

# 16<sup>th</sup>



## Semi-Annual Report for the Period ended November 30, 2019 (the 16th Period)

From June 1, 2019 to November 30, 2019







## Semi-Annual Report for the 16th Period ended November 2019

From June 1, 2019 to November 30, 2019

### ► Cash Distributions (Result)

The Period ended November 2019  
(the 16th Period)

Cash distributions per unit

¥10,137

### ► Cash Distributions (Forecast)

The Period ending May 2020  
(the 17th Period)

Cash distributions per unit

¥9,880

The Period ending November 2020  
(the 18th Period)

Cash distributions per unit

¥9,930



Activia Properties Inc. aims at **proactive management** through selecting **assets that appeal to retail customers and office tenants** as urban centers and hubs for business activity, in order to maximize unitholder value over the medium to long term. API also takes initiatives to improve its asset management.

### Basic Policy of Activia Properties Inc.

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

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## Aiming at Maximization of Unitholder Value, We Conducted an Asset Replacement by pursuing Internal Growth

### Kazushi Sato

Executive Director  
Activia Properties Inc.



Thank you very much for your continued support for Activia Properties Inc.

Recently we have closed all accounts for the 16th period from June 1, 2019 to November 30, 2019. We owe this achievement to your understanding and continuous support for which we wish to extend our deep appreciation.

In the fiscal period under review, the Japanese economy continued on a trend of gradual recovery on the whole amid factors that included corporate earnings holding steadily at high levels and improving employment and income environments. However, concerns of a recession in the global economy sparked by Sino-American trade talks resulted in continued weakness in exports and cautious business sentiment, particularly in the manufacturing industry.

The J-REIT market has been maintaining an upward trend overall, partially due to an inflow of funds targeting earnings stability and relatively high yields, against a backdrop of interest-rate environment remaining at low levels and a strong real estate market. Financing activities through publicly offered capital increases and property acquisition have been continuously and actively conducted, and this has led to an ongoing expansion in J-REIT asset sizes.

Under these circumstances, for internal growth API has continuously achieved rent increase at lease contract renewals, mainly in offices particularly for Tokyo Office properties. Management of retail properties, such as Urban Retail properties remains stable over the long term, taking advantage of location and quality of the properties.

The overall occupancy rate of our portfolio at the end of the period under review was 99.8%, and we have successfully maintained a high rate.

In June 2019, we disposed of the remained 50% co-ownership interest in A-FLAG AKASAKA.

As a result of the above-mentioned management, operating revenue, operating profit, and profit were ¥15,542 million, ¥8,680 million and ¥7,817 million, respectively, for the period ended November 2019. Distributions per investment unit were ¥10,137, exceeding the previous forecast of ¥10,018.

In the period ending May 2020, we will conduct an asset replacement with the aim to improve DPU and strengthen our portfolio, etc. Concretely, we acquired Ebisu Prime Square (51% co-ownership interest) in January 2020, and will dispose of A-PLACE Shinbashi Ekimae in March 2020. As a consequence, total assets held by API will be 44 properties with the total acquisition price of ¥509.2 billion.

Recently, there is increased demand for corporations to include and actively promote ESG (environment, social, governance) perspectives into their long-term management strategy to realize a sustainable society.

API has aimed to build a portfolio of properties that can expect stable and sustainable customer demand to maximize unitholder value in the medium

to long term, and in addition to our focus on factors including location, use, size, and quality, we promote a wide range of initiatives to reduce the environmental load and to contribute to our environment and local community.

Based on these initiatives, our asset manager TLC REIT Management Inc. identified core issues for the medium to long term from social issues, such as consideration for the environment and society, and we have enhanced governance. And we have adopted these as the material issues that API needs to address, and we have released quantitative targets as well as clearly stating practical management policy to such ends.

We will continue to promote engagement with the target set for each issue to enhance trustworthy relationships with all of our stakeholders, including unitholders.

For the 17th period ending May 2020 and onwards, we will aim at a steady DPU growth by pursuing internal growth particularly in office, and seek to maximize unitholder value as our most important task in management, through external growth strategy, such as asset replacement in view to strengthen our portfolio.

We would be most grateful for your continued support and encouragement. Thank you.

### Financial Highlights (Millions of yen)

	Period ended May 31, 2019 (the 15th Period)	Period ended November 30, 2019 (the 16th Period)
Operating revenue	¥ 14,843	¥ 15,542
Operating profit	¥ 8,599	¥ 8,680
Ordinary profit	¥ 7,726	¥ 7,818
Profit	¥ 7,725	¥ 7,817

	Period ended May 31, 2019 (the 15th Period)	Period ended November 30, 2019 (the 16th Period)
Total assets	¥ 514,359	¥ 515,480
Net assets	¥ 256,085	¥ 256,198
Unitholders' equity to total assets (%)	49.8%	49.7%
Net assets per unit (yen) <sup>(Note)</sup>	¥ 332,050	¥ 332,196

(Note) API implemented a 2-for-1 investment unit split effected as of October 1, 2015.

## 1 Management Highlights of the 16th Period Ended November 2019

### Realizing Enhanced Unitholder Value

**DPU**  
¥**10,137**  
(vs. FP15 +¥120/+1.2%)

**NAV per unit**  
¥**458,775**  
(vs. FP15 +¥7,763/+1.7%)

### Internal Growth

- Achieved largest internal growth ever

**Rent increase (Offices)**  
+¥**147**mn/period

**Increase rate (Avg. for offices)**  
+**12.9**%

### External Growth

- Announced asset replacement

**Improvement of portfolio earnings**

**Enhance capacity for internal growth**

**Return to greater Shibuya area**

### Financial Strategies

- Flexible issuance of Green Bonds

**Issued in July and November 2019**  
(¥5 billion in 5-year bonds / ¥4 billion in 10-year bonds)

**Largest number of investors disclosing their investments**  
(8 investors for issuance in July, 21 investors for issuance in November)

### ESG

- Promotion of new initiatives

**Amendment to management fee structure**  
Takes effect from the 17th Period ending May 2020

**Established Sustainability Policy**  
Identified Materiality

## 2 External Growth (Asset Replacement)

- Conducted an asset replacement aiming at DPU and NAV growth as well as strengthening our portfolio

### Outline of Asset Replacement

#### Anticipated asset

**TO-18** Ebisu Prime Square (51% co-ownership interest)



Acquisition price (Appraisal NOI yield)	¥30,700 million (3.7%)
Appraisal value	¥31,000 million
Expected NOI	¥1,148 million
NOI yield after depreciation	3.1%

**Improve NOI yield after depreciation**

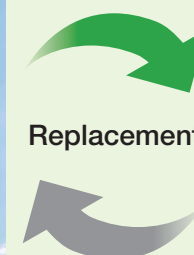
#### Asset to be disposed of

**TO-17** A-PLACE Shinbashi Ekimae



Anticipated disposition price	¥21,000 million
Assumed book value (Note 1)	¥20,824 million
Appraisal value (Note 2)	¥20,400 million
Expected NOI	¥635 million
NOI yield after depreciation	2.6%

**Removes unrealized loss on asset**



### 3 attractiveness of Ebisu Prime Square

**1 Located in the greater Shibuya area**

**Prime location** with a 6-minute walk from Ebisu Station with robust office demand from tech companies

**2 A rare tower block enjoying high visibility**

**A multi-use complex** comprised of office tower, commercial building and rental residences extended to approximately 4,000 tsubo

**3 Internal growth potential**

Secured **capacity for internal growth** with **11%** rent gap at time of acquisition

(Note 1) Assumed value as of March 19, 2020

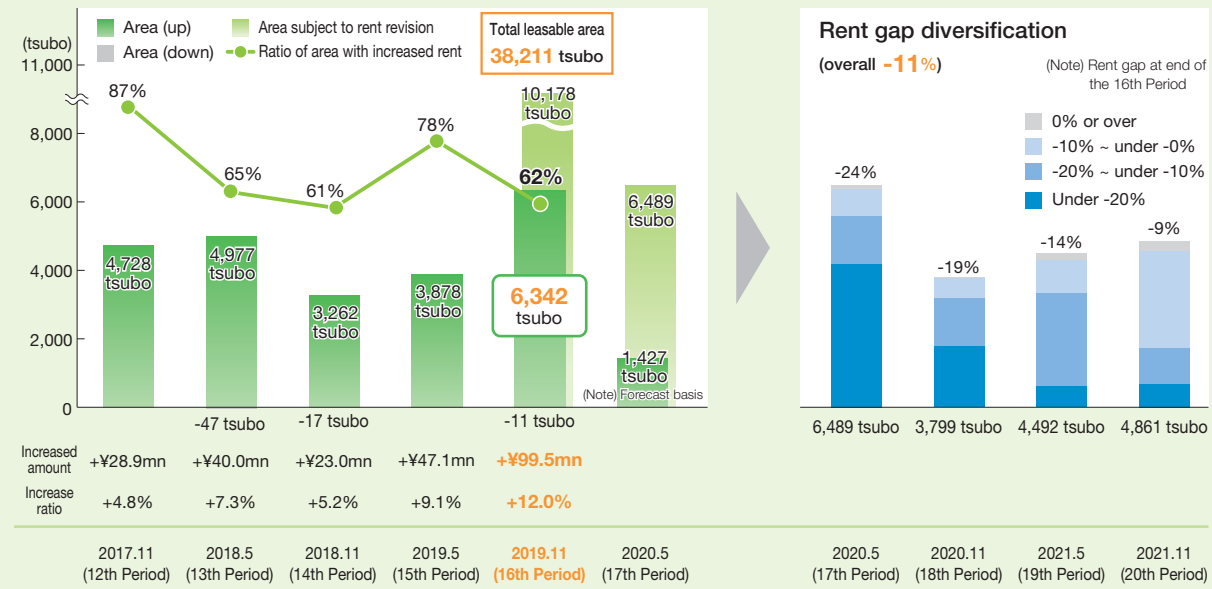
(Note 2) Appraisal value stated in the appraisal report effective as of November 30, 2019

# 3 Internal Growth

## Management of Tokyo Office properties

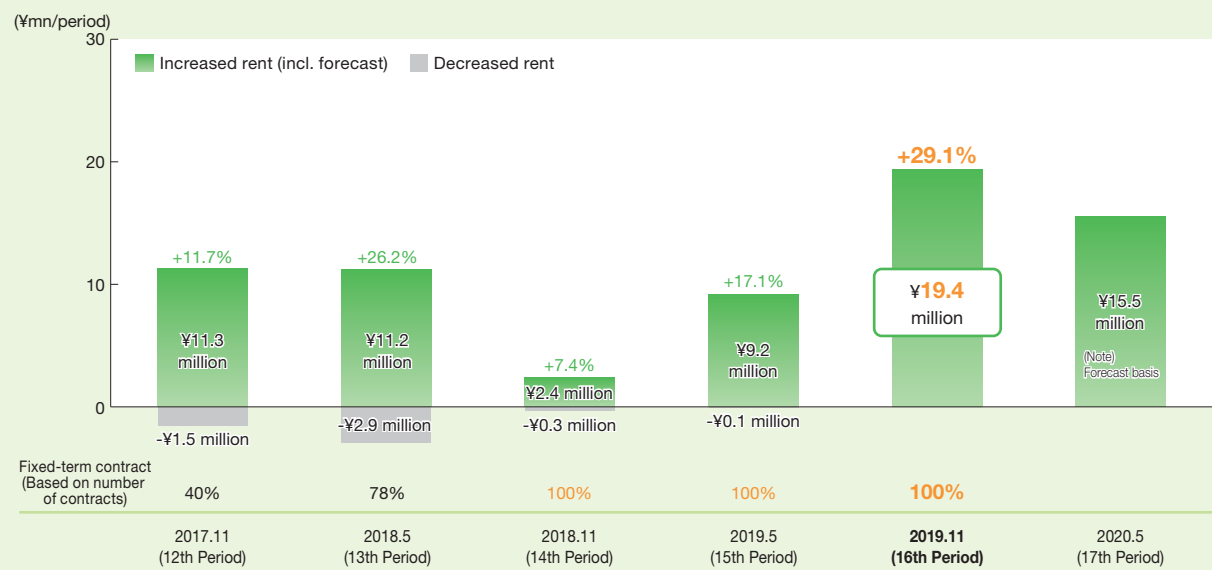
### Rent revision

- Marked the **largest increase ever** in rent income and area with rent increases for the period ended November 2019 and the upward trend continues
- For the period ending May 2020 and onwards, **internal growth capacity** is secured with large rent gap



### Tenant replacement

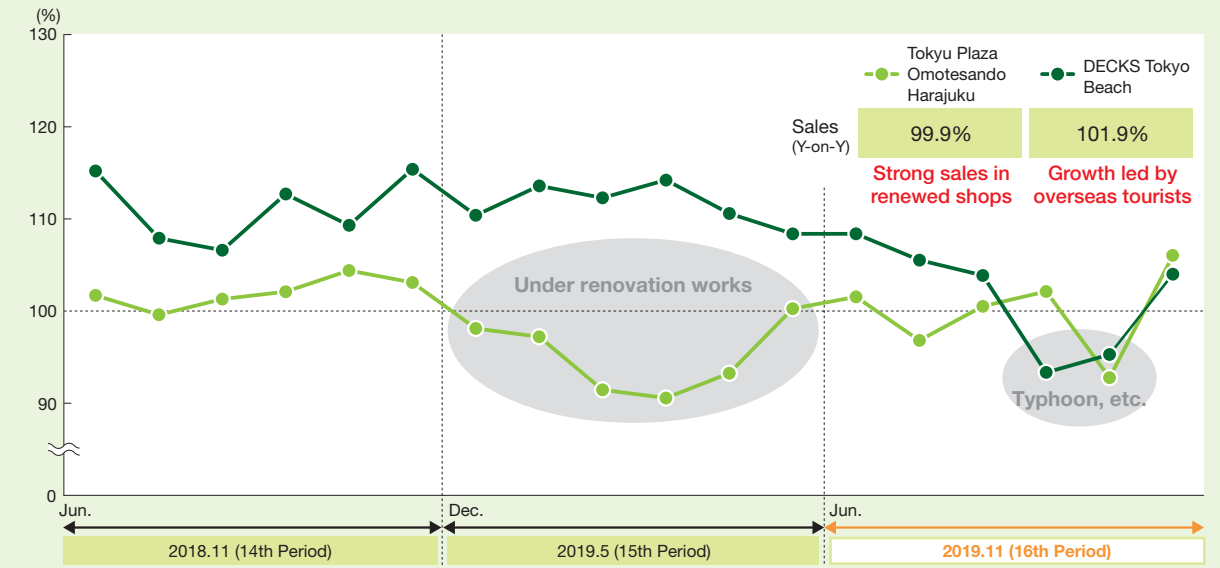
- Aim to **conclude contracts with higher rents** than market taking advantage of a favorable market environment



## Management of retail properties

### Sales trend (Tokyu Plaza Omotesando Harajuku, DECKS Tokyo Beach)

- Both properties showed **signs of recovery** despite temporary decline caused by typhoon, etc.
- Impact from consumption tax increase on sales in October 2019 and onwards is minimal



### Upward rent revision · Replacement with higher rent already achieved (16th & 17th Periods)

- Steadily achieved **rent increase** mainly in UR properties

	Area	Rent increase	Increase rate
Upward revision	1,245 tsubo	+¥2.0mn/period	+1.4%
Tenant replacement	191 tsubo	+¥2.1mn/period	+10.5%
Total	1,436 tsubo	+¥4.1mn/period	+2.6%

**Upward revision example**

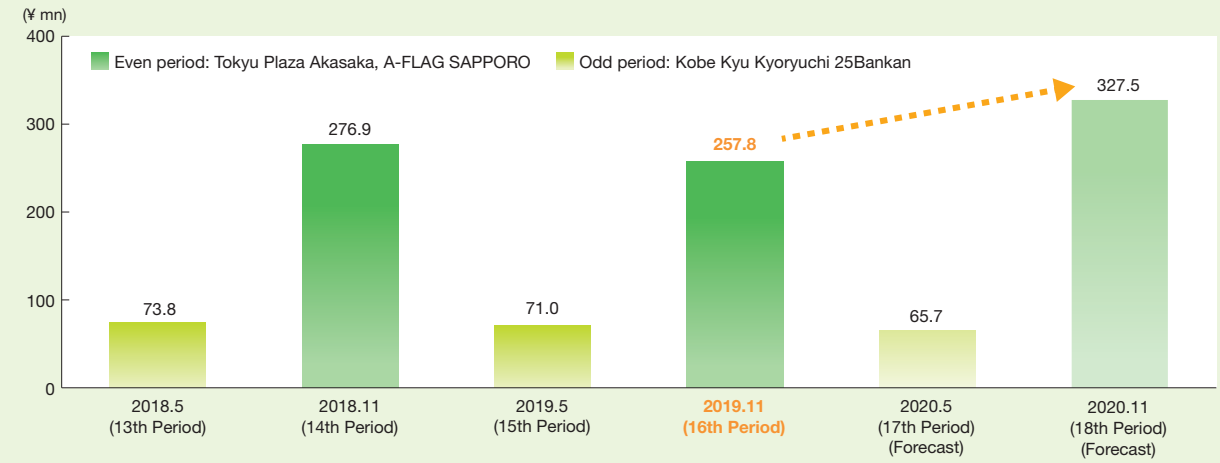
**UR-13 A-FLAG DAIKANYAMA WEST**

Achieved **first** upward rent revision in January 2017 **after acquisition**

Increase rate **+6.3%** (780 tsubo)

### Sales-linked rent at hotels

- Revenue increase is expected for the 18th Period owing to rally after decline caused by natural disasters and **more overseas tourists, etc.**

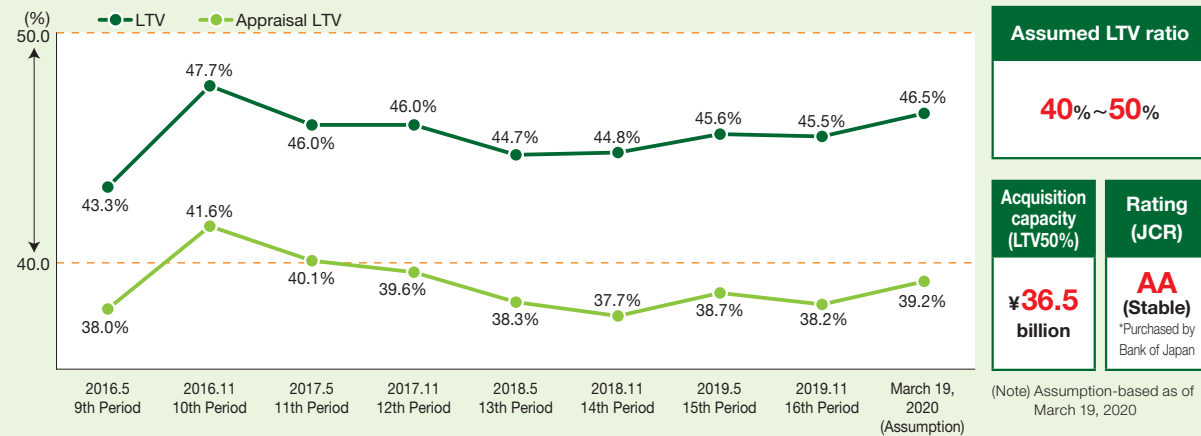




## 4 Financial Management Status

### Trend in LTV

- With LTV after asset replacement being expected to be **46.5%** (appraisal LTV at 39.2%), **LTV** considering DPU level will be effectively **controlled**.

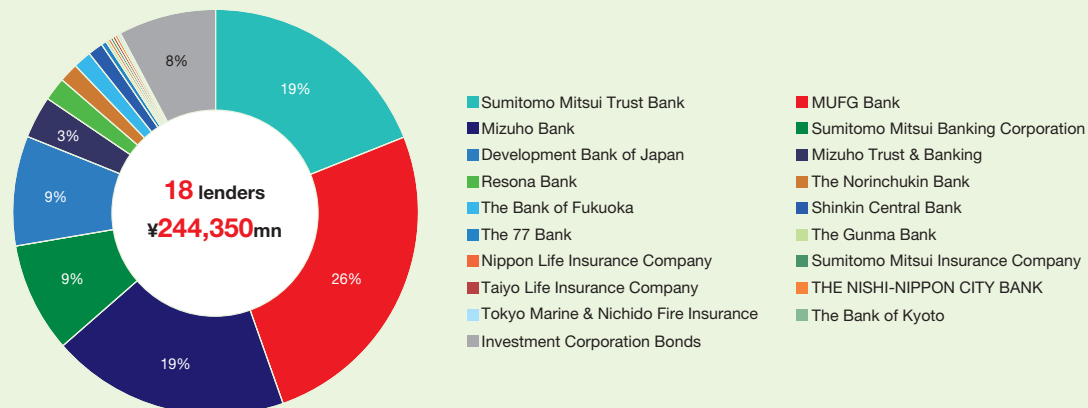


### Trends in average period remaining to maturity and average interest rate

- Secured ratio of fixed interest rate debt of over 90% along with extending average remaining period to maturity and lowering average interest rate.



