

Financial Report for the Fiscal Period Ended May 31, 2018 (December 1, 2017 – May 31, 2018)

Activia Properties Inc.

Listing: Tokyo Stock Exchange
 Securities code: 3279
 URL: <http://www.activia-reit.co.jp/en/>
 Representative: Kazuyuki Murayama, Executive Director
 Investment management company: TLC REIT Management Inc.
 Representative: Hiroyuki Tohmata, President & CEO
 Contact: Kazuyuki Murayama, General Manager of Strategy Department,
 Activia Management Division
 TEL: +81-3-6804-5671

Scheduled date to file Securities Report: August 30, 2018
 Scheduled date to start distribution payments: August 10, 2018
 Supplementary material on financial report: Yes
 Financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended May 31, 2018 (December 1, 2017 – May 31, 2018)

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

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended May 31, 2018	13,327	4.8	7,471	5.6	6,611	6.3	6,610	6.3
Fiscal period ended November 30, 2017	12,720	5.1	7,074	1.4	6,218	1.1	6,217	1.1

	Basic earnings per unit	Return on unitholders' equity (ROE)	Ordinary profit to total assets	Ordinary profit to operating revenue
	Yen	%	%	%
Fiscal period ended May 31, 2018	9,493	3.1	1.5	49.6
Fiscal period ended November 30, 2017	9,346	3.0	1.5	48.9

(Note) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (665,214 units and 696,324 units for the fiscal period ended November 30, 2017, and the fiscal period ended May 31, 2018, respectively).

(2) Cash distributions

	Cash distributions per unit (excluding excess of earnings)	Total distributions (excluding excess of earnings)	Cash distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distribution ratio to unitholders' equity
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended May 31, 2018	9,462	6,611	0	0	100.0	3.0
Fiscal period ended November 30, 2017	9,346	6,217	0	0	100.0	3.0

(Note) Because new investment units were issued during the fiscal period ended May 31, 2018, the payout ratio for that period is obtained by the following formula with figures rounded to the first decimal place: Payout ratio = total distributions (excluding excess of earnings) / profit × 100

(3) Financial position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2018	445,941	223,777	50.2	320,275
As of November 30, 2017	426,838	208,523	48.9	313,467

(Reference) Unitholders' equity

As of May 31, 2018: ¥223,777 million

As of November 30, 2017: ¥208,523 million

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended May 31, 2018	7,223	(24,040)	11,542	12,615
Fiscal period ended November 30, 2017	8,253	123	(6,328)	17,889

2. Forecasts of results for the fiscal period from June 1, 2018 to November 30, 2018

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

	Operating revenue		Operating profit		Ordinary profit		Profit		Cash distributions per unit (excluding excess of earnings)	Cash distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending November 30, 2018	13,717	2.9	7,487	0.2	6,639	0.4	6,638	0.4	9,500	0

(Reference) Forecasted profit per unit (forecasted profit / total projected number of investment units issued at end of period) for the fiscal period ending November 30, 2018: ¥9,500

*** Other**

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

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

(2) Total number of units issued

- a. Total number of units issued at end of period (including treasury units)
 - As of May 31, 2018 698,704 units
 - As of November 30, 2017 665,214 units
- b. Number of treasury units at end of period
 - As of May 31, 2018 – units
 - As of November 30, 2017 – units

(Note) Please refer to “Per Unit Information” on page 28 for the number of investment units used as the basis for calculating basic earnings per unit.

*** Status of audit procedures**

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

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

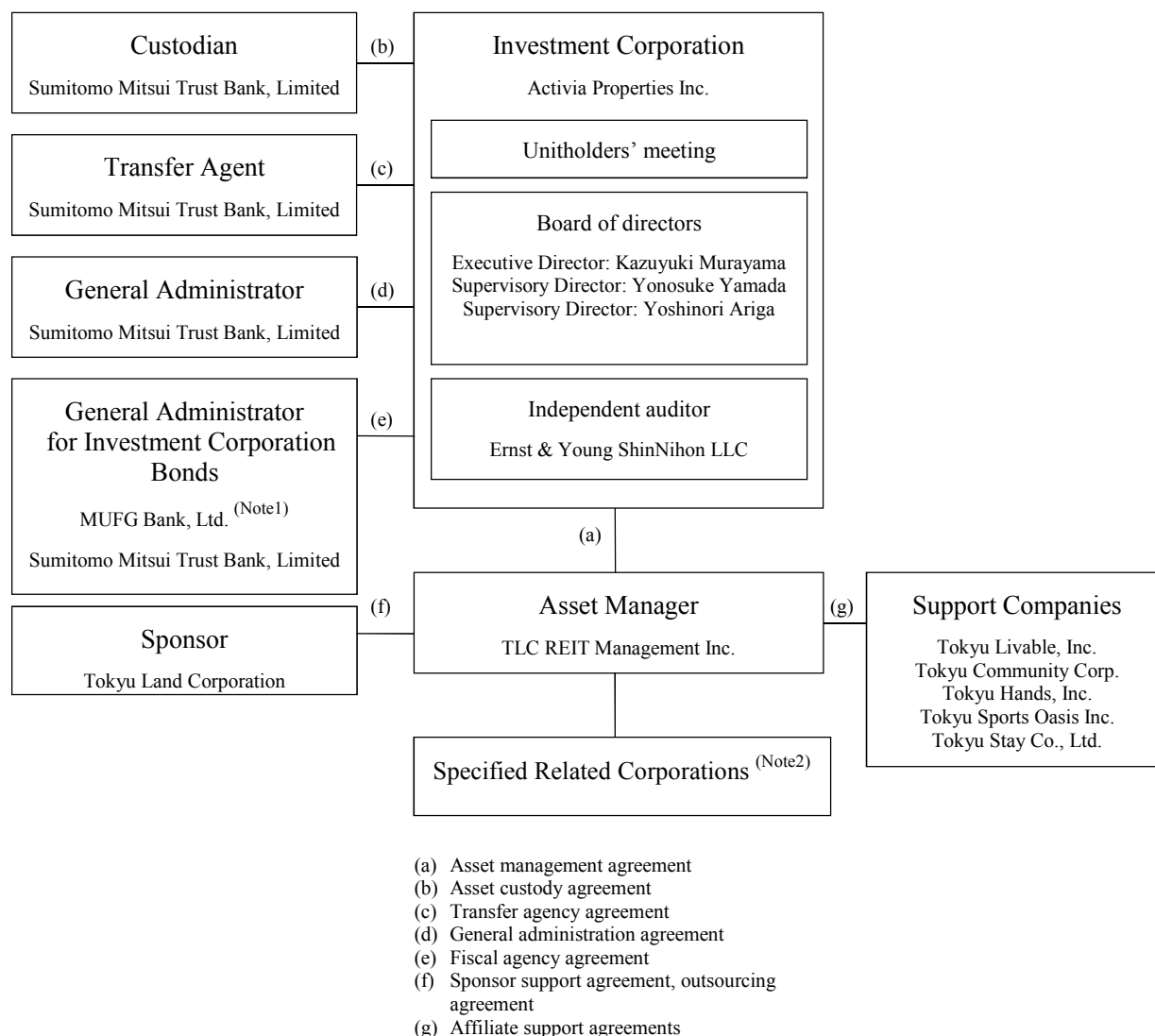
Forward-looking statements presented in this financial report including forecasts of results are based on information currently available to us and on certain assumptions we deem to be reasonable. As such, actual operating and other results may differ materially due to a number of factors. Furthermore, these forecasts are in no way a guarantee of any distribution amount. Please refer to “Assumptions for Forecasts of Investment Performance for the 14th Fiscal Period from June 1, 2018 to November 30, 2018 and the 15th Fiscal Period from December 1, 2018 to May 31, 2019” on pages 10 and 11 for information on assumptions for the forecasts.

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

1. The Investment Corporation and Related Corporations

The “Management structure of the Investment Corporation” in the latest Securities Report (filed on February 27, 2018; prepared in Japanese only) has been changed as follows:

i) The Management Structure of the Investment Corporation



(Note 1) MUFG Bank, Ltd. (changed its name from The Bank of Tokyo-Mitsubishi UFJ, Ltd. as of April 1, 2018) succeeded, from Mitsubishi UFJ Trust and Banking Corporation, the position of general administrator for the Investment Corporation’s first, fourth, fifth, sixth and seventh unsecured investment corporation bonds as of April 16, 2018, by means of an absorption-type company split.

(Note 2) Tokyu Land Corporation, Tokyu Fudosan Holdings Corporation, Tokyu Land SC Management Corporation and Tokyu Community Corp. are specified related corporations.

2. Asset Management Policies and Status

(1) Asset Management Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (filed on February 27, 2018; prepared in Japanese only), the disclosure is omitted.

(2) Asset Management Status

i) Summary of Results for the Current Fiscal Period

(A) Transition of Investment Corporation

Activia Properties Inc. (hereinafter referred to as the “Investment Corporation”) was established on September 7, 2011, with unitholders’ capital of ¥200 million (400 units) and TLC Township Inc. (on April 1, 2017, an absorption-type merger took place with current TLC REIT Management Inc. (hereinafter referred to as the “Asset Manager”) as a surviving company and TLC Activia Investment Management Inc. (its trade name was changed from TLC Township Inc. on April 1, 2012) as an absorbed company) as the organizer under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent revisions), and completed its registration in the Kanto Local Finance Bureau on September 20, 2011 (Director-General of the Kanto Local Finance Bureau No. 73).

After that, the Investment Corporation was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (Securities code 3279) on June 13, 2012. On December 13, 2017, the Investment Corporation carried out a publicly offered capital increase for the fifth consecutive year, and on December 26, 2017, 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 May 31, 2018, the Investment Corporation, using proceeds from a publicly offered capital increase, acquired three properties including DECKS Tokyo Beach (acquisition of 49% co-ownership interest), which belongs in the focused investment properties category of “Urban Retail Properties.” Consequently, the Investment Corporation held 42 properties (with the total acquisition price of ¥431,485 million) at the end of the fiscal period under review.

(B) Investment Environment in the Fiscal Period under Review

In the fiscal period under review, the Japanese economy maintained its gradual recovery trend against the backdrop of a recovery in the global economy, showing a continuous growth in export and a consistently high demand for capital investment reflecting improved corporate performance.

With respect to the environment surrounding retail properties, according to the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan, consumer sentiment in general remained unchanged and firm reflecting continuously favorable employment environment. 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, annual tourism consumption by overseas visitors to Japan reached record high in fiscal 2017, and in the quarter spanning January to March 2018, it increased by 17.2% year on year. As such, demand related to inbound tourism has been steadily expanding.

In the rental office market, 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 below 3% since March 2018, and this figure had fallen to 2.68% as of May 31, 2018. Rent levels have also continued to rise. The average rent running up through May 2018 has been increasing for 53 consecutive months, and it currently stands at above ¥20,000 per *tsubo* for the first time in eight years and ten months. Supply has been tight relative to demand in major cities outside Tokyo amid an ongoing trend of declining vacancy rates and rising rent levels.

The J-REIT market remained stable overall despite episodes of sluggish performance, against the backdrop of the Bank of Japan's sustained monetary easing policy and the 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.

(C) Investment Performance

The Investment Corporation acquired beneficiary interests of real estate in trust by publicly offered capital increase in a total of three properties, namely A-FLAG KITA SHINSAIBASHI (with the acquisition price of ¥4,725 million) on December 1, 2017, DECKS Tokyo Beach (acquisition of 49% co-ownership interest, with the acquisition price of ¥12,740 million) and Commercial Mall Hakata (with the acquisition price of ¥6,100 million) both on January 5, 2018, 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 42 properties (with the total acquisition price of ¥431,485 million) with the total leasable area of 395,994 m² (119,786 *tsubo*).

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

	December 31, 2017	January 31, 2018	February 28, 2018	March 31, 2018	April 30, 2018	May 31, 2018
Urban Retail Properties	99.7%	99.5%	99.5%	99.5%	99.5%	99.7%
Tokyo Office Properties	100.0%	99.9%	99.8%	100.0%	100.0%	100.0%
Activia Account Properties	100.0%	100.0%	100.0%	100.0%	99.9%	99.6%
Total	99.9%	99.8%	99.8%	99.8%	99.8%	99.8%

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

(D) Initiatives Regarding Sustainability

In aiming to build a portfolio consisting of “real estate capable of sustaining customer demand,” the Investment Corporation deems that efforts to achieve “lower environmental loads” while acting to “contribute to our nearby surroundings and local communities” also constitute an important portfolio consideration. This involves daily effort to achieve our basic objective of cutting unit energy consumption by an annual average of 1% over the medium to long term. Initiatives carried out in the fiscal period under review include upgrading to LED lighting at some private areas at A-FLAG KOTTO DORI and A-PLACE Bashamichi, timed in conjunction with change of tenants at these facilities, and some common areas of Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, A-FLAG AKASAKA, A-FLAG SAPPORO, and DECKS Tokyo Beach. Moreover, we continue to engage in annual initiatives geared to acquiring green building certifications. A total of 22 of our properties have acquired green building certification, which amounted to 53.3% of our holdings calculated on the basis of gross floor area (as of May 31, 2018).

