



Activia

18th

Semi-Annual Report
for the Period ended November 30, 2020
(18th Period)

From June 1, 2020 to November 30, 2020



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

Basic Policy of Activia Properties Inc.

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

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Cash Distributions (Actual)	
The Period ended November 2020 (18th Period)	
Cash distributions per unit	¥9,547

Cash Distributions (Forecasts)	
The Period ending May 2021 (19th Period)	
Cash distributions per unit	¥9,280
The Period ending November 2021 (20th Period)	
Cash distributions per unit	¥9,300

Financial Highlights

	Period ended May 31, 2020 (17th Period)	Period ended November 30, 2020 (18th Period)
Operating revenue	¥14,984mn	¥15,073mn
Operating profit	¥ 8,206mn	¥8,228mn
Ordinary profit	¥7,333mn	¥7,363mn
Profit	¥7,332mn	¥7,363mn
Total assets	¥525,686mn	¥525,378mn
Net assets	¥255,700mn	¥255,705mn
Unitholders' equity to total assets (%)	48.6%	48.7%
Net assets per unit (yen) ^(Note)	¥331,551	¥331,558

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

We Aim to Return to a Growth Trajectory at an Early Stage and to Enhance Unitholder Value



Kazushi Sato
Executive Director
Activia Properties Inc.

Thank you very much for your continued support for Activia Properties Inc (“API”).

Before explaining the financial results, we pray for the earliest possible recovery of those affected by the novel coronavirus (COVID-19) and extend our deepest respect to the medical professionals involved in the treatment.

Recently we have closed all accounts for the 18th period from June 1, 2020 to November 30, 2020. We owe this achievement to your understanding and continuous support for which we wish to extend our deep appreciation.

The Japanese economy in the fiscal period under review showed trends of recovery in personal consumption, exports and production despite the prevailing difficult environment caused by the sharp economic decline due to COVID-19. The outlook is currently uncertain due to the record number of new COVID-19 infections, among other factors.

The J-REIT market also remains firm, although there is uncertainty in the economy due to the pandemic. As the investment corporations disclosed their solid financial results, concerns which were excessively factored into the market environment started to be reduced.

Under these circumstances, API has continually achieved rent increases for lease contract renewals in Tokyo Office Properties, backed by the strong rent gap. Close attention will be given to market trends though, such as increased vacancy rates.

The Urban Retail Properties, on the other hand, are being affected by this pandemic while there are signs of a recovery since June 2020. How to respond quickly and appropriately to this unprecedented event is now important for further operations, while paying close attention to market trends. We believe that the superiority of the location and quality that our assets

have will not decrease, and we will make a continuous effort in our operations with the aim to further capitalize on the upside, while looking ahead to the post-COVID-19 period.

The overall occupancy rate of our portfolio at the end of the period under review was 98.9%, and we have successfully maintained a high rate.

As a result of the above-mentioned management, operating revenue, operating profit, and profit were ¥15,073 million, ¥8,228 million and ¥7,363 million, respectively, for the period ended November 2020. Distributions per investment unit were ¥9,547.

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

API has promoted a wide range of initiatives to reduce the environmental impact and to contribute to our environment and local community. Amid the spread of COVID-19, we have flexibly responded to relief requests from tenants significantly affected by the pandemic, such as temporary rent reductions. And we have actively and rapidly disseminated and disclosed information related to our operation, in order to strengthen relationships with our unitholders.

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

For the 19th period ending May 2021 and onwards, we will strive to return to a growth trajectory at an early stage by various measures, including a focus on future opportunities, while prioritizing ways to maximize our unitholders’ returns.

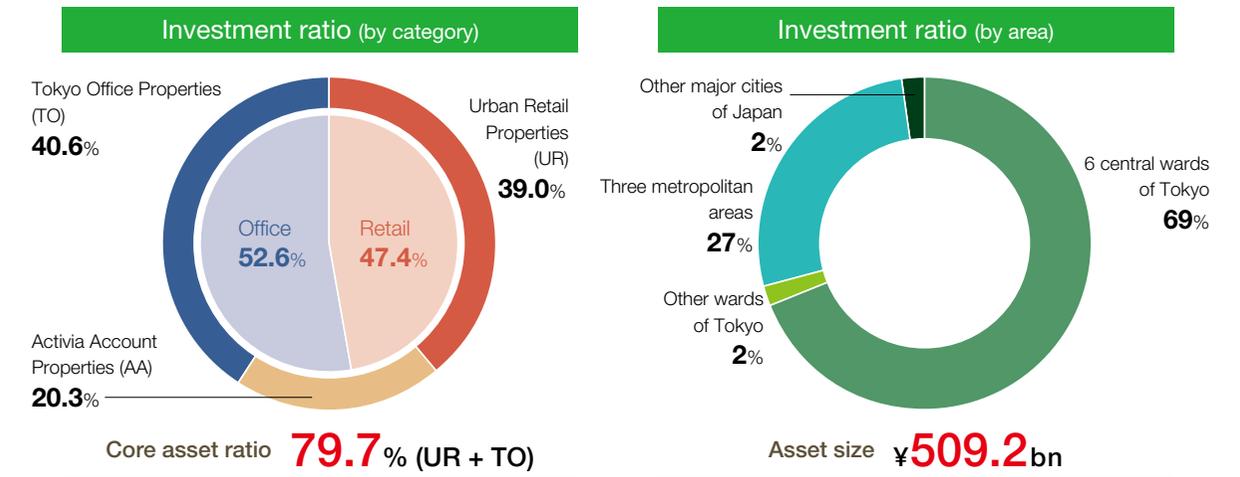
We would be most grateful for your continued support and encouragement. Thank you.

API’s Strengths

1. Portfolio Composition Policy

- We intend to maintain a competitive portfolio in the medium to long term by investing primarily in Urban Retail Properties and Tokyo Office Properties upon careful consideration of location as the most important factor, followed by other factors such as size, quality, specifications and suitability of tenants.

 Urban Retail Properties Urban retail properties that are easily recognized and located either near major train stations or popular areas in Tokyo, government-designated major cities within Japan’s three major metropolitan areas and other major cities in Japan Target investment ratio (based on acquisition price) 70% or more	 Tokyo Office Properties Office properties within the 23 wards of Tokyo in areas with a high concentration of offices and located near major train stations Target investment ratio (based on acquisition price) 30% or less	 Activia Account Properties To enhance the stability and profitability of our portfolio, we rigorously select commercial facilities other than Urban Retail Properties and office building other than Tokyo Office Properties, assessing the attributes and competitiveness of each property Target investment ratio (based on acquisition price) 30% or less
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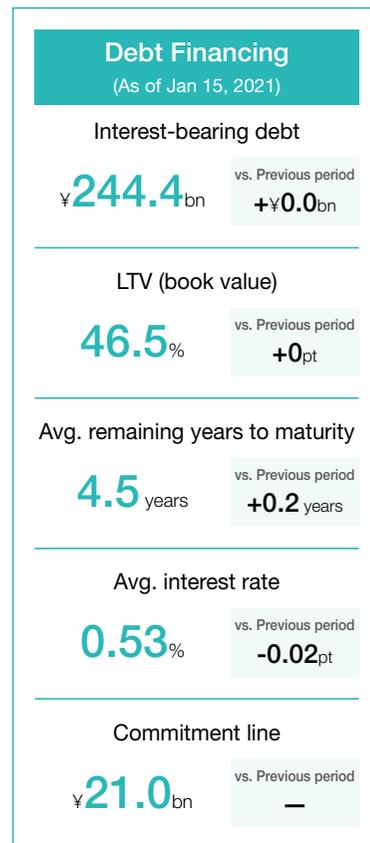
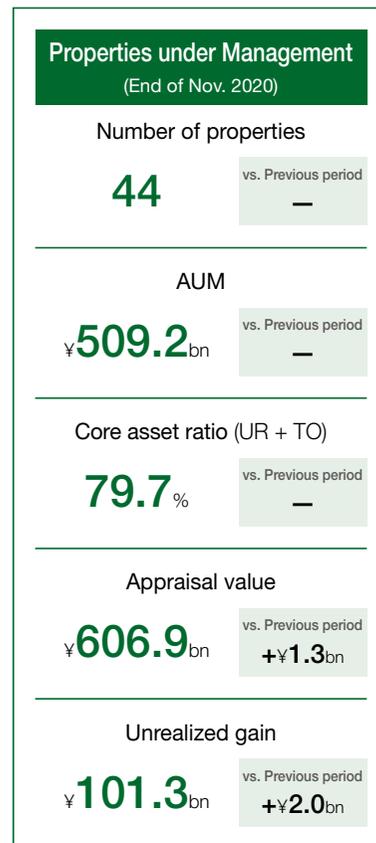
2. Utilizing Sponsor value chain

- We utilize the support and capabilities of Tokyu Fudosan Holdings Group companies’ value chain during the various phases of managing our assets, including at acquisition of competitive assets (external growth) and by maximizing the profitability of our assets under management (internal growth).



