2.4	11	100.0	143	1.8
	Kanayama Center Place	21	98.6	289	4.7	21	100.0	274	3.5
	Osaka Nakanoshima Building (Note 4)	42	100.0	263	4.3	41	97.3	265	3.4
	J-CORE Omori	—	—	—	—	9	100.0	207	2.7
	Subtotal	79	99.9	—	—	87	99.8	—	—
Total		269	99.4	6,124	100.0	323	99.8	7,778	100.0

- (Note 1) At each property, the number of tenants is equal to the aggregate number of tenants as of the end of each fiscal period described in the lease agreements in relation to buildings, except that for properties with master lease agreements, the total number of end-tenants is listed. For properties for which we acquire only land, the total number of tenants of the land is listed.
- (Note 2) The occupancy rate is calculated by dividing total leased area for each property by the total leasable area as of the end of each fiscal period, rounding to the nearest tenth. The subtotal and portfolio total are calculated by dividing aggregate leased area for each category by aggregate leasable area, rounding to the nearest tenth.
- (Note 3) Revenues related to rent business includes other rent business revenues.
- (Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Osaka Nakanoshima Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75% , 50% and 50%, respectively).
- (Note 5) We have not obtained permission from the tenant of this property to release the information missing from this table.
- (Note 6) Trust beneficiary right with building was transferred to Tokyu Land Corporation on May 30, 2014.

(4) Details of Specified Transaction

The details of specified transaction as of the end of the fiscal period under review are as follows:

(In thousands of yen)

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

(Note 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

(5) Other Assets

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

(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	9,967	—	—	9,989	22	Given as security deposit
	Total	10,000	9,967	—	—	9,989	22	

4. Capital Expenditure for Assets under Management

(1) Scheduled Capital Expenditure

The following table shows major estimated capital expenditure for renovation work, etc. that the Investment Corporation plans to conduct for assets held in the 5th fiscal period as of May 31, 2014. The estimated construction cost below includes the portion expensed for accounting purposes.

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (In millions of yen)		
			Total amount	Payment for the period	Total amount paid
icot Kongo (Osakasayama, Osaka)	Replacement work for electric generator	From September 2014 to October 2014	42	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Maintenance for outer wall	From June 2014 to November 2014	32 (Note)	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement for bus duct	From September 2014 to November 2014	27 (Note)	—	—
Aoyama Plaza Building (Minato, Tokyo)	Replacement work for outer wall sealing	From September 2014 to November 2014	27	—	—
Hitotsugi LIP (Minato, Tokyo)	New equipment construction work for disaster prevention standard for air conditioning on the fourth floor	From September 2014 to September 2014	20	—	—
TLC Ebisu Building (Shibuya, Tokyo)	Renovation work for mechanical parking facility equipment	From November 2014 to November 2014	14	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement work for central monitoring apparatus for electricity	From November 2014 to November 2014	14 (Note)	—	—

(Note) The shown construction cost with regard to Tokyu Plaza Akasaka and Osaka Nakanoshima Building is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests (*jun kyōyū-mochibun*) of real estate trust beneficiary (50%) of the total cost required for construction works.

(2) Capital Expenditures during the Period

For assets held by the Investment Corporation in the 5th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended May 31, 2014 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended May 31, 2014 amounted to ¥114 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended May 31, 2014 came to ¥114 million. On aggregate, construction work of ¥228 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (In millions of yen)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement work for transformer equipment	From October 2013 to February 2014	20 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Renovation work for office hallways	From February 2014 to March 2014	16 (Note)
Other			76
Total			114

(Note) The shown construction cost with regard to Tokyu Plaza Akasaka is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests (*jun kyōyū-mochibun*) of real estate trust beneficiary (50%) of the total cost required for construction works.

(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)	
	4th period (From June 1, 2013 to November 30, 2013)	5th period (From December 1, 2013 to May 31, 2014)
(a) Asset management fees (Note)	436,004	483,899
(b) Asset custody fees	5,374	6,562
(c) Administrative service fees	13,446	11,856
(d) Remuneration paid to officers	3,300	3,300
(e) Other expenses	49,339	52,584
Total	507,464	558,203

(Note) Aside from the amount of the asset management fees entered above, a total of ¥21,000 thousand for the 4th fiscal period and a total of ¥237,150 thousand for the 5th fiscal period have been paid for asset management of acquired properties and have been included in the book value of each property.