As a part of efforts to improve tenant satisfaction, we conducted a CS (customer satisfaction) survey to the tenants of our seven properties during the fiscal period under review.

Furthermore, at Tokyu Plaza Omotesando Harajuku, “Yasai-no-mori (garden of vegetables) Project” was launched. In this project, the property grows 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 included our participation in clean-up campaigns in various areas where our properties are located.

The Investment Corporation will contribute to achieving a sustainable society by engaging in such initiatives geared to the environment and society.

(E) Overview of Financing

In the fiscal period under review, in order to cover a part of the acquisition costs for beneficiary interests of real estate in trust to the above three properties and related costs, the Investment Corporation additionally issued investment units (31,090 units) through a public offering on December 13, 2017, issued new investment units (2,400 units) by a third-party allotment on December 26, 2017, and borrowed funds of ¥3,200 million on January 5, 2018. In addition, the Investment Corporation refinanced borrowings of ¥8,000 million in January 2018 and March 2018, respectively. Also, in order to diversify repayment dates, extend the average maturity and diversify means of financing, the Investment Corporation issued investment corporation bonds of ¥2,000 million on February 13, 2018, and used the funds to cover repayment of short-term loans payable. As a result, as of the end of the fiscal period under review, unitholders' capital amounted to ¥217,091 million, the total number of investment units issued came to 698,704 units and the balance of interest-bearing debt was ¥199,350 million (borrowings of ¥181,350 million and investment corporation bonds of ¥18,000 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 44.7% 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 both 95.4%.

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

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

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

As a result of the above-mentioned investments, operating revenue, operating profit, and ordinary profit were ¥13,327 million, ¥7,471 million, and ¥6,611 million, respectively, for the fiscal period under review, and profit was ¥6,610 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), it was decided that the all amount of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the "Special Taxation Measures Act"). Consequently, distributions per investment unit resulted in ¥9,462.

ii) Outlook for the Next Fiscal Period

(A) Investment Environment for the Next Fiscal Period

In the Japanese economy going forward, we expect the trend of modest recovery to continue, supported by steady growth of the global economy and the Bank of Japan's sustained monetary easing policy. It is anticipated that favorable employment environment and steady corporate performance will continue, and personal consumption and capital investment will remain on a modest upward trend. However, risks of downward pressures on the global economy need to be monitored, including interest rate hikes resulting from the normalization of monetary policy in Europe and the U.S. as well as the impact on trade from changes in trade policy.

In the rental office market, while an increase in supply is expected, there should be a steady demand for upgrading locations of business and increasing office floor space to increase corporate performance and to secure human resources. With respect to the environment surrounding retail properties, although modest recovery is expected reflecting the continuous and gradual improvement of the employment and income environments as well as high levels of demand related to inbound tourism, it is necessary to keep eyes on their trend. The J-REIT market is expected to stay steady, with demand sustained by the anticipation for improved business performance and the relatively high levels of yields, against the backdrop of strong real estate market and the Bank of Japan's sustained monetary easing policy. Amid this environment, the Investment Corporation will promote both external growth in part by continuing to leverage its sponsor support, and also internal growth by leveraging the competitiveness of its assets under management, with the aim of improving unitholder value while constantly expanding the size of its assets by making careful investment decisions.

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

a. Basic Policy

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

b. External Growth Strategy

The Investment Corporation will invest in Urban Retail and Tokyo Office properties as a main target. It will make its investment decisions carefully, concentrating on selecting properties in excellent locations, including surrounding areas, and thoroughly considering individual factors such as use, size, 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 and will seek to expand the size of its assets by carefully selecting investment assets based on the information it receives under its sponsor support agreement with Tokyu Land Corporation regarding the Investment Corporation and its support agreement with five group companies in the Tokyu Fudosan Holdings Group. It will also acquire properties through the exclusive know-how and information-gathering network of the Asset Manager.

c. Internal Growth Strategy

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

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

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

d. Financial Strategy

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

(C) Significant Subsequent Events

Not applicable.

(D) Outlook of Investment Performance

For the fiscal period ending November 30, 2018 (14th fiscal period: June 1, 2018 to November 30, 2018), investment performance is estimated as follows. For the assumptions used for the estimation of investment performance, please refer to “Assumptions for Forecasts of Investment Performance for the 14th Fiscal Period from June 1, 2018 to November 30, 2018 and the 15th Fiscal Period from December 1, 2018 to May 31, 2019” on pages 10 and 11.

Operating revenue	¥13,717 million
Operating profit	¥7,487 million
Ordinary profit	¥6,639 million
Profit	¥6,638 million
Cash distributions per unit	¥9,500
Cash distributions in excess of earnings per unit	¥0

If it is assumed that there are no changes in “Assumptions for Forecasts of Investment Performance for the 14th Fiscal Period from June 1, 2018 to November 30, 2018 and the 15th Fiscal Period from December 1, 2018 to May 31, 2019” on pages 10 and 11, the outlook of investment performance for the fiscal period ending May 31, 2019 (15th fiscal period: December 1, 2018 to May 31, 2019) is estimated as follows.

Operating revenue	¥13,431 million
Operating profit	¥7,509 million
Ordinary profit	¥6,640 million
Profit	¥6,639 million
Cash distributions per unit	¥9,502
Cash distributions in excess of earnings per unit	¥0

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

Assumptions for Forecasts of Investment Performance for the 14th Fiscal Period from June 1, 2018 to November 30, 2018 and the 15th Fiscal Period from December 1, 2018 to May 31, 2019

Item	Assumptions
Period	<ul style="list-style-type: none"> • 14th fiscal period (June 1, 2018 to November 30, 2018) (183 days) • 15th fiscal period (December 1, 2018 to May 31, 2019) (182 days)
Investment portfolio	<ul style="list-style-type: none"> • We assume that there will be no material changes to the composition of our investment portfolio, including acquisition of properties or disposition of properties, associated with the 42 properties (the “Assets Currently Held”) for which we hold the trust beneficiary interests as of today, before the end of the 15th fiscal period (May 31, 2019). • Our forecasts, however, may change due to any changes to the composition of our investment portfolio.
Operating revenue	<ul style="list-style-type: none"> • We have calculated our real estate leasing business revenues from the Assets Currently Held taking into account the relevant lease agreements effective as of today, market trends, etc. • Operating revenue is based on our assumption that there will be no delinquencies or non-payment of rents by tenants.
Operating expenses	<ul style="list-style-type: none"> • Expenses related to rent business (other than depreciation), which are our principal operating expenses, were calculated based on the historical information and upon considering variable factors. • In general, property tax and city planning tax of properties acquired are settled at the time of acquisition between the former owner (seller) and the purchaser based on their respective periods of ownership in relation to the relevant tax year. However, any of these taxes allocated to the purchaser are not expensed at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes. For property tax and city planning tax, ¥987 million for the Assets Currently Held will be expensed in the fiscal period ending November 30, 2018 (14th fiscal period) and in the fiscal period ending May 31, 2019 (15th fiscal period), respectively. • Repair and maintenance expenses of buildings are estimated at the amount required for each of the fiscal periods based on the medium- and long-term repair and maintenance plans formed by the Asset Manager. However, the actual repair and maintenance expenses for the fiscal periods may significantly differ from the estimates since (i) an unforeseeable event may cause serious damage to a building requiring emergent repair expenditure, (ii) in general, amounts vary according to the fiscal period, and (iii) certain types of repair and maintenance expenses are not required in every fiscal period. • We calculate depreciation expenses (including incidental expenses) by the straight-line method, assuming ¥1,262 million and ¥1,271 million for the 14th fiscal period ending November 30, 2018 and the 15th fiscal period ending May 31, 2019, respectively.
Non-operating expenses	<ul style="list-style-type: none"> • We expect interest and other borrowing-related expenses of ¥847 million and ¥868 million for the 14th fiscal period ending November 30, 2018 and the 15th fiscal period ending May 31, 2019, respectively.
Interest-bearing debt	<ul style="list-style-type: none"> • As of today, we have a balance of ¥199,350 million in interest-bearing debt (borrowings of ¥181,350 million and investment corporation bonds of ¥18,000 million). We assume that there will be no change to the balance of interest-bearing debt before the end of the 15th fiscal period (May 31, 2019). • We assume that there will be refinancing of borrowings, etc. coming due before the end of the 14th fiscal period (November 30, 2018) and the 15th fiscal period (May 31, 2019) (15th fiscal period: short-term loans payable of ¥4,100 million, long-term loans payable of ¥6,500 million and investment corporation bonds of ¥4,000 million).

Item	Assumptions
Interest-bearing debt	<ul style="list-style-type: none"> • We assume the LTV ratios as of November 30, 2018 and May 31, 2019 are both to be approximately 45%. • The LTV ratio is obtained by the following formula: LTV = Balance of interest-bearing debt / Total assets × 100
Units	<ul style="list-style-type: none"> • The number is based on our assumption of total of 698,704 units issued as of today. We assume that there will be no additional issuance of new investment units before the end of the 15th fiscal period (May 31, 2019). • The cash distributions per unit for the 14th fiscal period ending November 30, 2018 and the 15th fiscal period ending May 31, 2019 have been calculated in accordance with the total projected number of investment units issued as of the end of each of the fiscal periods which are 698,704 units.
Cash distributions per unit	<ul style="list-style-type: none"> • Cash distributions (cash distributions per unit) are calculated based on the cash distribution policy stipulated in our Articles of Incorporation. • The cash distributions per unit may change due to various factors, including changes to the composition of our investment portfolio, changes in rental revenues accompanying changes in tenants, and unexpected maintenance and repairs.
Cash distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We do not currently anticipate cash distributions in excess of our distributable profit (cash distributions in excess of earnings per unit).
Other	<ul style="list-style-type: none"> • We assume that there will be no amendments in legislation, taxation, accounting standards, listing regulations or regulations of the Investment Trusts Association of Japan that affect the above forecasts. • We assume that there will be no material changes in general economic conditions or real estate markets.

3. Financial Statements

(1) Balance Sheet

(Unit: Thousands of yen)

	As of November 30, 2017	As of May 31, 2018
Assets		
Current assets		
Cash and deposits	15,165,946	9,498,104
Cash and deposits in trust	2,723,436	3,116,967
Operating accounts receivable	486,257	645,833
Prepaid expenses	292,870	455,470
Deferred tax assets	18	5
Consumption taxes receivable	–	47,699
Other	2,230	6,514
Total current assets	18,670,759	13,770,595
Non-current assets		
Property, plant and equipment		
Buildings in trust	79,354,657	83,050,493
Accumulated depreciation	(8,503,434)	(9,675,982)
Buildings in trust, net	70,851,222	73,374,511
Structures in trust	638,231	689,748
Accumulated depreciation	(132,712)	(150,438)
Structures in trust, net	505,519	539,310
Machinery and equipment in trust	1,364,809	1,364,809
Accumulated depreciation	(271,072)	(300,583)
Machinery and equipment in trust, net	1,093,736	1,064,225
Tools, furniture and fixtures in trust	150,520	183,401
Accumulated depreciation	(68,153)	(82,287)
Tools, furniture and fixtures in trust, net	82,367	101,113
Land in trust	325,281,819	346,689,270
Construction in progress in trust	1,126	–
Total property, plant and equipment	397,815,791	421,768,431
Intangible assets		
Leasehold rights in trust	9,130,097	9,130,097
Other	3,032	2,575
Total intangible assets	9,133,130	9,132,673
Investments and other assets		
Long-term prepaid expenses	1,064,673	1,078,965
Derivatives	72,117	74,904
Other	15,217	38,742
Total investments and other assets	1,152,009	1,192,612
Total non-current assets	408,100,931	432,093,717
Deferred assets		
Investment corporation bond issuance costs	66,891	77,584
Total deferred assets	66,891	77,584
Total assets	426,838,582	445,941,897

(Unit: Thousands of yen)

