



Semi-Annual Report for the 10th Period

From June 1, 2016 to November 30, 2016

Activia Properties Inc.

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

10th





Semi-Annual Report for the 10th Period

From June 1, 2016 to November 30, 2016

► Cash Distributions (Result)

The 10th Period (November 30, 2016)

Cash distributions per unit

¥9,021

► Cash Distributions (Forecast)

The 11th Period (May 31, 2017)

Cash distributions per unit

¥9,116

The 12th Period (November 30, 2017)

Cash distributions per unit

¥9,167

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



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

Basic Policy of Activia Properties Inc.

- 1 Focused investments in Urban Retail and Tokyo Office Properties
- 2 Utilization of the comprehensive support and capabilities of the Tokyu Fudosan Holdings Group's value chain
- 3 Strong governance structure aimed at maximizing unitholder value

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Implemented a Fourth Public Offering, Aiming to Enlarge the Scale of Assets on a Continuing Basis and Maximize Our Unitholder Value

Michie Kawai

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

Activia Properties Inc. (API) is pleased to inform you that we safely closed all accounts for the 10th period (from June 1, 2016 to November 30, 2016). I wish to again express my gratitude to you for your understanding and support.

In the 10th period, although the Japanese economy was plagued by concerns regarding potential adverse effects of economic slowdown in China and other emerging nations, Brexit, an appreciating yen, and other such developments, it held to a path of moderate recovery. Moreover, there are currently signs of an upturn also in business sentiment amid the depreciating yen and rising stock prices in the wake of the U.S. presidential election.

The J-REIT market has been showing signs of volatility amid a situation where the TSE REIT Index plunged briefly on concerns of the UK's withdrawal from the European Union, and subsequently continued on a downward path. Nevertheless, the market has seen ongoing expansion in J-REIT asset sizes, fueled by factors such as financing initiatives involving numerous IPOs and publicly offered capital increases, along with a growing number of property acquisitions and rising acquisition prices, as the Bank of Japan persists in maintaining and strengthening its monetary easing policy.

With respect to the environment surrounding retail properties, although the recovery in consumer sentiment showed signs of softening,

demand related to inbound tourism has been holding at high levels amid gains in numbers of overseas visitors to Japan.

In the rental office market, the average vacancy rate of five central wards of Tokyo continues trending lower. Supply has been tight relative to demand amid a situation where the downward trend in average vacancy rates has also been observed in major cities outside Tokyo. Rent levels have remained on a slightly upward trend, having increased for 35 consecutive months up to November 2016.

Under these circumstances, API acquired A-PLACE Gotanda Ekimae in July 2016, Umeda Gate Tower in September 2016, and A-PLACE Bashamichi in October 2016 from third parties through the sourcing of TLC Activia Investment Management Inc., the asset manager.

Regarding internal growth, in "Tokyo Office Properties," we achieved an average rent increase of 10.7% with 67% of all tenants at lease renewals during the period, and in "Urban Retail Properties," a favorable trend in sales-linked rent at hotels has continued.

With respect to occupancy rate, we have continuously maintained it at a high level. The occupancy rate of our portfolio at the end of the period was 99.3%.

As a result, for the 10th period, API achieved ¥10,917 million in operating revenue, ¥6,161 million in operating income, ¥5,409 million in profit, and ¥9,021 in distributions per unit (DPU), which exceeded the medium- to long-term target DPU of ¥9,000.

Furthermore, API conducted a public offering in December 2016 (the 11th period) for the fourth year in a row, and through the offering, we made acquisitions of the Shiodome Building (additional 10% co-ownership interest) categorized as "Tokyo Office Properties," and three other properties including A-FLAG BIJUTSUKAN DORI, all of which are categorized as "Urban Retail Properties." Through these acquisitions, API raised its portfolio to 38 properties and the total acquisition price to ¥389.1 billion.

From the 11th period onward, API will seek to maximize unitholder value over the medium to long term by pursuing external growth and internal growth. We will accomplish this by leveraging the expertise and network of TLC Activia Investment Management Inc. as well as by utilizing the value chain of the Tokyu Fudosan Holdings Group.

Your continued support and cooperation are highly appreciated.

Thank you for your cooperation.

Financial Highlights (Millions of yen)

	9th Period	10th Period
Operating revenue	¥ 10,175	¥ 10,917
Operating income	¥ 5,926	¥ 6,161
Ordinary income	¥ 5,197	¥ 5,410
Profit	¥ 5,196	¥ 5,409

	9th Period	10th Period
Total assets	¥ 339,894	¥ 371,680
Net assets	¥ 176,729	¥ 177,018
Unitholders' equity to total assets	52.0%	47.6%
Net assets per unit (yen)*	¥ 294,719	¥ 295,200

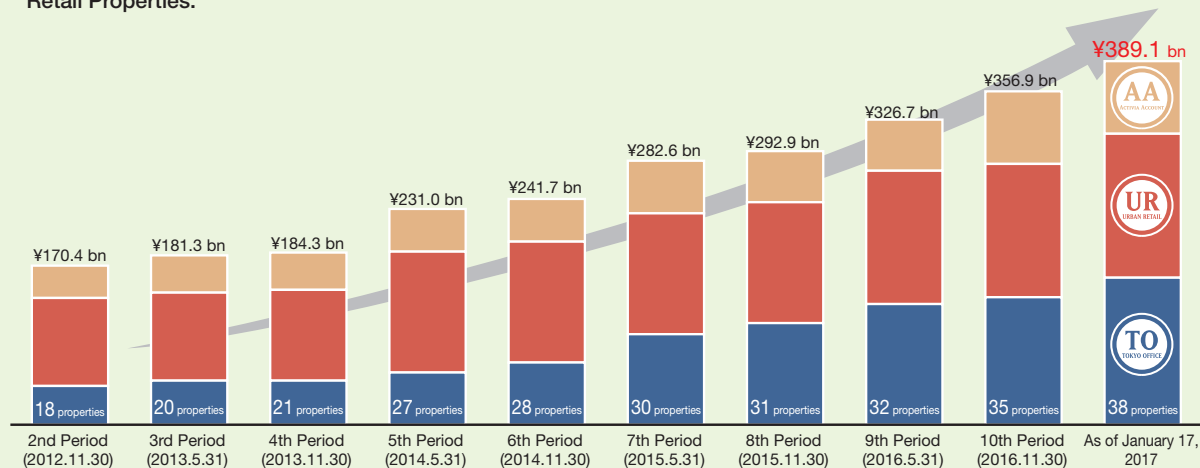
* API implemented a 2-for-1 investment unit split with October 1, 2015 as the effective date.

Topics

1 External Growth

Continuous expansion of assets under management

- Since our IPO (June 2012), we have acquired 21 properties with ¥221.1 billion, and asset size has expanded to 38 properties valued at ¥389.1 billion (acquisition price basis), a **2.3-fold increase** in **about four and a half years**.
- From the 10th period onward, we have acquired 7 properties in total with ¥62.5 billion, 4 office properties and 3 Urban Retail Properties.



3 properties acquired in the 10th period (¥30.2 billion)



TO-15 A-PLACE Gotanda Ekimae

Location	Nishigotanda, Shinagawa-ku, Tokyo
Nearest Station	1-minute walk from Gotanda Station on the JR Yamanote Line, the Toei Asakusa Line and the Tokyu Ikegami Line
Acquisition price	¥7,280 million
Appraisal value	¥7,390 million
vs. Appraisal value	98.5%
Appraisal NOI yield	4.3%
Occupancy rate	100.0% (as of November 30, 2016)



3 attractions of A-PLACE Gotanda Ekimae

- Location in Front of Train Station**
Transportation access with a location just in front of the JR Yamanote Line Gotanda Station
- Visibility**
High visibility and advertising effectiveness, which can be visually confirmed from the JR Yamanote Line Gotanda Station
- Upside Potential for Rent**
Lower-than-market rent



AA-10 Umeda Gate Tower (88.4% stratified ownership interest)



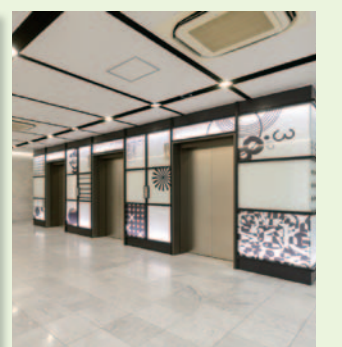
Location	Tsurunochi, Kita-ku, Osaka City, Osaka
Nearest Station	3-minute walk from Umeda Station on the Hankyu Kyoto Line and other lines 6-minute walk from Umeda Station on the Osaka Municipal Subway Midosuji Line 7-minute walk from Osaka Station on the JR Tokaido Main Line and other lines
Acquisition price	¥19,000 million
Appraisal value	¥19,600 million
vs. Appraisal value	96.9%
Appraisal NOI yield	4.3%
Occupancy rate	93.6% (as of November 30, 2016)

3 attractions of Umeda Gate Tower

- Leading Business District in Western Japan**
Prime location near Umeda Station, one of the leading business districts in western Japan
- State-of-the-art Office Building**
Well-designed pillar-less structure to address various needs, with strong quake resistance
- Upside Potential for Rent**
Lower-than-market rent



AA-11 A-PLACE Bashamichi

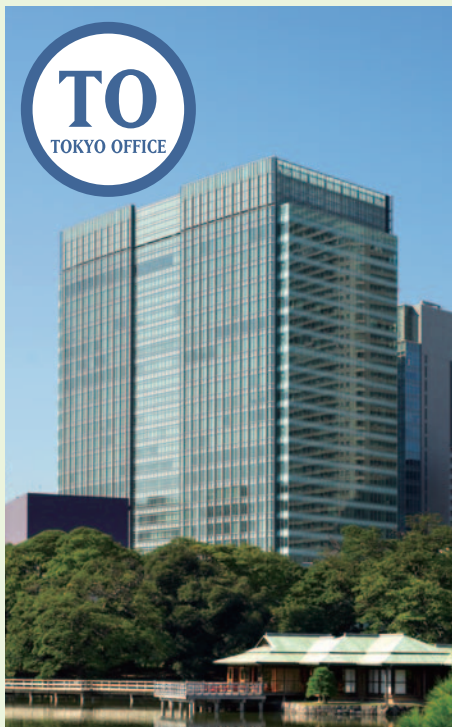


Location	Honcho, Naka-ku, Yokohama City, Kanagawa
Nearest Station	1-minute walk from Bashamichi Station on the Minatomirai Line
Acquisition price	¥3,930 million
Appraisal value	¥4,350 million
vs. Appraisal value	90.3%
Appraisal NOI yield	6.4%
Occupancy rate	99.1% (as of November 30, 2016)

3 attractions of A-PLACE Bashamichi

- Location above Station**
Building with transport convenience located above Bashamichi Station
- Multi-tenant Type**
Vacancy risk reduction by tenant diversification with 31 tenants
- Redevelopment Potential**
Strong growth potential owing to Yokohama City Hall and other redevelopment projects in the surrounding area

4 properties acquired through the 4th PO (¥32.3 billion)



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

Location	Kaigan, Minato-ku, Tokyo
Nearest Station	3-minute walk from Hamamatsucho Station on the JR Yamanote Line and other lines 3-minute walk from Daimon Station on the Toei Oedo and Asakusa Lines
Acquisition price	¥20,900 million
Appraisal value	¥21,100 million
vs. Appraisal value	99.1%
Appraisal NOI yield	3.9%
Occupancy rate	99.4% (as of November 30, 2016)



- 3 attractions of Shiodome Building**
- 1. State-of-the-art Office Building**
A high-grade building able to meet various needs
 - 2. Accessibility**
Convenient location with easy access to 2 train stations on 5 lines and close to Haneda Airport
 - 3. Growth Potential of the Area**
Further growth with large-scale redevelopment projects

UR-11 A-FLAG KOTTO DORI



Location	Minami-Aoyama, Minato-ku, Tokyo
Nearest Station	4-minute walk from Omotesando Station on the Tokyo Metro Ginza Line and other lines
Acquisition price	¥4,370 million
Appraisal value	¥4,570 million
vs. Appraisal value	95.6%
Appraisal NOI yield	4.3%
Occupancy rate	100% (as of November 30, 2016)

- 3 attractions of A-FLAG KOTTO DORI**
- 1. Prime Location**
Rare property located along Kotto Street in the Omotesando/Minami-Aoyama area
 - 2. Elaborate Design**
Quality-looking granite stone facing and elaborately designed façade
 - 3. Flexibility**
Commercial spaces for various types of businesses to open stores



UR-12 A-FLAG BIJUTSUKAN DORI

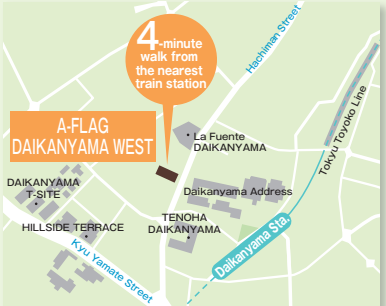


Location	Minami-Aoyama, Minato-ku, Tokyo
Nearest Station	7-minute walk from Omotesando Station on the Tokyo Metro Ginza Line and other lines
Acquisition price	¥4,700 million
Appraisal value	¥4,740 million
vs. Appraisal value	99.2%
Appraisal NOI yield	3.9%
Occupancy rate	100.0% (as of November 30, 2016)

- 3 attractions of A-FLAG BIJUTSUKAN DORI**
- 1. Prime Location**
Rare property located along Museum Street in the Omotesando/Minami-Aoyama area
 - 2. Brand Power**
Tenants include a famous jazz club
 - 3. Strong Presence**
Property facing the main street, with good visibility and open feeling



UR-13 A-FLAG DAIKANYAMA WEST



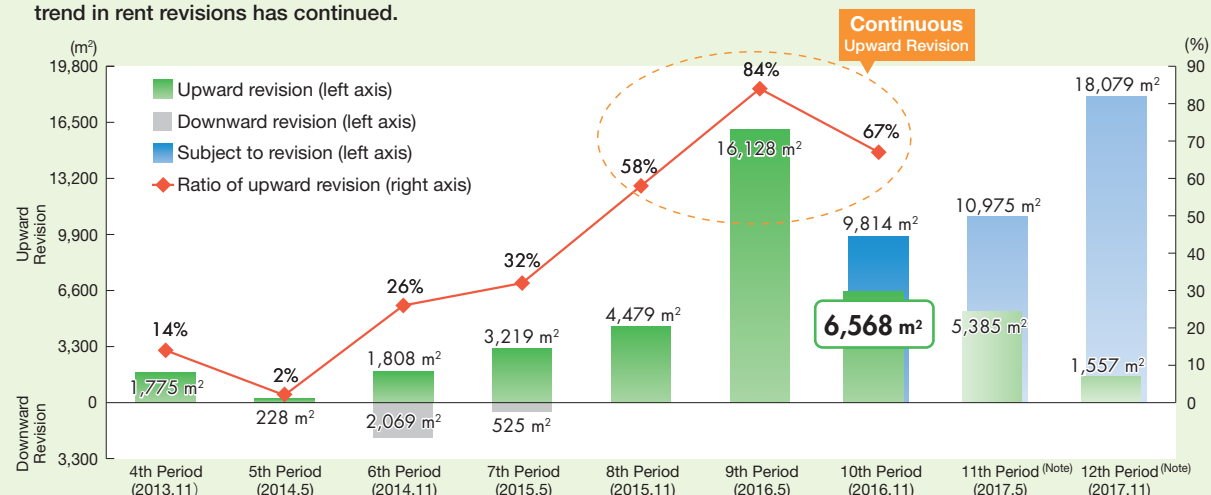
Location	Sarugakuchō, Shibuya-ku, Tokyo
Nearest Station	4-minute walk from Daikanyama Station on the Tokyu Toyoko Line
Acquisition price	¥2,280 million
Appraisal value	¥2,300 million
vs. Appraisal value	99.1%
Appraisal NOI yield	4.0%
Occupancy rate	100.0% (as of November 30, 2016)

- 3 attractions of A-FLAG DAIKANYAMA WEST**
- 1. Brand Power**
Unique area filled with fashionable stores
 - 2. Growth Potential to Attract Visitors**
Area with a dramatic increase in visitors
 - 3. Elaborate Design**
Strong appeal to tenants favoring Daikanyama, with an elaborate galleried inner courtyard design

2 Achievement of Internal Growth

Upward rent revisions for Tokyo Office Properties

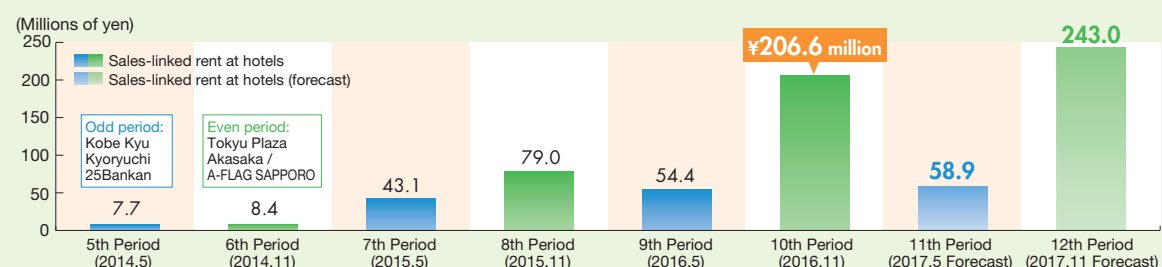
■ We achieved upward rent revisions in approximately 67% of lease renewals during the 10th period, and the upward trend in rent revisions has continued.



(Note) For the 11th period and the 12th period, as of January 17, 2017.

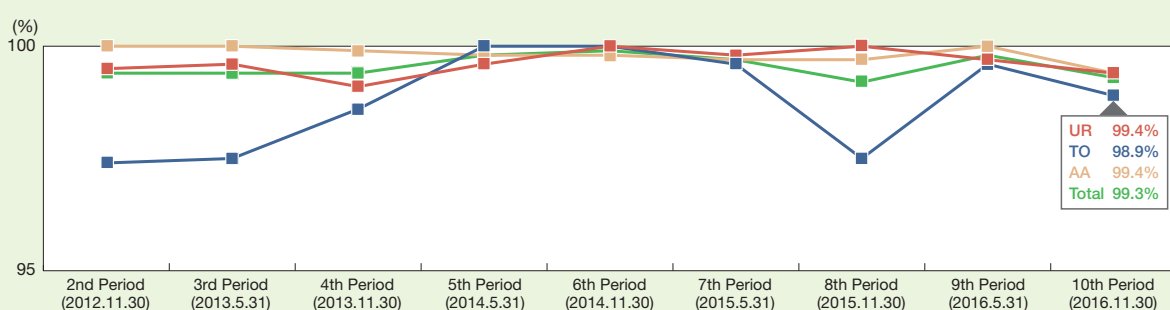
Trend in sales-linked rent at hotels

■ Sales-linked rent at hotels has been increasing steadily.