(2) Borrowing

	Category	Drawdown date	Balance as of May 31, 2012 (In millions of yen)	Balance as of November 30, 2012 (In millions of yen)	Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of funds	Remarks		
Short-term	Mitsubishi UFJ Trust and Banking Corporation	August 30, 2013	3,000	3,000	0.297	August 30, 2014	Lump-sum repayment	(Note 2)	Unsecured, non-guaranteed		
	Subtotal		3,000	3,000							
Long-term (Note 3)	Sumitomo Mitsui Banking Corporation	June 13, 2012	6,000	6,000	0.347	June 13, 2014		(Note 2)	Unsecured, non-guaranteed		
		April 19, 2013	400	400	0.919	April 19, 2019					
		December 19, 2013	-	530	1.080	December 19, 2020					
		January 10, 2014	-	80	0.938	January 10, 2020					
		January 10, 2014	-	670	1.079	January 10, 2021					
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2012	3,000	3,000	0.800	June 13, 2015		(Note 4)			
		June 13, 2012	3,000	3,000	0.866	June 13, 2016					
		June 13, 2012	3,000	3,000	0.953	June 13, 2017					
		June 13, 2012	3,000	3,000	1.063	June 13, 2018					
		March 29, 2013	500	500	0.297	March 31, 2015					
		March 29, 2013	500	500	0.322	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	1.080	December 19, 2020					
		January 10, 2014	-	160	0.938	January 10, 2020					
		January 10, 2014	-	1,340	1.079	January 10, 2021					
		Mitsubishi UFJ Trust and Banking Corporation	June 13, 2012	3,000	3,000	0.800	June 13, 2015				(Note 2)
			June 13, 2012	3,000	3,000	0.866	June 13, 2016				
	June 13, 2012		3,000	3,000	0.953	June 13, 2017					
	June 13, 2012		3,000	3,000	1.063	June 13, 2018					
	January 25, 2013		4,000	-	0.322	April 25, 2014					
	April 19, 2013		800	800	0.919	April 19, 2019					
	December 19, 2013		-	1,060	1.080	December 19, 2020					
	January 10, 2014		-	160	0.938	January 10, 2020					
	Mizuho Bank, Ltd.	January 10, 2014	-	1,340	1.079	January 10, 2021		(Note 2)			
		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	1.080	December 19, 2020					
		January 10, 2014	-	160	0.938	January 10, 2020					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	January 10, 2014	-	1,340	1.079	January 10, 2021		(Note 2)			
		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	1.080	December 19, 2020					
		January 10, 2014	-	160	0.938	January 10, 2020					
	Development Bank of Japan Inc.	January 10, 2014	-	1,340	1.079	January 10, 2021		(Note 2)			
		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	1.080	December 19, 2020					
		January 10, 2014	-	80	0.938	January 10, 2020					
		January 10, 2014	-	670	1.079	January 10, 2021					
		March 29, 2013	2,000	2,000	0.297	March 31, 2015					
		March 29, 2013	2,000	2,000	0.322	March 31, 2017					
	Resona Bank, Limited.	March 29, 2013	1,500	1,500	0.297	March 31, 2015		(Note 4)			
	March 29, 2013	1,500	1,500	0.322	March 31, 2017						
	March 29, 2013	1,000	1,000	0.297	March 31, 2015						
	March 29, 2013	1,000	1,000	0.322	March 31, 2017						
	March 29, 2013	500	500	0.297	March 31, 2015						
	March 29, 2013	500	500	0.322	March 31, 2017						
	March 29, 2013	500	500	0.297	March 31, 2015						
	March 29, 2013	500	500	0.322	March 31, 2017						
	Subtotal		85,000	93,800							
	Total		88,000	96,800							

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

(Note 2) Use of the borrowings is acquisition of the real estate trust beneficiary interests.

(Note 3) Long-term loans payable include current portion.

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

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

(3) Investment Corporation Bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use of proceeds	Remarks
		November 30, 2013 (In millions of yen)	May 31, 2014 (In millions of yen)					
The 1st Unsecured Investment Corporation Bond	April 25, 2014	—	4,000	0.37	April 25, 2019	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
Total		—	4,000					

(Note) The Investment Corporation may repurchase bonds at any time on or after the day after issuance except where the transfer term is otherwise limited.

(4) Short-Term Investment Corporation Bonds

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 thousands of yen) (Note 1)	Disposal date	Disposal amount (In thousands of yen)	Book value (In thousands of yen)	Gain (loss) on disposal (In thousands of yen)
Urban Retail Properties	Trust beneficiary interests	Kobe Kyu Kyoryuchi 25Bankan	December 19, 2013	21,330	—	—	—	—
Urban Retail Properties	Trust beneficiary interests	Tokyu Plaza Sapporo	December 19, 2013	4,410	—	—	—	—
Urban Retail Properties	Trust beneficiary interests	Kamata Kosan Building	December 19, 2013	6,370	—	—	—	—
Other Properties	Trust beneficiary interests	J-CORE Omori	December 19, 2013	5,790	—	—	—	—
Tokyo Office Properties	Trust beneficiary interests	Gotanda Front	January 10, 2014	5,730	—	—	—	—
Tokyo Office Properties	Trust beneficiary interests	Shinagawa Place	January 10, 2014	3,800	—	—	—	—
Tokyo Office Properties	Trust beneficiary interests	Tokyo Kikai Honsha Building (Building)	—	—	May 30, 2014	695	692	(7)
Total				47,430	—	695	692	(7)

(Note 1) Acquisition price represents trading value of trust beneficiary rights stipulated in each beneficiary right transfer contract with conditions precedent in relation to the assets held (excluding consumption tax and local consumption tax and expenses such as trading commissions, rounding to the nearest million yen).

(Note 2) For Tokyo Kikai Honsha Building (Land), the figure of gain (loss) on disposal includes ¥9 million of other costs of sales.

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

Assets other than real estate and asset-backed securities, etc. above were mostly bank deposits.

(3) Survey of Prices, etc. of Specified Assets

Acquisition / Disposal	Property name	Acquisition date	Acquisition price (In thousands of yen) (Note 1)	Assessed value at end of period (In thousands of yen)	Name of appraiser	Date of appraisal
Acquisition	Kobe Kyu Kyoryuchi 25Bankan	December 19, 2013	21,330	21,600	Japan Real Estate Institute	July 1, 2013
Acquisition	Tokyu Plaza Sapporo	December 19, 2013	4,410	4,800	Daiwa Real Estate Appraisal Co., Ltd.	September 1, 2013
Acquisition	Kamata Kosan Building	December 19, 2013	6,370	6,400	Daiwa Real Estate Appraisal Co., Ltd.	September 1, 2013
Acquisition	J-CORE Omori	December 19, 2013	5,790	5,810	Japan Real Estate Institute	September 1, 2013
Acquisition	Gotanda Front	January 10, 2014	5,730	5,750	Morii Appraisal & Investment Consulting, Inc.	September 1, 2013
Acquisition	Shinagawa Place	January 10, 2014	3,800	3,800	Japan Real Estate Institute	September 1, 2013
Disposal	Tokyo Kikai Honsha Building (Building)	May 30, 2014	695	693	The Tanizawa Sōgō Appraisal Co., Ltd.	March 1, 2014

(Note 1) Acquisition price represents trading value of trust beneficiary rights stipulated in each beneficiary right transfer contract with conditions precedent in relation to the assets held (excluding consumption tax and local consumption tax and expenses such as trading commissions, rounding to the nearest million yen).