	As of November 30, 2017	As of May 31, 2018
Liabilities		
Current liabilities		
Operating accounts payable	764,214	846,139
Short-term loans payable	10,000,000	9,100,000
Current portion of investment corporation bonds	–	4,000,000
Current portion of long-term loans payable	25,000,000	18,500,000
Accounts payable - other	65,580	234,813
Accrued expenses	822,039	809,070
Income taxes payable	972	708
Accrued consumption taxes	494,431	–
Advances received	434,216	314,273
Deposits received	1,190	4,755
Total current liabilities	37,582,644	33,809,761
Non-current liabilities		
Investment corporation bonds	16,000,000	14,000,000
Long-term loans payable	145,150,000	153,750,000
Tenant leasehold and security deposits in trust	19,582,816	20,604,450
Other	23	6
Total non-current liabilities	180,732,839	188,354,456
Total liabilities	218,315,484	222,164,217
Net assets		
Unitholders' equity		
Unitholders' capital	202,233,447	217,091,520
Surplus		
Unappropriated retained earnings (undisposed loss)	6,217,532	6,611,254
Total surplus	6,217,532	6,611,254
Total unitholders' equity	208,450,980	223,702,774
Valuation and translation adjustments		
Deferred gains or losses on hedges	72,117	74,904
Total valuation and translation adjustments	72,117	74,904
Total net assets	*2 208,523,097	*2 223,777,679
Total liabilities and net assets	426,838,582	445,941,897

(2) Statement of Income

(Unit: Thousands of yen)

	Previous fiscal period (From June 1, 2017 to November 30, 2017)		Current fiscal period (From December 1, 2017 to May 31, 2018)	
Operating revenue				
Lease business revenue	*1	11,861,072	*1	12,409,430
Other lease business revenue	*1	859,517	*1	917,584
Total operating revenue		12,720,589		13,327,014
Operating expenses				
Expenses related to rent business	*1	4,509,419	*1	4,706,236
Asset management fee		1,013,473		1,034,028
Asset custody fee		11,947		12,427
Administrative service fees		31,652		32,131
Directors' compensations		3,300		3,300
Other operating expenses		76,091		67,522
Total operating expenses		5,645,884		5,855,645
Operating profit		7,074,704		7,471,369
Non-operating income				
Interest income		68		81
Reversal of distribution payable		1,456		908
Insurance income		177		-
Total non-operating income		1,702		990
Non-operating expenses				
Interest expenses		609,206		615,512
Interest expenses on investment corporation bonds		31,863		35,235
Amortization of investment corporation bond issuance costs		8,760		9,546
Investment unit issuance expenses		55,185		46,468
Borrowing related expenses		152,635		153,550
Other		500		500
Total non-operating expenses		858,151		860,813
Ordinary profit		6,218,255		6,611,545
Profit before income taxes		6,218,255		6,611,545
Income taxes - current		982		721
Income taxes - deferred		(8)		12
Total income taxes		974		734
Profit		6,217,281		6,610,811
Retained earnings brought forward		251		442
Unappropriated retained earnings (undisposed loss)		6,217,532		6,611,254

(3) Statement of Unitholders' Equity

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

(Unit: Thousands of yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	202,233,447	6,152,150	6,152,150	208,385,598	65,673	65,673	208,451,272
Changes of items during period							
Dividends of surplus		(6,151,899)	(6,151,899)	(6,151,899)			(6,151,899)
Profit		6,217,281	6,217,281	6,217,281			6,217,281
Net changes of items other than unitholders' equity					6,443	6,443	6,443
Total changes of items during period	—	65,381	65,381	65,381	6,443	6,443	71,825
Balance at end of current period	*1 202,233,447	6,217,532	6,217,532	208,450,980	72,117	72,117	208,523,097

Current fiscal period (From December 1, 2017 to May 31, 2018)

(Unit: Thousands of yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	202,233,447	6,217,532	6,217,532	208,450,980	72,117	72,117	208,523,097
Changes of items during period							
Issuance of new investment units	14,858,072			14,858,072			14,858,072
Dividends of surplus		(6,217,090)	(6,217,090)	(6,217,090)			(6,217,090)
Profit		6,610,811	6,610,811	6,610,811			6,610,811
Net changes of items other than unitholders' equity					2,787	2,787	2,787
Total changes of items during period	14,858,072	393,721	393,721	15,251,794	2,787	2,787	15,254,581
Balance at end of current period	*1 217,091,520	6,611,254	6,611,254	223,702,774	74,904	74,904	223,777,679

(4) Statement of Cash Distributions

	Previous fiscal period (From June 1, 2017 to November 30, 2017)	Current fiscal period (From December 1, 2017 to May 31, 2018)
	Amount	Amount
I Unappropriated retained earnings	¥6,217,532,741	¥6,611,254,555
II Distributions	¥6,217,090,044	¥6,611,137,248
[Cash Distributions per unit]	[¥9,346]	[¥9,462]
III Earnings carried forward	¥442,697	¥117,307

Calculation method for distributions	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions at the total amount of ¥6,217,090,044, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 665,214, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions at the total amount of ¥6,611,137,248, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 698,704, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.
--------------------------------------	--	--

(5) Statement of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From June 1, 2017 to November 30, 2017)	Current fiscal period (From December 1, 2017 to May 31, 2018)
Cash flows from operating activities		
Profit before income taxes	6,218,255	6,611,545
Depreciation	1,189,628	1,234,776
Loss on retirement of non-current assets	–	284
Amortization of investment corporation bond issuance costs	8,760	9,546
Interest income and interest on securities	(68)	(81)
Interest expenses	641,070	650,748
Investment unit issuance expenses	55,185	46,468
Borrowing related expenses	152,635	153,550
Decrease (increase) in operating accounts receivable	158,906	(159,576)
Decrease (increase) in consumption taxes refund receivable	–	(47,699)
Increase (decrease) in accrued consumption taxes	261,545	(494,431)
Decrease (increase) in prepaid expenses	154,892	(158,518)
Increase (decrease) in operating accounts payable	18,149	22,389
Increase (decrease) in accounts payable - other	–	78,334
Increase (decrease) in accrued expenses	17,528	24,647
Increase (decrease) in advances received	6,181	(119,943)
Decrease (increase) in long-term prepaid expenses	11,381	11,258
Other, net	(30,436)	(715)
Subtotal	8,863,616	7,862,582
Interest income received	68	81
Interest expenses paid	(609,261)	(638,416)
Income taxes paid	(795)	(984)
Net cash provided by (used in) operating activities	8,253,629	7,223,263
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(264,927)	(25,062,465)
Purchase of intangible assets	(2,536)	–
Repayments of tenant leasehold and security deposits in trust	(417,990)	(523,524)
Proceeds from tenant leasehold and security deposits in trust	808,786	1,544,178
Other, net	–	1,354
Net cash provided by (used in) investing activities	123,332	(24,040,457)
Cash flows from financing activities		
Increase in short-term loans payable	4,998,489	4,098,155
Decrease in short-term loans payable	(5,000,000)	(5,000,000)
Proceeds from long-term loans payable	11,849,238	14,940,999
Decrease in long-term loans payable	(12,000,000)	(13,000,000)
Proceeds from issuance of investment corporation bonds	–	1,979,812
Proceeds from issuance of investment units	–	14,756,418
Dividends paid	(6,150,128)	(6,216,193)
Other, net	(26,167)	(16,310)
Net cash provided by (used in) financing activities	(6,328,568)	11,542,882
Net increase (decrease) in cash and cash equivalents	2,048,393	(5,274,310)
Cash and cash equivalents at beginning of period	15,840,989	17,889,382
Cash and cash equivalents at end of period	*1 17,889,382	*1 12,615,072

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table border="0"><tr><td>Buildings</td><td>2 to 70 years</td></tr><tr><td>Structures</td><td>2 to 60 years</td></tr><tr><td>Machinery and equipment</td><td>2 to 33 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr></table> <p>(2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	2 to 70 years	Structures	2 to 60 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 60 years								
Machinery and equipment	2 to 33 years								
Tools, furniture and fixtures	2 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses The full amount is recorded as expenses when incurred.</p> <p>(2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.</p>								
3. Accounting for income and expenses	<p>Property-related taxes</p> <p>For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business.</p> <p>The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to property tax included in acquisition cost for properties for the current fiscal period is ¥129,633 thousand.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is applied. For interest rate swaps that satisfy the requirements for special treatment, special treatment is applied.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable</p> <p>(3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation.</p> <p>(4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness by comparing the cumulative total changes in the cash flows of the hedged items with those of the hedging instruments, and then verifying the ratio of the changes in both amounts. However, hedge effectiveness is deemed to have been ensured with respect to interest rate swaps that satisfy the requirements for special treatment.</p>								
5. Scope of cash (cash and cash equivalents) in the statement of cash flows	<p>Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.</p>								

6. Other important matters related to the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interest with real estate, etc. as trust asset</p> <p>With regard to trust beneficiary interest with real estate, etc. in holding as trust asset, all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheet and statement of income.</p> <p>Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheet.</p> <p>i) Cash and deposits in trust</p> <p>ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust</p> <p>iii) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting method for consumption tax and local consumption tax</p> <p>Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for non-current assets, etc. are included in acquisition cost for each asset.</p>
---	---

(8) Notes to Financial Statements

Notes to Balance Sheet

1. Commitment Line Contracts

The Investment Corporation has the commitment line contracts with the banks with which it does business (four banks as of November 30, 2017 and three banks as of May 31, 2018).

	As of November 30, 2017	As of May 31, 2018
Total amount specified in the commitment line contracts	¥20,000,000 thousand	¥20,000,000 thousand
Loan balance	-	-
Net balance	¥20,000,000 thousand	¥20,000,000 thousand

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

	As of November 30, 2017	As of May 31, 2018
	¥50,000 thousand	¥50,000 thousand

Notes to Statement of Income

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From June 1, 2017 to November 30, 2017)		Current fiscal period (From December 1, 2017 to May 31, 2018)	
A. Real estate leasing business revenues				
Lease business revenue				
Rent	10,738,149		11,196,642	
Common service fees	830,944		851,982	
Parking lot fees	209,935		267,359	
Other rent revenue	82,041	11,861,072	93,445	12,409,430
Other lease business revenue		859,517		917,584
Total real estate leasing business revenues		12,720,589		13,327,014
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	1,062,726		1,225,076	
Utilities expenses	791,991		836,857	
Tax and public dues	887,699		895,539	
Insurance	9,090		8,795	
Repair and maintenance expenses	304,182		235,857	
Depreciation	1,189,537		1,234,521	
Loss on retirement of non-current assets	-		284	
Other expenses related to rent business	264,192	4,509,419	269,303	4,706,236
Total real estate leasing business expenses		4,509,419		4,706,236
C. Profit (loss) from real estate leasing business (A – B)		8,211,169		8,620,778

Notes to Statement of Unitholders' Equity

	Previous fiscal period (From June 1, 2017 to November 30, 2017)	Current fiscal period (From December 1, 2017 to May 31, 2018)
*1. Total number of authorized investment units and total number of investment units issued		
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	665,214 units	698,704 units

Notes to Statement of Cash Flows

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

	Previous fiscal period (From June 1, 2017 to November 30, 2017)	Current fiscal period (From December 1, 2017 to May 31, 2018)
Cash and deposits	¥15,165,946 thousand	¥9,498,104 thousand
Cash and deposits in trust	¥2,723,436 thousand	¥3,116,967 thousand
Cash and cash equivalents	¥17,889,382 thousand	¥12,615,072 thousand

Notes on Financial Instruments

1. Matters Regarding Financial Instruments

(1) Policy for Financial Instruments

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

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

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

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

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

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

Borrowings and investment corporation bonds are mainly for the purpose of acquiring real estate and refinancing of existing borrowings. Tenant leasehold and security deposits are deposits provided by tenants. Borrowings, investment corporation bonds, tenant leasehold and security deposits are exposed to liquidity risks at the time of repayment or redemption. However, these risks are managed through management of liquidity in hand by preparing a monthly funding plan, efforts to reduce liquidity risk on loans payable and investment corporation bonds 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 November 30, 2017, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	15,165,946	15,165,946	—
(2) Cash and deposits in trust	2,723,436	2,723,436	—
Total assets	17,889,382	17,889,382	—
(1) Short-term loans payable	10,000,000	10,000,000	—
(2) Current portion of long-term loans payable	25,000,000	25,075,199	75,199
(3) Investment corporation bonds	16,000,000	16,195,996	195,996
(4) Long-term loans payable	145,150,000	146,708,543	1,558,543
Total liabilities	196,150,000	197,979,740	1,829,740
Derivative transactions	72,117	72,117	—

Carrying amounts, fair values, and the differences between the two values as of May 31, 2018, 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	9,498,104	9,498,104	–
(2) Cash and deposits in trust	3,116,967	3,116,967	–
Total assets	12,615,072	12,615,072	–
(1) Short-term loans payable	9,100,000	9,100,000	–
(2) Current portion of investment corporation bonds	4,000,000	4,011,819	11,819
(3) Current portion of long-term loans payable	18,500,000	18,535,570	35,570
(4) Investment corporation bonds	14,000,000	14,225,517	225,517
(5) Long-term loans payable	153,750,000	155,002,178	1,252,178
Total liabilities	199,350,000	200,875,086	1,525,086
Derivative transactions	74,904	74,904	–

(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

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

Derivative transactions

Please refer to “Notes on Derivative Transactions” on pages 25 and 26.