### List of lenders (as of March 19, 2019 on assumed basis)



## 5 Consistent Initiatives for ESG

### Amendment to asset management fee structure

- Amendment to asset management fee structure** to enhance unitholder value approved at the 5th Unitholder Meeting held in August 2019.
- Strengthen incentives to maximize unitholder value** by raising type II ratio (DPU/NOI based).

AM Fee type I (asset based)	AM Fee type II (DPU / NOI based)
<p>&lt;Before&gt; Total assets at end of the preceding FP × 0.3% (Up to 0.4%)</p> <p>&gt;</p> <p>&lt;After&gt; Total assets at end of the preceding FP × 0.25% (Up to 0.3%)</p>	<p>&lt;Before&gt; DPU × NOI × 0.00020% (Up to 0.00020%)</p> <p>&gt;</p> <p>&lt;After&gt; DPU × NOI × 0.00021% (Up to 0.00021%)</p>

(Note 1) New rate for management fees is applied from the 17th period ending May 2020  
(Note 2) No change for total AM fee of type I and type II (up to total assets at each FP × 0.5%)

### Identification of Materiality

- Identified Materiality (core issues)** that we should deal with based on principles of SDGs
- Work to contribute to SDGs by addressing Materiality**



	Materiality	Related SDGs
<b>E</b>	Reducing environmental impact	7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
<b>S</b>	Human capital development as a group of professionals	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
	Contribution to the local community	3 GOOD HEALTH AND WELL-BEING, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES
	Health and well-being of tenants	3 GOOD HEALTH AND WELL-BEING, 11 SUSTAINABLE CITIES AND COMMUNITIES
	Supplier engagement	11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
<b>G</b>	Management framework corresponding to multifaceted social demand towards sustainable society	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

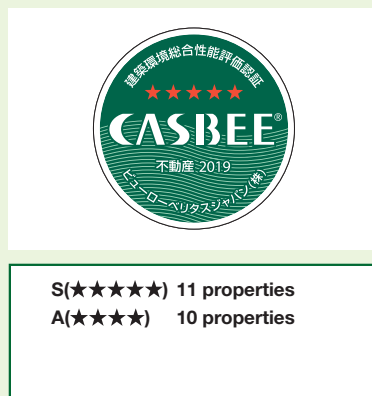
# ESG Initiatives

## 1. Green certification (As of November 30, 2019)

### GRESB Real Estate Assessment



### CASBEE Certification



### BELS Assessment

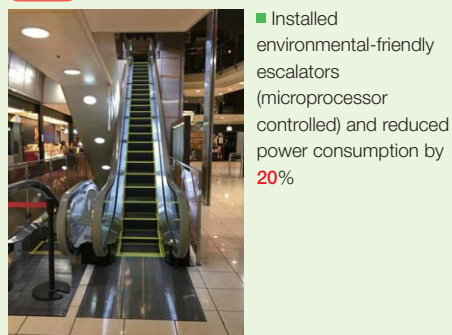


### DBJ Green Building



## 2. Examples of works for environmental performance improvement

### UR-8 A-FLAG SAPPORO



- Installed environmental-friendly escalators (microprocessor controlled) and reduced power consumption by 20%

### TO-8 A-PLACE Shinbashi



- Installed energy-saving glass that helps to reduce airconditioning load by 7%

### AA-7 Osaka Nakanoshima Building



- Installed water-saving urinals and toilets and reduced water consumption by 66% for urinals and by 47% for toilets
- New elevator system reduces energy consumption by 22%

## 3. Initiatives at properties

### UR-1 Tokyu Plaza Omotesando Harajuku

- Vegetable growing experiences in "Omohara Forest" are continually offered to local nursery schools kids which helps to reinforce relationship with the local community



### UR-15 DECKS Tokyo Beach

- Newly created playground for kids
- Installed furniture and green area on the Seaside Deck, offering visitors a refreshing space



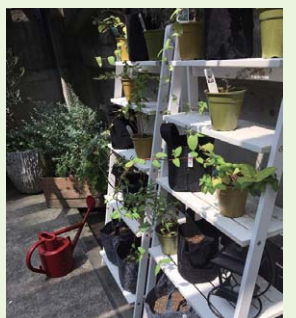
### TO-12 Shiodome Building

- Using open space for HAMASITE summer festival, a traditional event in the area
- Joined by various stakeholders in the area including residents, workers, tenants, etc.



### TO-18 Ebisu Prime Square

- Offering farming experience on the terrace of the commercial building to contribute fostering their community



## 4. Initiatives at the Asset Manager

### ESG seminar for employees and outside stakeholders



- ESG lectures by outside experts for employees and seminars for AM and PM companies are organized to heighten stakeholders' consciousness of ESG

### Local cleanup campaign



- Periodically participate in cleanups organized by NPO "Green Bird" and activate community through events such as picking up litter in cooperation with residents and workers in and around Shibuya



# API's Basic Policy

## Focused investments in Urban Retail and Tokyo Office properties

### Portfolio Construction Policy



#### Urban Retail properties

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



#### Tokyo Office properties

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



#### Activia Account properties

Commercial facilities and office buildings other than Urban Retail and Tokyo Office properties that API rigorously selected assessing the attributes and competitiveness of each property in anticipation that such properties will secure both stability and profitability through portfolio diversification.

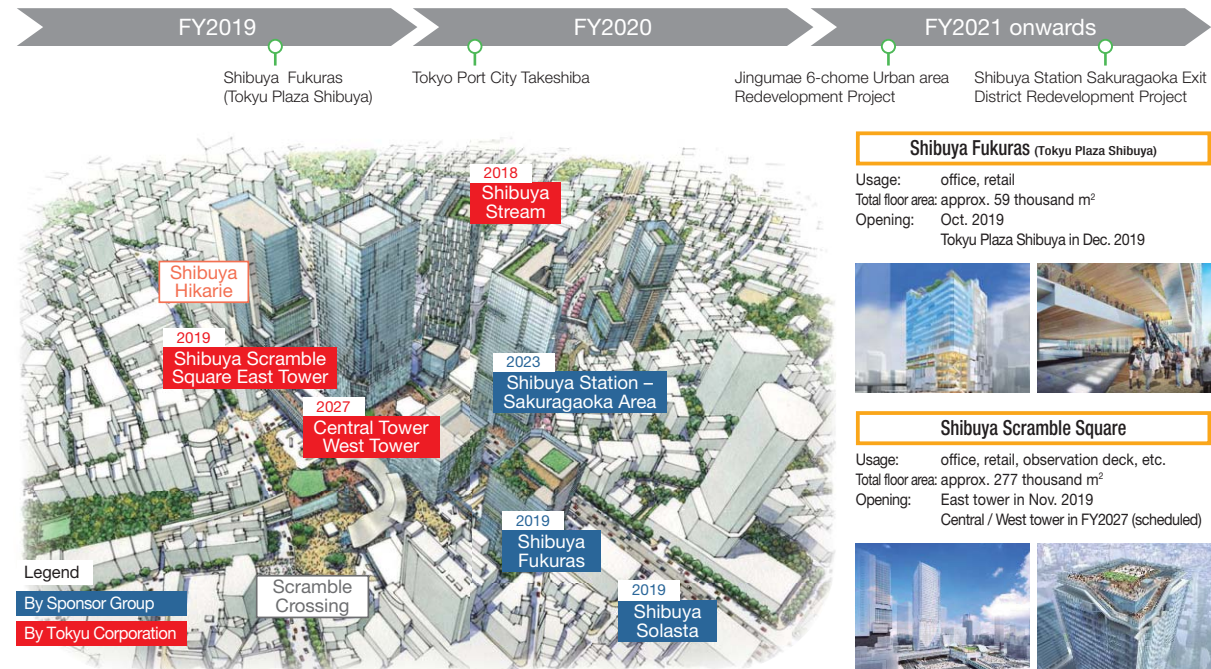
Investment ratio  
(based on acquisition price)

**70% or more**  
of the amount invested

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

# Sponsor's Situation

## Tokyu Fudosan Holdings Group's redevelopment projects, etc. in Shibuya



#### Shibuya Station Sakuragaoka Exit District Redevelopment project

Usage: office, retail, residence  
Total floor area: approx. 255 thousand m<sup>2</sup>  
Opening: FY2023 (scheduled)

#### (Tentative name) Jingumae 6-chome Urban Area Redevelopment Project

Usage: retail, public institution  
Total floor area: approx. 22 thousand m<sup>2</sup>  
Opening: FY2022 (scheduled)

#### Tokyo Port City Takeshiba

Usage: office, retail, residence  
Total floor area: approx. 201 thousand m<sup>2</sup>  
Opening: FY2020 (scheduled)

**Shibuya Fukuras (Tokyu Plaza Shibuya)**

Usage: office, retail  
Total floor area: approx. 59 thousand m<sup>2</sup>  
Opening: Oct. 2019  
Tokyu Plaza Shibuya in Dec. 2019

**Shibuya Scramble Square**

Usage: office, retail, observation deck, etc.  
Total floor area: approx. 277 thousand m<sup>2</sup>  
Opening: East tower in Nov. 2019  
Central / West tower in FY2027 (scheduled)

# Portfolio List

(As of November 30, 2019)

Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m <sup>2</sup> )	Completion (Note 1)	Occupancy rate
UR URBAN RETAIL	UR-1	Tokyu Plaza Omotesando Harajuku (Note 2)	Jingumae, Shibuya-ku, Tokyo	45,000	8.8%	4,918.44	Mar. 2012	100.0%
	UR-2	Tokyu Plaza Akasaka (Note 2)	Nagatacho, Chiyoda-ku, Tokyo	11,450	2.2%	16,609.75	Sep. 1969	99.9%
	UR-3	Q plaza EBISU	Ebisu, Shibuya-ku, Tokyo	8,430	1.7%	4,024.88	Aug. 2008	100.0%
	UR-5	Kyoto Karasuma Parking Building	Motohononjicho, Nakagyo-ku, Kyoto	8,860	1.7%	21,616.04	Jul. 2006	100.0%
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kyomachi, Chuo-ku, Kobe City, Hyogo	21,330	4.2%	19,653.90	Jan. 2010	100.0%
	UR-8	A-FLAG SAPPORO	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido	4,410	0.9%	21,229.16	May 1980	99.6%
	UR-9	A-FLAG SHIBUYA	Udagawacho, Shibuya-ku, Tokyo	6,370	1.3%	3,403.07	Jun. 1988	100.0%
	UR-10	Q plaza SHINSAIBASHI	Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka	13,350	2.6%	2,820.23	Nov. 2007	100.0%
	UR-11	A-FLAG KOTTO DORI	Minami-Aoyama, Minato-ku, Tokyo	4,370	0.9%	2,656.53	Jan. 1992	100.0%
	UR-12	A-FLAG BIJUTSUKAN DORI	Minami-Aoyama, Minato-ku, Tokyo	4,700	0.9%	1,994.65	Dec. 1998	100.0%
	UR-13	A-FLAG DAIKANYAMA WEST	Sarugakucho, Shibuya-ku, Tokyo	2,280	0.4%	2,579.08	Apr. 1992	100.0%
	UR-14	A-FLAG KITA SHINSAIBASHI	Minami-Senba, Chuo-ku, Osaka City, Osaka	4,725	0.9%	2,536.75	Mar. 2008	100.0%
	UR-15	DECKS Tokyo Beach (Note 2)	Daiba, Minato-ku, Tokyo	12,740	2.5%	16,125.56	Jun. 1996 Nov. 2000 (Extension)	99.2%
	UR-16	Tokyu Plaza Ginza (Land) (Note 2)	Ginza, Chuo-ku, Tokyo	37,500	7.4%	1,130.04	—	100.0%
	UR-17	Q plaza HARAJUKU (Note 2)	Jingumae, Shibuya-ku, Tokyo	13,200	2.6%	3,378.49	Mar. 2015	100.0%
	Urban Retail properties			198,715	39.0%	124,676.57	—	99.8%
TO TOKYO OFFICE	TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	1.5%	7,342.60	Mar. 1993	100.0%
	TO-2	A-PLACE Ebisu Minami	Ebisu-Minami, Shibuya-ku, Tokyo	9,640	1.9%	7,950.49	Jan. 1995	100.0%
	TO-3	A-PLACE Yoyogi	Sendagaya, Shibuya-ku, Tokyo	4,070	0.8%	3,106.17	Feb. 2007	100.0%
	TO-4	A-PLACE Aoyama	Kita-Aoyama, Minato-ku, Tokyo	8,790	1.7%	7,303.69	Sep. 1966	100.0%
	TO-5	Luogo Shiodome	Higashi-Shinbashi, Minato-ku, Tokyo	4,540	0.9%	4,476.35	Jul. 2004	100.0%
	TO-6	TAMACHI SQUARE (Land) (Note 3)	Shiba, Minato-ku, Tokyo	2,338	0.5%	1,287.96	—	100.0%
	TO-7	A-PLACE Ikebukuro	Minami-Ikebukuro, Toshima-ku, Tokyo	3,990	0.8%	3,409.73	Oct. 2011	100.0%
	TO-8	A-PLACE Shinbashi	Shinbashi, Minato-ku, Tokyo	5,650	1.1%	5,052.14	Mar. 1999	100.0%
	TO-9	A-PLACE Gotanda	Nishi-Gotanda, Shinagawa-ku, Tokyo	5,730	1.1%	4,028.69	Feb. 2012	100.0%
	TO-10	A-PLACE Shinagawa	Konan, Minato-ku, Tokyo	3,800	0.7%	2,986.36	Sep. 1991	100.0%
	TO-11	OSAKI WIZTOWER	Osaki, Shinagawa-ku, Tokyo	10,690	2.1%	7,193.28	Jan. 2014	100.0%
	TO-12	Shiodome Building (Note 2)	Kaigan, Minato-ku, Tokyo	71,600	14.1%	28,136.05	Dec. 2007	99.7%
	TO-13	A-PLACE Ebisu Higashi	Higashi, Shibuya-ku, Tokyo	7,072	1.4%	4,010.69	Jan. 1992	100.0%
	TO-14	A-PLACE Shibuya Konnoh	Shibuya, Shibuya-ku, Tokyo	4,810	0.9%	2,995.72	Mar. 1992	100.0%
	TO-15	A-PLACE Gotanda Ekimae	Nishi-Gotanda, Shinagawa-ku, Tokyo	7,280	1.4%	4,316.89	Nov. 1993	100.0%
AA ACTIVIA ACCOUNT	TO-16	A-PLACE Shinagawa Higashi	Konan, Minato-ku, Tokyo	18,800	3.7%	14,658.98	Aug. 1985 (Main building) Sep. 1999 (Annex)	100.0%
	TO-18	Ebisu Prime Square (Note 2)	Hiroo, Shibuya-ku, Tokyo	30,700	6.0%	18,063.02	Jan. 1997	98.0%
	Tokyo Office properties			206,900	40.6%	126,318.81	—	99.7%
	AA-1	Amagasaki Q's MALL (Land)	Shioe, Amagasaki City, Hyogo	12,000	2.4%	27,465.44	—	100.0%
	AA-2	icot Nakamozu	Nakamozucho, Kita-ku, Sakai City, Osaka	8,500	1.7%	28,098.02	Jun. 2007	100.0%
	AA-4	icot Mizonokuchi	Mizonokuchi, Takatsu-ku, Kawasaki City, Kanagawa	2,710	0.5%	14,032.05	Jul. 1998	100.0%
	AA-5	icot Tama Center	Ochiai, Tama City, Tokyo	2,840	0.6%	5,181.58	Mar. 2006	100.0%
	AA-6	A-PLACE Kanayama	Kanayama, Naka-ku, Nagoya City, Aichi	6,980	1.4%	9,314.90	Feb. 2009	100.0%
	AA-7	Osaka Nakanoshima Building	Nakanoshima, Kita-ku, Osaka City, Osaka	11,100	2.2%	20,226.77	Mar. 1984	100.0%
	AA-8	icot Omori	Omorikita, Ota-ku, Tokyo	5,790	1.1%	6,209.79	Mar. 2007	100.0%
	AA-9	Market Square Sagami-hara	Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	4,820	0.9%	15,152.42	Jun. 2014	100.0%
	AA-10	Umeda Gate Tower	Tsurunochi, Kita-ku, Osaka City, Osaka	19,000	3.7%	13,624.49	Jan. 2010	100.0%
	AA-11	A-PLACE Bashamichi	Honcho, Naka-ku, Yokohama City, Kanagawa	3,930	0.8%	9,775.50	May 1975	100.0%
	AA-12	Commercial Mall Hakata	Tokojimachi, Hakata-ku, Fukuoka City, Fukuoka	6,100	1.2%	9,612.88	Nov. 2005	95.0%
	AA-13	EDGE Shinsaibashi	Nishi-Shinsaibashi, Chuo-ku, Osaka City, Osaka	19,800	3.9%	15,897.64	Apr. 1986	100.0%
	Activia Account properties			103,570	20.3%	174,591.48	—	99.7%
	Total			509,185	100.0%	425,586.86	—	99.7%

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

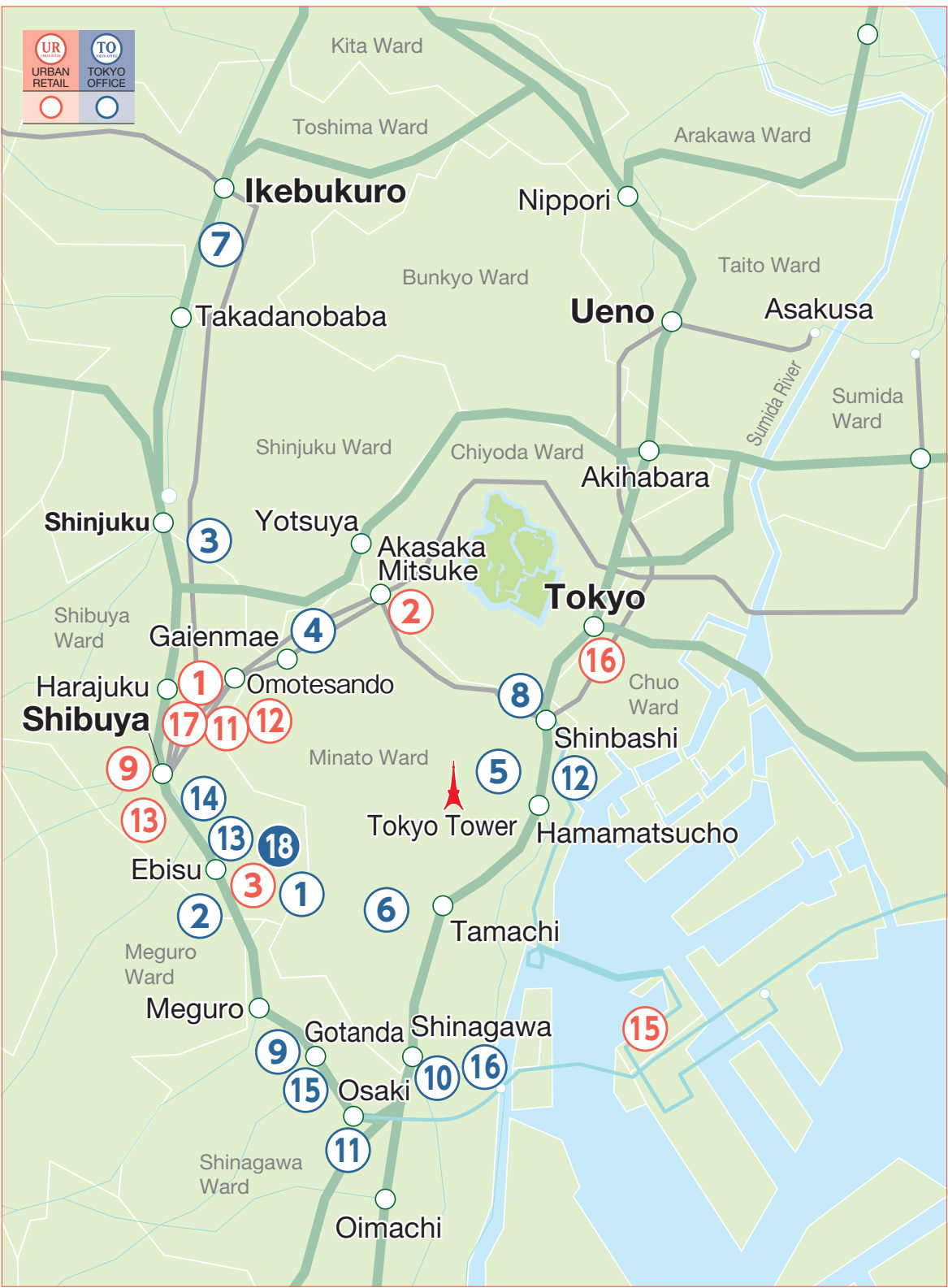
(Note 2) Figures provided for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Tokyu Plaza Ginza (Land), Q plaza HARAJUKU, Shiodome Building and Ebisu Prime Square are in proportion to our pro rata share of the co-ownership interests (75%, 50%, 49%, 30%, 60%, 35% and 51%, respectively).

(Note 3) The acquisition price of TAMACHI SQUARE (Land) is the land acquisition price at the time of the initial acquisition (June 13, 2012).