(Note 2) The real estate appraisal is conducted by applying "Real Estate Appraisal Standard Section 3: appraisals concerning prices of real estate subject to securitization."

(4) Transactions between Interested Parties and Major Unitholders

1) Transactions

Category	Price	
	Purchase price (In millions of yen)	Sale price (In millions of yen)
Total amount	47,430	695
	Amount of purchases from related parties and major unitholders	Amount of sales from related parties and major unitholders
	43,020 (90.7%)	695 (100.0%)
Breakdown of transactions with related parties and major unitholders		
SSG9 LLC	21,330 (45.0%)	— (—%)
Tokyu Land Corporation	17,890 (37.7%)	695 (100.0%)
Momo Holdings Ltd.	3,800 (8.0%)	— (—%)
Total	43,020 (90.7%)	— (—%)

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	226,864	Tokyu Land Corporation	186,975	82.4
		Tokyu Land SC Management Corporation	39,889	17.6
Building management fee	393,791	Tokyu Land Corporation	104,423	26.5
		Tokyu Community Corporation	215,865	54.8
Construction management fee	4,581	Tokyu Land Corporation	4,166	90.9
		Tokyu Land SC Management Corporation	414	9.1
Other management operation expenses	13,520	Tokyu Land SC Management Corporation	5,625	41.6
		Tokyu Community Corporation	22,227	15.1
Other lease business expenses	146,980	Tokyu Land Corporation	900	0.6
		Ishikatsu Exterior, Inc.	634	0.4
		Tokyu Hands, Inc.	573	0.4

(Note 1) "Interested parties" means the interested parties related with the asset manager of the Investment Corporation as prescribed under Article 123 of the Enforcement Ordinances of the Act on Investment Trusts and Investment Corporations of Japan and Article 26, Paragraph 1, Item 27 of the Regulations for Management Reports by Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan. "Major unitholders" means the major unitholders of the asset manager as defined in Article 29-4, Paragraph 2 (2) of the Financial Instrument and Exchange Act.

(Note 2) Other than commission paid referred above, construction works ordered to interested parties and major unitholders are as follows:

Tokyu Community Corporation	¥43,965 thousand
Tokyu Homes Corporation	¥36,142 thousand
Tokyu Land Corporation	¥4,097 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 the first financial instruments business and the second financial instruments business 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 designated real estate joint business, there are no applicable transactions.

7. Accounting Status

(1) Assets, Liabilities, Principal, and Profit and Loss

Please refer to "II. Balance Sheets," "III. Statements of Income," "IV. Statements of 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

Execution or modification of significant agreements approved by the Board of Directors of the Investment Corporation for the six months ended November 30, 2013 was as follows:

Date of approval	Item	Summary
December 27, 2013	Comprehensive approval of issuance of investment corporation bonds and appointment of administrators	The Board of Directors of the Investment Corporation approved issuance of investment corporation bonds to a limit of ¥25 billion in total from January 1, 2014 to May 31, 2014, and appointment of underwriters, financial agents and other general administrator for the investment corporation bonds. Other related matters were entrusted to Executive Director.
May 29, 2014	Comprehensive approval of issuance of investment corporation bonds and appointment of administrators	The Board of Directors of the Investment Corporation approved issuance of investment corporation bonds to a limit of ¥25 billion in total from June 1, 2014 to November 30, 2014, and appointment of underwriters, financial agents and other general administrator for the investment corporation bonds. Other related matters were entrusted to Executive Director.

(3) Other

Unless otherwise noted, the figures in this document are rounded down to the stated unit, and the ratios are rounded.

II. Balance Sheets

	(Unit: Thousands of yen)	
	As of November 30, 2013	As of May 31, 2014
Assets		
Current assets		
Cash and deposits	5,016,162	7,702,411
Cash and deposits in trust	1,147,579	1,471,491
Operating accounts receivable	200,590	304,241
Prepaid expenses	151,720	273,265
Deferred tax assets	16	22
Consumption taxes receivable	—	541,917
Other	126	353
Total current assets	6,516,196	10,293,704
Non-current assets		
Property, plant and equipment		
Buildings in trust	34,180,684	48,593,214
Accumulated depreciation	(1,382,563)	(2,013,828)
Buildings in trust, net	32,798,121	46,579,386
Structures in trust	360,792	395,537
Accumulated depreciation	(28,285)	(39,436)
Structures in trust, net	332,506	356,100
Machinery and equipment in trust	622,914	1,091,124
Accumulated depreciation	(43,752)	(67,624)
Machinery and equipment in trust, net	579,161	1,023,499
Tools, furniture and fixtures in trust	23,882	36,977
Accumulated depreciation	(1,943)	(4,417)
Tools, furniture and fixtures in trust, net	21,939	32,560
Land in trust	146,717,786	179,363,166
Construction in progress in trust	5,200	5,200
Total property, plant and equipment	180,454,715	227,359,913
Intangible assets		
Leasehold rights in trust	4,562,599	4,562,599
Other	1,814	3,550
Total intangible assets	4,564,414	4,566,150
Investments and other assets		
Long-term prepaid expenses	296,095	356,026
Invest securities	9,955	9,967
Total investments and other assets	306,051	365,994
Total non-current assets	185,325,181	232,292,058
Deferred assets		
Investment corporation bond issuance costs	—	23,404
Total deferred assets	—	23,404
Total assets	191,841,377	242,609,167

