

Financial Report for the Fiscal Period Ended November 30, 2017 (June 1, 2017 – November 30, 2017)

Activia Properties Inc.

Listing: Tokyo Stock Exchange
 Securities code: 3279
 URL: <http://www.activia-reit.co.jp/en/>
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Scheduled date to file Securities Report: February 27, 2018
 Scheduled date to start distribution payments: February 9, 2018
 Supplementary material on financial report: Yes
 Financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended November 30, 2017 (June 1, 2017 – November 30, 2017)

(1) Operating results (Percentages show changes from the corresponding amounts for the previous period.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended November 30, 2017	12,720	5.1	7,074	1.4	6,218	1.1	6,217	1.1
Fiscal period ended May 31, 2017	12,107	10.9	6,980	13.3	6,152	13.7	6,151	13.7

	Basic earnings per unit	Return on unitholders' equity (ROE)	Ordinary profit to total assets	Ordinary profit to operating revenue
	Yen	%	%	%
Fiscal period ended November 30, 2017	9,346	3.0	1.5	48.9
Fiscal period ended May 31, 2017	9,252	3.2	1.5	50.8

(Note) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (664,866 units and 665,214 units for the fiscal period ended May 31, 2017, and the fiscal period ended November 30, 2017, respectively).

(2) Cash distributions

	Cash distributions per unit (excluding excess of earnings)	Total distributions (excluding excess of earnings)	Cash distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distribution ratio to unitholders' equity
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended November 30, 2017	9,346	6,217	0	0	100.0	3.0
Fiscal period ended May 31, 2017	9,248	6,151	0	0	100.0	3.0

(Note) Because new investment units were issued during the fiscal period ended May 31, 2017, the payout ratio for that period is obtained by the following formula with figures rounded to the first decimal place: Payout ratio = total distributions (excluding excess of earnings) / profit × 100

(3) Financial position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2017	426,838	208,523	48.9	313,467
As of May 31, 2017	425,977	208,451	48.9	313,359

(Reference) Unitholders' equity

As of November 30, 2017: ¥208,523 million
As of May 31, 2017: ¥208,451 million

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended November 30, 2017	8,253	123	(6,328)	17,889
Fiscal period ended May 31, 2017	8,051	(48,245)	43,850	15,840

2. Forecasts of results for the fiscal period from December 1, 2017 to May 31, 2018

(Percentages show changes from the corresponding amounts for the previous period.)

	Operating revenue		Operating profit		Ordinary profit		Profit		Cash distributions per unit (excluding excess of earnings)	Cash distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending May 31, 2018	13,258	4.2	7,494	5.9	6,569	5.6	6,568	5.6	9,400	0

(Reference) Forecasted profit per unit (forecasted profit / total projected number of investment units issued at end of period)
For the fiscal period ending May 31, 2018: ¥9,400

*** Other**

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

- a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatement of prior period financial statements: None

(2) Total number of units issued

- a. Total number of units issued at end of period (including treasury units)
 - As of November 30, 2017 665,214 units
 - As of May 31, 2017 665,214 units
- b. Number of treasury units at end of period
 - As of November 30, 2017 – units
 - As of May 31, 2017 – units

(Note) Please refer to “Per Unit Information” on page 32 for the number of investment units used as the basis for calculating basic earnings per unit.

*** Status of audit procedures**

As of the time of this financial report, audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act of Japan are incomplete.

*** Appropriate use of forecasts of results and other special items**

Forward-looking statements presented in this financial report including forecasts of results are based on information currently available to us and on certain assumptions we deem to be reasonable. As such, actual operating and other results may differ materially due to a number of factors. Furthermore, these forecasts are in no way a guarantee of any distribution amount. Please refer to “Assumptions for Forecasts of Investment Performance for the 13th Fiscal Period from December 1, 2017 to May 31, 2018 and the 14th Fiscal Period from June 1, 2018 to November 30, 2018” on pages 12 and 13 for information on assumptions for the forecasts.

This English version is a translation of the original Japanese document and is only for reference purposes. In the case where any differences occur between the English version and the original Japanese version, the Japanese version will prevail.

1. The Investment Corporation and Related Corporations

As there have been no significant changes in “Management structure of the Investment Corporation” in the latest Securities Report (filed on August 24, 2017; prepared in Japanese only), the disclosure is omitted.

2. Asset Management Policies and Status

(1) Asset Management Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (filed on August 24, 2017; prepared in Japanese only), the disclosure is omitted.

(2) Asset Management Status

i) Summary of Results for the Current Fiscal Period

(A) 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. (on April 1, 2017, an absorption-type merger took place with current TLC REIT Management Inc. (hereinafter referred to as the “Asset Manager”) as a surviving company and TLC Activia Investment Management Inc. (its trade name was changed from TLC Township Inc. on April 1, 2012) as an absorbed company) 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 1, 2016, the Investment Corporation carried out a publicly offered capital increase for the fourth consecutive year, and on December 15, 2016, it carried out a third-party allotment.

“Activia” of “Activia Properties,” the name of the Investment Corporation, has been coined from the words “activate” and “ia,” a suffix meaning “place.” By investing in and managing real estate appropriate to its name, the Investment Corporation seeks to become an entity capable of broadly energizing society. The Investment Corporation will also select real estate capable of sustaining customer demand as a location for both corporate activities and urban recreation in popular areas, with the aim of maximizing the medium- and long-term value of unitholders, supported by its proactive management (management to improve the circumstances by taking initiatives and acting for the future).

Moreover, the Investment Corporation has continued to carefully select investment assets with a focus on location and quality since having concluded its IPO, and consequently held 39 properties (with the total acquisition price of ¥407,920 million) at the end of the fiscal period under review.

(B) Investment Environment in the Fiscal Period under Review

In the fiscal period under review, the Japanese economy held to a path of recovery. This was partially due to a trend of rising exports associated with moderate growth in the global economy, and also due to increased robustness in capital investment brought about by improvement in corporate earnings and business sentiment.

With respect to the environment surrounding retail properties, consumer sentiment has been mounting a firm recovery despite some apparent signs of weakness, amid an employment environment that shows indications of further tightening, according to the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan. Moreover, in the quarter spanning July to September 2017, tourism consumption by overseas visitors to Japan increased by 26.7% year on year amid gains in both the number of foreign overseas visitors to Japan and per-person travel expenditure, 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. As such, demand related to inbound tourism trended higher.

In the rental office market, favorable conditions have persisted. In that regard, supply has continued to tighten relative to demand with the average vacancy rate of the five central wards of Tokyo (Chiyoda-

ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) hovering in the 3% range since July 2016, having decreased to 3.03% as of November 30, 2017. Meanwhile, rent levels have increased for 47 consecutive months running up to November 2017, according to data published by Miki Shoji Co., Ltd. In addition, the market has also been firm in major cities outside Tokyo, amid an ongoing trend of declining vacancy rates and rising rent levels.

The J-REIT market has been showing signs of recovery despite episodes of sluggish performance, amid sentiment that yields have been relatively undervalued. Moreover, asset sizes have continued to expand with ongoing financing activity and property acquisitions carried out by J-REITs amid the Bank of Japan's ongoing monetary easing policy and an upbeat real estate market.

(C) Investment Performance

The Investment Corporation has continued to maintain and improve its portfolio. Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 39 properties (with the total acquisition price of ¥407,920 million) with the total leasable area of 370,296 m² (112,013 *tsubo*).

The trend of monthly average occupancy rate (Note) during the fiscal period under review is as follows:

	June 30, 2017	July 31, 2017	August 31, 2017	September 30, 2017	October 31, 2017	November 30, 2017
Urban Retail Properties	99.8%	99.8%	100.0%	99.8%	100.0%	100.0%
Tokyo Office Properties	100.0%	99.8%	99.9%	99.8%	99.9%	99.9%
Activia Account Properties	99.5%	99.6%	99.0%	99.3%	99.8%	100.0%
Total	99.7%	99.7%	99.6%	99.6%	99.9%	100.0%

(Note) Figures for occupancy rates are rounded to the nearest tenth.

(D) 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. This involves daily effort to achieve our basic objective of cutting unit energy consumption by an annual average of 1% over the medium to long term. Measures carried out in the fiscal year under review include upgrading to LED lighting at some private areas at Luogo Shiodome, timed in conjunction with change of tenants at that facility, and some common areas of A-FLAG SAPPORO, A-FLAG BIJUTSUKAN DORI, and A-FLAG DAIKANYAMA WEST. Moreover, we continue to engage in annual initiatives geared to acquiring green building certifications, and during the fiscal period under review have accordingly been granted BELS certifications, which evaluate the performances in energy-saving measures, for four properties including A-PLACE Ikebukuro (two stars), A-PLACE Gotanda (two stars), A-PLACE Shinagawa (one star), and A-PLACE Ebisu Higashi (three stars). As such, a total of 22 of our properties have acquired green building certification, which amounted to 59.5% of our holdings calculated on the basis of gross floor area (as of November 30, 2017).

In addition to holding an exhibition displaying photos of the Omotesando district as a fifth anniversary event at Tokyu Plaza Omotesando Harajuku, we cooperated in community activities to coexist with nearby businesses, residents and cities as initiatives for local society, which included our participation in summer festivals in the Shiodome area and clean-up campaigns in various areas where our properties are located. The Investment Corporation will contribute to achieving a sustainable society by engaging in such initiatives geared to the environment and society.

(E) Overview of Financing

In the fiscal period under review, the Investment Corporation refinanced borrowings amounting to ¥12,000 million and ¥5,000 million in June and September 2017, respectively, in order to cover

repayment of loans payable that had come due, and worked to otherwise maintain a stable financial base through ongoing moves that have included reducing interest costs and diversifying repayment dates on interest-bearing debt. As of the end of the fiscal period under review, the balance of interest-bearing debt was ¥196,150 million (borrowings of ¥180,150 million and investment corporation bonds of ¥16,000 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 46.0% as of the end of the fiscal period under review. The ratio of long-term debt and fixed-interest debt to total interest-bearing debt were 94.9% and 92.8%, respectively.

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

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

(F) Overview of Financial Results and Distributions in the Fiscal Period under Review

As a result of the above-mentioned investments, operating revenue, operating profit, and ordinary profit were ¥12,720 million, ¥7,074 million, and ¥6,218 million, respectively, for the fiscal period under review, and profit was ¥6,217 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), it was decided that the all amount of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the "Special Taxation Measures Act"). Consequently, distributions per investment unit resulted in ¥9,346.

ii) Outlook for the Next Fiscal Period

(A) Investment Environment for the Next Fiscal Period

In the Japanese economy going forward, we expect the trend of modest recovery to continue, fueled by positive effects of factors that include rising exports brought about by steady growth of the global economy, and increasing capital investment and personal consumption underpinned by an accommodative financial environment and fiscal stimulus driven by various economic measures. Nevertheless, we will need to monitor the situation with respect to mounting uncertainties in overseas economies and potential adverse effects of financial market volatility, brought about by developments involving monetary and economic policy in Europe and the U.S. as well as geopolitical risks.