(Note 4) Calculated based on the 44 properties including Ebisu Prime Square acquired on January 10, 2020 and excluding A-PLACE Shinbashi Ekimae to be disposed of March 19, 2020.



Central Tokyo Area Portfolio Map



<b>UR-1</b> Tokyu Plaza Omotesando Harajuku 	<b>UR-2</b> Tokyu Plaza Akasaka 	<b>UR-3</b> Q plaza EBISU 	<b>UR-9</b> A-FLAG SHIBUYA 	<b>UR-11</b> A-FLAG KOTTO DORI 
<b>UR-12</b> A-FLAG BIJUTSUKAN DORI 	<b>UR-13</b> A-FLAG DAIKANYAMA WEST 	<b>UR-15</b> DECKS Tokyo Beach 	<b>UR-16</b> Tokyu Plaza Ginza (land) 	<b>UR-17</b> Q plaza Harajuku 
<b>TO-1</b> TLC Ebisu Building 	<b>TO-2</b> A-PLACE Ebisu Minami 	<b>TO-3</b> A-PLACE Yoyogi 	<b>TO-4</b> A-PLACE Aoyama 	<b>TO-5</b> Luogo Shiodome 
<b>TO-6</b> TAMACHI SQUARE (Land) 	<b>TO-7</b> A-PLACE Ikebukuro 	<b>TO-8</b> A-PLACE Shinbashi 	<b>TO-9</b> A-PLACE Gotanda 	<b>TO-10</b> A-PLACE Shinagawa 
<b>TO-11</b> OSAKI WIZTOWER 	<b>TO-12</b> Shiodome Building 	<b>TO-13</b> A-PLACE Ebisu Higashi 	<b>TO-14</b> A-PLACE Shibuya Konnoh 	<b>TO-15</b> A-PLACE Gotanda Ekimae 
<b>TO-16</b> A-PLACE Shinagawa Higashi 	<b>TO-18</b> Ebisu Prime Square 			



## Greater Tokyo Area



AA-4 icot Mizonokuchi



AA-5 icot Tama Center



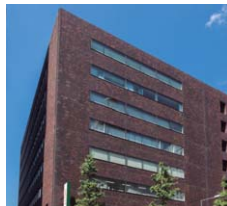
AA-8 icot Omori



AA-9 Market Square Sagami-hara



AA-11 A-PLACE Bashamichi



## Sapporo

UR-8 A-FLAG SAPPORO



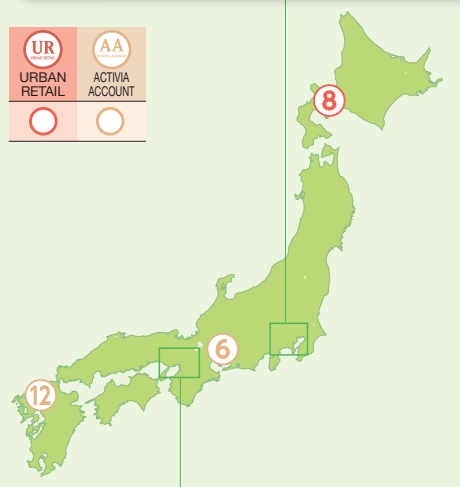
## Nagoya

AA-6 A-PLACE Kanayama



## Hakata

AA-12 Commercial Mall Hakata



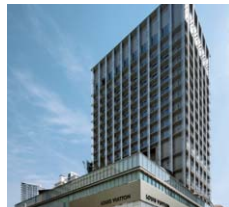
## Hyogo/Osaka/Kyoto



UR-5 Kyoto Karasuma Parking Building



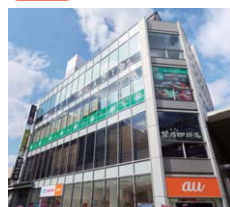
UR-7 Kobe Kyu Kyoryuchi 25Bankan



UR-10 Q plaza SHINSAIBASHI



UR-14 A-FLAG KITA SHINSAIBASHI



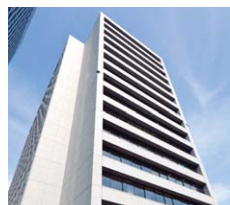
AA-1 Amagasaki Q's MALL (Land)



AA-2 icot Nakamozu



AA-7 Osaka Nakanoshima Building



AA-10 Umeda Gate Tower

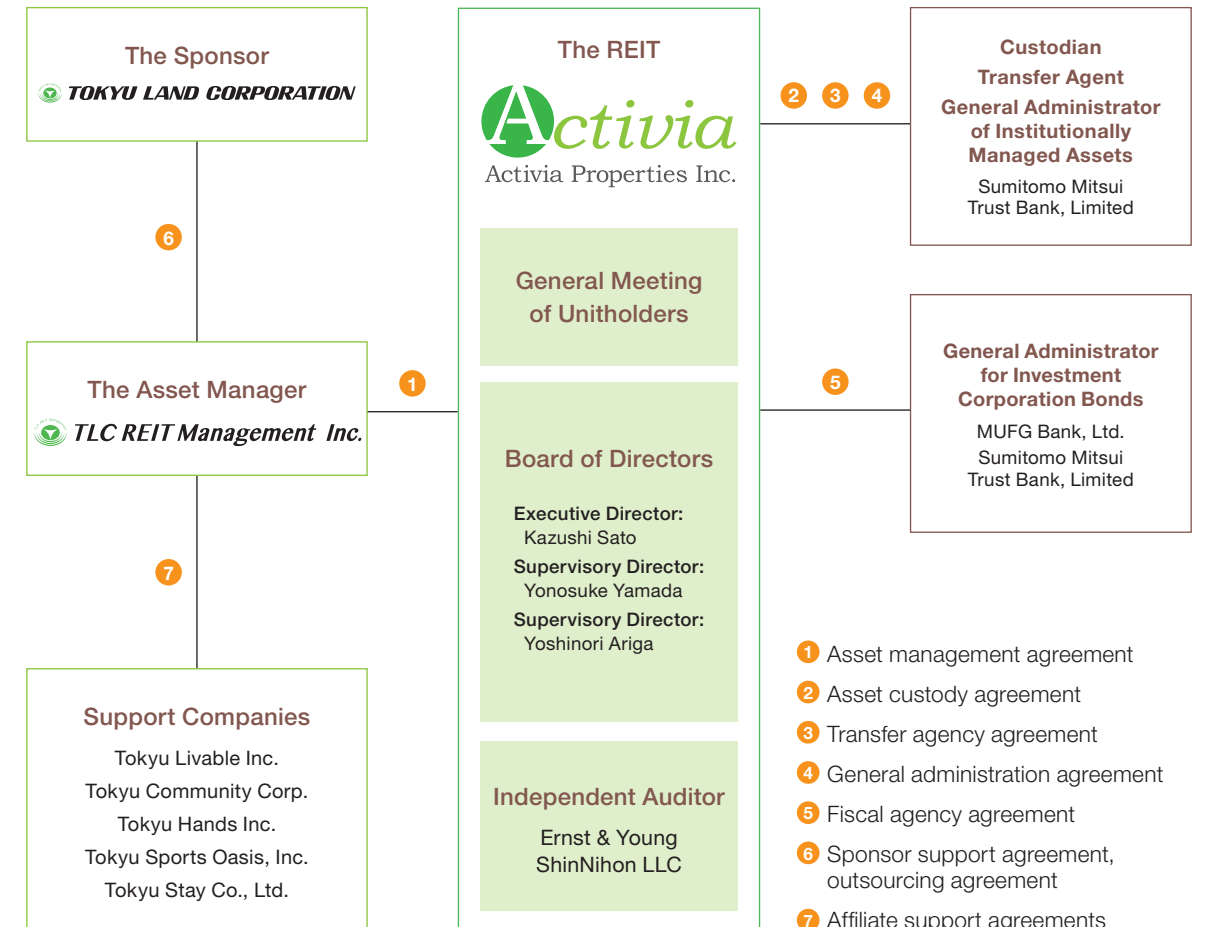


AA-13 EDGE Shinsaibashi



# Overview of API

## Structure



## Profile

Name	Activia Properties Inc.
Executive Director	Kazushi Sato
Address	Shibuya Solasta 18F, 21-1 Dogenzaka 1-chome, Shibuya-ku, Tokyo
Contact	Activia Management Division of TLC REIT Management Inc. Tel. +81-3-6455-3377
Closing dates	May 31 and November 30

## History

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



## Asset Management Report for the 16th Fiscal Period (Semi-Annual Report)

From June 1, 2019 to November 30, 2019

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

Activia Properties Inc.  
21-1 Dogenzaka 1-chome,  
Shibuya-ku, Tokyo

## I. Asset Management Report

### 1. Review of Asset Management

#### (1) Investment Performance of the Investment Corporation

Fiscal period		12th period	13th period	14th period	15th period	16th period
Business period		From June 1, 2017 to November 30, 2017	From December 1, 2017 to May 31, 2018	From June 1, 2018 to November 30, 2018	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019
Operating revenue	(millions of yen)	12,720	13,327	13,815	14,843	15,542
[Lease business revenue]	(millions of yen)	[11,861]	[12,409]	[12,673]	[13,472]	[14,063]
Operating expenses	(millions of yen)	5,645	5,855	6,268	6,243	6,862
[Expenses related to rent business]	(millions of yen)	[4,509]	[4,706]	[5,076]	[4,973]	[5,464]
Operating profit	(millions of yen)	7,074	7,471	7,546	8,599	8,680
Ordinary profit	(millions of yen)	6,218	6,611	6,697	7,726	7,818
Profit	(millions of yen)	6,217	6,610	6,696	7,725	7,817
Net assets	(millions of yen)	208,523	223,777	223,842	256,085	256,198
[Change from the previous period]	(%)	[0.0]	[7.3]	[0.0]	[14.4]	[0.0]
Total assets	(millions of yen)	426,838	445,941	445,464	514,359	515,480
[Change from the previous period]	(%)	[0.2]	[4.5]	[−0.1]	[15.5]	[0.2]
Unitholders' capital	(Note4) (millions of yen)	202,233	217,091	217,091	248,370	248,370
Number of units issued and outstanding	(units)	665,214	698,704	698,704	771,224	771,224
Net assets per unit	(yen)	313,467	320,275	320,368	332,050	332,196
Total distributions	(millions of yen)	6,217	6,611	6,696	7,725	7,817
Basic earnings per unit	(Note1) (yen)	9,346	9,493	9,584	10,118	10,136
Cash distributions per unit						
[Earnings distributions per unit]	(yen)	[9,346]	[9,462]	[9,584]	[10,003]	[10,137]
[Distributions per unit in excess of earnings]	(yen)	[—]	[—]	[—]	[14]	[—]
Ordinary profit to total assets	(Note2) (%)	1.5	1.5	1.5	1.6	1.5
Return on unitholders' equity	(Note2) (%)	3.0	3.1	3.0	3.2	3.1
Unitholders' equity to total assets	(Note2) (%)	48.9	50.2	50.2	49.8	49.7
[Change from the previous period]	(Note2) (%)	[—]	[1.3]	[—]	[−0.4]	[−0.1]
Payout ratio	(Note2) (%)	99.9	100.0	99.9	99.8	100.0
[Other reference]						
Number of properties	(properties)	39	42	42	45	44
Total leasable area	(Note3) (m <sup>2</sup> )	370,296.85	395,994.33	395,967.44	415,167.22	414,008.41
Occupancy rate at end of period	(%)	100.0	99.8	99.9	99.5	99.8
Depreciation	(millions of yen)	1,189	1,234	1,267	1,294	1,298
Capital expenditure	(millions of yen)	303	1,077	352	413	640
NOI	(Note2) (millions of yen)	9,400	9,855	10,006	10,827	11,034

(Note1) Basic earnings per unit is calculated by dividing profit by the daily weighted average number of investment units issued and outstanding (665,214 units, 698,704 units, 698,704 units, 771,224 units for the 12th, 13th, 14th, 15th and 16th fiscal periods, respectively).

(Note2) The indicators are calculated as follows:  
Ordinary profit to total assets: Ordinary profit ÷ Average total assets × 100; Average total assets = (Total assets at beginning of period + Total assets at end of period) ÷ 2  
Return on unitholders' equity: Profit ÷ Average net assets × 100; Average net assets = (Net assets at beginning of period + Net assets at end of period) ÷ 2  
Unitholders' equity to total assets: Net assets at end of period ÷ Total assets at end of period × 100  
Payout ratio: Total distribution amount (excluding distributions in excess of earnings) ÷ Profit × 100 (rounded down to the first decimal place)  
NOI: Rental operating income (Lease business revenue + Other lease business revenue − Expenses related to rental business) + Depreciation + Loss on retirement of non-current assets

(Note3) The total leasable area is equal to the gross floor area of leasable space in each property excluding properties for which we acquire land only, based on the lease agreements for building or floor plans as of the end of each fiscal period. Total leasable area for properties for which only land is acquired is based on the lease agreement for land or land plans as of the end of each fiscal period. As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Shiodome Building, Q plaza HARAJUKU and Tokyu Plaza Ginza (Land), the figures are in proportion to a pro rata share of co-ownership interests of each property (75%, 50%, 49%, 35%, 60% and 30%, respectively).

(Note4) The changes in unitholders' capital arising from the distributions in excess of earnings from allowance for temporary difference adjustments are not considered.



(2) Asset Management during the Fiscal Period under Review

1) Transition of Investment Corporation

Activia Properties Inc. (hereinafter referred to as the “Investment Corporation”) was established on September 7, 2011, with unitholders’ capital of ¥200 million (400 units) and TLC Township Inc. (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; hereinafter referred to as the “Investment Trust Act”), and completed its registration in the Kanto Local Finance Bureau on September 20, 2011 (Director-General of the Kanto Local Finance Bureau No. 73).

After that, the Investment Corporation was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (Securities code 3279) on June 13, 2012. On December 19, 2018, the Investment Corporation carried out a publicly offered capital increase for the sixth consecutive year, and on January 7, 2019, 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).

In the fiscal period under review, which ended on November 30, 2019, the Investment Corporation transferred beneficiary interests of real estate in trust of A-FLAG AKASAKA (50% co-ownership interest) (Note). Consequently, the Investment Corporation held 44 properties (with the total acquisition price of ¥498,985 million) at the end of the fiscal period under review.

(Note) Co-ownership interests of 50% had already been transferred as of March 1, 2019 and the remaining 50% co-ownership interest has now been transferred as of June 3, 2019.

2) Investment Environment and Investment Performance

In the fiscal period under review, the Japanese economy continued on a trend of gradual recovery on the whole amid factors that included corporate earnings holding steadily at high levels and improving employment and income environments although concerns of recession in the global economy sparked by Sino-American trade talks resulted in continued weakness in exports and cautious business sentiment particularly in the manufacturing industry.

With respect to the environment surrounding retail properties, consumer sentiment has remained firm amid a current scenario where the consumer confidence index has increased for two consecutive months running up to November, and despite concerns regarding effects of October’s consumption tax hike as well as typhoons and other natural disasters, according to the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan. Moreover, according to the Consumption Trend Survey for Foreigners Visiting Japan released by the Japan Tourism Agency, the Ministry of Land, Infrastructure, Transport and Tourism, demand related to inbound tourism has remained strong with tourism consumption by overseas visitors to Japan having reached a record-high over the months January to September 2019, despite a downturn in the number of tourists from South Korea due to discord between Japan and South Korea.

In the rental office market, supply has continued to tighten relative to demand. In that regard, according to data published by Miki Shoji Co., Ltd., the average vacancy rate of the five central wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) has been hovering just above the 1% range since November 2018, thereby currently marking a new record low. Meanwhile, rent levels have been continuing on an upward trajectory as they encounter their longest upward phase of gains ever with the average rent having been increasing for 71 consecutive months. The market has also remained favorable in major cities outside Tokyo as vacancy rates hold to their lowest ever levels, having decreased to the 1% range in Osaka, for instance, along with ongoing moderate increases in rent levels.

The J-REIT market has been maintaining an upward trend overall partially due to an inflow of funds targeting earnings stability and relatively high yields, against a backdrop of interest-rate environment remaining at low levels and a strong real estate market. Financing activities through publicly offered capital increase and property acquisition have been continuously and actively conducted, and this has led to an ongoing expansion in J-REIT asset sizes.

On June 3, 2019, the Investment Corporation transferred beneficiary interests of real estate in trust of A-FLAG AKASAKA (50% co-ownership interest) (with the transfer price of ¥1,875 million) as trust assets in accordance with the basic asset management policy set forth in the Articles of Incorporation.

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 44 properties (with the total acquisition price of ¥498,985 million) with the total leasable area of 414,008 m<sup>2</sup> (125,235 *tsubo*). In addition, the occupancy rate at the end of the 16<sup>th</sup> period was 99.8%.

3) Initiatives Regarding Sustainability

In order to build a portfolio consisting of “real estate capable of sustaining customer demand” with the aim of maximizing medium- and long-term unitholder value, the Investment Corporation has been promoting various initiatives with its sights set on lowering environmental loads and contributing to our nearby surroundings and local communities, thereby extending beyond considerations such as location, use, size and qualities. Based on such initiatives, the Investment Corporation’s asset management company TLC REIT Management Inc. established the “Sustainability Policy,” clearly stating our approach in contributing to sustainable development of society. In July 2019, as material issues that the Investment Corporation needs to address, we released quantitative targets encompassing a wider range of performance benchmarks from an environmental standpoint, and also clearly stated practical management policy to such ends. This involves daily effort to achieve our basic objective of reducing four items, including cutting unit energy consumption and greenhouse gases (GHG) by an annual average of 1% over the medium to long term. Initiatives carried out in the fiscal period under review include upgrading to LED lighting at some common areas of Tokyu Plaza Akasaka, DECKS Tokyo Beach, Luogo Shiodome, A-PLACE Gotanda Ekimae, A-PLACE Bashamichi and EDGE Shinsaibashi, and some private areas at A-PLACE Ebisu Minami, A-PLACE Shinagawa, A-PLACE Ebisu Higashi, A-PLACE Gotanda Ekimae, A-PLACE Kanayama and EDGE Shinsaibashi. Other initiatives included replacing escalators with those that consume less power and replacing air conditioning units with those offering greater energy efficiency at A-FLAG SAPPORO; replacing air conditioning units with those that use environmentally sound refrigerants at DECKS Tokyo Beach; installing energy-saving glass at A-PLACE Shinbashi; replacing toilets with those that use water-saving equipment, and replacing elevators with those that consume less power and generate lower carbon dioxide emissions at Osaka Nakanoshima Building. Moreover, we continue to engage in annual initiatives geared to acquiring green building certifications, and during the fiscal period under review, we have acquired the BELS certifications for the one property Q plaza HARAJUKU (two stars). As such, a total of 25 of our properties have acquired green building certification, which amounted to 59.0% of our holdings calculated on the basis of gross floor area (as of November 30, 2019).

Furthermore, at Tokyu Plaza Omotesando Harajuku, we continued the “Yasai-no-mori (garden of vegetables) Project,” which entails the property growing vegetables in cooperation with NPOs, sponsor companies, and neighboring nursery schools. We also cooperated in community activities to coexist with nearby businesses, residents and cities as part of initiatives for local society, which during the fiscal period under review included Shiodome Building acting as special sponsor of the Hamasite Summer Festival and Kyoto Karasuma Parking Building taking part in the Gion Festival. The Investment Corporation will contribute to achieving a sustainable society by engaging in such initiatives geared to the environment and society.

4) Overview of Financing

In the fiscal period under review, the Investment Corporation diversified repayment dates on debt, extended the average maturity, and diversified means of financing. Also, with the aims of further promoting its sustainability initiatives and expanding its range of investors by fueling demand from new investors who are interested in ESG investment, the Investment Corporation issued its first green bonds (unsecured investment corporation bonds) of ¥5,000 million and ¥4,000 million in July and November, 2019, respectively, and used the funds to cover repayment of short-term borrowings. In addition, the Investment Corporation refinanced borrowings amounting to a total of ¥18,100 million largely in order to cover repayment of borrowings and investment corporation bonds that had come due, and worked to otherwise maintain a stable financial base through ongoing moves that have included diversifying repayment dates. As of the end of the fiscal period under review, the balance of interest-bearing debt was ¥234,350 million (borrowings of ¥211,350 million and investment corporation bonds of ¥23,000 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 45.5% as of the end of the fiscal period under review. The long-term debt ratio and the ratio of fixed-interest debt to total interest-bearing debt were 97.9% 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	Outlook
Japan Credit Rating Agency (JCR)	Long-term issuer rating: AA	Stable

5) Overview of Financial Results and Distributions

As a result of the above-mentioned investments, operating revenue, operating profit, and ordinary profit were ¥15,542 million, ¥8,680 million, and ¥7,818 million, respectively, for the fiscal period under review, and profit was ¥7,817 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 amount obtained by subtracting reversal of allowance for temporary difference

adjustments from all of the 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 ¥10,137.