	(Unit: Thousands of yen)	
	As of November 30, 2013	As of May 31, 2014
Liabilities		
Current liabilities		
Operating accounts payable	330,353	431,447
Short-term loans payable	3,000,000	3,000,000
Current portion of long-term loans payable	10,000,000	12,000,000
Accounts payable—other	46,700	64,636
Accrued expenses	245,470	315,924
Income taxes payable	538	674
Accrued consumption taxes	173,647	—
Advances received	103,875	111,860
Deposits received	4,772	11,350
Other	—	1
Total current liabilities	13,905,358	15,935,895
Non-current liabilities		
Investment corporation bond	—	4,000,000
Long-term loans payable	75,000,000	81,800,000
Tenant leasehold and security deposits in trust	8,375,764	10,820,768
Other	50	31
Total non-current liabilities	83,375,815	96,620,799
Total liabilities	97,281,173	112,556,695
Net assets		
Unitholders' equity		
Unitholders' capital	91,373,833	126,054,921
Surplus		
Unappropriated retained earnings (undisposed loss)	3,186,370	3,997,550
Total surplus	3,186,370	3,997,550
Total unitholders' equity	94,560,203	130,052,471
Total net assets	*1 94,560,203	*1 130,052,471
Total liabilities and net assets	191,841,377	242,609,167

III. Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From June 1, 2013 to November 30, 2013)		Current fiscal period (From December 1, 2013 to May 31, 2014)	
Operating revenue				
Rent revenue—real estate	*1, *3	5,712,126	*1, *3	7,237,545
Other lease business revenue	*1, *3	412,776	*1, *3	541,200
Total operating revenue		6,124,902		7,778,746
Operating expenses				
Expenses related to rent business	*1, *3	1,975,285	*1, *3	2,632,911
Loss on sales of real estate properties		—	*2	7,099
Asset management fee		436,004		483,899
Asset custody fee		5,374		6,562
Administrative service fees		13,446		11,856
Directors' compensations		3,300		3,300
Other operating expenses		49,339		52,584
Total operating expenses		2,482,749		3,198,214
Operating income		3,642,152		4,580,531
Non-operating income				
Interest income		189		394
Interest on securities		1,848		1,744
Insurance income		2,522		63
Total non-operating income		4,560		2,203
Non-operating expenses				
Interest expenses		330,975		386,485
Interest expenses on investment corporation bonds		—		1,458
Amortization of investment corporation bond issuance costs		—		793
Investment unit issuance expenses		48,310		106,174
Borrowing related expenses		79,700		88,739
Other		500		520
Total non-operating expenses		459,486		584,173
Ordinary income		3,187,226		3,998,562
Income before income taxes		3,187,226		3,998,562
Income taxes—current		949		1,105
Income taxes—deferred		(0)		(5)
Total income taxes		949		1,099
Net income		3,186,276		3,997,462
Retained earnings brought forward		93		88
Unappropriated retained earnings (undisposed loss)		3,186,370		3,997,550

IV. Statements of Unitholders' Equity

Previous fiscal period (From June 1, 2013 to November 30, 2013)

(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	91,373,833	3,478,463	3,478,463	94,852,296	94,852,296
Changes of items during period					
Dividends of surplus		(3,478,369)	(3,478,369)	(3,478,369)	(3,478,369)
Net income		3,186,276	3,186,276	3,186,276	3,186,276
Total changes of items during period	—	(292,093)	(292,093)	(292,093)	(292,093)
Balance at end of current period	*1 91,373,833	3,186,370	3,186,370	94,560,203	94,560,203

Current fiscal period (From December 1, 2013 to May 31, 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	91,373,833	3,186,370	3,186,370	94,560,203	94,560,203
Changes of items during period					
Issuance of new investment units	34,681,088			34,681,088	34,681,088
Dividends of surplus		(3,186,282)	(3,186,282)	(3,186,282)	(3,186,282)
Net income		3,997,462	3,997,462	3,997,462	3,997,462
Total changes of items during period	34,681,088	811,180	811,180	35,492,268	35,492,268
Balance at end of current period	*1 126,054,921	3,997,550	3,997,550	130,052,471	130,052,471

V. Notes to Financial Statements

[Notes to Important Accounting Policies]

Item	Previous fiscal period (From June 1, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
1. Valuation standards and accounting methods 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 noncurrent 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 64 years Structures 2 to 60 years Machinery and equipment 2 to 32 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 64 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	Investment unit issuance expenses The full amount is recorded as expenses when incurred.	(1) Investment unit issuance expenses The full amount is recorded as expenses when incurred. (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, depreciation 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 ¥4,906 thousand.	Property-related taxes For property tax, city planning tax, depreciation 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 ¥77,519 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 Company 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 Company 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 Income. 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 noncurrent 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 Income. 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 noncurrent 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, 2013	As of May 31, 2014
	¥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 we have transactions.