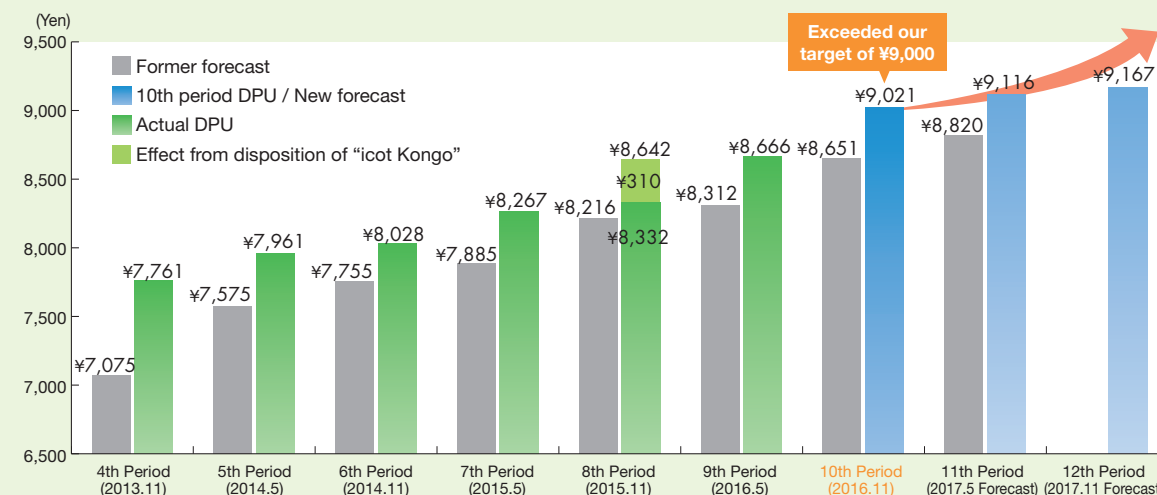
Stable high occupancy rates

■ Since our listing, we have continuously maintained a high occupancy rate of 99% or above at the end of each period.



3 Trends in Dividends

- In the 10th period, mainly due to external growth by new contributions from properties acquired in the 10th period and consistent and steady internal growth, actual DPU for the 10th period reached ¥9,021, exceeding the initial forecast for the 10th period (¥8,651), the actual DPU for the 9th period (¥8,666), and the former forecast for the next 11th period (¥8,820).
- We are aiming even higher, for the ¥9,500 level in the medium to long term, as our original target of ¥9,000 was achieved at an early stage.



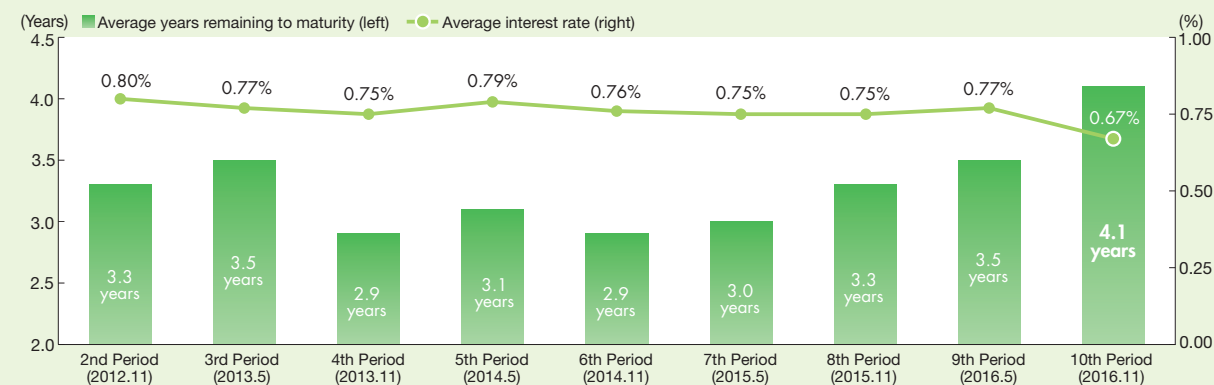
(Note) To reflect the 2-for-1 unit split effected as of October 1, 2015, the figures before the 7th period are shown as half the actual DPU.

4 Financial Strategy

■ Long-term issuer rating was upgraded to AA in October 2016.

Credit Rating Agency	Type of Credit Rating	Rating	Outlook
JCR (Japan Credit Rating Agency, Ltd.)	Long-term issuer rating	AA- → AA	Stable

■ Average years to debt maturity lengthened while average interest rate lowered



Financial Situation

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

Key financial indicators

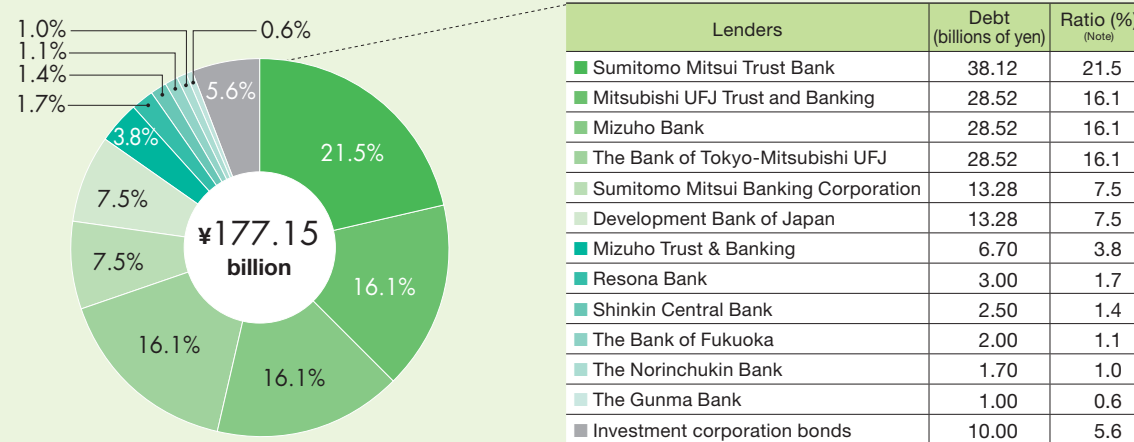
	May 2016 (9th period)	Nov. 2016 (10th period)
Interest-bearing debt outstanding	¥147,150 million	¥177,150 million
LTV (Note 1)	43.3%	47.7%
Long-term borrowing ratio (Note 2)	98.4% (80.4%)	97.0% (82.0%)
Fixed interest ratio (Note 3)	88.6%	86.5%
Average remaining maturity	3.5 years	4.1 years
Average interest rate (Note 3)	0.77%	0.67%

(Note 1) Balance of interest-bearing debt ÷ Total assets × 100

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

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

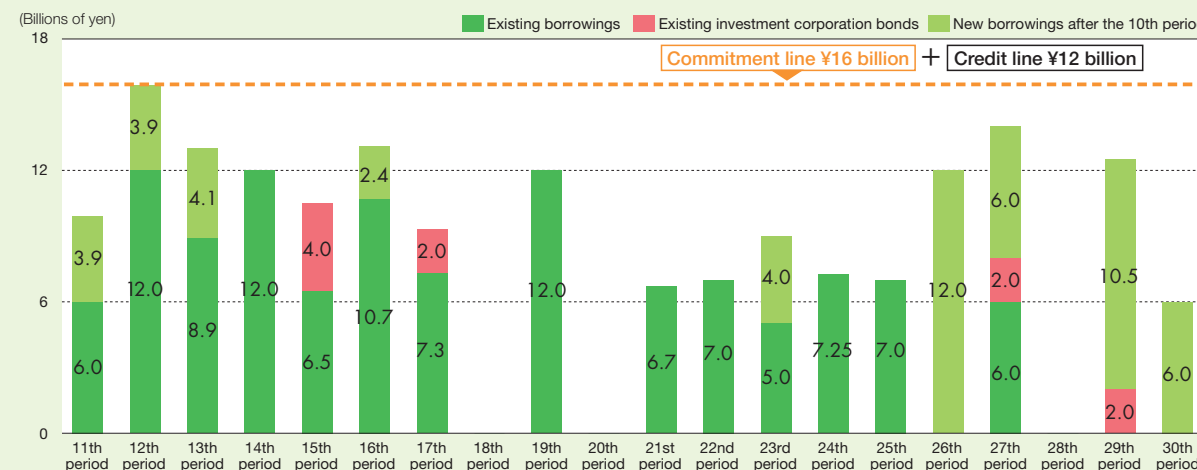
Diversification of lenders (as of January 17, 2017)



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

Enhancing financial stability through lengthening and diversifying maturity period

Maturity ladder (as of January 17, 2017) and borrowings to be refinanced



API's Basic Policy

Focused Investments in Urban Retail and Tokyo Office Properties

Portfolio Construction Policy I



Urban Retail Properties

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



Tokyo Office Properties

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



Activia Account Properties

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

(Note) "Activia Account Properties" represents a renamed asset category formerly called "Other Properties" to clarify strategic positioning of "Other Properties."

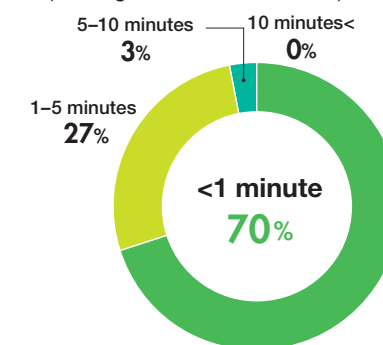
Investment ratio
(acquisition price basis)
70% or more
of the investment amount

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

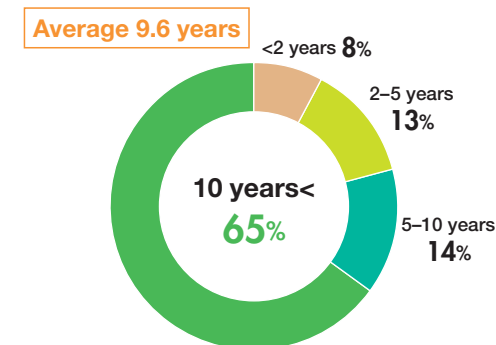
Stability of API Urban Retail Properties I

Backed by location, rent contract type, leasing period and remaining contract period, API Urban Retail Properties are characterized by stability

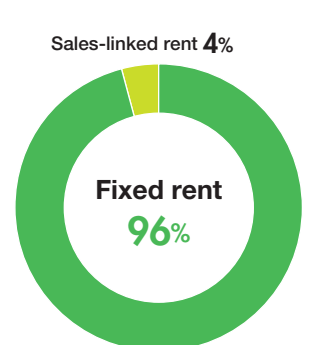
Competitive location
(walking distance from station)



Long leasing periods

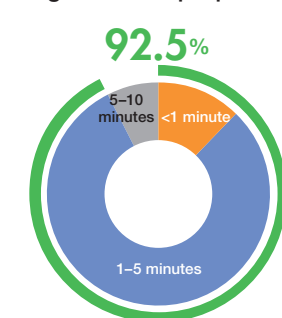


Low volatility rent



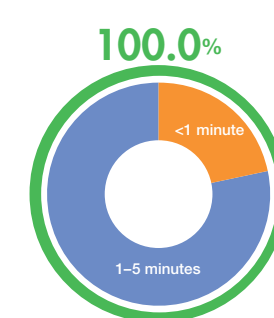
Persistence in Location Choice I

Percentage of office properties located within a five-minute walking distance of the nearest train station



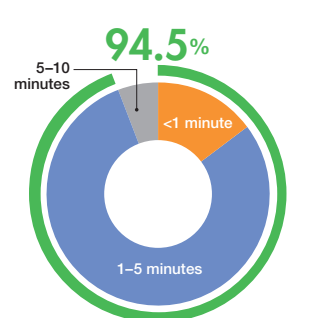
As of May 31, 2016 (9th period)

+



4 properties acquired in the 10th period and onwards

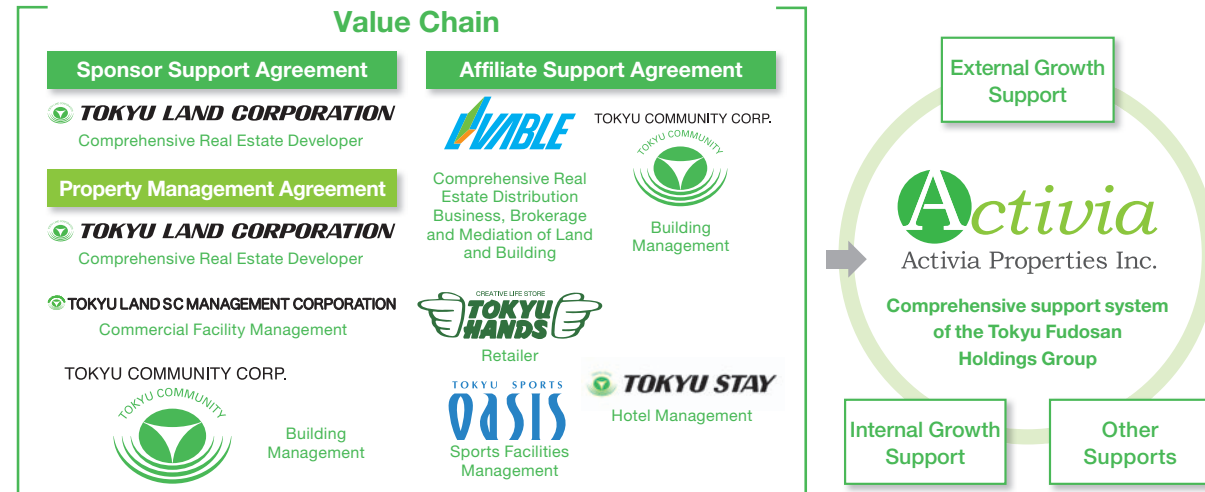
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As of January 17, 2017

Utilizing the Value Chain of the Tokyu Fudosan Holdings Group

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



Utilizing the Proprietary Expertise of the Asset Manager I

TLC Activia Investment Management Inc.

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

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

Governance Structure for Maximizing Unitholder Value

Impartiality in Asset Acquisitions I

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

Alignment of the Interests of the Unitholders and Sponsor I

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

Distribution-Based Compensation I

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

Portfolio List

(As of January 17, 2017)

Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m ²)	Completion (Note 1)	Occupancy rate (Note 2)
	UR-1	Tokyu Plaza Omotesando Harajuku (Note 3)	Jingu-mae, Shibuya-ku, Tokyo	45,000	11.6%	4,904.94	Mar. 2012	100.0%
	UR-2	Tokyu Plaza Akasaka (Note 3)	Nagatacho, Chiyoda-ku, Tokyo	11,450	2.9%	16,579.26	Sep. 1969	100.0%
	UR-3	Q plaza EBISU	Ebisu, Shibuya-ku, Tokyo	8,430	2.2%	4,024.88	Aug. 2008	100.0%
	UR-4	Shinbashi Place	Shinbashi, Minato-ku, Tokyo	20,500	5.3%	9,156.01	Apr. 2008	100.0%
	UR-5	Kyoto Karasuma Parking Building	Motohononjicho, Nakagyo-ku, Kyoto	8,860	2.3%	21,616.04	Jul. 2006	100.0%
	UR-6	A-FLAG AKASAKA	Akasaka, Minato-ku, Tokyo	3,000	0.8%	2,280.22	Feb. 2008	74.1%
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kyomachi, Chuo-ku, Kobe City, Hyogo	21,330	5.5%	19,653.90	Jan. 2010	100.0%
	UR-8	A-FLAG SAPPORO	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido	4,410	1.1%	21,229.16	May 1980	100.0%
	UR-9	A-FLAG SHIBUYA	Udagawa-cho, Shibuya-ku, Tokyo	6,370	1.6%	3,413.80	Jun. 1988	100.0%
	UR-10	Q plaza SHINSAIBASHI	Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka	13,350	3.4%	2,820.23	Nov. 2007	100.0%
	UR-11	A-FLAG KOTTO DORI	Minami-Aoyama, Minato-ku, Tokyo	4,370	1.1%	2,656.53	Jan. 1992	100.0%
	UR-12	A-FLAG BIJUTSUKAN DORI	Minami-Aoyama, Minato-ku, Tokyo	4,700	1.2%	2,055.97	Dec. 1998	100.0%
	UR-13	A-FLAG DAIKANYAMA WEST	Sarugakucho, Shibuya-ku, Tokyo	2,280	0.6%	2,579.08	Apr. 1992	100.0%
Urban Retail Properties				154,050	39.6%	112,970.02	—	99.5%
	TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	1.9%	7,342.60	Mar. 1993	100.0%
	TO-2	A-PLACE Ebisu Minami	Ebisu-minami, Shibuya-ku, Tokyo	9,640	2.5%	7,950.51	Jan. 1995	100.0%
	TO-3	A-PLACE Yoyogi	Sendagaya, Shibuya-ku, Tokyo	4,070	1.0%	3,106.17	Feb. 2007	88.9%
	TO-4	A-PLACE Aoyama	Kita-Aoyama, Minato-ku, Tokyo	8,790	2.3%	7,303.69	Sep. 1966	100.0%
	TO-5	Luogo Shiodome	Higashi-Shinbashi, Minato-ku, Tokyo	4,540	1.2%	4,476.35	Jul. 2004	100.0%
	TO-6	TAMACHI SQUARE (Land)	Shiba, Minato-ku, Tokyo	2,338 (Note 4)	0.6%	1,287.96	—	100.0%
	TO-7	A-PLACE Ikebukuro	Minami Ikebukuro, Toshima-ku, Tokyo	3,990	1.0%	3,409.73	Oct. 2011	100.0%
	TO-8	A-PLACE Shinbashi	Shinbashi, Minato-ku, Tokyo	5,650	1.5%	5,052.14	Mar. 1999	100.0%
	TO-9	A-PLACE Gotanda	Nishigotanda, Shinagawa-ku, Tokyo	5,730	1.5%	4,028.69	Feb. 2012	89.3%
	TO-10	A-PLACE Shinagawa	Konan, Minato-ku, Tokyo	3,800	1.0%	2,986.36	Sep. 1991	100.0%
	TO-11	OSAKI WIZTOWER	Osaki, Shinagawa-ku, Tokyo	10,690	2.7%	7,193.28	Jan. 2014	100.0%
Acquired in the 11th period	TO-12	Shiodome Building (Note 5)	Kaigan, Minato-ku, Tokyo	30,300 20,400 20,900	7.8% 5.2% 5.4%	28,136.05	Dec. 2007	99.4%
	Total			71,600	18.4%			
Acquired in the 10th period	TO-13	A-PLACE Ebisu Higashi	Higashi, Shibuya-ku, Tokyo	7,072	1.8%	4,010.69	Jan. 1992	100.0%
	TO-14	A-PLACE Shibuya Konnoh	Shibuya, Shibuya-ku, Tokyo	4,810	1.2%	2,958.85	Mar. 1992	100.0%
Acquired in the 10th period	TO-15	A-PLACE Gotanda Ekimae	Nishigotanda, Shinagawa-ku, Tokyo	7,280	1.9%	4,316.89	Nov. 1993	100.0%
Tokyo Office Properties				157,400	40.5%	93,584.47	—	99.0%
	AA-1	Amagasaki Q's MALL (Land)	Amagasaki City, Hyogo	12,000	3.1%	27,465.44	—	100.0%
	AA-2	icot Nakamozu	Sakai City, Osaka	8,500	2.2%	28,098.02	Jun. 2007	100.0%
	AA-4	icot Mizonokuchi	Kawasaki City, Kanagawa	2,710	0.7%	14,032.05	Jul. 1998	100.0%
	AA-5	icot Tama Center	Tama City, Tokyo	2,840	0.7%	5,181.58	Mar. 2006	100.0%
	AA-6	A-PLACE Kanayama	Nagoya City, Aichi	6,980	1.8%	9,314.91	Feb. 2009	100.0%
	AA-7	Osaka Nakanoshima Building	Nakanoshima, Kita-ku, Osaka City, Osaka	11,100	2.9%	20,235.57	Mar. 1984	100.0%
	AA-8	icot Omori	Omori, Ohta-ku, Tokyo	5,790	1.5%	6,209.79	Mar. 2007	100.0%
	AA-9	Market Square Sagami-hara	Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	4,820	1.2%	15,152.42	Jun. 2014	100.0%
	AA-10	Umeda Gate Tower	Tsurunochi, Kita-ku, Osaka City, Osaka	19,000	4.9%	13,743.89	Jan. 2010	93.6%
Acquired in the 10th period	AA-11	A-PLACE Bashamichi	Honcho, Naka-ku, Yokohama City, Kanagawa	3,930	1.0%	9,613.95	May 1975	99.1%
Activia Account Properties				77,670	20.0%	149,047.62	—	99.4%
Total				389,120	100.0%	355,602.11	—	99.3%

(Note 1) The completion date represents the date of construction of the main building as described in the property registry. For properties with multiple main buildings, the construction date of the oldest building is listed. However, for A-PLACE Shinbashi and A-FLAG SHIBUYA, the date of inspection that confirms the completion of construction written on the certificate of inspection is provided.