### (3) Capital Increase, etc.

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

Date	Summary	Number of total investment units issued		Total unitholders' capital (millions of yen)		Remarks
		Increase	Total	Increase	Total	
September 7, 2011	Establishment through private placement	400	400	200	200	(Note 1)
June 12, 2012	Capital increase through public offering	204,100	204,500	90,834	91,034	(Note 2)
July 10, 2012	Capital increase through third-party allotment	762	205,262	339	91,373	(Note 3)
December 16, 2013	Capital increase through public offering	43,100	248,362	32,636	124,010	(Note 4)
January 15, 2014	Capital increase through third-party allotment	2,700	251,062	2,044	126,054	(Note 5)
December 17, 2014	Capital increase through public offering	24,050	275,112	22,800	148,855	(Note 6)
January 8, 2015	Capital increase through third-party allotment	2,020	277,132	1,915	150,770	(Note 7)
October 1, 2015	Investment unit split	277,132	554,264	—	150,770	(Note 8)
December 15, 2015	Capital increase through public offering	41,870	596,134	19,152	169,922	(Note 9)
January 6, 2016	Capital increase through third-party allotment	3,520	599,654	1,610	171,532	(Note 10)
December 1, 2016	Capital increase through public offering	61,040	660,694	28,583	200,116	(Note 11)
December 15, 2016	Capital increase through third-party allotment	4,520	665,214	2,116	202,233	(Note 12)
December 13, 2017	Capital increase through public offering	31,090	696,304	13,793	216,026	(Note 13)
December 26, 2017	Capital increase through third-party allotment	2,400	698,704	1,064	217,091	(Note 14)
December 19, 2018	Capital increase through public offering	67,320	766,024	29,036	246,127	(Note 15)
January 7, 2019	Capital increase through third-party allotment	5,200	771,224	2,242	248,370	(Note 16)

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

(Note 2) API issued new investment units through a public offering at a price of ¥460,000 per unit (issue price of ¥445,050 per unit) to raise funds for the acquisition of new properties, etc.

(Note 3) Following the public offering on June 12, 2012, API issued new investment units through a third-party allotment at a price of ¥445,050 per unit.

(Note 4) API issued new investment units through a public offering at a price of ¥782,925 per unit (issue price of ¥757,229 per unit) to raise funds for the acquisition of new properties, etc.

(Note 5) Following the public offering on December 16, 2013, API issued new investment units through a third-party allotment at a price of ¥757,229 per unit.

(Note 6) API issued new investment units through a public offering at a price of ¥979,020 per unit (issue price of ¥948,051 per unit) to raise funds for the acquisition of new properties.

(Note 7) Following the public offering on December 17, 2014, API issued new investment units through a third-party allotment at a price of ¥948,051 per unit.

(Note 8) A 2-for-1 investment unit split was implemented with September 30, 2015 as the record date and October 1, 2015 as the effective date.

(Note 9) API issued new investment units through a public offering at a price of ¥472,360 per unit (issue price of ¥457,418 per unit) to raise funds for the acquisition of new properties, etc.

(Note 10) Following the public offering on December 15, 2015, API issued new investment units through a third-party allotment at a price of ¥457,418 per unit.

(Note 11) API issued new investment units through a public offering at a price of ¥483,326 per unit (issue price of ¥468,283 per unit) to raise funds for the acquisition of new properties.

(Note 12) Following the public offering on December 1, 2016, API issued new investment units through a third-party allotment at a price of ¥468,283 per unit.

(Note 13) API issued new investment units through a public offering at a price of ¥458,150 per unit (issue price of ¥443,657 per unit) to raise funds for the acquisition of new properties.

(Note 14) Following the public offering on December 13, 2017, API issued new investment units through a third-party allotment at a price of ¥443,657 per unit.

(Note 15) API issued new investment units through a public offering at a price of ¥445,410 per unit (issue price of ¥431,320 per unit) to raise funds for the acquisition of new properties.

(Note 16) Following the public offering on December 19, 2018, API issued new investment units through a third-party allotment at a price of ¥431,320 per unit.

(Note 17) The changes in unitholders' capital arising from the distributions in excess of earnings from allowance for temporary difference adjustments are not considered.

### Fluctuation in Market Price of the Investment Securities

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

(yen)					
Fiscal period	12th period	13th period	14th period	15th period	16th period
Business period	From June 1, 2017 to November 30, 2017	From December 1, 2017 to May 31, 2018	From June 1, 2018 to November 30, 2018	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019
Highest	518,000	499,500	518,000	492,500	589,000
Lowest	437,500	448,000	466,000	432,000	461,000

### (4) Distributions, etc.

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, We will pay distributions of profits of ¥7,817,897,688, which is the amount of the unappropriated retained earnings less the reversal of allowance for temporary difference adjustments, except a fraction of less than ¥1 of distributions per investment unit. Consequently, distributions per investment unit resulted in ¥10,137.

Fiscal period	12th period	13th period	14th period	15th period	16th period
Business period	From June 1, 2017 to November 30, 2017	From December 1, 2017 to May 31, 2018	From June 1, 2018 to November 30, 2018	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019
Unappropriated retained earnings	¥6,217,532 thousand	¥6,611,254 thousand	¥6,696,690 thousand	¥7,726,143 thousand	¥7,829,267 thousand
Retained earnings	¥442 thousand	¥117 thousand	¥311 thousand	¥11,589 thousand	¥572 thousand
Total distributions	¥6,217,090 thousand	¥6,611,137 thousand	¥6,696,379 thousand	¥7,725,350 thousand	¥7,817,897 thousand
[Distributions per unit]	[¥9,346]	[¥9,462]	[¥9,584]	[¥10,017]	[¥10,137]
Of which, total distributions of profits	¥6,217,090 thousand	¥6,611,137 thousand	¥6,696,379 thousand	¥7,714,553 thousand	¥7,817,897 thousand
[Distributions of profits per unit]	[¥9,346]	[¥9,462]	[¥9,584]	[¥10,003]	[¥10,137]
Of which, total return on unitholders' capital	¥— thousand	¥— thousand	¥— thousand	¥10,797 thousand	¥— thousand
[Return on unitholders' capital per unit]	[¥—]	[¥—]	[¥—]	[¥14]	[¥—]
Of the total return on unitholders' capital, the total distribution payments from the allowance for temporary difference adjustment	¥— thousand	¥— thousand	¥— thousand	¥10,797 thousand	¥— thousand
[Of the return on unitholders' capital per unit, the distribution payment from the allowance for temporary difference adjustment per unit]	[¥—]	[¥—]	[¥—]	[¥14]	[¥—]
Of the total return on unitholders' capital, the total distribution payments from investments and other decreased distribution under tax laws	¥— thousand	¥— thousand	¥— thousand	¥— thousand	¥— thousand
[Of the return on unitholders' capital per unit, the distribution payments from investments and other decreased distribution under tax laws]	[¥—]	[¥—]	[¥—]	[¥—]	[¥—]



**(5) Future Investment Policy and Issues to Address**

In the Japanese economy going forward, we are observing a firm underpinning supported by robustness in corporate earnings and the employment and income environments on the domestic front despite a lack of clarity on what effect global economic slowdown will have on exports and capital expenditure. Meanwhile, we will need to closely monitor developments, particularly those involving the progress of Sino-American trade negotiations, monetary policy in Europe and the U.S., and the direction being taken regarding the U.K.’s withdrawal from the European Union.

In the rental office market, a scenario of vacancy rates remaining at low levels and moderately rising rent levels is likely to persist amid strong office demand particularly due to factors that include continuing office environment improvements, and office space expansion by the relocation or extension of facilities due to workforce increases, against a backdrop of robust corporate performance. With respect to the environment surrounding retail properties, we will need to closely monitor effects of the consumption tax hike and other such concerns, despite prevailing signs of recovery in consumer sentiment and a trend of brisk spending by overseas visitors to Japan. The J-REIT market is likely to remain firm in part given the likelihood of low interest rates due to ongoing monetary easing, and also against a backdrop of factors that include consistent J-REIT performance and relatively high dividend yields. Amid this environment, the Investment Corporation will continue to promote internal growth by leveraging the competitiveness of its assets under management, while also working to achieve external growth through careful investment decisions, with the aim of improving unitholder value.

**1) Basic Policy**

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

**2) External Growth Strategy**

The Investment Corporation will invest in Urban Retail and Tokyo Office properties as a main target. It will make its investment decisions carefully, concentrating on selecting properties in excellent locations, including surrounding areas, and thoroughly considering individual factors such as use, size, specifications and other qualities of properties, and credibility and name recognition of 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 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.

**3) Internal Growth Strategy**

The Investment Corporation will operate, manage, and refurbish its portfolio to maintain and improve the competitiveness of its facilities through a comprehensive understanding of the features of its overall portfolio and its individual assets under management, based on the unique expertise of its Asset 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 Corp.

**4) Financial Strategy**

Having the sound financial strategy in an effort to conservatively control LTV as well as make stable long-term borrowings 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. Concerning the issuance of new investment units, moreover, the Investment Corporation will prudently and flexibly carry out such issuance while paying appropriate attention to various environmental factors with the aim of achieving long-term and stable growth.

**(6) Significant Matters after Book Closing**

Not applicable.

< Reference Information >

**a. Acquisition of Property**

The Investment Corporation acquired the property listed below through borrowings, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation.

(TO-18) Ebisu Prime Square (acquisition of 51% co-ownership interest)

Type of assets	Trust beneficiary interest		
Acquisition price	¥30,700 million		
Acquisition date	January 10, 2020		
Location	1) 1-39, Hiroo 1-chome, Shibuya-ku, Tokyo 2) 1-40, Hiroo 1-chome, Shibuya-ku, Tokyo 3) 1-7, Hiroo 1-chome, Shibuya-ku, Tokyo		
Use	1) Office, retail, parking lots 2) Retail, parking lots 3) Residence, sports club, parking lots		
Land area	12,179.49 m <sup>2</sup>		
Gross floor area (Note)	67,581.00 m <sup>2</sup>		
Structure	1) Steel frame, reinforced concrete, steel-framed reinforced concrete / 22 floors above and 3 floors underground 2) Reinforced concrete / 2 floors above and 2 floors underground 3) Steel-framed reinforced concrete, reinforced concrete / 13 floors above and 2 floors underground		
Month and year of completion	January 1997		
Ownership	Land:	Owned (51% co-ownership interest)	
	Building:	Owned (51% co-ownership interest)	

(Note) Total gross floor areas of the three buildings.

**b. Transfer of Property**

The Investment Corporation plans to transfer property listed below in accordance with the basic asset management policy set forth in the Articles of Incorporation.

(TO-17) A-PLACE Shinbashi Ekimae

Type of assets	Trust beneficiary interest		
Scheduled transfer price	¥21,000 million		
Scheduled delivery date (Note)	March 19, 2020		
Location	12-9, Shinbashi 1-chome, Minato-ku, Tokyo		
Use	Retail, office and parking lots		
Land area	1,001.39 m <sup>2</sup>		
Gross floor area	8,541.44 m <sup>2</sup>		
Structure	Steel frame, steel-framed reinforced concrete / 10 floors above and 1 floor underground		
Month and year of completion	April 2008 / partial demolition and extension in May 2018		
Ownership	Land:	Owned	
	Building:	Owned	

(Note) The contract for the sale of trust beneficiary interests falls under a forward commitment, etc. as provided in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” by Financial Services Agency (forward commitment, etc. refers to a postdated sales contract under which payment and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto).

## 2. Overview of the Investment Corporation

### (1) Unitholders' Capital

	12th period As of November 30, 2017	13th period As of May 31, 2018	14th period As of November 30, 2018	15th period As of May 31, 2019	16th period As of November 30, 2019
Total number of authorized investment units (units)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total number of investment units issued (units)	665,214	698,704	698,704	771,224	771,224
Unitholders' capital (millions of yen) (Note)	¥202,233	¥217,091	¥217,091	¥248,370	¥248,370
Number of unitholders (persons)	6,871	7,162	6,910	7,680	6,914

(Note) The changes in unitholders' capital arising from the distributions in excess of earnings from allowance for temporary difference adjustments are not considered.

### (2) Matters Relating to Investment Units

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

Name	Number of units owned	Percentage of total units issued (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust accounts)	148,037	19.19
The Master Trust Bank of Japan, Ltd. (Trust accounts)	133,353	17.29
Tokyu Land Corporation	73,425	9.52
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	30,697	3.98
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	25,535	3.31
State Street Bank & Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	18,280	2.37
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	13,941	1.80
Mizuho Securities Japan Co., Ltd.	13,210	1.71
JPMorgan Securities Co., Ltd.	9,087	1.17
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	8,001	1.03
Total	473,566	61.40

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

### (3) Matters Relating to Officers, etc.

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

Title	Name of officer, etc.	Major concurrent post, etc.	Total amount of compensation for each position during the business period under review (thousands of yen)
Executive Director (Note 1) (Note 2)	Kazuyuki Murayama	TLC REIT Management Inc., General Manager of Strategy Department, Activia Management Division	—
	Kazushi Sato	TLC REIT Management Inc., Managing Director, Chief Division Officer of Activia Management Division	—
Supervisory Directors (Note 1)	Yonosuke Yamada	Yamada, Goya and Suzuki Law Office Managing Partner	3,300
	Yoshinori Ariga	Ariga Yoshinori Accounting Office Managing Partner	
Independent Auditor	Ernst & Young ShinNihon LLC	—	15,700 (Note 3)

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

(Note 2) Kazuyuki Murayama resigned from office as Executive Director at the end of his term of office effective September 7, 2019. Kazushi Sato was elected as Executive Director at the general meeting of unitholders of the Investment Corporation held on August 9, 2019 and assumed office effective September 8, 2019.

(Note 3) Compensation for the Independent Auditor includes fees for preparing comfort letters related to the issuance of investment corporation bonds in July 2019 and November 2019.

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

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

#### Asset Manager, Custodian Company, and Administrative Agent

Consignment classification	Name
Asset manager	TLC REIT Management Inc.
Asset custodian	Sumitomo Mitsui Trust Bank, Limited
General administrator (unitholder registry administration, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrator (accounting service, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrator (administrative service)	Sumitomo Mitsui Trust Bank, Limited
General administrator (investment corporation bond service)	MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited



3. Assets of the Investment Corporation

(1) Composition of Assets of the Investment Corporation

Type of assets	Category	15th period As of May 31, 2019		16th period As of November 30, 2019	
		Total amount of assets owned (millions of yen) (Note 1)	Ratio to total assets (%)	Total amount of assets owned (millions of yen) (Note 1)	Ratio to total assets (%)
Real estate	Urban Retail Properties	—	—	—	—
	Tokyo Office Properties	—	—	—	—
	Activia Account Properties	—	—	—	—
	Subtotal	—	—	—	—
Real estate in trust	Urban Retail Properties	200,524	39.0	198,881	38.6
	Tokyo Office Properties	195,556	38.0	195,101	37.8
	Activia Account Properties	102,739	20.0	102,648	19.9
	Subtotal	498,820	97.0	496,631	96.3
Total real estate, etc.		498,820	97.0	496,631	96.3
Deposits and other assets		15,538	3.0	18,849	3.7
Total assets (Note 2)		514,359 (498,820)	100.0 (97.0)	515,480 (496,631)	100.0 (96.3)

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

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

(2) Major Assets Owned

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

Property name	Book value at end of period (millions of yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Major use
Shiodome Building (Note 4)	70,891	28,136.05	28,058.40	99.7	10.3	Office
Tokyu Plaza Omotesando Harajuku (Note 4)	44,704	4,918.44	4,918.44	100.0	7.3	Retail
Tokyu Plaza Ginza (Land) (Note 4)	37,895	1,130.04	1,130.04	100.0	3.8	Retail
A-PLACE Shinbashi Ekimae	20,822	6,484.57	6,484.57	100.0	2.6	Office
Kobe Kyu Kyoryuchi 25Bankan	20,549	19,653.90	19,653.90	100.0	4.9	Retail
EDGE Shinsaibashi	19,994	15,897.64	15,897.64	100.0	3.2	Office
Umeda Gate Tower	19,302	13,624.49	13,624.49	100.0	3.1	Office
A-PLACE Shinagawa Higashi	18,832	14,658.98	14,658.98	100.0	3.5	Office
Q plaza SHINSAIBASHI	13,412	2,820.23	2,820.23	100.0	2.4	Retail
Q plaza HARAJUKU (Note 4)	13,328	3,378.49	3,378.49	100.0	1.6	Retail
Total	279,735	110,702.83	110,625.18	99.9	42.8	

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of November 30, 2019 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2019.

(Note 2) Leased area refers to the leased area of each property based on lease agreements as of November 30, 2019. For properties with master lease agreements, leased area refers to leased areas of each property and is actually leased based on sublease agreements with end-tenants.

(Note 3) Occupancy rate refers to the percentage of total leased area for each property to total leasable area for each property as of November 30, 2019, rounding down to the first decimal place.

(Note 4) As for Shiodome Building, Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Ginza (Land) and Q plaza HARAJUKU, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (35%, 75%, 30% and 60%, respectively).

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

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

Property name		Location	Asset type	Total leasable area (m <sup>2</sup> ) (Note 1)	Assessed value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen) (Note 3)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	30-3 Jingu-mae 4-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,918.44	62,775	44,704
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,609.75	15,700	11,677
	Q plaza EBISU	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	11,900	8,215
	Kyoto Karasuma Parking Building	678 Motohonenjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	11,200	8,704
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	27,400	20,549
	A-FLAG SAPPORO	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	7,250	4,865
	A-FLAG SHIBUYA	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,403.07	8,110	6,343
	Q plaza SHINSAIBASHI	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	2,820.23	14,700	13,412
	A-FLAG KOTTO DORI	4-40, Minami-Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,656.53	5,020	4,394
	A-FLAG BIJUTSUKAN DORI	3-16, Minami-Aoyama 6-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,994.65	4,860	4,711
	A-FLAG DAIKANYAMA WEST	11-6, Sarugakuchō, Shibuya-ku, Tokyo	Trust beneficiary interests	2,579.08	2,400	2,348
	A-FLAG KITA SHINSAIBASHI	10-11, Minami Senba 3-chome, Chuo-ku, Osaka city, Osaka	Trust beneficiary interests	2,536.75	4,780	4,837
	DECKS Tokyo Beach (Note 4)	6-1, Daiba 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	16,125.56	12,887	12,892
	Tokyu Plaza Ginza (Land) (Note 4)	2-1, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficiary interests	1,130.04	39,000	37,895
	Q plaza HARAJUKU (Note 4)	28-6, Jingu-mae 6-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,378.49	13,300	13,328
	Subtotal			124,676.57	241,282	198,881
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	11,800	7,205
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.49	15,200	9,364
	A-PLACE Yoyogi	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,970	3,876
	A-PLACE Aoyama	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	10,400	8,577
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	6,570	4,206
	TAMACHI SQUARE (Land)	26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	3,000	2,362
	A-PLACE Ikebukuro	16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	5,270	3,716
	A-PLACE Shinbashi	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,052.14	7,250	5,819
	A-PLACE Gotanda	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	7,970	5,475
	A-PLACE Shinagawa	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	5,430	3,779
	OSAKI WIZTOWER	11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	14,600	10,616
	Shiodome Building (Note 4)	2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	28,136.05	77,700	70,891
	A-PLACE Ebisu Higashi (Note 5)	13-11 Higashi 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,010.69	7,720	7,066
	A-PLACE Shibuya Konnoh (Note 5)	3-1 Shibuya 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	2,995.72	5,680	4,945
	A-PLACE Gotanda Ekimae	5-1 Nishigotanda 1-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,316.89	7,860	7,541
	A-PLACE Shinagawa Higashi	7-18 Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	14,658.98	20,600	18,832
	A-PLACE Shinbashi Ekimae	12-9 Shinbashi 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	6,484.57	20,400	20,822
	Subtotal			114,740.36	232,420	195,101

Property name		Location	Asset type	Total leasable area (m <sup>2</sup> ) (Note 1)	Assessed value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen) (Note 3)
Activia Account Properties	Amagasaki Q's MALL (Land)	3-1 Shioe 1-chome, Amagasaki City, Hyogo (main building) 2-3 Shioe 1-chome, Amagasaki City, Hyogo (sports club)	Trust beneficiary interests	27,465.44	14,200	12,113
	icot Nakamozu	428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka	Trust beneficiary interests	28,098.02	10,900	8,068
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,240	2,612
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	4,000	2,609
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.90	8,830	6,282
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,226.77	15,200	10,972
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.79 (Note 5)	6,870	5,729
	Market Square Sagamihara	777-2 Shimokuzawa, Chuo-ku, Sagamihara City, Kanagawa	Trust beneficiary interests	15,152.42	5,010	4,661
	Umeda Gate Tower	1-9, Tsurunochi, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	13,624.49	21,400	19,302
	A-PLACE Bashamichi	43 Honcho 4-chome, Naka-ku, Yokohama City, Kanagawa	Trust beneficiary interests	9,775.50	4,610	3,976
	Commercial Mall Hakata	6-40, Tokojimachi 2-chome, Hakata-ku, Fukuoka city, Fukuoka	Trust beneficiary interests	9,612.88	6,290	6,323
	EDGE Shinsaibashi	2-3, Nishi Shinsaibashi 2-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	15,897.64	20,000	19,994
	Subtotal			174,591.48	120,550	102,648
Total				414,008.41	594,252	496,631

- (Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of November 30, 2019 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2019.
- (Note 2) The appraisal of each property is commissioned to the Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., Japan Valuers Co., Ltd. or JLL Morii Valuation & Advisory K.K.. Assessed value at end of period stands for the appraised value described in each real estate appraisal report, with November 30, 2019 taken as the point of evaluation.
- (Note 3) Book value at end of period stands for the book value minus depreciation as of November 30, 2019, rounded down to the nearest ¥ million.
- (Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Tokyu Plaza Ginza (Land), Q plaza HARAJUKU and Shiodome Building, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50%, 49%, 30%, 60% and 35%, respectively).
- (Note 5) The calculation of total leasable area for icot Omori includes part of an external bicycle parking lot (approximately 21 m<sup>2</sup>) and part of a common area on the second floor (approximately 28 m<sup>2</sup>).