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

(Unit: Thousands of yen)

Category	As of November 30, 2017	As of May 31, 2018
Tenant leasehold and security deposits in trust *	19,582,816	20,604,450

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

(Note 3) Expected Amounts of Redemption of Monetary Claims after the Account Closing Date (November 30, 2017)

(Unit: Thousands of yen)

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

Expected Amounts of Redemption of Monetary Claims after the Account Closing Date (May 31, 2018)

(Unit: Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Deposits	9,498,104	-	-	-	-	-
Deposits in trust	3,116,967	-	-	-	-	-
Total	12,615,072	-	-	-	-	-

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (November 30, 2017)

(Unit: Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term loans payable	10,000,000	-	-	-	-	-
Investment corporation bonds	-	4,000,000	6,000,000	-	-	6,000,000
Long-term loans payable	25,000,000	19,600,000	7,300,000	12,500,000	14,500,000	91,250,000
Total	35,000,000	23,600,000	13,300,000	12,500,000	14,500,000	97,250,000

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (May 31, 2018)

(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	9,100,000	–	–	–	–	–
Investment corporation bonds	4,000,000	6,000,000	–	–	1,000,000	7,000,000
Long-term loans payable	18,500,000	20,400,000	12,500,000	9,100,000	19,000,000	92,750,000
Total	31,600,000	26,400,000	12,500,000	9,100,000	20,000,000	99,750,000

Notes on Derivative Transactions

1. Derivative Transaction to Which Hedge Accounting Is Not Applied

(As of November 30, 2017)

Not applicable.

(As of May 31, 2018)

Not applicable.

2. Derivative Transaction to Which Hedge Accounting Is Applied

(As of November 30, 2017)

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

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after 1 year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	14,400,000	14,400,000	72,117	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	10,000,000	5,000,000	*	–

(As of May 31, 2018)

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

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after 1 year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	14,400,000	14,400,000	74,904	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	5,000,000	5,000,000	*	—

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to the preceding “Notes on Financial Instruments, 2. Matters Regarding Fair Values of Financial Instruments, (Note 1) Liabilities (5)” on page 23.)

Notes on Tax Effect Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of November 30, 2017	As of May 31, 2018
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥18 thousand	¥5 thousand
Total deferred tax assets	¥18 thousand	¥5 thousand
Net deferred tax assets	¥18 thousand	¥5 thousand

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

	As of November 30, 2017	As of May 31, 2018
Effective statutory tax rate	31.74%	31.74%
Adjustments		
Distributions paid included in deductibles	(31.73)%	(31.74)%
Other	0.01%	0.01%
Effective income tax rate after application of tax effect accounting	0.02%	0.01%

Notes on Transactions with Related Parties

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

Not applicable.

Current fiscal period (December 1, 2017 to May 31, 2018)

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 June 1, 2017 to November 30, 2017)	Current fiscal period (From December 1, 2017 to May 31, 2018)
Urban Retail Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	154,110,630	153,842,632
	Changes during period	(267,998)	18,305,434
	Balance at end of period	153,842,632	172,148,067
	Fair value at end of period	187,050,000	205,947,000
Tokyo Office Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	176,243,083	175,846,419
	Changes during period	(396,664)	(443,854)
	Balance at end of period	175,846,419	175,402,564
	Fair value at end of period	198,870,000	201,240,000
Activia Account Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	77,476,991	77,256,285
	Changes during period	(220,705)	6,091,983
	Balance at end of period	77,256,285	83,348,268
	Fair value at end of period	89,970,000	97,800,000
Total	Carrying amount on the balance sheet		
	Balance at beginning of period	407,830,705	406,945,337
	Changes during period	(885,368)	23,953,563
	Balance at end of period	406,945,337	430,898,900
	Fair value at end of period	475,890,000	504,987,000

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

(Note 2) The main reason for the increase in the current fiscal period is the acquisition of three properties (A-FLAG KITA SHINSAIBASHI, DECKS Tokyo Beach and Commercial Mall Hakata) worth ¥24,110,584 thousand. The decrease is mainly due to the provision of depreciation worth ¥1,234,521 thousand.

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

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

Per Unit Information

	Previous fiscal period (From June 1, 2017 to November 30, 2017)	Current fiscal period (From December 1, 2017 to May 31, 2018)
Net assets per unit	¥313,467	¥320,275
Basic earnings per unit	¥9,346	¥9,493

(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 665,214 units; current fiscal period 696,324 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 June 1, 2017 to November 30, 2017)	Current fiscal period (From December 1, 2017 to May 31, 2018)
Profit (Thousands of yen)	6,217,281	6,610,811
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	6,217,281	6,610,811
Average number of investment units for the period (Units)	665,214	696,324

Significant Subsequent Events

Not applicable.

Omission of Disclosure

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

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

The Investment Corporation carried out issuances of new investment units on December 13, 2017, and December 26, 2017 (31,090 units in a capital increase through public offering and 2,400 units in a third-party allotment), thus procuring funds of ¥14,858 million. Changes in total investments and the number of investment units issued up to the current fiscal period are as follows:

Date	Summary	Total investments (Thousands of yen)		Total number of investment units issued (Units)		Remarks
		Change	Balance	Change	Balance	
September 7, 2011	Establishment through private placement	200,000	200,000	400	400	(Note 1)
June 12, 2012	Capital increase through public offering	90,834,705	91,034,705	204,100	204,500	(Note 2)
July 10, 2012	Capital increase through third-party allotment	339,128	91,373,833	762	205,262	(Note 3)
December 16, 2013	Capital increase through public offering	32,636,569	124,010,403	43,100	248,362	(Note 4)
January 15, 2014	Capital increase through third-party allotment	2,044,518	126,054,921	2,700	251,062	(Note 5)
December 17, 2014	Capital increase through public offering	22,800,626	148,855,547	24,050	275,112	(Note 6)
January 8, 2015	Capital increase through third-party allotment	1,915,063	150,770,610	2,020	277,132	(Note 7)
October 1, 2015	Investment unit split	–	150,770,610	277,132	554,264	(Note 8)
December 15, 2015	Capital increase through public offering	19,152,091	169,922,702	41,870	596,134	(Note 9)
January 6, 2016	Capital increase through third-party allotment	1,610,111	171,532,813	3,520	599,654	(Note 10)
December 1, 2016	Capital increase through public offering	28,583,994	200,116,808	61,040	660,694	(Note 11)
December 15, 2016	Capital increase through third-party allotment	2,116,639	202,233,447	4,520	665,214	(Note 12)
December 13, 2017	Capital increase through public offering	13,793,296	216,026,743	31,090	696,304	(Note 13)
December 26, 2017	Capital increase through third-party allotment	1,064,776	217,091,520	2,400	698,704	(Note 14)

- (Note 1) The Investment Corporation was established with an offering price per unit of ¥500,000.
- (Note 2) New investment units were issued by public offering with an offering price per unit of ¥460,000 (paid-in amount of ¥445,050 per unit) in order to raise funds for the acquisition of new properties, etc., and then investment operations were commenced.
- (Note 3) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥445,050 per unit.
- (Note 4) New investment units were issued by public offering with an offering price per unit of ¥782,925 (paid-in amount of ¥757,229 per unit) in order to raise funds for the acquisition of new properties, etc.
- (Note 5) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥757,229 per unit.
- (Note 6) New investment units were issued by public offering with an offering price per unit of ¥979,020 (paid-in amount of ¥948,051 per unit) in order to raise funds for the acquisition of new properties.
- (Note 7) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥948,051 per unit.
- (Note 8) A two-for-one split of the investment units has been implemented, with September 30, 2015 as the record date and October 1, 2015 as the effective date.
- (Note 9) New investment units were issued by public offering with an offering price per unit of ¥472,360 (paid-in amount of ¥457,418 per unit) in order to raise funds for the acquisition of new properties, etc.
- (Note 10) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥457,418 per unit.
- (Note 11) New investment units were issued by public offering with an offering price per unit of ¥483,326 (paid-in amount of ¥468,283 per unit) in order to raise funds for the acquisition of new properties.
- (Note 12) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥468,283 per unit.
- (Note 13) New investment units were issued by public offering with an offering price per unit of ¥458,150 (paid-in amount of ¥443,657 per unit) in order to raise funds for the acquisition of new properties.
- (Note 14) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥443,657 per unit.

4. Changes in Directors and Corporate Auditors

(1) Changes in Directors and Corporate Auditors at the Investment Corporation

On March 31, 2018, Executive Director Nariaki Hosoi resigned from office, and alternate Executive Director Kazuyuki Murayama newly assumed office as an Executive Director on April 1, 2018. As of the date of this financial report, the situation of Directors and Corporate Auditors at the Investment Corporation is as follows:

Position	Name	Brief personal history		Number of investment units owned
Executive Director	Kazuyuki Murayama	Apr. 1992	The Daiwa Bank, Limited. (currently Resona Bank, Limited.)	-
		Sep. 2004	Sei Crest Co., Ltd.	
		Aug. 2005	Ernst & Young Shinnihon Tax (currently Ernst & Young Tax Co.)	
		Mar. 2012	Tokyu Land Capital Management Inc.	
		Mar. 2012	Seconded to Fund Management Department of TLC Township Inc.	
		Apr. 2015	Deputy Executive Officer of Fund Management Department	
		Jul. 2016	Executive Officer of Fund Management Department	
		Apr. 2017	Currently serves as General Manager of Strategy Department, Activia Management Division, TLC REIT Management Inc.	
		Apr. 2018	Currently serves as Executive Director of Activia Properties Inc.	
Supervisory Director	Yonosuke Yamada	Apr. 1989	Registered as an attorney (Dai-ichi Tokyo Bar Association) Nagashima & Ohno law firm (currently Nagashima, Ohno & Tsunematsu)	-
		Oct. 1989	Partner, the Yamada law firm	
		Dec. 1994	Outside Corporate Auditor, SANYO TRADING CO., LTD.	
		Jan. 1996	Director of Denenchofufutaba Gakuen	
		Mar. 2004	Currently serves as Corporate Auditor of Higeta Shoyu, Inc.	
		Jun. 2004	Currently serves as Outside Corporate Auditor of Mitsubishi Logistics Corporation	
		Jan. 2005	Instructor (defense in criminal cases) at the Judicial Research and Training Institute of the Supreme Court of Japan	
		May 2005	Currently serves as Managing Partner of Yamada, Goya and Suzuki law offices	
		May 2006	Independent Committee Member of Inabata & Co., Ltd.	
		Jun. 2006	Currently serves as Outside Corporate Auditor of Kanematsu Corporation	
		Sep. 2011	Currently serves as Supervisory Director of Activia Properties Inc.	
		Oct. 2014	Director of Morimura Gakuen	
		Dec. 2014	Outside Director of SANYO TRADING CO., LTD.	
		Dec. 2017	Currently serves as Outside Director & Audit and Supervisory Committee Member of SANYO TRADING CO., LTD.	
Supervisory Director	Yoshinori Ariga	Oct. 1989	Chuo Shinko Audit Corporation	-
		Mar. 1994	Registered as an accountant	
		Oct. 1995	Seconded to the Amsterdam office of PricewaterhouseCoopers	
		Sep. 2000	ChuoAoyama Audit Corporation	
		Sep. 2004	Currently serves at Ariga Yoshinori accounting office	
		Sep. 2004	Sakamaki Keiji tax advisor office	
		Jan. 2005	Registered as a tax advisor	
		Sep. 2011	Currently serves as Supervisory Director of Activia Properties Inc.	
		Jan. 2013	Currently serves at Ariga Yoshinori tax advisor office	
		Jun. 2016	Currently serves as Outside Corporate Auditor of Achilles Corporation	

(2) Changes in Directors and Corporate Auditors at the Asset Manager

On March 31, 2018, Managing Director Nariaki Hosoi and Corporate Auditor (Part-time) Akira Yamaguchi resigned from office, and on April 1, 2018, Kazushi Sato newly assumed office as a Managing Director and Kazunari Takura newly assumed office as a Corporate Auditor (Part-time). Moreover, on May 31, 2018, Director (Part-time) Yasuhiro Kurokawa resigned from office, and Shigeru Kurihara newly assumed office as a Director (Part-time) on June 1, 2018. As of the date of this financial report, the situation of Directors and Corporate Auditors at the Asset Manager is as follows:

