



Semi-Annual Report for the 2nd Period

From June 1, 2012 to November 30, 2012

Activia Properties Inc.

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

2nd





Our name, Activia, was coined by combining the word “activate,” which means “setting in motion,” and “ia,” a suffix meaning “a place.” Through real estate investments and management befitting our name, we aim to energize society.

Semi-Annual Report for the 2nd Period

From June 1, 2012 to November 30, 2012

Contents

04	Topics for the 2nd Period
06	Message
08	Basic Policy 1
10	Basic Policy 2
12	Basic Policy 3
13	Financial Strategy
14	Portfolio Summary
22	API Overview
23	Overview of the Asset Manager
25	I Asset Management Report
42	II Balance Sheets
44	III Statements of Income
45	IV Statements of Unitholders’ Equity
46	V Notes to Financial Statements
57	VI Statements Related to Distributions Paid
58	VII Statements of Cash Flows (Reference Information)
60	Information for Unitholders



Cash Distributions (Result)

The 2nd Period (November 30, 2012)	
Cash distributions per unit	¥13,938

Cash Distributions (Forecast)

The 3rd Period (May 31, 2013)	
Cash distributions per unit	¥16,212

The 4th Period (November 30, 2013)	
Cash distributions per unit	¥14,151

(Note) The figures above are forecasts as of January 11, 2013. As announced on January 18, 2013, in the Notice of Revision to Forecast Management Performance for the Period Ending May 31, 2013 and the Period Ending November 30, 2013, the forecast distributions have been revised as follows:

The 3rd Period (May 31, 2013)	
Cash distributions per unit	¥16,580

The 4th Period (November 30, 2013)	
Cash distributions per unit	¥14,633

Summary of Financial Results for the 2nd Period

Operating revenue	¥5,194 million
Operating income	¥3,498 million
Ordinary income	¥2,923 million
Net income	¥2,922 million
Total assets	¥180,066 million
Net assets	¥94,234 million
Unitholders’ equity to total assets	52.3%
Net assets per unit	¥459,095

TOPICS

1

Started Asset Management of 18 Properties

Listed on the REIT section of the Tokyo Stock Exchange on June 13, 2012, we raised equity of ¥90.8 billion and borrowed ¥77.0 billion. We acquired a competitive portfolio consisting of 18 properties (total acquisition price: ¥170.4 billion) and started asset management.

■ Offering Summary

Offering type	Global offering (Reg.S+144A)
Launch date	May 10, 2012
Pricing date	Jun. 1, 2012
Listing date	Jun. 13, 2012
Offering price	¥460,000
Number of offering units	Domestic offering: 169,796 units Over-allotment option: 10,300 units International offering: 34,304 units
Total proceeds*	¥90,835 million

* Total proceeds including the private placement 762 units (339 million yen) on Jul. 10, 2012: ¥91,174 million

After the listing, the stock price continually exceeded the offering price.

■ Index inclusions

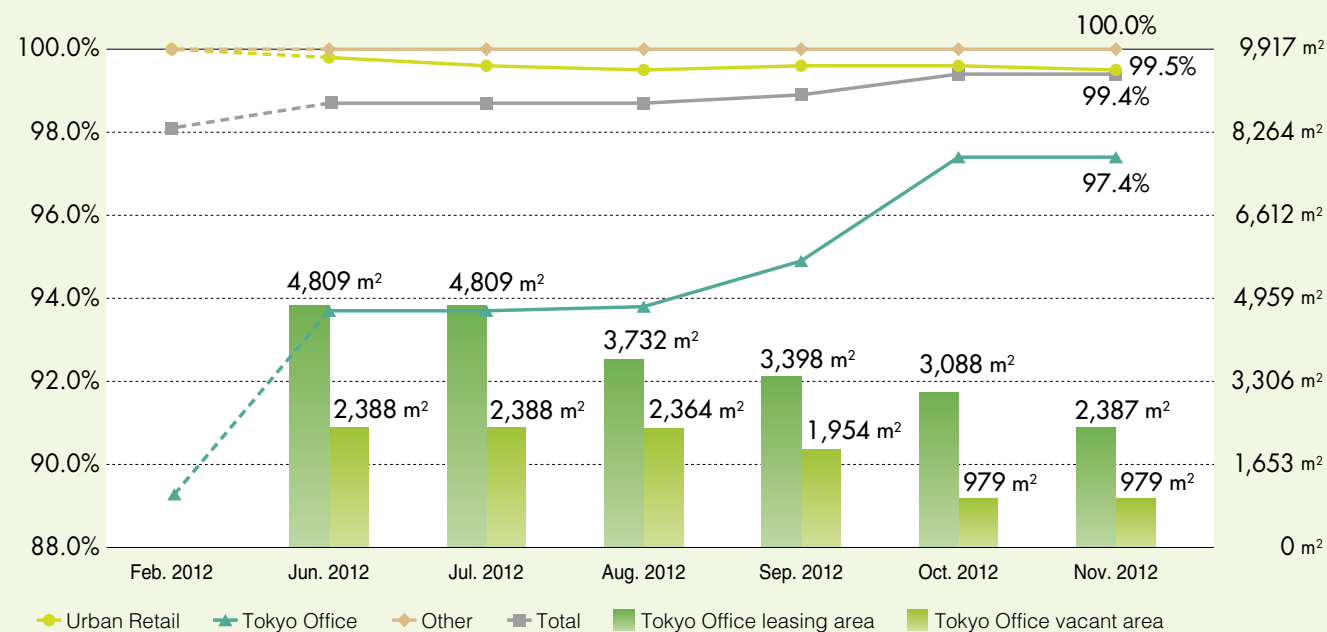
- FTSE EPRA/NAREIT Global Real Estate Index Series
- TSE REIT Index
- S&P Global REIT Index/S&P Developed REIT Index
- UBS Global Real Estate Index/UBS Global Real Estate Investors Index

2

Improved Occupancy Rates through Leasing Using Sponsor's Property Management Capability

The occupancy rate has remained high, at 99.4% as of the end of November 2012. Leasing made progress, especially for Tokyo Office Properties, and the occupancy rate improved from 93.7% at the end of June 2012 to 97.4%. We will continue to aim to improve the occupancy rate in the 3rd period.

■ Occupancy Rate of Our Portfolio



3

Initiatives to Enhance the Competitiveness of Properties

We carried out renovations ahead of schedule to maintain and enhance the asset value and the satisfaction of the tenants.

■ Renovations for the 2nd Period

Category	Property name	Detail
Urban Retail Properties	Tokyu Plaza Akasaka	Renovation of an open corridor by putting plants
		Renovation of water-resistant paint on the rooftop
		Renovation of a meeting room for common use on the third floor
Tokyo Office Properties	A-PLACE Ebisu Minami	Repair of a staircase from the entrance lobby
	Aoyama Plaza Building	Replacement of the intercommunication system
	Tokyo Kikai Honsha Building	Commercialization of the first to third floors of the tower
Other Properties	icot Mizonokuchi	Introduction of a security system and renovation of a restroom
		Renovation of water-resistant paint on the rooftop

0-4 icot Mizonokuchi (renovation of water-resistant paint on the rooftop)



4

Conservative Financing Management and Outstanding IR Activities

■ Financing Management

The long-term borrowings were rated AA- by the Japan Credit Rating Agency on May 10, 2012, the date of resolution for issuance. We borrowed ¥77.0 billion at the time we were listed. The average interest rate has been low, at 0.79657% as of the end of November 2012.

▶ Go to P13 for more detail

Rating (Long-term borrowings): **AA-**
(Japan Credit Rating Agency)

Average interest rate: **0.79657%**
(As of the end of Nov. 2012)

■ IR Activities

We improved our website to become known by more people, especially investors. As a result, we won awards from two rating agencies.

Daiwa Investor Relations Co., Ltd.
2012 Internet IR Commendation Award



Nikko Investor Relations Co., Ltd.
Ranked high in the 2012 Corporate Website Ranking of All Listed Companies



API 3279 <http://www.activia-reit.co.jp/english>

Basic Policy 1

To 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.

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



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

- 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



Other Properties

To achieve stability and profitability in our portfolio through diversification, after assessing the features and competitiveness of each property, we selectively invest in properties in Tokyo, Government-designated major cities in the three major metropolitan areas, other major cities in Japan, and surrounding areas other than Urban Retail Properties and Tokyo Office Properties. In selecting Other Properties, which are diverse due to regional characteristics and other factors, we take the following factors into consideration.

- Retail 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
- Office building**
- Competitiveness in the surrounding area



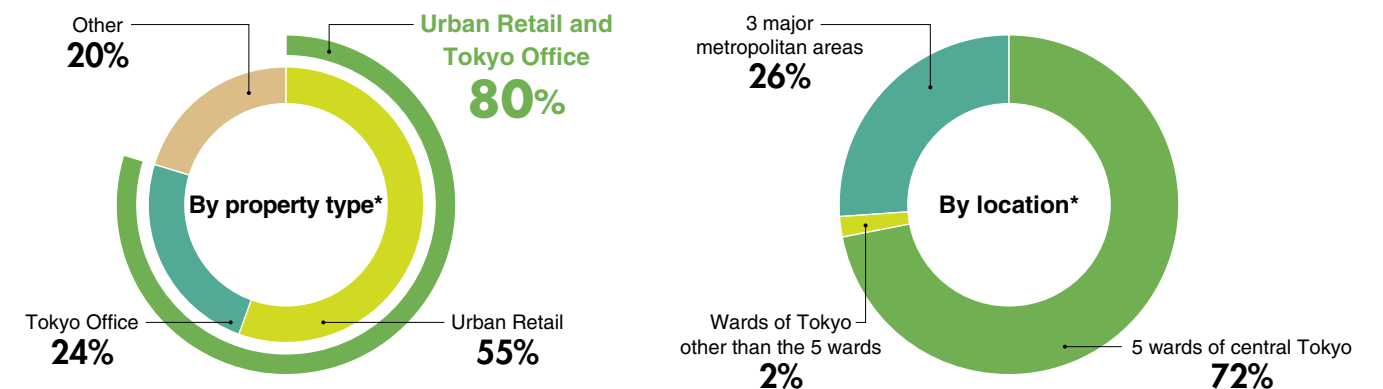
| Portfolio Composition Policy |

Our basic investment policy is for investments in Urban Retail Properties and Tokyo Office Properties to account for 70% or more of the total investments in our assets under management, with investments in other assets accounting for 30% or less.

$$\text{UR (URBAN RETAIL)} + \text{TO (TOKYO OFFICE)} \geq 70\% \text{ or more of total investments}$$

Note: Based on acquisition price, excluding consumption tax and other related costs in relation to the acquisition. Percentages may be changed in the short term due to acquisition and sale of properties.

Portfolio Summary (as of the end of the 2nd period)

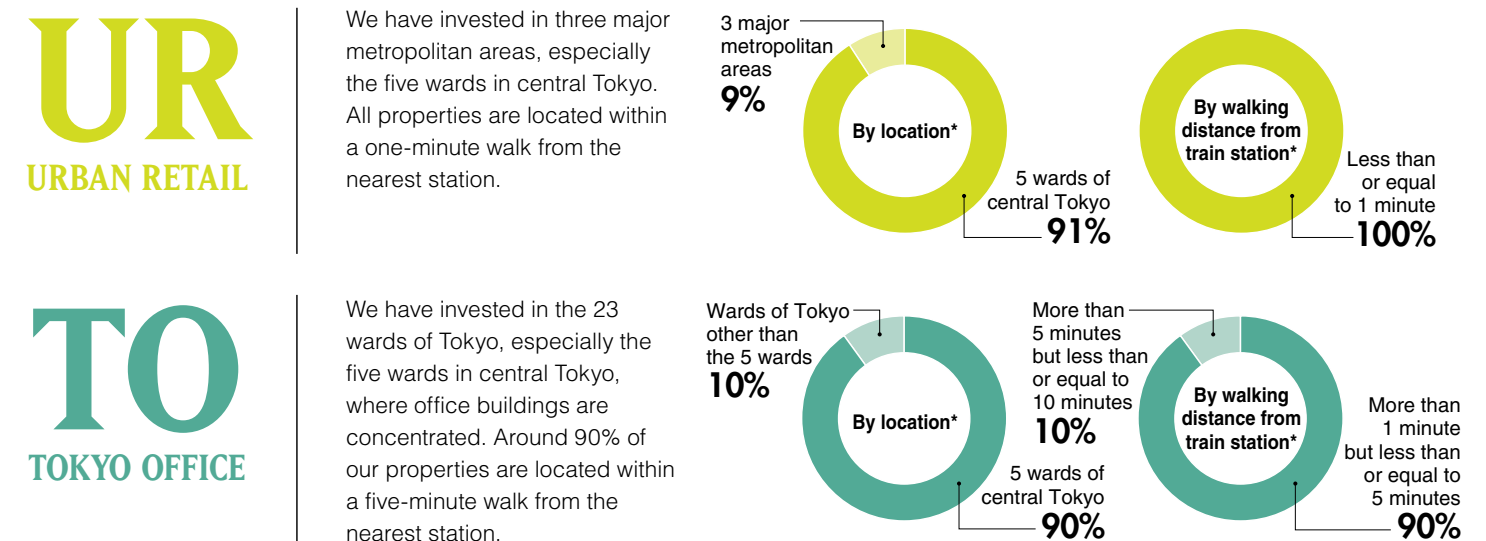


* Based on acquisition price (As of Nov. 30, 2012)

| Locations of Urban Retail Properties and Tokyo Office Properties |

We concentrate on the locations of Urban Retail Properties and Tokyo Office Properties, which we primarily invest in, to achieve a competitive portfolio in the medium to long term.