In the rental office market, we expect business conditions to remain favorable backed by a likelihood of office occupancy rates persisting at high levels along with robust appetite for upgrading locations of business and office expansion amid ongoing improvement in the employment environment and higher corporate earnings. With respect to the environment surrounding retail properties, we expect consumer sentiment to gradually become more upbeat due to a steadily improving employment and income environment. Despite concerns with respect to potentially deteriorating supply-demand fundamentals, we expect the J-REIT market to hold firm backed by the likelihood of the Bank of Japan maintaining its monetary easing policy for the time being along with that of relatively high yields and robust financial results among J-REITs. Amid this environment, the Investment Corporation will promote both external growth in part by continuing to leverage its sponsor support, and also internal growth by leveraging the competitiveness of its assets under management, with the aim of improving unitholder value while constantly expanding the size of its assets by making careful investment decisions.

(B) Investment Policy and Developments to Be Addressed in the Next Fiscal Period

a. Basic Policy

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

b. 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 regarding the Investment 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 Manager.

c. 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 Manager. 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.

d. 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.

(C) Significant Subsequent Events

a. Issuance of New Investment Units

At meetings of the board of directors held on November 28, 2017 and December 6, 2017, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 13, 2017 and December 26, 2017. As a result, unitholders' capital amounted to ¥217,091,520,300, and the total number of investment units issued came to 698,704 units.

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

Number of new investment units issued	31,090 units
Offering price	¥458,150 per unit
Total offering price	¥14,243,883,500
Paid-in amount	¥443,657 per unit
Total paid-in amount	¥13,793,296,130
Payment date	December 13, 2017

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

Number of new investment units issued	2,400 units
Paid-in amount	¥443,657 per unit
Total paid-in amount	¥1,064,776,800
Payment date	December 26, 2017
Allottee	Nomura Securities Co., Ltd.

b. Borrowing of Funds

The Investment Corporation borrowed funds as follows.

Category	Lender	Total amount borrowed	Interest rate	Drawdown date	Due date (Note)	Borrowing and repayment methods, security, and guarantee		
Long-term	Sumitomo Mitsui Trust Bank, Limited	¥1,600 million	0.41931%	January 5, 2018	December 28, 2021	Borrowing based on a borrowing agreement with the lender shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed		
	Mitsubishi UFJ Trust and Banking Corporation							
	Mizuho Bank, Ltd.							
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.							
	Sumitomo Mitsui Banking Corporation							
	Development Bank of Japan Inc.							
	Sumitomo Mitsui Trust Bank, Limited	¥1,600 million	0.74869%	January 5, 2018	July 5, 2027			
	Mitsubishi UFJ Trust and Banking Corporation							
	Mizuho Bank, Ltd.							
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.							
	Sumitomo Mitsui Banking Corporation							
	Development Bank of Japan Inc.							
	Total		¥3,200 million					

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

c. 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 and borrowings, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation.

(UR-14) A-FLAG KITA SHINSAIBASHI

Type of assets	Trust beneficiary interest
Acquisition price	¥4,725 million
Acquisition date	December 1, 2017
Location	10-11, Minami Senba 3-chome, Chuo-ku, Osaka City, Osaka
Use	Retail, office and parking
Land area	627.13 m ²
Gross floor area	3,096.18 m ²
Structure	SRC, steel framed / 7 floors above and 1 floor underground
Month and year of completion	March 2008
Ownership	Land: Owned Building: Owned

(UR-15) DECKS Tokyo Beach (acquisition of 49% co-ownership interest)

Type of assets	Trust beneficiary interest
Acquisition price	¥12,740 million
Acquisition date	January 5, 2018
Location	6-1, Daiba 1-chome, Minato-ku, Tokyo
Use	Retail, amusement place, factory and parking
Land area	18,703.45 m ²
Gross floor area	67,506.91 m ²
Structure	Steel framed / 8 floors above
Month and year of completion	June 1996 (Extended in November 2000)
Ownership	Land: Owned (49% co-ownership interest) Building: Owned (49% co-ownership interest)

(AA-12) Commercial Mall Hakata

Type of assets	Trust beneficiary interest
Acquisition price	¥6,100 million
Acquisition date	January 5, 2018
Location	6-40, Tokojimachi 2-chome, Hakata-ku, Fukuoka City, Fukuoka
Use	Department store and parking
Land area	10,686.42 m ²
Gross floor area	13,848.76 m ²
Structure	Steel framed / 3 floors above
Month and year of completion	November 2005
Ownership	Land: Owned Building: Owned

(D) Outlook of Investment Performance

For the fiscal period ending May 31, 2018 (13th fiscal period: December 1, 2017 to May 31, 2018), investment performance is estimated as follows. For the assumptions used for the estimation of investment performance, please refer to “Assumptions for Forecasts of Investment Performance for the 13th Fiscal Period from December 1, 2017 to May 31, 2018 and the 14th Fiscal Period from June 1, 2018 to November 30, 2018” on pages 12 and 13.

Operating revenue	¥13,258 million
Operating profit	¥7,494 million
Ordinary profit	¥6,569 million
Profit	¥6,568 million
Cash distributions per unit	¥9,400
Cash distributions in excess of earnings per unit	¥0

If it is assumed that there are no changes in “Assumptions for Forecasts of Investment Performance for the 13th Fiscal Period from December 1, 2017 to May 31, 2018 and the 14th Fiscal Period from June 1, 2018 to November 30, 2018” on pages 12 and 13, the outlook of investment performance for the fiscal period ending November 30, 2018 (14th fiscal period: June 1, 2018 to November 30, 2018) is estimated as follows.

Operating revenue	¥13,600 million
Operating profit	¥7,506 million
Ordinary profit	¥6,575 million
Profit	¥6,574 million
Cash distributions per unit	¥9,410
Cash distributions in excess of earnings per unit	¥0

(Note) The above estimation is determined based on certain assumptions at the time of preparing the financial statements. Due to changes in the circumstances surrounding the Investment Corporation including acquisition or disposition of properties, the trend of real estate market, etc. in the future, actual operating revenue, operating profit, ordinary profit, profit and cash distributions per unit may change. Furthermore, this estimation does not guarantee the amount of distributions.

Assumptions for Forecasts of Investment Performance for the 13th Fiscal Period from December 1, 2017 to May 31, 2018 and the 14th Fiscal Period from June 1, 2018 to November 30, 2018

Item	Assumptions
Period	<ul style="list-style-type: none"> • 13th fiscal period (December 1, 2017 to May 31, 2018) (182 days) • 14th fiscal period (June 1, 2018 to November 30, 2018) (183 days)
Investment portfolio	<ul style="list-style-type: none"> • We assume that there will be no material changes to the composition of our investment portfolio, including acquisition of properties or disposition of properties, associated with the 42 properties (the “Assets Currently Held”) for which we hold the trust beneficiary interests as of today, before the end of the 14th fiscal period (November 30, 2018). • Our forecasts, however, may change due to any changes to the composition of our investment portfolio.
Operating revenue	<ul style="list-style-type: none"> • We have calculated our real estate leasing business revenues from the Assets Currently Held taking into account the relevant lease agreements effective as of today, market trends, etc. • Operating revenue is based on our assumption that there will be no delinquencies or non-payment of rents by tenants.
Operating expenses	<ul style="list-style-type: none"> • Expenses related to rent business (other than depreciation), which are our principal operating expenses, were calculated based on the historical information and upon considering variable factors, for the Assets Currently Held (the “Assets Held as of the end of the 12th Fiscal Period”), excluding A-FLAG KITA SHINSAIBASHI acquired on December 1, 2017, and DECKS Tokyo Beach (acquisition of 49% co-ownership interest) and Commercial Mall Hakata acquired on January 5, 2018 (collectively, the “Acquired Assets”). Expenses for the Acquired Assets are calculated based on the information provided by the former owner (seller) and upon considering variable factors and others. • In general, property tax and city planning tax of properties acquired are settled at the time of acquisition between the former owner (seller) and the purchaser based on their respective periods of ownership in relation to the relevant tax year. However, any of these taxes allocated to the purchaser are not expensed at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes. The total amount of property tax and city planning tax on the Acquired Assets that are treated as a part of the acquisition cost is assumed to be ¥125 million. For property tax and city planning tax, ¥887 million and ¥1,001 million for the Assets Currently Held will be expensed in the fiscal period ending May 31, 2018 (13th fiscal period) and in the fiscal period ending November 30, 2018 (14th fiscal period), respectively. With regard to the Acquired Assets, for fiscal 2018 and fiscal 2019, property tax and city planning tax of A-FLAG KITA SHINSAIBASHI will be expensed from the fiscal period ending November 30, 2018 (14th fiscal period), and property tax and city planning tax of DECKS Tokyo Beach (acquisition of 49% of co-ownership interest) and Commercial Mall Hakata will be expensed from the fiscal period ending November 30, 2019 (16th fiscal period). Of which, ¥5 million will be expensed in the fiscal period ending November 30, 2018 (14th fiscal period). • Repair and maintenance expenses of buildings are estimated at the amount required for each of the fiscal periods based on the medium- and long-term repair and maintenance plans formed by the Asset Manager. However, the actual repair and maintenance expenses for the fiscal periods may significantly differ from the estimates since (i) an unforeseeable event may cause serious damage to a building requiring emergent repair expenditure, (ii) in general, amounts vary according to the fiscal period, and (iii) certain types of repair and maintenance expenses are not required in every fiscal period.

Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> We calculate depreciation expenses (including incidental expenses) by the straight-line method, assuming ¥1,234 million and ¥1,257 million for the 13th fiscal period ending May 31, 2018 and the 14th fiscal period ending November 30, 2018, respectively.
Non-operating expenses	<ul style="list-style-type: none"> We expect interest and other borrowing-related expenses of ¥867 million and ¥925 million for the 13th fiscal period ending May 31, 2018 and the 14th fiscal period ending November 30, 2018, respectively. We assume the temporary expense of ¥53 million for the 13th fiscal period ending May 31, 2018, relating to the issuance of investment units, etc.
Interest-bearing debt	<ul style="list-style-type: none"> As of today, we have a balance of ¥199,350 million in interest-bearing debt (borrowings of ¥183,350 million and investment corporation bonds of ¥16,000 million). We assume that there will be no change to the balance of interest-bearing debt before the end of the 14th fiscal period (November 30, 2018). We assume that there will be refinancing of borrowings coming due before the end of the 13th fiscal period (May 31, 2018) and the 14th fiscal period (November 30, 2018) (13th fiscal period: short-term loans payable of ¥5,000 million, long-term loans payable of ¥5,000 million; 14th fiscal period: short-term loans payable of ¥5,000 million, long-term loans payable of ¥12,000 million). We assume the LTV ratios as of May 31, 2018 and November 30, 2018 are both to be approximately 45%. The LTV ratio is obtained by the following formula: $\text{LTV} = \text{Balance of interest-bearing debt} / \text{Total assets} \times 100$
Units	<ul style="list-style-type: none"> The number is based on our assumption of total of 698,704 units issued as of today. We assume that there will be no additional issuance of new investment units before the end of the 14th fiscal period (November 30, 2018). The cash distributions per unit for the 13th fiscal period ending May 31, 2018 and the 14th fiscal period ending November 30, 2018 have been calculated in accordance with the total projected number of investment units issued as of the end of each of the fiscal periods which are 698,704 units.
Cash distributions per unit	<ul style="list-style-type: none"> Cash distributions (cash distributions per unit) are calculated based on the cash distribution policy stipulated in our Articles of Incorporation. The cash distributions per unit may change due to various factors, including changes to the composition of our investment portfolio, changes in rental revenues accompanying changes in tenants, and unexpected maintenance and repairs.
Cash distributions in excess of earnings per unit	<ul style="list-style-type: none"> We do not currently anticipate cash distributions in excess of our distributable profit (cash distributions in excess of earnings per unit).
Other	<ul style="list-style-type: none"> We assume that there will be no amendments in legislation, taxation, accounting standards, listing regulations or regulations of the Investment Trusts Association of Japan that affect the above forecasts. We assume that there will be no material changes in general economic conditions or real estate markets.