Position	Name	Brief personal history		Number of investment units owned
Representative Director	Hiroyuki Tohmata	Apr. 1983 Apr. 1996 Apr. 2002 Apr. 2007 Apr. 2008 Apr. 2009 Oct. 2009 Oct. 2009 Jun. 2010 Apr. 2015	Tokyu Land Corporation Manager of the Residential Business Division Manager of the Corporate Planning Department Manager of the Asset Utilization Business Division General Manager of the Asset Solution Department No.2, Asset Utilization Business Division Head of the Business Planning Office General Manager of the Strategic Planning and Corporate Finance Department, Asset Planning and Development Division Seconded to TLC Realty Management Inc. (currently TLC REIT Management Inc.) Currently serves as Representative Director Executive Director of Comforia Residential REIT, Inc Operating Officer of Tokyu Land Corporation	—
Managing Director	Kazushi Sato	Apr. 1987 Apr. 2000 Apr. 2009 Apr. 2010 Apr. 2011 Apr. 2011 Apr. 2011 Apr. 2014 Apr. 2015 Apr. 2016 Apr. 2018	Tokyu Land Corporation Manager of the Office Building Division Executive Manager of the Planning and Development Department, Asset Planning and Development Division Executive Manager of the Planning and Development Department, Investment Management Division Executive Manager of the Investment Planning Department, Investment Management Division Director (Part-time) of Tokyu Land Capital Management Inc. Director (Part-time) of TLC Realty Management Inc. (currently TLC REIT Management Inc.) Executive Manager of the Business Strategy Department, Urban Business Unit, Tokyu Land Corporation Senior Managing Director, Division Manager of Corporate Planning & Management Division, Tokyu Land SC Management Corporation President Seconded to TLC REIT Management Inc. Currently serves as Managing Director, Chief Division Officer of Activia Management Division	—

Position	Name	Brief personal history		Number of investment units owned
Director (Part-time)	Takashi Ikeuchi	Apr. 1989	Tokyu Land Corporation	-
		Apr. 2002	Manager of the Corporate Planning Department	
		Apr. 2006	Manager of the Asset Utilization Business Division	
		Apr. 2009	Manager of the Asset Planning and Development Division	
		Apr. 2010	Manager of the Investment Management Division	
		Apr. 2011	Executive Manager of the Investment Management Department, Investment Management Division	
		Apr. 2011	Director (Part-time) of TLC Township Inc.	
		Apr. 2014	Executive Manager of the Investment Planning Department, Investment Management Division, Urban Business Unit, Tokyu Land Corporation	
		Apr. 2014	Currently serves as Director (Part-time) of Tokyu Land Capital Management Inc.	
		Apr. 2014	Director of TLC Comforia Investment Management INC. (currently TLC REIT Management Inc.)	
		Apr. 2015	Executive Manager of the Investment Planning Department No. 1, Investment Management Division, Urban Business Unit, Tokyu Land Corporation	
		Jun. 2015	Deputy Manager of the Investment Management Division, Urban Business Unit, Tokyu Land Corporation	
		Jun. 2015	Director of Shinjuku-I-Land Corporation	
		Feb. 2016	Director of Sendai International Airport Co., Ltd.	
		Feb. 2016	Director of Sendai Air Cargo Terminal Co., Ltd.	
		Feb. 2016	Director of Sendai Airport Service Co., Ltd.	
		Apr. 2016	Operating Officer and Division Manager of the Investment Management Division, Urban Business Unit, Tokyu Land Corporation	
		Apr. 2017	Currently serves as Operating Officer and Division Manager of the Investment Management Division, Urban Business Unit, Tokyu Land Corporation Executive Manager of the Investment Planning Department, Investment Management Division, Urban Business Unit	
		Apr. 2017	Currently serves as Director (Part-time) of TLC REIT Management Inc.	
		Jun. 2018	Currently serves as Director (Part-time) of Sendai International Airport Co., Ltd.	
Director (Part-time)	Shigeru Kurihara	Apr. 1993	Tokyu Land Corporation	-
		Apr. 2005	Seconded to Marubeni Corporation	
		Mar. 2007	Manager of the Urban Development Division, Tokyu Land Corporation	
		Apr. 2007	Manager of the Commercial Facilities Development Department, Urban Development Division	
		Apr. 2011	Seconded to Tokyu Land SC Management Corporation	
		Apr. 2014	Executive Manager of Project Promotion Department	
		Apr. 2016	Division Manager of Project Promotion Division	
		Apr. 2017	Managing Officer, Division Manager of Operation Division	
		Apr. 2018	Currently serves as Executive Manager of the Investment Planning Department, Investment Management Division, Urban Business Unit, Tokyu Land Corporation	
		Jun. 2018	Currently serves as Director (Part-time) of TLC REIT Management Inc.	
		Jun. 2018	Currently serves as Director (Part-time) of Tokyu Land Capital Management Inc.	

Position	Name	Brief personal history		Number of investment units owned
Corporate Auditor (Part-time)	Kazunari Takura	Apr. 1997	Tokyu Land Corporation	-
		Apr. 2012	Currently serves as Manager of the Internal Audit Department	
		Oct. 2013	Manager of the Internal Audit Department, Tokyu Fudosan Holdings Corporation	
		Apr. 2016	Currently serves as Manager of the Group Internal Audit Department, Tokyu Fudosan Holdings Corporation	
		Apr. 2016	Currently serves as Corporate Auditor (Part-time) of Tokyu Resort Corporation	
		Apr. 2016	Currently serves as Corporate Auditor (Part-time) of Life & Work Design Co., Ltd.	
		Apr. 2016	Currently serves as Supervisor (Part-time) of Tokyu Land Corporation (Shanghai) Ltd.	
		Jun. 2016	Currently serves as Corporate Auditor (Part-time) of IZUKANKOKAIHATSU co, ltd.	
		Apr. 2018	Currently serves as Corporate Auditor (Part-time) of TLC REIT Management Inc.	
		Apr. 2018	Currently serves as Corporate Auditor (Part-time) of Tokyu Land Capital Management Inc.	

5. Reference Information

(1) Composition of Invested Assets

Type of assets	Category	Previous fiscal period (As of November 30, 2017)		Current fiscal period (As of May 31, 2018)	
		Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)	Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)
Real estate	By property type				
	Urban Retail Properties	–	–	–	–
	Tokyo Office Properties	–	–	–	–
	Activia Account Properties	–	–	–	–
	By location				
	The five central wards of Tokyo (Note 3)	–	–	–	–
	Wards of Tokyo other than the five central wards	–	–	–	–
	Three major metropolitan areas (Note 4)	–	–	–	–
	Other locations	–	–	–	–
Subtotal	–	–	–	–	
Real estate in trust	By property type				
	Urban Retail Properties	153,842	36.0	172,148	38.6
	Tokyo Office Properties	175,846	41.2	175,402	39.3
	Activia Account Properties	77,256	18.1	83,348	18.7
	By location				
	The five central wards of Tokyo (Note 3)	254,182	59.6	267,354	60.0
	Wards of Tokyo other than the five central wards	33,446	7.8	33,333	7.5
	Three major metropolitan areas (Note 4)	114,754	26.9	119,215	26.7
	Other locations	4,561	1.1	10,995	2.5
Subtotal	406,945	95.3	430,898	96.6	
Total real estate assets		406,945	95.3	430,898	96.6
Deposits and other assets		19,893	4.7	15,042	3.4
Total assets (Note 5)		426,838	100.0	445,941	100.0

	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)
Total liabilities (Note 5) (Note 6)	218,315	51.1	222,164	49.8
Total net assets (Note 5)	208,523	48.9	223,777	50.2

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

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

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

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

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

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

(2) Investment Assets

i) Major investment securities

Not applicable.

ii) Investment properties

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

iii) Other investment assets

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

The following table shows property name, acquisition price, book value at the end of the fiscal period, assessed value at the end of the fiscal period, return price and investment ratio related to the assets held by the Investment Corporation as of the end of the 13th fiscal period. Figures shown in the table are as of May 31, 2018 unless otherwise provided.

a. Overview of assets held (1)

(As of May 31, 2018)

Category	Property number (Note 1)	Property name	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Assessed value at end of period (Millions of yen) (Note 4)	Return price (Note 4)					Investment ratio (%) (Note 5)
						Direct capitalization method		DCF method			
						Price based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 6)	45,000	44,796	59,100	59,775	2.8	58,350	2.5	2.9	10.4
	UR-2	Tokyu Plaza Akasaka (Note 6)	11,450	11,755	15,000	15,100	4.1	14,900	4.2	4.3	2.7
	UR-3	Q plaza EBISU (Note 7)	8,430	8,269	11,300	11,400	3.3	11,200	3.5/3.4	3.5	2.0
	UR-4	Shinbashi Place (Note 8)	20,500	20,971	20,300	21,000	3.6	20,000	3.3	3.7	4.8
	UR-5	Kyoto Karasuma Parking Building	8,860	8,752	11,000	11,100	4.9	11,000	4.9	5.1	2.1
	UR-6	A-FLAG AKASAKA	3,000	3,078	3,730	3,790	3.6	3,660	3.4	3.8	0.7
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	21,330	20,847	26,800	27,200	4.0	26,400	3.8	4.2	4.9
	UR-8	A-FLAG SAPPORO	4,410	4,650	7,080	7,090	5.5	7,080	5.3	5.7	1.0
	UR-9	A-FLAG SHIBUYA	6,370	6,350	7,430	7,570	4.0	7,370	3.8	4.2	1.5
	UR-10	Q plaza SHINSAIBASHI	13,350	13,449	14,600	14,500	3.6	14,600	3.4	3.8	3.1
	UR-11	A-FLAG KOTTO DORI	4,370	4,406	4,880	4,940	3.5	4,850	3.2	3.6	1.0
	UR-12	A-FLAG BIJUTSUKAN DORI	4,700	4,713	4,760	4,860	3.6	4,650	3.4	3.8	1.1
	UR-13	A-FLAG DAIKANYAMA WEST	2,280	2,348	2,340	2,390	3.9	2,280	3.7	4.1	0.5
	UR-14	A-FLAG KITA SHINSAIBASHI	4,725	4,849	4,740	4,940	4.0	4,670	3.7	4.1	1.1
	UR-15	DECKS Tokyo Beach (Note 6)	12,740	12,907	12,887	13,083	4.0	12,642	3.8	4.2	3.0
	Subtotal	171,515	172,148	205,947	208,738	-	203,652	-	-	39.7	
Tokyo Office Properties	TO-1	TLC Ebisu Building	7,400	7,315	10,300	10,500	3.7	10,200	3.8	3.9	1.7
	TO-2	A-PLACE Ebisu Minami	9,640	9,443	13,900	14,000	3.6	13,900	3.7	3.8	2.2
	TO-3	A-PLACE Yoyogi	4,070	3,922	4,710	4,790	3.9	4,630	3.7	4.1	0.9
	TO-4	A-PLACE Aoyama	8,790	8,638	9,970	10,100	4.0	9,920	3.8	4.2	2.0
	TO-5	Luogo Shiodome	4,540	4,279	6,220	6,280	3.6	6,190	3.4	3.8	1.1
	TO-6	TAMACHI SQUARE (Land)	2,338	2,362	2,770	2,880	3.7	2,720	4.1	3.9	0.5
	TO-7	A-PLACE Ikebukuro	3,990	3,778	5,020	5,100	4.2	4,940	4.0	4.4	0.9
	TO-8	A-PLACE Shinbashi	5,650	5,712	6,670	6,790	3.9	6,540	3.7	4.1	1.3
	TO-9	A-PLACE Gotanda	5,730	5,556	6,940	7,060	3.7	6,810	3.5	3.9	1.3
	TO-10	A-PLACE Shinagawa	3,800	3,788	4,300	4,380	3.7	4,220	3.5	3.9	0.9
	TO-11	OSAKI WIZTOWER	10,690	10,761	14,600	14,600	3.5	14,600	3.1	3.5	2.5
	TO-12	Shiodome Building (Note 6)	71,600	71,280	75,600	79,450	3.4	73,850	3.2	3.6	16.6
	TO-13	A-PLACE Ebisu Higashi	7,072	7,128	7,700	7,870	3.7	7,530	3.5	3.9	1.6
	TO-14	A-PLACE Shibuya Konnoh	4,810	4,979	5,350	5,420	3.6	5,270	3.3	3.7	1.1
	TO-15	A-PLACE Gotanda Ekimae	7,280	7,549	7,690	7,810	3.8	7,560	3.5	3.9	1.7
	TO-16	A-PLACE Shinagawa Higashi	18,800	18,905	19,500	19,800	3.9	19,100	3.7	4.1	4.4
	Subtotal	176,200	175,402	201,240	206,830	-	197,980	-	-	40.8	