(Note 2) The occupancy rate is the ratio of total leased area to total leasable area on each property as of November 30, 2016.

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

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

(Note 5) For Shiodome Building, API acquired additional co-ownership interests (15%, 10% and 10%) on January 9, 2015, December 16, 2015 and December 2, 2016, respectively. The first, the second, and the third row relate to the assets API acquired on January 9, 2015, December 16, 2015 and December 2, 2016, respectively. The fourth row indicates the total acquisition price and the investment ratio based on such total acquisition price. The total leasable area is calculated based on the pro rata share of the co-ownership interest (35%).

Central Tokyo Area Portfolio Map



Tokyu Plaza Omotesando Harajuku



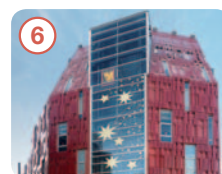
Tokyu Plaza Akasaka



Q plaza EBISU



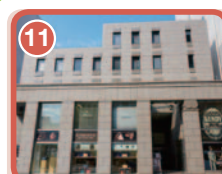
Shinbashi Place



A-FLAG AKASAKA



A-FLAG SHIBUYA



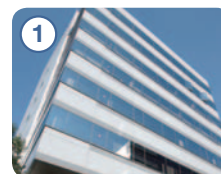
A-FLAG KOTTO DORI



A-FLAG BIJUTSUKAN DORI



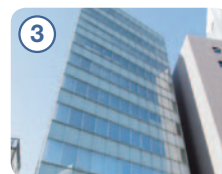
A-FLAG DAIKANYAMA WEST



TLC Ebisu Building



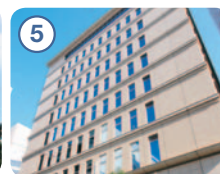
A-PLACE Ebisu Minami



A-PLACE Yoyogi



A-PLACE Aoyama



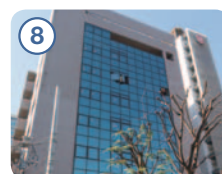
Luogo Shiodome



TAMACHI SQUARE (Land)



A-PLACE Ikebukuro



A-PLACE Shinbashi



A-PLACE Gotanda



A-PLACE Shinagawa



OSAKI WIZTOWER



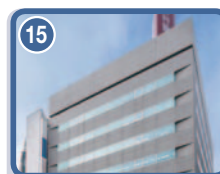
Shiodome Building



A-PLACE Ebisu Higashi



A-PLACE Shibuya Konnoh



A-PLACE Gotanda Ekimae



Properties Acquired before the 9th Period

3 Advantages

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



UR-1 Tokyu Plaza Omotesando Harajuku

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

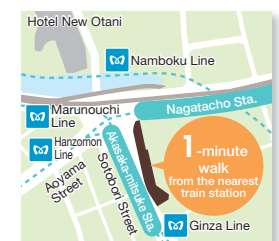
- The property is located on the corner of Omotesando Street and Meiji Street (Jingumae Crossing), a center of fashion and culture in Japan. Fashion outlets can expect significant branding effects from the location.



UR-2 Tokyu Plaza Akasaka

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

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





UR-3 Q plaza EBISU

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

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



UR-4 Shinbashi Place

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

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



UR-7 Kobe Kyu Kyoryuchi 25Bankan

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

- In the Kyu Kyoryuchi (the Former Foreign Settlement) area, there are famous historical spots in the port city Kobe at every turn. As a center for tourism and commerce in western Japan, it is attractive to both tourists and customers.
- The property is located on the main street, Nakamachi-dori, with high demand for its favorable location near Daimaru Kobe, the Bank of Japan Kobe Branch and the Kobe City Museum.



UR-8 A-FLAG SAPPORO

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

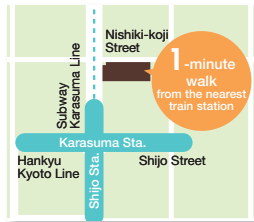
- The property is located in Susukino, the largest amusement center in Hokkaido and one of the most popular tourist spots in Japan.
- SAPPORO TOKYU REI HOTEL, opened in 1980, is one of the largest hotels in Sapporo, with a total of 575 guest rooms.



UR-5 Kyoto Karasuma Parking Building

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

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



UR-6 A-FLAG AKASAKA

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

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



UR-9 A-FLAG SHIBUYA

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

- The property is located in Shibuya, a major commercial district that is also known as a center for younger generations and the forefront of Japanese fashion and cultural trends.
- Further growth is expected, reflected by large-scale redevelopment plans in the area.



UR-10 Q plaza SHINSAIBASHI

Location: Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka
Acquisition price: ¥13,350 million

- The property is located in Shinsaibashi, a popular place to visit for an "Osaka experience" with both domestic and international tourists.
- The building, which is located near the entrance to Shinsaibashisuji shopping street, has a façade equipped with one of the largest LED displays in Japan, allowing it to utilize its highly advantageous location to promote the property and make it a prominent landmark.



3 Advantages

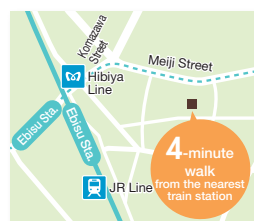
- 1 Solid tenant demand due to the high concentration of corporate entities
- 2 Relatively low vacancy rates and stable occupancy rates compared with properties in other major cities in Japan
- 3 A large stock of leased office properties and high liquidity



TO-1 TLC Ebisu Building

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

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



TO-2 A-PLACE Ebisu Minami

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

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



TO-5 Luogo Shiodome

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

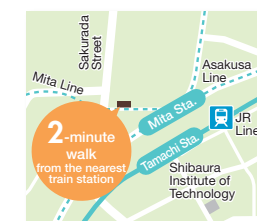
- The property is located on the north side of the west district of "Shiodome Sio-Site," which is known as "Italia Gai (Italy Town)," which boasts good transport access. Equipped with an earthquake-resistant structure, it is highly competitive with surrounding office buildings.



TO-6 TAMACHI SQUARE (Land)

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

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



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



TO-3 A-PLACE Yoyogi

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

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



TO-4 A-PLACE Aoyama

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

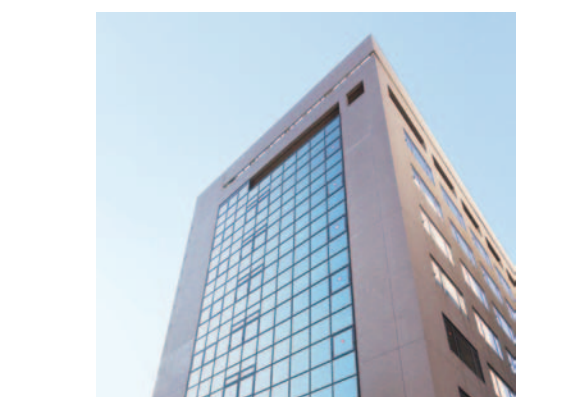
- The property is superior in terms of scale compared to other office buildings located in the vicinity. Large-scale renovations, including anti-earthquake reinforcement, were completed in 2008.



TO-7 A-PLACE Ikebukuro

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

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



TO-8 A-PLACE Shinbashi

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

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





TO-9 A-PLACE Gotanda

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

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



TO-10 A-PLACE Shinagawa

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

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



TO-13 A-PLACE Ebisu Higashi

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

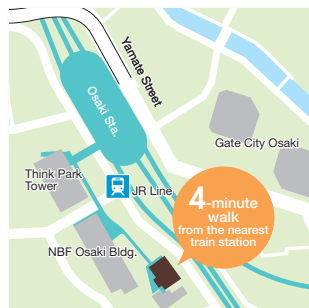


Location	3 Higashi, Shibuya-ku, Tokyo
Nearest station	6-minute walk from Ebisu Station on the JR Yamanote Line and other lines
Acquisition price	¥7,072 million
Appraisal value	¥7,160 million
NOI yield	4.4%

TO-11 OSAKI WIZTOWER

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

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



TO-14 A-PLACE Shibuya Konnoh

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



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



- Focused Points
- Retail Properties
- Office Properties

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



AA-1 Amagasaki Q's MALL (Land)

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



AA-2 icot Nakamozu

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



AA-4 icot Mizonokuchi

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



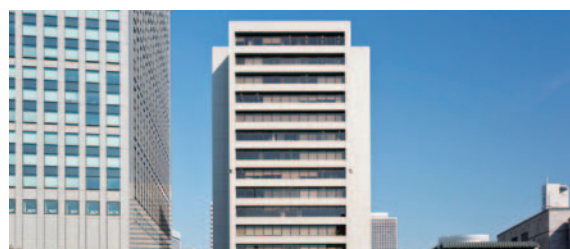
AA-5 icot Tama Center

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



AA-6 A-PLACE Kanayama

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



AA-7 Osaka Nakanoshima Building

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



AA-8 icot Omori

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



AA-9 Market Square Sagamihara

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

Overview of API

Structure



Profile

Name	Activia Properties Inc.
Executive Director	Michie Kawai
Address	Shin-Aoyama Building East 14F, 1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo, Japan
Contact	TLC Activia Investment Management Inc. Tel. +81-3-6804-5671
Closing dates	May 31 and November 30

History

Sep. 7, 2011	Registration of incorporation, and foundation under Article 166 of the Act on Investment Trusts and Investment Corporations
Sep. 20, 2011	Implementation of registration by the prime minister under Article 189 of the Act on Investment Trusts and Investment Corporations (registration number: Director of Kanto Local Finance Bureau No. 73)
Jun. 13, 2012	Listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3279)

Asset Management Report for the 10th Fiscal Period (Semi-Annual Report)

From June 1, 2016 to November 30, 2016

I.	Asset Management Report
II.	Balance Sheets
III.	Statements of Operations
IV.	Statements of Changes in Unitholders' Equity
V.	Statements of Cash Distributions
VI.	Statements of Cash Flows
VII.	Notes to Financial Statements
VIII.	Schedule of Financial Statements
	Independent Auditor's Report

Activia Properties Inc.
1-1 Minami-Aoyama 1-chome,
Minato-ku, Tokyo

I. Asset Management Report

1. Review of Asset Management

(1) Investment Performance of the Investment Corporation

Fiscal period		6th period	7th period	8th period	9th period	10th period
Business period		From June 1, 2014 to November 30, 2014	From December 1, 2014 to May 31, 2015	From June 1, 2015 to November 30, 2015	From December 1, 2015 May 31, 2016	From June 1, 2016 to November 30, 2016
Operating revenue	(In millions of yen)	8,174	9,120	9,701	10,175	10,917
[Rent revenue-real estate]	(In millions of yen)	[7,544]	[8,501]	[8,780]	[9,528]	[10,175]
Operating expenses	(In millions of yen)	3,580	3,921	4,241	4,249	4,755
[Expenses related to rent business]	(In millions of yen)	[2,937]	[3,210]	[3,422]	[3,399]	[3,833]
Operating income	(In millions of yen)	4,594	5,199	5,460	5,926	6,161
Ordinary income	(In millions of yen)	4,032	4,583	4,790	5,197	5,410
Profit	(In millions of yen)	4,031	4,582	4,789	5,196	5,409
Net assets	(In millions of yen)	130,086	155,353	155,560	176,729	177,018
[Change from the previous period]	(%)	[0.0]	[19.4]	[0.1]	[13.6]	[0.2]
Total assets	(In millions of yen)	253,407	297,466	307,746	339,894	371,680
[Change from the previous period]	(%)	[4.5]	[17.4]	[3.5]	[10.4]	[9.4]
Unitholders' capital	(In millions of yen)	126,054	150,770	150,770	171,532	171,532
Number of units issued and outstanding	(Units)	251,062	277,132	554,264	599,654	599,654
Net assets per unit	(Note 1) (Yen)	518,143	544,062	544,062	544,062	544,062
Total distributions	(In millions of yen)	4,031	4,582	4,789	5,196	5,409
Basic earnings per unit	(Note 1) (Note 2) (Yen)	16,056	8,344	8,642	8,722	9,021
Cash distributions per unit						
[Earnings distributions per unit]	(Yen)	[16,057]	[16,535]	[8,642]	[8,666]	[9,021]
[Distributions per unit in excess of earnings]	(Yen)	[—]	[—]	[—]	[—]	[—]
Ordinary income to total assets	(Note 3) (%)	1.6	1.7	1.6	1.6	1.5
Return on unitholders' equity	(Note 3) (%)	3.1	3.2	3.1	3.1	3.1
Unitholders' equity to total assets	(Note 3) (%)	51.3	52.2	50.5	52.0	47.6
[Change from the previous period]	(Note 3) (%)	[−2.3]	[0.9]	[−1.7]	[1.5]	[−4.4]
Payout ratio	(Note 3) (%)	100.0	99.9	99.9	99.9	99.9
[Other reference]						
Number of properties	(Properties)	28	30	31	32	35
Total leasable area	(Note 4) (m ²)	275,398.92	312,777.90	301,802.03	312,572.42	340,271.66
Occupancy rate at end of period	(%)	99.9	99.7	99.2	99.8	99.3
Depreciation	(In millions of yen)	762	887	925	989	1,051
Capital expenditure	(In millions of yen)	165	429	272	244	502
NOI	(Note 3) (In millions of yen)	6,000	6,796	7,006	7,766	8,135

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

(Note 2) Basic earnings per unit is calculated by dividing profit by the daily weighted average number of investment units issued and outstanding (251,062 units for the 6th fiscal period and 549,191 units, 554,264 units, 595,758 units, and 599,654 units for the 7th, 8th, 9th, and 10th fiscal periods, respectively).

(Note 3) The indicators are calculated as follows:

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

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

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

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

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

(Note 4) The total leasable area is equal to the gross floor area of leasable space in each property excluding properties for which we acquire land only, based on the lease agreements for building or floor plans as of the end of each fiscal period. Total leasable area for properties for which only land is acquired is based on the lease agreement for land or land plans as of the end of each fiscal period. As for Osaka Nakanoshima Building (6th fiscal period), Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Shiodome Building, the figures are in proportion to a pro rata share of co-ownership interests of each property (50%, 75%, 50% and 15% (from the 7th fiscal period to the 8th fiscal period) or 25% (from the 9th fiscal period to the 10th fiscal period), respectively).

(2) Asset Management during the Fiscal Period under Review

1) Transition of Investment Corporation

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

After that, the Investment Corporation was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (Securities code 3279) on June 13, 2012. On December 15, 2015, the Investment Corporation carried out a publicly offered capital increase for the third consecutive year, and on January 6, 2016, it carried out a third-party allotment.

“Activia” of “Activia Properties,” the name of the Investment Corporation, was 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, 2016, the Investment Corporation acquired A-PLACE Gotanda Ekimae, on July 1, 2016, which is categorized as its focused investment properties, “Tokyo Office Properties,” and acquired Umeda Gate Tower, on September 21, 2016, and A-PLACE Bashamichi, on October 6, 2016, which are categorized as “Other Properties” (Note 2), through a direct transaction with a third party, respectively. Consequently, the Investment Corporation held 35 properties (with the total acquisition price of ¥356,870 million) at the end of the fiscal period under review.

(Note 1) On September 29, 2016, the Asset Management Company announced that it had entered into an absorption-type merger agreement with TLC Comforia Investment Management INC. (hereinafter referred to as “TCI”) whereby the Asset Management Company is to be absorbed by TCI (hereinafter referred to as the “Merger”), effective as of April 1, 2017. Also on September 29, 2016, TCI determined to conclude an absorption-type company split agreement with Tokyu Land Capital Management Inc. (hereinafter referred to as “TLCM”) to succeed to part of TLCM’s business (hereinafter the absorption-type company split and the Merger collectively referred to as the “Reorganization”), effective as of April 1, 2017. Subsequent to the Reorganization, the trade name of TCI will be TLC REIT Management Inc.

(Note 2) As of January 17, 2017, the category name of “Other Properties,” one of the Investment Corporation’s investment targets, was changed to “Activia Account Properties”; the same shall apply hereinafter.

2) Investment Environment and Investment Performance

In the fiscal period under review, although the Japanese economy was plagued by concerns regarding potential adverse effects of economic slowdown in China and other emerging nations, issues involving the U.K.’s withdrawal from the European Union, an appreciating yen, and other such developments, it held to a path of moderate recovery amid ongoing favorable conditions in the employment environment and high levels of corporate earnings, despite signs of restrained improvement in that regard. Moreover, there are currently signs of an upturn also in business sentiment amid the depreciating yen and rising stock prices in the wake of the U.S. presidential election.