3. Financial Statements

(1) Balance Sheet

(Unit: Thousands of yen)

	As of May 31, 2017	As of November 30, 2017
Assets		
Current assets		
Cash and deposits	12,959,519	15,165,946
Cash and deposits in trust	2,881,469	2,723,436
Operating accounts receivable	645,163	486,257
Prepaid expenses	449,641	292,870
Deferred tax assets	10	18
Other	2,241	2,230
Total current assets	16,938,046	18,670,759
Non-current assets		
Property, plant and equipment		
Buildings in trust	79,082,209	79,354,657
Accumulated depreciation	(7,373,381)	(8,503,434)
Buildings in trust, net	71,708,828	70,851,222
Structures in trust	637,056	638,231
Accumulated depreciation	(116,034)	(132,712)
Structures in trust, net	521,022	505,519
Machinery and equipment in trust	1,352,828	1,364,809
Accumulated depreciation	(241,957)	(271,072)
Machinery and equipment in trust, net	1,110,871	1,093,736
Tools, furniture and fixtures in trust	131,955	150,520
Accumulated depreciation	(54,665)	(68,153)
Tools, furniture and fixtures in trust, net	77,290	82,367
Land in trust	325,281,819	325,281,819
Construction in progress in trust	–	1,126
Total property, plant and equipment	398,699,831	397,815,791
Intangible assets		
Leasehold rights in trust	9,130,097	9,130,097
Other	784	3,032
Total intangible assets	9,130,881	9,133,130
Investments and other assets		
Long-term prepaid expenses	1,052,097	1,064,673
Derivatives	65,673	72,117
Other	15,217	15,217
Total investments and other assets	1,132,989	1,152,009
Total non-current assets	408,963,702	408,100,931
Deferred assets		
Investment corporation bond issuance costs	75,651	66,891
Total deferred assets	75,651	66,891
Total assets	425,977,400	426,838,582

(Unit: Thousands of yen)

	As of May 31, 2017	As of November 30, 2017
Liabilities		
Current liabilities		
Operating accounts payable	668,243	764,214
Short-term loans payable	10,000,000	10,000,000
Current portion of long-term loans payable	25,000,000	25,000,000
Accounts payable - other	103,682	65,580
Accrued expenses	720,452	822,039
Income taxes payable	784	972
Accrued consumption taxes	232,885	494,431
Advances received	428,034	434,216
Deposits received	23,755	1,190
Other	4,076	—
Total current liabilities	37,181,916	37,582,644
Non-current liabilities		
Investment corporation bond	16,000,000	16,000,000
Long-term loans payable	145,150,000	145,150,000
Tenant leasehold and security deposits in trust	19,194,160	19,582,816
Other	51	23
Total non-current liabilities	180,344,211	180,732,839
Total liabilities	217,526,128	218,315,484
Net assets		
Unitholders' equity		
Unitholders' capital	202,233,447	202,233,447
Surplus		
Unappropriated retained earnings (undisposed loss)	6,152,150	6,217,532
Total surplus	6,152,150	6,217,532
Total unitholders' equity	208,385,598	208,450,980
Valuation and translation adjustments		
Deferred gains or losses on hedges	65,673	72,117
Total valuation and translation adjustments	65,673	72,117
Total net assets	*2 208,451,272	*2 208,523,097
Total liabilities and net assets	425,977,400	426,838,582

(2) Statement of Income

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2016 to May 31, 2017)		Current fiscal period (From June 1, 2017 to November 30, 2017)	
Operating revenue				
Lease business revenue	*1	11,370,770	*1	11,861,072
Other lease business revenue	*1	736,582	*1	859,517
Total operating revenue		12,107,352		12,720,589
Operating expenses				
Expenses related to rent business	*1	4,097,908	*1	4,509,419
Asset management fee		915,853		1,013,473
Asset custody fee		11,446		11,947
Administrative service fees		29,098		31,652
Directors' compensations		3,300		3,300
Other operating expenses		69,516		76,091
Total operating expenses		5,127,122		5,645,884
Operating profit		6,980,230		7,074,704
Non-operating income				
Interest income		60		68
Interest on securities		113		-
Reversal of distribution payable		1,768		1,456
Interest on refund		1,076		-
Insurance income		-		177
Total non-operating income		3,019		1,702
Non-operating expenses				
Interest expenses		598,109		609,206
Interest expenses on investment corporation bonds		29,422		31,863
Amortization of investment corporation bond issuance costs		7,524		8,760
Investment unit issuance expenses		48,191		55,185
Borrowing related expenses		146,928		152,635
Other		500		500
Total non-operating expenses		830,676		858,151
Ordinary profit		6,152,573		6,218,255
Profit before income taxes		6,152,573		6,218,255
Income taxes - current		811		982
Income taxes - deferred		7		(8)
Total income taxes		818		974
Profit		6,151,755		6,217,281
Retained earnings brought forward		395		251
Unappropriated retained earnings (undisposed loss)		6,152,150		6,217,532

(3) Statement of Unitholders' Equity

Previous fiscal period (From December 1, 2016 to May 31, 2017)

(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	5,409,874	5,409,874	176,942,688	75,684	75,684	177,018,373
Changes of items during period							
Issuance of new investment units	30,700,633			30,700,633			30,700,633
Dividends of surplus		(5,409,478)	(5,409,478)	(5,409,478)			(5,409,478)
Profit		6,151,755	6,151,755	6,151,755			6,151,755
Net changes of items other than unitholders' equity					(10,010)	(10,010)	(10,010)
Total changes of items during period	30,700,633	742,276	742,276	31,442,909	(10,010)	(10,010)	31,432,898
Balance at end of current period	*1 202,233,447	6,152,150	6,152,150	208,385,598	65,673	65,673	208,451,272

Current fiscal period (From June 1, 2017 to November 30, 2017)

(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	202,233,447	6,152,150	6,152,150	208,385,598	65,673	65,673	208,451,272
Changes of items during period							
Dividends of surplus		(6,151,899)	(6,151,899)	(6,151,899)			(6,151,899)
Profit		6,217,281	6,217,281	6,217,281			6,217,281
Net changes of items other than unitholders' equity					6,443	6,443	6,443
Total changes of items during period	—	65,381	65,381	65,381	6,443	6,443	71,825
Balance at end of current period	*1 202,233,447	6,217,532	6,217,532	208,450,980	72,117	72,117	208,523,097

(4) Statement of Cash Distributions

	Previous fiscal period (From December 1, 2016 to May 31, 2017)	Current fiscal period (From June 1, 2017 to November 30, 2017)
	Amount	Amount
I Unappropriated retained earnings	¥6,152,150,774	¥6,217,532,741
II Distributions	¥6,151,899,072	¥6,217,090,044
[Cash Distributions per unit]	[¥9,248]	[¥9,346]
III Earnings carried forward	¥251,702	¥442,697

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 ¥6,151,899,072, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 665,214, 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 ¥6,217,090,044, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 665,214, 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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(5) Statement of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2016 to May 31, 2017)	Current fiscal period (From June 1, 2017 to November 30, 2017)
Cash flows from operating activities		
Profit before income taxes	6,152,573	6,218,255
Depreciation	1,176,077	1,189,628
Loss on retirement of non-current assets	0	-
Amortization of investment corporation bond issuance costs	7,524	8,760
Interest income and interest on securities	(174)	(68)
Interest expenses	627,531	641,070
Investment unit issuance expenses	48,191	55,185
Borrowing related expenses	146,928	152,635
Decrease (increase) in operating accounts receivable	(134,894)	158,906
Decrease (increase) in consumption taxes refund receivable	240,810	-
Increase (decrease) in accrued consumption taxes	232,885	261,545
Decrease (increase) in prepaid expenses	(160,833)	154,892
Increase (decrease) in operating accounts payable	94,699	18,149
Increase (decrease) in accrued expenses	63,227	17,528
Increase (decrease) in advances received	111,220	6,181
Decrease (increase) in long-term prepaid expenses	15,594	11,381
Other, net	23,628	(30,436)
Subtotal	8,644,992	8,863,616
Interest income received	174	68
Interest expenses paid	(592,201)	(609,261)
Income taxes paid	(972)	(795)
Net cash provided by (used in) operating activities	8,051,992	8,253,629
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(47,344,411)	(264,927)
Purchase of intangible assets	-	(2,536)
Purchase of intangible assets in trust	(4,304,399)	-
Repayments of tenant leasehold and security deposits in trust	(427,568)	(417,990)
Proceeds from tenant leasehold and security deposits in trust	3,831,129	808,786
Other, net	(426)	-
Net cash provided by (used in) investing activities	(48,245,675)	123,332
Cash flows from financing activities		
Increase in short-term loans payable	12,396,074	4,998,489
Decrease in short-term loans payable	(7,800,000)	(5,000,000)
Proceeds from long-term loans payable	22,519,387	11,849,238
Decrease in long-term loans payable	(14,400,000)	(12,000,000)
Proceeds from issuance of investment corporation bonds	5,962,843	-
Proceeds from issuance of investment units	30,597,876	-
Dividends paid	(5,410,632)	(6,150,128)
Other, net	(15,326)	(26,167)
Net cash provided by (used in) financing activities	43,850,222	(6,328,568)
Net increase (decrease) in cash and cash equivalents	3,656,538	2,048,393
Cash and cash equivalents at beginning of period	12,184,450	15,840,989
Cash and cash equivalents at end of period	*1 15,840,989	*1 17,889,382

(6) Notes on Assumption of Going Concern

Not applicable

(7) 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 border="0"><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 when incurred.</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. There is no amount equivalent to property tax included in acquisition cost for properties for the current fiscal period.</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 statement of cash flows	<p>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.</p>								

6. Other important matters related to the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interest with real estate, etc. as trust asset</p> <p>With regard to trust beneficiary interest 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 sheet and statement of income.</p> <p>Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheet.</p> <p>i) Cash and deposits in trust</p> <p>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</p> <p>iii) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting method for consumption tax and local consumption tax</p> <p>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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(8) Notes to Financial Statements

Notes to Balance Sheet

1. Commitment Line Contracts

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

	As of May 31, 2017	As of November 30, 2017
Total amount specified in the commitment line contracts	¥20,000,000 thousand	¥20,000,000 thousand
Loan balance	-	-
Net balance	¥20,000,000 thousand	¥20,000,000 thousand

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

	As of May 31, 2017	As of November 30, 2017
	¥50,000 thousand	¥50,000 thousand

Notes to Statement of Income

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From December 1, 2016 to May 31, 2017)		Current fiscal period (From June 1, 2017 to November 30, 2017)	
A. Real estate leasing business revenues				
Lease business revenue				
Rent	10,233,375		10,738,149	
Common service fees	845,780		830,944	
Parking lot fees	206,124		209,935	
Other rent revenue	85,490	11,370,770	82,041	11,861,072
Other lease business revenue		736,582		859,517
Total real estate leasing business revenues		12,107,352		12,720,589
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	1,037,552		1,062,726	
Utilities expenses	682,073		791,991	
Tax and public dues	778,702		887,699	
Insurance	8,854		9,090	
Repair and maintenance expenses	197,447		304,182	
Depreciation	1,175,819		1,189,537	
Loss on retirement of non-current assets	0		-	
Other expenses related to rent business	217,457	4,097,908	264,192	4,509,419
Total real estate leasing business expenses		4,097,908		4,509,419
C. Profit (loss) from real estate leasing business (A – B)		8,009,444		8,211,169

Notes to Statement of Unitholders' Equity

	Previous fiscal period (From December 1, 2016 to May 31, 2017)	Current fiscal period (From June 1, 2017 to November 30, 2017)
*1. Total number of authorized investment units and total number of investment units issued		
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	665,214 units	665,214 units

Notes to Statement of Cash Flows

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

	Previous fiscal period (From December 1, 2016 to May 31, 2017)	Current fiscal period (From June 1, 2017 to November 30, 2017)
Cash and deposits	¥12,959,519 thousand	¥15,165,946 thousand
Cash and deposits in trust	¥2,881,469 thousand	¥2,723,436 thousand
Cash and cash equivalents	¥15,840,989 thousand	¥17,889,382 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.