1 Performance by Key Indicators for the 18th Period Ended November 2020

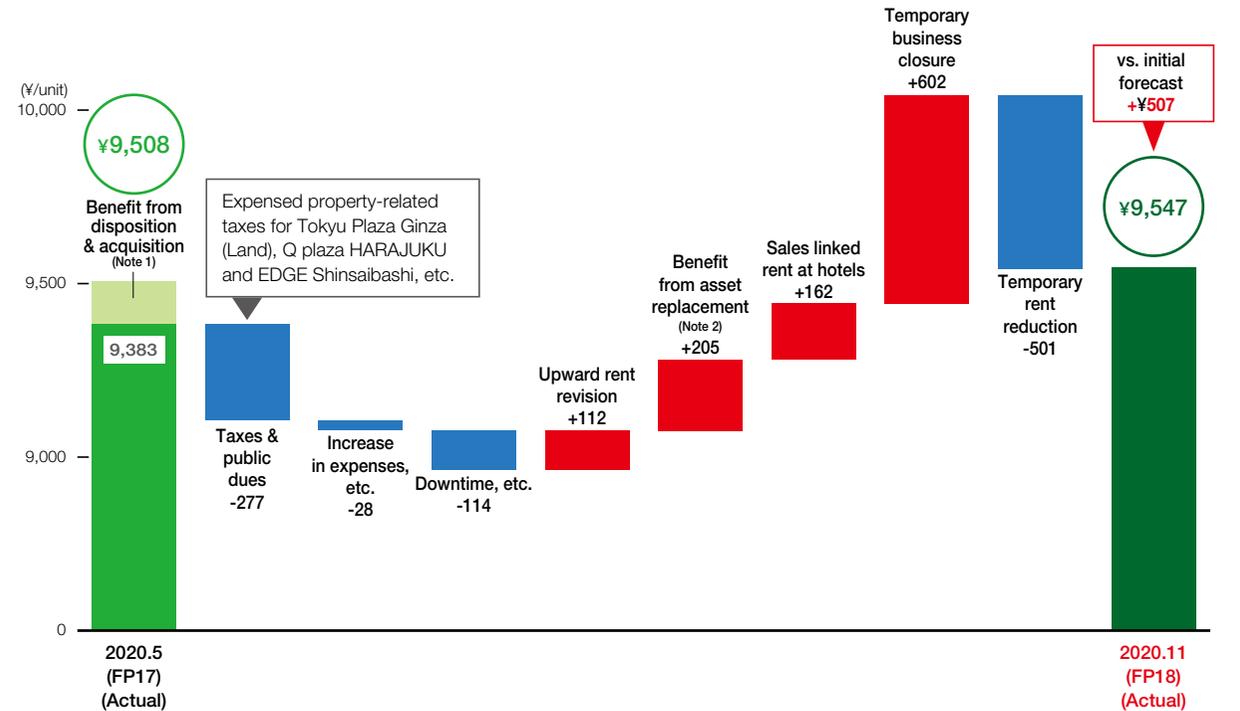
- Both DPU and NAV per unit for FP18 ended November 2020 increased due to growth in revenue and profit, even under the impact of COVID-19
- Continuously achieved robust internal growth driven mainly by rent increase for offices for as well as lengthened average maturity and lowered interest rates for debt.



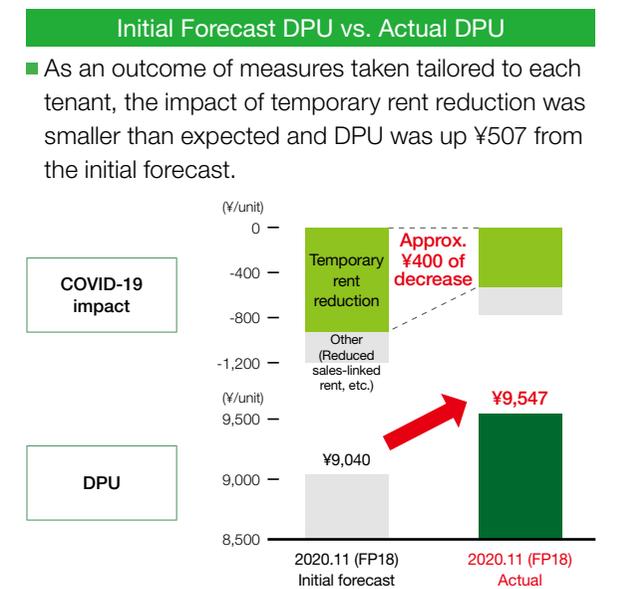
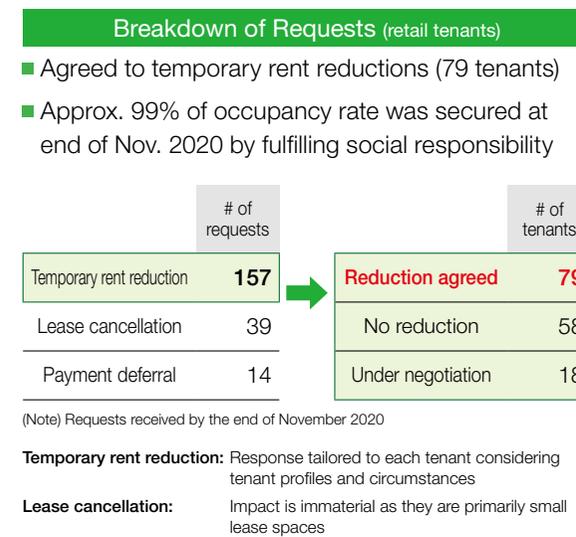
(Note) Figures for "Internal Growth (Offices)" are calculated based on all offices of Tokyo Office properties and Activia Account properties. Increased amount refers to the amount of the total difference before and after rent revision (at contract renewal or tenant replacement) adjusted to the period covered.

2 DPU Summary for the 18th Period Ended November 2020

DPU for FP18 ended November 2020 was ¥9,547 (+¥39 vs. previous period), the result of revenue increases in sales-linked rent at hotels; rent growth from lease renewals; and the benefit from asset replacement absorbing an increase in expenses due to property-related taxes for three properties acquired in 2019



(Note 1) Benefit from disposition & acquisition refers to the amount equivalent to ¥125 per unit, calculated by deducting gain on sale and lost profit, etc. of A PLACE Shinbashi Ekimae disposed of on March 19, 2020 from the operating profit of Ebisu Prime Square acquired on January 10, 2020.
(Note 2) Benefit from asset replacement refers to the amount equivalent to ¥205 per unit, calculated by deducting lost profit, etc. of A PLACE Shinbashi Ekimae disposed of as of March 19, 2020 from the operating profit of Ebisu Prime Square acquired as of January 10, 2020.

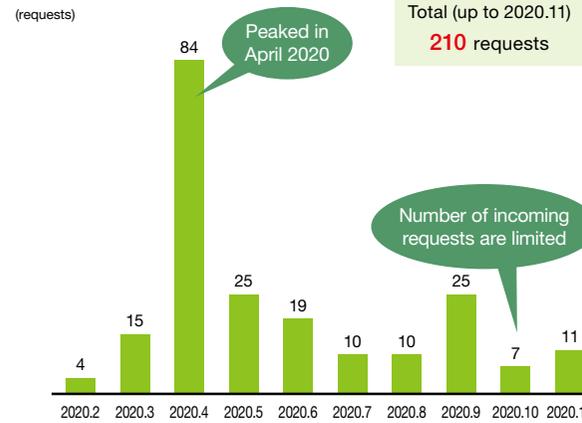


3 Impact of COVID-19

Retail Properties

Number of relief requests

Incoming relief requests are settling down partly due to government support

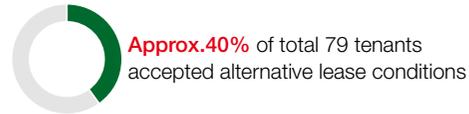


Alternative lease conditions

Having agreed to 79 out of 157 tenants who requested temporary rent reductions, 40% of the negotiated tenants accepted the following alternative lease conditions

Opportunity for internal growth

- 1 Rent increase after reduced rent payment 4 tenants
- 2 Sales-linked rent newly applied/breakpoint change 8 tenants