With respect to the environment surrounding retail properties, the recovery in consumer sentiment showed signs of softening given factors such as a declining consumer confidence index over the most recent two consecutive months, according to the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan. On the other hand, despite a decline in per-person travel expenditure on a quarterly basis from July to September 2016, demand related to inbound tourism has been holding at high levels amid gains in numbers of overseas visitors to Japan, according to the Consumption Trend Survey for Foreigners Visiting Japan released by the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism.

In the rental office market, the average vacancy rate of five central wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) continues trending lower. In July 2016, it fell below 4% for the first time in seven years and 11 months, and decreased for the subsequent three consecutive months until October 2016, according to data published by Miki Shoji Co., Ltd. Rent levels have remained on a slightly upward trend, having increased for 35 consecutive months up to November 2016. Supply has been tight relative to demand amid a situation where the downward trend in average vacancy rates has also been observed in major cities outside Tokyo.

The J-REIT market has been showing signs of volatility amid a situation where the Tokyo Stock Exchange REIT Index plunged briefly on concerns of the U.K.’s withdrawal from the European Union,

and subsequently continued on a downward path. Nevertheless, the market has seen ongoing expansion in J-REIT asset sizes, fueled by factors such as financing initiatives involving numerous IPOs and publicly offered capital increases, along with a growing number of property acquisitions and rising acquisition prices, as the Bank of Japan persists in maintaining and strengthening its monetary easing policy.

The Investment Corporation acquired beneficiary rights of real estate in trust to A-PLACE Gotanda Ekimae (with the acquisition price of ¥7,280 million) on July 1, 2016, Umeda Gate Tower (with the acquisition price of ¥19,000 million) on September 21, 2016, and A-PLACE Bashamichi (with the acquisition price of ¥3,930 million) on October 6, 2016, as trust assets in accordance with the basic asset management policy set forth in the Articles of Incorporation.

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 35 properties (with the total acquisition price of ¥356,870 million) with the total leasable area of 340,271 m² (102,931 tsubo). In addition, the occupancy rate at the end of the 10th period was 99.3%.

3) Initiatives Regarding Sustainability

In aiming to build a portfolio consisting of “real estate capable of sustaining customer demand,” the Investment Corporation deems that efforts to achieve lower environmental loads while acting to contribute to our nearby surroundings and local communities also constitute an important portfolio consideration. From an environmental perspective, this involves everyday efforts to reduce energy consumption backed by our basic objective of cutting unit energy consumption by an annual average of 1% over the medium to long term. In specific terms, we have been successively upgrading to LED lighting at more locations, and accordingly completed installations of exterior wall spotlights at the Q plaza EBISU property and entrance area lighting at the A-FLAG SHIBUYA property during the fiscal period under review. We also continue to engage in annual initiatives geared to acquiring green building certifications, and have accordingly gained the highest CASBEE (Comprehensive Assessment System for Built Environment Efficiency) for Real Estate rating of “S” with respect to our Osaka Nakanoshima Building, and a high CASBEE for Real Estate rating of “A” with respect to our A-PLACE Shinagawa building. As such, in conjunction with the DBJ Green Building certification, a total of 15 of our properties have acquired green building certification, which amounted to 40.5% of our holdings calculated on the basis of gross floor area (as of January 17, 2017). In our communities, we are also taking action to bring about greater vitality with respect to nearby businesses, residents and cities by carrying out clean-up campaigns and holding summer festivals. The Investment Corporation will contribute to achieving a sustainable society by engaging in such initiatives geared to the environment and society.

4) Overview of Financing

In the fiscal period under review, the Investment Corporation borrowed funds of ¥30,700 million in order to cover the acquisition costs for beneficiary interests of real estate in trust to the above three properties and related costs. Meanwhile, we also made use of interest rate swap transactions when refinancing borrowings of ¥14,400 million in June 2016, and worked to otherwise maintain a stable financial base through moves that included reducing interest costs and diversifying repayment dates on interest-bearing debt. As a result, the ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets × 100) was 47.7% as of the end of the fiscal period under review. The ratios of long-term debt and fixed-interest debt to total interest-bearing debt were 97.0% and 86.5%, respectively.

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

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

(Note) On October 7, 2016, which is during the fiscal period under review, the Japan Credit Rating Agency (JCR) announced that it had upgraded its long-term issuer rating with respect to the Investment Corporation.
Long-term issuer rating: AA- → AA; Forecast: Positive → Stable

5) Overview of Financial Results and Distributions

As a result of the above-mentioned investments, operating revenue, operating income, and ordinary income were ¥10,917 million, ¥6,161 million, and ¥5,410 million, respectively, for the fiscal period under review, and profit was ¥5,409 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), it was decided that the all amount of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that 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 (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the “Special Taxation Measures Act”). Consequently, distributions per investment unit resulted in ¥9,021.

(3) Capital Increase, etc.

A summary of capital increases until the fiscal period under review is as follows:

Date	Summary	Number of total investment units issued		Total unitholders' capital (In millions of yen)		Remarks
		Increase	Total	Increase	Total	
September 7, 2011	Establishment through private placement	400	400	200	200	(Note 1)
June 12, 2012	Capital increase through public offering	204,100	204,500	90,834	91,034	(Note 2)
July 10, 2012	Capital increase through third-party allotment	762	205,262	339	91,373	(Note 3)
December 16, 2013	Capital increase through public offering	43,100	248,362	32,636	124,010	(Note 4)
January 15, 2014	Capital increase through third-party allotment	2,700	251,062	2,044	126,054	(Note 5)
December 17, 2014	Capital increase through public offering	24,050	275,112	22,800	148,855	(Note 6)
January 8, 2015	Capital increase through third-party allotment	2,020	277,132	1,915	150,770	(Note 7)
October 1, 2015	Investment unit split	277,132	554,264	—	150,770	(Note 8)
December 15, 2015	Capital increase through public offering	41,870	596,134	19,152	169,922	(Note 9)
January 6, 2016	Capital increase through third-party allotment	3,520	599,654	1,610	171,532	(Note 10)

(Note 1) The Investment Corporation was established through an investment of Tokyu Land Corporation, which underwrote the investment units with an offer price per unit of ¥500,000.
(Note 2) API issued new investment units through a public offering at a price of ¥460,000 per unit (issue price of ¥445,050 per unit) to raise funds for the acquisition of new properties, etc.
(Note 3) Following the public offering on June 12, 2012, API issued new investment units through a third-party allotment at a price of ¥445,050 per unit.
(Note 4) API issued new investment units through a public offering at a price of ¥782,925 per unit (issue price of ¥757,229 per unit) to raise funds for the acquisition of new properties, etc.
(Note 5) Following the public offering on December 16, 2013, API issued new investment units through a third-party allotment at a price of ¥757,229 per unit.
(Note 6) API issued new investment units through a public offering at a price of ¥979,020 per unit (issue price of ¥948,051 per unit) to raise funds for the acquisition of new properties.
(Note 7) Following the public offering on December 17, 2014, API issued new investment units through a third-party allotment at a price of ¥948,051 per unit.
(Note 8) A 2-for-1 investment unit split was implemented with September 30, 2015 as the record date and October 1, 2015 as the effective date.
(Note 9) API issued new investment units through a public offering at a price of ¥472,360 per unit (issue price of ¥457,418 per unit) to raise funds for the acquisition of new properties, etc.
(Note 10) Following the public offering on December 15, 2015, API issued new investment units through a third-party allotment at a price of ¥457,418 per unit.

Fluctuation in Market Price of the Investment Securities

Changes in prices of the Investment Corporation’s investment units listed on the Tokyo Stock Exchange REIT Market are as follows.

(Yen)

Fiscal period	6th period	7th period	8th period	9th period	10th period
Business period	From June 1, 2014 to November 30, 2014	From December 1, 2014 to May 31, 2015	From June 1, 2015 to November 30, 2015	From December 1, 2015 to May 31, 2016	From June 1, 2016 to November 30, 2016
Highest price	981,000	1,137,000	537,000	609,000	580,000
Lowest price	834,000	975,000	421,500	481,500	488,500

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

(4) Distributions, etc.

The Investment Corporation decided to distribute the entire unappropriated retained earnings at the end of the fiscal period under review excluding fractions of the distribution amount per unit that are less than ¥1 to ensure that the maximum amount of profit distribution would be included in tax deductible expenses with the application of a special provision of taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Accordingly, distributions per investment unit were ¥9,021.

Fiscal period	6th period	7th period	8th period	9th period	10th period
Business period	From June 1, 2014 to November 30, 2014	From December 1, 2014 to May 31, 2015	From June 1, 2015 to November 30, 2015	From December 1, 2015 to May 31, 2016	From June 1, 2016 to November 30, 2016
Unappropriated retained earnings (undisposed loss)	¥4,031,303 thousand	¥4,582,505 thousand	¥4,790,093 thousand	¥5,196,849 thousand	¥5,409,874 thousand
Retained earnings	¥1 thousand	¥127 thousand	¥143 thousand	¥247 thousand	¥395 thousand
Total distribution payments [Distributions per unit]	¥4,031,302 thousand [¥16,057]	¥4,582,377 thousand [¥16,535]	¥4,789,949 thousand [¥8,642]	¥5,196,601 thousand [¥8,666]	¥5,409,478 thousand [¥9,021]
Of which, total distributions of profits were [Distributions of profits per unit]	¥4,031,302 thousand [¥16,057]	¥4,582,377 thousand [¥16,535]	¥4,789,949 thousand [¥8,642]	¥5,196,601 thousand [¥8,666]	¥5,409,478 thousand [¥9,021]
Of which, total return on unitholders' capital was [Return on unitholders' capital per unit]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]
Of the total return on unitholders' capital, the total distribution payments from the allowance for temporary difference [Of the return on unitholders' capital per unit, the distribution payment from the allowance for temporary difference per unit]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]
Of the total return on unitholders' capital, the total distribution payments from investments and other decreased distribution under tax laws [Of the return on unitholders' capital per unit, the distribution payments from investments and other decreased distribution under tax laws]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]	¥— thousand [¥—]

(5) Future Investment Policy and Issues to Address

In the Japanese economy going forward, we expect modest recovery to continue underpinned by public-sector investment which is showing signs of firming up amid a robust employment environment and various economic measures. Nevertheless, the Investment Corporation will need to monitor economic developments in China, other emerging markets and elsewhere, while also keeping an eye on the U.S. Fed's moves toward normalizing monetary policy and other such policy trends.

In the rental office market, we expect the trend of rising rents to persist at a gradual pace amid a likelihood of firm demand fueled by needs that involve corporate office expansion and upgrading locations of business. With respect to the environment surrounding retail properties, we expect a trend of recovery in consumer sentiment amid ongoing improvement in the employment environment, despite signs that demand involving inbound tourism may be shifting. As for the J-REIT market, the financing environment is likely to remain favorable amid a scenario of central bank officials maintaining and strengthening monetary easing policy, particularly given the Bank of Japan's decision to introduce its new framework for strengthening monetary easing, "quantitative and qualitative monetary easing with yield curve control," released in September 2016. Nevertheless, we will need to closely monitor developments that include the economic trajectory in China, other emerging markets and elsewhere, effects of the U.S. Fed's moves toward normalizing monetary policy, and circumstances emerging after inauguration of the next U.S. president. Amid this environment, the Investment Corporation aims to keep expanding its assets and working to control LTV while making careful investment decisions that help to improve unitholder value by drawing on its own channels and its sponsor's pipeline.

1) Basic Policy

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

2) External Growth Strategy

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

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

3) Internal Growth Strategy

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

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

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

4) Financial Strategy

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

(6) Significant Matters after Book Closing

1) Issuance of New Investment Units

At meetings of the board of directors held on November 14, 2016 and November 21, 2016, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 1, 2016 and December 15, 2016. As a result, unitholders' capital amounted to ¥202,233,447,370, and the total number of investment units issued came to 665,214 units.

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

Number of new investment units issued	61,040 units
Offering price	¥483,326 per unit
Total offering price	¥29,502,219,040
Paid-in amount	¥468,283 per unit
Total paid-in amount	¥28,583,994,320
Payment date	December 1, 2016

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

Number of new investment units issued	4,520 units
Paid-in amount	¥468,283 per unit
Total paid-in amount	¥2,116,639,160
Payment date	December 15, 2016
Allottee	Nomura Securities Co., Ltd.

2) Acquisition of Properties

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

(UR-11) A-FLAG KOTTO DORI

Type of assets	Trust beneficiary interest	
Acquisition price	¥4,370 million	
Acquisition date	December 20, 2016	
Location	4-40, Minami-Aoyama 5-chome, Minato-ku, Tokyo	
Use	Retail, office and parking lots	
Land area	776.78 m ²	
Gross floor area	3,358.28 m ²	
Structure	Reinforced concrete / 5 floors above and 2 floors underground	
Month and year of completion	January 1992	
Ownership	Land:	Owned
	Building:	Owned

(UR-12) A-FLAG BIJUTSUKAN DORI

Type of assets	Trust beneficiary interest	
Acquisition price	¥4,700 million	
Acquisition date	December 2, 2016	
Location	3-16, Minami-Aoyama 6-chome, Minato-ku, Tokyo	
Use	Retail and office	
Land area	837.87 m ²	
Gross floor area	2,221.98 m ²	
Structure	SRC, steel framed / 2 floors above and 2 floors underground	
Month and year of completion	December 1998	
Ownership	Land:	Land lease right (surface right)
	Building:	Owned

(UR-13) A-FLAG DAIKANYAMA WEST

Type of assets	Trust beneficiary interest	
Acquisition price	¥2,280 million	
Acquisition date	January 6, 2017	
Location	11-6, Sarugakucho, Shibuya-ku, Tokyo	
Use	Retail and office	
Land area	1,044.67 m ²	
Gross floor area	4,036.27 m ²	
Structure	SRC/ 4 floors above and 2 floors underground	
Month and year of completion	April 1992	
Ownership	Land:	Owned
	Building:	Owned

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

Type of assets	Trust beneficiary interest	
Acquisition price	¥20,900 million	
Acquisition date	December 2, 2016	
Location	2-20, Kaigan 1-chome, Minato-ku, Tokyo	
Use	Office, retail and parking lots	
Land area	12,054.22 m ²	
Gross floor area	115,930.83 m ²	
Structure	Steel framed, SRC / 24 floors above and 2 floors underground	
Month and year of completion	December 2007	
Ownership	Land:	Owned (Trust beneficiary co-ownership interests (<i>jun kyōyū-mochibun</i>) 10%)
	Building:	Owned (Trust beneficiary co-ownership interests (<i>jun kyōyū-mochibun</i>) 10%)

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	6th period As of November 30, 2014	7th period As of May 31, 2015	8th period As of November 30, 2015	9th period As of May 31, 2016	10th period As of November 30, 2016
Total number of authorized investment units (Units)	2,000,000	2,000,000	4,000,000	4,000,000	4,000,000
Total number of investment units issued (Units)	251,062	277,132	554,264	599,654	599,654
Unitholders' capital (In millions of yen)	¥126,054	¥150,770	¥150,770	¥171,532	¥171,532
Number of unitholders (Persons)	7,071	6,832	6,526	6,502	6,359

(2) Matters Relating to Investment Units

The top 10 unitholders as of the end of the fiscal period under review are as follows:

Name	Number of units owned	Percentage of total units issued (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust accounts)	147,262	24.55
The Master Trust Bank of Japan, Ltd. (Trust accounts)	63,813	10.64
Tokyu Land Corporation	61,913	10.32
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	55,798	9.30
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	22,244	3.70
State Street Bank & Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	9,782	1.63
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.)	8,404	1.40
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	7,656	1.27
STATE STREET BANK AND TRUST COMPANY 505012 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	6,105	1.01
JPMorgan Securities Japan Co., Ltd.	5,802	0.96
Total	388,779	64.83

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

(3) Matters Relating to Officers, etc.

1) Executive Director, Supervisory Directors, and Independent Auditor during the Fiscal Period under Review

Title	Name of officer, etc.	Major concurrent post, etc.	Total amount of compensation for each position during the business period under review (In thousands of yen)
Executive Director (Note 1)	Michie Kawai	TLC Activia Investment Management Inc., Representative Director, President and Chief Executive Officer	—
Supervisory Directors (Note 1)	Yonosuke Yamada	Yamada, Goya and Suzuki Law Office Managing Partner	3,300
	Yoshinori Ariga	Ariga Yoshinori Accounting Office Managing Partner	
Independent Auditor	Ernst & Young ShinNihon LLC	—	12,000 (Note 2)

(Note 1) Executive Directors or Supervisory Directors do not hold any investment units of the Investment Corporation under their or another person's name. Supervisory Directors may serve as directors of companies other than those mentioned above, but there are no mutual business interests whatsoever between such companies and the Investment Corporation.

(Note 2) Compensation for the Independent Auditor includes the audit fees for financial statements prepared in English.

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

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

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

Subject the past two years

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

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

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

Consignment classification	Name
Asset manager	TLC Activia Investment Management Inc.
Asset custodian	Sumitomo Mitsui Trust Bank, Limited
General administrator (administration of the unitholders' registry, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrator (accounting data processing, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrator (administration related to the operation of administrative instruments)	Sumitomo Mitsui Trust Bank, Limited
General administrator (administration related to investment corporate bonds)	Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited

3. Assets of the Investment Corporation

(1) Composition of Assets of the Investment Corporation

Type of assets	Category	9th period As of May 31, 2016		10th period As of November 30, 2016	
		Total amount of assets owned (In millions of yen) (Note 1)	Ratio to total assets (%)	Total amount of assets owned (In millions of yen) (Note 1)	Ratio to total assets (%)
Real estate	Urban Retail Properties	—	—	—	—
	Tokyo Office Properties	—	—	—	—
	Other Properties	—	—	—	—
	Subtotal	—	—	—	—
Real estate in trust	Urban Retail Properties	142,985	42.1	142,972	38.5
	Tokyo Office Properties	129,392	38.1	136,678	36.8
	Other Properties	54,166	15.9	77,755	20.9
	Subtotal	326,543	96.1	357,406	96.2
Total real estate, etc.		326,543	96.1	357,406	96.2
Deposits and other assets		13,350	3.9	14,273	3.8
Total assets (Note 2)		339,894 (326,543)	100.0 (96.1)	371,680 (357,406)	100.0 (96.2)

(Note 1) The total amount of assets owned is based on the amounts on the balance sheets as of the end of each fiscal period (for real estate and real estate in trust, book value less depreciation expenses), in accordance with the asset valuation method set forth in the Articles of Incorporation of the Investment Corporation.
(Note 2) Total assets represent the amounts recorded on the balance sheets as of the end of each fiscal period. The figures in parentheses represent portions that practically correspond to real estate owned in the object assets.