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

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

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

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

Borrowings and investment corporation bond are mainly for the purpose of acquiring real estate and refinancing of existing borrowings. Tenant leasehold and security deposits are deposits provided by tenants. Borrowings, investment corporation bond, tenant leasehold and security deposits are exposed to liquidity risks at the time of repayment or redemption. 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, 2017, 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	12,959,519	12,959,519	—
(2) Cash and deposits in trust	2,881,469	2,881,469	—
Total assets	15,840,989	15,840,989	—
(1) Short-term loans payable	10,000,000	10,000,000	—
(2) Current portion of long-term loans payable	25,000,000	25,038,580	38,580
(3) Investment corporation bond	16,000,000	16,201,572	201,572
(4) Long-term loans payable	145,150,000	147,457,012	2,307,012
Total liabilities	196,150,000	198,697,165	2,547,165
Derivative transactions	65,673	65,673	—

Carrying amounts, fair values, and the differences between the two values as of November 30, 2017, 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	15,165,946	15,165,946	–
(2) Cash and deposits in trust	2,723,436	2,723,436	–
Total assets	17,889,382	17,889,382	–
(1) Short-term loans payable	10,000,000	10,000,000	–
(2) Current portion of long-term loans payable	25,000,000	25,075,199	75,199
(3) Investment corporation bond	16,000,000	16,195,996	195,996
(4) Long-term loans payable	145,150,000	146,708,543	1,558,543
Total liabilities	196,150,000	197,979,740	1,829,740
Derivative transactions	72,117	72,117	–

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

Assets

(1) Cash and deposits, (2) Cash and deposits in trust

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

Liabilities

(1) Short-term loans payable

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

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

These fair values are determined by discounting the total of principal and interest at the rate assumed when a new loan is made corresponding to the remaining period. The book value is used as the fair value of those loans payable with floating interest rate, given that the fair value is almost the same as the book value, as their interest rates are reviewed on a short-term interval to reflect market interest rates (however, for long-term loans payable with floating interest rate 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 bond

The fair value is determined by discounting the total of principal and interest at a rate taking into account the remaining period and credit risk of the said investment corporation bonds.

Derivative transactions

Please refer to “Notes on Derivative Transactions” on pages 27 and 28.

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

(Unit: Thousands of yen)

Category	As of May 31, 2017	As of November 30, 2017
Tenant leasehold and security deposits in trust *	19,194,160	19,582,816

* 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 Redemption of Monetary Claims after the Account Closing Date (May 31, 2017)

(Unit: Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Deposits	12,959,519	-	-	-	-	-
Deposits in trust	2,881,469	-	-	-	-	-
Total	15,840,989	-	-	-	-	-

Expected Amounts of Redemption of Monetary Claims after the Account Closing Date (November 30, 2017)

(Unit: Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Deposits	15,165,946	-	-	-	-	-
Deposits in trust	2,723,436	-	-	-	-	-
Total	17,889,382	-	-	-	-	-

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bond after the Account Closing Date (May 31, 2017)

(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	10,000,000	-	-	-	-	-
Investment corporation bond	-	4,000,000	6,000,000	-	-	6,000,000
Long-term loans payable	25,000,000	18,500,000	20,400,000	12,500,000	7,500,000	86,250,000
Total	35,000,000	22,500,000	26,400,000	12,500,000	7,500,000	92,250,000

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bond after the Account Closing Date (November 30, 2017)

(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	10,000,000	–	–	–	–	–
Investment corporation bond	–	4,000,000	6,000,000	–	–	6,000,000
Long-term loans payable	25,000,000	19,600,000	7,300,000	12,500,000	14,500,000	91,250,000
Total	35,000,000	23,600,000	13,300,000	12,500,000	14,500,000	97,250,000

Notes on Derivative Transactions

1. Derivative Transaction to Which Hedge Accounting Is Not Applied

(As of May 31, 2017)

Not applicable

(As of November 30, 2017)

Not applicable

2. Derivative Transaction to Which Hedge Accounting Is Applied

(As of May 31, 2017)

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 1 year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	14,400,000	14,400,000	65,673	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	5,000,000	*	–

(As of November 30, 2017)

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 1 year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	14,400,000	14,400,000	72,117	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	5,000,000	*	—

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to the preceding “Notes on Financial Instruments, 2. Matters Regarding Fair Values of Financial Instruments, (Note 1) Liabilities (4)” on page 25.)

Notes on Tax Effect Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of May 31, 2017	As of November 30, 2017
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥10 thousand	¥18 thousand
Total deferred tax assets	¥10 thousand	¥18 thousand
Net deferred tax assets	¥10 thousand	¥18 thousand

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

	As of May 31, 2017	As of November 30, 2017
Effective statutory tax rate	31.74%	31.74%
Adjustments		
Distributions paid included in deductibles	(31.74)%	(31.73)%
Other	0.01%	0.01%
Effective income tax rate after application of tax effect accounting	0.01%	0.02%

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

Previous fiscal period (From December 1, 2016 to May 31, 2017)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned) (Note 3)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen) (Note 3)
						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	-	-	Tenant leasehold and security deposits in trust	2,485,408
										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.

(Note 3) Due to the Investment Corporation's issuance of new investment units through public offering that was conducted on December 1, 2016 (first day of the fiscal period), Tokyu Land Corporation no longer qualifies as a related party. Consequently, the percentage of voting rights owning (owned) and the ending balance stated above, are for the percentage and amount as of the start of the fiscal period when that company ceased to qualify as a related party.

Current fiscal period (From June 1, 2017 to November 30, 2017)

Not applicable

2. Associates, etc.

Previous fiscal period (From December 1, 2016 to May 31, 2017)

Not applicable

Current fiscal period (From June 1, 2017 to November 30, 2017)

Not applicable

3. Sister companies, etc.

Previous fiscal period (From December 1, 2016 to May 31, 2017)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned) (Note 4)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen) (Note 4)
						Interlocking officers, etc.	Business relationship				
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2, Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	-	None	Subsidiary of major unitholder	-	-	Tenant leasehold and security deposits in trust	5,382,707
										Operating accounts receivable	147,261
										Advances received	1,083
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	1-1, Minami-Aoyama 1-chome, Minato-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	-	1 interlocking officer	Asset manager	-	-	Other accrued expenses	335,504

(Note 1) The amount of remuneration 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.

(Note 4) As a result of Tokyu Land Corporation no longer qualifying as a related party due to the Investment Corporation's issuance of new investment units through public offering that was conducted on December 1, 2016 (first day of the fiscal period), Tokyu Land Corporation's subsidiaries Tokyu Land SC Management Corporation, and TLC Activia Investment Management Inc. no longer qualify as related parties. Consequently, the percentage of voting rights owning (owned) and the ending balance stated above, are for the percentage and amount as of the start of the fiscal period when the two companies ceased to qualify as related parties.

Current fiscal period (From June 1, 2017 to November 30, 2017)

Not applicable

4. Directors and major individual unitholders

Previous fiscal period (From December 1, 2016 to May 31, 2017)

Not applicable

Current fiscal period (From June 1, 2017 to November 30, 2017)

Not applicable

Notes on Investment and Rental Properties

The Investment Corporation holds Urban Retail and Tokyo Office properties, etc. in Tokyo and other regions for rental revenue. The carrying amounts on the balance sheet, 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, 2016 to May 31, 2017)	Current fiscal period (From June 1, 2017 to November 30, 2017)
Urban Retail Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	142,972,944	154,110,630
	Changes during period	11,137,686	(267,998)
	Balance at end of period	154,110,630	153,842,632
	Fair value at end of period	186,965,000	187,050,000
Tokyo Office Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	136,678,436	176,243,083
	Changes during period	39,564,647	(396,664)
	Balance at end of period	176,243,083	175,846,419
	Fair value at end of period	196,020,000	198,870,000
Activia Account Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	77,755,251	77,476,991
	Changes during period	(278,260)	(220,705)
	Balance at end of period	77,476,991	77,256,285
	Fair value at end of period	88,570,000	89,970,000
Total	Carrying amount on the balance sheet		
	Balance at beginning of period	357,406,633	407,830,705
	Changes during period	50,424,072	(885,368)
	Balance at end of period	407,830,705	406,945,337
	Fair value at end of period	471,555,000	475,890,000

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

(Note 2) The main reason for the decrease in the current fiscal period is the provision of depreciation worth ¥1,189,537 thousand.

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

The profit/loss concerning investment and rental properties for the current fiscal period is indicated under “Notes to Statement of Income.”

Per Unit Information

	Previous fiscal period (From December 1, 2016 to May 31, 2017)	Current fiscal period (From June 1, 2017 to November 30, 2017)
Net assets per unit	¥313,359	¥313,467
Basic earnings per unit	¥9,252	¥9,346

(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 664,866 units; current fiscal period 665,214 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, 2016 to May 31, 2017)	Current fiscal period (From June 1, 2017 to November 30, 2017)
Profit (Thousands of yen)	6,151,755	6,217,281
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	6,151,755	6,217,281
Average number of investment units for the period (Units)	664,866	665,214

Significant Subsequent Events

1. Issuance of New Investment Units

At meetings of the board of directors held on November 28, 2017 and December 6, 2017, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 13, 2017 and December 26, 2017. As a result, unitholders' capital amounted to ¥217,091,520,300, and the total number of investment units issued came to 698,704 units.

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

i) Number of new investment units issued	31,090 units
ii) Offering price	¥458,150 per unit
iii) Total offering price	¥14,243,883,500
iv) Paid-in amount	¥443,657 per unit
v) Total paid-in amount	¥13,793,296,130
vi) Payment date	December 13, 2017
vii) Initial date of reckoning distributions	December 1, 2017

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

i) Number of new investment units issued	2,400 units
ii) Paid-in amount	¥443,657 per unit
iii) Total paid-in amount	¥1,064,776,800
iv) Payment date	December 26, 2017
v) Initial date of reckoning distributions	December 1, 2017
vi) Allottee	Nomura Securities Co., Ltd.