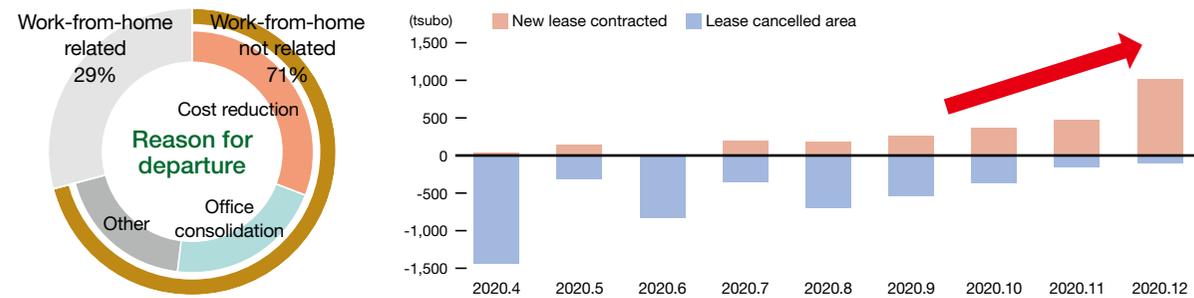
Reduce underlying risk

- 3 Extension of non-cancellable period 9 tenants
- 4 Lease renewal 12 tenants

Office Properties

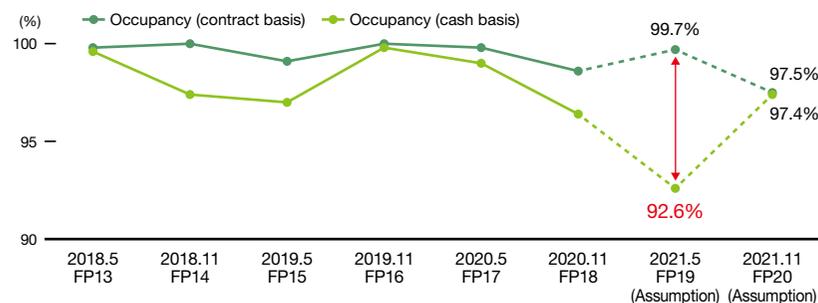
Trend in new lease contracts and cancellations

Lease cancellations outnumbered new contracts at the time of COVID-19 expansion though new contracts have exceeded canceled contracts since October



Occupancy at end of period

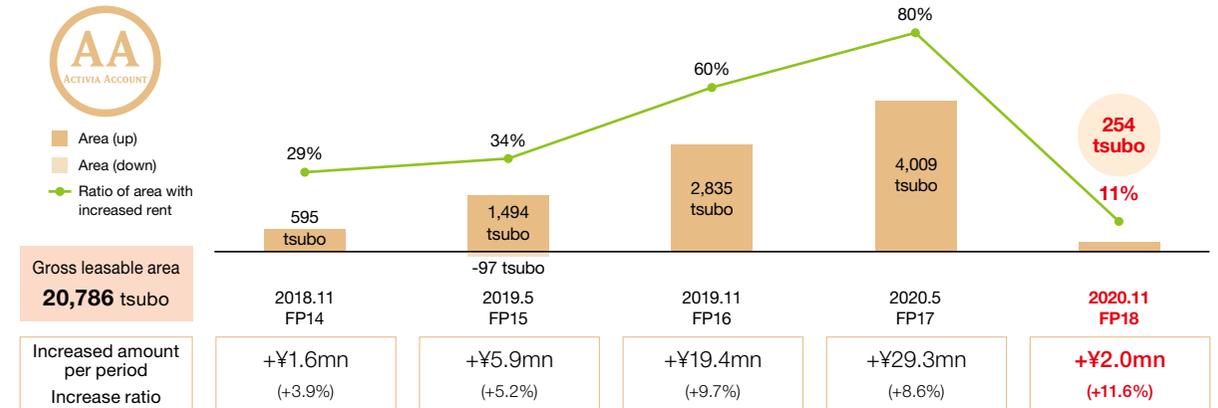
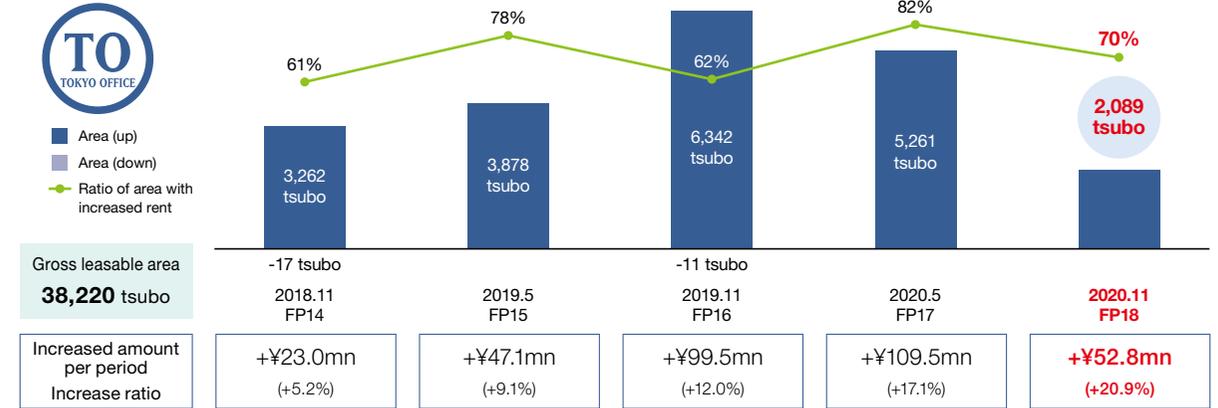
Occupancy on rent generating basis is expected to bottom out at the end of FP19 ending May 2021 and rebound at the end of FP20 ending November 2021



4 Status of Office Properties

1. Rent revision status

Posted record-high rent increase rate for FP18 ended November 2020 due to lease renewals with major tenants despite COVID-19 crisis



2. Replacement examples

TO-2 A-PLACE Ebisu Minami

- Spacious building located at west side of and at 4-min. walk from train station
- All of newly contracted leases are from within Ebisu area (relocation or area expansion within same building)
- All blocks are scheduled to be leased out

Rent increase +26%	Avg. DT +1.1 months	5 blocks 958 tsubo
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AA-10 Umeda Gate Tower

- A standard floor of 260 tsubo, which is rare in Umeda
- After the major tenant (Yammer) partial cancellation and subsequent successful leasing, tenant mix is now more diversified
- Aiming for rent growth at tenant replacement in two blocks which will be vacated soon

Rent increase +33%	Avg. DT +1.0 months	4 blocks 775 tsubo
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3. Examples of tenants recently arrived

TO-18 Ebisu Prime Square

Smaregi, Inc.
(Code: 4431, listed on TSE Mothers in Feb. 2019)

- A DX company offering a cloud POS system for restaurants & bars and distributors
- Relocated from within Ebisu area for area expansion, tenant utilizes the space as a sophisticated office equipped with a showroom

AA-13 EDGE Shinsaibashi

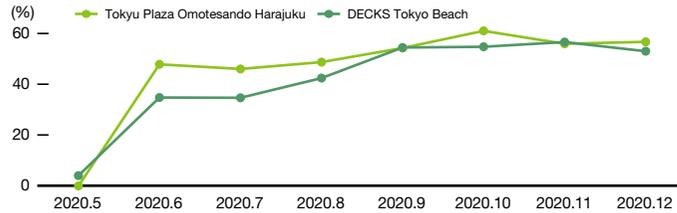
Daikyo Incorporated

- A major real estate developer known for Lions Mansion
- Its Osaka branch decided to add one floor within this building in August 2020. The floor has been occupied by the branch over 10 years.

5 Status of Retail Properties

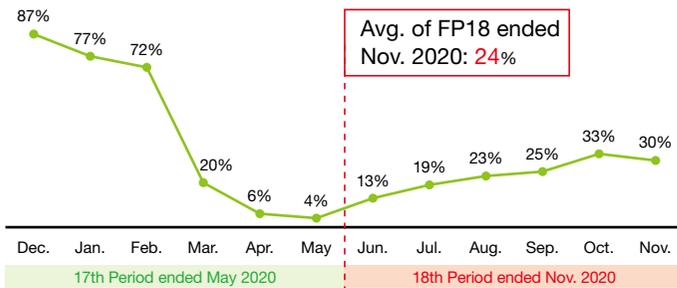
1. Sales trend (Tokyu Plaza Omotesando Harajuku · DECKS Tokyo Beach)

- Except for overseas tourists, the traffic is returning. However, tenant turnover has not yet fully recovered as people's traffic between retail facilities is not recovered yet



3. Room occupancy at hotels

- Occupancy struggles with impact of COVID-19
- Recovery in **business demand** and **domestic tourists** are expected



(Note) Average of 3 hotels

2. Cases of rent increases

AA-13 EDGE Shinsaibashi

- This tenant **highly appreciated** this **very visible & sizable** block, which is located at the corner of Midotsuji Street and is suitable for the showroom to improve brand awareness. The background of this evaluation is derived from **reactivation of the Shinsaibashi area**, thanks to Daimaru reopening and many refurbished brand shops

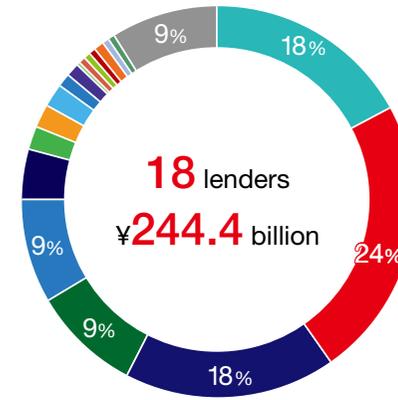
Rent increased **+57%** at tenant replacement in the street level store (246 tsubo 1 block)

Appraisal value: ¥20.0 bn (End of May 2020) → **¥21.3 bn** (End of Nov. 2020)