(2) Major Assets Owned

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

Property name	Book value at end of period (In millions of yen)	Leasable area (m²) (Note 1)	Leased area (m²) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Major use
Shiodome Building (Note 4)	50,696	20,097.18	19,973.13	99.4	9.7	Office
Tokyu Plaza Omotesando Harajuku (Note 4)	44,916	4,904.94	4,904.94	100.0	10.0	Retail
Kobe Kyu Kyoryuchi 25Bankan	21,200	19,653.90	19,653.90	100.0	6.6	Retail
Shinbashi Place	20,348	9,156.01	9,156.01	100.0	(Note 5)	Retail
Umeda Gate Tower	19,691	13,743.89	12,869.35	93.6	1.4	Office
Q plaza SHINSAIBASHI	13,490	2,820.23	2,820.23	100.0	2.8	Retail
Amagasaki Q’s MALL (Land)	12,113	27,465.44	27,465.44	100.0	3.2	Retail
Tokyu Plaza Akasaka (Note 4)	11,834	16,579.26	16,579.26	100.0	6.0	Retail
Osaka Nakanoshima Building	11,086	20,235.57	20,235.57	100.0	4.8	Office
OSAKI WIZTOWER	10,906	7,193.28	7,193.28	100.0	3.1	Office
Total	216,285	141,849.70	140,851.11	99.3	—	

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of November 30, 2016 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2016.
(Note 2) Leased area refers to the leased area of each property based on lease agreements as of November 30, 2016. For properties with master lease agreements, leased area refers to leased areas of each property and is actually leased based on sublease agreements with end-tenants.
(Note 3) Occupancy rate refers to the percentage of total leased area for each property to total leasable area for each property as of November 30, 2016, rounding down to the first decimal place.
(Note 4) As for Shiodome Building, Tokyu Plaza Omotesando Harajuku, and Tokyu Plaza Akasaka, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (25%, 75% and 50%, respectively).
(Note 5) Ratio of rental revenue to total rental revenues is not disclosed, as consent from tenants has not been obtained.

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

A summary of properties owned and under management by the Investment Corporation as of the end of the fiscal period under review is as follows:

Property name		Location	Asset type	Total leasable area (m²) (Note 1)	Assessed value at end of period (In millions of yen) (Note 2)	Book value at end of period (In millions of yen) (Note 3)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	30-3 Jingu-mae 4-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,904.94	54,975	44,916
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,579.26	14,500	11,834
	Q plaza EBISU	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	10,400	8,322
	Shinbashi Place	12-9 Shinbashi 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	9,156.01	24,900	20,348
	Kyoto Karasuma Parking Building	678 Motohonenjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	11,100	8,799
	A-FLAG AKASAKA	3-6 Akasaka 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,280.22	3,600	3,097
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	25,300	21,200
	A-FLAG SAPPORO	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	6,670	4,590
	A-FLAG SHIBUYA	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,413.80	7,290	6,372
	Q plaza SHINSAIBASHI	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	2,820.23	13,500	13,490
	Subtotal			105,678.44	172,235	142,972
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	9,080	7,421
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.51	12,500	9,475
	A-PLACE Yoyogi	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,420	3,969
	A-PLACE Aoyama	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	9,440	8,685
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	5,760	4,358
	TAMACHI SQUARE (Land)	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	2,690	2,362
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	4,790	3,840
	A-PLACE Shinbashi	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,052.14	6,510	5,770
	A-PLACE Gotanda	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	6,400	5,636
	A-PLACE Shinagawa	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	4,270	3,800
	OSAKI WIZTOWER	11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	13,900	10,906
	Shiodome Building (Note 4)	2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	20,097.18	52,750	50,696
	A-PLACE Ebisu Higashi (Note 5)	13-11 Higashi 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,010.69	7,490	7,196
	A-PLACE Shibuya Konnoh (Note 5)	3-1 Shibuya 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	2,983.36	5,020	4,983
	A-PLACE Gotanda Ekimae	5-1 Nishigotanda 1-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,316.89	7,400	7,574
	Subtotal			85,545.60	152,420	136,678
Other Properties	Amagasaki Q’s MALL (Land)	3-1 Shioe 1-chome, Amagasaki City, Hyogo (main building) 2-3 Shioe 1-chome, Amagasaki City, Hyogo (sports club)	Trust beneficiary interests	27,465.44	13,300	12,113
	icot Nakamozu	428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka	Trust beneficiary interests	28,098.02	10,100	8,273
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,250	2,663
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	3,650	2,709
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.91	7,880	6,584
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,235.57	13,100	11,086
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.79 (Note 6)	6,360	5,726
	Market Square Sagamihara	777-2 Shimokuzawa, Chuo-ku, Sagamihara-shi, Kanagawa	Trust beneficiary interests	15,152.42	4,990	4,804
	Umeda Gate Tower	1-9, Tsurunochi, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	13,743.89	20,000	19,691
	A-PLACE Bashamichi	43 Honcho 4-chome, Naka-ku, Yokohama City, Kanagawa	Trust beneficiary interests	9,613.95	4,420	4,101
	Subtotal			149,047.62	87,050	77,755
Total				340,271.66	411,705	357,406

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of November 30, 2016 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2016.

(Note 2) The appraisal of each property is commissioned to the Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., Japan Valuers Co., Ltd. or Morii Appraisal & Investment Consulting, Inc. Assessed value at end of period stands for the appraised value described in each real estate appraisal report, with November 30, 2016 taken as the point of evaluation

(Note 3) Book value at end of period stands for the book value minus depreciation as of November 30, 2016, rounded down to the nearest ¥ million.

(Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50% and 25%, respectively).

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

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

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

Property name		9th period (From December 1, 2015 to May 31, 2016)				10th period (From June 1, 2016 to November 30, 2016)			
		Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (In millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (In millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	29	100.0	1,084	10.7	29	100.0	1,092	10.0
	Tokyu Plaza Akasaka (Note 4)	99	100.0	597	5.9	97	100.0	654	6.0
	Q plaza EBISU	4	100.0	268	2.6	4	100.0	274	2.5
	Shinbashi Place	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	Kyoto Karasuma Parking Building	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
	A-FLAG AKASAKA	8	100.0	107	1.1	6	74.1	107	1.0
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	778	7.6	7	100.0	723	6.6
	A-FLAG SAPPORO	18	100.0	432	4.2	18	100.0	601	5.5
	A-FLAG SHIBUYA	2	100.0	205	2.0	2	100.0	206	1.9
	Q plaza SHINSAIBASHI	5	88.4	270	2.7	6	100.0	303	2.8
	Subtotal	175	99.7	—	—	172	99.4	—	—
Tokyo Office Properties	TLC Ebisu Building	12	100.0	274	2.7	12	100.0	293	2.7
	A-PLACE Ebisu Minami	9	100.0	345	3.4	9	100.0	352	3.2
	A-PLACE Yoyogi	3	100.0	126	1.2	4	88.9	128	1.2
	A-PLACE Aoyama	8	100.0	271	2.7	8	100.0	290	2.7
	Luogo Shiodome	6	100.0	166	1.6	6	100.0	169	1.6
	TAMACHI SQUARE (Land)	1	100.0	62	0.6	1	100.0	62	0.6
	A-PLACE Ikebukuro	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-PLACE Shinbashi	10	100.0	190	1.9	10	100.0	196	1.8
	A-PLACE Gotanda	10	100.0	176	1.7	9	89.3	162	1.5
	A-PLACE Shinagawa	8	100.0	111	1.1	8	100.0	112	1.0
	OSAKI WIZTOWER	5	100.0	301	3.0	5	100.0	336	3.1
	Shiodome Building (Note 4)	36	98.2	994	9.8	37	99.4	1,060	9.7
	A-PLACE Ebisu Higashi	9	100.0	160	1.6	9	100.0	162	1.5
	A-PLACE Shibuya Konnoh	2	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
	A-PLACE Gotanda Ekimae	—	—	—	—	10	100.0	132	1.2
	Subtotal	120	99.6	—	—	132	98.9	—	—
Other Properties	Amagasaki Q's MALL (Land)	1	100.0	345	3.4	1	100.0	350	3.2
	icot Nakamozu	2	100.0	310	3.1	2	100.0	310	2.8
	icot Mizonokuchi	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	icot Tama Center	9	100.0	142	1.4	9	100.0	144	1.3
	A-PLACE Kanayama	20	100.0	280	2.8	20	100.0	284	2.6
	Osaka Nakanoshima Building	41	100.0	506	5.0	41	100.0	520	4.8
	icot Omori	9	100.0	232	2.3	9	100.0	232	2.1
	Market Square Sagamihara	3	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
	Umeda Gate Tower	—	—	—	—	10	93.6	155	1.4
	A-PLACE Bashamichi	—	—	—	—	31	99.1	48	0.4
	Subtotal	86	100.0	—	—	127	99.4	—	—
Total		381	99.8	10,175	100.0	431	99.3	10,917	100.0

(Note 1) The number of tenants refers to the total number of tenants for each property at the end of each fiscal period, based on each lease agreement. In the case where a master lease agreement is in place, the number of end tenants is counted. In the case of a property for which only land is acquired, the total number of tenants on the land is counted.

(Note 2) Occupancy rate refers to the percentage of leased area to leasable area for each property as of the end of each fiscal period, rounding down to the first decimal place.

(Note 3) Rental revenue includes other rental revenue.

(Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50% and 15% (from December 1, 2015 to December 15, 2015 in 9th period) or 25% (from December 16, 2015 to November 30, 2016 in 9th period and 10th period), respectively).

(Note 5) Rental revenue and the ratio of rental revenue to total rental revenues are not disclosed, as consent from tenants has not been obtained.

(4) Details of Specified Transaction

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

(In thousands of yen)

Classification	Transaction	Notional contract amount (Note 1)		Fair value (Note 2) (Note 3)
			Over 1 year	
Over-the-counter	Interest rate swaps (Receive floating pay fixed)	24,400,000	24,400,000	75,684
Total		24,400,000	24,400,000	75,684

(Note 1) The contract amount of interest rate swaps is presented based on its notional principal.

(Note 2) The statement of the fair value is omitted for those transactions that satisfy requirements for special treatment based on accounting standards for financial instruments.

(Note 3) Fair value is based on prices, etc. indicated by partner financial institutions.

(5) Other Assets

There are no major incorporations of other specified assets that are the principal investment targets of the Investment Corporation as of the end of the fiscal period under review.

4. Capital Expenditure for Assets under Management

(1) Scheduled Capital Expenditure

The following table shows major capital expenditure for renovation works, etc., scheduled for the properties owned by the Investment Corporation at the end of the fiscal period under review. The estimated construction cost below includes the portion expensed for accounting purposes.

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (In millions of yen)		
			Total amount	Payment for the period	Total amount paid
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Commercialization work (Remodeling work)	From April 2017 to May 2017	25	—	—
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Partial remodeling work	From April 2017 to May 2017	17 (Note)	—	—
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Restroom appearance enhancement (First period)	From April 2017 to May 2017	15	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Exchange work of Scott connection transformers in electric pipe space on each floor	From April 2017 to May 2017	12	—	—
A-PLACE Bashamichi (Yokohama, Kanagawa)	Repair and maintenance of common area	From December 2016 to March 2017	10	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of water well double casing in main building	From January 2017 to May 2017	10	—	—

(Note) The shown construction cost with regard to Tokyu Plaza Omotesando Harajuku is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests of real estate trust beneficiary (75%).

(2) Capital Expenditure during the Period

The following table shows major construction works for owned assets conducted by the Investment Corporation that falls into capital expenditure during the fiscal period under review. Capital expenditure amounted to ¥502 million for the fiscal period, and repair and maintenance expenses that were accounted for as expense in the period came to ¥231 million. On aggregate, construction work of ¥733 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (In millions of yen)
TLC Ebisu Building (Shibuya, Tokyo)	Replacement work of air conditioning (Third period)	From March 2016 to June 2016	95
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renovations of new annex guest rooms	From April 2016 to June 2016	79
Q plaza SHINSAIBASHI (Osaka, Osaka)	Commercialization work (Refurbishment work)	From October 2016 to November 2016	48
A-FLAG SAPPORO (Sapporo, Hokkaido)	Installation work of new well water filtration devices	From September 2016 to October 2016	28
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of main building guest room systems	From March 2016 to June 2016	25
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of total heat exchangers in main building	From September 2016 to October 2016	23
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of FCUs in new annex guest rooms	From September 2016 to October 2016	21
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of new annex small banquet hall systems	From September 2016 to October 2016	14
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of new annex lobby systems	From February 2016 to June 2016	14
Q plaza SHINSAIBASHI (Osaka, Osaka)	Commercialization work (Air conditioning equipment installation work)	From October 2016 to November 2016	14
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of main building hotel backyard systems	From October 2016 to November 2016	13
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of vertical drainage pipes in new annex guest rooms	From November 2015 to August 2016	11
Other			113
Total			502

(3) Money Accumulated for Long-Term Repair Plan

Not applicable

5. Expenses and Liabilities

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

Item	(In thousands of yen)	
	9th period (From December 1, 2015 to May 31, 2016)	10th period (From June 1, 2016 to November 30, 2016)
(a) Asset management fees (Note)	747,023	821,891
(b) Asset custody fees	9,502	10,016
(c) Administrative service fees	25,059	26,211
(d) Directors' compensation	3,300	3,300
(e) Other operating expenses	64,988	60,776
Total	849,873	922,196

(Note) Asset management fees contain acquisition fees that were included in the book value of acquired properties (9th fiscal period: ¥168,750 thousand; 10th fiscal period: ¥211,470 thousand).

(2) Borrowings

The status of borrowings from financial institutions as of November 30, 2016 is as follows:

	Category	Drawdown date	Balance as of May 31, 2016 (In millions of yen)	Balance as of November 30, 2016 (In millions of yen)	Average interest rate (% (Note 1))	Maturity date	Repayment method	Use of funds	Remarks		
Short-term loan payable	Sumitomo Mitsui Trust Bank, Limited	October 1, 2015	2,400	-	0.175	June 30, 2016	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed		
	Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	-	375	0.158	May 31, 2017					
		September 21, 2016	-	375	0.158	June 30, 2017					
		November 2, 2016	-	600	0.157	June 30, 2017					
	Mitsubishi UFJ Trust and Banking Corporation	September 21, 2016	-	375	0.158	May 31, 2017					
		September 21, 2016	-	375	0.158	June 30, 2017					
		November 2, 2016	-	600	0.157	June 30, 2017					
	Miraiho Bank, Ltd.	September 21, 2016	-	375	0.158	May 31, 2017					
		September 21, 2016	-	375	0.158	June 30, 2017					
		November 2, 2016	-	600	0.157	June 30, 2017					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 21, 2016	-	375	0.158	May 31, 2017					
		September 21, 2016	-	375	0.158	June 30, 2017					
		November 2, 2016	-	600	0.157	June 30, 2017					
	Subtotal		2,400	5,400							
Long-term (Note 2)	Sumitomo Mitsui Banking Corporation	April 19, 2013	400	400	0.919	April 19, 2019	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed		
		December 19, 2013	530	530	1.080	December 19, 2020					
		January 10, 2014	80	80	0.938	January 10, 2020					
		January 10, 2014	670	670	1.079	January 10, 2021					
		June 13, 2014	6,000	6,000	0.202	December 13, 2016		(Note 4)			
		July 9, 2014	300	300	0.725	January 10, 2020					
		January 9, 2015	390	390	0.498	January 9, 2018					
		January 9, 2015	250	250	0.523	January 9, 2019					
		January 9, 2015	170	170	0.544	July 9, 2019		(Note 3)			
		January 9, 2015	420	420	0.737	January 9, 2022					
		December 16, 2015	100	100	0.657	June 15, 2022					
		December 16, 2015	625	625	0.754	June 15, 2023					
		December 16, 2015	600	600	0.854	June 17, 2024		(Note 4)			
		January 12, 2016	700	700	0.784	January 12, 2024					
		September 21, 2016	-	600	0.541	March 21, 2025					
		September 21, 2016	-	1,050	0.619	March 19, 2026					
		October 6, 2016	-	400	0.385	April 6, 2023					
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2012	3,000	-	0.866	June 13, 2016	Lump-sum repayment	(Note 3)		Unsecured, non-guaranteed	
		June 13, 2012	3,000	3,000	0.953	June 13, 2017					
		June 13, 2012	3,000	3,000	1.063	June 13, 2018					
		March 29, 2013	500	500	0.207	March 31, 2017					(Note 4)
		March 29, 2013	5,000	5,000	0.683 (Note 5)	March 31, 2018					
		April 19, 2013	800	800	0.919	April 19, 2019					
		December 19, 2013	1,060	1,060	1.080	December 19, 2020					
		January 10, 2014	160	160	0.938	January 10, 2020					(Note 3)
		January 10, 2014	1,340	1,340	1.079	January 10, 2021					
		July 9, 2014	600	600	0.725	January 10, 2020					
		January 9, 2015	780	780	0.498	January 9, 2018					
		January 9, 2015	500	500	0.523	January 9, 2019		(Note 4)			
		January 9, 2015	340	340	0.544	July 9, 2019					
		January 9, 2015	840	840	0.737	January 9, 2022					
		June 15, 2015	1,500	1,500	0.947	June 15, 2022					
		June 15, 2015	1,500	1,500	1.063	June 15, 2023		(Note 3)			
		September 30, 2015	1,250	1,250	0.613 (Note 5)	March 30, 2023					
		October 1, 2015	2,400	2,400	0.174	December 26, 2016					
		December 16, 2015	200	200	0.657	June 15, 2022					
		December 16, 2015	1,200	1,200	0.854	June 17, 2024		(Note 4)			
		January 12, 2016	1,400	1,400	0.784	January 12, 2024					
		June 13, 2016	-	1,500	0.332 (Note 5)	June 17, 2024					
		June 13, 2016	-	1,500	0.369 (Note 5)	December 13, 2024					
		July 1, 2016	-	4,100	0.166	January 9, 2018		(Note 3)			
		September 21, 2016	-	1,200	0.541	March 21, 2025					
		September 21, 2016	-	2,100	0.619	March 19, 2026					
		October 6, 2016	-	800	0.385	April 6, 2023					