2. Borrowing of Funds

In order to cover the acquisition costs for beneficiary interests of real estate in trust to two properties and related costs, the Investment Corporation borrowed funds of ¥3,200 million on January 5, 2018. For the details, please refer to the preceding “2. Asset Management Policies and Status, (2) Asset Management Status, ii) Outlook for the Next Fiscal Period, (C) Significant Subsequent Events, b. Borrowing of Funds” on page 9.

3. Acquisition of Properties

The Investment Corporation acquired beneficiary interests of real estate in trust to one property for ¥4,725 million on December 1, 2017 and two properties for ¥18,840 million on January 5, 2018, with proceeds from the issuance of new investment units through public offering (public placement) and third-party allotment and from borrowings, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation. For the details, please refer to the preceding “2. Asset Management Policies and Status, (2) Asset Management Status, ii) Outlook for the Next Fiscal Period, (C) Significant Subsequent Events, c. Acquisition of Properties” on pages 9 and 10.

Omission of Disclosure

As the need for disclosing notes on lease transactions, securities, retirement benefits, equity in earnings of affiliates, asset retirement obligations, and segment information in this financial report is not considered to be substantial, the disclosure of these items is omitted.

(9) Changes in Total Number of Investment Units Issued and Outstanding

There is no capital increases, etc. for the current fiscal period. The overview of capital increases, etc. in and before the previous fiscal period is as follows:

Date	Summary	Total investments (Thousands of yen)		Total number of investment units issued (Units)		Remarks
		Change	Balance	Change	Balance	
September 7, 2011	Establishment through private placement	200,000	200,000	400	400	(Note 1)
June 12, 2012	Capital increase through public offering	90,834,705	91,034,705	204,100	204,500	(Note 2)
July 10, 2012	Capital increase through third-party allotment	339,128	91,373,833	762	205,262	(Note 3)
December 16, 2013	Capital increase through public offering	32,636,569	124,010,403	43,100	248,362	(Note 4)
January 15, 2014	Capital increase through third-party allotment	2,044,518	126,054,921	2,700	251,062	(Note 5)
December 17, 2014	Capital increase through public offering	22,800,626	148,855,547	24,050	275,112	(Note 6)
January 8, 2015	Capital increase through third-party allotment	1,915,063	150,770,610	2,020	277,132	(Note 7)
October 1, 2015	Investment unit split	–	150,770,610	277,132	554,264	(Note 8)
December 15, 2015	Capital increase through public offering	19,152,091	169,922,702	41,870	596,134	(Note 9)
January 6, 2016	Capital increase through third-party allotment	1,610,111	171,532,813	3,520	599,654	(Note 10)
December 1, 2016	Capital increase through public offering	28,583,994	200,116,808	61,040	660,694	(Note 11)
December 15, 2016	Capital increase through third-party allotment	2,116,639	202,233,447	4,520	665,214	(Note 12)

(Note 1) The Investment Corporation was established with an offering price per unit of ¥500,000.

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

(Note 3) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥445,050 per unit.

- (Note 4) New investment units were issued by public offering with an offering price per unit of ¥782,925 (paid-in amount of ¥757,229 per unit) in order to raise funds for the acquisition of new properties, etc.
- (Note 5) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥757,229 per unit.
- (Note 6) New investment units were issued by public offering with an offering price per unit of ¥979,020 (paid-in amount of ¥948,051 per unit) in order to raise funds for the acquisition of new properties.
- (Note 7) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥948,051 per unit.
- (Note 8) A two-for-one split of the investment units has been implemented, with September 30, 2015 as the record date and October 1, 2015 as the effective date.
- (Note 9) New investment units were issued by public offering with an offering price per unit of ¥472,360 (paid-in amount of ¥457,418 per unit) in order to raise funds for the acquisition of new properties, etc.
- (Note 10) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥457,418 per unit.
- (Note 11) New investment units were issued by public offering with an offering price per unit of ¥483,326 (paid-in amount of ¥468,283 per unit) in order to raise funds for the acquisition of new properties.
- (Note 12) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥468,283 per unit.

4. Changes in Directors and Corporate Auditors

There have been no changes of directors and corporate auditors described in “Directors and Corporate Auditors” in the latest Securities Report (filed on August 24, 2017; prepared in Japanese only).

5. Reference Information

(1) Composition of Invested Assets

Type of assets	Category	Previous fiscal period (As of May 31, 2017)		Current fiscal period (As of November 30, 2017)	
		Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)	Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)
Real estate	By property type				
	Urban Retail Properties	–	–	–	–
	Tokyo Office Properties	–	–	–	–
	Activia Account Properties	–	–	–	–
	By location				
	The five central wards of Tokyo (Note 3)	–	–	–	–
	Wards of Tokyo other than the five central wards	–	–	–	–
	Three major metropolitan areas (Note 4)	–	–	–	–
	Other locations	–	–	–	–
	Subtotal	–	–	–	–
Real estate in trust	By property type				
	Urban Retail Properties	154,110	36.2	153,842	36.0
	Tokyo Office Properties	176,243	41.4	175,846	41.2
	Activia Account Properties	77,476	18.2	77,256	18.1
	By location				
	The five central wards of Tokyo (Note 3)	254,607	59.8	254,182	59.6
	Wards of Tokyo other than the five central wards	33,564	7.9	33,446	7.8
	Three major metropolitan areas (Note 4)	115,104	27.0	114,754	26.9
	Other locations	4,554	1.1	4,561	1.1
	Subtotal	407,830	95.7	406,945	95.3
Total real estate assets		407,830	95.7	406,945	95.3
Deposits and other assets		18,146	4.3	19,893	4.7
Total assets (Note 5)		425,977	100.0	426,838	100.0

	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)
Total liabilities (Note 5) (Note 6)	217,526	51.1	218,315	51.1
Total net assets (Note 5)	208,451	48.9	208,523	48.9

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

(Note 2) Figures are rounded to the nearest tenth.

(Note 3) “The five central wards of Tokyo” refers to Chiyoda ward (*Chiyoda-ku*), Chuo ward (*Chuo-ku*), Minato ward (*Minato-ku*), Shinjuku ward (*Shinjuku-ku*) and Shibuya ward (*Shibuya-ku*) in Tokyo.

(Note 4) “Three major metropolitan areas” refers to the Tokyo area (Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture), the Chukyo area (Aichi Prefecture) and the Kinki area (Osaka Prefecture, Kyoto Prefecture and Hyogo Prefecture); the same shall apply hereinafter.

(Note 5) Total assets, total liabilities and total net assets represent the amounts reported in the balance sheet as of the end of each fiscal period.

(Note 6) Total liabilities include the obligation to refund tenant leasehold and security deposits.

(2) Investment Assets

i) Major investment securities

Not applicable

ii) Investment properties

Properties in trust held by the Investment Corporation are included in the below section “iii) Other investment assets.”

iii) Other investment assets

(A) Overview of real estate and beneficiary interests of real estate in trust

The following table shows property name, acquisition price, book value at the end of the fiscal period, assessed value at the end of the fiscal period, return price and investment ratio related to the assets held by the Investment Corporation as of the end of the 12th fiscal period. Figures shown in the table are as of November 30, 2017 unless otherwise provided.

a. Overview of assets held (1)

(As of November 30, 2017)

Category	Property number (Note 1)	Property name	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Assessed value at end of period (Millions of yen) (Note 4)	Return price (Note 4)					Investment ratio (%) (Note 5)
						Direct capitalization method		DCF method			
						Price based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 6)	45,000	44,836	58,200	58,875	2.8	57,525	2.5	2.9	11.0
	UR-2	Tokyu Plaza Akasaka (Note 6)	11,450	11,787	15,000	15,100	4.1	14,900	4.2	4.3	2.8
	UR-3	Q plaza EBISU (Note 7)	8,430	8,288	11,100	11,100	3.4	11,100	3.6/3.5	3.6	2.1
	UR-4	Shinbashi Place	20,500	20,283	20,500	21,100	3.6	20,300	3.3	3.7	5.0
	UR-5	Kyoto Karasuma Parking Building	8,860	8,767	11,100	11,200	4.9	11,100	4.9	5.1	2.2
	UR-6	A-FLAG AKASAKA	3,000	3,085	3,730	3,790	3.6	3,660	3.4	3.8	0.7
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	21,330	20,964	26,800	27,100	4.0	26,400	3.8	4.2	5.2
	UR-8	A-FLAG SAPPORO	4,410	4,561	6,880	6,880	5.5	6,880	5.3	5.7	1.1
	UR-9	A-FLAG SHIBUYA	6,370	6,358	7,400	7,530	4.0	7,350	3.8	4.2	1.6
	UR-10	Q plaza SHINSAIBASHI	13,350	13,460	14,400	14,300	3.6	14,500	3.4	3.8	3.3
	UR-11	A-FLAG KOTTO DORI	4,370	4,408	4,780	4,930	3.5	4,710	3.2	3.6	1.1
	UR-12	A-FLAG BIJUTSUKAN DORI	4,700	4,717	4,760	4,840	3.6	4,680	3.4	3.8	1.2
	UR-13	A-FLAG DAIKANYAMA WEST	2,280	2,323	2,400	2,460	3.9	2,340	3.7	4.1	0.6
		Subtotal	154,050	153,842	187,050	189,205	-	185,445	-	-	37.8
Tokyo Office Properties	TO-1	TLC Ebisu Building	7,400	7,355	9,860	9,920	3.8	9,840	3.9	4.0	1.8
	TO-2	A-PLACE Ebisu Minami	9,640	9,463	13,600	13,600	3.7	13,600	3.8	3.9	2.4
	TO-3	A-PLACE Yoyogi	4,070	3,938	4,610	4,670	3.9	4,540	3.7	4.1	1.0
	TO-4	A-PLACE Aoyama	8,790	8,648	9,680	9,790	4.0	9,630	3.8	4.2	2.2
	TO-5	Luogo Shiodome	4,540	4,306	6,220	6,330	3.6	6,170	3.4	3.8	1.1
	TO-6	TAMACHI SQUARE (Land)	2,338	2,362	2,770	2,880	3.7	2,720	4.1	3.9	0.6
	TO-7	A-PLACE Ikebukuro	3,990	3,798	5,010	5,080	4.3	4,940	4.1	4.5	1.0
	TO-8	A-PLACE Shinbashi	5,650	5,732	6,670	6,790	3.9	6,550	3.7	4.1	1.4
	TO-9	A-PLACE Gotanda	5,730	5,583	6,930	7,060	3.7	6,800	3.5	3.9	1.4
	TO-10	A-PLACE Shinagawa	3,800	3,795	4,300	4,380	3.8	4,220	3.6	4.0	0.9
	TO-11	OSAKI WIZTOWER	10,690	10,809	14,500	14,500	3.5	14,500	3.1	3.5	2.6
	TO-12	Shiodome Building (Note 6)	71,600	71,427	74,550	78,400	3.5	72,800	3.3	3.7	17.6
	TO-13	A-PLACE Ebisu Higashi	7,072	7,150	7,680	7,860	3.7	7,490	3.5	3.9	1.7
	TO-14	A-PLACE Shibuya Konnoh	4,810	4,981	5,340	5,420	3.6	5,260	3.3	3.7	1.2
	TO-15	A-PLACE Gotanda Ekimae	7,280	7,560	7,650	7,770	3.8	7,520	3.5	3.9	1.8
	TO-16	A-PLACE Shinagawa Higashi	18,800	18,931	19,500	19,900	3.9	19,000	3.7	4.1	4.6
		Subtotal	176,200	175,846	198,870	204,350	-	195,580	-	-	43.2