7 Status of Financial Management

List of lenders



- Sumitomo Mitsui Trust Bank
- Mizuho Bank
- Development Bank of Japan
- Resona Bank
- The Bank of Fukuoka
- The 77 Bank
- Nippon Life Insurance Company
- Taiyo Life Insurance Company
- Tokyo Marine & Nichido Fire Insurance
- Investment Corporation Bonds
- MUFG Bank
- Sumitomo Mitsui Banking Corporation
- Mizuho Trust & Banking
- The Norinchukin Bank
- Shinkin Central Bank
- The Gunma Bank
- Sumitomo Mitsui Insurance Company
- THE NISHI-NIPPON CITY BANK
- The Bank of Kyoto

Trend in average period remaining to maturity and average interest rate

- Lowered average interest rate while maintaining average remaining period to maturity. We will continue to work on **debt cost reduction**

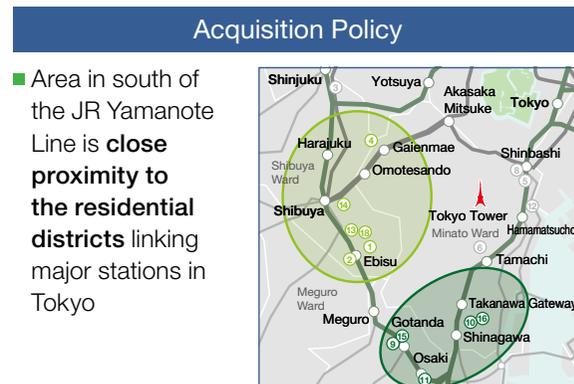


* As of January 15, 2021

6 Asset Replacement Strategy

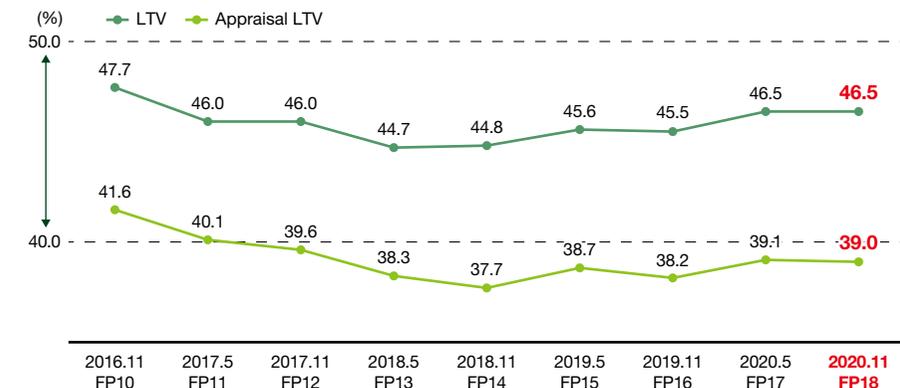
- Asset replacement** is positioned as our principal policy for external growth. Assets to be disposed will be selected by the following criteria: **(1) profitability (2) building age (3) competitiveness**
- Assets to be acquired will be carefully selected in terms of growth potential. We are targeting **offices in south of the JR Yamanote Line**. In particular, those in the **greater Shibuya area** and **Shinagawa-Gotanda area** are the principal candidates

Disposition Policy	
(1) Profitability	Properties with relatively low yields and limited upside potential
(2) Building age	Properties requiring a large amount of cash in future for maintenance and capital expenditures, etc.
(3) Competitiveness	Properties with a risk of significant rent decrease, long-term vacancy, etc.



Trend in LTV

- LTV at the end of the FP18 ended Nov. 2020 was **46.5%** (appraisal LTV was 39.0%), **being controlled within the guidance range of 40% to 50%**



LTV	Appraisal LTV
46.5%	39.0%
Acquisition capacity	Rating (JCR)
¥36.6 billion *at LTV 50%	AA (Stable) *Purchased by Bank of Japan

* As of November 30, 2020

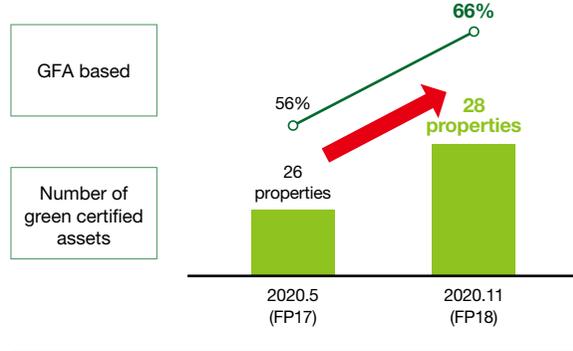
8 Initiatives for ESG

1. Green certification (As of Nov. 30, 2020)

GRESB Real Estate Assessment

Global rating	Disclosure
5 stars for three consecutive years	Highest A rank for three consecutive years
G R E S B ★★★★★ 2020	G R E S B Public Disclosure 2020

Green-certified assets



CASBEE Certification



S(★★★★★) 11 properties
A(★★★★) 13 properties

BELS Assessment

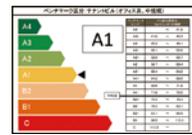


★★★★★ 4 properties
★★★★ 2 properties
★★★ 4 properties
★★ 1 property

DBJ Green Building certification



Low-Carbon Small and Medium-Sized Model Building



A1
1 property

2. For local communities

Utilization of Regional Revitalization Support Tax System by Asset Manager

- Donated to a fundraising program to support medical staff in Hokkaido Pref. where A-FLAG Sapporo is located with aim to strengthen relationship with the local community



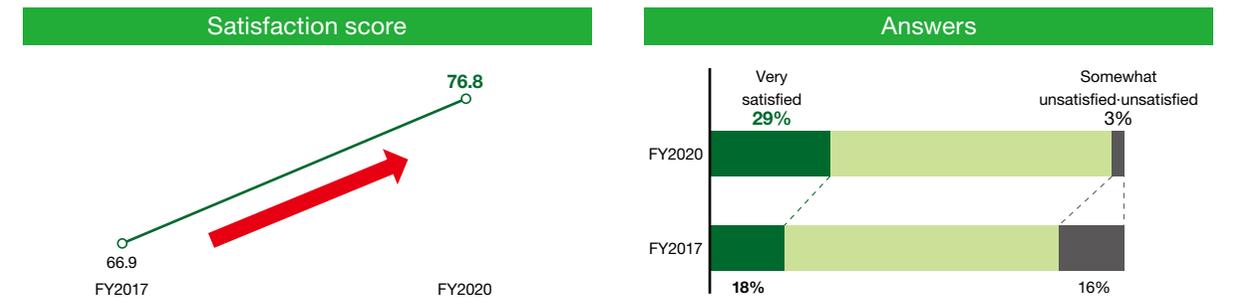
Distributed assembly kit made of thinned wood in an owned property

- Distributed a musical instrument assembly kit made of thinned wood in an owned property to propose an opportunity to think about sustainability



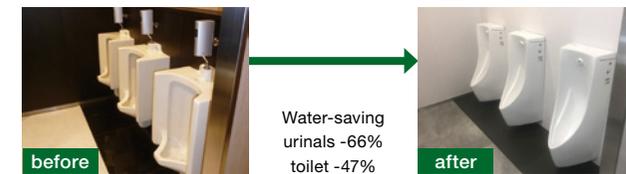
3. Tenant Satisfaction Survey

- A preferable result with increase in “very satisfied” and decrease in “somewhat unsatisfied” after addressing the problems revealed in the previous survey results
- Measures taken contributed to improvement in tenant satisfaction as well as reduction in environmental impact



Physical aspect

Finish work and installation of water-saving urinals



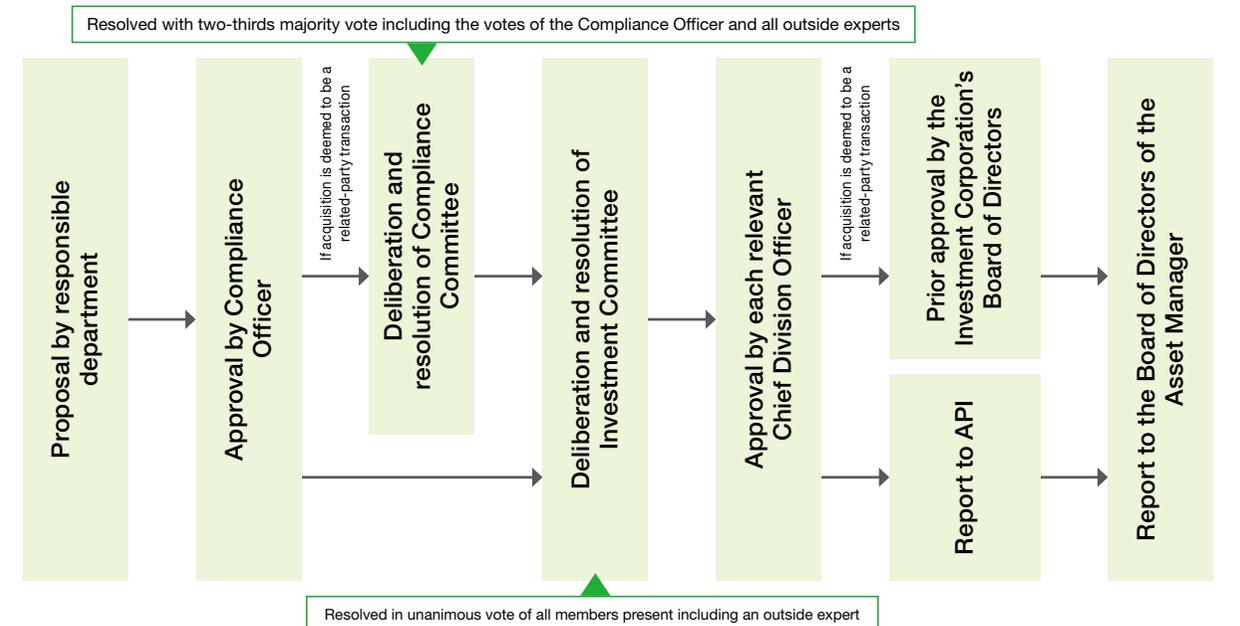
Against COVID-19

Disinfection, anti-virus surface coating, etc. in common areas



4. Effective decision-making process

- Property acquisition transaction with related parties requires resolution by the Compliance Committee including one or more outside expert members to avoid conflicts of interest, etc., which helps to protect unitholder value



Activia owns attractive commercial facilities.
We present some of them here!