Location of Properties (as of the end of the 2nd period)



* Based on acquisition price (As of Nov. 30, 2012)

Basic Policy 2

The Tokyu Land Group's Comprehensive Value Chain

To achieve stable growth in the medium to long term, we will acquire competitive properties and expand our asset size (achieve external growth) by utilizing the unique expertise and network of our asset manager and leveraging the Group's value chain through the Group's comprehensive support. Meanwhile, we aim to improve the profitability of our properties (achieve internal growth) through operation and management activities that will maximize the competitiveness of our assets under management.

Utilizing the Group's Value Chain and Expertise

- The Group**
- A comprehensive property developer with an extensive track record in real estate development, operation, and management
 - A corporate group versed in consumer needs, with non-real estate businesses such as Tokyu Hands as tenants

Value Chain

Sponsor support agreement / Property management agreements

TOKYU LAND CORPORATION Comprehensive real estate developer

Affiliate support agreements



Property management agreement

TOKYU LAND SC MANAGEMENT CORPORATION

Retail property management

Utilizing the Unique Expertise 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 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

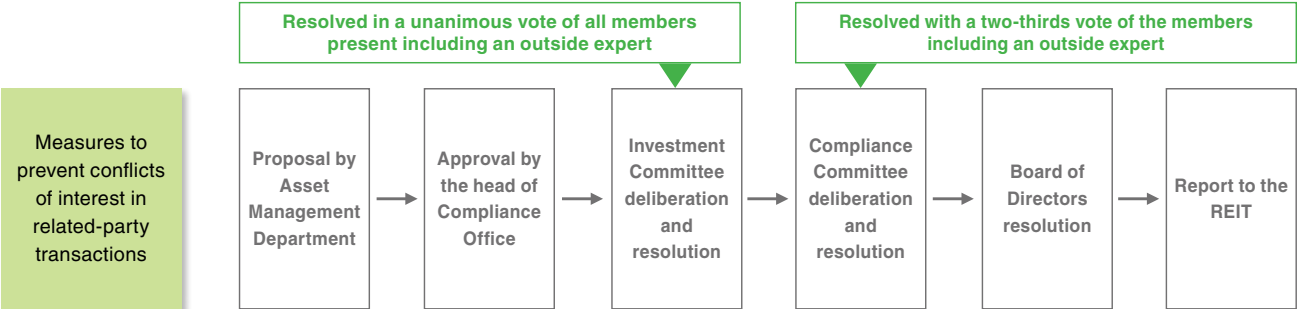


Basic Policy 3

Governance Structure to Maximize Unitholder Value

Impartiality in Asset Acquisitions to Avoid Conflicts of Interest and Protect the Interests of Unitholders

Related-party transactions are subject to resolution by the Compliance Committee.



Alignment of the Interests of the Unitholders and Tokyu Land Corporation |

Tokyu Land Corporation's investment in Activia Properties Inc.

Tokyu Land Corporation holds about 10% of the 21,500 issued units, and in the sponsor support agreement between Tokyu Land Corporation and the asset manager, Tokyu Land Corporation states the following about the units issued by Activia Properties Inc.

- 1 Tokyu Land Corporation intends to hold the units for at least five years, either directly or through its affiliates.
- 2 Tokyu Land Corporation intends to consider in good faith further acquisitions of our units in the event that we conduct further offerings.

Common ownership of properties with the Sponsor

We believe that we can align our interests in operating individual properties with Tokyu Land Corporation's interests by jointly owning properties.

Property name	Our share	Tokyu Land Group company's share
Tokyu Plaza Omotesando Harajuku	75%	25%
Tokyu Plaza Akasaka	50%	50%

Management Fee System, including Asset Management Fees based on Distributions per Unit

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.

Asset Management Fee

	Fee I	Fee II
Basis for calculation	Total assets at the end of the previous fiscal period	DPU (before deduction of Fee II)
Fee rate*	× 0.3% per year	× NOI × 0.0002%
	The sum of Fee I and Fee II may not exceed 0.5% per year of our total assets	

* Fee I may be up to 0.4% per year.

Acquisition / Disposition Fee

Acquisition fee	Disposition fee
0.7% (or 0.5% for related party transactions)	0.5% (or no fee for related party transactions) Note: no disposition fees when loss on sale is accrued

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 financing.

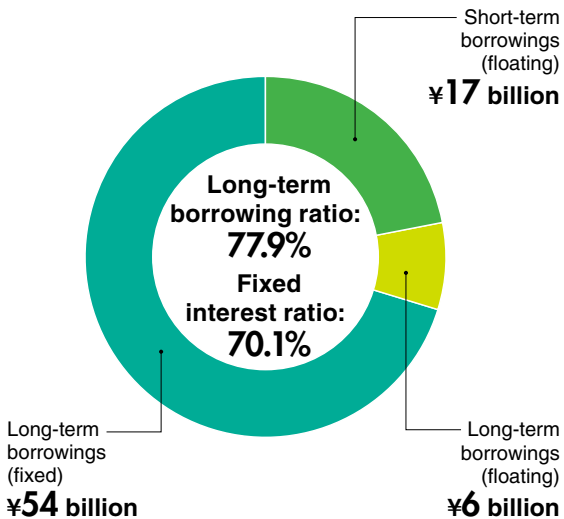
Interest-Bearing Debt (Note 1)

Interest-bearing debt outstanding	¥77,000 million
LTV (Note 2)	42.8%

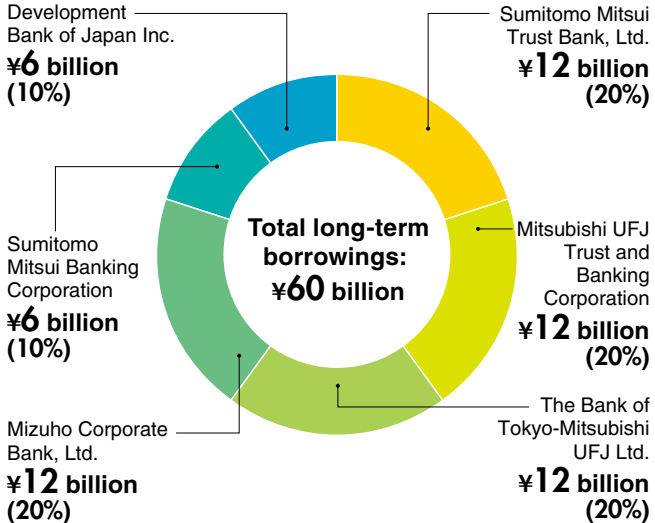
Ratings (Note 1)

Rating agency	Japan Credit Rating Agency
Rating information	Long-term borrowings: AA– Outlook: Stable

Long-Term Borrowing Ratio / Fixed Interest Ratio (Note 1)

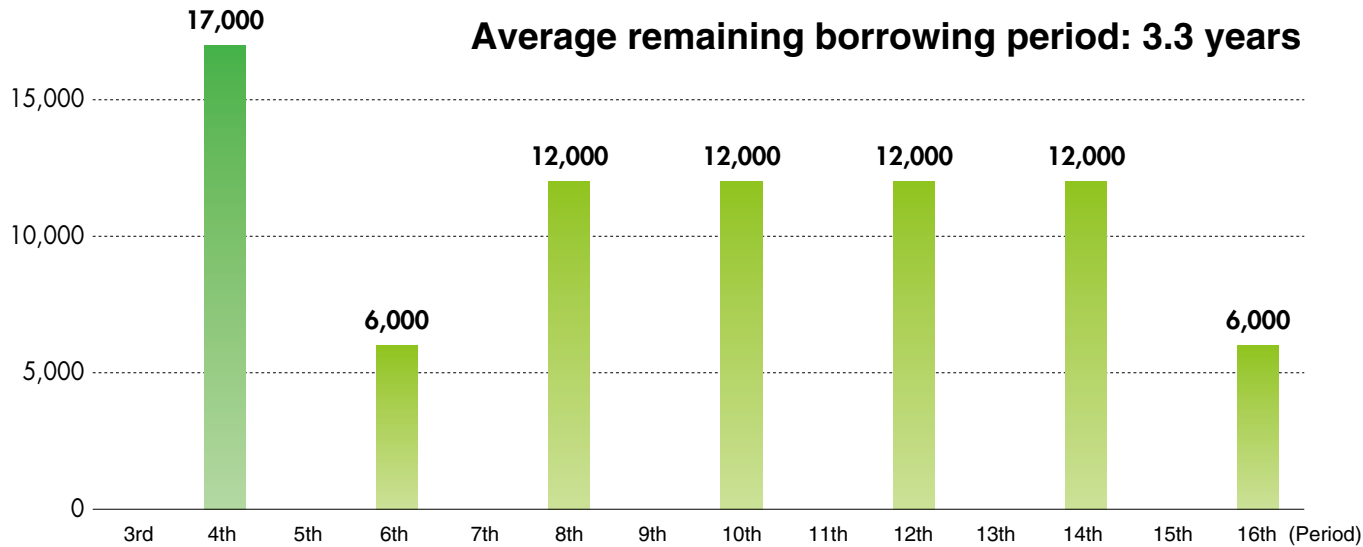


Long-Term Borrowings (Note 1)



Diversified Borrowing Maturity (Note 1)

(In millions of yen)



Note 1: As of November 30, 2012
Note 2: Interest-bearing debt / Total assets x 100