Category	Property number (Note 1)	Property name	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Assessed value at end of period (Millions of yen) (Note 4)	Return price (Note 4)					Investment ratio (%) (Note 5)
						Direct capitalization method		DCF method			
						Price based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
Activia Account Properties	AA-1	Amagasaki Q's MALL (Land)	12,000	12,113	13,900	14,000	4.3	13,700	4.0	4.5	2.9
	AA-2	icot Nakamozu (Note 8)	8,500	8,204	10,200	10,300	5.2	10,100	5.1/5.2	5.4	2.1
	AA-4	icot Mizonokuchi	2,710	2,646	3,250	3,320	5.4	3,170	5.2	5.8	0.7
	AA-5	icot Tama Center	2,840	2,681	3,810	3,810	5.2	3,810	4.8	5.4	0.7
	AA-6	A-PLACE Kanayama	6,980	6,479	7,900	7,950	5.1	7,850	4.9	5.3	1.7
	AA-7	Osaka Nakanoshima Building	11,100	11,052	13,800	13,900	4.2	13,600	4.0	4.4	2.7
	AA-8	icot Omori	5,790	5,694	6,590	6,670	4.5	6,500	4.3	4.7	1.4
	AA-9	Market Square Sagamihara	4,820	4,757	5,020	5,050	5.3	4,990	5.1	5.5	1.2
	AA-10	Umeda Gate Tower	19,000	19,566	21,000	21,600	3.7	20,800	3.4	3.8	4.7
	AA-11	A-PLACE Bashamichi	3,930	4,060	4,500	4,600	4.9	4,400	4.6	5.1	1.0
			Subtotal	77,670	77,256	89,970	91,200	-	88,920	-	-
		Total	407,920	406,945	475,890	484,755	-	469,945	-	-	100.0

(Note 1) A property number is assigned to each of assets held by the Investment Corporation, which are divided into the three categories: UR (meaning Urban Retail Properties), TO (meaning Tokyo Office Properties) and AA (Activia Account Properties).

(Note 2) Acquisition price represents trading value of beneficiary interests in trust stipulated in each beneficiary interest sales agreement in relation to the assets held (excluding consumption tax and local consumption tax, and expenses such as trading commissions, rounding down to the nearest million yen).

(Note 3) Book value at end of period represents book value for each property less depreciation expenses as of November 30, 2017, rounding down to the nearest million yen.

(Note 4) The appraisal of properties is commissioned to Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Valuers Co., Ltd. or Morii Appraisal & Investment Consulting, Inc. Assessed value at end of period and return price show value described in each real estate appraisal report with the date of value estimate of November 30, 2017.

(Note 5) Investment ratio is calculated by dividing the acquisition price for each property by the total acquisition price (excluding consumption tax and other acquisition-related expenses). Figures are rounded to the nearest tenth.

(Note 6) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 35%, respectively).

(Note 7) The discount rates of Q plaza EBISU represent 3.6% from the first year to the sixth year and 3.5% in and after the seventh year.

(Note 8) The discount rates of icot Nakamozu represent 5.1% from the first year to the fifth year and 5.2% in and after the sixth year.

b. Overview of assets held (2)

(As of November 30, 2017)

Category	Property number	Property name	Location	Date of construction (Note 1)	Number of tenants (Note 2)	Contracted rent (Annual) (Millions of yen) (Note 3)	Tenant leasehold and security deposit (Millions of yen) (Note 4)	Total leasable area (m ²) (Note 5)	Total leased area (m ²) (Note 6)	Occupancy rate (%) (Note 7)
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 8)	Shibuya, Tokyo	March 14, 2012	29	2,009	1,687	4,904.94	4,904.94	100.0
	UR-2	Tokyu Plaza Akasaka (Note 8)	Chiyoda, Tokyo	September 10, 1969	96	953	398	16,579.26	16,526.52	99.7
	UR-3	Q plaza EBISU	Shibuya, Tokyo	August 20, 2008	4	475	475	4,024.88	4,024.88	100.0
	UR-4	Shinbashi Place	Minato, Tokyo	April 25, 2008	1	(Note 9)	(Note 9)	9,156.01	9,156.01	100.0
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	July 24, 2006	2	(Note 9)	(Note 9)	21,616.04	21,616.04	100.0
	UR-6	A-FLAG AKASAKA	Minato, Tokyo	February 18, 2008	8	171	140	2,280.22	2,280.22	100.0
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	January 31, 2010	7	1,254	1,431	19,653.90	19,653.90	100.0
	UR-8	A-FLAG SAPPORO	Sapporo, Hokkaido	May 23, 1980	18	623	137	21,229.16	21,229.16	100.0
	UR-9	A-FLAG SHIBUYA	Shibuya, Tokyo	June 29, 1988	2	393	323	3,413.80	3,413.80	100.0
	UR-10	Q plaza SHINSAIBASHI	Osaka, Osaka	November 16, 2007	6	582	467	2,820.23	2,820.23	100.0
	UR-11	A-FLAG KOTTO DORI	Minato, Tokyo	January 22, 1992	7	204	140	2,656.53	2,656.53	100.0
	UR-12	A-FLAG BIJUTSUKAN DORI	Minato, Tokyo	December 1, 1998	3	231	296	2,055.97	2,055.97	100.0
	UR-13	A-FLAG DAIKANYAMA WEST	Shibuya, Tokyo	April 21, 1992	1	(Note 9)	(Note 9)	2,579.08	2,579.08	100.0
Subtotal				-	184	-	-	112,970.02	112,917.28	100.0
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	March 5, 1993	12	580	477	7,342.60	7,342.60	100.0
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	January 31, 1995	11	710	586	7,950.49	7,950.49	100.0
	TO-3	A-PLACE Yoyogi	Shibuya, Tokyo	February 22, 2007	4	236	211	3,106.17	3,106.17	100.0
	TO-4	A-PLACE Aoyama	Minato, Tokyo	September 6, 1966	8	530	497	7,303.69	7,303.69	100.0
	TO-5	Luogo Shiodome	Minato, Tokyo	July 30, 2004	7	321	282	4,476.35	4,476.35	100.0
	TO-6	TAMACHI SQUARE (Land)	Minato, Tokyo	-	1	125	-	1,287.96	1,287.96	100.0
	TO-7	A-PLACE Ikebukuro	Toshima, Tokyo	October 13, 2011	1	(Note 9)	(Note 9)	3,409.73	3,409.73	100.0
	TO-8	A-PLACE Shinbashi	Minato, Tokyo	March 4, 1999	10	364	308	5,052.14	5,052.14	100.0
	TO-9	A-PLACE Gotanda	Shinagawa, Tokyo	February 27, 2012	11	336	301	4,028.69	4,028.69	100.0
	TO-10	A-PLACE Shinagawa	Minato, Tokyo	September 20, 1991	7	208	190	2,986.36	2,986.36	100.0
	TO-11	OSAKI WIZTOWER	Shinagawa, Tokyo	January 10, 2014	5	645	645	7,193.28	7,193.28	100.0
	TO-12	Shiodome Building (Note 8)	Minato, Tokyo	December 14, 2007	38	3,209	2,624	28,136.05	28,044.75	99.7
	TO-13	A-PLACE Ebisu Higashi	Shibuya, Tokyo	January 10, 1992	9	307	208	4,010.69	4,010.69	100.0
	TO-14	A-PLACE Shibuya Konnoh	Shibuya, Tokyo	March 18, 1992	3	(Note 9)	(Note 9)	2,983.36	2,983.36	100.0
	TO-15	A-PLACE Gotanda Ekimae	Shinagawa, Tokyo	November 30, 1993	10	328	282	4,316.89	4,316.89	100.0
	TO-16	A-PLACE Shinagawa Higashi	Minato, Tokyo	August 31, 1985 (main building) September 13, 1999 (annex)	9	884	789	14,658.98	14,658.98	100.0
Subtotal				-	146	-	-	108,243.43	108,152.13	99.9

Category	Property number	Property name	Location	Date of construction	Number of tenants	Contracted rent (Annual)	Tenant leasehold and security deposit	Total leasable area	Total leased area	Occupancy rate
				(Note 1)	(Note 2)	(Millions of yen) (Note 3)	(Millions of yen) (Note 4)	(m ²) (Note 5)	(m ²) (Note 6)	(%) (Note 7)
Activia Account Properties	AA-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	–	1	707	341	27,465.44	27,465.44	100.0
	AA-2	icot Nakamozu	Sakai, Osaka	June 27, 2007	2	619	430	28,098.02	28,098.02	100.0
	AA-4	icot Mizonokuchi	Kawasaki, Kanagawa	July 15, 1998	1	(Note 9)	100	14,032.05	14,032.05	100.0
	AA-5	icot Tama Center	Tama, Tokyo	March 7, 2006	9	239	237	5,181.58	5,181.58	100.0
	AA-6	A-PLACE Kanayama	Nagoya, Aichi	February 10, 2009	20	502	398	9,314.91	9,314.91	100.0
	AA-7	Osaka Nakanoshima Building	Osaka, Osaka	March 5, 1984	40	951	684	20,229.20	20,229.20	100.0
	AA-8	icot Omori	Ota, Tokyo	March 6, 2007	9	383	364	6,209.79 (Note 10)	6,209.79 (Note 10)	100.0
	AA-9	Market Square Sagami-hara	Sagami-hara, Kanagawa	June 13, 2014	3	(Note 9)	(Note 9)	15,152.42	15,152.42	100.0
	AA-10	Umeda Gate Tower	Osaka, Osaka	January 15, 2010	13	824	548	13,624.49	13,624.49	100.0
	AA-11	A-PLACE Bashamichi	Yokohama, Kanagawa	May 31, 1975	33	321	201	9,775.50	9,775.50	100.0
		Subtotal			–	131	–	–	149,083.40	149,083.40
	Total			–	461	–	–	370,296.85	370,152.81	100.0

(Note 1) Date of construction of the main building, as described in the property registry. For properties with several main buildings, the construction date of the oldest building is listed. The construction date is omitted in case of acquisition of land only (Land represents the part of site on which the building is established under a land lease right; the same shall apply hereinafter). However, for A-PLACE Shinbashi and A-FLAG SHIBUYA, the date of inspection confirming completion of construction written on the certificate of inspection is provided.

(Note 2) At each property, the number of tenants is equal to the aggregate number of tenants as of November 30, 2017 described in the lease agreements in relation to buildings, except that for properties with master lease agreements, the total number of end-tenants is listed. For properties for which we acquire only land, the total number of tenants of the land is listed.