UR-1 **Tokyu Plaza Omotesando Harajuku**

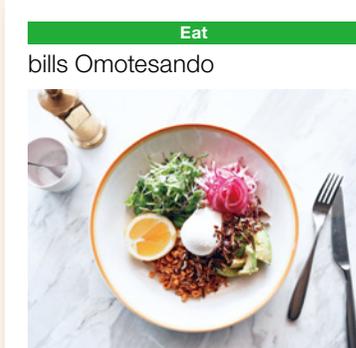
The property is located on the corner of Omotesando Street and Meiji Street (Jingumae Crossing), a center of fashion and culture in Japan that is often featured in media. Fashion outlets open their flagship stores and new concept stores, expecting significant branding effects from the location and the visibility of the building. On the rooftop of the building, API has created the Forest of Omohara, where visitors can relax and enjoy the changing seasons.



Fashion

CHARLES & KEITH

CHARLES & KEITH is an affordable footwear and accessories retailer founded in 1996 by Charles Wong and Keith Wong. With a global footprint in 34 countries, the brand offers a reasonable and trend conscious line-up to meet the needs of fashion lovers around the world. The brand also works to support philanthropy and environmental issues.



Eat

bills Omotesando

bills is an all-day dining place born in Sydney, Australia. The restaurant has terrace seats overlooking the Forest of Omohara and even the Omotesando Harajuku area. Visitors can enjoy plates proposed by Bill Granger, a leader in global food trends.



Cosmetics & Service

Awake

The store is the only concept shop directly managed by Awake, a NY-born vegan skincare brand. For a sustainable future, the brand thoroughly selects materials and manufacturing methods, and propose oil beauty that focuses on the vitality of plants.

UR-7 **Kobe Kyu Kyoryuchi 25Bankan**

In the Kyu Kyoryuchi (a former foreign settlement) area, there are famous historical spots in the port city of Kobe at every turn. As a center of tourism and commerce in western Japan, it enjoys a prominent ability to attract tourists and customers. The property includes a venerable hotel which witnessed several historical events and a commercial facility where visitors can meet world-class luxury brands.



Hotel/Restaurants

ORIENTAL HOTEL

The restaurants on the top floor include an all-day dining place MAIN DINING by THE HOUSE OF PACIFIC, a teppanyaki restaurant named Steak house Medium Rare, and a café-bar THE BAR J.W.Hart. Visitors can enjoy moments with gastronomic pleasure in various scenes.

Fashion

BARNEYS NEW YORK

The shop has high-quality men's and women's clothing, bags and shoes to be bridal and baby gifts. There are original and designer brands from all over the world, and about 70% of all products are directly imported, mainly from Italy.



Restaurant

Odaiba Takoyaki Museum

Odaiba Takoyaki Museum offers delicious takoyaki for friends, couples, families with children, visitors from overseas, and everyone else. Five famous restaurants loved by Osaka people are assembled here, including the first takoyaki restaurant and one of the most popular that people line up for. You can enjoy delicious takoyaki that you could not find in the rest of Japan.

UR-15 **DECKS Tokyo Beach**

DECKS Tokyo Beach is a commercial center on the Odaiba Kaihin Park side of the Odaiba area, with a wooded deck on the third floor, which is the origin of the property name. It is a two-minute walk from Odaiba Kaihin Koen Station on the Yurikamome Line, and is connected in five minutes on foot from Tokyo Teletop Station on the Rinkai Line. Included are the Legoland Discovery Center Tokyo, an indoor theme park centered on Tokyo Joypolis, a large amusement center; Madame Tussauds Tokyo; Daiba 1-chome Shopping Street, a theme product sales, eating and drinking area; and Odaiba Takoyaki Museum, among others. The view of the Rainbow Bridge and the illuminations from this property are also wonderful, making it a place visited by a wide range of people, including tourists and school groups.

Restaurant

BISTRO Ushisuke

A steak and wine restaurant with carefully selected high-quality lean meat. The restaurant offers also side menus and more than 60 kinds of sake. The stylish open space is perfect for dates and anniversaries. Pets are also allowed to enjoy this comfortable and delightful dining space.

Outdoor Equipment

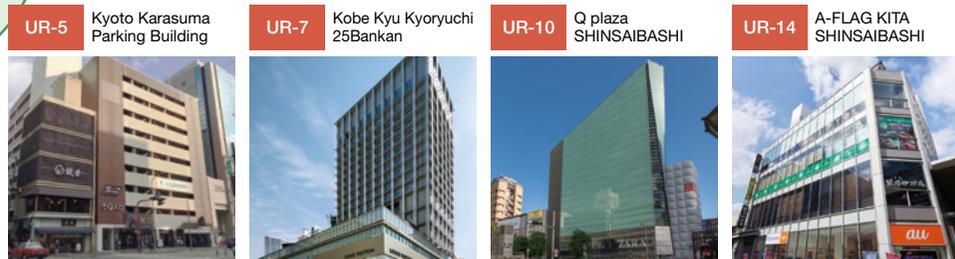
WILD-1

Experienced staff propose a rich outdoor life with the theme of "human beings and nature." Large items such as tents and tarps are always on display, and even beginners are free to explore. This is a store for families or individuals.





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



(As of November 30, 2020)