Portfolio Summary



UR-1 Tokyu Plaza Omotesando Harajuku



UR-2 Tokyu Plaza Akasaka



UR-3 Ebisu Q Plaza



UR-4 Shinbashi Place



TO-1 TLC Ebisu Building



TO-2 A-PLACE Ebisu Minami



TO-3 Yoyogi Place



TO-4 Aoyama Plaza Building



TO-5 Luogo Shiodome



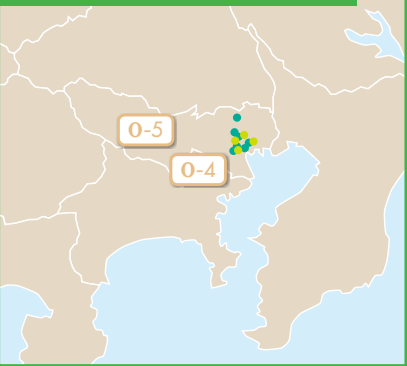
TO-6 Tokyo Kikai Honsha Building



TO-7 A-PLACE Ikebukuro



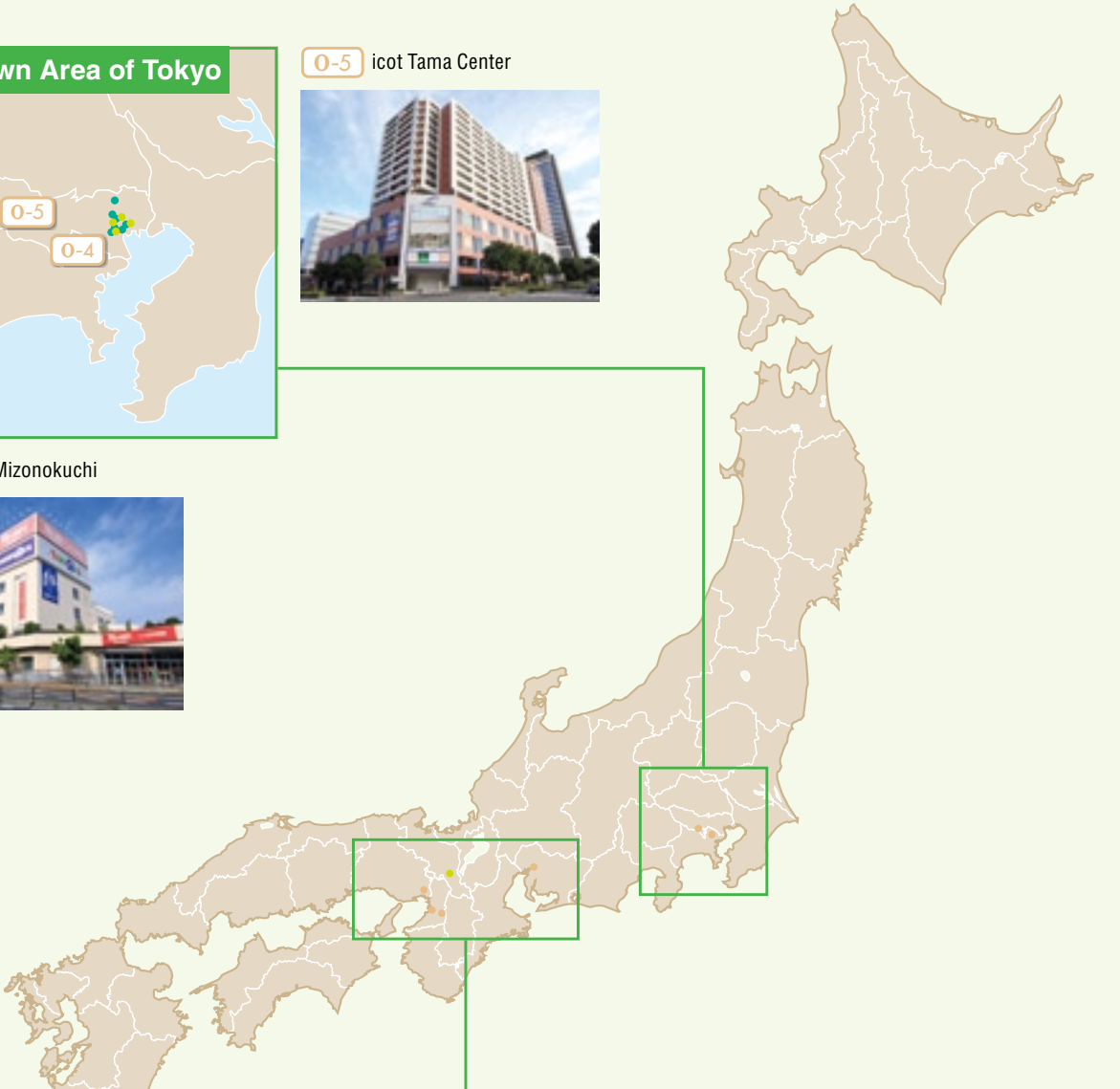
Downtown Area of Tokyo



O-4 icot Mizonokuchi



O-5 icot Tama Center



Osaka / Nagoya



UR-5 Kyoto Karasuma Parking Building



O-1 COCOE Amagasaki (Land)



O-2 icot Nakamozu



O-3 icot Kongo



O-6 Kanayama Center Place





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-3 Ebisu Q Plaza

Location: Ebisu, Shibuya-ku, Tokyo

Acquisition price: ¥8,430 million

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



UR-2 Tokyu Plaza Akasaka

Location: Nagatacho, Chiyoda-ku, Tokyo

Acquisition price: ¥11,450 million

- 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-4 Shinbashi Place

Location: Shinbashi, Minato-ku, Tokyo

Acquisition price: ¥20,500 million

- One-minute walking distance from convenient Shinbashi station, which is one of the busiest terminal stations in Japan. The versatile structure of the building allows various alternative uses as offices for coverage of diversified tenants' needs.

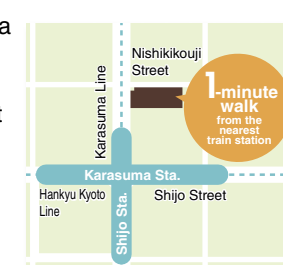


UR-5 Kyoto Karasuma Parking Building

Location: Moto Honenji-cho, 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. It is a highly important facility as it provides parking space to retail centers in the neighborhood such as Daimaru Kyoto and Takashimaya Kyoto.





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-2 A-PLACE Ebisu Minami

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

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



TO-3 Yoyogi Place

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

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



TO-4 Aoyama Plaza Building

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

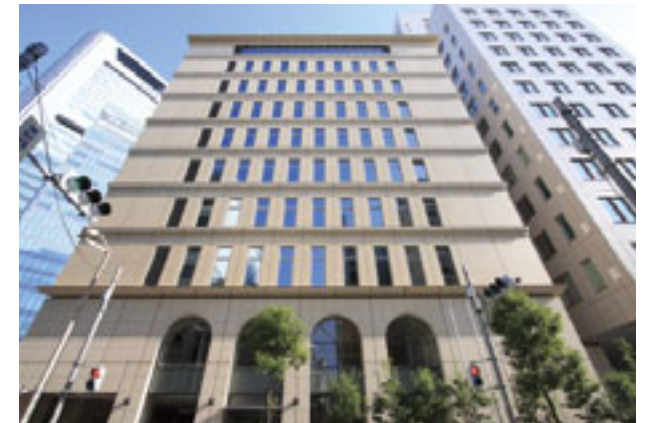
- The building has strong competitive advantages compared with the office buildings in the neighborhood due to its large size. Large-scale renovation of the building including seismic strengthening was completed in 2008.



TO-6 Tokyo Kikai Honsha Building

Location: Shiba, Minato-ku, Tokyo
Acquisition price: ¥3,070 million

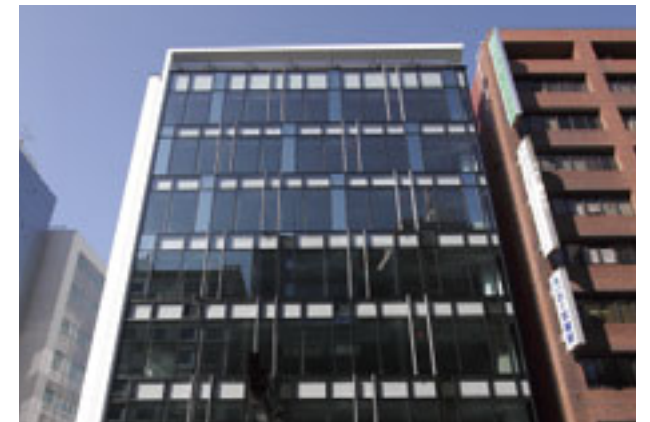
- Located a two-minute walking distance from Mita station and four-minute walking distance from JR Tamachi station. The subject property has a typical floor area of approx. 840 m² and is within a short distance of the nearest train station.



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 a six-minute walking distance from Ikebukuro station along Meiji Street.



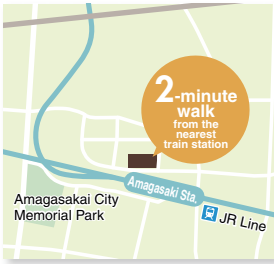


O-1

COCOE Amagasaki (Land)

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

- A large shopping mall with a variety of tenants that is a two-minute walk from the JR Amagasaki train station with three lines. The mall has a main building and a sports club building, both of which are directly connected to the station through a pedestrian walkway on the second floor.



O-2

icot Nakamozu

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



O-4

icot Mizonokuchi

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

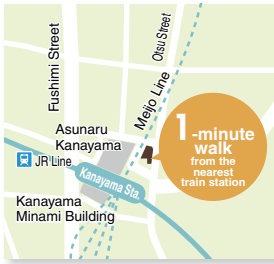


O-6

Kanayama Center Place

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

- The property is located in a commercial area in front of Kanayama station, which is the most important terminal station in the area, next to Nagoya station. The area is conveniently located, served by the Nagoya Municipal Subway line, the Meitetsu line, and the JR line, and has high potential for offices and commercial facilities.



O-3

icot Kongo

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



O-5

icot Tama Center

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

Portfolio List

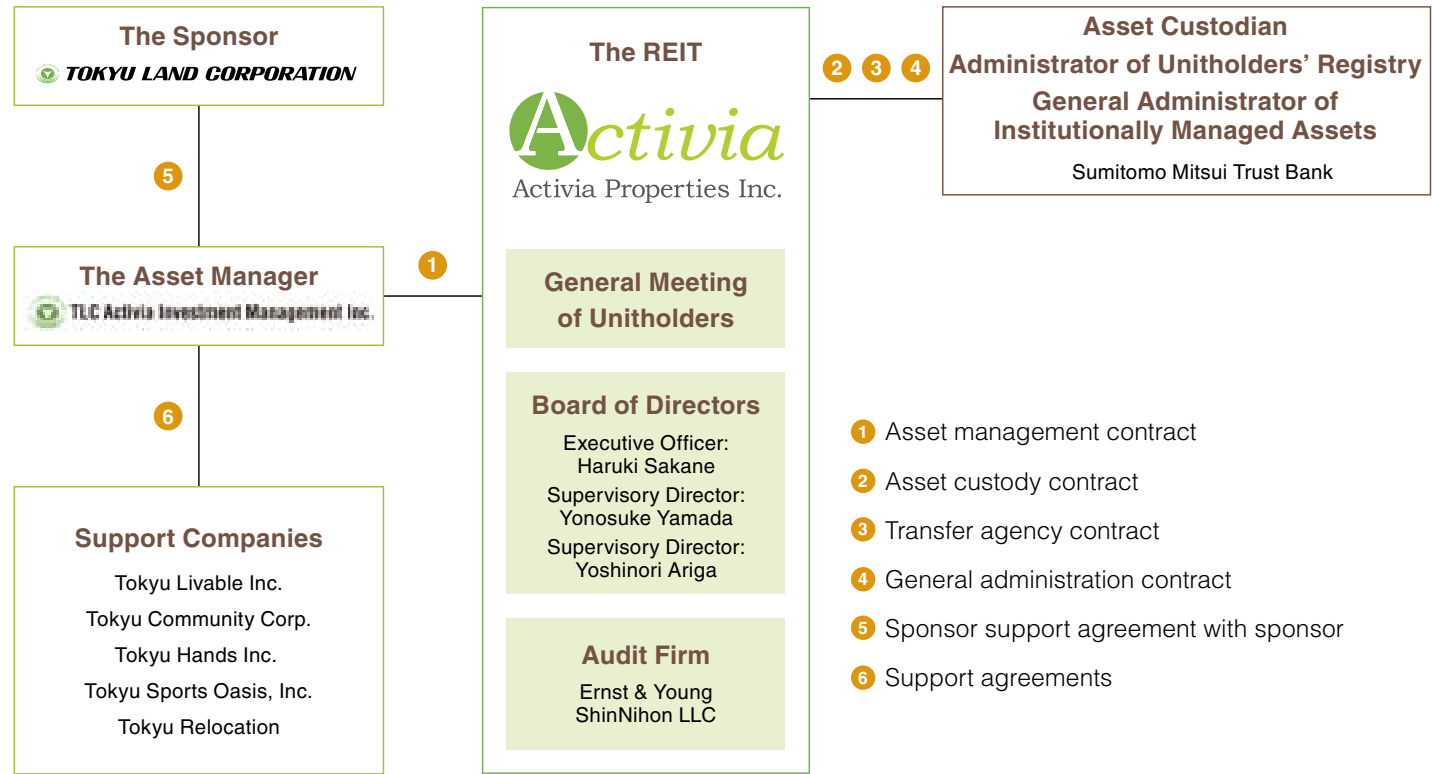
(As of Nov. 30, 2012)