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

Property name		15th period (From December 1, 2018 to May 31, 2019)				16th period (From June 1, 2019 to November 30, 2019)			
		Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	35	100.0	1,081	7.5	35	100.0	1,115	7.3
	Tokyu Plaza Akasaka (Note 4)	98	100.0	613	4.2	95	99.9	667	4.4
	Q plaza EBISU	4	100.0	271	1.9	4	100.0	277	1.8
	Kyoto Karasuma Parking Building	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
	A-FLAG AKASAKA	8	100.0	79	0.5	—	—	1	0.0
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	805	5.6	7	100.0	743	4.9
	A-FLAG SAPPORO	17	100.0	448	3.1	16	99.9	636	4.2
	A-FLAG SHIBUYA	2	100.0	217	1.5	2	100.0	220	1.4
	Q plaza SHINSAIBASHI	6	100.0	353	2.4	6	100.0	358	2.4
	A-FLAG KOTTO DORI	7	100.0	122	0.8	7	100.0	124	0.8
	A-FLAG BIJUTSUKAN DORI	4	100.0	124	0.9	4	100.0	128	0.8
	A-FLAG DAIKANYAMA WEST	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-FLAG KITA SHINSAIBASHI	5	100.0	106	0.7	5	100.0	105	0.7
	DECKS Tokyo Beach (Note 4)	85	100.0	583	4.0	81	99.2	620	4.1
	Tokyu Plaza Ginza (Land) (Note 4)	1	100.0	448	3.1	1	100.0	571	3.8
	Q plaza HARAJUKU (Note 4)	16	100.0	184	1.3	16	100.0	243	1.6
	Subtotal	298	100.0	—	—	282	99.8	—	—
Tokyo Office Properties	TLC Ebisu Building	12	100.0	343	2.4	12	100.0	339	2.2
	A-PLACE Ebisu Minami	11	100.0	374	2.6	11	100.0	389	2.6
	A-PLACE Yoyogi	3	100.0	130	0.9	3	100.0	135	0.9
	A-PLACE Aoyama	8	100.0	303	2.1	8	100.0	315	2.1
	Luogo Shiodome	7	100.0	179	1.2	7	100.0	182	1.2
	TAMACHI SQUARE (Land)	1	100.0	62	0.4	1	100.0	62	0.4
	A-PLACE Ikebukuro	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-PLACE Shinbashi	9	98.7	199	1.4	10	100.0	206	1.4
	A-PLACE Gotanda	11	100.0	182	1.3	11	100.0	193	1.3
	A-PLACE Shinagawa	7	100.0	116	0.8	8	100.0	129	0.9
	OSAKI WIZTOWER	5	100.0	337	2.3	5	100.0	354	2.3
	Shiodome Building (Note 4)	39	100.0	1,524	10.5	38	99.7	1,568	10.3
	A-PLACE Ebisu Higashi	8	100.0	175	1.2	8	100.0	176	1.2
	A-PLACE Shibuya Konnoh	4	100.0	115	0.8	4	100.0	117	0.8
	A-PLACE Gotanda Ekimae	10	100.0	185	1.3	10	100.0	190	1.3
	A-PLACE Shinagawa Higashi	9	100.0	518	3.6	9	100.0	534	3.5
	A-PLACE Shinbashi Ekimae	6	100.0	399	2.8	6	100.0	400	2.6
	Subtotal	151	99.9	—	—	152	99.9	—	—



Property name		15th period (From December 1, 2018 to May 31, 2019)				16th period (From June 1, 2019 to November 30, 2019)			
		Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Activia Account Properties	Amagasaki Q's MALL (Land)	1	100.0	356	2.5	1	100.0	356	2.3
	icot Nakamozu	2	100.0	311	2.1	2	100.0	310	2.0
	icot Mizonokuchi	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	icot Tama Center	9	100.0	146	1.0	9	100.0	146	1.0
	A-PLACE Kanayama	20	100.0	287	2.0	21	100.0	294	1.9
	Osaka Nakanoshima Building	40	99.9	535	3.7	40	100.0	544	3.6
	icot Omori	8	100.0	233	1.6	8	100.0	234	1.5
	Market Square Sagamihara	3	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
	Umeda Gate Tower	15	100.0	464	3.2	15	100.0	475	3.1
	A-PLACE Bashamichi	34	100.0	184	1.3	34	100.0	185	1.2
	Commercial Mall Hakata	18	97.0	210	1.5	18	95.0	220	1.4
	EDGE Shinsaibashi	19	90.7	351	2.4	23	100.0	487	3.2
	Subtotal	170	99.0	—	—	175	99.7	—	—
Total		619	99.5	14,502	100.0	609	99.8	15,199	100.0

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

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

(Note 3) Rental revenue includes other rental revenue.

(Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Tokyu plaza Ginza (Land), Q plaza HARAJUKU and Shiodome Building, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50%, 49%, 30%, 60% and 35%, respectively).

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

#### (4) Details of Specified Transaction

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

(thousands of yen)				
Classification	Transaction	Notional contract amount (Note 1)		Fair value (Note 2) (Note 3)
			Over 1 year	
Over-the-counter	Interest rate swaps (Receive floating pay fixed)	30,140,000	30,140,000	8,954
Total		30,140,000	30,140,000	8,954

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

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

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

#### (5) Other Assets

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

## 4. Capital Expenditure for Assets under Management

### (1) Scheduled Capital Expenditure

The following table shows major capital expenditure for renovation works, etc., scheduled for the properties owned by the Investment Corporation at the end of the fiscal period under review. The estimated construction cost below includes the portion expended 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
Osaka Nakanoshima Building (Osaka, Osaka)	Complete replacement of elevator machinery and equipment	From December 2019 to April 2020	190	—	—
Luogo Shiodome (Minato, Tokyo)	Large-scale repair work	From December 2020 to May 2020	83	—	—
A-PLACE Bashamichi (Yokohama, Kanagawa)	Large-scale repair work	From May 2020 to November 2020	80	—	—
A-PLACE Gotanda Ekimae (Shinagawa, Tokyo)	Maintenance of outer wall	From May 2020 to November 2020	72	—	—
A-FLAG DAIKANYAMA WEST (Shibuya, Tokyo)	Large-scale repair work	From December 2019 to May 2020	62	—	—
TLC Ebisu Building (Shibuya, Tokyo)	Renovation work for mechanical parking facility	From October 2021 to November 2021	62	—	—
TLC Ebisu Building (Shibuya, Tokyo)	Installation of LED lighting	From May 2020 to September 2020	59	—	—
A-PLACE Shinbashi Ekimae (Minato, Tokyo)	Renewal of outdoor air conditioning units	From April 2020 to May 2020	50	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of rainwater drain pipes and hot water main pipes for high-rise building (Second period)	From December 2019 to May 2020	41	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Repair of lavatory plumbing for 12th and 13th floors	From March 2020 to May 2020	32	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Repair of lavatory plumbing for 14th and 15th floors	From March 2020 to May 2020	32	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of pneumatic automatic control equipment	From March 2020 to May 2020	31	—	—
EDGE Shinsaibashi (Osaka, Osaka)	Maintenance of mechanical parking equipment (vertical rotary equipment) Replacement, etc. of intermediate chain guide rails	From December 2019 to May 2020	30	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Overhaul of mechanical parking facility system	From March 2020 to May 2020	26	—	—
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Renewal of deck for rooftop garden “Omohara forest”	From February 2020 to February 2020	23 (Note)	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of air conditioning units for small banquet halls (conversion to gas-heat pump (GHP) air conditioning systems)	From March 2020 to May 2020	22	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Renewal of capacitors	From February 2020 to February 2020	19	—	—
A-FLAG BIJUTSUKAN DORI (Minato, Tokyo)	Renewal of air conditioning units	From January 2020 to January 2020	19	—	—

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (millions of yen)		
			Total amount	Payment for the period	Total amount paid
DECKS Tokyo Beach (Minato, Tokyo)	Measures for business continuity planning (BCP) and redundancy of power generator operation time	From December 2019 to March 2020	18 (Note)	—	—
A-PLACE Bashamichi (Yokohama, Kanagawa)	Construction to repartition private areas	From December 2019 to December 2019	17	—	—
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of elevators	From March 2020 to May 2020	17	—	—
A-PLACE Aoyama (Minato, Tokyo)	Partial renovation of central monitoring panel	From March 2020 to May 2020	15	—	—
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Maintenance of outdoor air conditioning units	From February 2020 to May 2020	12	—	—
DECKS Tokyo Beach (Minato, Tokyo)	Renovation of signs	From December 2019 to December 2019	11 (Note)	—	—
icot Nakamozu (Sakai, Osaka)	Application of colored asphalt coating	From March 2020 to May 2020	10	—	—
Shiodome Building (Minato, Tokyo)	Replacement of shut-off valve for heat source water (First period)	From October 2019 to January 2020	10 (Note)	—	—
Shiodome Building (Minato, Tokyo)	Replacement of pipes for kitchen waste water system	From October 2019 to January 2020	10 (Note)	—	—

(Note) The shown estimated construction cost with regard to Tokyu Plaza Omotesando Harajuku, DECKS Tokyo Beach and Shiodome Building is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests of real estate trust beneficiary (75%, 49% and 35%, respectively).

## (2) Capital Expenditure during the Period

For assets held by the Investment Corporation in the 16th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended November 30, 2019 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended November 30, 2019 amounted to ¥640 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended November 30, 2019 came to ¥436 million. On aggregate, construction work of ¥1,076 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (millions of yen)
icot Omori (Ota, Tokyo)	Large-scale repair work	From June 2019 to November 2019	90
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of emergency power generators	From April 2019 to August 2019	89
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of elevator (elevator No. 8)	From June 2019 to August 2019	53
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of elevator (elevator No. 7)	From September 2019 to November 2019	45
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of power control board (Second period)	From August 2019 to November 2019	30
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of escalators (four escalators)	From October 2019 to November 2019	25
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renewal of air conditioning units and FCUs	From October 2019 to November 2019	25
Osaka Nakanoshima Building (Osaka, Osaka)	Repair of lavatory plumbing for 10th and 11th floors	From September 2019 to November 2019	19
Shiodome Building (Minato, Tokyo)	Inspection and maintenance of emergency power generation equipment, and replacement of deteriorated parts	From September 2019 to September 2019	18 (Note)
DECKS Tokyo Beach (Minato, Tokyo)	Environment-related improvement work	From November 2019 to November 2019	18 (Note)
Kobe Kyu Kyoryuchi 25Bankan (Kobe, Hyogo)	Renovation of multilevel car park system	From November 2019 to November 2019	17
A-PLACE Gotanda Ekimae (Shinagawa, Tokyo)	Installation of LED lighting in private areas	From August 2019 to November 2019	14
A-PLACE Shinbashi (Minato, Tokyo)	Renewal of central monitoring equipment	From July 2019 to November 2019	10
Other			180
Total			640

(Note) The shown construction cost with regard to DECKS Tokyo Beach and Shiodome Building is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests of real estate trust beneficiary (49% and 35%, respectively).

## (3) Money Accumulated for Long-Term Repair Plan

Not applicable



## 5. Expenses and Liabilities

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

Item	(thousands of yen)	
	15th period (From December 1, 2018 to May 31, 2019)	16th period (From June 1, 2019 to November 30, 2019)
(a) Asset management fees (Note)	1,127,058	1,249,529
(b) Asset custody fees	14,021	14,641
(c) Administrative service fees	35,168	37,874
(d) Directors' compensation	3,300	3,300
(e) Other operating expenses	90,830	92,843
Total	1,270,378	1,398,189

(Note) Asset management fees contain acquisition fees that were included in the book value of acquired properties (15th fiscal period: ¥352,500 thousand).

### (2) Borrowings

The status of borrowings from financial institutions as of November 30, 2019 is as follows:

(unit: millions of yen)

Category		Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks		
	Lender										
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	June 1, 2018	1,670	—	0.19184%	June 1, 2019	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed		
	MUFG Bank, Ltd.		1,670	—							
	Mizuho Bank, Ltd.		1,660	—							
	Sumitomo Mitsui Trust Bank, Limited	April 24, 2019	1,600	—	0.19154%	November 24, 2019	Lump-sum repayment	(Note 7)	Unsecured, non-guaranteed		
	Mizuho Bank, Ltd.		1,600	—							
	MUFG Bank, Ltd.		800	—							
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	2,000	2,000	0.20062%	January 10, 2020	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed		
	Mizuho Bank, Ltd.		2,000	2,000							
	MUFG Bank, Ltd.		1,000	1,000							
Total			14,000	5,000							
Long-term loans payable (Note 2)	Development Bank of Japan Inc.	June 13, 2012	6,000	—	1.19051%	June 13, 2019	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed		
	Mizuho Trust & Banking Co.,LTD.	June 30, 2016	1,200	—	0.02875% (Note 5)	June 28, 2019	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed		
	The Norinchukin Bank		1,200	—	0.02875% (Note 5)						
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2015	340	—	0.54352%	July 9, 2019	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed		
	MUFG Bank, Ltd. (Note 6)		340	—	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed		
	Mizuho Bank, Ltd.		340	—	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed		
	MUFG Bank, Ltd.		340	—	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed		
	Sumitomo Mitsui Banking Corporation		170	—	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed		
	Development Bank of Japan Inc.		170	—	0.54352%	July 9, 2019		(Note 3)	Unsecured, non-guaranteed		
	Mizuho Trust & Banking Co.,LTD.		August 29, 2014	1,500	—	0.51000%		August 29, 2019	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank			1,500	—						
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2014	160	160	0.93846%	January 10, 2020	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed		
	MUFG Bank, Ltd. (Note 6)		160	160	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed		
	Mizuho Bank, Ltd.		160	160	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed		
	MUFG Bank, Ltd. (Note 6)		160	160	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed		
	Sumitomo Mitsui Banking Corporation		80	80	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed		
	Development Bank of Japan Inc.		80	80	0.93846%	January 10, 2020		(Note 3)	Unsecured, non-guaranteed		
	Sumitomo Mitsui Trust Bank, Limited		July 9, 2014	600	600	0.72546%		January 10, 2020	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	600		600	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed			
	Mizuho Bank, Ltd.	600		600	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed			
	MUFG Bank, Ltd.	600		600	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed			
	Sumitomo Mitsui Banking Corporation	300		300	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed			
	Development Bank of Japan Inc.	300		300	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed			
	Resona Bank, Limited.	March 31, 2015	1,500	1,500	0.52500%	March 31, 2020	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed		
	The Bank of Fukuoka, Ltd.		1,000	1,000							
	The Gunma Bank, Ltd.		500	500							
	The Norinchukin Bank		500	500							

(Unit: Millions of yen)

	Category	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	December 19, 2013	1,060	1,060	1.07980%	December 19, 2020	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,060	1,060	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,060	1,060	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,060	1,060	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		530	530	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		530	530	1.07980%	December 19, 2020		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2014	1,340	1,340	1.07856%	January 10, 2021	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,340	1,340	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,340	1,340	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,340	1,340	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		670	670	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		670	670	1.07856%	January 10, 2021		(Note 3)	Unsecured, non-guaranteed
	Nippon Life Insurance Company	March 31, 2017	500	500	0.25000%	March 31, 2021	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	3,920	3,920	0.21562%	July 12, 2021	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,920	3,920					
	Mizuho Bank, Ltd.		1,970	1,970					
	Sumitomo Mitsui Banking Corporation		1,970	1,970					
	Development Bank of Japan Inc.	January 10, 2019	1,970	1,970	0.36607%	July 12, 2021	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 5, 2018	320	320	0.41931%	December 28, 2021	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		640	640					
	Mizuho Bank, Ltd.		320	320					
	Sumitomo Mitsui Banking Corporation		160	160					
	Development Bank of Japan Inc.		160	160					
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2015	840	840	0.73690%	January 9, 2022	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		840	840	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		840	840	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		840	840	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		420	420	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		420	420	0.73690%	January 9, 2022		(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	March 31, 2015	2,000	2,000	0.68500%	March 31, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank		500	500					
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	March 31, 2017	400	400	0.30630%	March 31, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	The 77 Bank, Ltd.		400	400					

(Unit: Millions of yen)

	Category	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500	1,500	0.94688%	June 15, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,500	1,500	0.94688%	June 15, 2022		(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,500	1,500	0.94688%	June 15, 2022		(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,500	1,500	0.94688%	June 15, 2022		(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	December 16, 2015	200	200	0.65691%	June 15, 2022	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		200	200	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		200	200	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		200	200	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		100	100	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		100	100	0.65691%	June 15, 2022		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	1,560	1,560	0.44835%	June 15, 2022	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,560	1,560					
	MUFG Bank, Ltd.		1,560	1,560					
	Sumitomo Mitsui Banking Corporation		160	160					
	Development Bank of Japan Inc.		160	160					
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2019	620	620	0.38236%	January 10, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		620	620					
	MUFG Bank, Ltd.		620	620					
	Sumitomo Mitsui Banking Corporation		320	320					
	Development Bank of Japan Inc.		320	320					
	Sumitomo Mitsui Trust Bank, Limited	September 30, 2015	1,250	1,250	0.61330% (Note 5)	March 30, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6) (Note 7)		1,250	1,250	0.61330% (Note 5)	March 30, 2023		(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,250	1,250	0.61330% (Note 5)	March 30, 2023		(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,250	1,250	0.61330% (Note 5)	March 30, 2023		(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	750	750	0.44804%	March 30, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		750	750					
	MUFG Bank, Ltd.		750	750					
	Sumitomo Mitsui Banking Corporation		375	375					
	Development Bank of Japan Inc.		375	375					
	Sumitomo Mitsui Trust Bank, Limited	October 6, 2016	800	800	0.38472%	April 6, 2023	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,600	1,600					
	Mizuho Bank, Ltd.		800	800					
	Sumitomo Mitsui Banking Corporation		400	400					
	Development Bank of Japan Inc.		400	400					



(Unit: Millions of yen)

	Category	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500	1,500	1.06316%	June 15, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,500	1,500	1.06316%	June 15, 2023		(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,500	1,500	1.06316%	June 15, 2023		(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,500	1,500	1.06316%	June 15, 2023		(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	December 16, 2015	625	625	0.75387%	June 15, 2023	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		625	625	0.75387%	June 15, 2023		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,250	1,250	0.46400%	June 15, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		2,500	2,500					
	Mizuho Bank, Ltd.	March 31, 2017	1,250	1,250	0.35998%	September 29, 2023	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Taiyo Life Insurance Company		500	500					
	Mitsui Sumitomo Insurance Company, Limited		500	500					
	Sumitomo Mitsui Trust Bank, Limited	January 12, 2016	1,400	1,400	0.78362%	January 12, 2024	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,400	1,400	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,400	1,400	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,400	1,400	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		700	700	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		700	700	0.78362%	January 12, 2024		(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	March 31, 2017	2,000	2,000	0.41380%	March 29, 2024	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.		1,500	1,500					
	The Bank of Fukuoka, Ltd.		1,000	1,000					
	Shinkin Central Bank		500	500					
	The Norinchukin Bank		500	500					
	Sumitomo Mitsui Trust Bank, Limited	December 16, 2015	1,200	1,200	0.85377%	June 17, 2024	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,200	1,200	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,200	1,200	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,200	1,200	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		600	600	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		600	600	0.85377%	June 17, 2024		(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2016	1,500	1,500	0.33150% (Note 5)	June 17, 2024	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,000	3,000					
	Mizuho Bank, Ltd.		1,500	1,500					
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2016	1,500	1,500	0.36900% (Note 5)	December 13, 2024	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,000	3,000					
	Mizuho Bank, Ltd.		1,500	1,500					

(Unit: Millions of yen)