(Note 3) The contracted rent (annual) for each property other than properties for which we acquire only land is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms which were occupied by tenants as of November 30, 2017), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of November 30, 2017, as indicated in the lease agreements in relation to buildings as of November 30, 2017 by 12 (for where multiple lease agreements are concluded in relation to buildings, the aggregate anticipated monthly rent for all lease agreements) (excluding consumption tax) and rounding to the nearest million yen. For properties for which we acquire only land, it is calculated as the annual contracted rent (excluding consumption tax) as indicated in the lease agreement for such land as of November 30, 2017, rounding to the nearest million yen. For properties with master lease agreements, the annual contracted rent is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms; including common service fees and excluding usage fees for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of November 30, 2017), as indicated in the relevant sublease agreement with end-tenants by 12.

(Note 4) The tenant leasehold and security deposit is calculated as the total amount on the lease agreement for each property as of November 30, 2017 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of November 30, 2017), rounding to the nearest million yen. For properties with master lease agreements, the tenant leasehold and security deposit is calculated as the total amount required based on the sublease agreements with end-tenants, rounding to the nearest million yen.

(Note 5) The total leasable area represents the total of gross floor area considered to be leasable based on the lease agreements for building or floor plans as of November 30, 2017 of each property other than properties of which we acquire only land, and gross land area considered to be leasable based on the lease agreement for land or land plans as of November 30, 2017 of each property of which we acquire only land.

(Note 6) The total leased area is equal to the total of leased area presented in each lease agreement for properties held as of November 30, 2017. For properties with master lease agreements, counted is the total of the area of properties for which sublease agreements are concluded with end-tenants and that are actually subleased.

(Note 7) The occupancy rate is calculated by dividing total leased area for each property by the total leasable area as of November 30, 2017, rounding to the nearest tenth. The subtotal and total are calculated by dividing aggregate leased area by aggregate leasable area, rounding to the nearest tenth.

(Note 8) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 35%, respectively). However, the numbers of tenants provided are the numbers for each whole building.

(Note 9) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.

(Note 10) The calculation of total leasable area and total leased 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).

(Note 11) For lease agreements with end-tenants that have been asked to be terminated or cancelled, or for which the rent has not been paid, number of tenants, contracted rent (annual), tenant leasehold and security deposit, total leased area and occupancy rate are shown in the above table if these agreements continued as of November 30, 2017, assuming that the lease agreements with the end-tenants remained effective; the same shall apply hereinafter.

(B) Capital expenditure for assets under management

a. Scheduled capital expenditure

The following table shows major estimated capital expenditure for renovation work, etc. that the Investment Corporation plans to conduct for assets held in the 12th fiscal period as of November 30, 2017. The estimated construction cost below includes the portion expensed for accounting purposes.

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (Millions of yen)		
			Total amount	Payment for the period	Total amount paid
Shinbashi Place (Minato, Tokyo)	Office commercialization	From January 2018 to May 2018	700	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of customer elevators	From November 2017 to May 2018	64	–	–
Osaka Nakanoshima Building (Osaka, Osaka)	Repair and replacement of substation equipment (control equipment, etc.) (Third period)	From December 2016 to March 2018	29	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of new annex guest room systems	From April 2018 to May 2018	23	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of total heat exchangers in new annex	From April 2018 to May 2018	20	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of heater units in parking lot systems	From April 2018 to May 2018	19	–	–
A-FLAG DAIKANYAMA WEST (Shibuya, Tokyo)	Replacement of automatic fire alarm equipment	From April 2018 to May 2018	17	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of boiler room heater units	From April 2018 to May 2018	17	–	–
A-PLACE Shibuya Konnoh (Shibuya, Tokyo)	Installation of air conditioning units in common area	From January 2018 to May 2018	13	–	–
Osaka Nakanoshima Building (Osaka, Osaka)	Exchange of electrical switchboards (Second period)	From September 2017 to March 2018	13	–	–
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Construction work involving pop-up store zone	From January 2018 to February 2018	12 (Note)	–	–
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Restroom appearance enhancement (Second period)	From November 2017 to December 2017	11	–	–

(Note) The shown estimated 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%).

b. Capital expenditure during the fiscal period

For assets held by the Investment Corporation in the 12th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended November 30, 2017 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended November 30, 2017 amounted to ¥303 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended November 30, 2017 came to ¥304 million. On aggregate, construction work of ¥608 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (Millions of yen)
Osaka Nakanoshima Building (Osaka, Osaka)	Repair and replacement of air conditioning units	From March 2017 to October 2017	50
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Restroom appearance enhancement (Second period)	From May 2017 to November 2017	17
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of main building systems	From October 2017 to November 2017	17
TLC Ebisu Building (Shibuya, Tokyo)	Exchange work of total heat exchanger rotors for air conditioning	From September 2017 to October 2017	12
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement work of main horizontal drainage piping in the lowest floor of the new annex	From June 2017 to September 2017	11
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of electrical room systems in main building	From November 2017 to November 2017	11
Other			184
Total			303

(C) Information concerning major tenants

a. Summary of major tenants

For assets held in the 12th fiscal period, the table below shows tenants whose leased area accounts for 10% or more of the total leased area in the entire portfolio (major tenants) based on the data as of November 30, 2017. The forms of agreements with the tenants in the table are ordinary lease agreements.

As for certain assets held, the Investment Corporation has entered into lease agreements (master lease agreements) with Tokyu Community Corporation and Tokyu Land SC Management Corporation with the objective of allowing them to be master lease companies and sublease the leased assets to end-tenants. The table below shows information on the major tenants with master lease agreements based on the data as of November 30, 2017. Rents received by the Investment Corporation from the master lease companies are equal to the rents received by these companies from sublessees (end-tenants) (pass-through master lease), and such rents are not guaranteed.

Tenant	Business	Property name	Leased area (m ²) (Note 1)	Contracted rent (Annual) (Millions of yen) (Note 2)	Tenant leasehold and security deposit (Millions of yen) (Note 3)	Expiration date (Note 4)
Tokyu Community Corporation	Real Estate Management	A-FLAG KOTTO DORI	2,656.53	204	140	December 31, 2026
		TLC Ebisu Building	7,342.60	580	477	May 31, 2025
		A-PLACE Ebisu Minami	7,950.49	710	586	May 31, 2025
		A-PLACE Yoyogi	3,106.17	236	211	May 31, 2025
		A-PLACE Aoyama	7,303.69	530	497	May 31, 2025
		Luogo Shiodome	4,476.35	321	282	May 31, 2025
		A-PLACE Ikebukuro	3,409.73	(Note 5)	(Note 5)	May 31, 2025
		A-PLACE Shinbashi	5,052.14	364	308	May 31, 2025
		A-PLACE Gotanda	4,028.69	336	301	May 31, 2025
		A-PLACE Shinagawa	2,986.36	208	190	May 31, 2025
		OSAKI WIZTOWER	7,193.28	645	645	May 31, 2025
		A-PLACE Ebisu Higashi	4,010.69	307	208	May 31, 2025
		A-PLACE Shibuya Konnoh	2,983.36	(Note 5)	(Note 5)	September 30, 2025
		A-PLACE Gotanda Ekimae	4,316.89	328	282	June 30, 2026
		A-PLACE Shinagawa Higashi	14,658.98	884	789	March 31, 2027
		A-PLACE Kanayama	9,314.91	502	398	May 31, 2025
		Osaka Nakanoshima Building	20,229.20	951	684	November 30, 2024
		A-PLACE Bashamichi	9,775.50	321	201	October 31, 2026
		Total	120,795.56	-	-	-
Tokyu Land SC Management Corporation	Real Estate Management	Q plaza EBISU	4,024.88	475	475	June 30, 2022
		Shinbashi Place	9,156.01	(Note 5)	(Note 5)	November 30, 2024
		Kyoto Karasuma Parking Building	21,616.04	(Note 5)	(Note 5)	November 30, 2024
		A-FLAG AKASAKA	2,280.22	171	140	August 31, 2023
		Kobe Kyu Kyoryuchi 25Bankan	19,653.90	1,254	1,431	August 31, 2023
		A-FLAG SAPPORO	21,229.16	623	137	December 31, 2023
		A-FLAG SHIBUYA	3,413.80	393	323	December 31, 2023
		Q plaza SHINSAIBASHI	2,820.23	582	467	December 31, 2025
		A-FLAG BIJUTSUKAN DORI	2,055.97	231	296	December 31, 2026
		A-FLAG DAIKANYAMA WEST	2,579.08	(Note 5)	(Note 5)	December 31, 2026
		icot Nakamozu	28,098.02	619	430	June 30, 2022
		icot Mizonokuchi	14,032.05	(Note 5)	100	June 30, 2022
		icot Tama Center	5,181.58	239	237	November 30, 2024
		icot Omori	6,209.79	383	364	December 31, 2023

Tenant	Business	Property name	Leased area (m ²) (Note 1)	Contracted rent (Annual) (Millions of yen) (Note 2)	Tenant leasehold and security deposit (Millions of yen) (Note 3)	Expiration date (Note 4)
		Market Square Sagamihara	15,152.42	(Note 5)	(Note 5)	January 31, 2025
		Total	157,503.15	—	—	—

(Note 1) The leased area is the leased area to end-tenants in respect to the leased area provided in the master lease agreement as of November 30, 2017 where the tenant is the master lease company and sublessor, rounding to the nearest hundredth.

(Note 2) Under master lease contracts concluded with tenants, for properties of which the master lease rent payable by the tenant equals to the rent payable by the end-tenant to the tenant, the contracted rent (annual) for each property is calculated by multiplying the monthly rent (limited to rooms which were occupied by tenants as of November 30, 2017), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of November 30, 2017, as indicated in the sublease agreement concluded with the end-tenant as of November 30, 2017 by 12, rounding to the nearest million yen.

(Note 3) The tenant leasehold and security deposit is calculated as the total amount on the sublease agreement with the end-tenant as of November 30, 2017 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of November 30, 2017), rounding to the nearest million yen, where the tenant is the master lease company and sublessor.

(Note 4) The expiration date is the date provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.

(Note 5) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.

b. End-tenants in the top 10 in terms of total leased area

For assets held by the Investment Corporation, the following table shows end-tenants ranked in the top 10 in terms of total leased area in the entire portfolio as of November 30, 2017.

End-tenants	Property name	Total leased area (m ²) (Note 1)	Lease expiration date	Form of agreement (Note 2)
Tokyu Hotels Co., Ltd.	Tokyu Plaza Akasaka A-FLAG SAPPORO	30,182.69	October 31, 2021	Fixed-term building lease agreement
Sumitomo Mitsui Trust Bank, Limited (Note 3)	TAMACHI SQUARE (Land) Amagasaki Q's MALL (Land)	28,753.40 (Note 4)	May 31, 2074 January 31, 2042	Ordinary leasehold land agreement Fixed-term business-use lease agreement
Kohnan Shoji Co., Ltd.	icot Nakamozu	26,529.03	July 11, 2027	Fixed-term building lease agreement
Times24 Co., Ltd.	Kyoto Karasuma Parking Building	21,224.14	–	Fixed-term building lease agreement
Plan'Do·See Inc.	Kobe Kyu Kyoryuchi 25Bankan	14,195.42	–	–
Room's-Taishodo	icot Mizonokuchi	14,032.05	July 24, 2018 (Note 5)	Ordinary building lease agreement
K'S HOLDINGS CORPORATION	Market Square Sagamihara	11,863.92	June 30, 2034	Fixed-term building lease agreement
NTT Communications Corporation	Shiodome Building	10,336.62	–	–
Yamada-Denki Co., Ltd. (Note 6)	Shinbashi Place	9,156.01	May 14, 2018	–
YANMAR Co., Ltd.	Umeda Gate Tower	8,745.40 (Note 7)	–	–

(Note 1) The total leased area is equal to the total leased area in each property under the lease agreement with the end-tenant as of November 30, 2017. As for Tokyu Plaza Akasaka and Shiodome Building, the figure is based on the amount in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (50% and 35%, respectively).