	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio (%)	Total leasable area (m²)	Completion (Note 1)	Acquisition date	Occupancy rate (%)
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 2)	Shibuya-ku, Tokyo	45,000	26.4	4,904.55	Mar. 2012	Jun. 13, 2012	100.0
	UR-2	Tokyu Plaza Akasaka (Note 2)	Chiyoda-ku, Tokyo	11,450	6.7	16,620.48	Sep. 1969	Jun. 13, 2012	98.5
	UR-3	Ebisu Q Plaza	Shibuya-ku, Tokyo	8,430	4.9	4,024.88	Aug. 2008	Jun. 13, 2012	100.0
	UR-4	Shinbashi Place	Minato-ku, Tokyo	20,500	12.0	9,156.01	Apr. 2008	Jun. 13, 2012	100.0
	UR-5	Kyoto Karasuma Parking Building	Kyoto City, Kyoto Prefecture	8,860	5.2	21,616.04	Jul. 2006	Jun. 13, 2012	100.0
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya-ku, Tokyo	7,400	4.3	7,342.60	Mar. 1993	Jun. 13, 2012	100.0
	TO-2	A-PLACE Ebisu Minami	Shibuya-ku, Tokyo	9,640	5.7	7,950.51	Jan. 1995	Jun. 13, 2012	100.0
	TO-3	Yoyogi Place	Shibuya-ku, Tokyo	4,070	2.4	3,106.17	Feb. 2007	Jun. 13, 2012	100.0
	TO-4	Aoyama Plaza Building	Minato-ku, Tokyo	8,790	5.2	7,323.13	Sep. 1966	Jun. 13, 2012	86.7
	TO-5	Luogo Shiodome	Minato-ku, Tokyo	4,540	2.7	4,476.35	Jul. 2004	Jun. 13, 2012	100.0
	TO-6	Tokyo Kikai Honsha Building	Minato-ku, Tokyo	3,070	1.8	4,389.20	Jun. 1985	Jun. 13, 2012	100.0
	TO-7	A-PLACE Ikebukuro	Toshima-ku, Tokyo	3,990	2.3	3,409.73	Oct. 2011	Jun. 13, 2012	100.0
Other Properties	O-1	COCOE Amagasaki (Land)	Amagasaki City, Hyogo Prefecture	12,000	7.0	27,465.44	—	Jun. 13, 2012	100.0
	O-2	icot Nakamozu	Sakai City, Osaka Prefecture	8,500	5.0	28,098.02	Jun. 2007	Jun. 13, 2012	100.0
	O-3	icot Kongo	Osakasayama City, Osaka Prefecture	1,600	0.9	17,884.55	Feb. 1977	Jun. 13, 2012	100.0
	O-4	icot Mizonokuchi	Kawasaki City, Kanagawa Prefecture	2,710	1.6	14,032.05	Jul. 1998	Jun. 13, 2012	100.0
	O-5	icot Tama Center	Tama City, Tokyo	2,840	1.7	5,181.58	Mar. 2006	Jun. 13, 2012	100.0
	O-6	Kanayama Center Place	Nagoya City, Aichi Prefecture	6,980	4.1	9,314.91	Feb. 2009	Jun. 13, 2012	100.0
Total				170,370	100.0	196,296.20			

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.
Note 2: Tokyu Plaza Omotesando Harajuku and Tokyu Plaza Akasaka, the co-ownership (*jun kyōyū-mochibun*) properties, are calculated based on the pro rata share (75% and 50%, respectively).

API Overview

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
Account 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 REIT section of the Tokyo Stock Exchange (securities code: 3279)

Overview of the Asset Manager

Overview of the Asset Manager

Corporate name	TLC Activia Investment Management Inc.	Shareholder	Tokyu Land Corp. 100%
Established on	November 15, 2010	President & CEO	Haruki Sakane
Capital	¥300 million	Registration and 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 (kinsho) Kanto Local Finance Bureau License No. 2551

The “DNA” of the Tokyu Land Corporation Group

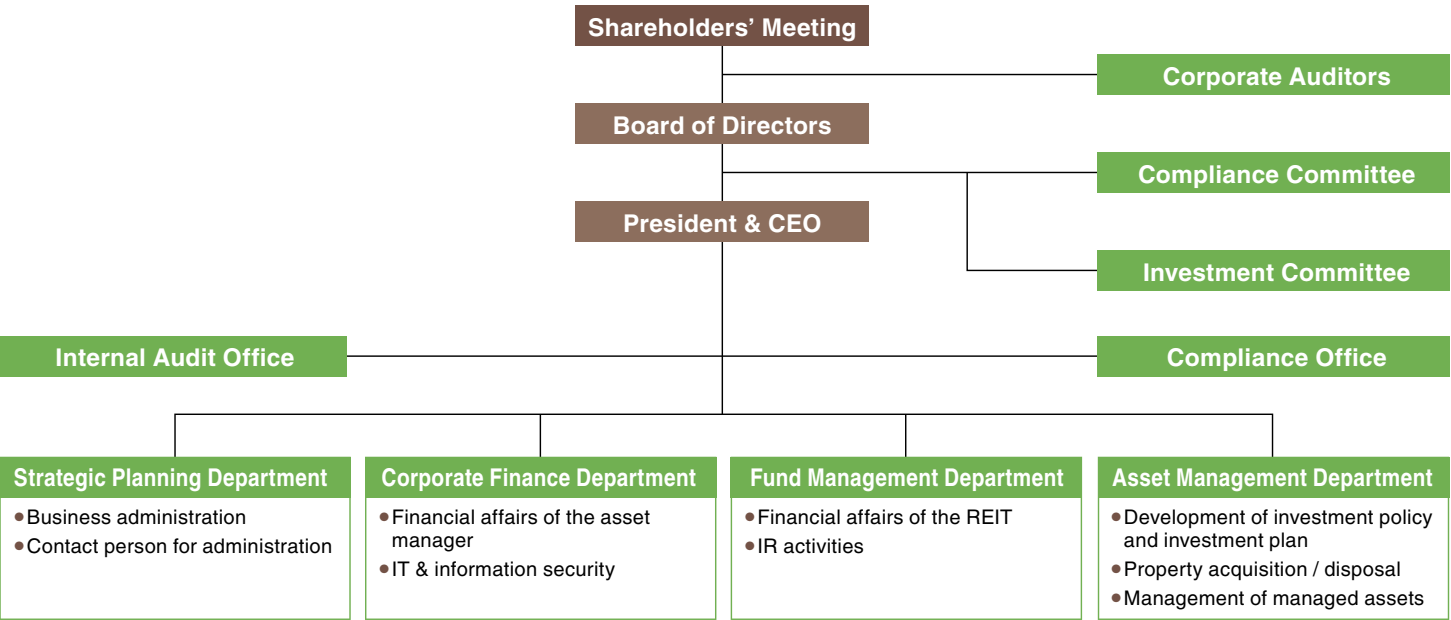
The frontier spirit and development capacity of the Tokyu Land Corporation, growing its business mainly in the Tokyo metropolitan area and major cities in Japan, have become ingrained in the entire Group. Tokyu Land Corporation has always been ahead of the times in responding to customer needs, being the first to develop the multi-use facility Tokyu Plaza in front of train stations 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 unitholders.

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 manager, 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 2nd Fiscal Period (Semi-Annual Report)

From June 1, 2012 to November 30, 2012

I	Asset Management Report
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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
Business period		From September 7, 2011 to May 31, 2012	From June 1, 2012 to November 30, 2012
Operating revenue	(In millions of yen)	—	5,194
[Rent revenue-real estate]	(In millions of yen)	[—]	[4,889]
Operating expenses	(In millions of yen)	7	1,696
[Expenses related to rent business]	(In millions of yen)	[—]	[1,278]
Operating income (loss)	(In millions of yen)	(7)	3,498
Ordinary income (loss)	(In millions of yen)	(60)	2,923
Net income (loss)	(In millions of yen)	(61)	2,922
Net assets	(In millions of yen)	138	94,234
[Change from the previous period]	(%)	[—]	[—]
Total assets	(In millions of yen)	142	180,066
[Change from the previous period]	(%)	[—]	[—]
Unitholders' capital	(In millions of yen)	200	91,373
Number of units issued and outstanding	(Units)	400	205,262
Net assets per unit	(Yen)	347,457	459,095
Total distributions	(In millions of yen)	—	2,860
Net income (loss) per unit	(Note 1) (Yen)	(152,542)	15,153 [14,244]
Cash distributions per unit			
[Profit distributions per unit]	(Yen)	[—]	[13,938]
[Distributions per unit in excess of profit]	(Yen)	[—]	[—]
Ordinary income to total assets	(Note 2) (%)	(35.5)	3.2
Return on unitholders' equity	(Note 2) (%)	(36.0)	6.2
Unitholders' equity to total assets	(Note 2) (%)	97.6	52.3
[Change from the previous period]		[—]	[−45.3]
Payout ratio	(Note 2) (%)	—	97.9
[Other reference]			
Number of properties	(Properties)	—	18
Total leasable area	(Note 3) (m ²)	—	196,296.20
Occupancy rate at end of period	(%)	—	99.4
Depreciation	(In millions of yen)	—	452
Capital expenditure	(In millions of yen)	—	84
NOI	(Note 2) (In millions of yen)	—	4,373

(Note 1) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units (192,831 units and 400 units for the fiscal periods ended November 30, 2012 and May 31, 2012, respectively). 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 (the payout ratio is calculated based on the above formula, rounding 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 noncurrent 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 November 30, 2012. Total leasable area for properties for which we acquire only land is based on the lease agreement for land or land plans as of November 30, 2012. 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).

(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, hereinafter referred to as the “Investment Trust Act”), and completed its registration in the Kanto Local Finance Bureau on September 20, 2011 (Director-General of the Kanto Local Finance Bureau No. 73).

After that, the Investment Corporation issued additional investment units (204,100 units) through a public offering on June 13, 2012, and was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”) (Securities code 3279). In addition, new investment units (762 units) were issued by private placement on July 10, 2012.

“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 November 30, 2012, the Investment Corporation acquired 18 properties on June 13, 2012 and commenced substantive investment operations. Consequently, the Investment Corporation held 18 properties (with the total acquisition cost of ¥170,370 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 showed a modest recovery due largely to demand from reconstruction projects after the Great East Japan Earthquake, but the outlook still remained uncertain because of the decelerating global economy stemming from the impact of the financial crisis in Europe on emerging countries, etc., the strong yen, the prolonged deflation, and other factors.

In retail properties, personal consumption remained steady. However, short-term consumer confidence was weak as the Monthly Consumer Confidence Survey for November 2012 released by the Economic and Social Research Institute, Cabinet Office, Government of Japan indicated that the consumer confidence index representing consumer sentiment declined for the third consecutive month. In the rental office market, although the data published by Miki Shoji Co., Ltd. showed the average vacancy rate of five central Tokyo wards (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) as of November 30, 2012 stood at 8.76%, down from 9.43% in June 2012, due partly to a slowdown in the vast supply of large office buildings, rents continued to edge down owing to the high vacancy rates. In the real estate trading market, some looking to an improvement in the rental office market began to make moves, backed by the favorable financing environment.

Under the situation, aggressive investments were made mainly in J-REITs. While trading of medium and small properties was noticeable in major cities in Japan where high returns were expected, trading of large high-quality properties remained limited.

In this situation, the Investment Corporation acquired real estate trust beneficiary rights on June 13, 2012, to 18 properties (with the total acquisition cost of ¥170,370 million) as trust assets with proceeds from the issuance of new investments units by public offerings (public placement) and borrowings in accordance with the basic asset management policy set forth in the Articles of Incorporation, and commenced investment operations.

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 18 properties (with the total acquisition cost of ¥170,370 million) with the total rentable area of 196,296 m² (59,379 *tsubo*).

3) Overview of Financing

The Investment Corporation issued additional investment units (204,100 units) through a public offering on June 13, 2012, and was listed on the real estate investment trust securities market of Tokyo Stock Exchange (Securities code 3279). In addition, new investment units (762 units) were issued by private placement on July 10, 2012. As a result, unitholders’ capital amounted to ¥91,373 million, and the number of investment units issued came to 205,262 units as of the end of the fiscal period under review.

In order to cover the acquisition costs for real estate trust beneficiary rights to 18 properties and related costs, funds of ¥77,000 million was borrowed on June 13, 2012, resulting in the borrowing of ¥77,000 million as of the end of the fiscal period under review. Consequently, the ratio of interest-bearing debt to total assets (LTV = Balance of aggregate principal amount of interest-bearing debt / Total assets × 100) was 42.8% as of the end of the fiscal period under review.

The credit rating the Investment Corporation has obtained as of the end of the fiscal period under review is as follows:

Rating agency	Rating	Forecast
Japan Credit Rating Agency (JCR)	Long-term borrowings: AA-	Stable

4) Overview of Financial Results and Distributions

As a result of the above-mentioned investments, operating revenue, operating income, ordinary income and net income came to ¥5,194 million, ¥3,498 million, ¥2,923 million and ¥2,922 million, respectively, for the fiscal period under review.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), it was decided that all of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that the greatest-possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation. Consequently, distributions per investment unit came to ¥13,938.

(3) Capital Increase, etc.

The overview of capital increase in the fiscal period under review is 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)

(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., and then investment operations were commenced.
(Note 3) New investment units were issued with an issue price of ¥445,050 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
Business period	From September 7, 2011 to May 31, 2012	From June 1, 2012 to November 30, 2012
Highest price	—	557,000
Lowest price	—	440,500

(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 June 30, 2012 amounted to ¥13,938.