Category	Lender	Drawdown date	Balance as of May 31, 2016 (In millions of yen)	Balance as of November 30, 2016 (In millions of yen)	Average interest rate (% (Note 1))	Maturity date	Repayment method	Use of funds	Remarks
Long-term (Note 2)	Mitsubishi UFJ Trust and Banking Corporation	June 13, 2012	3,000	-	0.866	June 13, 2016	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
		June 13, 2012	3,000	3,000	0.953	June 13, 2017			
		June 13, 2012	3,000	3,000	1.063	June 13, 2018			
		April 19, 2013	800	800	0.919	April 19, 2019			
		December 19, 2013	1,060	1,060	1.080	December 19, 2020			
		January 10, 2014	160	160	0.938	January 10, 2020			
		January 10, 2014	1,340	1,340	1.079	January 10, 2021			
		July 9, 2014	600	600	0.725	January 10, 2020			
		January 9, 2015	780	780	0.498	January 9, 2018			
		January 9, 2015	500	500	0.523	January 9, 2019			
		January 9, 2015	340	340	0.544	July 9, 2019			
		January 9, 2015	840	840	0.737	January 9, 2022			
		June 15, 2015	1,500	1,500	0.947	June 15, 2022			
		June 15, 2015	1,500	1,500	1.063	June 15, 2023			
		September 30, 2015	1,250	1,250	0.613 (Note 5)	March 30, 2023			
		December 16, 2015	200	200	0.657	June 15, 2022			
		December 16, 2015	1,200	1,200	0.854	June 17, 2024			
		January 12, 2016	1,400	1,400	0.784	January 12, 2024			
		June 13, 2016	-	1,500	0.332 (Note 5)	June 17, 2024			
		June 13, 2016	-	1,500	0.369 (Note 5)	December 13, 2024			
	September 21, 2016	-	1,200	0.541	March 21, 2025				
	September 21, 2016	-	2,100	0.619	March 19, 2026				
	October 6, 2016	-	800	0.385	April 6, 2023				
	Mizuho Bank, Ltd.	June 13, 2012	3,000	-	0.866	June 13, 2016			
		June 13, 2012	3,000	3,000	0.953	June 13, 2017			
		June 13, 2012	3,000	3,000	1.063	June 13, 2018			
		April 19, 2013	800	800	0.919	April 19, 2019			
		December 19, 2013	1,060	1,060	1.080	December 19, 2020			
		January 10, 2014	160	160	0.938	January 10, 2020			
		January 10, 2014	1,340	1,340	1.079	January 10, 2021			
		July 9, 2014	600	600	0.725	January 10, 2020			
January 9, 2015		780	780	0.498	January 9, 2018				
January 9, 2015		500	500	0.523	January 9, 2019				
January 9, 2015		340	340	0.544	July 9, 2019				
January 9, 2015		840	840	0.737	January 9, 2022				
June 15, 2015		1,500	1,500	0.947	June 15, 2022				
June 15, 2015		1,500	1,500	1.063	June 15, 2023				
September 30, 2015		1,250	1,250	0.613 (Note 5)	March 30, 2023				
December 16, 2015		200	200	0.657	June 15, 2022				
December 16, 2015		1,200	1,200	0.854	June 17, 2024				
January 12, 2016		1,400	1,400	0.784	January 12, 2024				
June 13, 2016		-	1,500	0.332 (Note 5)	June 17, 2024				
June 13, 2016		-	1,500	0.369 (Note 5)	December 13, 2024				
September 21, 2016	-	1,200	0.541	March 21, 2025					
September 21, 2016	-	2,100	0.619	March 19, 2026					
October 6, 2016	-	800	0.385	April 6, 2023					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 13, 2012	3,000	-	0.866	June 13, 2016				
	June 13, 2012	3,000	3,000	0.953	June 13, 2017				
	June 13, 2012	3,000	3,000	1.063	June 13, 2018				
	April 19, 2013	800	800	0.919	April 19, 2019				
	December 19, 2013	1,060	1,060	1.080	December 19, 2020				
	January 10, 2014	160	160	0.938	January 10, 2020				
	January 10, 2014	1,340	1,340	1.079	January 10, 2021				
	July 9, 2014	600	600	0.725	January 10, 2020				
	January 9, 2015	780	780	0.498	January 9, 2018				
	January 9, 2015	500	500	0.523	January 9, 2019				
	January 9, 2015	340	340	0.544	July 9, 2019				
	January 9, 2015	840	840	0.737	January 9, 2022				
	June 15, 2015	1,500	1,500	0.947	June 15, 2022				
	June 15, 2015	1,500	1,500	1.063	June 15, 2023				
	September 30, 2015	1,250	1,250	0.613 (Note 5)	March 30, 2023				
	December 16, 2015	200	200	0.657	June 15, 2022				
	December 16, 2015	1,200	1,200	0.854	June 17, 2024				
	January 12, 2016	1,400	1,400	0.784	January 12, 2024				
	June 13, 2016	-	1,500	0.332 (Note 5)	June 17, 2024				
	June 13, 2016	-	1,500	0.369 (Note 5)	December 13, 2024				
September 21, 2016	-	1,200	0.541	March 21, 2025					
September 21, 2016	-	2,100	0.619	March 19, 2026					
October 6, 2016	-	800	0.385	April 6, 2023					

Category		Drawdown date	Balance as of May 31, 2016 (In millions of yen)	Balance as of November 30, 2016 (In millions of yen)	Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of funds	Remarks	
Long-term (Note 2)	Lender									
	Development Bank of Japan Inc.	June 13, 2012	6,000	6,000	1.191	June 13, 2019	Lump-sum repayment	(Note 3)	Unsecured non-guaranteed	
		April 19, 2013	400	400	0.919	April 19, 2019				
		December 19, 2013	530	530	1.080	December 19, 2020				
		January 10, 2014	80	80	0.938	January 10, 2020				
		January 10, 2014	670	670	1.079	January 10, 2021				
		July 9, 2014	300	300	0.725	January 10, 2020				
		January 9, 2015	390	390	0.498	January 9, 2018		(Note 4)		
		January 9, 2015	250	250	0.523	January 9, 2019				
		January 9, 2015	170	170	0.544	July 9, 2019		(Note 3)		
		January 9, 2015	420	420	0.737	January 9, 2022				
		December 16, 2015	100	100	0.657	June 15, 2022				
		December 16, 2015	625	625	0.754	June 15, 2023				
		December 16, 2015	600	600	0.854	June 17, 2024				
		January 12, 2016	700	700	0.784	January 12, 2024				(Note 4)
		September 21, 2016	-	600	0.541	March 21, 2025				
		September 21, 2016	-	1,050	0.619	March 19, 2026		(Note 3)		
		October 6, 2016	-	400	0.385	April 6, 2023				
		Miruho Trust & Banking Co., Ltd.	March 29, 2013	2,000	2,000	0.207		March 31, 2017		(Note 4)
			August 29, 2014	1,500	1,500	0.510		August 29, 2019		
	March 31, 2015		2,000	2,000	0.685	March 31, 2022				
	June 30, 2016		-	1,200	0.029 (Note 5)	June 28, 2019				
	Resona Bank, Limited.	March 29, 2013	1,500	1,500	0.207	March 31, 2017				
		March 31, 2015	1,500	1,500	0.525	March 31, 2020				
	The Bank of Fukuoka, Ltd.	March 29, 2013	1,000	1,000	0.207	March 31, 2017				
		March 31, 2015	1,000	1,000	0.525	March 31, 2020				
	The Gunma Bank, Ltd.	March 29, 2013	500	500	0.207	March 31, 2017				
		March 31, 2015	500	500	0.525	March 31, 2020				
	Shinkin Central Bank	March 29, 2013	500	500	0.207	March 31, 2017				
		August 29, 2014	1,500	1,500	0.510	August 29, 2019				
		March 31, 2015	500	500	0.685	March 31, 2022				
	The Norinchukin Bank	March 31, 2015	500	500	0.525	March 31, 2020				
		June 30, 2016	-	1,200	0.029 (Note 5)	June 28, 2019				
		Subtotal		134,750	161,750					
Total			137,150	167,150						

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

(Note 2) Long-term loans payable includes long-term borrowings to be repaid within a year.

(Note 3) Proceeds from the borrowings are used to acquire real estate trust beneficiary interests and pay for their related expenses.

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

(Note 5) To hedge the risks arising from interest rate fluctuations, API has entered into interest rate swap agreements. Therefore, the figures reflect the effect of interest rate swaps (fixation of interest rates).

Investment Corporation Bonds

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

(Note) The Investment Corporation may repurchase and cancel bonds at any time after the date of payment unless otherwise specified by the Japan Securities Depository Center, Inc.

(3) Short-Term Investment Corporation Bonds

Not applicable

(4) Subscription Rights for New Investment Units

Not applicable

6. Buying and Selling during the Period

(1) Buying and Selling, etc., of Real Estate and Asset-Backed Securities, etc., Infrastructure Assets, etc. and Infrastructure-Related Assets

Category	Asset type	Property name	Acquisition		Disposal			
			Acquisition date	Acquisition price (In millions of yen) (Note)	Disposal date	Disposal amount (In millions of yen)	Book value (In millions of yen)	Gain (loss) on disposal (In millions of yen)
Tokyo Office Properties	Trust beneficiary interests	A-PLACE Gotanda Ekimae	July 1, 2016	7,280	—	—	—	—
Other Properties	Trust beneficiary interests	Umeda Gate Tower	September 21, 2016	19,000	—	—	—	—
Other Properties	Trust beneficiary interests	A-PLACE Bashamichi	October 6, 2016	3,930	—	—	—	—
Total				30,210	—	—	—	—

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

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

Not applicable. In addition, the Investment Corporation’s assets other than the above-mentioned real estate and asset-backed securities are mostly comprised of direct bank deposits and bank deposits in trust.

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

1) Real Estate

Acquisition / Disposal	Property name	Date of acquisition / disposal	Acquisition price or disposal amount (In millions of yen) (Note 1)	Appraisal value at end of period (In millions of yen)	Name of appraiser	Date of appraisal
Acquisition	A-PLACE Gotanda Ekimae	July 1, 2016	7,280	7,390	Japan Valuers Co., Ltd.	March 1, 2016
	Umeda Gate Tower	September 21, 2016	19,000	19,600	DAIWA REAL ESTATE APPRAISAL CO.,LTD.	August 1, 2016
	A-PLACE Bashamichi	October 6, 2016	3,930	4,350	Morii Appraisal & Investment Consulting Inc.	May 1, 2016
	Total	—	30,210	31,340	—	—

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

(Note 2) The appraisals of the above-mentioned real estate were conducted by applying “Real Estate Appraisal Standard Section 3: Appraisals Regarding Prices of Real Estate for Securitization.”

2) Others

Of the transactions that the Investment Corporation made during the target period from June 1, 2016 to November 30, 2016, those deemed to require a survey of prices pursuant to provisions of Article 201 of the Act on Investment Trusts and Investment Corporations consisted of three interest rate swap transactions. We requested Ernst & Young ShinNihon LLC to carry out the survey for those transactions and have received the survey report.

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

(4) Transactions between Interested Parties and Major Unitholders

1) Transactions

Not applicable.

2) Commissions Paid

Category	Total amount (A) (In thousands of yen)	Breakdown of transactions with interested parties and major unitholders		(B) / (A) (%)
		Paid to	Amount (B) (In thousands of yen)	
Property management fee	323,576	Tokyu Community Corp.	114,932	35.5
		Tokyu Land SC Management Corporation	114,036	35.2
		Tokyu Land Corporation	70,150	21.7
Building management fee	521,800	Tokyu Community Corp.	446,710	85.6
Construction management fee	8,449	Tokyu Community Corp.	3,654	43.3
		Tokyu Land SC Management Corporation	2,238	26.5
		Tokyu Land Corporation	2,110	25.0
Other management operation expenses	63,243	Tokyu Land SC Management Corporation	4,875	7.7
Other lease business expenses	201,084	Tokyu Community Corp.	39,661	19.7
		Tokyu Land SC Management Corporation	1,538	0.8
		HANDS LAB INC.	596	0.3

(Note 1) The term “Interested parties” refers to interested parties of Asset Management Companies as stipulated by Article 201, Paragraph 1 of the Investment Trust Act, Article 123 of the Enforcement Ordinances of the Act on Investment Trust and Investment Corporation of Japan and Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations, issued by The Investment Trusts Association, Japan.

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

Tokyu Community Corp.	¥65,560 thousand
Tokyu Homes Corporation	¥17,996 thousand
Tokyu Land SC Management Corporation	¥9,759 thousand
Tokyu Land Corporation	¥1,072 thousand

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

No relevant matter exists under this subject as the asset manager (TLC Activia Investment Management Inc.) does not engage in any other business such as the first- or second-type financial instruments businesses under the Financial Instruments and Exchange Act (or the securities business under the former Securities and Exchange Act), the building lots and buildings transaction business, or the real estate joint enterprise.

7. Accounting Status

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

Please refer to “II. Balance Sheets,” “III. Statements of Operations,” “IV. Statements of Changes in Unitholders’ Equity,” “V. Statements of Cash Distributions” and “VII. Notes to Financial Statements.”

(2) Changes in the Calculation Method of Depreciation Expenses

Not applicable

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

Not applicable

8. Other

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

Not applicable

(2) Announcements

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

Date of approval	Item	Summary
November 14, 2016	Conclusion of an underwriting agreement for new investment units	We entrusted the underwriters (Note) with general administration related to the issuance of new investment units and the secondary offering of investment units, which was approved by the Board of Directors of the Investment Corporation on the same day.

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

(3) Status of Companies Owning Real Estate Overseas

Not applicable

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

Not applicable

(5) Other

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

Financial Statements

II. Balance Sheets

(Unit: Thousands of yen)

	As of May 31, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	7,850,554	7,919,219
Cash and deposits in trust	4,013,423	4,265,231
Operating accounts receivable	448,019	510,269
Prepaid expenses	353,242	271,796
Deferred tax assets	16	17
Consumption taxes receivable	5,083	240,810
Other	1,968	2,040
Total current assets	12,672,309	13,209,384
Non-current assets		
Property, plant and equipment		
Buildings in trust	67,043,786	74,293,765
Accumulated depreciation	(5,263,878)	(6,259,822)
Buildings in trust, net	61,779,907	68,033,942
Structures in trust	565,465	604,762
Accumulated depreciation	(83,894)	(99,187)
Structures in trust, net	481,570	505,575
Machinery and equipment in trust	1,264,865	1,321,677
Accumulated depreciation	(179,609)	(210,123)
Machinery and equipment in trust, net	1,085,255	1,111,554
Tools, furniture and fixtures in trust	77,138	115,826
Accumulated depreciation	(31,583)	(41,572)
Tools, furniture and fixtures in trust, net	45,554	74,253
Land in trust	258,584,206	282,854,628
Construction in progress in trust	4,102	1,160
Total property, plant and equipment	321,980,596	352,581,114
Intangible assets		
Leasehold rights in trust	4,562,628	4,825,698
Other	1,706	1,245
Total intangible assets	4,564,334	4,826,943
Investments and other assets		
Long-term prepaid expenses	611,931	926,738
Derivatives	—	75,684
Other	14,791	14,791
Total investments and other assets	626,723	1,017,214
Total non-current assets	327,171,654	358,425,272
Deferred assets		
Investment corporation bond issuance costs	50,969	45,916
Total deferred assets	50,969	45,916
Total assets	339,894,933	371,680,572

(Unit: Thousands of yen)

	As of May 31, 2016	As of November 30, 2016
Liabilities		
Current liabilities		
Operating accounts payable	394,577	666,864
Short-term loans payable	2,400,000	5,400,000
Current portion of long-term loans payable	26,400,000	26,400,000
Accounts payable - other	14,969	61,823
Accrued expenses	574,049	672,969
Income taxes payable	702	946
Advances received	203,975	316,814
Deposits received	5,011	2,083
Other	0	27
Total current liabilities	29,993,285	33,521,528
Non-current liabilities		
Investment corporation bond	10,000,000	10,000,000
Long-term loans payable	108,350,000	135,350,000
Tenant leasehold and security deposits in trust	14,821,932	15,790,599
Other	51	72
Total non-current liabilities	133,171,984	161,140,671
Total liabilities	163,165,269	194,662,199
Net assets		
Unitholders' equity		
Unitholders' capital	171,532,813	171,532,813
Surplus		
Unappropriated retained earnings (undisposed loss)	5,196,849	5,409,874
Total surplus	5,196,849	5,409,874
Total unitholders' equity	176,729,663	176,942,688
Valuation and translation adjustments		
Deferred gains or losses on hedges	—	75,684
Total valuation and translation adjustments	—	75,684
Total net assets	*2 176,729,663	*2 177,018,373
Total liabilities and net assets	339,894,933	371,680,572

III. Statements of Operations

	(Unit: Thousands of yen)			
	Previous fiscal period		Current fiscal period	
	(From December 1, 2015 to May 31, 2016)		(From June 1, 2016 to November 30, 2016)	
Operating revenue				
Lease business revenue	*1, *2	9,528,262	*1, *2	10,175,270
Other lease business revenue	*1, *2	647,599	*1, *2	741,808
Total operating revenue		10,175,862		10,917,079
Operating expenses				
Expenses related to rent business	*1, *2	3,399,234	*1, *2	3,833,354
Asset management fee		747,023		821,891
Asset custody fee		9,502		10,016
Administrative service fees		25,059		26,211
Directors' compensations		3,300		3,300
Other operating expenses		64,988		60,776
Total operating expenses		4,249,107		4,755,550
Operating income		5,926,754		6,161,528
Non-operating income				
Interest income		549		56
Interest on securities		1,055		—
Reversal of distribution payable		6,902		2,924
Interest on refund		—		153
Insurance income		—		80
Total non-operating income		8,507		3,214
Non-operating expenses				
Interest expenses		539,715		536,470
Interest expenses on investment corporation bonds		22,639		25,379
Amortization of investment corporation bond issuance costs		4,794		5,053
Investment unit issuance expenses		49,399		56,862
Borrowing related expenses		120,564		129,896
Other		500		500
Total non-operating expenses		737,613		754,161
Ordinary income		5,197,648		5,410,581
Profit before income taxes		5,197,648		5,410,581
Income taxes - current		948		954
Income taxes - deferred		(4)		(0)
Total income taxes		943		954
Profit		5,196,705		5,409,626
Retained earnings brought forward		143		247
Unappropriated retained earnings (undisposed loss)		5,196,849		5,409,874

IV. Statements of Changes in Unitholders' Equity

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

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

Current fiscal period (From June 1, 2016 to November 30, 2016)

(Unit: Thousands of yen)							
	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	171,532,813	5,196,849	5,196,849	176,729,663	—	—	176,729,663
Changes of items during period							
Dividends of surplus		(5,196,601)	(5,196,601)	(5,196,601)			(5,196,601)
Profit		5,409,626	5,409,626	5,409,626			5,409,626
Net changes of items other than unitholders' equity					75,684	75,684	75,684
Total changes of items during period	—	213,025	213,025	213,025	75,684	75,684	288,710
Balance at end of current period	*1 171,532,813	5,409,874	5,409,874	176,942,688	75,684	75,684	177,018,373

V. Statements of Cash Distributions

	Fiscal periods	
	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
	Amount	Amount
I Unappropriated retained earnings (Undisposed loss)	¥5,196,849,213	¥5,409,874,423
II Distributions	¥5,196,601,564	¥5,409,478,734
[Cash distribution per unit]	¥[8,666]	¥[9,021]
III Earnings carried forward	¥247,649	¥395,689