	Category	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	1,200	1,200	0.54094%	March 21, 2025	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		2,400	2,400					
	Mizuho Bank, Ltd.		1,200	1,200					
	Sumitomo Mitsui Banking Corporation		600	600					
	Development Bank of Japan Inc.		600	600					
	Sumitomo Mitsui Trust Bank, Limited	March 16, 2017	1,800	1,800	0.70169%	September 16, 2025	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,600	3,600					
	Mizuho Bank, Ltd.		1,800	1,800					
	Sumitomo Mitsui Banking Corporation		900	900					
	Development Bank of Japan Inc.	March 16, 2018	900	900	0.46453%	September 16, 2025	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.		440	440					
	Resona Bank, Limited.		440	440					
	The Bank of Fukuoka, Ltd.		440	440					
	Shinkin Central Bank		440	440					
	The Norinchukin Bank		440	440					
	THE NISHI-NIPPON CITY BANK, LTD.		500	500					
	The Bank of Kyoto, Ltd.		300	300					
	Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	500	500	0.58630%	September 16, 2025	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		500	500					
	MUFG Bank, Ltd.		500	500					
	Sumitomo Mitsui Banking Corporation		250	250					
	Development Bank of Japan Inc.		250	250					
	Mizuho Trust & Banking Co.,LTD.	August 29, 2019	—	1,500	0.09313%	February 27, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank		—	1,500					
	Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	2,100	2,100	0.61942%	March 19, 2026	Lump-sum repayment	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		4,200	4,200					
	Mizuho Bank, Ltd.		2,100	2,100					
	Sumitomo Mitsui Banking Corporation		1,050	1,050					
	Development Bank of Japan Inc.		1,050	1,050					
	Sumitomo Mitsui Banking Corporation	December 13, 2016	6,000	6,000	0.69796%	June 12, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	March 7, 2019	1,100	1,100	0.35765%	September 7, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.		1,100	1,100					
	The Bank of Fukuoka, Ltd.		1,100	1,100					
	The Norinchukin Bank		1,100	1,100					
	The 77 Bank, Ltd.		600	600					
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,750	1,750	0.71015%	December 14, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		3,500	3,500					
	Mizuho Bank, Ltd.		1,750	1,750					
	Mizuho Trust & Banking Co.,LTD.	June 28, 2019	—	1,200	0.23004%	December 28, 2026	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank		—	1,200					
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2018	780	780	0.70698%	January 9, 2027	Lump-sum repayment	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,560	1,560					
	Mizuho Bank, Ltd.		780	780					
	Sumitomo Mitsui Banking Corporation		390	390					
	Development Bank of Japan Inc.		390	390					

(Unit: Millions of yen)

	Category	Drawdown date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Repayment method	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	2,200	2,200	0.73360%	June 13, 2027	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Mizuho Bank, Ltd.		2,200	2,200					
	MUFG Bank, Ltd.		2,200	2,200					
	Sumitomo Mitsui Banking Corporation		200	200					
	Development Bank of Japan Inc.		200	200					
	Sumitomo Mitsui Trust Bank, Limited	January 5, 2018	320	320	0.74869%	July 5, 2027	Lump-sum repayment	(Note 3)	Unsecured, non-uaranteed
	MUFG Bank, Ltd.		640	640					
	Mizuho Bank, Ltd.		320	320					
	Sumitomo Mitsui Banking Corporation		160	160					
	Development Bank of Japan Inc.		160	160					
	Sumitomo Mitsui Trust Bank, Limited	April 19, 2019	1,000	1,000	0.54375% (Note 5)	July 5, 2027	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Mizuho Bank, Ltd.		1,000	1,000					
	MUFG Bank, Ltd.		1,000	1,000					
	Sumitomo Mitsui Banking Corporation		500	500					
	Development Bank of Japan Inc.	April 19, 2019	500	500	0.58821%	July 5, 2027	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	3,210	3,210	0.55800% (Note 5)	January 11, 2028	Lump-sum repayment	(Note 3)	Unsecured, non-uaranteed
	Mizuho Bank, Ltd.		3,210	3,210					
	MUFG Bank, Ltd.		1,610	1,610					
	Sumitomo Mitsui Banking Corporation		1,610	1,610					
	Development Bank of Japan Inc.	January 10, 2019	1,610	1,610	0.65264%	January 11, 2028	Lump-sum repayment	(Note 3)	Unsecured, non-uaranteed
	Sumitomo Mitsui Trust Bank, Limited	May 31, 2019	1,165	1,165	0.56127%	May 31, 2028	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Mizuho Bank, Ltd.		1,165	1,165					
	MUFG Bank, Ltd.		590	590					
	Sumitomo Mitsui Banking Corporation		590	590					
	Development Bank of Japan Inc.		590	590					
	Sumitomo Mitsui Trust Bank, Limited	July 9, 2019	—	420	0.49281%	July 10, 2028	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Mizuho Bank, Ltd.		—	420					
	MUFG Bank, Ltd.		—	420					
	Sumitomo Mitsui Banking Corporation		—	220					
	Development Bank of Japan Inc.		—	220					
	Development Bank of Japan Inc.	June 13, 2019	—	6,000	0.56511%	December 13, 2028	Lump-sum repayment	(Note 4)	Unsecured, non-uaranteed
	Total		206,350	206,350					

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

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

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

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

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

(Note 6) The role of Mitsubishi UFJ Trust and Banking Corporation as a lender has been taken over by MUFG Bank, Ltd. on April 16, 2018.

(Note 7) Use of the borrowings is appropriated to repayment of investment corporation bonds.

Investment Corporation Bonds

Name of bonds	Issuance date	Balance as of May 31, 2019 (millions of yen)	Balance as of November 30, 2019 (millions of yen)	Interest rate (%)	Maturity date	Repayment method	Use of proceeds	Remarks
The 2nd Unsecured Investment Corporation Bond	April 21, 2015	2,000	2,000	0.297	April 21, 2020	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 3rd Unsecured Investment Corporation Bond	April 21, 2015	2,000	2,000	0.726	April 21, 2025	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 4th Unsecured Investment Corporation Bond	February 3, 2016	2,000	2,000	0.770	February 3, 2026	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 5th Unsecured Investment Corporation Bond	February 2, 2017	4,000	4,000	0.001	January 31, 2020	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 6th Unsecured Investment Corporation Bond	February 2, 2017	1,000	1,000	0.480	February 2, 2027	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 7th Unsecured Investment Corporation Bond	February 2, 2017	1,000	1,000	0.810	February 2, 2032	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 8th Unsecured Investment Corporation Bond	February 13, 2018	1,000	1,000	0.160	August 12, 2022	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 9th Unsecured Investment Corporation Bond	February 13, 2018	1,000	1,000	1.050	February 12, 2038	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 10th Unsecured Investment Corporation Bond (Green Bond)	July 9, 2019	—	5,000	0.220	July 9, 2024	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 11th Unsecured Investment Corporation Bond (Green Bond)	November 18, 2019	—	4,000	0.530	November 16, 2029	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
Total		14,000	23,000					

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

(3) Short-Term Investment Corporation Bonds

Not applicable

(4) Subscription Rights for New Investment Units

Not applicable

6. Buying and Selling during the Period

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

Category	Asset type	Property name	Acquisition		Disposal			
			Acquisition date	Acquisition price (millions of yen)	Disposal date (Note1)	Disposal amount (millions of yen)	Book value (millions of yen)	Gain (loss) on disposal (millions of yen)
Urban Retail Properties	Trust beneficiary interests	A-FLAG AKASAKA (Note 2) (Note 3)	—	—	June 3, 2019	1,875	1,530	343
Total				—		1,875	1,530	343

(Note1) The disposal amount represents the trading value of trust beneficiary rights stipulated in beneficiary right sale agreement for the asset (excluding consumption tax, local consumption tax, and expenses such as trading commissions).

(Note2) The disposal amount of A-FLAG AKASAKA represents figure equivalent to the percentage of the Investment Corporation’s co-ownership interest (50%).

(Note3) Regarding the disposal of A-FLAG AKASAKA, in addition to the above, there were “Other disposal expenses” of¥1 million and the gain (loss) on disposal reflects such expenses.

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

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



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

**1) Real Estate**

Acquisition / Disposal	Property name	Date of acquisition / disposal	Disposal amount (millions of yen) (Note 1)	Appraisal value (millions of yen)	Name of appraiser	Date of appraisal
Disposal	A-FLAG AKASAKA (Note 2)	June 3, 2019	1,875	1,875	Japan Real Estate Institute	October 1, 2018
	Total	—	1,875	1,875	—	—

(Note 1) The disposal amount represents the trading value of trust beneficiary rights stipulated in beneficiary right sale agreement for the asset (excluding consumption tax, local consumption tax, and expenses such as trading commissions).

(Note 2) The disposal amount of A-FLAG AKASAKA represents figure equivalent to the percentage of the Investment Corporation’s co-ownership interest (50%).

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

**2) Others**

Not applicable

**(4) Transactions between Interested Parties**

Category	Purchase and sale amounts	
	Purchase amounts	Sale amounts
Total amount	— million	¥1,875 million
Details of transactions between interested parties		
ORB Limited Liability Company	— million (—%)	¥1,875 million (100.0%)
Total	— million (—%)	¥1,875 million (100.0%)

**Commissions Paid**

Category	Total amount (A) (thousands of yen)	Breakdown of transactions with interested parties		(B) / (A) (%)
		Paid to	Amount (B) (thousands of yen)	
Property management fee	424,176	Tokyu Community Corp.	184,451	43.5
		Tokyu Land SC Management Corporation	127,059	30.0
		Tokyu Land Corporation	69,112	16.3
Building management fee	753,388	Tokyu Community Corp.	629,132	83.5
Construction management fee	15,641	Tokyu Community Corp.	7,337	46.9
		Tokyu Land SC Management Corporation	5,114	32.7
		Tokyu Land Corporation	1,505	9.6
Other management operation expenses	59,546	Tokyu Community Corp.	7,101	11.9
Other lease business expenses	365,542	Tokyu Community Corp.	113,368	31.0
		HANDS LAB INC.	1,296	0.4
		Ishikatsu Exterior Inc.	946	0.3
		Tokyu Land SC Management Corporation	953	0.3
		Tokyu Land Corporation	878	0.2
		Tokyu Re・design Corporation	784	0.2

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

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

Tokyu Community Corp.	¥99,994 thousand
Tokyu Land SC Management Corporation	¥12,699 thousand
Tokyu Architects & Engineers INC.	¥4,500 thousand
Tokyu Re・design Corporation	¥2,535 thousand

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

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

**7. Accounting Status**

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

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

**(2) Changes in the Calculation Method of Depreciation Expenses**

Not applicable

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

Not applicable

**8. Other**

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

Not applicable

**(2) Announcements**

1) The 5th unitholders' meeting was held on August 9, 2019.  
The main summary of matters that were approved at the unitholders' meeting was as follows:

Agenda	Summary
Agendum1: Partial Amendment to the Articles of Incorporation	The Articles of Incorporation were amended with regard to the following matters as per the original proposals: <ul style="list-style-type: none"> <li>• To change the location of the head office of the Investment Corporation from Minato-ku, Tokyo to Shibuya-ku, Tokyo as of the date of the relocation of the head office of the Investment Corporation decided at the meeting of the Board of Directors held by December 31, 2019.</li> <li>• In connection with the structure of the asset management fee to the asset management company, in order to align to the asset management fee more closely with the unitholders' interest, the balance of the type1 management fee calculated based on the amounts of the total assets of API and the type2 management fee based on DPU and NOI will be revised, by lowering the upper limit of the type1 management fee from 0.4% to 0.3% and increasing the upper limit of the type2 management fee from 0.0002% to 0.00021%.</li> <li>• In association with the new calculation method of the asset management fee mentioned in above, in order that it will be applied from December 1, 2019, the first day of the 17th fiscal period of API, a supplementary provision stipulating an effective date of the change mentioned in above will be established.</li> <li>• In order to avoid any influence in documentation from the change of era, a year in the Articles of Incorporation will be written in western calendar.</li> </ul>
Agendum2: Election of One Executive Director	Kazushi Sato was elected as Executive Director as per the original proposal.
Agendum3: Election of One Alternate Executive Director	Kazuyuki Murayama was elected as Alternate Executive Director as per the original proposal.
Agendum4: Election of Two Supervisory Directors	Yonosuke Yamada and Yoshinori Ariga were elected as per the original proposal.

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

Date of approval	Item	Summary
August 29, 2019	Conclusion of the 4th alteration agreement for a consignment agreement for asset management	In response to the approval of changes in the stipulations related to asset management fees at the 5th general meeting of unitholders of the Investment Corporation, the Board of Directors of the Investment Corporation approved changes in part of a consignment agreement for asset management (including later changes), which was entered into by and between the Investment Corporation and TLC REIT Management Inc. as of September 7, 2011.

**(3) Status of Companies Owning Real Estate Overseas**

Not applicable

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

Not applicable

**(5) Other**

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



Financial Statements  
II. Balance Sheets

(Unit: Thousands of yen)

	As of May 31, 2019	As of November 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	9,257,380	12,670,027
Cash and deposits in trust	3,542,901	3,515,426
Operating accounts receivable	866,251	804,474
Prepaid expenses	507,244	355,113
Other	7,987	6,749
Total current assets	14,181,766	17,351,791
Non-current assets		
Property, plant and equipment		
Buildings in trust	84,710,063	84,986,537
Accumulated depreciation	(12,065,901)	(13,256,431)
Buildings in trust, net	72,644,162	71,730,105
Structures in trust	698,826	703,696
Accumulated depreciation	(185,296)	(201,554)
Structures in trust, net	513,529	502,142
Machinery and equipment in trust	1,406,968	1,434,131
Accumulated depreciation	(359,497)	(388,834)
Machinery and equipment in trust, net	1,047,471	1,045,296
Tools, furniture and fixtures in trust	222,204	247,197
Accumulated depreciation	(113,714)	(128,828)
Tools, furniture and fixtures in trust, net	108,489	118,368
Land in trust	415,408,426	414,174,855
Construction in progress in trust	5,928	5,928
Total property, plant and equipment	489,728,007	487,576,696
Intangible assets		
Leasehold rights in trust	9,092,591	9,055,086
Other	1,695	1,441
Total intangible assets	9,094,287	9,056,527
Investments and other assets		
Long-term prepaid expenses	1,258,702	1,350,026
Derivatives	—	8,954
Deferred tax assets	24	5
Other	38,322	38,322
Total investments and other assets	1,297,049	1,397,309
Total non-current assets	500,119,344	498,030,533
Deferred assets		
Investment corporation bond issuance costs	58,103	98,652
Total deferred assets	58,103	98,652
Total assets	514,359,213	515,480,977

(Unit: Thousands of yen)

	As of May 31, 2019	As of November 30, 2019
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	614,988	1,265,123
Short-term loans payable	14,000,000	5,000,000
Current portion of investment corporation bonds	6,000,000	6,000,000
Current portion of long-term loans payable	20,400,000	7,300,000
Accounts payable - other	375,773	198,011
Accrued expenses	929,635	963,509
Income taxes payable	1,099	605
Accrued consumption taxes	165,430	379,062
Advances received	574,299	581,577
Deposits received	11,019	1,390
Other	0	—
Total current liabilities	43,072,245	21,689,281
Non-current liabilities		
Investment corporation bond	8,000,000	17,000,000
Long-term loans payable	185,950,000	199,050,000
Tenant leasehold and security deposits in trust	21,239,977	21,543,424
Derivatives Liabilities	11,474	—
Total non-current liabilities	215,201,452	237,593,424
Total liabilities	258,273,697	259,282,705
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	248,370,846	248,370,846
Deduction from unitholders' capital		
Allowance for temporary difference	—	*3 (10,797)
adjustments		
Total deduction from unitholders' capital	—	(10,797)
Unitholders' capital, net	248,370,846	248,360,049
Surplus		
Unappropriated retained earnings	7,726,143	7,829,267
(undisposed loss)		
Total surplus	7,726,143	7,829,267
Total unitholders' equity	256,096,990	256,189,316
Valuation and translation adjustments		
Deferred gains or losses on hedges	(11,474)	8,954
Total valuation and translation adjustments	(11,474)	8,954
Total net assets	*2 256,085,515	*2 256,198,271
Total liabilities and net assets	514,359,213	515,480,977

### III. Statements of Operations

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2018 to May 31, 2019)		Current fiscal period (From June 1, 2019 to November 30, 2019)	
Operating revenue				
Lease business revenue	*1	13,472,375	*1	14,063,573
Other lease business revenue	*1	1,030,063	*1	1,136,219
Gain on sales of real estate properties	*2	341,051	*2	343,063
Total operating revenue		14,843,490		15,542,856
Operating expenses				
Expenses related to rent business	*1	4,973,578	*1	5,464,545
Asset management fee		1,127,058		1,249,529
Asset custody fee		14,021		14,641
Administrative service fees		35,168		37,874
Directors' compensations		3,300		3,300
Other operating expenses		90,830		92,843
Total operating expenses		6,243,957		6,862,734
Operating profit		8,599,533		8,680,122
Non-operating income				
Interest income		73		59
Reversal of distribution payable		913		967
Insurance claim income		—		663
Total non-operating income		986		1,690
Non-operating expenses				
Interest expenses		634,549		636,203
Interest expenses on investment corporation bonds		36,262		35,543
Amortization of investment corporation bond issuance costs		9,542		9,905
Investment unit issuance expenses		25,013		—
Borrowing related expenses		167,716		181,347
Other		500		500
Total non-operating expenses		873,583		863,501
Ordinary Profit		7,726,936		7,818,311
Profit before income taxes		7,726,936		7,818,311
Income taxes - current		1,110		614
Income taxes - deferred		(6)		19
Total income taxes		1,104		634
Profit		7,725,832		7,817,677
Retained earnings brought forward		311		11,589
Unappropriated retained earnings (undisposed loss)		7,726,143		7,829,267

### IV. Statements of Changes in Unitholders' Equity

Previous fiscal period (From December 1, 2018 to May 31, 2019)

(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	217,091,520	6,696,690	6,696,690	223,788,210	54,245	54,245	223,842,455
Changes of items during period							
Issuance of new investment units	31,279,326			31,279,326			31,279,326
Dividends of surplus		(6,696,379)	(6,696,379)	(6,696,379)			(6,696,379)
Profit		7,725,832	7,725,832	7,725,832			7,725,832
Net changes of items other than unitholders' equity					(65,719)	(65,719)	(65,719)
Total changes of items during period	31,279,326	1,029,453	1,029,453	32,308,779	(65,719)	(65,719)	32,243,059
Balance at end of current period	*1 248,370,846	7,726,143	7,726,143	256,096,990	(11,474)	(11,474)	256,085,515

Current fiscal period (From June 1, 2019 to November 30, 2019)

(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	
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus				
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital							
Balance at beginning of current period	248,370,846	—	—	248,370,846	7,726,143	7,726,143	256,096,990	(11,474)	(11,474)	256,085,515
Changes of items during period										
Dividends of surplus					(7,714,553)	(7,714,553)	(7,714,553)			(7,714,553)
Distribution in excess of net earnings from allowance for temporary difference adjustments		(10,797)	(10,797)	(10,797)			(10,797)			(10,797)
Profit					7,817,677	7,817,677	7,817,677			7,817,677
Net changes of items other than unitholders' equity								20,429	20,429	20,429
Total changes of items during period	—	(10,797)	(10,797)	(10,797)	103,123	103,123	92,326	20,429	20,429	112,756
Balance at end of current period	*1 248,370,846	(10,797)	(10,797)	248,360,049	7,829,267	7,829,267	256,189,316	8,954	8,954	256,198,271



# V. Statements of Cash Distributions

		Fiscal periods	
		Previous fiscal period (From December 1, 2018 to May 31, 2019)	Current fiscal period (From June 1, 2019 to November 30, 2019)
		Amount	Amount
I	Unappropriated retained earnings	¥7,726,143,417	¥7,829,267,374
II	Additional amount of cash distributions in excess of earnings	¥10,797,136	—
	Of which, allowance for temporary difference adjustments	¥10,797,136	—
III	Amount incorporated into unitholders' capital	—	¥10,797,136
	Of which, reversal of allowance for temporary difference adjustments	—	¥10,797,136
IV	Distributions	¥7,725,350,808	¥7,817,897,688
	[Cash distributions per unit]	¥[10,017]	¥[10,137]
	Of which, distributions of earnings	¥7,714,553,672	¥7,817,897,688
	[Of which, distributions of earnings per unit]	¥[10,003]	¥[10,137]
	Of which, allowance for temporary difference adjustments	¥10,797,136	—
	[Of which, cash distributions in excess of earnings per unit (Related to allowance for temporary difference adjustments)]	¥[14]	¥[—]
V	Earnings carried forward	¥11,589,745	¥572,550