Fiscal period	1st period	2nd period
Business period	From September 7, 2011 to May 31, 2012	From June 1, 2012 to November 30, 2012
Unappropriated retained earnings (undisposed loss)	(¥61,017 thousand)	¥2,861,026 thousand
Retained earnings	(¥61,017 thousand)	¥85 thousand
Total distribution payments [Distributions per unit]	¥— thousand [¥—]	¥2,860,941 thousand [¥13,938]
Of which, total distributions of profits was [Distributions of profits per unit]	¥— thousand [¥—]	¥2,860,941 thousand [¥13,938]
Of which, total return on unitholders' capital was [Return on unitholders' capital per unit]	¥— thousand [¥—]	¥— thousand [¥—]

(5) Future Investment Policy and Issues to Address

As the world economy is steadily getting away from the sluggish situation, Japan's economy is expected to make a gradual recovery, supported by demand from post-quake reconstruction projects. At the same time, there is high uncertainty in the external economy including Europe and China, and risks that may put downward pressure on the domestic business activities such as a further downturn in the global economy and fluctuations of financial and capital markets. Thus, attention should also be paid to the outlook of employment and income situations, influences of deflation, etc.

In circumstances surrounding retail properties, despite firm domestic demand, there is concern that personal consumption will weaken in anticipation of a hike in consumption tax. In the rental office market, a rise in vacancy rates along with the vast supply of large office buildings in central Tokyo has already peaked, while the level of rents remains low but the falling pace slowed, indicating that rents have bottomed. Therefore, the market is expected to move on a mild recovery track.

Furthermore, the revision of the Investment Trust Act will be of systemic help to the J-REIT market in the diversified funding for J-REITs, etc.

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 "the Group's" value chain based on the comprehensive support system; and a governance structure that maximizes unitholder value.

2) External Growth Strategy

The Investment Corporation will invest in Urban Retail and Tokyo Office properties in a targeted manner. 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 investing in assets it carefully selects based on the information it receives under its sponsor support agreement with Tokyu Land Corporation and its support agreement with five subsidiaries in the Group. It will also acquire properties through the unique know-how and information-gathering network of the asset manager.

The Investment Corporation was listed on the real estate investment trust securities market of the Tokyo Stock Exchange on June 13, 2012, and acquired 18 properties (with an acquisition cost of ¥170,370 million) from Tokyu Land Corporation and the Group on the same day.

The properties acquired include Tokyu Plaza Omotesando Harajuku as the flagship property, which was developed by the Tokyu Land Group and will become a new landmark in the Omotesando and Harajuku area. With this as a typical example, it will continue to work to acquire properties that have a competitive advantage.

3) Internal Growth Strategy

The Investment Corporation will operate, manage, and refurbish, etc. its portfolio to maintain and improve the competitiveness of its facilities through a comprehensive understanding of the features of its overall portfolio and its individual assets under management, based on the unique expertise of its asset manager. The Investment Corporation will also seek to soundly manage its portfolio and strengthen its earnings power by creating 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, which 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 organic growth through operating and managing properties. It will maximize the competitiveness of its assets through the ongoing assistance of Tokyu Land Corporation and other support companies, which, through their face-to-face business with consumers, have a wealth of information regarding consumer needs and developments in industries such as retail and services.

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

4) Financial Strategy

Having the sound financial strategy in an effort to conservatively control LTV as well as make stable long-term loans and stagger maturities (staggering repayment dates), the Investment Corporation will strive to build a stable financial foundation with steady bank formation based on good relationships with main banks.

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

2. Overview of the Investment Corporation

(1) Unitholders’ Capital

	1st period As of May 31, 2012	2nd period As of November 30, 2012
Total number of authorized investment units (Units)	2,000,000	2,000,000
Total number of investment units issued (Units)	400	205,262
Unitholders’ capital (In millions of yen)	¥200	¥91,373
Number of Unitholders (Persons)	1	15,134

(2) Matters Relating to Investment Units

Major unitholders as of November 30, 2012 were as follows:

Name	Number of units owned	Percentage of total units issued (%)
Japan Trustee Services Bank, Ltd. (Trust accounts)	33,038	16.09
Tokyu Land Corporation	21,500	10.47
The Master Trust Bank of Japan, Ltd. (Trust accounts)	12,527	6.10
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	12,442	6.06
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	11,569	5.63
NOMURA BANK (LUXEMBOURG) S.A.	8,228	4.00
STATE STREET BANK AND TRUST COMPANY	3,619	1.76
GOLDMAN, SACHS & CO. REG	2,188	1.06
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	2,112	1.02
NOMURA ASSET MANAGEMENT U.K. LIMITED SUB A/C EVER GREEN NOMINEES LTD.	2,049	0.99
Total	109,272	53.23

(Note) Percentage of total units issued is calculated by rounding down to the second decimal place.

(3) Matters Relating to Officers, etc.

1) Corporate Officers, Supervisory Officers, and Accounting Auditor during the business 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)
Corporate officer	Haruki Sakane	TLC Activia Investment Management Inc., President and Chief Executive Officer	¥—
Supervisory officer	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	—	¥4,000

(Note 1) The corporate officer and supervisory officers do not own investment units of the Investment Corporation in their own name or another person’s name. Although the supervisory officers 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 independent auditor’s fees include fees for issuance of a comfort letter with respect to the public offering of new investment units.

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

3. Assets of the Investment Corporation

(1) Composition of the Assets of the Investment Corporation

Type of assets	Category	1st period As of May 31, 2012		2nd period As of November 30, 2012	
		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	—	—	94,817	52.7
	Tokyo Office Properties	—	—	41,721	23.2
	Other Properties	—	—	34,881	19.4
	Subtotal	—	—	171,420	95.2
Total real estate, etc.		—	—	171,420	95.2
Deposits and other assets		142	100	8,646	4.8
Total assets (Note 2)		142 [0]	100 [0]	180,066 [171,420]	100.0 [95.2]

(Note 1) The total amount of assets owned is based on the amounts recorded in the balance sheets as of November 30, 2012 (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 November 30, 2012. Also, figures in brackets 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)	45,220	4,904.55	4,904.55	100.0	20.2	Retail
Shinbashi Place	20,610	9,156.01	9,156.01	100.0	(Note 5)	Retail
COCOE Amagasaki (Land)	12,113	27,465.44	27,465.44	100.0	6.1	Retail
Tokyu Plaza Akasaka (Note 4)	11,592	16,620.48	16,365.75	98.5	10.7	Retail
A-PLACE Ebisu Minami	9,698	7,950.51	7,950.51	100.0	5.6	Office
Kyoto Karasuma Parking Building	8,924	21,616.04	21,616.04	100.0	(Note 5)	Parking
Aoyama Plaza Building	8,851	7,323.13	6,345.93	86.7	4.5	Office
icot Nakamozu	8,549	28,098.02	28,098.02	100.0	5.6	Retail
Ebisu Q Plaza	8,468	4,024.88	4,024.88	100.0	4.9	Retail
TLC Ebisu Building (Note 6)	7,416	7,342.60	7,342.60	100.0	4.8	Office
Total	141,446	134,501.66	133,269.73	99.1	—	

(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 November 30, 2012. Total leasable area for properties for which we acquire only land is based on the lease agreement for land or land plans as of November 30, 2012.

(Note 2) The total leased area is equal to the total leased area in each property as of November 30, 2012. 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 November 30, 2012, 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.

(Note 6) On October 1, 2012, the name of Ebisu Tokyu Building was changed to TLC Ebisu Building.

(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 Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,904.55	47,000	45,220
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,620.48	11,500	11,592
	Ebisu Q Plaza	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	8,830	8,468
	Shinbashi Place	12-9 Shinbashi 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	9,156.01	22,800	20,610
	Kyoto Karasuma Parking Building	678 Motohonenjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	9,420	8,924
	Subtotal			56,321.96	99,550	94,817
Tokyo Office Properties	TLC Ebisu Building (Note 5)	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	7,450	7,416
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.51	10,000	9,698
	Yoyogi Place	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,230	4,090
	Aoyama Plaza Building	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,323.13	8,740	8,851
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	4,700	4,561
	Tokyo Kikai Honsha Building	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,389.20	3,020	3,096
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	4,040	4,005
	Subtotal			37,997.69	42,180	41,721
Other Properties	COCOE Amagasaki (Land)	3-1 Shioe 1-chome, Amagasaki, Hyogo (main building) 2-3 Shioe 1-chome, Amagasaki, Hyogo (sports club)	Trust beneficiary interests	27,465.44	12,100	12,113
	icot Nakamozu	428-2 Nakamozucho 3-cho, Kita-ku, Sakai, Osaka	Trust beneficiary interests	28,098.02	8,920	8,549
	icot Kongo	35-1 Handa 1-chome, Osakasayama, Osaka	Trust beneficiary interests	17,884.55	1,810	1,637
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki, Kanagawa	Trust beneficiary interests	14,032.05	2,960	2,729
	icot Tama Center	35 Ochiai 1-chome, Tama, Tokyo	Trust beneficiary interests	5,181.58	3,010	2,857
	Kanayama Center Place	14-18 Kanayama 1-chome, Naka-ku, Nagoya, Aichi	Trust beneficiary interests	9,314.91	7,360	6,995
Subtotal				101,976.55	36,160	34,881
Total				196,296.20	177,890	171,420

(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 November 30, 2012. Total leasable area for properties for which we acquire only land is based on the lease agreement for land or land plans as of November 30, 2012.

(Note 2) The appraisal of properties is commissioned to Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Valuers Co., Ltd. or Morii 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 November 30, 2012.

(Note 3) Book value at end of period represents book value less depreciation expenses as of November 30, 2012, rounding to the nearest million yen.

(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) On October 1, 2012, the name of Ebisu Tokyu Building was changed to TLC Ebisu Building.

Transition of our leasing business is as follows:

Property name		1st fiscal period (From September 7, 2011 to May 31, 2012)				2nd fiscal period (From June 1, 2012 to November 30, 2012)			
		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	1,046	20.2
	Tokyu Plaza Akasaka (Note 4)	—	—	—	—	96	98.5	555	10.7
	Ebisu Q Plaza	—	—	—	—	4	100.0	252	4.9
	Shinbashi Place	—	—	—	—	1	100.0	(Note 5)	(Note 5)
	Kyoto Karasuma Parking Building	—	—	—	—	2	100.0	(Note 5)	(Note 5)
	Subtotal	—	—	—	—	130	99.5	—	—
Tokyo Office Properties	TLC Ebisu Building (Note6)	—	—	—	—	11	100.0	250	4.8
	A-PLACE Ebisu Minami	—	—	—	—	8	100.0	291	5.6
	Yoyogi Place	—	—	—	—	3	100.0	130	2.5
	Aoyama Plaza Building	—	—	—	—	7	86.7	235	4.5
	Luogo Shiodome	—	—	—	—	6	100.0	115	2.2
	Tokyo Kikai Honsha Building	—	—	—	—	3	100.0	134	2.6
	A-PLACE Ikebukuro	—	—	—	—	1	100.0	(Note 5)	(Note 5)
	Subtotal	—	—	—	—	39	97.4	—	—
Other Properties	COCOE Amagasaki (Land)	—	—	—	—	1	100.0	318	6.1
	icot Nakamozu	—	—	—	—	2	100.0	290	5.6
	icot Kongo	—	—	—	—	1	100.0	(Note 5)	(Note 5)
	icot Mizonokuchi	—	—	—	—	1	100.0	(Note 5)	(Note 5)
	icot Tama Center	—	—	—	—	11	100.0	133	2.6
	Kanayama Center Place	—	—	—	—	20	100.0	262	5.1
	Subtotal	—	—	—	—	36	100.0	—	—
Total		—	—	—	—	205	99.4	5,194	100.0

(Note 1) At each property, the number of tenants is equal to the aggregate number of tenants as of November 30, 2012 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 November 30, 2012, 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 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.

(Note 6) On October 1, 2012, the name of Ebisu Tokyu Building was changed to TLC Ebisu Building.

(4) Other Assets

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

Securities Other than Shares					(In thousands of yen)			
Type of asset	Name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Market value	Valuation gain or loss	Remarks
Government bonds	Principal-stripped government bonds (5 years, Series 91)	10,000	9,930	—	—	9,973	43	Given as security deposit
Total		10,000	9,930	—	—	9,973	43	

4. Capital Expenditures for Real Estate Owned

(1) Planned Capital Expenditures

The following table shows major estimated capital expenditure for renovation work, etc. that the Investment Corporation plans to conduct for assets held in the 2nd fiscal period as of November 30, 2012. 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
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement works for BR electrical room	From October 2012 to March 2013	42 (Note)	—	—
icot Kongo (Osakasayama, Osaka)	Replacement works for the east entrance subgrades	From January 2013 to March 2013	19	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Renewal works for open corridors	From February 2013 to March 2013	13 (Note)	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement works for elevated water tanks	From September 2012 to March 2013	12 (Note)	—	—
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement works for electric lights board and power board	From November 2012 to March 2013	11 (Note)	—	—
Tokyo Kikai Honsha Building (Minato, Tokyo)	Replacement works for recievers and sensors of automatic fire alarms	From August 2013 to September 2013	10	—	—

(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 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 2nd fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended November 30, 2012 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended November 30, 2012 amounted to ¥84 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended November 30, 2012 came to ¥108 million. On aggregate, construction work of ¥192 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (In millions of yen)
icot Kongo (Osakasayama, Osaka)	Works to replace electrical circuit of automatic fire alarm	From September 2012 to November 2012	12
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Work plan for planting open corridors	From November 2012 to November 2012	10 (Note)
Other			62
Total			84

(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 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.