Category	Property number	Property name	Location	Acquisition price (In millions of yen)	Investment ratio	Total leasable area (m ²)	Completion (Note 1)	Occupancy rate	
UR URBAN RETAIL	UR-1	Tokyu Plaza Omotesando Harajuku ^(Note 2)	Jingumae, Shibuya-ku, Tokyo	45,000	8.8%	4,918.43	Mar. 2012	98.6%	
	UR-2	Tokyu Plaza Akasaka ^(Note 2)	Nagatacho, Chiyoda-ku, Tokyo	11,450	2.2%	16,609.75	Sep. 1969	97.1%	
	UR-3	Q plaza EBISU	Ebisu, Shibuya-ku, Tokyo	8,430	1.7%	4,024.88	Aug. 2008	100.0%	
	UR-5	Kyoto Karasuma Parking Building	Motohononjicho, Nakagyo-ku, Kyoto	8,860	1.7%	21,616.04	Jul. 2006	100.0%	
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kyomachi, Chuo-ku, Kobe City, Hyogo	21,330	4.2%	19,653.90	Jan. 2010	100.0%	
	UR-8	A-FLAG SAPPORO	Minami-Yonjo-Nishi, Chuo-ku, Sapporo City, Hokkaido	4,410	0.9%	21,229.16	May 1980	98.3%	
	UR-9	A-FLAG SHIBUYA	Udagawacho, Shibuya-ku, Tokyo	6,370	1.3%	3,403.07	Jun. 1988	100.0%	
	UR-10	Q plaza SHINSAIBASHI	Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka	13,350	2.6%	2,820.23	Nov. 2007	100.0%	
	UR-11	A-FLAG KOTTO DORI	Minami-Aoyama, Minato-ku, Tokyo	4,370	0.9%	2,656.53	Jan. 1992	100.0%	
	UR-12	A-FLAG BIJUTSUKAN DORI	Minami-Aoyama, Minato-ku, Tokyo	4,700	0.9%	1,994.65	Dec. 1998	100.0%	
	UR-13	A-FLAG DAIKANYAMA WEST	Sarugakucho, Shibuya-ku, Tokyo	2,280	0.4%	2,579.08	Apr. 1992	100.0%	
	UR-14	A-FLAG KITA SHINSAIBASHI	Minami-Senba, Chuo-ku, Osaka City, Osaka	4,725	0.9%	2,538.13	Mar. 2008	100.0%	
	UR-15	DECKS Tokyo Beach ^(Note 2)	Daiba, Minato-ku, Tokyo	12,740	2.5%	16,125.56	Jun. 1996 Nov. 2000 (Extension)	96.8%	
	UR-16	Tokyu Plaza Ginza (Land) ^(Note 2)	Ginza, Chuo-ku, Tokyo	37,500	7.4%	1,130.04	—	100.0%	
	UR-17	Q plaza HARAJUKU ^(Note 2)	Jingumae, Shibuya-ku, Tokyo	13,200	2.6%	3,378.49	Mar. 2015	100.0%	
	Urban Retail properties				198,715	39.0%	124,677.94	—	98.9%
	TO TOKYO OFFICE	TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	1.5%	7,342.60	Mar. 1993	93.2%
TO-2		A-PLACE Ebisu Minami	Ebisu-Minami, Shibuya-ku, Tokyo	9,640	1.9%	7,950.49	Jan. 1995	92.3%	
TO-3		A-PLACE Yoyogi	Sendagaya, Shibuya-ku, Tokyo	4,070	0.8%	3,106.17	Feb. 2007	100.0%	
TO-4		A-PLACE Aoyama	Kita-Aoyama, Minato-ku, Tokyo	8,790	1.7%	7,303.69	Sep. 1966	100.0%	
TO-5		Luogo Shiodome	Higashi-Shinbashi, Minato-ku, Tokyo	4,540	0.9%	4,476.35	Jul. 2004	100.0%	
TO-6		TAMACHI SQUARE (Land) ^(Note 3)	Shiba, Minato-ku, Tokyo	2,338	0.5%	1,287.96	—	100.0%	
TO-7		A-PLACE Ikebukuro	Minami-Ikebukuro, Toshima-ku, Tokyo	3,990	0.8%	3,409.73	Oct. 2011	100.0%	
TO-8		A-PLACE Shinbashi	Shinbashi, Minato-ku, Tokyo	5,650	1.1%	5,054.19	Mar. 1999	100.0%	
TO-9		A-PLACE Gotanda	Nishi-Gotanda, Shinagawa-ku, Tokyo	5,730	1.1%	4,028.69	Feb. 2012	100.0%	
TO-10		A-PLACE Shinagawa	Konan, Minato-ku, Tokyo	3,800	0.7%	2,986.36	Sep. 1991	100.0%	
TO-11		OSAKI WIZTOWER	Osaki, Shinagawa-ku, Tokyo	10,690	2.1%	7,193.28	Jan. 2014	100.0%	
TO-12		Shiodome Building ^(Note 2)	Kaigan, Minato-ku, Tokyo	71,600	14.1%	28,136.05	Dec. 2007	99.7%	
TO-13		A-PLACE Ebisu Higashi	Higashi, Shibuya-ku, Tokyo	7,072	1.4%	4,010.69	Jan. 1992	100.0%	
TO-14		A-PLACE Shibuya Konnoh	Shibuya, Shibuya-ku, Tokyo	4,810	0.9%	3,010.53	Mar. 1992	100.0%	
TO-15		A-PLACE Gotanda Ekimae	Nishi-Gotanda, Shinagawa-ku, Tokyo	7,280	1.4%	4,328.32	Nov. 1993	88.6%	
TO-16	A-PLACE Shinagawa Higashi	Konan, Minato-ku, Tokyo	18,800	3.7%	14,658.98	Aug. 1985 (Main building) Sep. 1999 (Annex)	100.0%		
TO-18	Ebisu Prime Square ^(Note 2)	Hiroo, Shibuya-ku, Tokyo	30,700	6.0%	18,063.02	Jan. 1997	94.2%		
Tokyo Office properties				206,900	40.6%	126,347.10	—	97.8%	
AA ACTIVA ACCOUNT	AA-1	Amagasaki Q's MALL (Land)	Shioe, Amagasaki City, Hyogo	12,000	2.4%	27,465.44	—	100.0%	
	AA-2	icot Nakamozu	Nakamozucho, Kita-ku, Sakai City, Osaka	8,500	1.7%	28,098.02	Jun. 2007	100.0%	
	AA-4	icot Mizonokuchi	Mizonokuchi, Takatsu-ku, Kawasaki City, Kanagawa	2,710	0.5%	14,032.05	Jul. 1998	100.0%	
	AA-5	icot Tama Center	Ochiai, Tama City, Tokyo	2,840	0.6%	5,181.58	Mar. 2006	100.0%	
	AA-6	A-PLACE Kanayama	Kanayama, Naka-ku, Nagoya City, Aichi	6,980	1.4%	9,314.90	Feb. 2009	100.0%	
	AA-7	Osaka Nakanoshima Building	Nakanoshima, Kita-ku, Osaka City, Osaka	11,100	2.2%	20,226.77	Mar. 1984	100.0%	
	AA-8	icot Omori	Omorikita, Ota-ku, Tokyo	5,790	1.1%	6,209.79	Mar. 2007	100.0%	
	AA-9	Market Square Sagami-hara	Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	4,820	0.9%	15,152.42	Jun. 2014	100.0%	
	AA-10	Umeda Gate Tower	Tsurunocho, Kita-ku, Osaka City, Osaka	19,000	3.7%	13,562.63	Jan. 2010	100.0%	
	AA-11	A-PLACE Bashamichi	Honcho, Naka-ku, Yokohama City, Kanagawa	3,930	0.8%	9,710.91	May 1975	100.0%	
	AA-12	Commercial Mall Hakata	Tokojimachi, Hakata-ku, Fukuoka City, Fukuoka	6,100	1.2%	9,612.88	Nov. 2005	92.7%	
	AA-13	EDGE Shinsaibashi	Nishi-Shinsaibashi, Chuo-ku, Osaka City, Osaka	19,800	3.9%	15,897.66	Apr. 1986	100.0%	
	Activia Account properties				103,570	20.3%	174,465.05	—	99.6%
Total				509,185	100.0%	425,490.09	—	98.9%	

(Note 1) The completion date is the date of construction of the main building as described in the property registry. For properties with multiple main buildings, the construction date of the oldest building is listed. However, for A-PLACE Shinbashi and A-FLAG SHIBUYA, the date of inspection that confirms the completion of construction written on the certificate of inspection is provided.
 (Note 2) Figures provided for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Tokyu Plaza Ginza (Land), Q plaza HARAJUKU, Shiodome Building and Ebisu Prime Square are in proportion to our pro rata share of the co-ownership interests (75%, 50%, 49%, 30%, 60%, 35% and 51%, respectively).
 (Note 3) The acquisition price of TAMACHI SQUARE (Land) is the land acquisition price at the time of the initial acquisition (June 13, 2012).

Asset Management Report for the 18th Fiscal Period (Semi-Annual Report)

From June 1, 2020 to November 31, 2020

I.	Asset Management Report
II.	Balance Sheets
III.	Statements of Operations
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V.	Statements of Cash Distributions
VI.	Statements of Cash Flows
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VIII.	Schedule of Financial Statements
	Independent Auditor's Report

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

I. Asset Management Report

1. Review of Asset Management

(1) Investment Performance of the Investment Corporation

Fiscal period		14th period	15th period	16th period	17th period	18th period
Business period		From June 1, 2018 to November 30, 2018	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019	From December 1, 2019 to May 31, 2020	From June 1, 2020 to November 30, 2020
Operating revenue	(millions of yen)	13,815	14,843	15,542	14,984	15,073
[Lease business revenue]	(millions of yen)	[12,673]	[13,472]	[14,063]	[13,903]	[14,009]
Operating expenses	(millions of yen)	6,268	6,243	6,862	6,778	6,845
[Expenses related to rent business]	(millions of yen)	[5,076]	[4,973]	[5,464]	[5,470]	[5,588]
Operating profit	(millions of yen)	7,546	8,599	8,680	8,206	8,228
Ordinary profit	(millions of yen)	6,697	7,726	7,818	7,333	7,363
Profit	(millions of yen)	6,696	7,725	7,817	7,332	7,363
Net assets	(millions of yen)	223,842	256,085	256,198	255,700	255,705
[Change from the previous period]	(%)	[0.0]	[14.4]	[0.0]	[−0.2]	[0.0]
Total assets	(millions of yen)	445,464	514,359	515,480	525,686	525,378
[Change from the previous period]	(%)	[−0.1]	[15.5]	[0.2]	[2.0]	[−0.1]
Unitholders' capital	(Note4) (millions of yen)	217,091	248,370	248,370	248,370	248,370
Number of units issued and outstanding	(units)	698,704	771,224	771,224	771,224	771,224
Net assets per unit	(yen)	320,368	332,050	332,196	331,551	331,558
Total distributions	(millions of yen)	6,696	7,725	7,817	7,332	7,362
Basic earnings per unit	(Note1) (yen)	9,584	10,118	10,136	9,507	9,547
Cash distributions per unit	(yen)	9,584	10,017	10,137	9,508	9,547
[Earnings distributions per unit]	(yen)	[9,584]	[10,003]	[10,137]	[9,504]	[9,514]
[Distributions per unit in excess of earnings]	(yen)	[−]	[14]	[−]	[4]	[33]
Ordinary profit to total assets	(Note2) (%)	1.5	1.6	1.5	1.4	1.4
Return on unitholders' equity	(Note2) (%)	3.0	3.2	3.1	2.9	2.9
Unitholders' equity to total assets	(Note2) (%)	50.2	49.8	49.7	48.6	48.7
[Change from the previous period]	(%)	[−]	[−0.4]	[−0.1]	[−1.1]	[0.1]
Payout ratio	(Note2) (%)	99.9	99.8	100.0	100.0	99.7
[Other reference]						
Number of properties	(properties)	42	45	44	44	44
Total leasable area	(Note3) (m ²)	395,967.44	415,167.22	414,008.41	425,551.96	425,490.09
Occupancy rate at end of period	(%)	99.9	99.5	99.8	99.8	98.9
Depreciation	(millions of yen)	1,267	1,294	1,298	1,334	1,335
Capital expenditure	(millions of yen)	352	413	640	702	650
NOI	(Note2) (millions of yen)	10,006	10,827	11,034	10,704	10,803

(Note1) Basic earnings per unit is calculated by dividing profit by the daily weighted average number of investment units issued and outstanding (698,704 units, 763,508 units, 771,224 units, 771,224 units and 771,224 units for the 14th, 15th, 16th, 17th and 18th fiscal periods, respectively).