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 net 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 ¥5,196,601,564, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 599,654, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net 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 ¥5,409,478,734, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 599,654, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.
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VI. Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Cash flows from operating activities		
Profit before income taxes	5,197,648	5,410,581
Depreciation	989,961	1,052,200
Loss on retirement of non-current assets	0	—
Amortization of investment corporation bond issuance costs	4,794	5,053
Interest income and interest on securities	(1,604)	(56)
Interest expenses	562,355	561,849
Investment unit issuance expenses	49,399	56,862
Borrowing related expenses	120,564	129,896
Decrease (increase) in operating accounts receivable	(83,895)	(62,249)
Decrease (increase) in consumption taxes refund receivable	(5,083)	(235,727)
Increase (decrease) in accrued consumption taxes	(324,818)	—
Decrease (increase) in prepaid expenses	(147,887)	120,125
Increase (decrease) in operating accounts payable	(142,794)	117,857
Increase (decrease) in accrued expenses	35,193	29,848
Increase (decrease) in advances received	11,581	112,838
Decrease (increase) in long-term prepaid expenses	(43,623)	2,654
Other, net	(6,538)	(5,876)
Subtotal	6,215,250	7,295,857
Interest income received	1,604	56
Interest expenses paid	(509,393)	(545,308)
Income taxes paid	(192)	(711)
Net cash provided by (used in) operating activities	5,707,269	6,749,894
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(34,385,143)	(31,446,459)
Purchase of intangible assets in trust	—	(263,070)
Repayments of tenant leasehold and security deposits in trust	(287,375)	(162,489)
Proceeds from tenant leasehold and security deposits in trust	1,598,092	1,131,156
Other, net	(846)	—
Net cash provided by (used in) investing activities	(33,075,273)	(30,740,863)
Cash flows from financing activities		
Increase in short-term loans payable	3,849,536	8,497,828
Decrease in short-term loans payable	(3,850,000)	(5,500,000)
Proceeds from long-term loans payable	15,054,812	38,534,925
Decrease in long-term loans payable	(7,000,000)	(12,000,000)
Proceeds from issuance of investment corporation bonds	1,984,332	—
Proceeds from issuance of investment units	20,655,664	—
Dividends paid	(4,789,235)	(5,197,061)
Other, net	(15,654)	(24,251)
Net cash provided by (used in) financing activities	25,889,457	24,311,441
Net increase (decrease) in cash and cash equivalents	(1,478,546)	320,471
Cash and cash equivalents at beginning of period	13,342,524	11,863,978
Cash and cash equivalents at end of period	*1 11,863,978	*1 12,184,450

VII. Notes to Financial Statements

Notes on Assumption of Going Concern
Not applicable

Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table> <tr> <td>Buildings</td><td>2 to 70 years</td></tr> <tr> <td>Structures</td><td>2 to 60 years</td></tr> <tr> <td>Machinery and equipment</td><td>2 to 33 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr> </table> <p>(2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	2 to 70 years	Structures	2 to 60 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 60 years								
Machinery and equipment	2 to 33 years								
Tools, furniture and fixtures	2 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure.</p> <p>(2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.</p>								
3. Accounting for income and expenses	<p>Property-related taxes</p> <p>For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business.</p> <p>The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. Taxes on property, plant and equipment capitalized as part of the acquisition cost of properties amounted to ¥91,138 thousand.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is applied. For interest rate swaps that satisfy the requirements for special treatment, special treatment is applied.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable</p> <p>(3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation.</p> <p>(4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness by comparing the cumulative total changes in the cash flows of the hedged items with those of the hedging instruments, and then verifying the ratio of the changes in both amounts. However, hedge effectiveness is deemed to have been ensured with respect to interest rate swaps that satisfy the requirements for special treatment.</p>								
5. Scope of cash (cash and cash equivalents) in the statements of cash flows	Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.								

6. Other important matters related to the preparation of financial statements	<p>(1) Accounting method for trust beneficiary right with real estate, etc. as trust asset With regard to trust beneficiary right with real estate, etc. in holding as trust asset, all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of operations. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets.</p> <ul style="list-style-type: none"> i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust iii) Tenant leasehold and security deposits in trust <p>(2) Accounting method for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for non-current assets, etc. are included in acquisition cost for each asset.</p>
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Notes to Balance Sheets

1. Commitment Line Contracts

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

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

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

	As of May 31, 2016	As of November 30, 2016
	¥50,000 thousand	¥50,000 thousand

Notes to Statements of Operations

*1. Breakdown of Income from Real Estate Leasing Business

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2015 to May 31, 2016)		Current fiscal period (From June 1, 2016 to November 30, 2016)	
A. Real estate leasing business revenues				
Lease business revenue				
Rent	8,659,816		9,237,180	
Common service fees	622,892		677,667	
Parking lot fees	177,735		182,642	
Other rent revenue	67,818	9,528,262	77,779	10,175,270
Other lease business revenue		647,599		741,808
Total real estate leasing business revenues		10,175,862		10,917,079
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	869,553		917,069	
Utilities expenses	629,540		652,342	
Tax and public dues	649,062		772,413	
Insurance	7,136		7,417	
Repair and maintenance expenses	78,425		231,085	
Depreciation	989,702		1,051,941	
Loss on retirement of non-current assets	0		—	
Other expenses related to rent business	175,811	3,399,234	201,084	3,833,354
Total real estate leasing business expenses		3,399,234		3,833,354
C. Income from real estate leasing business (A – B)		6,776,628		7,083,724

*2. Transactions with Major Unitholders

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Operating transactions		
Lease business revenue	1,937,035	2,008,147
Other lease business revenue	153,328	151,391
Expenses related to rent business	79,767	72,757

Notes to Statements of Changes in Unitholders' Equity

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

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	599,654 units	599,654 units

Notes to Statements of Cash Flows

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

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Cash and deposits	¥7,850,554 thousand	¥7,919,219 thousand
Cash and deposits in trust	¥4,013,423 thousand	¥4,265,231 thousand
Cash and cash equivalents	¥11,863,978 thousand	¥12,184,450 thousand

Notes to Lease Rental Revenues

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

	As of May 31, 2016	As of November 30, 2016
Due within one year	¥11,028,815 thousand	¥11,338,594 thousand
Due after one year	¥49,474,207 thousand	¥48,697,927 thousand
Total	¥60,503,022 thousand	¥60,036,521 thousand

Notes on Financial Instruments

1. Matters Regarding Financial Instruments

(1) Policy for Financial Instruments

The Investment Corporation raises funds by borrowing, issuing investment corporation bonds, or issuing investment units for the purpose of acquiring real estate-related assets and repaying interest-bearing debt.

When raising funds, the Investment Corporation aims to sustain stable financing capability for a long time at low cost by enhancing its capital adequacy and maintaining conservative interest-bearing debt, looking for attributes such as extended borrowing periods for interest-bearing debt, fixed interest rates, and diversified due dates to ensure financial stability and avoid the risk of interest-rate hikes.

The Investment Corporation also invests temporary excess funds in deposits in general, taking safety and liquidity, etc. into account and considering the interest-rate environment and its cash management.

The Investment Corporation may carry out derivatives transactions for the purpose of hedging the interest-rate risk of borrowings and other risks, but does not engage in speculative transactions.

(2) Content and Risks of Financial Instruments and Risk Management System

As the excess funds of the Investment Corporation are invested in deposits, they are exposed to credit risks such as the insolvency of the financial institutions in which the excess funds are deposited. However, the Investment Corporation deposits excess funds carefully by limiting the period of deposits to the short term, taking safety and liquidity, etc. into account and considering the financial environment and its cash management.

Borrowings and investment corporation bond are received mainly for the purpose of acquiring real estate and refinancing of existing borrowings. Tenant leasehold and security deposits are deposits provided by tenants. Borrowings, investment corporation bond, tenant leasehold and security deposits are exposed to liquidity risks at the time of repayments. However, these risks are managed through management of liquidity in hand by preparing a monthly funding plan, efforts to reduce liquidity risk on loans payable and investment corporation bond by diversifying repayment periods, etc., and other means.

Floating-rate loans payable are also exposed to the risk of fluctuations in interest-rates. However, these risks are managed through derivative transactions (interest rate swaps) as hedging instruments in certain floating-rate loans payable.

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

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

2. Matters Regarding Fair Values of Financial Instruments

Carrying amounts, fair values, and the differences between the two values as of May 31, 2016, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

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

Carrying amounts, fair values, and the differences between the two values as of November 30, 2016, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	7,919,219	7,919,219	—
(2) Cash and deposits in trust	4,265,231	4,265,231	—
Total assets	12,184,450	12,184,450	—
(1) Short-term loans payable	5,400,000	5,400,000	—
(2) Current portion of long-term loans payable	26,400,000	26,447,238	47,238
(3) Investment corporation bonds	10,000,000	10,171,335	171,335
(4) Long-term loans payable	135,350,000	137,875,039	2,525,039
Total liabilities	177,150,000	179,893,614	2,743,614
Derivative transactions	75,684	75,684	—

(Note 1) Measurement Methods for Fair Values of Financial Instruments

Assets

- (1) Cash and deposits, (2) Cash and deposits in trust
The book value is used as the fair value of these assets, given that the fair value is almost the same as the book value, as it is settled in a short time.

Liabilities

- (1) Short-term loans payable
The book value is used as the fair value of these liabilities, given that the fair value is almost the same as the book value, as it is settled in a short time.
- (2) Current portion of long-term loans payable, (4) Long-term loans payable
These fair values are determined by discounting the total of principal and interest at the rate assumed when a new loan is made corresponding to the remaining period. The book value is used as the fair value of those loans payable with floating interest rates, given that the fair value is almost the same as the book value, as their interest rates are reviewed on a short-term interval to reflect market interest rates (however, for long-term loans payable with floating interest rates to which special treatment for interest rate swaps is applied, the fair value is the value calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar new loan).
- (3) Investment corporation bonds
The fair value is determined by discounting the total of principal and interest at a rate taking into account the remaining period and credit risk of the said investment corporation bonds.

Derivative transactions

Please refer to “Notes on Derivative Transactions.”

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

(Unit: Thousands of yen)

Category	As of May 31, 2016	As of November 30, 2016
Tenant leasehold and security deposits in trust *1	14,821,932	15,790,599

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

(Note 3) Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (May 31, 2016)

(Unit: Thousands of yen)

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

Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (November 30, 2016)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	7,919,219	–	–	–	–	–
Deposits in trust	4,265,231	–	–	–	–	–
Total	12,184,450	–	–	–	–	–

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (May 31, 2016)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term loans payable	2,400,000	–	–	–	–	–
Investment corporation bonds	–	–	4,000,000	2,000,000	–	4,000,000
Long-term loans payable	26,400,000	20,900,000	18,500,000	18,000,000	12,000,000	38,950,000
Total	28,800,000	20,900,000	22,500,000	20,000,000	12,000,000	42,950,000

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (November 30, 2016)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term loans payable	5,400,000	–	–	–	–	–
Investment corporation bonds	–	–	4,000,000	2,000,000	–	4,000,000
Long-term loans payable	26,400,000	25,000,000	19,600,000	7,300,000	12,000,000	71,450,000
Total	31,800,000	25,000,000	23,600,000	9,300,000	12,000,000	75,450,000

Notes on Derivative Transactions

1. Derivative transaction to which hedge accounting is not applied

(As of May 31, 2016)

Not applicable

(As of November 30, 2016)

Not applicable

2. Derivative transaction to which hedge accounting is applied

(As of May 31, 2016)

The following table shows contract amount or principal amount, etc. set forth in the contract as of the account closing date by method of hedge accounting.

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after one year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	10,000,000	10,000,000	*	–

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

(As of November 30, 2016)

The following table shows contract amount or principal amount, etc. set forth in the contract as of the account closing date by method of hedge accounting.

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after one year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	14,400,000	14,400,000	75,684	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	10,000,000	10,000,000	*	–

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

Notes on Deferred Tax Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of May 31, 2016	As of November 30, 2016
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥16 thousand	¥17 thousand
Total deferred tax assets	¥16 thousand	¥17 thousand
Net deferred tax assets	¥16 thousand	¥17 thousand

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

	As of May 31, 2016	As of November 30, 2016
Effective statutory tax rate	32.31%	31.74%
(Adjustments)		
Distributions paid included in deductibles	(32.30)%	(31.73)%
Other	0.01%	0.01%
Effective income tax rate after application of tax effect accounting	0.02%	0.02%

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

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

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

Current fiscal period (From June 1, 2016 to November 30, 2016)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-2, Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.32%	None	Major unitholder, and rent and management of properties	Receipt of tenant leasehold and security deposits	7,261	Tenant leasehold and security deposits in trust	2,485,408
								Repayments of tenant leasehold and security deposits	15,956		
								Rental revenues, etc.	2,159,539	Operating accounts receivable	68,012
										Advances received	104,270

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

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

2. Affiliates, etc.

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

Not applicable

Current fiscal period (From June 1, 2016 to November 30, 2016)

Not applicable

3. Sister companies, etc.

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

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

Current fiscal period (From June 1, 2016 to November 30, 2016)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relation				
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	—	None	Subsidiary of major unitholder	Receipt of tenant leasehold and security deposits	22,712	Tenant leasehold and security deposits in trust	5,382,707
								Repayments of tenant leasehold and security deposits	29,000		
								Rental revenues, etc.	3,912,813	Operating accounts receivable	147,261
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	16-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	—	One interlocking officer	Asset manager	Payment of fees for asset management	1,033,361	Other accrued expenses	335,504
										Advances received	1,083

(Note 1) The amount of Payment of fees for asset management above is in accordance with the terms set forth in the Articles of Incorporation of the Investment Corporation.
(Note 2) Of the amounts above, the transaction amount does not include consumption taxes, and the ending balance includes consumption taxes.
(Note 3) The transaction terms are based on current market practices.

4. Directors and major individual unitholders

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

Not applicable

Current fiscal period (From June 1, 2016 to November 30, 2016)

Not applicable

Notes on Investment and Rental Properties

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

(Unit: Thousands of yen)

Use		Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Urban Retail Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	129,841,119	142,985,252
	Changes during period	13,144,133	(12,308)
	Balance at end of period	142,985,252	142,972,944
	Fair value at end of period	170,085,000	172,235,000
Tokyo Office Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	109,126,813	129,392,529
	Changes during period	20,265,716	7,285,907
	Balance at end of period	129,392,529	136,678,436
	Fair value at end of period	141,970,000	152,420,000
Other Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	54,335,670	54,166,215
	Changes during period	(169,454)	23,589,036
	Balance at end of period	54,166,215	77,755,251
	Fair value at end of period	61,660,000	87,050,000
Total	Carrying amount on the balance sheets		
	Balance at beginning of period	293,303,602	326,543,997
	Changes during period	33,240,395	30,862,635
	Balance at end of period	326,543,997	357,406,633
	Fair value at end of period	373,715,000	411,705,000

(Note 1) The carrying amount on the balance sheets is the acquisition cost less accumulated depreciation.
(Note 2) The main reason for the increase in the current fiscal period is the acquisition of three properties (A-PLACE Gotanda Ekimae, Umeda Gate Tower and A-PLACE Bashamichi) worth ¥31,412,156 thousand. The decrease is mainly due to the provision of depreciation worth ¥1,051,941 thousand.
(Note 3) The fair value at end of period is the appraisal value provided by an independent real estate appraiser.
The income/loss concerning investment and rental properties is indicated under “Notes to Statements of Operations.”

Segment Information

Segment Information for the fiscal periods ended May 31, 2016 and November 30, 2016 is as follows:

1. Operating Segment Information

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

2. Enterprise-wide Disclosures

(1) Information about Products and Services

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

(2) Information about Geographic Areas

Revenues from Overseas Customers:

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

Property, plant and equipment:

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

3. Information about Major Customers

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

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

Current fiscal period (From June 1, 2016 to November 30, 2016)

(Unit: Thousands of yen)		
Name of Customer	Revenues	Related Segment
Tokyu Land SC Management Corporation	3,912,813	Property rental business
Tokyu Community Corporation	3,427,000	Property rental business
Tokyu Land Corporation	2,159,539	Property rental business

Per Unit Information

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Net assets per unit	¥294,719	¥295,200
Basic earnings per unit	¥8,722	¥9,021

(Note 1) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (previous fiscal period 595,758 units and current fiscal period 599,654 units).
Diluted earnings per unit is not stated, as there is no potential investment unit.

(Note 2) The basis for calculating basic earnings per unit is as follows:

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Profit (Thousands of yen)	5,196,705	5,409,626
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	5,196,705	5,409,626
Average number of investment units for the period (Units)	595,758	599,654

Significant Subsequent Events

1. Issuance of New Investment Units

At meetings of the board of directors held on November 14, 2016 and November 21, 2016, we resolved to issue new investment units as described below, and issued these per the terms below once payments were completed on December 1, 2016 and December 15, 2016. As a result, unitholders' capital amounted to ¥202,233,447,370, and the total number of investment units issued came to 665,214 units.

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

i) Number of new investment units issued	61,040 units
ii) Offering price	¥483,326 per unit
iii) Total offering price	¥29,502,219,040
iv) Paid-in amount	¥468,283 per unit
v) Total paid-in amount	¥28,583,994,320
vi) Payment date	December 1, 2016
vii) Initial date of reckoning distributions	December 1, 2016

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

i) Number of new investment units issued	4,520 units
ii) Paid-in amount	¥468,283 per unit
iii) Total paid-in amount	¥2,116,639,160
iv) Payment date	December 15, 2016
v) Initial date of reckoning distributions	December 1, 2016
vi) Allottee	Nomura Securities Co., Ltd.

2. Acquisition of Properties

The Investment Corporation acquired beneficiary rights of real estate in trust to two properties for ¥25,600 million on December 2, 2016, one property for ¥4,370 million on December 20, 2016, and one property for ¥2,280 million on January 6, 2017, with proceeds from the issuance of new investment units through public offering (public placement) and third-party allotment, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation. For the details, please refer to the preceding “Asset Management Report, 1. Review of Asset Management, (6) Significant Matters after Book Closing, 2) Acquisition of Properties”.

Omission of Disclosure

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

VIII. Schedule of Financial Statements

Securities

1. Shares

Not applicable

2. Securities Other Than Shares

Not applicable

Derivative Transactions

(Unit: Thousands of yen)

Classification	Type of derivative transactions	Amount of contract (Note 1)		Fair value (Note 2) (Note 3)
			Portion due after one year	
Over-the-counter	Interest rate swaps Receive floating Pay fixed	24,400,000	24,400,000	75,684
Total		24,400,000	24,400,000	75,684

(Note 1) The amounts of contract do not represent the market risk exposure associated with the derivative instruments.

(Note 2) The interest rate swaps which qualify for hedge accounting and meet specific criteria are not measured at fair value in the balance sheets and the interest received or paid under the interest rate swap contracts is recognized on an accrual basis.