(In thousands of yen)		
Item	1st period (From September 7, 2011 to May 31, 2012)	2nd period (From June 1, 2012 to November 30, 2012)
(a) Asset management fees (Note)	—	380,548
(b) Asset custody fees	836	4,360
(c) Administrative service fees	1,670	4,476
(d) Remuneration paid to officers	1,620	3,300
(e) Other expenses	3,090	25,650
Total	7,217	418,335

(Note) Aside from the amount of the asset management fees entered above, a total 851,850 thousand yen for the 2nd fiscal period has been paid for asset management of acquired properties and has 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
	Lender								
Short-term	Sumitomo Mitsui Trust Bank, Limited	June 13, 2012	—	17,000	0.452	June 13, 2013	Lump sum repayment	(Note 2)	Unsecured, non-guaranteed
	Subtotal		—	17,000					
Long-term	Sumitomo Mitsui Banking Corporation	June 13, 2012	—	6,000	0.377	June 13, 2014	Lump sum repayment	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2012	—	3,000	0.800	June 13, 2015			
		June 13, 2012	—	3,000	0.866	June 13, 2016			
		June 13, 2012	—	3,000	0.953	June 13, 2017			
		June 13, 2012	—	3,000	1.063	June 13, 2018			
	Mitsubishi UFJ Trust and Banking Corporation	June 13, 2012	—	3,000	0.800	June 13, 2015			
		June 13, 2012	—	3,000	0.866	June 13, 2016			
		June 13, 2012	—	3,000	0.953	June 13, 2017			
		June 13, 2012	—	3,000	1.063	June 13, 2018			
	The Bank of Tokyo-Mitsubishi UFJ, Limited.	June 13, 2012	—	3,000	0.800	June 13, 2015			
		June 13, 2012	—	3,000	0.866	June 13, 2016			
		June 13, 2012	—	3,000	0.953	June 13, 2017			
		June 13, 2012	—	3,000	1.063	June 13, 2018			
	Mizuho Corporate Bank, Limited.	June 13, 2012	—	3,000	0.800	June 13, 2015			
		June 13, 2012	—	3,000	0.866	June 13, 2016			
		June 13, 2012	—	3,000	0.953	June 13, 2017			
		June 13, 2012	—	3,000	1.063	June 13, 2018			
	Development Bank of Japan Inc.	June 13, 2012	—	6,000	1.191	June 13, 2019			
	Subtotal		—	60,000					
	Total		—	77,000					

(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.

(3) Investment Corporation Bonds

Not applicable

(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	Tokyu Plaza Omotesando Harajuku (Note 2)	June 13, 2012	45,000,000	—	—	—	—
	Trust beneficiary interests	Tokyu Plaza Akasaka (Note 2)	June 13, 2012	11,450,000	—	—	—	—
	Trust beneficiary interests	Ebisu Q Plaza	June 13, 2012	8,430,000	—	—	—	—
	Trust beneficiary interests	Shinbashi Place	June 13, 2012	20,500,000	—	—	—	—
	Trust beneficiary interests	Kyoto Karasuma Parking Building	June 13, 2012	8,860,000	—	—	—	—
Tokyo Office Properties	Trust beneficiary interests	TLC Ebisu Building (Note 3)	June 13, 2012	7,400,000	—	—	—	—
	Trust beneficiary interests	A-PLACE Ebisu Minami	June 13, 2012	9,640,000	—	—	—	—
	Trust beneficiary interests	Yoyogi Place	June 13, 2012	4,070,000	—	—	—	—
	Trust beneficiary interests	Aoyama Plaza Building	June 13, 2012	8,790,000	—	—	—	—
	Trust beneficiary interests	Luogo Shiodome	June 13, 2012	4,540,000	—	—	—	—
	Trust beneficiary interests	Tokyo Kikai Honsha Building	June 13, 2012	3,070,000	—	—	—	—
	Trust beneficiary interests	A-PLACE Ikebukuro	June 13, 2012	3,990,000	—	—	—	—
Other Properties	Trust beneficiary interests	COCOE Amagasaki (Land)	June 13, 2012	12,000,000	—	—	—	—
	Trust beneficiary interests	icot Nakamozu	June 13, 2012	8,500,000	—	—	—	—
	Trust beneficiary interests	icot Kongo	June 13, 2012	1,600,000	—	—	—	—
	Trust beneficiary interests	icot Mizonokuchi	June 13, 2012	2,710,000	—	—	—	—
	Trust beneficiary interests	icot Tama Center	June 13, 2012	2,840,000	—	—	—	—
	Trust beneficiary interests	Kanayama Center Place	June 13, 2012	6,980,000	—	—	—	—
Total				170,370,000	—	—	—	—

(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) 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 3) On October 1, 2012, the name of Ebisu Tokyu Building was changed to TLC Ebisu Building.

(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 (Note 2)	Date of appraisal
Acquisition	Tokyu Plaza Omotesando Harajuku (Note 3)	June 13, 2012	45,000,000	45,200,000	J	March 31, 2012
	Tokyu Plaza Akasaka (Note 3)	June 13, 2012	11,450,000	11,500,000	T	February 29, 2012
	Ebisu Q Plaza	June 13, 2012	8,430,000	8,770,000	T	February 29, 2012
	Shinbashi Place	June 13, 2012	20,500,000	22,500,000	D	February 29, 2012
	Kyoto Karasuma Parking Building	June 13, 2012	8,860,000	9,430,000	D	February 29, 2012
	TLC Ebisu Building (Note 4)	June 13, 2012	7,400,000	7,420,000	T	February 29, 2012
	A-PLACE Ebisu Minami	June 13, 2012	9,640,000	9,950,000	T	February 29, 2012
	Yoyogi Place	June 13, 2012	4,070,000	4,180,000	V	February 29, 2012
	Aoyama Plaza Building	June 13, 2012	8,790,000	8,850,000	D	February 29, 2012
	Luogo Shiodome	June 13, 2012	4,540,000	4,570,000	D	February 29, 2012
	Tokyo Kikai Honsha Building	June 13, 2012	3,070,000	3,090,000	T	February 29, 2012
	A-PLACE Ikebukuro	June 13, 2012	3,990,000	4,020,000	J	February 29, 2012
	COCOE Amagasaki (Land)	June 13, 2012	12,000,000	12,100,000	J	February 29, 2012
	icot Nakamozu	June 13, 2012	8,500,000	8,880,000	T	February 29, 2012
	icot Kongo	June 13, 2012	1,600,000	1,780,000	M	February 29, 2012
	icot Mizonokuchi	June 13, 2012	2,710,000	2,950,000	M	February 29, 2012
	icot Tama Center	June 13, 2012	2,840,000	2,990,000	J	February 29, 2012
	Kanayama Center Place	June 13, 2012	6,980,000	7,120,000	V	February 29, 2012
	Total	—	170,370,000	175,300,000	—	—

(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) Appraisal agencies are as follows:
J : Japan Real Estate Institute
D : Daiwa Real Estate Appraisal Co., Ltd.
T : The Tanizawa Sōgō Appraisal Co., Ltd.
V : Japan Valuers Co., Ltd.
M : Morii Appraisal & Investment Consulting, Inc.

(Note 3) 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 4) On October 1, 2012, the name of Ebisu Tokyu Building was changed to TLC Ebisu Building.

(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	170,370	—
	Amount of purchases from related parties and major shareholders 170,370 (100.0%)	Amount of sales from related parties and major shareholders — (—%)
Breakdown of transactions with related parties and major shareholders		
Tokyu Land Corporation	64,437 (37.8%)	— (—%)
Cross Special Purpose Company	45,000 (26.4%)	— (—%)
Pixis Ltd.	20,500 (12.0%)	— (—%)
Kotoru Ltd.	8,860 (5.2%)	— (—%)
Rouge LLC	8,790 (5.2%)	— (—%)
Happy Family Special Purpose Company	8,423 (4.9%)	— (—%)
Villa LLC	6,980 (4.1%)	— (—%)
Classer LLC	4,540 (2.7%)	— (—%)
KTMO Ltd.	2,840 (1.7%)	— (—%)
Total	170,370 (100.0%)	— (—%)

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	149,629	Tokyu Land Corporation	135,173	90.3
		Tokyu Land SC Management Corporation	14,455	9.7
Building management fee	183,718	Tokyu Land Corporation	80,132	43.6
		Tokyu Community Corporation	93,480	50.9
Construction management fee	4,310	Tokyu Land Corporation	3,007	69.8
		Tokyu Land SC Management Corporation	1,303	30.2
Other lease business expenses	92,126	Tokyu Land Corporation	49	0.1
		Tokyu Land SC Management Corporation	199	0.2
		Tokyu Hands, Inc.	262	0.3

(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 Trust and Investment Corporation of Japan and Article 26, Item 27 of the Regulations for Management Reports by Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan. “Major shareholders” means the major shareholders of the asset manager as defined in Article 29-4, Paragraph 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 Homes Corporation	¥15,451 thousand
Ishikatsu Exterior, Inc.	¥10,000 thousand
Tokyu Community Corporation	¥2,500 thousand
Tokyu Land Corporation	¥1,884 thousand
Tokyu Land SC Management Corporation	¥1,633 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

Not applicable

(3) Other

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

II. Balance Sheets

(In thousands of yen)

	As of May 31, 2012	As of November 30, 2012
Assets		
Current assets		
Cash and deposits	127,194	5,586,163
Cash and deposits in trust	—	1,048,439
Operating accounts receivable	—	156,242
Prepaid expenses	1,050	110,647
Deferred tax assets	—	26
Consumption taxes receivable	—	1,446,329
Advances paid	4,200	—
Other	2	—
Total current assets	132,447	8,347,848
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	—	30,445,044
Accumulated depreciation	—	(428,592)
Buildings in trust, net	—	30,016,451
Structures in trust	—	323,045
Accumulated depreciation	—	(8,823)
Structures in trust, net	—	314,222
Machinery and equipment in trust	—	576,121
Accumulated depreciation	—	(13,921)
Machinery and equipment in trust, net	—	562,200
Tools, furniture and fixtures in trust	—	4,286
Accumulated depreciation	—	(189)
Tools, furniture and fixtures in trust, net	—	4,096
Land in trust	—	136,258,287
Total property, plant and equipment	—	167,155,259
Intangible assets		
Leasehold rights in trust	—	4,265,157
Other	—	2,331
Total intangible assets	—	4,267,489
Investments and other assets		
Long-term prepaid expenses	—	286,230
Invest securities	9,917	9,930
Total investments and other assets	9,917	296,160
Total noncurrent assets	9,917	171,718,909
Total assets	142,365	180,066,757

(In thousands of yen)

	As of May 31, 2012	As of November 30, 2012
Liabilities		
Current liabilities		
Operating accounts payable	—	287,850
Short-term loans payable	—	17,000,000
Accounts payable-other	—	304,544
Accrued expenses	2,547	424,963
Income taxes payable	188	834
Advances received	—	102,941
Deposits received	645	21,873
Other	—	21
Total current liabilities	3,382	18,143,029
Noncurrent liabilities		
Long-term loans payable	—	60,000,000
Tenant leasehold and security deposits in trust	—	7,688,827
Other	—	41
Total noncurrent liabilities	—	67,688,868
Total liabilities	3,382	85,831,897
Net assets		
Unitholders' equity		
Unitholders' capital	200,000	91,373,833
Surplus		
Unappropriated retained earnings (undisposed loss)	(61,017)	2,861,026
Total surplus	(61,017)	2,861,026
Total unitholders' equity	138,982	94,234,859
Total net assets	*1	94,234,859
Total liabilities and net assets	142,365	180,066,757