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

(Note3) The total leasable area is equal to the gross floor area of leasable space in each property excluding properties for which we acquire land only, based on the lease agreements for building or floor plans as of the end of each fiscal period. Total leasable area for properties for which only land is acquired is based on the lease agreement for land or land plans as of the end of each fiscal period. As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Shiodome Building, Q plaza HARAJUKU, Tokyu Plaza Ginza (Land) and Ebisu Prime Square, the figures are in proportion to a pro rata share of co-ownership interests of each property (75%, 50%, 49%, 35%, 60%, 30% and 51% respectively).

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

(2) Asset Management during the Fiscal Period under Review

1) Transition of Investment Corporation

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

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

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

The Investment Corporation has continued to carefully select investment assets with a focus on location and quality since having concluded its IPO, and consequently held 44 properties (with the total acquisition price of ¥509,185 million) at the end of the fiscal period under review.

2) Investment Environment and Investment Performance

The Japanese economy in the fiscal period under review showed trends of recovery in personal consumption, exports and production in spite of the prevailing difficult environment caused by the sharp economic decline due to COVID-19. However, the outlook is currently uncertain due to the numbers of new infections of COVID-19 being at record levels, among other factors.

The environment surrounding retail properties has shown a continuing trend of recovery, in spite of ongoing difficulties concerning consumer sentiment, according to the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan. Moreover, measures taken by respective nations restricting travel and immigration amid proliferation of COVID-19 have continued to affect demand related to inbound tourism. For instance, the number of overseas visitor arrivals to Japan decreased by 97.7% year on year in November 2020, according to the Japan National Tourism Organization.

In the rental office market, both occupancy rates and rents have held to high levels particularly in the five central wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku). Nevertheless, we now are seeing a trend of office consolidations and relocations to smaller offices due to the stagnant economic activity caused by COVID-19. Meanwhile, the average vacancy rate in the five central wards of Tokyo as of November 30, 2020, according to data published by Miki Shoji Co., Ltd., was 4.33% an increase of 2.69 percentage points from the period ended May 31, 2020. Rent levels also weakened, ending a run of 80 consecutive months of increasing average rent, which had been continuing since January 2014. The average rent per *tsubo* (about 3.3 square meters) in the five central wards of Tokyo as of November 30, 2020, was ¥22,223. In addition, occupancy rates and average rents in major cities outside Tokyo followed trends that were generally similar to the five central wards of Tokyo.

Despite a prevailing uncertainty concerning the economic outlook due to the effect of COVID-19, the J-REIT market is proceeding with a firm base as actual financial results are steadily disclosed by REIT companies while uncertainties that had been excessively taken into account in previous periods are receding.

The Investment Corporation has continued to maintain and improve its portfolio in accordance with the basic asset management policy set forth in the Articles of Incorporation. Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 44 properties (with the total acquisition price of ¥509,185 million) with the total leasable area of 425,490.09 m² (128,708 *tsubo*).

3) Initiatives Regarding Sustainability

In order to build a portfolio consisting of “real estate capable of sustaining customer demand” with the aim of maximizing medium- and long-term unitholder value, the Investment Corporation has been promoting various initiatives with its sights set on lowering environmental loads and contributing to our nearby surroundings and local communities, thereby extending beyond considerations such as location, use, size and qualities. Based on such initiatives, the Investment Corporation’s asset management company TLC REIT Management Inc. established the “Sustainability Policy,” clearly stating our approach in contributing to sustainable development of society. In July 2019, as material issues that the Investment Corporation needs to address, we released quantitative targets encompassing a wider range of performance benchmarks from an environmental standpoint, and also clearly stated practical management policy to such ends. This involves daily effort to achieve our basic objective of cutting unit energy consumption, etc. by an annual average of 1% over the medium to long term. Initiatives carried

out in the fiscal period under review include upgrading to LED lighting at some common areas of Ebisu Prime Square, icot Tama Center and Commercial Mall Hakata, and some private areas at A-FLAG KOTTO DORI, TLC Ebisu Building, A-PLACE Shinagawa, A-PLACE Shibuya Konnoh, A-PLACE Shinagawa Higashi and Ebisu Prime Square. At A-PLACE Bashamichi, we replaced a compressor for air conditioning, adopting parts with special energy-saving performance, and at Osaka Nakanoshima Building, we continued to replace toilets with those that use water-saving equipment, which was an ongoing project from the previous fiscal period.

Moreover, we continue to engage in annual initiatives geared to acquiring green building certifications. During the fiscal period under review, we have acquired the CASBEE (Comprehensive Assessment System for Built Environment Efficiency) for Real Estate certification for Ebisu Prime Square (A class). We have also acquired the BELS certifications for Kyoto Karasuma Parking Building (five stars). As such, a total of 28 of our properties have acquired green building certification, which amounted to 65.8% of our holdings calculated on the basis of gross floor area (as of November 30, 2020).

Furthermore, at Tokyu Plaza Omotesando Harajuku and DECKS Tokyo Beach, we created opportunities for our customers to become familiar with environmental conservation activities by distributing free musical instrument creation kits called “Bird Call” that use wood from forest trimmings. In addition, as a measure to stop the spread of COVID-19 at 15 office buildings, we ensured that our tenants used the facilities safely by applying coatings that inactivate viruses to communal surfaces (chiefly door knobs, handrails, doors, and elevator interiors).

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

4) Overview of Financing

In the fiscal period under review, the Investment Corporation diversified repayment dates on debt, extended the average maturity, and diversified means of financing. Also, with the aims of further promoting its sustainability initiatives and expanding its range of investors by fueling demand from new investors who are interested in ESG investment, the Investment Corporation issued green bonds (unsecured investment corporation bonds) of ¥4,500 million on October 21, 2020, and used the funds to cover repayment of short-term borrowings. The Investment Corporation also borrowed ¥1,518 million largely in order to cover repayment of borrowings that had come due, and worked to otherwise maintain a stable financial base through ongoing moves that have included diversifying repayment dates. As a result, as of the end of the fiscal period under review, the balance of interest-bearing debt was ¥244,368 million (borrowings of ¥222,868 million and investment corporation bonds of ¥21,500 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 46.5% as of the end of the fiscal period under review. The long-term debt ratio and the ratio of fixed-interest debt to total interest-bearing debt were 97.3% and 89.9%, respectively.

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

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

5) Overview of Financial Results and Distributions

As a result of the above-mentioned investments, operating revenue, operating profit, and ordinary profit were ¥15,073 million, ¥8,228 million, and ¥7,363 million, respectively, for the fiscal period under review, and profit was ¥7,363 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), the decision was made with respect to paying distributions of profits of ¥7,337,425,136, which is the entire amount of the net profit defined in Article 136, Paragraph 1 of the Investment Trust Act, with such amount excluding 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”). In addition, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥25,450,392 as distributions related to allowance for temporary difference adjustments, calculated to exclude a fraction of less than ¥1 of distributions in excess of earnings per investment unit from the amount equivalent to ¥25,499,775, which is calculated by deducting ¥3,084,896 of temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations) from deferred losses on hedges of ¥28,584,671, in the current fiscal period. Consequently, distributions per investment unit resulted in ¥9,547.

(3) Capital Increase, etc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fluctuation in Market Price of the Investment Securities

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

(yen)

Fiscal period	14th period	15th period	16th period	17th period	18th period
Business period	From June 1, 2018 to November 30, 2018	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019	From December 1, 2019 to May 31, 2020	From June 1, 2020 to November 30, 2020
Highest	518,000	492,500	589,000	582,000	426,000
Lowest	466,000	432,000	461,000	227,400	335,000

(4) Distributions, etc.