	As of November 30, 2013	As of May 31, 2014
Total amount specified in the commitment line contracts	¥10,000,000 thousand	¥10,000,000 thousand
Loan balance	—	—
Net balance	¥10,000,000 thousand	¥10,000,000 thousand

[Notes to Statements of Income]

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

(In thousands of yen)

	Previous fiscal period (From June 1, 2013 to November 30, 2013)		Current fiscal period (From December 1, 2013 to May 31, 2014)	
A. Real estate leasing business revenues				
Rent revenue—real estate				
Rent	5,197,037		6,619,646	
Common service fees	377,139		429,060	
Parking lot fees	98,275		142,732	
Other rent revenue	39,673	5,712,126	46,105	7,237,545
Other rent business revenue		412,776		541,200
Total real estate leasing business revenues		6,124,902		7,778,746
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	425,239		638,757	
Utilities expenses	371,251		524,265	
Tax and public dues	433,411		457,189	
Insurance	5,277		7,211	
Repair and maintenance expenses	71,060		114,693	
Depreciation	518,426		739,386	
Loss on retirement of noncurrent assets	555		4,426	
Other expenses related to rent business	150,061	1,975,285	146,980	2,632,911
Total real estate leasing business expenses		1,975,285		2,632,911
C. Income (loss) from real estate leasing business (A – B)		4,149,617		5,145,835

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

(In thousands of yen)

	Previous fiscal period (From June 1, 2013 to November 30, 2013)		Current fiscal period (From December 1, 2013 to May 31, 2014)	
Tokyo Kikai Honsha Building (Building)				
Income from sales of real estate properties		—		695,000
Costs of sales of real estate properties		—		692,998
Other costs of sales		—		9,101
Loss on sales of real estate properties		—		7,099

*3. Transactions with Major Unitholders

(In thousands of yen)

	Previous fiscal period (From June 1, 2013 to November 30, 2013)		Current fiscal period (From December 1, 2013 to May 31, 2014)	
Operating transactions				
Rent revenue—real estate		4,926,245		5,470,711
Other lease business revenue		351,734		393,854
Expenses related to rent business		255,524		296,465

[Notes to Statements of Unitholders' Equity]

	Previous fiscal period (From June 1, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
*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	205,262 units	251,062 units

[Notes to Tax Effect Accounting]

1. Breakdown of Deferred Tax Assets and Deferred Tax Liability by Origin

	Previous fiscal period (From June 1, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥16 thousand	¥22 thousand
Total deferred tax assets	¥16 thousand	¥22 thousand
Net deferred tax assets	¥16 thousand	¥22 thousand

2. Breakdown of Major Items That Cause Differences between Statutory and Effective Tax Rates and Income Tax Burden after Tax Effect Accounting Is Applied

	Previous fiscal period (From June 1, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
Effective statutory tax rate	36.59%	36.59%
(Adjustments)		
Dividends paid included in deductibles	(36.58)%	(36.58)%
Other	0.02%	0.02%
Effective income tax rate after the application of tax effect accounting	0.03%	0.03%

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

The “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction from the Great East Japan Earthquake” (Act No. 117 of 2011) was partially revised through the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), which was promulgated on March 31, 2014. With this revision, the special corporation tax for reconstruction (a surtax for reconstruction funding after the Great East Japan Earthquake) will no longer be levied from the fiscal period beginning on or after April 1, 2014. In conjunction with this, for temporary differences expected to be reversed in the fiscal periods beginning on or after June 1, 2014, the normal statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities was changed to 34.16%. The impact of this change is immaterial.

[Notes on Financial Instruments]

Previous fiscal period (From June 1, 2013 to November 30, 2013)

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.

We also invest temporary excess funds in deposits in general, taking safety and liquidity, etc. into account and carefully considering the interest-rate environment and our cash management.

We may carry out derivatives transactions for the purpose of hedging the interest-rate risk of borrowings and other risks, but do 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, we deposit 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 our cash management.

Borrowings 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, 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 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, 2013, 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	5,016,162	5,016,162	—
(2) Cash and deposits in trust	1,147,579	1,147,579	—
Total assets	6,163,742	6,163,742	—
(1) Short-term loans payable	3,000,000	3,000,000	—
(2) Current portion of long-term loans payable	10,000,000	10,000,000	—
(3) Long-term loans payable	75,000,000	75,196,047	196,047
Total liabilities	88,000,000	88,196,047	196,047
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) Short-term loans payable

The book value is used as the fair value of these liabilities, given that the fair value is almost the same as the book value, as it is settled in a short time.

- (2) Current portion of long-term loans payable, (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.

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	*	—

* 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	As of May 31, 2014
Tenant leasehold and security deposits in trust *1	8,375,764

*1 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, 2013)

(In thousands of yen)						
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	5,016,162	—	—	—	—	—
Deposits in trust	1,147,579	—	—	—	—	—
Total	6,163,742	—	—	—	—	—

(Note 4) Expected Amount of Repayments of Loans Payable after the Account Closing Date (November 30, 2013)

(In thousands of yen)						
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term loans payable	3,000,000	—	—	—	—	—
Long-term loans payable	10,000,000	18,000,000	12,000,000	18,000,000	17,000,000	10,000,000
Total	13,000,000	18,000,000	12,000,000	18,000,000	17,000,000	10,000,000

Current fiscal period (From December 1, 2013 to May 31, 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.

We also invest temporary excess funds in deposits in general, taking safety and liquidity, etc. into account and carefully considering the interest-rate environment and our cash management.

We may carry out derivatives transactions for the purpose of hedging the interest-rate risk of borrowings and other risks, but do 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, we deposit 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 our cash management.

Borrowings and investment corporation bond are 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, 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	7,702,411	7,702,411	—
(2) Cash and deposits in trust	1,471,491	1,471,491	—
Total assets	9,173,903	9,173,903	—
(1) Short-term loans payable	3,000,000	3,000,000	—
(2) Current portion of long-term loans payable	12,000,000	12,000,000	—
(3) Investment corporation bond	4,000,000	4,000,000	—
(4) Long-term loans payable	81,800,000	82,215,990	415,990
Total liabilities	100,800,000	101,215,990	415,990
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) Short-term loans payable

The book value is used as the fair value of these liabilities, given that the fair value is almost the same as the book value, as it is settled in a short time.