III. Statements of Income

		(In thousands of yen)	
		Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
Operating revenue			
Rent revenue-real estate	*1, *2	—	4,889,315
Other lease business revenue	*1, *2	—	305,296
Total operating revenue		—	5,194,612
Operating expenses			
Expenses related to rent business	*1, *2	—	1,278,245
Asset management fee		—	380,548
Asset custody fee		836	4,360
Administrative service fees		1,670	4,476
Directors' compensation		1,620	3,300
Other operating expenses		3,090	25,650
Total operating expenses		7,217	1,696,580
Operating income (loss)		(7,217)	3,498,031
Non-operating income			
Interest income		24	128
Interest on securities		12	1,410
Total non-operating income		36	1,539
Non-operating expenses			
Interest expenses		—	287,063
Initial expenses		53,642	—
Investment unit issuance expenses		—	129,644
Other offering costs associated with the issuance of investment units		—	86,181
Borrowing related expenses		—	69,524
Other		—	4,000
Total non-operating expenses		53,642	576,413
Ordinary income (loss)		(60,823)	2,923,157
Income (loss) before income taxes		(60,823)	2,923,157
Income taxes-current		193	1,139
Income taxes-deferred		—	(26)
Total income taxes		193	1,113
Net income (loss)		(61,017)	2,922,043
Retained earnings (deficit) brought forward		—	(61,017)
Unappropriated retained earnings (undisposed loss)		(61,017)	2,861,026

IV. Statements of Unitholders' Equity

		(In thousands of yen)	
		Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
Unitholders' equity			
Unitholders' capital			
Balance at the beginning of current period		—	200,000
Changes of items during the period			
Issuance of new investment units		200,000	91,173,833
Total changes of items during the period		200,000	91,173,833
Balance at the end of current period	*1	200,000	91,373,833
Surplus			
Unappropriated retained earnings (undisposed loss)			
Balance at the beginning of current period		—	(61,017)
Changes of items during the period			
Net income (loss)		(61,017)	2,922,043
Total changes of items during the period		(61,017)	2,922,043
Balance at the end of current period		(61,017)	2,861,026
Total surplus			
Balance at the beginning of current period		—	(61,017)
Changes of items during the period			
Net income (loss)		(61,017)	2,922,043
Total changes of items during the period		(61,017)	2,922,043
Balance at the end of current period		(61,017)	2,861,026
Total unitholders' equity			
Balance at the beginning of current period		—	138,982
Changes of items during the period			
Issuance of new investment units		200,000	91,173,833
Net income (loss)		(61,017)	2,922,043
Total changes of items during the period		138,982	94,095,877
Balance at the end of current period		138,982	94,234,859
Total net assets			
Balance at the beginning of current period		—	138,982
Changes of items during the period			
Issuance of new investment units		200,000	91,173,833
Net income (loss)		(61,017)	2,922,043
Total changes of items during the period		138,982	94,095,877
Balance at the end of current period		138,982	94,234,859

V. Notes to Financial Statements

[Notes to Important Accounting Policies]

Item	Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
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 3 to 8 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	Initial expenses The full amount is recorded as expenses at the time of payment.	Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure.
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 ¥456,323 thousand.

5. Other important matters related to the preparation of financial statements	Accounting method for consumption taxes and local consumption taxes Consumption taxes and local consumption taxes are accounted for by the tax-exclusion method.	(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; 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 May 31, 2012	As of November 30, 2012
	¥50,000 thousand	¥50,000 thousand

2. Commitment Line Contracts

The Investment Corporation has the commitment line contracts with one bank with which we have transactions.

	As of May 31, 2012	As of November 30, 2012
Total amount specified in the commitment line contracts	—	¥10,000,000 thousand
Loan balance	—	—
Net balance	—	¥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 September 7, 2011 to May 31, 2012)		Current fiscal period (From June 1, 2012 to November 30, 2012)	
A. Real estate leasing business revenues				
Rent revenue-real estate				
Rent	—		4,449,798	
Common service fees	—		325,961	
Parking lot fees	—		77,849	
Other rent revenue	—	—	35,705	4,889,315
Other rent business revenue		—		305,296
Total real estate leasing business revenues		—		5,194,612
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	—		343,672	
Utilities expenses	—		272,691	
Insurance	—		4,306	
Repair and maintenance expenses	—		108,170	
Depreciation	—		452,047	
Loss on retirement of noncurrent assets	—		5,230	
Other expenses related to rent business	—	—	92,126	1,278,245
Total real estate leasing business expenses		—		1,278,245
C. Income (loss) from real estate leasing business (A – B)		—		3,916,367

*2. Transactions with Major Unitholders

(In thousands of yen)				
	Previous fiscal period (From September 7, 2011 to May 31, 2012)		Current fiscal period (From June 1, 2012 to November 30, 2012)	
Operating transactions				
Rent revenue—real estate	—		4,191,200	
Other lease business revenue	—		273,876	
Expenses related to rent business	—		218,363	

[Notes to Statements of Unitholders' Equity]

	Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
*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	400 units	205,262 units

[Notes to Tax Effect Accounting]

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

	Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
Deferred tax assets		
Tax loss carried forward	¥23,922 thousand	—
Non-deductible amount for tax purposes of enterprise tax payable	—	¥26 thousand
Subtotal deferred tax assets	¥23,922 thousand	¥26 thousand
Valuation allowance	¥(23,922) thousand	—
Total deferred tax assets	—	¥26 thousand
Net deferred tax assets	—	¥26 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 September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
Effective statutory tax rate	—	36.59%
(Adjustments)		
Dividends paid included in deductibles	—	(35.81)%
Other	—	(0.74)%
Effective income tax rate after the application of tax effect accounting	—	0.04%

(Note) Disclosure for the previous fiscal period is omitted as loss before income taxes was recorded.

[Notes on Financial Instruments]

Previous fiscal period (From September 7, 2011 to May 31, 2012)

1. Matters Relating to 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.

(3) Supplemental Remarks on the Market Value of Financial Instruments

The market value of financial instruments is based on market prices or reasonably calculated value if there is no market price. As certain assumptions are made in calculating these values, if different assumptions, etc. are used, these values could vary.

2. Matters Relating to the Market Value of Financial Instruments

Book value, market value, and the difference between the two values as of May 31, 2012, are as shown below. Financial instruments whose market value is considered to be extremely difficult to determine are not included in this table.

(In thousands of yen)			
	Book value	Market value	Difference
(1) Cash and deposits	127,194	127,194	—
(2) Advances paid	4,200	4,200	—
(3) Securities deposited as collateral (Held-to-maturity bonds)	9,917	9,965	47
Total assets	141,312	141,360	47
(1) Accrued expenses	2,547	2,547	—
Total liabilities	2,547	2,547	—

(Note 1) Measurement Method for the Market Value of Financial Instruments

Assets

(1) Cash and deposits, (2) Advances paid

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

(3) Securities deposited as collateral

Prices announced by the Japan Securities Dealers Association are used as the market values.

Liabilities

(1) Accrued expenses

The book value is used as the market value of these liabilities, given that the market value is almost the same as the book value.

(Note 2) Expected Amount of Repayments of Monetary Claims and Securities with Maturities after the Book Closing Date (May 31, 2012)

(In thousands of yen)						
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Cash and deposits	127,194	—	—	—	—	—
Advances paid	4,200	—	—	—	—	—
Securities deposited as collateral Held-to-maturity bonds (Government bonds)	—	—	—	10,000	—	—
Total	131,394	—	—	10,000	—	—

Current fiscal period (From June 1, 2012 to November 30, 2012)

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.

(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 there is 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, 2012, 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	5,586,163	5,586,163	—
(2) Cash and deposits in trust	1,048,439	1,048,439	—
Total assets	6,634,602	6,634,602	—
(1) Short-term loans payable	17,000,000	17,000,000	—
(2) Long-term loans payable	60,000,000	60,345,213	345,213
Total liabilities	77,000,000	77,345,213	345,213

(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) 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.

(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 November 30, 2012
Tenant leasehold and security deposits in trust *1	7,688,827

*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, 2012)

(In thousands of yen)						
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	5,586,163	—	—	—	—	—
Deposits in trust	1,048,439	—	—	—	—	—
Total	6,634,602	—	—	—	—	—

(Note 4) Expected Amount of Repayments of Loans Payable after the Account Closing Date (November 30, 2012)

(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	17,000,000	—	—	—	—	—
Long-term loans payable	—	6,000,000	12,000,000	12,000,000	12,000,000	18,000,000
Total	17,000,000	6,000,000	12,000,000	12,000,000	12,000,000	18,000,000

[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 November 30, 2012, changes during the fiscal period, and fair values of lease properties are as follows.

(In thousands of yen)		
	Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
Amount on the balance sheets		
Balance at beginning of period	—	—
Changes during period	—	171,420,417
Balance at end of period	—	171,420,417
Fair value at end of period	—	177,890,000

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

(Note 2) The main reason for the increase for the current fiscal period is the acquisition of 18 properties (Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, Ebisu Q Plaza, Shinbashi Place, Kyoto Karasuma Parking Building, TLC Ebisu Building, A-PLACE Ebisu Minami, Yoyogi Place, Aoyama Plaza Building, Luogo Shiodome, Tokyo Kikai Honsha Building, A-PLACE Ikebukuro, COCOE Amagasaki (Land), icot Nakamozu, icot Kongo, icot Mizonokuchi, icot Tama Center, and Kanayama Center Place) worth ¥171,789,737 thousand. The decrease is mainly due to the recording of depreciation (¥452,047 thousand).

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

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

[Notes to Transactions with Related Parties]

Previous fiscal period (From September 7, 2011 to May 31, 2012)

Attribute	Name of company	Address	Business or occupation	Percentage of investment units owned (owned by related parties)	Relationship		Transaction	Transaction amount (In thousands of yen)	Description	Ending balance (In thousands of yen)
					Interlocking officers, etc.	Business relationship				
Controlling investor	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	Real estate business	100%	None	Controlling investor	Acceptance of investment capital	200,000	Unitholders’ capital	200,000
Subsidiary of controlling investor	TLC Activia Investment Management Inc.	16-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo	Business related to investment of assets under management of the Investment Corporation	—	One interlocking officer	Asset management company	Payment of remuneration to the organizer	50,000	—	—
							Payment of expenses related to the listing	4,200	Advances paid	4,200
Asset custody company	Sumitomo Mitsui Trust Bank, Limited	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	Banking business	—	None	Asset custody company	Payment of fees to the administrative agent	1,700	Accrued expenses	1,669

(Note 1) The amount of remuneration above is in accordance with the terms set forth in the Articles of Association of the Investment Corporation.

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

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

Current fiscal period (From June 1, 2012 to November 30, 2012)

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	Purchase of real estate trust beneficiary rights	64,437,000	—	—
							Acceptance of tenant leasehold and security deposits	2,896,924	Security deposits in trust	6,590,205
							Delivery of tenant leasehold and security deposits	5,757,583		
							Receipt of tenant leasehold and security deposits	6,271,854		
							Repayments of tenant leasehold and security deposits	23,086		
							Rental revenues, etc.	4,465,077	Operating accounts receivable	144,544
									Advances received	102,913
Subsidiary of major unitholder	Cross Special Purpose Company	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of real estate trust beneficiary rights	45,000,000	—	—
							Acceptance of tenant leasehold and security deposits	1,756,535	—	—
Subsidiary of major unitholder	Pixis Ltd.	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of real estate trust beneficiary rights	20,500,000	—	—
							Acceptance of tenant leasehold and security deposits	1,200,000	—	—
Subsidiary of major unitholder	Kotoru Ltd.	11 Kanda-Jimbocho 1-chome, Chiyoda-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of real estate trust beneficiary rights	8,860,000	—	—
							Acceptance of tenant leasehold and security deposits	46,941	—	—
Subsidiary of major unitholder	Rouge LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of real estate trust beneficiary rights	8,790,000	—	—
Subsidiary of major unitholder	Classer LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of real estate trust beneficiary rights	4,540,000	—	—
							Acceptance of tenant leasehold and security deposits	248,564	—	—
Subsidiary of major unitholder	Happy Family Special Purpose Company	10-5 Akasaka 2-chome, Minato-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of real estate trust beneficiary rights	8,423,000	—	—
							Acceptance of tenant leasehold and security deposits	427,576	—	—
Subsidiary of major unitholder	KTMO Ltd.	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of real estate trust beneficiary rights	2,840,000	—	—
							Acceptance of tenant leasehold and security deposits	232,200	—	—
Subsidiary of major unitholder	Villa LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	Real estate business	—	None	Subsidiary of major unitholder	Purchase of real estate trust beneficiary rights	6,980,000	—	—
							Acceptance of tenant leasehold and security deposits	388,900	—	—
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	Increase in tenant leasehold and security deposits	1,002,412	Tenant leasehold and Security deposits in trust	1,002,412
							Receipt of tenant leasehold and security deposits	1,002,412		
							Rental revenues, etc.	639,740	Operating accounts receivable	11,698
									Advances received	28
Asset custody company	Sumitomo Mitsui Trust Bank, Ltd.	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	Banking business	—	None	Asset custody company	Drawing of short-term loans	17,000,000	Short-term loans payable	17,000,000
							Drawing of long-term loans	12,000,000	Long-term loans payable	12,000,000
							Interest expenses	87,764	Accrued expenses	514
							Loan fees	92,603	Accrued expenses	9,369
									Prepaid expenses	17,972
									Long-term prepaid expenses	54,607

(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 September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
Net assets per unit	¥347,457	¥459,095
Net income (loss) per unit	¥(152,542)	¥15,153 [¥14,244]

(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 192,831 units for the previous fiscal period and the current fiscal period, respectively). For the current fiscal period, net income per unit that is calculated based on the 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.