Calculation method for distributions	<p>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 of profits of ¥7,714,553,672, which is almost the entire amount of the net profit defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, except for fractional distribution per unit less than one yen.</p> <p>Based on the policy on distribution of cash exceeding net profit set forth in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥10,797,136 as distributions related to allowance for temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations), calculated to exclude a fraction of less than ¥1 of distributions in excess of earnings per investment unit, with the amount equivalent to deferred losses on hedges of ¥11,474,393. As a result, distributions are to amount to ¥7,725,350,808 for the fiscal period under review.</p>	<p>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 of profits of ¥7,817,897,688, which is the amount of the unappropriated retained earnings less the reversal of allowance for temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations), except a fraction of less than ¥1 of distributions per investment unit.</p>
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## VI. Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2018 to May 31, 2019)	Current fiscal period (From June 1, 2019 to November 30, 2019)
Cash flows from operating activities		
Profit before income taxes	7,726,936	7,818,311
Depreciation	1,295,168	1,299,058
Loss on retirement of non-current assets	3,793	—
Amortization of investment corporation bond issuance costs	9,542	9,905
Interest income and interest on securities	(73)	(59)
Interest expenses	670,811	671,747
Investment unit issuance expenses	25,013	—
Borrowing related expenses	167,716	181,347
Decrease (increase) in operating accounts receivable	(17,425)	61,777
Increase (decrease) in accrued consumption taxes	(291,956)	213,632
Decrease (increase) in prepaid expenses	(172,582)	165,699
Decrease in property, plant and equipment in trust due to sale	1,495,081	1,493,070
Decrease in intangible assets in trust due to sale	37,505	37,505
Increase (decrease) in operating accounts payable	(75,397)	303,762
Increase (decrease) in accrued expenses	72,335	19,133
Increase (decrease) in advances received	145,410	7,278
Decrease (increase) in long-term prepaid expenses	9,113	(83,861)
Other, net	(5,940)	(10,040)
Subtotal	11,095,053	12,188,268
Interest income received	73	59
Interest expenses paid	(668,083)	(653,684)
Income taxes paid	(987)	(1,108)
Net cash provided by (used in) operating activities	10,426,056	11,533,534
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(71,588,974)	(472,822)
Repayments of tenant leasehold and security deposits in trust	(326,192)	(345,198)
Proceeds from tenant leasehold and security deposits in trust	2,082,892	648,645
Net cash provided by (used in) investing activities	(69,832,274)	(169,375)
Cash flows from financing activities		
Increase in short-term loans payable	18,095,107	4,997,750
Decrease in short-term loans payable	(13,200,000)	(14,000,000)
Proceeds from long-term loans payable	40,234,648	12,925,779
Repayments of long-term loans payable	(6,500,000)	(13,100,000)
Proceeds from issuance of investment corporation bonds	—	8,953,594
Redemption of investment corporation bonds	(4,000,000)	—
Proceeds from issuance of investment units	31,199,767	—
Dividends paid	(6,695,537)	(7,723,513)
Other, net	(17,847)	(32,598)
Net cash provided by (used in) financing activities	59,116,138	(7,978,987)
Net increase (decrease) in cash and cash equivalents	(290,079)	3,385,171
Cash and cash equivalents at beginning of period	13,090,361	12,800,282
Cash and cash equivalents at end of period	*1 12,800,282	*1 16,185,454

## VII. Notes to Financial Statements

### Notes on Assumption of Going Concern

Not applicable

### Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below. Buildings 2 to 70 years Structures 2 to 66 years Machinery and equipment 2 to 33 years Tools, furniture and fixtures 2 to 15 years (2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.
2. Accounting method for deferred assets	(1) Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure. (2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.
3. Accounting for income and expenses	Property-related taxes For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business. The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. There is no amount equivalent to property tax included in acquisition cost for properties for the current fiscal period.
4. Method of hedge accounting	(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. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable (3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation. (4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness 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.
5. Scope of cash (cash and cash equivalents) in the statements of cash flows	Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
6. Other important matters related to the preparation of financial statements	(1) Accounting method for trust beneficiary right with real estate, etc. as trust asset With regard to trust beneficiary right with real estate, etc. in holding as trust asset, all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of operations. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets. i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust iii) Tenant leasehold and security deposits in trust (2) Accounting method for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for non-current assets, etc. are included in acquisition cost for each asset.

#### Additional information

#### Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments

Previous fiscal period (From December 1, 2018 to May 31, 2019)

##### 1. Reason for Provision, Related Assets, etc. and Amount of Provision

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Allowance for temporary difference adjustments
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	10,797

##### 2. Specific Method of Reversal

Deferred gains or losses on hedges

The reversal is to accord with changes in fair value of derivative transactions that are the hedging instruments.

Current fiscal period (From June 1, 2019 to November 30, 2019)

##### 1. Reason for Reversal, Related Assets, etc. and Amount of Reversal

(Unit: Thousands of yen)

Related assets, etc.	Reason for reversal	Allowance for temporary difference adjustments
Deferred gains or losses on hedges	Elimination of loss on valuation of interest rate swaps	(10,797)

##### 2. Specific Method of Reversal

Deferred gains or losses on hedges

The reversal is to accord with changes in fair value of derivative transactions that are the hedging instruments.

#### Notes to Balance Sheets

##### 1. Commitment Line Contracts

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

	As of May 31, 2019	As of November 30, 2019
Total amount specified in the commitment line contracts	¥21,000,000 thousand	¥21,000,000 thousand
Loan balance	—	—
Net balance	¥21,000,000 thousand	¥21,000,000 thousand

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

	As of May 31, 2019	As of November 30, 2019
	¥50,000 thousand	¥50,000 thousand

##### \*3. Allowance for Temporary Difference Adjustments

Previous fiscal period (From December 1, 2018 to May 31, 2019)

Not applicable.

Current fiscal period (From June 1, 2019 to November 30, 2019)

##### 1. Reason for Provision and Reversal, Related Assets, etc. and Amount of Provision

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Initial amount	Balance at beginning of period	Amount of provision for period	Amount of reversal for period	Balance at end of period	Reason for reversal
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	10,797	—	10,797	—	10,797	—

##### 2. Specific Method of Reversal

Deferred gains or losses on hedges

The reversal is to accord with changes in fair value of derivative transactions that are the hedging instruments.

#### Notes to Statements of Operations

##### \*1. Breakdown of Income from Real Estate Leasing Business

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2018 to May 31, 2019)	Current fiscal period (From June 1, 2019 to November 30, 2019)
A. Real estate leasing business revenues		
Lease business revenue		
Rent	12,235,271	12,896,071
Common service fees	836,999	754,640
Parking lot fees	291,993	295,863
Other rent revenue	108,110	13,472,375
Other lease business revenue	1,030,063	1,136,219
Total real estate leasing business revenues	14,502,439	15,199,792
B. Real estate leasing business expenses		
Expenses related to rent business		
Management operation expenses	1,235,835	1,252,752
Utilities expenses	940,529	1,011,981
Tax and public dues	998,158	1,087,694
Insurance	9,402	11,227
Repair and maintenance expenses	189,963	436,542
Depreciation	1,294,914	1,298,804
Loss on retirement of non-current assets	3,793	—
Other expenses related to rent business	300,981	4,973,578
Total real estate leasing business expenses	4,973,578	5,464,545
C. Income from real estate leasing business (A – B)	9,528,861	9,735,247

##### \*2. Breakdown of Gain on sales of real estate properties

Previous fiscal period (From December 1, 2018 to May 31, 2019)

(Unit: Thousands of yen)

A-FLAG AKASAKA (50% co-ownership interest)	
Income from sales of real estate properties	1,875,000
Costs of sales of real estate properties	1,532,587
Other costs of sales	1,361
Gain on sales of real estate properties	341,051

Current fiscal period (From June 1, 2019 to November 30, 2019)

(Unit: Thousands of yen)

A-FLAG AKASAKA (50% co-ownership interest)	
Income from sales of real estate properties	1,875,000
Costs of sales of real estate properties	1,530,575
Other costs of sales	1,360
Gain on sales of real estate properties	343,063



## Notes to Statements of Changes in Unitholders' Equity

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

	Previous fiscal period (From December 1, 2018 to May 31, 2019)	Current fiscal period (From June 1, 2019 to November 30, 2019)
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	771,224 units	771,224 units

## Notes to Statements of Cash Flows

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

	Previous fiscal period (From December 1, 2018 to May 31, 2019)	Current fiscal period (From June 1, 2019 to November 30, 2019)
Cash and deposits	¥9,257,380 thousand	¥12,670,027 thousand
Cash and deposits in trust	¥3,542,901 thousand	¥3,515,426 thousand
Cash and cash equivalents	¥12,800,282 thousand	¥16,185,454 thousand

## Notes to Lease Rental Revenues

The Investment Corporation leases properties on which rental revenues are earned. As of May 31, 2019 and November 30, 2019, future lease revenues under non-cancelable operating leases are summarized as follows:

	As of May 31, 2019	As of November 30, 2019
Due within one year	¥14,945,574 thousand	¥16,137,216 thousand
Due after one year	¥128,246,729 thousand	¥121,523,586 thousand
Total	¥143,192,304 thousand	¥137,660,803 thousand

## Notes on Financial Instruments

### 1. Matters Regarding Financial Instruments

#### (1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

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

### 2. Matters Regarding Fair Values of Financial Instruments

Carrying amounts, fair values, and the differences between the two values as of May 31, 2019, 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	9,257,380	9,257,380	—
(2) Cash and deposits in trust	3,542,901	3,542,901	—
Total assets	12,800,282	12,800,282	—
(1) Short-term loans payable	14,000,000	14,000,000	—
(2) Current portion of investment corporation bonds	6,000,000	6,003,546	3,546
(3) Current portion of long-term loans payable	20,400,000	20,446,855	46,855
(4) Investment corporation bonds	8,000,000	8,327,254	327,254
(5) Long-term loans payable	185,950,000	188,220,631	2,270,631
Total liabilities	234,350,000	236,998,287	2,648,287
Derivative transactions	(11,474)	(11,474)	—

Carrying amounts, fair values, and the differences between the two values as of November 30, 2019, 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	12,670,027	12,670,027	—
(2) Cash and deposits in trust	3,515,426	3,515,426	—
Total assets	16,185,454	16,185,454	—
(1) Short-term loans payable	5,000,000	5,000,000	—
(2) Current portion of investment corporation bonds	6,000,000	6,004,836	4,836
(3) Current portion of long-term loans payable	7,300,000	7,320,691	20,691
(4) Investment corporation bonds	17,000,000	17,504,805	504,805
(5) Long-term loans payable	199,050,000	201,308,615	2,258,615
Total liabilities	234,350,000	237,138,949	2,788,949
Derivative transactions	8,954	8,954	—

(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 investment corporation bonds, (4) Investment corporation bonds

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

- (3) Current portion of long-term loans payable, (5) Long-term loans payable

These fair values are determined by discounting the total of principal and interest at the rate assumed when a new loan is made corresponding to the remaining period. The book value is used as the fair value of those loans payable with floating interest rates, given that the fair value is almost the same as the book value, as their interest rates are reviewed on a short-term interval to reflect market interest rates (however, for long-term loans payable with floating interest rates to which special treatment for interest rate swaps is applied, the fair value is the value calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar new loan).

#### Derivative transactions

Please refer to “Notes on Derivative Transactions.”

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

(Unit: Thousands of yen)

Category	As of May 31, 2019	As of November 30, 2019
Tenant leasehold and security deposits in trust *1	21,239,977	21,543,424

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

(Note 3) Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (May 31, 2019)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	9,257,380	—	—	—	—	—
Deposits in trust	3,542,901	—	—	—	—	—
Total	12,800,282	—	—	—	—	—

Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (November 30, 2019)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	12,670,027	—	—	—	—	—
Deposits in trust	3,515,426	—	—	—	—	—
Total	16,185,454	—	—	—	—	—

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (May 31, 2019)

(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	14,000,000	—	—	—	—	—
Investment corporation bonds	6,000,000	—	—	1,000,000	—	7,000,000
Long-term loans payable	20,400,000	12,500,000	22,850,000	26,500,000	25,750,000	98,350,000
Total	40,400,000	12,500,000	22,850,000	27,500,000	25,750,000	105,350,000

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (November 30, 2019)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term loans payable	5,000,000	—	—	—	—	—
Investment corporation bonds	6,000,000	—	1,000,000	—	5,000,000	11,000,000
Long-term loans payable	7,300,000	26,250,000	21,100,000	27,750,000	24,500,000	99,450,000
Total	18,300,000	26,250,000	22,100,000	27,750,000	29,500,000	110,450,000

## Notes on Derivative Transactions

- Derivative transaction to which hedge accounting is not applied

(As of May 31, 2019)

Not applicable

(As of November 30, 2019)

Not applicable

- Derivative transaction to which hedge accounting is applied

(As of May 31, 2019)

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

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after one year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	14,400,000	12,000,000	(11,474)	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	18,140,000	18,140,000	*	—

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to “(Note 1) Liabilities (5), 2. Matters Regarding Fair Values of Financial Instruments, Notes on Financial Instruments.”)

(As of November 30, 2019)

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

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after one year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	12,000,000	12,000,000	8,954	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	18,140,000	18,140,000	*	—

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to “(Note 1) Liabilities (5), 2. Matters Regarding Fair Values of Financial Instruments, Notes on Financial Instruments.”)

## Notes on Deferred Tax Accounting

- Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of May 31, 2019	As of November 30, 2019
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥24 thousand	¥5 thousand
Total deferred tax assets	¥24 thousand	¥5 thousand
Net deferred tax assets	¥24 thousand	¥5 thousand

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

	As of May 31, 2019	As of November 30, 2019
Effective statutory tax rate	31.51%	31.51%
(Adjustments)		
Distributions paid included in deductibles	(31.50)%	(31.51)%
Other	0.00%	0.01%
Effective income tax rate after application of tax effect accounting	0.01%	0.01%

## Notes on Transactions with Related Parties

- Parent Company and Major Corporate Unitholders

Previous fiscal period (From December 1, 2018 to May 31, 2019)  
Not applicable

Current fiscal period (From June 1, 2019 to November 30, 2019)  
Not applicable

- Affiliates, etc.

Previous fiscal period (From December 1, 2018 to May 31, 2019)  
Not applicable

Current fiscal period (From June 1, 2019 to November 30, 2019)  
Not applicable

- Sister companies, etc.

Previous fiscal period (From December 1, 2018 to May 31, 2019)  
Not applicable

Current fiscal period (From June 1, 2019 to November 30, 2019)  
Not applicable

- Directors and major individual unitholders

Previous fiscal period (From December 1, 2018 to May 31, 2019)  
Not applicable

Current fiscal period (From June 1, 2019 to November 30, 2019)  
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, 2018 to May 31, 2019)	Current fiscal period (From June 1, 2019 to November 30, 2019)
Urban Retail Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	151,044,711	200,524,577
	Changes during period	49,479,865	(1,642,755)
	Balance at end of period	200,524,577	198,881,821
	Fair value at end of period	242,147,000	241,282,000
Tokyo Office Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	195,900,898	195,556,130
	Changes during period	(344,767)	(454,598)
	Balance at end of period	195,556,130	195,101,532
	Fair value at end of period	228,760,000	232,420,000
Activia Account Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	83,038,644	102,739,890
	Changes during period	19,701,246	(91,462)
	Balance at end of period	102,739,890	102,648,428
	Fair value at end of period	119,660,000	120,550,000
Total	Carrying amount on the balance sheets		
	Balance at beginning of period	429,984,254	498,820,598
	Changes during period	68,836,344	(2,188,816)
	Balance at end of period	498,820,598	496,631,782
	Fair value at end of period	590,567,000	594,252,000

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

(Note 2) The main reason for the decrease in the current fiscal period is the transfer of A-FLAG AKASAKA worth ¥ 1,530,575 thousand and the provision of depreciation worth ¥1,298,804 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 Statements of Operations.”

## Segment Information

Segment Information for the fiscal periods ended May 31, 2019 and November 30, 2019 is as follows:

### 1. Operating Segment Information

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

### 2. Enterprise-wide Disclosures

#### (1) Information about Products and Services

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

#### (2) Information about Geographic Areas

Revenues from Overseas Customers:

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

Property, plant and equipment:

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

### 3. Information about Major Customers

Previous fiscal period (From December 1, 2018 to May 31, 2019)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Community Corp.	5,513,357	Property rental business
Tokyu Land SC Management Corporation	4,353,049	Property rental business
Tokyu Land Corporation	2,114,424	Property rental business

Current fiscal period (From June 1, 2019 to November 30, 2019)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Community Corp.	5,658,717	Property rental business
Tokyu Land SC Management Corporation	4,512,597	Property rental business
Tokyu Land Corporation	2,202,906	Property rental business

### Per Unit Information

	Previous fiscal period (From December 1, 2018 to May 31, 2019)	Current fiscal period (From June 1, 2019 to November 30, 2019)
Net assets per unit	¥332,050	¥332,196
Basic earnings per unit	¥10,118	¥10,136

(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 763,508 units; current fiscal period 771,224 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, 2018 to May 31, 2019)	Current fiscal period (From June 1, 2019 to November 30, 2019)
Profit (Thousands of yen)	7,725,832	7,817,677
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	7,725,832	7,817,677
Average number of investment units for the period (Units)	763,508	771,224

### Significant Subsequent Events

Not applicable.

### Omission of Disclosure

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

### VIII. Schedule of Financial Statements

#### Securities

##### 1. Shares

Not applicable

##### 2. Securities Other Than Shares

Not applicable

#### Derivative Transactions

(Unit: Thousands of yen)

Classification	Type of derivative transactions	Amount of contract (Note 1)		Fair value (Note 2) (Note 3)
			Portion due after one year	
Over-the-counter	Interest rate swaps Receive floating Pay fixed	30,140,000	30,140,000	8,954
Total		30,140,000	30,140,000	8,954

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

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

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

#### Property and Equipment

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

(Unit: Thousands of yen)

		Beginning balance	Increase	Decrease	Ending Balance	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
Tangible Assets	Buildings in trust	84,710,063	575,836	299,363	84,986,537	13,256,431	1,234,554	71,730,105
	Structures in trust	698,826	8,637	3,767	703,696	201,554	17,377	502,142
	Machinery and equipment in trust	1,406,968	28,633	1,471	1,434,131	388,834	29,650	1,045,296
	Tools, furniture and fixtures in trust	222,204	27,455	2,462	247,197	128,828	17,221	118,368
	Land in trust (Note1)	415,408,426	—	1,233,570	414,174,855	—	—	414,174,855
	Construction in progress in trust	5,928	—	—	5,928	—	—	5,928
	Subtotal	502,452,417	640,563	1,540,634	501,552,345	13,975,649	1,298,804	487,576,696
Intangible Assets	Leasehold rights in trust	9,092,591	—	37,505	9,055,086	—	—	9,055,086
	Other (Note2)	7,153	—	—	7,153	5,712	254	1,441
	Subtotal	9,099,745	—	37,505	9,062,239	5,712	254	9,056,527
Total		511,552,162	640,563	1,578,140	510,614,585	13,981,362	1,299,058	496,633,223

(Note1) The main reason for the decrease is mainly due to the transfer of A-FLAG AKASAKA (50% co-ownership interest).

(Note2) "Other" is software (non-real estate asset).

Other Specified Assets  
Not applicable

Investment Corporation Bonds

(Unit: Thousands of yen)

Issue	Issue Date	Beginning balance	Decrease	Ending balance	Interest Rate	Redemption Date	Use of funds	Remarks
2nd unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 21, 2015	2,000,000	—	2,000,000	0.297%	April 21, 2020	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
3rd unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 21, 2015	2,000,000	—	2,000,000	0.726%	April 21, 2025	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
4th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 3, 2016	2,000,000	—	2,000,000	0.770%	February 3, 2026	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
5th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	4,000,000	—	4,000,000	0.001%	January 31, 2020	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
6th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	1,000,000	—	1,000,000	0.480%	February 2, 2027	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
7th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	1,000,000	—	1,000,000	0.810%	February 2, 2032	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
8th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 13, 2018	1,000,000	—	1,000,000	0.160%	August 12, 2022	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
9th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 13, 2018	1,000,000	—	1,000,000	1.050%	February 12, 2038	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
10th unsecured bonds (with pari passu conditions among specified investment corporation bonds)(Green Bonds)	July 9, 2019	—	—	5,000,000	0.220%	July 9, 2024	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
11th unsecured bonds (with pari passu conditions among specified investment corporation bonds)(Green Bonds)	November 18, 2019	—	—	4,000,000	0.530%	November 16, 2029	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
Total	—	14,000,000	—	23,000,000	—	—	—	—

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

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years
Unsecured bonds (with pari passu conditions among specified investment corporation bonds)	6,000,000	—	1,000,000	—	5,000,000

Loans Payable

The following tables show the details of loans payable.