- (2) Current portion of long-term loans payable, (4) Long-term loans payable

These fair values are determined by discounting the total of principal and interest at the rate assumed when a new loan is made corresponding to the remaining period. The book value is used as the fair value of those loans payable with floating interest 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.

- (3) 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	*	—

* 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, (4) 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	As of May 31, 2014
Tenant leasehold and security deposits in trust *1	10,820,768

*1 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, 2014)

(In thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	7,702,411	—	—	—	—	—
Deposits in trust	1,471,491	—	—	—	—	—
Total	9,173,903	—	—	—	—	—

(Note 4) Expected Amount of Repayments of Loans Payable and Investment Corporation Bond after the Account Closing Date (May 31, 2014)

(In thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term loans payable	3,000,000	—	—	—	—	—
Investment corporation bond	—	—	—	—	4,000,000	—
Long-term loans payable	12,000,000	12,000,000	18,000,000	17,000,000	16,000,000	18,800,000
Total	15,000,000	12,000,000	18,000,000	17,000,000	20,000,000	18,800,000

[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 amounts on the balance sheets as of May 31, 2014, changes during the fiscal period, and fair values of lease properties are as follows.

(In thousands of yen)

	Previous fiscal period (From June 1, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
Amount on the balance sheets		
Balance at beginning of period	182,303,059	185,017,315
Changes during period	2,714,255	46,907,192
Balance at end of period	185,017,315	231,924,507
Fair value at end of period	194,999,000	247,660,000

(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 current fiscal period is the acquisition of six properties (Kobe Kyu Kyoryuchi 25Bankan, Tokyu Plaza Sapporo, Kamata Kosan Building, Gotanda Front, Shinagawa Place and J-CORE Omori) worth ¥48,229,812 thousand. The decrease is mainly due to the transfer of the building portion of Tokyo Kikai Honsha Building and the provision of depreciation worth ¥692,998 thousand and ¥739,386 thousand, respectively.

(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 Income.”

[Notes to Transactions with Related Parties]

Previous fiscal period (From June 1, 2013 to November 30, 2013)

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	10.47%	None	Major unitholder, and rent and management of properties	Receipt of tenant leasehold and security deposits	155,196	Tenant leasehold and security deposits in trust	7,149,976
							Repayments of tenant leasehold and security deposits	129,626		
							Rental revenues, etc.	5,277,980	Operating accounts receivable	
								Advances received	103,819	
							Fees for consignment for real estate management	254,702	Operating accounts payable	50,042
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	127,166	Tenant leasehold and security deposits in trust	1,225,788
							Receipt of tenant leasehold and security deposits	127,166		
							Rental revenues, etc.	846,922	Operating accounts receivable	
								Advances received	56	
Asset custody company	Sumitomo Mitsui Trust Bank, Ltd.	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	Banking business	—	None	Asset custody company	Interest expenses	77,752	Long-term loans	18,800,000
								Accrued expenses	7,048	
								Accrued expenses	2,412	
							Loan fees	3,448	Prepaid expenses	41,214
								Long-term prepaid expenses		101,084

(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, 2013 to May 31, 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	Purchase of beneficiary interests of real estate in trust	17,890,000	—	—
							Sales of beneficiary interests of real estate in trust	695,000	—	—
							Acceptance of tenant leasehold and security deposits	972,323	Tenant leasehold and security deposits in trust	7,580,200
							Delivery of tenant leasehold and security deposits	612,744		
							Receipt of tenant leasehold and security deposits	740,651		
							Repayments of tenant leasehold and security deposits	129,249		
							Delivery of tenant leasehold and security deposits due to sale	181,176		
								Operating accounts receivable	225,969	
							Rental revenues, etc.	5,864,566	Advances received	111,462
							Fees for consignment for real estate management	295,565	Operating accounts payable	61,614
Subsidiary of major unitholder	SSG9 LLC	11 Kandajinbocho 1-chome, Chiyoda-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary interests of real estate in trust	21,330,000	—	—
							Acceptance of tenant leasehold and security deposits	1,333,965	—	—
Subsidiary of major unitholder	Momo Holdings Ltd.	11 Kandajinbocho 1-chome, Chiyoda-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary interests of real estate in trust	3,800,000	—	—
							Acceptance of tenant leasehold and security deposits	188,125	—	—
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	1,829,571	Tenant leasehold and security deposits in trust	3,047,739
							Receipt of tenant leasehold and security deposits	1,851,119		
							Repayments of tenant leasehold and security deposits	29,167		
								Operating accounts receivable	73,503	
							Rental revenues, etc.	1,731,053	Advances received	398
Asset custody company	Sumitomo Mitsui Trust Bank, Ltd.	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	Banking business	—	None	Asset custody company	Interest expenses	88,665	Long-term loans	21,360,000
								Accrued expenses	18,418	
								Accrued expenses	2,565	
							Loan fees	33,782	Prepaid expenses	45,084
									Long-term prepaid expenses	105,667

(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, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
Net assets per unit	¥460,680	¥518,009
Net income per unit	¥15,522	¥16,194

(Note 1) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period (205,262 units for the previous fiscal period and 246,842 units for the current fiscal period, respectively). 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, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
Net income (In thousands of yen)	3,186,276	3,997,462
Amount not attributable to common unitholders (In thousands of yen)	—	—
Net income attributable to common investment units (In thousands of yen)	3,186,276	3,997,462
Average number of investment units for the period (Units)	205,262	246,842

[Notes to Major Subsequent Events]