(Note 2) The form of agreement is equal to the form of agreement described in the lease agreement with the end-tenants as of November 30, 2017.

(Note 3) Tenant is the trustee of the building on the land; Tokyu Land Corporation is the trust beneficiary under such trust.

(Note 4) Total leased area for TAMACHI SQUARE (Land) and Amagasaki Q's MALL (Land) is in respect of the land.

(Note 5) The new lease agreement with an expiration date of July 24, 2023, has been concluded.

(Note 6) Yamada-Denki Co., Ltd. is scheduled to vacate upon expiration of contract on May 14, 2018.

(Note 7) The lease agreement for a portion of land (875 m²) is scheduled to end on June 30, 2018, but this will not change the order of properties listed by leased area.

(Note 8) Since we have not obtained permission from the tenant of the properties to release the information, the information missing from this table is not disclosed.

(D) Overview of lease and profit and loss

12th fiscal period (From June 1, 2017 to November 30, 2017)

(Unit: Thousands of yen)

Property number	UR-1	UR-2	UR-3	UR-4	UR-5
Property name	Tokyu Plaza Omotesando Harajuku (Note 1)	Tokyu Plaza Akasaka (Note 1)	Q plaza EBISU	Shinbashi Place	Kyoto Karasuma Parking Building
Number of business days in the 12th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	1,077,766	654,462	273,860	(Note 2)	(Note 2)
Lease business revenue	1,024,874	553,594	237,590	(Note 2)	(Note 2)
Other lease business revenue	52,891	100,867	36,269	(Note 2)	(Note 2)
b. Expenses related to rent business	235,723	252,969	64,151	45,721	37,521
Management operation expenses	88,465	82,176	16,288	12,600	3,761
Utilities expenses	32,110	75,758	28,462	–	–
Tax and public dues	54,920	65,254	8,366	32,189	31,130
Insurance	191	412	75	155	159
Repair and maintenance expenses	2,578	22,668	1,217	–	1,624
Other expenses related to rent business	57,457	6,699	9,740	775	845
c. NOI (a – b)	842,043	401,492	209,708	(Note 2)	(Note 2)
d. Depreciation	50,621	38,080	18,553	32,570	15,810
Profit (loss) from rent business (c – d)	791,422	363,412	191,155	(Note 2)	(Note 2)

(Unit: Thousands of yen)

Property number	UR-6	UR-7	UR-8	UR-9	UR-10
Property name	A-FLAG AKASAKA	Kobe Kyu Kyoryuchi 25Bankan	A-FLAG SAPPORO	A-FLAG SHIBUYA	Q plaza SHINSAIBASHI
Number of business days in the 12th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	97,562	731,857	629,398	207,470	314,066
Lease business revenue	81,538	653,996	548,726	197,027	292,900
Other lease business revenue	16,024	77,860	80,672	10,442	21,166
b. Expenses related to rent business	39,468	215,344	271,746	37,675	54,309
Management operation expenses	11,345	80,604	118,818	12,251	7,739
Utilities expenses	12,614	67,455	70,299	8,221	18,306
Tax and public dues	7,218	46,127	24,593	10,340	13,175
Insurance	36	619	487	53	64
Repair and maintenance expenses	6,229	15,012	44,466	3,397	6,653
Other expenses related to rent business	2,024	5,523	13,080	3,410	8,370
c. NOI (a – b)	58,094	516,513	357,651	169,795	259,757
d. Depreciation	8,313	120,572	54,765	8,041	15,368
Profit (loss) from rent business (c – d)	49,780	395,941	302,886	161,753	244,388

(Unit: Thousands of yen)

Property number	UR-11	UR-12	UR-13	TO-1	TO-2
Property name	A-FLAG KOTTO DORI	A-FLAG BIJUTSUKAN DORI	A-FLAG DAIKANYAMA WEST	TLC Ebisu Building	A-PLACE Ebisu Minami
Number of business days in the 12th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	106,370	125,885	(Note 2)	291,729	356,167
Lease business revenue	100,451	115,591	(Note 2)	271,963	339,930
Other lease business revenue	5,919	10,293	(Note 2)	19,765	16,236
b. Expenses related to rent business	32,335	36,525	25,554	81,267	126,805
Management operation expenses	7,535	3,764	12,227	33,872	34,234
Utilities expenses	6,548	9,458	300	18,910	21,457
Tax and public dues	12,281	2,268	–	16,536	29,537
Insurance	73	36	58	193	247
Repair and maintenance expenses	3,479	4,339	7,673	2,434	33,191
Other expenses related to rent business	2,417	16,658	5,294	9,319	8,136
c. NOI (a – b)	74,035	89,359	(Note 2)	210,461	229,361
d. Depreciation	4,807	6,411	1,336	41,123	32,601
Profit (loss) from rent business (c – d)	69,228	82,948	(Note 2)	169,338	196,760

(Unit: Thousands of yen)

Property number	TO-3	TO-4	TO-5	TO-6	TO-7
Property name	A-PLACE Yoyogi	A-PLACE Aoyama	Luogo Shiodome	TAMACHI SQUARE (Land)	A-PLACE Ikebukuro
Number of business days in the 12th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	128,251	296,016	167,693	62,502	(Note 2)
Lease business revenue	120,576	275,935	154,694	62,502	(Note 2)
Other lease business revenue	7,675	20,081	12,998	–	(Note 2)
b. Expenses related to rent business	32,403	72,430	59,167	8,196	37,302
Management operation expenses	10,140	18,509	18,122	–	10,737
Utilities expenses	8,690	20,350	12,358	–	9,315
Tax and public dues	9,818	20,275	17,578	7,939	10,122
Insurance	83	181	158	–	84
Repair and maintenance expenses	670	8,864	7,617	–	221
Other expenses related to rent business	2,999	4,247	3,332	256	6,821
c. NOI (a – b)	95,848	223,586	108,526	54,305	(Note 2)
d. Depreciation	15,566	23,052	27,666	–	20,682
Profit (loss) from rent business (c – d)	80,282	200,534	80,859	54,305	(Note 2)

(Unit: Thousands of yen)

Property number	TO-8	TO-9	TO-10	TO-11	TO-12
Property name	A-PLACE Shinbashi	A-PLACE Gotanda	A-PLACE Shinagawa	OSAKI WIZTOWER	Shiodome Building (Note 1)
Number of business days in the 12th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	197,618	177,283	113,291	339,141	1,522,582
Lease business revenue	183,959	165,537	107,471	322,876	1,444,949
Other lease business revenue	13,658	11,745	5,819	16,264	77,632
b. Expenses related to rent business	55,874	42,978	38,575	94,150	358,955
Management operation expenses	16,395	12,920	11,929	58,350	102,974
Utilities expenses	12,662	10,191	5,839	11,735	89,879
Tax and public dues	14,570	13,937	10,403	22,171	110,275
Insurance	132	106	71	304	1,973
Repair and maintenance expenses	5,844	35	5,914	–	28,689
Other expenses related to rent business	6,268	5,787	4,417	1,588	25,162
c. NOI (a – b)	141,743	134,304	74,715	244,990	1,163,627
d. Depreciation	23,482	26,938	8,500	48,275	148,254
Profit (loss) from rent business (c – d)	118,260	107,366	66,215	196,714	1,015,372

(Unit: Thousands of yen)

Property number	TO-13	TO-14	TO-15	TO-16	AA-1
Property name	A-PLACE Ebisu Higashi	A-PLACE Shibuya Konnoh	A-PLACE Gotanda Ekimae	A-PLACE Shinagawa Higashi	Amagasaki Q's MALL (Land)
Number of business days in the 12th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	166,357	(Note 2)	181,521	495,623	353,283
Lease business revenue	156,690	(Note 2)	170,421	452,475	353,283
Other lease business revenue	9,666	(Note 2)	11,100	43,148	–
b. Expenses related to rent business	41,477	34,349	54,437	106,652	52,915
Management operation expenses	12,110	11,641	13,103	45,378	–
Utilities expenses	8,477	5,900	12,525	34,522	–
Tax and public dues	13,293	9,107	17,258	–	52,659
Insurance	100	76	116	463	–
Repair and maintenance expenses	2,520	4,990	5,271	20,660	–
Other expenses related to rent business	4,974	2,632	6,162	5,628	256
c. NOI (a – b)	124,879	(Note 2)	127,084	388,971	300,367
d. Depreciation	23,756	12,338	12,637	30,056	–
Profit (loss) from rent business (c – d)	101,123	(Note 2)	114,446	358,914	300,367

(Unit: Thousands of yen)

Property number	AA-2	AA-4	AA-5	AA-6	AA-7
Property name	icot Nakamozu	icot Mizonokuchi	icot Tama Center	A-PLACE Kanayama	Osaka Nakanoshima Building
Number of business days in the 12th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	310,528	(Note 2)	147,501	288,864	515,688
Lease business revenue	310,498	(Note 2)	135,589	264,718	487,846
Other lease business revenue	30	(Note 2)	11,912	24,146	27,842
b. Expenses related to rent business	38,149	16,966	51,080	78,207	197,794
Management operation expenses	5,883	2,407	18,642	23,539	59,784
Utilities expenses	30	–	13,612	23,811	47,450
Tax and public dues	30,716	9,872	11,773	25,052	50,363
Insurance	235	100	145	252	749
Repair and maintenance expenses	352	3,650	4,709	1,170	24,295
Other expenses related to rent business	931	935	2,196	4,380	15,151
c. NOI (a – b)	272,379	(Note 2)	96,421	210,657	317,894
d. Depreciation	34,532	8,466	18,634	52,141	67,105
Profit (loss) from rent business (c – d)	237,847	(Note 2)	77,787	158,516	250,789

(Unit: Thousands of yen)

Property number	AA-8	AA-9	AA-10	AA-11
Property name	icot Omori	Market Square Sagamihara	Umeda Gate Tower	A-PLACE Bashamichi
Number of business days in the 12th fiscal period	183	183	183	183
a. Real estate leasing business revenues	238,723	(Note 2)	436,025	191,378
Lease business revenue	200,360	(Note 2)	401,800	169,144
Other lease business revenue	38,363	(Note 2)	34,225	22,233
b. Expenses related to rent business	64,537	36,851	111,629	77,682
Management operation expenses	9,173	16,069	38,430	20,796
Utilities expenses	38,227	5,298	29,602	21,602
Tax and public dues	12,553	14,018	33,703	16,293
Insurance	94	132	365	293
Repair and maintenance expenses	3,796	280	3,345	16,317
Other expenses related to rent business	691	1,052	6,182	2,379
c. NOI (a – b)	174,186	(Note 2)	324,396	113,696
d. Depreciation	17,126	23,941	68,884	28,520
Profit (loss) from rent business (c – d)	157,060	(Note 2)	255,511	85,175

- (Note 1) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 35%, respectively).
- (Note 2) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.