Category	Property number (Note 1)	Property name	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Assessed value at end of period (Millions of yen) (Note 4)	Return price (Note 4)					Investment ratio (%) (Note 5)
						Direct capitalization method		DCF method			
						Price based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
Activia Account Properties	AA-1	Amagasaki Q's MALL (Land)	12,000	12,113	13,900	14,000	4.3	13,700	4.0	4.5	2.8
	AA-2	icot Nakamozu (Note 9)	8,500	8,172	10,300	10,500	5.1	10,200	5.0 /5.1 /5.2	5.3	2.0
	AA-4	icot Mizonokuchi	2,710	2,637	3,230	3,300	5.4	3,150	5.2	5.8	0.6
	AA-5	icot Tama Center	2,840	2,664	3,890	3,900	5.1	3,880	4.7	5.3	0.7
	AA-6	A-PLACE Kanayama	6,980	6,428	8,530	8,690	5.1	8,360	4.9	5.3	1.6
	AA-7	Osaka Nakanoshima Building	11,100	11,035	14,100	14,300	4.1	13,900	3.9	4.3	2.6
	AA-8	icot Omori	5,790	5,688	6,750	6,820	4.4	6,670	4.2	4.6	1.3
	AA-9	Market Square Sagamihara	4,820	4,733	5,030	5,050	5.3	5,000	5.1	5.5	1.1
	AA-10	Umeda Gate Tower	19,000	19,498	21,300	21,900	3.7	21,100	3.4	3.8	4.4
	AA-11	A-PLACE Bashamichi	3,930	4,031	4,500	4,600	4.9	4,400	4.6	5.1	0.9
	AA-12	Commercial Mall Hakata	6,100	6,344	6,270	6,280	4.8	6,250	4.5	4.9	1.4
		Subtotal	83,770	83,348	97,800	99,340	-	96,610	-	-	19.4
	Total	431,485	430,898	504,987	514,908	-	498,242	-	-	100.0	

- (Note 1) A property number is assigned to each of assets held by the Investment Corporation, which are divided into the three categories: UR (meaning Urban Retail Properties), TO (meaning Tokyo Office Properties) and AA (meaning Activia Account Properties).
- (Note 2) Acquisition price represents trading value of beneficiary interests in trust stipulated in each beneficiary interest sales agreement in relation to the assets held (excluding consumption tax and local consumption tax, and expenses such as trading commissions, rounding down to the nearest million yen).
- (Note 3) Book value at end of period represents book value for each property less depreciation expenses as of May 31, 2018, rounding down to the nearest million yen.
- (Note 4) The appraisal of properties is commissioned to Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Valuers Co., Ltd. or JLL Morii Valuation & Advisory K.K. Assessed value at end of period and return price show value described in each real estate appraisal report with the date of value estimate of May 31, 2018.
- (Note 5) Investment ratio is calculated by dividing the acquisition price for each property by the total acquisition price (excluding consumption tax and other acquisition-related expenses). Figures are rounded to the nearest tenth.
- (Note 6) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50%, 49% and 35%, respectively).
- (Note 7) The discount rates of Q plaza EBISU represent 3.5% from the first year to the fifth year and 3.4% in and after the sixth year.
- (Note 8) As of June 1, 2018, the name of Shinbashi Place was changed to A-PLACE Shinbashi Ekimae, its property number was changed from UR-4 to TO-17, and its asset category was changed from Urban Retail Properties to Tokyo Office Properties; the same shall apply hereinafter.
- (Note 9) The discount rates of icot Nakamozu represent 5.0% from the first year to the fourth year, 5.1% from the fifth year to the ninth year and 5.2% in and after the tenth year.

b. Overview of assets held (2)

(As of May 31, 2018)

Category	Property number	Property name	Location	Date of construction (Note 1)	Number of tenants (Note 2)	Contracted rent (Annual) (Millions of yen) (Note 3)	Tenant leasehold and security deposit (Millions of yen) (Note 4)	Total leasable area (m ²) (Note 5)	Total leased area (m ²) (Note 6)	Occupancy rate (%) (Note 7)
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 8)	Shibuya, Tokyo	March 14, 2012	30	2,041	1,703	4,999.87	4,999.87	100.0
	UR-2	Tokyu Plaza Akasaka (Note 8)	Chiyoda, Tokyo	September 10, 1969	97	957	401	16,579.26	16,579.26	100.0
	UR-3	Q plaza EBISU	Shibuya, Tokyo	August 20, 2008	4	475	475	4,024.88	4,024.88	100.0
	UR-4	Shinbashi Place	Minato, Tokyo	April 25, 2008	6	(Note 9)	(Note 9)	6,484.57	6,484.57	100.0
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	July 24, 2006	2	(Note 9)	(Note 9)	21,616.04	21,616.04	100.0
	UR-6	A-FLAG AKASAKA	Minato, Tokyo	February 18, 2008	8	171	140	2,280.22	2,280.22	100.0
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	January 31, 2010	7	1,254	1,431	19,653.90	19,653.90	100.0
	UR-8	A-FLAG SAPPORO	Sapporo, Hokkaido	May 23, 1980	18	623	132	21,229.16	21,229.16	100.0
	UR-9	A-FLAG SHIBUYA	Shibuya, Tokyo	June 29, 1988	2	393	323	3,413.80	3,413.80	100.0
	UR-10	Q plaza SHINSAIBASHI	Osaka, Osaka	November 16, 2007	5	645	420	2,820.23	2,493.99	88.4
	UR-11	A-FLAG KOTTO DORI	Minato, Tokyo	January 22, 1992	7	204	140	2,656.53	2,656.53	100.0
	UR-12	A-FLAG BIJUTSUKAN DORI	Minato, Tokyo	December 1, 1998	3	231	296	2,055.97	2,055.97	100.0
	UR-13	A-FLAG DAIKANYAMA WEST	Shibuya, Tokyo	April 21, 1992	1	(Note 9)	(Note 9)	2,579.08	2,579.08	100.0
	UR-14	A-FLAG KITA SHINSAIBASHI	Osaka, Osaka	March 25, 2008	5	201	125	2,536.75	2,536.75	100.0
	UR-15	DECKS Tokyo Beach (Note 8)	Minato, Tokyo	June 20, 1996	86	658	501	16,112.00	16,112.00	100.0
Subtotal				-	281	-	-	129,042.26	128,716.02	99.7

Category	Property number	Property name	Location	Date of construction (Note 1)	Number of tenants (Note 2)	Contracted rent (Annual) (Millions of yen) (Note 3)	Tenant leasehold and security deposit (Millions of yen) (Note 4)	Total leasable area (m ²) (Note 5)	Total leased area (m ²) (Note 6)	Occupancy rate (%) (Note 7)
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	March 5, 1993	12	583	480	7,342.60	7,342.60	100.0
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	January 31, 1995	11	710	586	7,950.49	7,950.49	100.0
	TO-3	A-PLACE Yoyogi	Shibuya, Tokyo	February 22, 2007	4	237	212	3,106.17	3,106.17	100.0
	TO-4	A-PLACE Aoyama	Minato, Tokyo	September 6, 1966	8	540	506	7,303.69	7,303.69	100.0
	TO-5	Luogo Shiodome	Minato, Tokyo	July 30, 2004	7	330	291	4,476.35	4,476.35	100.0
	TO-6	TAMACHI SQUARE (Land)	Minato, Tokyo	–	1	125	–	1,287.96	1,287.96	100.0
	TO-7	A-PLACE Ikebukuro	Toshima, Tokyo	October 13, 2011	1	(Note 9)	(Note 9)	3,409.73	3,409.73	100.0
	TO-8	A-PLACE Shinbashi	Minato, Tokyo	March 4, 1999	10	364	308	5,052.14	5,052.14	100.0
	TO-9	A-PLACE Gotanda	Shinagawa, Tokyo	February 27, 2012	11	336	301	4,028.69	4,028.69	100.0
	TO-10	A-PLACE Shinagawa	Minato, Tokyo	September 20, 1991	7	210	192	2,986.36	2,986.36	100.0
	TO-11	OSAKI WIZTOWER	Shinagawa, Tokyo	January 10, 2014	5	648	648	7,193.28	7,193.28	100.0
	TO-12	Shiodome Building (Note 8)	Minato, Tokyo	December 14, 2007	38	3,210	2,634	28,136.05	28,096.11	99.9
	TO-13	A-PLACE Ebisu Higashi	Shibuya, Tokyo	January 10, 1992	8	325	228	4,010.69	4,010.69	100.0
	TO-14	A-PLACE Shibuya Konnoh	Shibuya, Tokyo	March 18, 1992	4	(Note 9)	(Note 9)	2,995.72	2,995.72	100.0
	TO-15	A-PLACE Gotanda Ekimae	Shinagawa, Tokyo	November 30, 1993	10	332	286	4,316.89	4,316.89	100.0
	TO-16	A-PLACE Shinagawa Higashi	Minato, Tokyo	August 31, 1985 (main building) September 13, 1999 (annex)	9	902	807	14,658.98	14,658.98	100.0
	Subtotal			–	146	–	–	108,255.79	108,215.85	100.0
Activia Account Properties	AA-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	–	1	707	341	27,465.44	27,465.44	100.0
	AA-2	icot Nakamozu	Sakai, Osaka	June 27, 2007	2	619	430	28,098.02	28,098.02	100.0
	AA-4	icot Mizonokuchi	Kawasaki, Kanagawa	July 15, 1998	1	(Note 9)	100	14,032.05	14,032.05	100.0
	AA-5	icot Tama Center	Tama, Tokyo	March 7, 2006	9	239	237	5,181.58	5,181.58	100.0
	AA-6	A-PLACE Kanayama	Nagoya, Aichi	February 10, 2009	20	504	399	9,314.91	9,314.91	100.0
	AA-7	Osaka Nakanoshima Building	Osaka, Osaka	March 5, 1984	40	936	671	20,229.20	19,912.81	98.4
	AA-8	icot Omori	Ota, Tokyo	March 6, 2007	9	384	364	6,209.79 (Note 10)	6,209.79 (Note 10)	100.0
	AA-9	Market Square Sagamihara	Sagamihara, Kanagawa	June 13, 2014	3	(Note 9)	(Note 9)	15,152.42	15,152.42	100.0
	AA-10	Umeda Gate Tower	Osaka, Osaka	January 15, 2010	13	827	551	13,624.49	13,624.49	100.0
	AA-11	A-PLACE Bashamichi	Yokohama, Kanagawa	May 31, 1975	33	321	201	9,775.50	9,775.50	100.0
	AA-12	Commercial Mall Hakata	Fukuoka, Fukuoka	November 3, 2005	18	342	161	9,612.88	9,327.53	97.0
		Subtotal			–	149	–	–	158,696.28	158,094.54
	Total			–	576	–	–	395,994.33	395,026.41	99.8

- (Note 1) Date of construction of the main building, as described in the property registry. For properties with several main buildings, the construction date of the oldest building is listed. The construction date is omitted in case of acquisition of land only (Land represents the part of site on which the building is established under a land lease right; the same shall apply hereinafter). However, for A-PLACE Shinbashi and A-FLAG SHIBUYA, the date of inspection confirming completion of construction written on the certificate of inspection is provided.
- (Note 2) At each property, the number of tenants is equal to the aggregate number of tenants as of May 31, 2018 described in the lease agreements in relation to buildings, except that for properties with master lease agreements, the total number of end-tenants is listed. For properties for which we acquire only land, the total number of tenants of the land is listed.
- (Note 3) The contracted rent (annual) for each property other than properties for which we acquire only land is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms which were occupied by tenants as of May 31, 2018), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of May 31, 2018, as indicated in the lease agreements in relation to buildings as of May 31, 2018 by 12 (for where multiple lease agreements are concluded in relation to buildings, the aggregate anticipated monthly rent for all lease agreements) (excluding consumption tax) and rounding to the nearest million yen. For properties for which we acquire only land, it is calculated as the annual contracted rent (excluding consumption tax) as indicated in the lease agreement for such land as of May 31, 2018, rounding to the nearest million yen. For properties with master lease agreements, the annual contracted rent is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms; including common service fees and excluding usage fees for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of May 31, 2018), as indicated in the relevant sublease agreement with end-tenants by 12.
- (Note 4) The tenant leasehold and security deposit is calculated as the total amount on the lease agreement for each property as of May 31, 2018 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of May 31, 2018), rounding to the nearest million yen. For properties with master lease agreements, the tenant leasehold and security deposit is calculated as the total amount required based on the sublease agreements with end-tenants, rounding to the nearest million yen.
- (Note 5) The total leasable area represents the total of gross floor area considered to be leasable based on the lease agreements for building or floor plans as of May 31, 2018 of each property other than properties of which we acquire only land, and gross land area considered to be leasable based on the lease agreement for land or land plans as of May 31, 2018 of each property of which we acquire only land.
- (Note 6) The total leased area is equal to the total of leased area presented in each lease agreement for properties held as of May 31, 2018. For properties with master lease agreements, counted is the total of the area of properties for which sublease agreements are concluded with end-tenants and that are actually subleased.
- (Note 7) The occupancy rate is calculated by dividing total leased area for each property by the total leasable area as of May 31, 2018, rounding to the nearest tenth. The subtotal and total are calculated by dividing aggregate leased area by aggregate leasable area, rounding to the nearest tenth.
- (Note 8) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50%, 49% and 35%, respectively). However, the numbers of tenants provided are the numbers for each whole building.
- (Note 9) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.
- (Note 10) The calculation of total leasable area and total leased area for icot Omori includes part of an external bicycle parking lot (approximately 21 m²) and part of a common area on the second floor (approximately 28 m²).
- (Note 11) For lease agreements with end-tenants that have been asked to be terminated or cancelled, or for which the rent has not been paid, number of tenants, contracted rent (annual), tenant leasehold and security deposit, total leased area and occupancy rate are shown in the above table if these agreements continued as of May 31, 2018, assuming that the lease agreements with the end-tenants remained effective; the same shall apply hereinafter.