Previous fiscal period (From June 1, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
<p>1. Issuance of New Investment Units</p> <p>At meetings of the board of directors held on November 22, 2013 and December 9, 2013, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 16, 2013 and January 15, 2014. As a result, unitholders' capital amounted to ¥126,054,921,300, and the number of investment units issued came to 251,062 units.</p> <p>(i) Issuance of new investment units through the public offering (Public placement)</p> <p>i) Number of new investment units issued 43,100 units</p> <p>ii) Offering price ¥782,925 per unit</p> <p>iii) Total offering price ¥33,744,067,500</p> <p>iv) Paid-in amount ¥757,229 per unit</p> <p>v) Total paid-in amount ¥32,636,569,900</p> <p>vi) Payment date December 16, 2013</p> <p>vii) Initial date of reckoning distributions December 1, 2013</p> <p>(ii) Issuance of new investment units through third-party allotment</p> <p>i) Number of new investment units issued 2,700 units</p> <p>ii) Paid-in amount ¥757,229 per unit</p> <p>iii) Total paid-in amount ¥2,044,518,300</p> <p>iv) Payment date January 15, 2014</p> <p>v) Initial date of reckoning distributions December 1, 2013</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 six properties and related costs, the Investment Corporation borrowed funds of ¥5,300 million on December 19, 2013, and ¥7,500 million on January 10, 2014. 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 four properties for ¥37,900 million on December 19, 2013, and two properties for ¥9,530 million on January 10, 2014, with proceeds from the issuance of new investment units through public offering (public placement) and borrowings 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, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
	Amount	Amount
I Unappropriated retained earnings	¥3,186,370,302	¥3,997,550,439
II Distributions	¥3,186,282,026	¥3,997,409,164
[Cash Distributions per unit]	[¥15,523]	[¥15,922]
III Earnings carried forward	¥88,276	¥141,275

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 ¥3,186,282,026, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 205,262, 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 ¥3,997,409,164, 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.
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Note

Accompanying English financial information, comprising balance sheets, statements of income, statements of 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, 2014 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 income, statements of 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, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)
Cash flows from operating activities		
Income before income taxes	3,187,226	3,998,562
Depreciation	518,685	739,644
Loss on retirement of non-current assets	555	4,426
Amortization of investment corporation bond issuance costs	—	793
Interest income and interest on securities	(2,038)	(2,139)
Interest expenses	330,975	387,944
Investment unit issuance expenses	48,310	106,174
Borrowing related expenses	67,489	88,739
Decrease (increase) in operating accounts receivable	(22,373)	(103,650)
Decrease (increase) in consumption taxes refund receivable	—	(541,917)
Increase (decrease) in accrued consumption taxes	140,157	(173,647)
Decrease (increase) in prepaid expenses	67,287	(108,049)
Decrease in sales of property, plant and equipment in trust	—	692,998
Increase (decrease) in operating accounts payable	7,060	98,507
Increase (decrease) in accrued expenses	(22,501)	47,221
Increase (decrease) in advances received	(12,444)	7,984
Decrease (increase) in long-term prepaid expenses	4,633	4,224
Other, net	2,429	6,335
Subtotal	4,315,454	5,254,154
Interest income received	2,026	2,126
Interest expenses paid	(330,722)	(329,717)
Income taxes paid	(907)	(970)
Net cash provided by (used in) operating activities	3,985,850	4,925,593
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(3,182,161)	(48,323,518)
Purchase of intangible assets in trust	(74,982)	—
Repayments of tenant leasehold and security deposits	(129,626)	(339,594)
Proceeds from tenant leasehold and security deposits	282,363	2,784,598
Net cash provided by (used in) investing activities	(3,104,407)	(45,878,514)
Cash flows from financing activities		
Increase in short-term loans payable	2,997,375	—
Proceeds from long-term loans payable	—	12,645,800
Decrease in long-term loans payable	—	(4,000,000)
Proceeds from issuance of investment corporation bonds	—	3,978,087
Proceeds from issuance of investment units	—	34,527,660
Dividends paid	(3,473,778)	(3,186,247)
Other, net	(1,058)	(2,218)
Net cash provided by (used in) financing activities	(477,461)	43,963,082
Net increase (decrease) in cash and cash equivalents	403,981	3,010,160
Cash and cash equivalents at beginning of period	5,759,761	6,163,742
Cash and cash equivalents at end of period	*1 6,163,742	*1 9,173,903

(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)

	Previous fiscal period (From June 1, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
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)

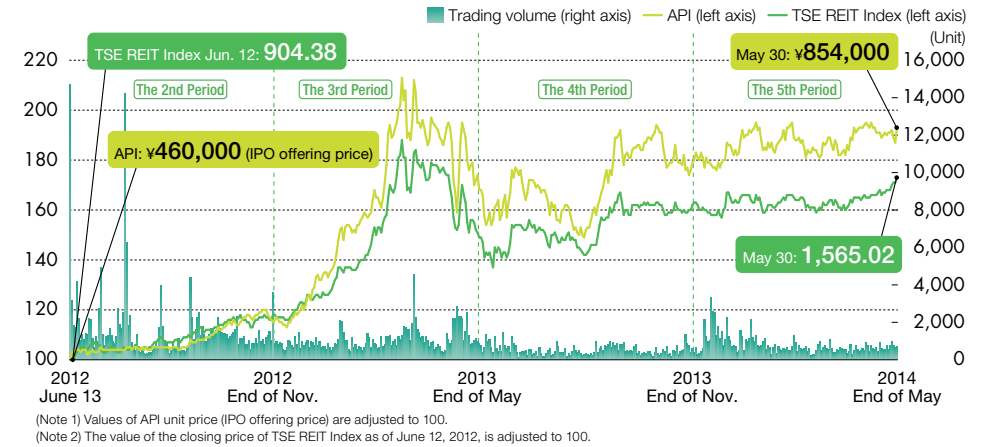
*1. The relationship between cash and cash equivalents at the end of the period and the amount of items recorded in balance sheets