(Note 3) Fair value is based on prices, etc. indicated by partner financial institutions.

Property and Equipment

The following tables show the summary of movement in property and equipment.

(Unit: Thousands of yen)

		Beginning balance	Increase	Decrease	Ending Balance	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
Tangible Assets	Buildings in trust (Note 1)	67,043,786	7,249,979	—	74,293,765	6,259,822	995,944	68,033,942
	Structures in trust	565,465	39,297	—	604,762	99,187	15,293	505,575
	Machinery and equipment in trust	1,264,865	56,812	—	1,321,677	210,123	30,513	1,111,554
	Tools, furniture and fixtures in trust	77,138	38,688	—	115,826	41,572	9,988	74,253
	Land in trust (Note 1)	258,584,206	24,270,422	—	282,854,628	—	—	282,854,628
	Construction in progress in trust	4,102	1,160	4,102	1,160	—	—	1,160
	Subtotal	327,539,564	31,656,359	4,102	359,191,820	6,610,706	1,051,739	352,581,114
Intangible Assets	Leasehold rights in trust	4,562,628	263,070	—	4,825,698	—	—	4,825,698
	Other (Note 2)	4,610	—	—	4,610	3,365	461	1,245
	Subtotal	4,567,239	263,070	—	4,830,309	3,365	461	4,826,943
Total		332,106,803	31,919,429	4,102	364,022,130	6,614,072	1,052,200	357,408,058

(Note 1) The main reason for the increase in the fiscal period ended November 30, 2016 is the acquisition of 3 properties (A-PLACE Gotanda Ekimae, Umeda Gate Tower and A-PLACE Bashamichi).

(Note 2) “Other” is software (non-real estate asset).

Other Specified Assets
Not applicable

Investment Corporation Bonds

(Unit: Thousands of yen)

Issue	Issue Date	Beginning balance	Decrease	Ending balance	Interest Rate	Redemption Date	Use of funds	Remarks
1st unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 25, 2014	4,000,000	–	4,000,000	0.370%	April 25, 2019	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
2nd unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 21, 2015	2,000,000	–	2,000,000	0.297%	April 21, 2020	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
3rd unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 21, 2015	2,000,000	–	2,000,000	0.726%	April 21, 2025	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
4th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 3, 2016	2,000,000	–	2,000,000	0.770%	February 3, 2026	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
Total	–	10,000,000	–	10,000,000	–	–	–	–

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

(Unit: Thousands of yen)

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

Loans Payable

The following tables show the details of loans payable.

(Unit: Thousands of yen)

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	2,400,000	–	2,400,000	–	0.17455%	June 30, 2016	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	–	3,100,000	3,100,000	–	0.16141%	November 2, 2016	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	–	375,000	–	375,000	0.15801%	May 31, 2017	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	–	375,000	–	375,000				
	Mizuho Bank, Ltd.	–	375,000	–	375,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	375,000	–	375,000				
	Sumitomo Mitsui Trust Bank, Limited	–	375,000	–	375,000	0.15801%	June 30, 2017	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	–	375,000	–	375,000				
	Mizuho Bank, Ltd.	–	375,000	–	375,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	375,000	–	375,000				
	Sumitomo Mitsui Trust Bank, Limited	–	600,000	–	600,000	0.15748%	June 30, 2017	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	–	600,000	–	600,000				
	Mizuho Bank, Ltd.	–	600,000	–	600,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	600,000	–	600,000				
Total		2,400,000	8,500,000	5,500,000	5,400,000				
Long-term loans payable (Note 2)	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	–	3,000,000	–	0.86572%	June 13, 2016	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	–	3,000,000	–				
	Mizuho Bank, Ltd.	3,000,000	–	3,000,000	–				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	–	3,000,000	–				
	Sumitomo Mitsui Banking Corporation	6,000,000	–	–	6,000,000	0.20184%	December 13, 2016	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	2,400,000	–	–	2,400,000	0.17390%	December 26, 2016	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co., LTD.	2,000,000	–	–	2,000,000	0.20692%	March 31, 2017	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	1,500,000	–	–	1,500,000				
	The Bank of Fukuoka, Ltd.	1,000,000	–	–	1,000,000				
	The Gunma Bank, Ltd.	500,000	–	–	500,000				
	Shinkin Central Bank	500,000	–	–	500,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	–	–	500,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	–	–	3,000,000	0.95315%	June 13, 2017	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	–	–	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	–	–	3,000,000				
	Mizuho Bank, Ltd.	3,000,000	–	–	3,000,000				

(Unit: Thousands of yen)

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	780,000	—	—	780,000	0.49815%	January 9, 2018	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	780,000	—	—	780,000	0.49815%	January 9, 2018	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	780,000	—	—	780,000	0.49815%	January 9, 2018	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	780,000	—	—	780,000	0.49815%	January 9, 2018	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	390,000	—	—	390,000	0.49815%	January 9, 2018	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	390,000	—	—	390,000	0.49815%	January 9, 2018	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	4,100,000	—	4,100,000	0.16642%	January 9, 2018	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	5,000,000	—	—	5,000,000	0.68315% (Note 5)	March 31, 2018	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000	1.06309%	June 13, 2018	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	—	—	500,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	250,000	—	—	250,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	250,000	—	—	250,000	0.52304%	January 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	6,000,000	—	—	6,000,000	1.19051%	June 13, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	—	1,200,000	—	1,200,000	0.02875% (Note 5)	June 28, 2019	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank	—	1,200,000	—	1,200,000				

(Unit: Thousands of yen)

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	340,000	—	—	340,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	170,000	—	—	170,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	170,000	—	—	170,000	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	1,500,000	—	—	1,500,000	0.51000%	August 29, 2019	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank	1,500,000	—	—	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	80,000	—	—	80,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	80,000	—	—	80,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	300,000	—	—	300,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	300,000	—	—	300,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	1,500,000	—	—	1,500,000	0.52500%	March 31, 2020	(Note 4)	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000				
	The Gunma Bank, Ltd.	500,000	—	—	500,000				
	The Norinchukin Bank	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	530,000	—	—	530,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	530,000	—	—	530,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	670,000	—	—	670,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	670,000	—	—	670,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	420,000	—	—	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	420,000	—	—	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co., LTD.	2,000,000	—	—	2,000,000	0.68500%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	100,000	—	—	100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	100,000	—	—	100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	—	800,000	—	800,000	0.38472%	April 6, 2023	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	800,000	—	800,000				
	Mizuho Bank, Ltd.	—	800,000	—	800,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	800,000	—	800,000				
	Sumitomo Mitsui Banking Corporation	—	400,000	—	400,000				
	Development Bank of Japan Inc.	—	400,000	—	400,000				
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	625,000	—	—	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	625,000	—	—	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	700,000	—	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	600,000	—	—	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	1,500,000	—	1,500,000	0.33150% (Note 5)	June 17, 2024	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	1,500,000	—	1,500,000				
	Mizuho Bank, Ltd.	—	1,500,000	—	1,500,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	1,500,000	—	1,500,000				

Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
Activia Properties Inc.

We have audited the accompanying financial statements of Activia Properties Inc., which comprise the balance sheet as at November 30, 2016, and the statements of operations, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Activia Properties Inc. as at November 30, 2016, and their financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

February 22, 2017
Tokyo, Japan

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	–	1,500,000	–	1,500,000	0.36900% (Note 5)	December 13, 2024	(Note 4)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	–	1,500,000	–	1,500,000				
	Mizuho Bank, Ltd.	–	1,500,000	–	1,500,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	1,500,000	–	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	–	1,200,000	–	1,200,000	0.54094%	March 21, 2025	(Note 3)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	–	1,200,000	–	1,200,000				
	Mizuho Bank, Ltd.	–	1,200,000	–	1,200,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	1,200,000	–	1,200,000				
	Sumitomo Mitsui Banking Corporation	–	600,000	–	600,000	0.61942%	March 19, 2026	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	–	600,000	–	600,000				
	Sumitomo Mitsui Trust Bank, Limited	–	2,100,000	–	2,100,000				
	Mitsubishi UFJ Trust and Banking Corporation	–	2,100,000	–	2,100,000				
	Mizuho Bank, Ltd.	–	2,100,000	–	2,100,000	0.61942%	March 19, 2026	(Note 3)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	–	2,100,000	–	2,100,000				
	Sumitomo Mitsui Banking Corporation	–	1,050,000	–	1,050,000				
	Development Bank of Japan Inc.	–	1,050,000	–	1,050,000				
Total		134,750,000	39,000,000	12,000,000	161,750,000				

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

(Note 2) Long-term loans payable include current portion.

(Note 3) Use of the borrowings is acquisition of the real estate trust beneficiary interests.

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

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

(Note 6) Annual repayments of long-term loans payable scheduled for next five years after each balance sheet date were as follows:

(Unit: Thousands of yen)					
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years
Long-term loans payable	26,400,000	25,000,000	19,600,000	7,300,000	12,000,000

Overview of the Asset Manager

Overview of the Asset Manager I

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

Characteristics Inherited from Tokyu Land Corporation I

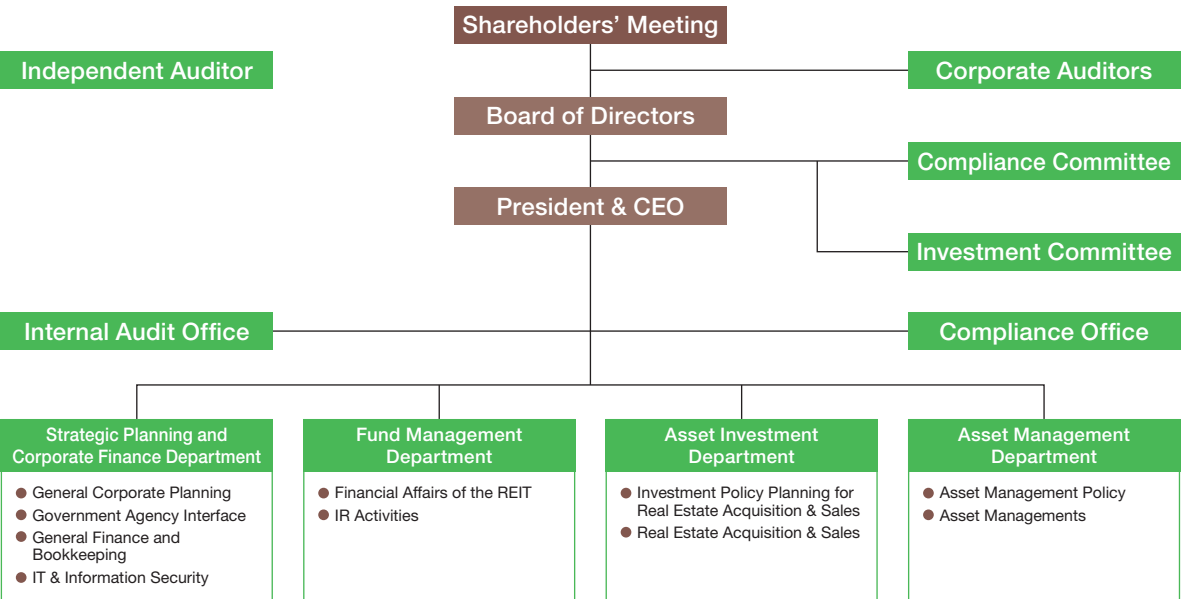
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyu Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses ahead of the times in anticipation of customer demands, for example by opening Tokyu Plaza as the forefront of a building complex near the station and Tokyu Hands as a specialty store for daily-life materials.

API's staff, with abundant experience in many fields of the Tokyu Fudosan Holdings Group, engage in J-REIT operations to meet the needs of unitholders.

Proactive Behavior I

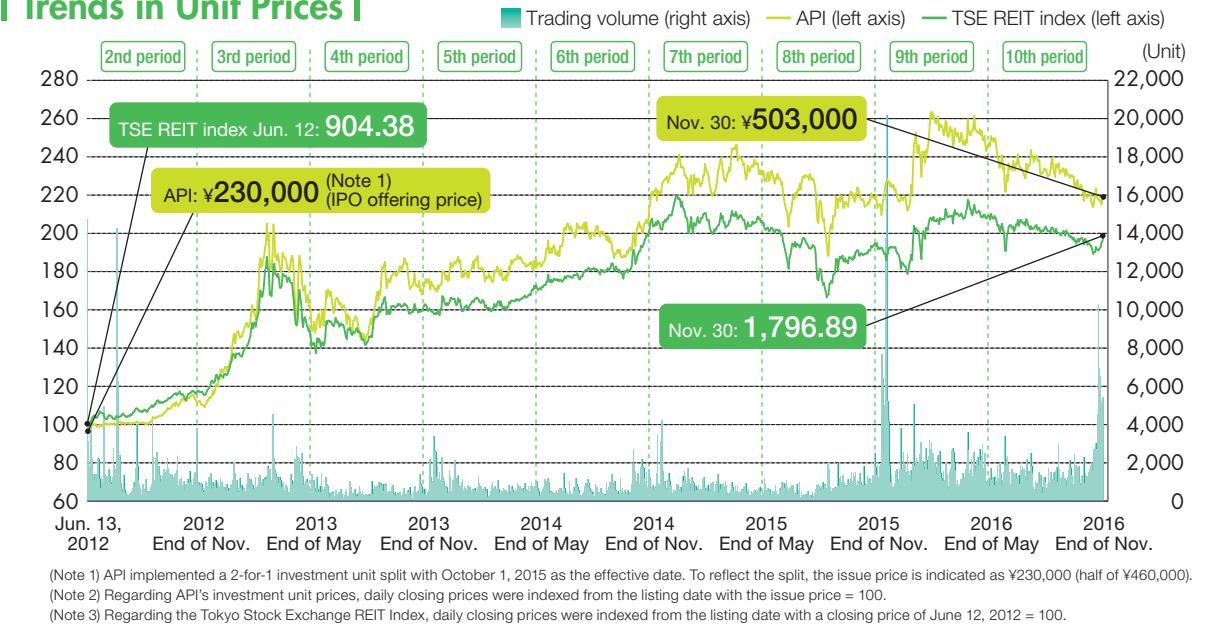
As an asset manager, each staff member is required to work proactively (take the initiative, look ahead and improve the situation). As an asset manager, we will manage and take good care of individual properties as a matter of course, and we will closely observe the changing market environment (the real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

Asset Manager Organizational Chart I

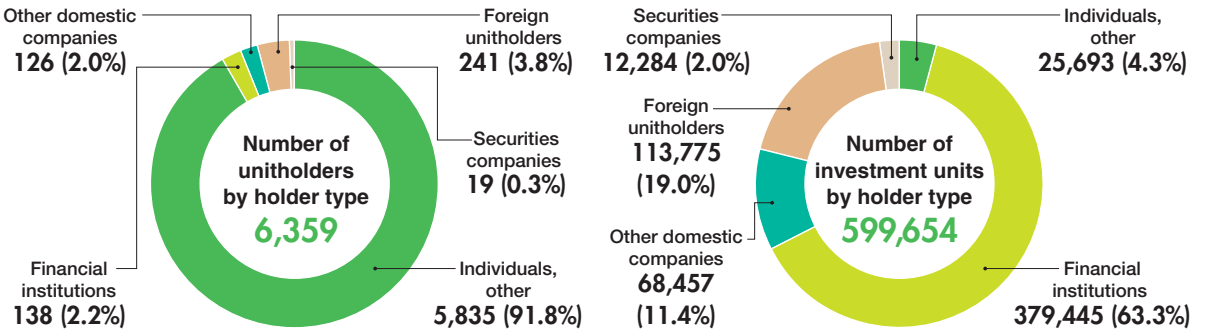


Information on Unitholders

Trends in Unit Prices I

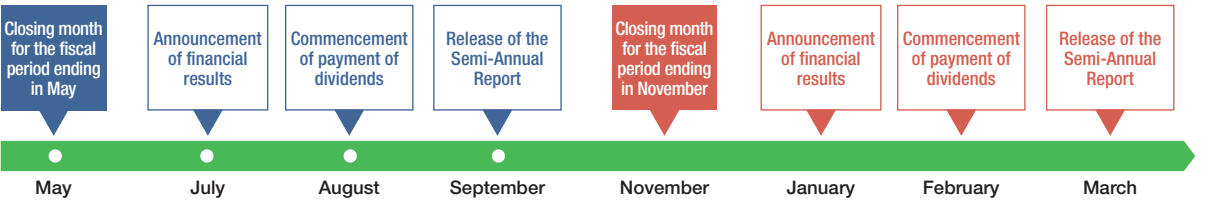


Distribution of Unitholders I



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

Annual Schedule I



API Website I

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

URL

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



Information on Unitholders

| Unitholder Memo |

Account closing dates	May 31 and November 30
Unitholders' meeting	To be held at least once every two years
Record date for unitholders' meeting	A record date based on Article 15, Section 1 of the Articles of Incorporation
Dates for determining cash distribution payments	May 31 and November 30
Administrator of unitholders' registry	Sumitomo Mitsui Trust Bank, Limited 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo 168-0003, Japan
Address of administrator of unitholders' registry	Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo 168-0003, Japan Tel: 0120-782-031 (toll-free, available within Japan only) URL: http://www.smtb.jp/personal/agency/ (Japanese page)
Stock exchange	J-REIT section of the Tokyo Stock Exchange (securities code: 3279)
Newspaper to provide public notice	<i>Nihon Keizai Shimbun</i>

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

Please contact the securities company.

■ Dividends

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

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

Telephone inquiries	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited Tel: 0120-782-031 (toll-free, available within Japan only)
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■ Dividend statement

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

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

Withholding tax rate on dividends of listed investment corporations

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

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

During the period from January 1, 2013 through December 31, 2037 (25 years), the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (2011 Law No. 117) is in force. **As a result, there is a reconstruction special income tax of 2.1%.**

This reconstruction special income tax will be imposed together when income tax is withheld at the source on dividends paid by listed investment corporations.

Additional issues to be aware of are as follows.

■ Matters to be noted regarding the withholding tax on dividends of listed investment corporations

- In the case of an individual unitholder who holds 3% or more of the outstanding investment, the income tax rate is 20.42% (income tax 20% + reconstruction special income tax 0.42% ^(Note)). However, with regard to residence tax, a separate procedure is required.
- If a corporate unitholder receives dividends, no residence tax will be imposed.

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

■ Matters to be noted regarding the Reconstruction Special Income Tax

- In cases where income tax is non-taxable or exempt, or where the income tax rate is less than the rate provided by domestic laws due to the application of a tax treaty, the reconstruction special income tax will not be imposed.
- With regard to taxes in the case where you have selected the method of allocation in proportion to the number of shares held, please ask your securities company.

For more details, please ask the tax office with jurisdiction over the place of tax payment.



Activia Properties Inc.

API 3279