(Unit: Thousands of yen)

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	1,670,000	—	1,670,000	—	0.19184%	June 1, 2019	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,670,000	—	1,670,000	—				
	MUFG Bank, Ltd.	1,660,000	—	1,660,000	—				
	Sumitomo Mitsui Trust Bank, Limited	1,600,000	—	1,600,000	—	0.19154%	November 24, 2019	(Note 7)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,600,000	—	1,600,000	—				
	MUFG Bank, Ltd.	800,000	—	800,000	—				
	Sumitomo Mitsui Trust Bank, Limited	2,000,000	—	—	2,000,000	0.20062%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000				
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	—	1,670,000	1,670,000	—	0.20227%	June 3, 2020	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	1,670,000	1,670,000	—				
	MUFG Bank, Ltd.	—	1,660,000	1,660,000	—				
Total		14,000,000	5,000,000	14,000,000	5,000,000				
Long-term loans payable (Note 2)	Development Bank of Japan Inc.	6,000,000	—	6,000,000	—	1.19051%	June 13, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	1,200,000	—	1,200,000	—	0.02875% (Note 5)	June 28, 2019	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank	1,200,000	—	1,200,000	—	0.02875% (Note 5)			
	Sumitomo Mitsui Trust Bank, Limited	340,000	—	340,000	—	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	340,000	—	340,000	—	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	340,000	—	340,000	—	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	340,000	—	340,000	—	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	170,000	—	170,000	—	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	170,000	—	170,000	—	0.54352%	July 9, 2019	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	1,500,000	—	1,500,000	—	0.51000%	August 29, 2019	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank	1,500,000	—	1,500,000	—				
	Sumitomo Mitsui Trust Bank, Limited	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	160,000	—	—	160,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	80,000	—	—	80,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	80,000	—	—	80,000	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed



(Unit: Thousands of yen)

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	600,000	—	—	600,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	300,000	—	—	300,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	300,000	—	—	300,000	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	1,500,000	—	—	1,500,000	0.52500%	March 31, 2020	(Note 4)	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000				
	The Gunma Bank, Ltd.	500,000	—	—	500,000				
	The Norinchukin Bank	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	1,060,000	—	—	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	530,000	—	—	530,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	530,000	—	—	530,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	1,340,000	—	—	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	670,000	—	—	670,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	670,000	—	—	670,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Nippon Life Insurance Company	500,000	—	—	500,000	0.25000%	March 31, 2021	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,920,000	—	—	3,920,000	0.21562%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,920,000	—	—	3,920,000				
	MUFG Bank, Ltd.	1,970,000	—	—	1,970,000				
	Sumitomo Mitsui Banking Corporation	1,970,000	—	—	1,970,000				
	Development Bank of Japan Inc.	1,970,000	—	—	1,970,000	0.36607%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	320,000	—	—	320,000	0.41931%	December 28, 2021	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	640,000	—	—	640,000				
	Mizuho Bank, Ltd.	320,000	—	—	320,000				
	Sumitomo Mitsui Banking Corporation	160,000	—	—	160,000				
	Development Bank of Japan Inc.	160,000	—	—	160,000				

(Unit: Thousands of yen)

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	840,000	—	—	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	420,000	—	—	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	420,000	—	—	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co., LTD.	2,000,000	—	—	2,000,000	0.68500%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank	500,000	—	—	500,000				
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	400,000	—	—	400,000	0.30630%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed
	The 77 Bank, Ltd.	400,000	—	—	400,000				
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	1,500,000	—	—	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	200,000	—	—	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	100,000	—	—	100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	100,000	—	—	100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,560,000	—	—	1,560,000	0.44835%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,560,000	—	—	1,560,000				
	MUFG Bank, Ltd.	1,560,000	—	—	1,560,000				
	Sumitomo Mitsui Banking Corporation	160,000	—	—	160,000				
	Development Bank of Japan Inc.	160,000	—	—	160,000				

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	620,000	—	—	620,000	0.38236%	January 10, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	620,000	—	—	620,000				
	MUFG Bank, Ltd.	620,000	—	—	620,000				
	Sumitomo Mitsui Banking Corporation	320,000	—	—	320,000				
	Development Bank of Japan Inc.	320,000	—	—	320,000				
	Sumitomo Mitsui Trust Bank, Limited	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	1,250,000	—	—	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	750,000	—	—	750,000	0.44804%	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	750,000	—	—	750,000				
	MUFG Bank, Ltd.	750,000	—	—	750,000				
	Sumitomo Mitsui Banking Corporation	375,000	—	—	375,000				
	Development Bank of Japan Inc.	375,000	—	—	375,000				
	Sumitomo Mitsui Trust Bank, Limited	800,000	—	—	800,000	0.38472%	April 6, 2023	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	1,600,000	—	—	1,600,000				
	Mizuho Bank, Ltd.	800,000	—	—	800,000				
	Sumitomo Mitsui Banking Corporation	400,000	—	—	400,000				
	Development Bank of Japan Inc.	400,000	—	—	400,000				
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	1,500,000	—	—	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	625,000	—	—	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	625,000	—	—	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,250,000	—	—	1,250,000	0.46400%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	2,500,000	—	—	2,500,000				
	Mizuho Bank, Ltd.	1,250,000	—	—	1,250,000				
	Taiyo Life Insurance Company	500,000	—	—	500,000	0.35998%	September 29, 2023	(Note 4)	Unsecured, non-guaranteed
	Mitsui Sumitomo Insurance Company, Limited	500,000	—	—	500,000				

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	700,000	—	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co., LTD.	2,000,000	—	—	2,000,000	0.41380%	March 29, 2024	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	1,500,000	—	—	1,500,000				
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000				
	Shinkin Central Bank	500,000	—	—	500,000				
	The Norinchukin Bank	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	1,200,000	—	—	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	600,000	—	—	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	0.33150% (Note 5)	June 17, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	3,000,000	—	—	3,000,000				
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	0.36900% (Note 5)	December 13, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	3,000,000	—	—	3,000,000				
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,200,000	—	—	1,200,000	0.54094%	March 21, 2025	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	2,400,000	—	—	2,400,000				
	Mizuho Bank, Ltd.	1,200,000	—	—	1,200,000				
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000				
	Development Bank of Japan Inc.	600,000	—	—	600,000	0.70169%	September 16, 2025	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,800,000	—	—	1,800,000				
	MUFG Bank, Ltd.	3,600,000	—	—	3,600,000				
	Mizuho Bank, Ltd.	1,800,000	—	—	1,800,000				
	Sumitomo Mitsui Banking Corporation	900,000	—	—	900,000				
	Development Bank of Japan Inc.	900,000	—	—	900,000				

(Unit: Thousands of yen)

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Mizuho Trust & Banking Co.,LTD.	440,000	—	—	440,000	0.46453%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	440,000	—	—	440,000				
	The Bank of Fukuoka, Ltd.	440,000	—	—	440,000				
	Shinkin Central Bank	440,000	—	—	440,000				
	The Norinchukin Bank	440,000	—	—	440,000				
	THE NISHI-NIPPON CITY BANK, LTD.	500,000	—	—	500,000				
	The Bank of Kyoto,Ltd.	300,000	—	—	300,000	0.58630%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000				
	Mizuho Bank, Ltd.	500,000	—	—	500,000				
	MUFG Bank, Ltd.	500,000	—	—	500,000				
	Sumitomo Mitsui Banking Corporation	250,000	—	—	250,000				
	Development Bank of Japan Inc.	250,000	—	—	250,000				
	Mizuho Trust & Banking Co.,LTD.	—	1,500,000	—	1,500,000	0.09313%	February 27, 2026	(Note 4)	Unsecured, non-guaranteed
	Shinkin Central Bank	—	1,500,000	—	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	2,100,000	—	—	2,100,000				
	MUFG Bank, Ltd.	4,200,000	—	—	4,200,000	0.61942%	March 19, 2026	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	2,100,000	—	—	2,100,000				
	Sumitomo Mitsui Banking Corporation	1,050,000	—	—	1,050,000				
	Development Bank of Japan Inc.	1,050,000	—	—	1,050,000				
	Sumitomo Mitsui Banking Corporation	6,000,000	—	—	6,000,000	0.69796%	June 12, 2026	(Note 4)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	1,100,000	—	—	1,100,000	0.35765%	September 7, 2026	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	1,100,000	—	—	1,100,000				
	The Bank of Fukuoka, Ltd.	1,100,000	—	—	1,100,000				
	The Norinchukin Bank	1,100,000	—	—	1,100,000				
	The 77 Bank, Ltd.	600,000	—	—	600,000				
	Sumitomo Mitsui Trust Bank, Limited	1,750,000	—	—	1,750,000	0.71015%	December 14, 2026	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	3,500,000	—	—	3,500,000				
	Mizuho Bank, Ltd.	1,750,000	—	—	1,750,000				
	Mizuho Trust & Banking Co.,LTD.	—	1,200,000	—	1,200,000	0.23004%	December 28, 2026	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank	—	1,200,000	—	1,200,000				
	Sumitomo Mitsui Trust Bank, Limited	780,000	—	—	780,000				
	MUFG Bank, Ltd.	1,560,000	—	—	1,560,000	0.70698%	January 9, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	780,000	—	—	780,000				
	Sumitomo Mitsui Banking Corporation	390,000	—	—	390,000				
	Development Bank of Japan Inc.	390,000	—	—	390,000				

(Unit: Thousands of yen)

	Category	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender								
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	2,200,000	—	—	2,200,000	0.73360%	June 13, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	2,200,000	—	—	2,200,000				
	MUFG Bank, Ltd.	2,200,000	—	—	2,200,000				
	Sumitomo Mitsui Banking Corporation	200,000	—	—	200,000				
	Development Bank of Japan Inc.	200,000	—	—	200,000				
	Sumitomo Mitsui Trust Bank, Limited	320,000	—	—	320,000	0.74869%	July 5, 2027	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.	640,000	—	—	640,000				
	Mizuho Bank, Ltd.	320,000	—	—	320,000				
	Sumitomo Mitsui Banking Corporation	160,000	—	—	160,000				
	Development Bank of Japan Inc.	160,000	—	—	160,000				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	—	—	1,000,000	0.54375% (Note 5)	July 5, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000				
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000				
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000				
	Development Bank of Japan Inc.	500,000	—	—	500,000	0.58821%	July 5,2027	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,210,000	—	—	3,210,000	0.55800% (Note 5)	January 11, 2028	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,210,000	—	—	3,210,000				
	MUFG Bank, Ltd.	1,610,000	—	—	1,610,000				
	Sumitomo Mitsui Banking Corporation	1,610,000	—	—	1,610,000				
	Development Bank of Japan Inc.	1,610,000	—	—	1,610,000	0.65264%	January 11, 2028	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,165,000	—	—	1,165,000	0.56127%	May 31, 2028	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	1,165,000	—	—	1,165,000				
	MUFG Bank, Ltd.	590,000	—	—	590,000				
	Sumitomo Mitsui Banking Corporation	590,000	—	—	590,000				
	Development Bank of Japan Inc.	590,000	—	—	590,000				
	Sumitomo Mitsui Trust Bank, Limited	—	420,000	—	420,000	0.49281%	July 10, 2028	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	420,000	—	420,000				
	MUFG Bank, Ltd.	—	420,000	—	420,000				
	Sumitomo Mitsui Banking Corporation	—	220,000	—	220,000				
	Development Bank of Japan Inc.	—	220,000	—	220,000	0.56511%	December 13,2028	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	6,000,000	—	6,000,000				
	Total	206,350,000	13,100,000	13,100,000	206,350,000				

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

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

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

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

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



(Note 6) The role of Mitsubishi UFJ Trust and Banking Corporation as a lender has been taken over by MUFG Bank, Ltd. on April 16, 2018.

(Note 7) Use of the borrowings is appropriated to repayment of investment corporation bonds.

(Note 8) Annual repayments of long-term loans payable scheduled for next five years after each balance sheet date were as follows:

(Unit: Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years
Long-term loans payable	7,300,000	26,250,000	21,100,000	27,750,000	24,500,000

# Independent Auditor’s Report



Ernst & Young ShinNihon LLC  
Hibiya Mitsui Tower, Tokyo Midtown Hibiya  
1-1-2 Yurakucho, Chiyoda-ku  
Tokyo 100-0006, Japan

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Fax: +81 3 3503 1197  
ey.com

## Independent Auditor’s Report

The Board of Directors  
Activia Properties Inc.

We have audited the accompanying financial statements of Activia Properties Inc., which comprise the balance sheet as at November 30, 2019, and the statements of operations, changes in unitholders’ equity, cash distributions and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

*Management’s Responsibility for the Financial Statements*

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

*Auditor’s Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Activia Properties Inc. as at November 31, 2019, and their financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young Shinnihon LLC*

February 26, 2020  
Tokyo, Japan

# Overview of the Asset Manager

## Overview of the Asset Manager

Corporate name	TLC REIT Management Inc.	Registration & License	Financial Instruments Business Firm, granted by the Director of the Kanto Regional Finance Bureau (Financial Instruments) Registration No. 2370 Discretionary Transaction Agent granted by the Minister of Land, Infrastructure, Transport and Tourism, Registration No. 65 Building Lots and Building Transactions Business License, granted by the Governor of Tokyo (3) No. 91139
Established	October 6, 2009		
Capital	¥200 million		
Shareholder	Tokyu Land Corporation 100%	President and CEO	Hiroyuki Tohmata

## IDNA of Tokyu Land Corporation

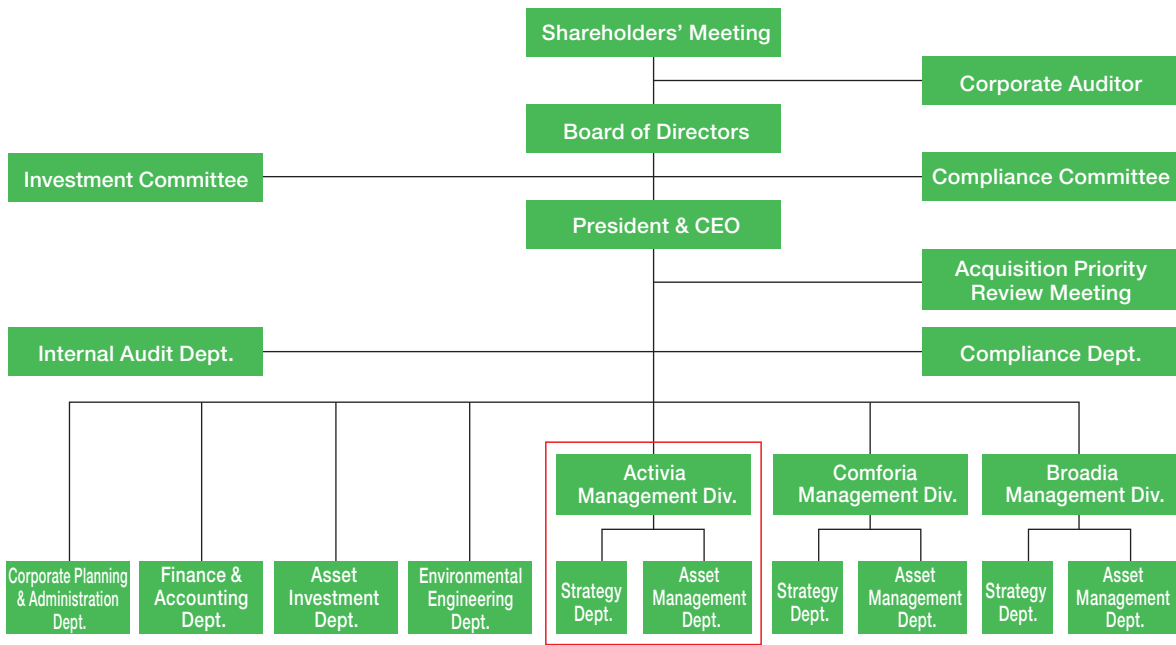
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyu Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses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

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

## Proactive Behavior

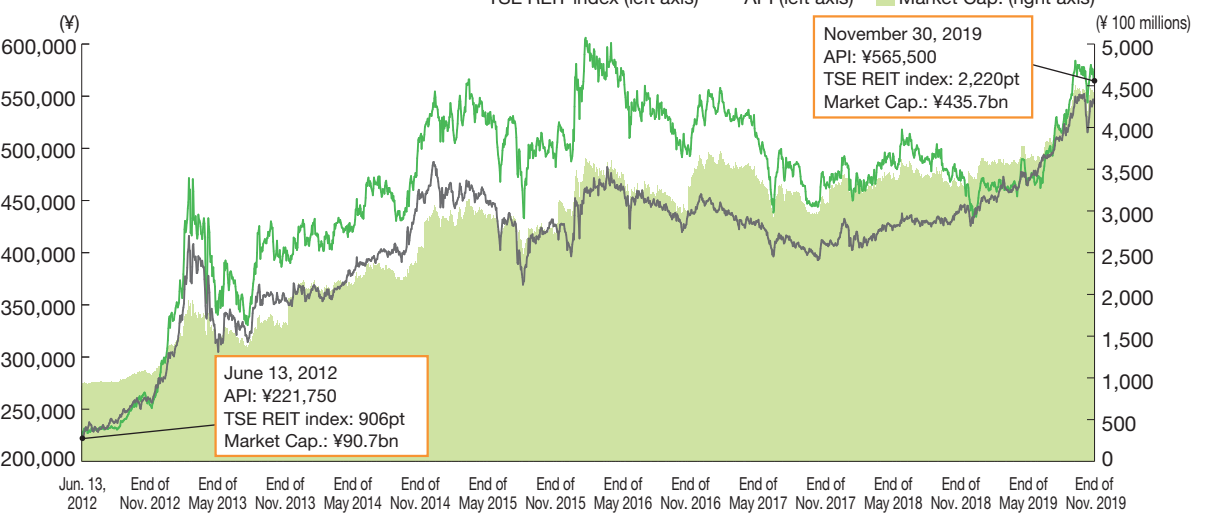
As an asset manager, API's staff is required to work proactively (take initiative, foresee and make improvements). API aims at stable asset management over the medium to long term, through not only management and good care of individual properties, but also by closely observing and responding early to the changing market environment (real estate transaction, leasing and finance markets).

## Organizational Chart



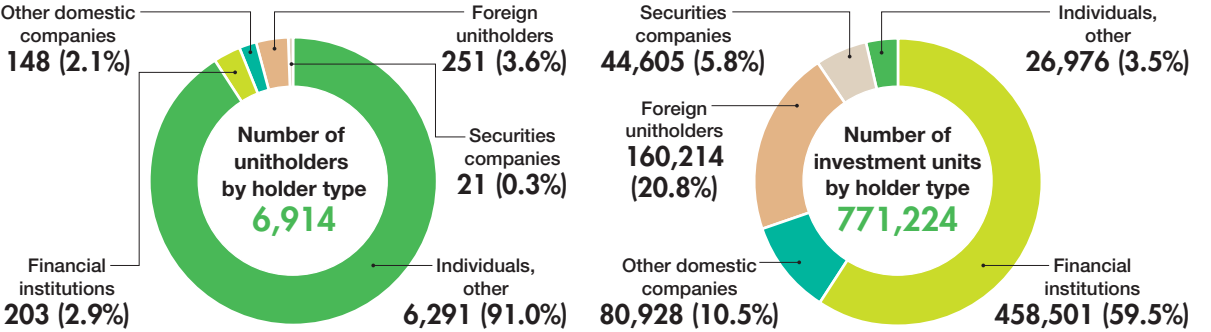
# Information on Unitholders

## Trends in Unit Prices



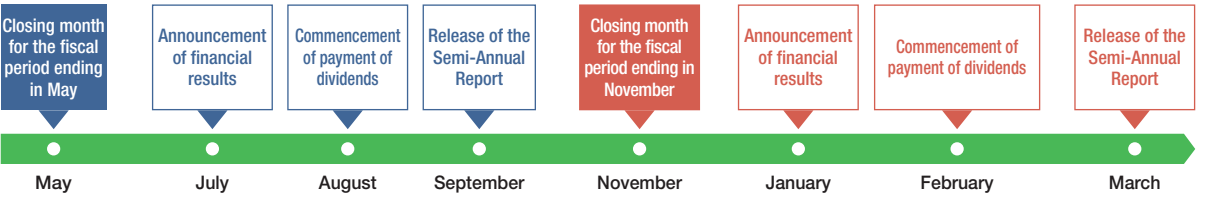
(Note 1) Performance of TSE REIT index is indexed to API unit price as of June 13, 2012 being 100.  
(Note 2) As API implemented a 2-for-1 investment unit split effected as of October 1, 2015, the closing prices on and after the listing date are indicated as half as adjusted for the unit split.

## Distribution of Unitholders



(Note) API implemented a 2-for-1 investment unit split effected as of October 1, 2015.

## Annual Schedule

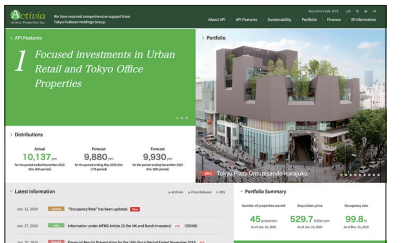


## API Website

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

URL  
<https://www.activia-reit.co.jp/en/>

Accessible from smartphone as well.



## Unitholder Memo

Account closing dates	May 31 and November 30
Unitholders' meeting	To be held at least once every two years
Record date for unitholders' meeting	A record date based on Article 15, Section 1 of the Articles of Incorporation
Dates for determining cash distribution payments	May 31 and November 30
Administrator of unitholders' registry	Sumitomo Mitsui Trust Bank, Limited 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Place of business of administrator of unitholders' registry	Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited Mailing address: 8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan Tel: 0120-782-031 (toll-free, available within Japan only) URL: <a href="https://www.smtb.jp/personal/agency/">https://www.smtb.jp/personal/agency/</a> (Japanese page)
Stock exchange	J-REIT section of the Tokyo Stock Exchange (securities code: 3279)
Newspaper to provide public notice	<i>Nihon Keizai Shimbun</i>

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

Please contact the securities company.

### Dividends

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

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

Telephone inquiries	Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited Tel: <b>0120-782-031</b> (toll-free, available within Japan only)
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### Dividend statement

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

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

## Information on Unitholders

### Withholding tax rate on dividends of listed investment corporations

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

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

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

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

Additional issues to be aware of are as follows.

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

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

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

### Matters to be noted regarding the Reconstruction Special Income Tax

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

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





Activia Properties Inc.

***API 3279***