(In thousands of yen)

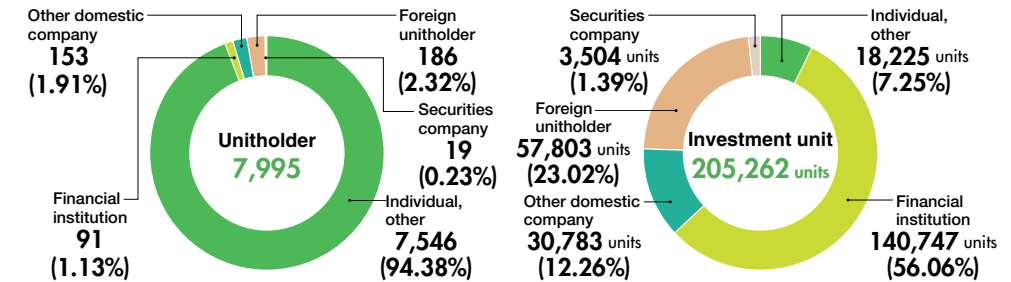
	Previous fiscal period (From June 1, 2013 to November 30, 2013)	Current fiscal period (From December 1, 2013 to May 31, 2014)
Cash and deposits	5,016,162	7,702,411
Cash and deposits in trust	1,147,579	1,471,491
Cash and cash equivalents	6,163,742	9,173,903

Information for Unitholders

API Unit Price Performance



Investment Units by Unitholders Type I



Annual Schedule I



API WEB Site I

Information is timely updated on API website.

<URL>

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



Information for Unitholders

Note for Unitholders

Account closing month	May 31 and November 30
Unitholder's meeting	To be held at least once every two years
Record date	A record date based on the article 15 section 1 in the Article 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 Zipcode 168-0003 Sumitomo Mitsui Trust Bank, Limited
Address of administrator of unitholders registry	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo Zipcode 168-0003 Stock Transfer Agency Business Planning Dept. of Sumitomo Mitsui Trust Bank, Limited. TEL: 0120-782-031 (toll-free, available within Japan only) URL: http://www.smtb.jp/personal/agency/
Stock exchange	J-REIT section of the Tokyo Stock Exchange (Securities code: 3279)
Newspaper to provide public notice	Nihon Keizai Shimbun

Payment instructions; change of address, name, and registered seal; and designation and change of bank account for distributions

Please contact your securities company.

Inquiries about the receipt of distributions

You can receive distributions when you bring your receipt for distributions to the head office, branch, or local office of the Japan Post Bank in Japan or to a post office (bank agent). If the period for receiving distributions has elapsed, you can receive distributions by writing the receiving method on the back of your receipt for distributions and mailing it to the Stock Transfer Agency Business Planning Dept. of Sumitomo Mitsui Trust Bank, Limited, or to the head office or a branch of Sumitomo Mitsui Trust Bank, Limited.

If you would like to specify an account to which future distributions will be transferred, please follow the procedures for your securities company.

TEL	0120-782-031 (toll-free, available within Japan only) Stock Transfer Agency Business Planning Dept. of Sumitomo Mitsui Trust Bank, Limited
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Distributions statement

Under the Special Taxation Measures Law, we are required to send a payment distribution notice stating the distribution amount and the amount of taxes on it. The enclosed distribution statement is also a notice of payment. You can use this notice of payment as accompanying material when you file your income tax return. (If you have chosen computerized proportional allotment in accordance with the number of shares you hold, please contact your securities company.)

Abolishment of 10% reduced tax rate on distributions from listed investment corporations (income tax: 7%, resident tax: 3%)

The original tax rate of 20% (income tax: 15%, resident tax: 5%) was re-adopted from January 1, 2014 due to abolishment of 10% reduced tax rate on distributions from listed investment corporations (income tax: 7%, resident tax: 3%).

Also, the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake (Act No. 117 of 2011) went into effect from January 1, 2013 to December 31, 2037 (for 25 years), and **2.1% of the income tax on income was and will be charged as a special income tax for reconstruction.**

The special income tax for reconstruction is assessed on distributions from listed investment corporations, and this special income tax for reconstruction in addition to income tax is collected at the source.

Rate of withholding tax on distributions from listed investment corporations

Commencement of distribution payments	From Jan. 1, 2014 to Dec. 31, 2037		From Jan. 1, 2038	
Distribution tax rate for listed company	20.315%		20%	
	Detail	Income tax 15% + Special income tax for reconstruction 0.315% ^(Note) Resident tax 5%	Detail	Income tax 15% Resident tax 5%

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

For more details, please refer to the information below.

Tax withheld on distributions from listed investment corporations (for reference)

- If an individual unitholder holds investment units that are 3% or more of the total number of investment units issued, the tax rates are 20.42% (income tax 20% + special income tax for reconstruction 0.42% ^(Note)). As to resident tax, other procedures shall be performed.
- No resident tax is imposed on distributions received by judicial persons.

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

The special income tax for reconstruction

- If you are exempted from income tax, or if your tax rate falls below the tax rate under domestic laws due to the application of a tax treaty, no special income tax for reconstruction will be imposed.
- If you receive distributions through computerized proportional allotment in accordance with the number of shares you hold, please contact your securities company for information on the amount of tax.

For further information, please contact the tax office.



Activia Properties Inc.

API 3279