Fully diluted net income (loss) per unit is not stated, as there is no potential investment unit.

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

	Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
Net income (loss) (In thousands of yen)	(61,017)	2,922,043
Amount not attributable to common unitholders (In thousands of yen)	—	—
Net income (loss) attributable to common investment units (In thousands of yen)	(61,017)	2,922,043
Average number of investment units for the period (Units)	400	192,831

[Notes to Major Subsequent Events]

Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
<p>1. Issuance of New Investment Units At meetings of the Board of Officers held on May 10, 2012 and June 1, 2012, we resolved to issue new investment units as described below, and issued these on June 12, 2012 and July 10, 2012 per the terms below once payment was completed. As a result, unitholders’ capital amounted to ¥91,373,833,100, and the number of investment units issued came to 205,262 units.</p> <p>(1) Issuance of New Investment Units by Public Offering (Public Placement)</p> <p>i) Number of new investment units issued: 204,100</p> <p>ii) Offering price: ¥460,000 per unit</p> <p>iii) Total offering price: ¥93,886,000,000</p> <p>iv) Issue price: ¥445,050 per unit</p> <p>v) Total amount payable: ¥90,834,705,000</p> <p>vi) Payment date: June 12, 2012</p> <p>vii) Initial date of reckoning distributions: June 1, 2012</p> <p>(2) Issuance of New Investment Units by Private Placement</p> <p>i) Number of new investment units issued: 762</p> <p>ii) Issue price: ¥445,050 per unit</p> <p>iii) Total amount payable: ¥339,128,100</p> <p>iv) Payment date: July 10, 2012</p> <p>v) Initial date of reckoning distributions: June 1, 2012</p> <p>vi) Allottee: Nomura Securities Co., Ltd.</p> <p>2. Borrowing of Funds The Investment Corporation borrowed ¥77 billion on June 13, 2012, to appropriate the funds to acquire real estate trust beneficiary rights to 18 properties and related expenses. For more details, please refer to the aforementioned “Asset Management Report, 1. Review of Asset Management, (6) Significant Matters after the Book Closing, 2) Borrowing of Funds.”</p> <p>3. Acquisition of Assets The Investment Corporation acquired real estate trust beneficiary rights on June 13, 2012, to 18 properties worth ¥170,370 million as trust assets with proceeds from the issuance of new investment assets by public placement (public offering) and borrowings in accordance with the basic asset management policy set forth in the Articles of Association. For more details, please refer to the aforementioned “Asset Management Report, 1. Review of Asset Management, (6) Significant Matters after the Book Closing, 3) Acquisition of Assets.”</p>	Not applicable

VI. Statements Related to Distributions Paid

	Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
	Amount	Amount
I Unappropriated retained earnings (undisposed loss)	¥(61,017,145)	¥2,861,026,757
II Distributions	—	¥2,860,941,756
[Cash distribution per unit]	[—]	[¥13,938]
III Earnings (loss) carried forward	¥(61,017,145)	¥85,001

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, the Investment Corporation did not pay distributions for the fiscal period under review, as there were no profits. Undisposed loss will be carried forward to the next fiscal period.	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 ¥2,860,941,756, 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.
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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 November 30, 2012 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)

	(In thousands of yen)	
	Previous fiscal period (From September 7, 2011 to May 31, 2012)	Current fiscal period (From June 1, 2012 to November 30, 2012)
Cash flows from operating activities		
Income (loss) before income taxes	(60,823)	2,923,157
Depreciation and amortization	—	452,298
Loss on retirement of noncurrent assets	—	5,230
Interest income and interest on securities	(36)	(1,539)
Interest expenses	—	287,063
Investment unit issuance expenses	—	129,644
Borrowing related expenses	—	58,603
Decrease (increase) in operating accounts receivable	—	(156,242)
Decrease (increase) in consumption taxes refund receivable	—	(1,446,329)
Decrease (increase) in prepaid expenses	(1,050)	(19,726)
Decrease (increase) in advances paid	(4,200)	4,200
Increase (decrease) in operating accounts payable	—	238,935
Increase (decrease) in accrued expenses	2,547	420,735
Increase (decrease) in advances received	—	102,941
Decrease (increase) in long-term prepaid expenses	—	(13,204)
Other, net	645	21,290
Subtotal	(62,917)	3,007,057
Interest income received	21	1,529
Interest expenses paid	—	(285,382)
Income taxes paid	(4)	(494)
Net cash provided by (used in) operating activities	(62,899)	2,722,709
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	—	(167,259,077)
Purchase of investment securities	(9,905)	—
Purchase of intangible assets	—	(2,582)
Purchase of intangible assets in trust	—	(4,265,157)
Repayments of tenant leasehold and security deposits	—	(23,086)
Proceeds from tenant leasehold and security deposits	—	7,711,913
Net cash used in investing activities	(9,905)	(163,837,990)
Cash flows from financing activities		
Increase in short-term loans payable	—	17,000,000
Proceeds from long-term loans payable	—	59,578,500
Proceeds from issuance of investment units	200,000	91,044,188
Net cash provided by financing activities	200,000	167,622,688
Net increase (decrease) in cash and cash equivalents	127,194	6,507,407
Cash and cash equivalents at beginning of period	—	127,194
Cash and cash equivalents at end of period	*1 127,194	6,634,602

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

[Notes to Important Accounting Policies] (Reference Information)

	As of May 31, 2012	As of November 30, 2012
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 three 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 three months from the date of acquisition.

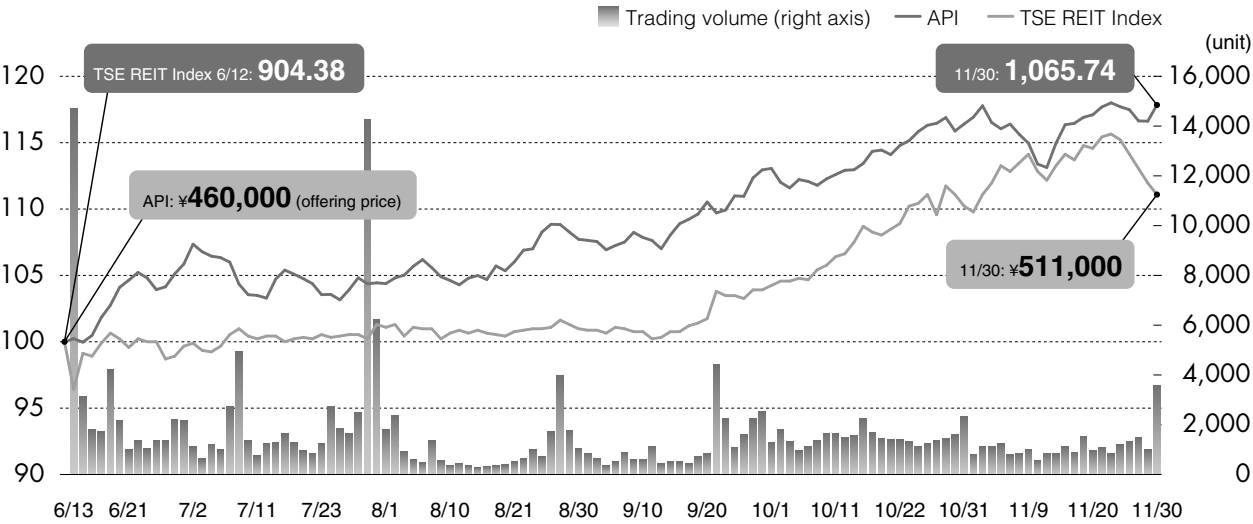
[Notes to Statements of Cash Flows] (Reference Information)

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

	As of May 31, 2012	As of November 30, 2012
Cash and deposits	¥127,194 thousand	¥5,586,163 thousand
Cash and deposits in trust	—	¥1,048,439 thousand
Cash and cash equivalents	¥127,194 thousand	¥6,634,602 thousand

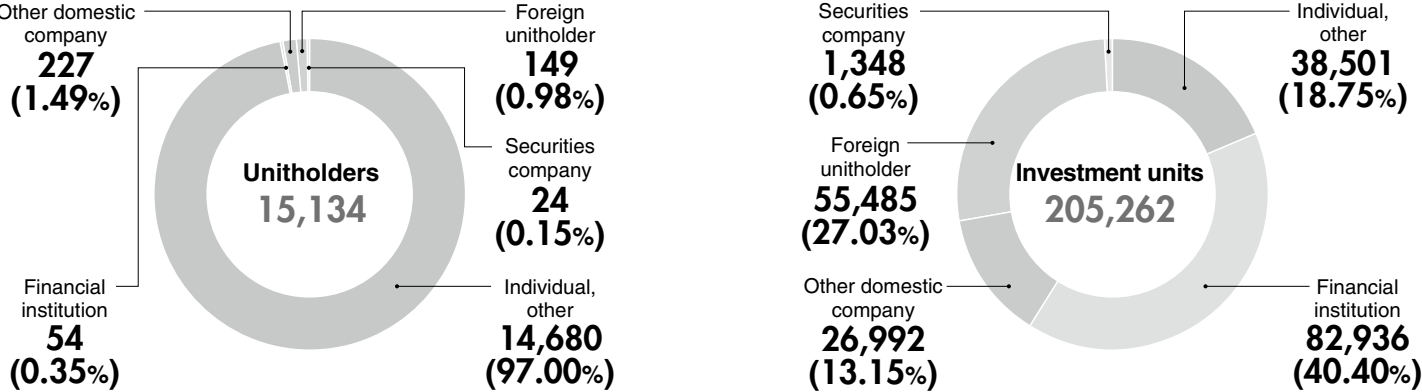
Information for Unitholders

Transition of API Unit Price



Note 1: Values of API unit price (offering price) are adjusted to 100.
Note 2: The value of the closing price of TSE REIT Index as of Jun. 12, 2012, is adjusted to 100.

Investment Units by Unitholder Type



Annual Schedule



API Website

Information is timely updated on API website.

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



Note for Unitholders

Account closing date	May 31 and November 30
Unitholders' meeting	To be held at least once every two years
Record date	A record date will be announced in advance.
Date for determining cash distribution payments	May 31 and November 30
Administrator of unitholders' registry	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo Zip code 168-0003 Sumitomo Mitsui Trust Bank, Limited
Address of administrator of unitholders' registry	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo Zip code 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/ (Japanese page)
Stock exchange	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.

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

Special Income Tax for Reconstruction

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 on January 1, 2013, and **2.1% of the income tax on income from January 1, 2013 to December 31, 2037 (25 years) 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	To Dec. 31, 2012		From Jan. 1, 2013 to Dec. 31, 2013		From Jan. 1, 2014 to Dec. 31, 2037		From Jan. 1, 2038	
Distribution tax rate for listed company	10%		10.147%		20.315%		20%	
	Detail	Income tax ^(Note 1) 7%	Detail	Income tax ^(Note 1) + special income tax for reconstruction 7.147% ^(Note 2)	Detail	Income tax + special income tax for reconstruction 15.315% ^(Note 3)	Detail	Income tax 15%
		Resident tax ^(Note 1) 3%		Resident tax ^(Note 1) 3%		Resident tax 5%		Resident tax 5%

Note 1: The income tax rate and resident tax rate for distributions from listed investment corporations have been reduced to 7% and 3% (from 15% and 5%), respectively, until December 31, 2013, under the Act on Special Measures concerning Taxation.
Note 2: Income tax rate (reduced tax rate) during the period (7%) + Additional special income tax for reconstruction (0.147%) (7% × Special income tax for reconstruction rate [2.1%])
Note 3: Income tax rate (original tax rate) during the period (15%) + Additional special income tax for reconstruction (0.315%) (15% × Special income tax for reconstruction rate [2.1%])

The special income tax for reconstruction

- If you receive distributions through computerized proportional allotment in accordance with the number of investment units you hold, please contact your securities company for information on the amount of tax.
- 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.

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 different from those described above.
- No resident tax is imposed on distributions received by judicial persons.

For further information, please contact the tax office.



Activia Properties Inc.

API 3279