(B) Capital expenditure for assets under management

a. Scheduled capital expenditure

The following table shows major estimated capital expenditure for renovation work, etc. that the Investment Corporation plans to conduct for assets held in the 13th fiscal period as of May 31, 2018. The estimated construction cost below includes the portion expensed for accounting purposes.

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (Millions of yen)		
			Total amount	Payment for the period	Total amount paid
A-FLAG SAPPORO (Sapporo, Hokkaido)	Conversion of air conditioning units of large banquet hall systems into gas-heat-pump (GHP) air-conditioning systems	From September 2018 to November 2018	63	–	–
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Construction to extend women's restroom and relocate nursing room	From October 2018 to November 2018	31 (Note)	–	–
A-FLAG BIJUTSUKAN DORI (Shibuya, Tokyo)	Construction to repartition store areas	From October 2018 to November 2018	30	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of halon fire extinguishing system control panel	From October 2018 to November 2018	24	–	–
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Construction to upgrade plumbing	From July 2018 to November 2018	22 (Note)	–	–
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of air-cooled air conditioning units (First period)	From July 2018 to July 2018	21	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units and fan coil units	From October 2018 to November 2018	17	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of heater units	From October 2018 to November 2018	16	–	–
A-FLAG SHIBUYA (Shibuya, Tokyo)	Maintenance of total heat exchangers	From October 2018 to November 2018	16	–	–
Kobe Kyu Kyoryuchi 25Bankan (Kobe, Hyogo)	Renovation of multilevel car park system	From October 2018 to November 2018	14	–	–
Shiodome Building (Minato, Tokyo)	Replacement of humidifying element	From July 2018 to July 2018	14 (Note)	–	–
TLC Ebisu Building (Shibuya, Tokyo)	Replacement of disaster prevention control panels	From July 2018 to July 2018	12	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Extension of chilled water coil for restaurant air conditioning	From May 2018 to June 2018	12	–	–

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)	Protective maintenance of water-cooled air conditioning units	From July 2018 to July 2018	10	–	–
TLC Ebisu Building (Shibuya, Tokyo)	Maintenance of electric generator	From July 2018 to July 2018	10	–	–

(Note) The shown estimated construction cost with regard to Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Shiodome Building is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests of real estate trust beneficiary (75%, 50% and 35%, respectively).

b. Capital expenditure during the fiscal period

For assets held by the Investment Corporation in the 13th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended May 31, 2018 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended May 31, 2018 amounted to ¥1,077 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended May 31, 2018 came to ¥235 million. On aggregate, construction work of ¥1,313 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (Millions of yen)
Shinbashi Place (Minato, Tokyo)	Office construction	From January 2018 to May 2018	724
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of customer elevators	From November 2017 to May 2018	59
Osaka Nakanoshima Building (Osaka, Osaka)	Repair and replacement of substation equipment (Third period)	From February 2018 to February 2018	30
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of new annex guest room systems	From February 2018 to February 2018	21
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of total heat exchangers in new annex	From May 2018 to May 2018	18
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of heater units in parking lot systems	From April 2018 to April 2018	17
A-FLAG DAIKANYAMA WEST (Shibuya, Tokyo)	Replacement of automatic fire alarm equipment	From January 2018 to May 2018	17
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of boiler room heater units	From April 2018 to April 2018	15
DECKS Tokyo Beach (Minato, Tokyo)	Refurbishing of Odaiba Takoyaki Museum	From January 2018 to March 2018	15 (Note)
Osaka Nakanoshima Building (Osaka, Osaka)	Exchange of electrical switchboards (Second period)	From February 2018 to February 2018	13
A-PLACE Shibuya Konoh (Shibuya, Tokyo)	Installation of air conditioning units in common area	From May 2018 to May 2018	10
Other			133
Total			1,077

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

(C) Information concerning major tenants

a. Summary of major tenants

For assets held in the 13th fiscal period, the table below shows tenants whose leased area accounts for 10% or more of the total leased area in the entire portfolio (major tenants) based on the data as of May 31, 2018. The forms of agreements with the tenants in the table are ordinary lease agreements.

As for certain assets held, the Investment Corporation has entered into lease agreements (master lease agreements) with Tokyu Community Corp. and Tokyu Land SC Management Corporation with the objective of allowing them to be master lease companies and sublease the leased assets to end-tenants. The table below shows information on the major tenants with master lease agreements based on the data as of May 31, 2018. Rents received by the Investment Corporation from the master lease companies are equal to the rents received by these companies from sublessees (end-tenants) (pass-through master lease), and such rents are not guaranteed.

Tenant	Business	Property name	Leased area (m ²) (Note 1)	Contracted rent (Annual) (Millions of yen) (Note 2)	Tenant leasehold and security deposit (Millions of yen) (Note 3)	Expiration date (Note 4)
Tokyu Community Corp.	Real Estate Management	Shinbashi Place (Note 5)	6,484.57	(Note 6)	(Note 6)	May 31, 2028
		A-FLAG KOTTO DORI	2,656.53	204	140	December 31, 2026
		TLC Ebisu Building	7,342.60	583	480	May 31, 2025
		A-PLACE Ebisu Minami	7,950.49	710	586	May 31, 2025
		A-PLACE Yoyogi	3,106.17	237	212	May 31, 2025
		A-PLACE Aoyama	7,303.69	540	506	May 31, 2025
		Luogo Shiodome	4,476.35	330	291	May 31, 2025
		A-PLACE Ikebukuro	3,409.73	(Note 6)	(Note 6)	May 31, 2025
		A-PLACE Shinbashi	5,052.14	364	308	May 31, 2025
		A-PLACE Gotanda	4,028.69	336	301	May 31, 2025
		A-PLACE Shinagawa	2,986.36	210	192	May 31, 2025
		OSAKI WIZTOWER	7,193.28	648	648	May 31, 2025
		A-PLACE Ebisu Higashi	4,010.69	325	228	May 31, 2025
		A-PLACE Shibuya Konnoh	2,995.72	(Note 6)	(Note 6)	September 30, 2025
		A-PLACE Gotanda Ekimae	4,316.89	332	286	June 30, 2026
		A-PLACE Shinagawa Higashi	14,658.98	902	807	March 31, 2027
		A-PLACE Kanayama	9,314.91	504	399	May 31, 2025
		Osaka Nakanoshima Building	19,912.81	936	671	November 30, 2024
		Umeda Gate Tower (Note 7)	13,624.49	827	551	April 30, 2028
		A-PLACE Bashamichi	9,775.50	321	201	October 31, 2026
		Commercial Mall Hakata	9,327.53	342	161	March 31, 2027
		Total	149,928.12	—	—	—

Tenant	Business	Property name	Leased area (m ²) (Note 1)	Contracted rent (Annual) (Millions of yen) (Note 2)	Tenant leasehold and security deposit (Millions of yen) (Note 3)	Expiration date (Note 4)
Tokyu Land SC Management Corporation	Real Estate Management	Q plaza EBISU	4,024.88	475	475	June 30, 2022
		Kyoto Karasuma Parking Building	21,616.04	(Note 6)	(Note 6)	November 30, 2024
		A-FLAG AKASAKA	2,280.22	171	140	August 31, 2023
		Kobe Kyu Kyoryuchi 25Bankan	19,653.90	1,254	1,431	August 31, 2023
		A-FLAG SAPPORO	21,229.16	623	132	December 31, 2023
		A-FLAG SHIBUYA	3,413.80	393	323	December 31, 2023
		Q plaza SHINSAIBASHI	2,493.99	645	420	December 31, 2025
		A-FLAG BIJUTSUKAN DORI	2,055.97	231	296	December 31, 2026
		A-FLAG DAIKANYAMA WEST	2,579.08	(Note 6)	(Note 6)	December 31, 2026
		A-FLAG KITA SHINSAIBASHI	2,536.75	201	125	June 30, 2027
		DECKS Tokyo Beach (Note 8)	16,112.00	658	501	January 31, 2028
		icot Nakamozu	28,098.02	619	430	June 30, 2022
		icot Mizonokuchi	14,032.05	(Note 6)	100	June 30, 2022
		icot Tama Center	5,181.58	239	237	November 30, 2024
		icot Omori	6,209.79	384	364	December 31, 2023
		Market Square Sagamihara	15,152.42	(Note 6)	(Note 6)	January 31, 2025
			Total	166,669.65	-	-

(Note 1) The leased area is the leased area to end-tenants in respect to the leased area provided in the master lease agreement as of May 31, 2018 where the tenant is the master lease company and sublessor, rounding to the nearest hundredth.

(Note 2) Under master lease contracts concluded with tenants, for properties of which the master lease rent payable by the tenant equals to the rent payable by the end-tenant to the tenant, the contracted rent (annual) for each property is calculated by multiplying the monthly rent (limited to rooms which were occupied by tenants as of May 31, 2018), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of May 31, 2018, as indicated in the sublease agreement concluded with the end-tenant as of May 31, 2018 by 12, rounding to the nearest million yen.

(Note 3) The tenant leasehold and security deposit is calculated as the total amount on the sublease agreement with the end-tenant as of May 31, 2018 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of May 31, 2018), rounding to the nearest million yen, where the tenant is the master lease company and sublessor.

(Note 4) The expiration date is the date provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement. Concerning the method of renewing the master lease agreement entered into with the above-mentioned major tenant who is the master lease company, assuming that the lessor or lessee has not expressed in writing their intention to refuse renewal at a time that is at least three full months before the expiry of the lease agreement, the agreement shall be renewed for a further two years under the same conditions, and the same will apply thereafter.

(Note 5) As of May 15, 2018, the master lease company of this property has changed from Tokyu Land SC Management Corporation to Tokyu Community Corp.

(Note 6) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.

(Note 7) As of May 1, 2018, the master lease company of this property has changed from Marubeni Real Estate Management Co., Ltd. to Tokyu Community Corp.

(Note 8) As for DECKS Tokyo Beach, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (49%).

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

For assets held by the Investment Corporation, the following table shows end-tenants ranked in the top 10 in terms of total leased area in the entire portfolio as of May 31, 2018.

End-tenants	Property name	Total leased area (m ²) (Note 1)	Lease expiration date	Form of agreement (Note 2)
Tokyu Hotels Co., Ltd.	Tokyu Plaza Akasaka A-FLAG SAPPORO	30,182.69	October 31, 2021	Fixed-term building lease agreement
Sumitomo Mitsui Trust Bank, Limited (Note 3)	TAMACHI SQUARE (Land) Amagasaki Q's MALL (Land)	28,753.40 (Note 4)	May 31, 2074 January 31, 2042	Ordinary leasehold land agreement Fixed-term business-use lease agreement
Kohnan Shoji Co., Ltd.	icot Nakamozu	26,529.03	July 11, 2027	Fixed-term building lease agreement
Times24 Co., Ltd.	Kyoto Karasuma Parking Building	21,224.14	–	Fixed-term building lease agreement
Plan'Do·See Inc.	Kobe Kyu Kyoryuchi 25Bankan	14,195.42	–	–
Room's-Taishodo	icot Mizonokuchi	14,032.05	July 24, 2018 (Note 5)	Ordinary building lease agreement
K'S HOLDINGS CORPORATION	Market Square Sagamihara	11,863.92	June 30, 2034	Fixed-term building lease agreement
NTT Communications Corporation	Shiodome Building	10,336.62	–	–
YANMAR Co., Ltd.	Umeda Gate Tower	8,745.40 (Note 6)	–	–
Swing Corporation	A-PLACE Shinagawa Higashi	6,100.88	April 30, 2020	Ordinary building lease agreement

(Note 1) The total leased area is equal to the total leased area in each property under the lease agreement with the end-tenant as of May 31, 2018. As for Tokyu Plaza Akasaka and Shiodome Building, the figure is based on the amount in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) as of May 31, 2018 (50% and 35%, respectively).

(Note 2) The form of agreement is equal to the form of agreement described in the lease agreement with the end-tenants as of May 31, 2018.

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

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

(Note 5) The fixed-term building lease agreement with an expiration date of July 24, 2023, has been newly concluded.

(Note 6) The lease agreement for a portion of land (875 m²) ended on June 30, 2018, but there is no change in the order of properties listed by leased area.

(Note 7) Since we have not obtained permission from the tenant of the properties to release the information, the information missing from this table is not disclosed.

(D) Overview of lease and profit and loss

13th fiscal period (From December 1, 2017 to May 31, 2018)

(Unit: Thousands of yen)

Property number	UR-1	UR-2	UR-3	UR-4	UR-5
Property name	Tokyu Plaza Omotesando Harajuku (Note 1)	Tokyu Plaza Akasaka (Note 1)	Q plaza EBISU	Shinbashi Place	Kyoto Karasuma Parking Building
Number of business days in the 13th fiscal period	182	182	182	182	182
a. Real estate leasing business revenues	1,084,967	612,945	267,995	(Note 2)	(Note 2)
Lease business revenue	1,035,914	511,127	237,694	(Note 2)	(Note 2)
Other lease business revenue	49,053	101,817	30,300	(Note 2)	(Note 2)
b. Expenses related to rent business	246,032	241,218	59,758	97,949	35,920
Management operation expenses	90,654	79,424	16,244	41,854	3,707
Utilities expenses	27,012	70,233	25,272	–	–
Tax and public dues	55,207	65,844	8,384	32,189	31,129
Insurance	190	409	75	155	158
Repair and maintenance expenses	3,607	18,586	710	22,788	28
Other expenses related to rent business	69,360	6,719	9,071	961	896
c. NOI (a – b)	838,935	371,726	208,237	(Note 2)	(Note 2)
d. Depreciation, etc. (Note 3)	50,843	38,777	18,539	35,830	15,810
Profit (loss) from rent business (c – d)	788,091	332,949	189,698	(Note 2)	(Note 2)

(Unit: Thousands of yen)

Property number	UR-6	UR-7	UR-8	UR-9	UR-10
Property name	A-FLAG AKASAKA	Kobe Kyu Kyoryuchi 25Bankan	A-FLAG SAPPORO	A-FLAG SHIBUYA	Q plaza SHINSAIBASHI
Number of business days in the 13th fiscal period	182	182	182	182	182
a. Real estate leasing business revenues	103,491	809,232	443,146	205,369	283,883
Lease business revenue	87,803	743,600	369,946	197,027	272,999
Other lease business revenue	15,688	65,632	73,200	8,341	10,884
b. Expenses related to rent business	32,526	197,918	239,762	31,894	88,469
Management operation expenses	8,232	83,984	107,938	11,794	54,804
Utilities expenses	12,417	56,862	79,002	7,017	10,832
Tax and public dues	7,220	46,126	24,476	10,389	13,176
Insurance	36	616	591	53	64
Repair and maintenance expenses	2,520	7,178	20,179	650	3,714
Other expenses related to rent business	2,100	3,151	7,573	1,988	5,878
c. NOI (a – b)	70,965	611,313	203,384	173,475	195,413
d. Depreciation, etc. (Note 3)	8,019	120,251	57,122	7,749	15,357
Profit (loss) from rent business (c – d)	62,945	491,061	146,261	165,725	180,056

(Unit: Thousands of yen)

Property number	UR-11	UR-12	UR-13	UR-14	UR-15
Property name	A-FLAG KOTTO DORI	A-FLAG BIJUTSUKAN DORI	A-FLAG DAIKANYAMA WEST	A-FLAG KITA SHINSAIBASHI	DECKS Tokyo Beach (Note 1, 4)
Number of business days in the 13th fiscal period	182	182	182	182	147
a. Real estate leasing business revenues	107,664	123,823	(Note 2)	108,407	462,110
Lease business revenue	102,816	115,591	(Note 2)	99,508	367,446
Other lease business revenue	4,847	8,231	(Note 2)	8,898	94,664
b. Expenses related to rent business	39,889	34,683	20,573	18,753	221,983
Management operation expenses	8,836	3,940	12,086	5,680	95,962
Utilities expenses	5,578	7,572	300	8,815	82,800
Tax and public dues	12,375	2,268	324	–	268
Insurance	72	36	58	70	488
Repair and maintenance expenses	10,656	3,345	5,632	1,766	11,468
Other expenses related to rent business	2,369	17,520	2,171	2,420	30,996
c. NOI (a – b)	67,774	89,139	(Note 2)	89,653	240,127
d. Depreciation, etc. (Note 3)	4,838	6,449	1,637	4,557	17,872
Profit (loss) from rent business (c – d)	62,936	82,690	(Note 2)	85,096	222,255

(Unit: Thousands of yen)

Property number	TO-1	TO-2	TO-3	TO-4	TO-5
Property name	TLC Ebisu Building	A-PLACE Ebisu Minami	A-PLACE Yoyogi	A-PLACE Aoyama	Luogo Shiodome
Number of business days in the 13th fiscal period	182	182	182	182	182
a. Real estate leasing business revenues	317,889	368,362	127,209	293,177	174,419
Lease business revenue	296,055	355,346	121,266	276,945	163,796
Other lease business revenue	21,834	13,016	5,942	16,232	10,622
b. Expenses related to rent business	77,246	95,042	31,594	66,416	46,066
Management operation expenses	25,026	28,243	10,576	18,950	12,831
Utilities expenses	19,620	19,123	8,231	18,869	11,579
Tax and public dues	16,893	30,854	9,942	20,337	17,979
Insurance	192	245	83	180	157
Repair and maintenance expenses	5,135	13,573	1,836	4,035	1,938
Other expenses related to rent business	10,377	3,001	923	4,042	1,580
c. NOI (a – b)	240,642	273,319	95,615	226,761	128,352
d. Depreciation, etc. (Note 3)	41,426	33,443	15,429	23,059	27,633
Profit (loss) from rent business (c – d)	199,216	239,875	80,185	203,702	100,719

(Unit: Thousands of yen)

Property number	TO-6	TO-7	TO-8	TO-9	TO-10
Property name	TAMACHI SQUARE (Land)	A-PLACE Ikebukuro	A-PLACE Shinbashi	A-PLACE Gotanda	A-PLACE Shinagawa
Number of business days in the 13th fiscal period	182	182	182	182	182
a. Real estate leasing business revenues	62,502	(Note 2)	197,854	175,695	114,560
Lease business revenue	62,502	(Note 2)	184,377	167,227	108,320
Other lease business revenue	–	(Note 2)	13,476	8,468	6,240
b. Expenses related to rent business	8,192	34,422	53,994	40,594	28,782
Management operation expenses	–	10,290	17,139	12,332	9,263
Utilities expenses	–	8,801	12,240	8,907	6,031
Tax and public dues	7,939	10,341	14,883	14,241	10,580
Insurance	–	83	132	106	71
Repair and maintenance expenses	–	371	4,453	127	1,386
Other expenses related to rent business	252	4,533	5,146	4,878	1,449
c. NOI (a – b)	54,309	(Note 2)	143,860	135,100	85,777
d. Depreciation, etc. (Note 3)	–	20,682	22,729	26,844	8,583
Profit (loss) from rent business (c – d)	54,309	(Note 2)	121,130	108,256	77,194

(Unit: Thousands of yen)

Property number	TO-11	TO-12	TO-13	TO-14	TO-15
Property name	OSAKI WIZTOWER	Shiodome Building (Note 1)	A-PLACE Ebisu Higashi	A-PLACE Shibuya Konnoh	A-PLACE Gotanda Ekimae
Number of business days in the 13th fiscal period	182	182	182	182	182
a. Real estate leasing business revenues	334,774	1,499,557	179,638	(Note 2)	180,302
Lease business revenue	323,805	1,425,707	162,656	(Note 2)	172,121
Other lease business revenue	10,968	73,849	16,981	(Note 2)	8,180
b. Expenses related to rent business	90,770	345,998	56,244	35,852	51,474
Management operation expenses	57,994	104,406	17,906	16,349	13,765
Utilities expenses	8,693	77,237	8,011	5,699	11,005
Tax and public dues	22,171	111,219	13,485	9,334	17,488
Insurance	302	911	100	76	116
Repair and maintenance expenses	–	25,490	14,585	2,508	3,397
Other expenses related to rent business	1,607	26,733	2,156	1,884	5,701
c. NOI (a – b)	244,003	1,153,558	123,393	(Note 2)	128,827
d. Depreciation, etc. (Note 3)	48,275	148,067	23,624	12,581	13,043
Profit (loss) from rent business (c – d)	195,728	1,005,491	99,768	(Note 2)	115,783

(Unit: Thousands of yen)

Property number	TO-16	AA-1	AA-2	AA-4	AA-5
Property name	A-PLACE Shinagawa Higashi	Amagasaki Q's MALL (Land)	icot Nakamozu	icot Mizonokuchi	icot Tama Center
Number of business days in the 13th fiscal period	182	182	182	182	182
a. Real estate leasing business revenues	492,138	353,283	310,526	(Note 2)	147,533
Lease business revenue	454,640	353,283	310,496	(Note 2)	135,589
Other lease business revenue	37,498	–	30	(Note 2)	11,943
b. Expenses related to rent business	97,482	52,911	39,659	13,005	47,461
Management operation expenses	45,578	–	5,641	2,261	18,180
Utilities expenses	34,450	–	30	–	12,918
Tax and public dues	1,399	52,658	30,713	9,873	11,773
Insurance	460	–	234	100	144
Repair and maintenance expenses	10,446	–	1,999	–	2,955
Other expenses related to rent business	5,146	252	1,041	770	1,487
c. NOI (a – b)	394,656	300,372	270,866	(Note 2)	100,071
d. Depreciation, etc. (Note 3)	30,145	–	34,625	8,464	18,812
Profit (loss) from rent business (c – d)	364,510	300,372	236,240	(Note 2)	81,259

(Unit: Thousands of yen)

Property number	AA-6	AA-7	AA-8	AA-9	AA-10
Property name	A-PLACE Kanayama	Osaka Nakanoshima Building	icot Omori	Market Square Sagamihara	Umeda Gate Tower
Number of business days in the 13th fiscal period	182	182	182	182	182
a. Real estate leasing business revenues	285,836	525,384	233,962	(Note 2)	449,487
Lease business revenue	265,376	501,032	200,633	(Note 2)	418,923
Other lease business revenue	20,460	24,352	33,328	(Note 2)	30,563
b. Expenses related to rent business	75,550	170,795	59,996	35,831	99,121
Management operation expenses	23,797	55,067	9,144	16,057	33,603
Utilities expenses	21,962	41,809	33,840	4,860	26,675
Tax and public dues	25,054	50,359	12,560	13,934	33,741
Insurance	251	745	93	132	363
Repair and maintenance expenses	2,289	14,525	3,564	–	174
Other expenses related to rent business	2,195	8,287	793	847	4,563
c. NOI (a – b)	210,285	354,589	173,965	(Note 2)	350,365
d. Depreciation, etc. (Note 3)	51,991	70,402	17,159	23,941	69,237
Profit (loss) from rent business (c – d)	158,294	284,186	156,806	(Note 2)	281,128

(Unit: Thousands of yen)

Property number	AA-11	AA-12
Property name	A-PLACE Bashamichi	Commercial Mall Hakata (Note 4)
Number of business days in the 13th fiscal period	182	147
a. Real estate leasing business revenues	185,701	168,957
Lease business revenue	169,211	140,593
Other lease business revenue	16,489	28,364
b. Expenses related to rent business	61,287	48,297
Management operation expenses	18,609	16,911
Utilities expenses	19,632	22,907
Tax and public dues	16,395	–
Insurance	291	140
Repair and maintenance expenses	3,175	5,054
Other expenses related to rent business	3,182	3,283
c. NOI (a – b)	124,413	120,660
d. Depreciation, etc. (Note 3)	28,713	12,230
Profit (loss) from rent business (c – d)	95,699	108,429

(Note 1) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50%, 49% and 35%, respectively).

(Note 2) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.

(Note 3) “Depreciation, etc.” includes loss on retirement of non-current assets.

(Note 4) DECKS Tokyo Beach and Commercial Mall Hakata were acquired on January 5, 2018. Therefore, figures after the acquisition date are presented.