As a result of the above-mentioned investments, operating revenue, operating profit, and ordinary profit were ¥15,073 million, ¥8,228 million, and ¥7,363 million, respectively, for the fiscal period under review, and profit was ¥7,363 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), the decision was made with respect to paying distributions of profits of ¥7,337,425,136, which is the entire amount of the net profit defined in Article 136, Paragraph 1 of the Investment Trust Act, with such amount excluding 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"). In addition, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥25,450,392 as distributions related to allowance for temporary difference adjustments, calculated to exclude a fraction of less than ¥1 of distributions in excess of earnings per investment unit from the amount equivalent to ¥25,499,775, which is calculated by deducting ¥3,084,896 of temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations) from deferred losses on hedges of ¥28,584,671, in the current fiscal period. Consequently, distributions per investment unit resulted in ¥9,547.

Fiscal period	14th period	15th period	16th period	17th period	16th period
Business period	From June 1, 2018 to November 30, 2018	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019	From December 1, 2019 to May 31, 2020	From June 1, 2020 to November 30, 2020
Unappropriated retained earnings	¥6,696,690 thousand	¥7,726,143 thousand	¥7,829,267 thousand	¥7,333,243 thousand	¥7,366,549 thousand
Retained earnings	¥311 thousand	¥11,589 thousand	¥572 thousand	¥3,530 thousand	¥29,124 thousand
Total distributions	¥6,696,379 thousand	¥7,725,350 thousand	¥7,817,897 thousand	¥7,332,797 thousand	¥7,362,875 thousand
[Distributions per unit]	[¥9,584]	[¥10,017]	[¥10,137]	[¥9,508]	[¥9,547]
Of which, total distributions of profits	¥6,696,379 thousand	¥7,714,553 thousand	¥7,817,897 thousand	¥7,329,712 thousand	¥7,337,425 thousand
[Distributions of profits per unit]	[¥9,584]	[¥10,003]	[¥10,137]	[¥9,504]	[¥9,514]
Of which, total return on unitholders' capital	¥— thousand	¥10,797 thousand	¥— thousand	¥3,084 thousand	¥25,450 thousand
[Return on unitholders' capital per unit]	[¥—]	[¥14]	[¥—]	[¥4]	[¥33]
Of the total return on unitholders' capital, the total distribution payments from the allowance for temporary difference adjustment	¥— thousand	¥10,797 thousand	¥— thousand	¥3,084 thousand	¥25,450 thousand
[Of the return on unitholders' capital per unit, the distribution payment from the allowance for temporary difference adjustment per unit]	[¥—]	[¥14]	[¥—]	[¥4]	[¥33]
Of the total return on unitholders' capital, the total distribution payments from investments and other decreased distribution under tax laws	¥— thousand	¥— thousand	¥— thousand	¥— thousand	¥— thousand
[Of the return on unitholders' capital per unit, the distribution payments from investments and other decreased distribution under tax laws]	[¥—]	[¥—]	[¥—]	[¥—]	[¥—]

(5) Future Investment Policy and Issues to Address

In the Japanese economy going forward, although we face prevailing difficulties from COVID-19, we believe that there will be steady improvement in regard to both the stemming of the spread of infection and economic activities. Nevertheless, it is important to continue watching the trends of infection in both Japan and abroad.

In the rental office market, we expect vacancy rates to rise and rent levels to fall to some extent within a certain area. However, we believe that property in prime locations will continue to be resilient. With respect to the environment surrounding retail properties, although we are seeing continuing signs of recovery in consumer sentiment, we expect the difficult conditions caused by the decrease in numbers of overseas visitor arrivals to Japan among factors will continue. Although we expect the J-REIT market will continue to be affected by COVID-19, looking overseas, if anti-virus measures, such as the beginning of vaccinations, continue to make steady progress, we believe the J-REIT market will soon reflect new optimism for a resumption in economic activities. Furthermore, amidst the adoption of accommodative monetary policies in Japan and abroad and the continuing state of low interest rates, we expect continued long-term inflow of funds into J-REIT due to its stable earnings and relatively high returns, etc.

Amid this environment, the Investment Corporation will fulfill its social responsibility in preventing the spread of infections, etc. while minimizing the impact of the COVID-19 pandemic through its abundant management expertise, and pursue internal growth utilizing the strength of its portfolio with rigorously selected investment assets, aiming to return to the path of improving unitholder value.

1) Basic Policy

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

2) External Growth Strategy

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

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

3) Internal Growth Strategy

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

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

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

4) Financial Strategy

Having a sound financial strategy in an effort to conservatively control LTV as well as make stable long-term borrowings and diversify maturities (diversifying repayment dates), the Investment Corporation will endeavor to build a stable financial base with a solid bank formation based on good relationships with major financial institutions. In addition, with the aim of diversifying means of raising funds, the Investment Corporation will issue investment corporation bonds while paying close attention to trends in financial markets. Concerning the issuance of new investment units, moreover, the Investment Corporation will prudently and flexibly carry out such issuance while paying appropriate attention to various environmental factors with the aim of achieving long-term and stable growth.

(6) Significant Matters after Book Closing

Not applicable.

2. Overview of the Investment Corporation

(1) Unitholders' Capital

	14th period As of November 30, 2018	15th period As of May 31, 2019	16th period As of November 30, 2019	17th period As of May 31, 2020	18th period As of November 30, 2020
Total number of authorized investment units (units)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total number of investment units issued (units)	698,704	771,224	771,224	771,224	771,224
Unitholders' capital (Note) (millions of yen)	¥217,091	¥248,370	¥248,370	¥248,370	¥248,370
Number of unitholders (persons)	6,910	7,680	6,914	7,758	7,542

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

(2) Matters Relating to Investment Units

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

Name	Number of units owned	Percentage of total units issued (%) (Note)
Custody Bank of Japan, Ltd. (Trust accounts)	164,779	21.36
The Master Trust Bank of Japan, Ltd. (Trust accounts)	124,293	16.11
Tokyu Land Corporation	81,137	10.52
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	35,472	4.59
Custody Bank of Japan, Ltd. (Securities investment trust accounts)	22,030	2.85
Mizuho Securities Japan Co., Ltd.	17,901	2.32
State Street Bank & Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	13,037	1.69
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	8,579	1.11
The bank of New York 133970 (Standing proxy: Mizuho Bank, Ltd.)	8,311	1.07
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	8,304	1.07
Total	483,843	62.73

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

(3) Matters Relating to Officers, etc.

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

Title	Name of officer, etc.	Major concurrent post, etc.	Total amount of compensation for each position during the business period under review (thousands of yen)
Executive Director (Note 1)	Kazushi Sato	TLC REIT Management Inc., Chief Division Officer of Activia Management Division	—
Supervisory Directors (Note 1)	Yonosuke Yamada	Yamada, Goya and Suzuki Law Office Managing Partner	3,300
	Yoshinori Ariga	Ariga Yoshinori Accounting Office Managing Partner	
Independent Auditor	Ernst & Young ShinNihon LLC	—	13,700 (Note 2)

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

(Note 2) Compensation for the independent auditor includes fees for preparing comfort letters related to the issuance of new investment corporation bonds in October 2020.

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

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

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

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

3. Assets of the Investment Corporation

(1) Composition of Assets of the Investment Corporation

Type of assets	Category	17th period As of May 31, 2020		18th period As of November 30, 2020	
		Total amount of assets owned (millions of yen) (Note 1)	Ratio to total assets (%)	Total amount of assets owned (millions of yen) (Note 1)	Ratio to total assets (%)
Real estate	Urban Retail Properties	—	—	—	—
	Tokyo Office Properties	—	—	—	—
	Activia Account Properties	—	—	—	—
	Subtotal	—	—	—	—
Real estate in trust	Urban Retail Properties	198,791	37.8	198,465	37.8
	Tokyo Office Properties	204,916	39.0	204,673	39.0
	Activia Account Properties	102,563	19.5	102,437	19.5
	Subtotal	506,272	96.3	505,577	96.2
Total real estate, etc.		506,272	96.3	505,577	96.2
Deposits and other assets		19,414	3.7	19,801	3.8
Total assets (Note 2)		525,686 (506,272)	100.0 (96.3)	525,378 (505,577)	100.0 (96.2)

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

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

(2) Major Assets Owned

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

Property name	Book value at end of period (millions of yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Major use
Shiodome Building (Note 4)	70,620	28,136.05	28,062.68	99.7	10.3	Office
Tokyu Plaza Omotesando Harajuku (Note 4)	44,615	4,918.43	4,851.90	98.6	7.5	Retail
Tokyu Plaza Ginza (Land) (Note 4)	37,895	1,130.04	1,130.04	100.0	3.9	Retail
Ebisu Prime Square	31,044	18,063.02	17,013.63	94.2	5.5	Office
Kobe Kyu Kyoryuchi 25Bankan	20,327	19,653.90	19,653.90	100.0	4.2	Retail
EDGE Shinsaibashi	20,009	15,897.66	15,897.66	100.0	3.4	Office
Umeda Gate Tower	19,175	13,562.63	13,562.63	100.0	3.1	Office
A-PLACE Shinagawa Higashi	18,817	14,658.98	14,658.98	100.0	3.7	Office
Q plaza SHINSAIBASHI	13,395	2,820.23	2,820.23	100.0	2.1	Retail
Q plaza HARAJUKU (Note 4)	13,317	3,378.49	3,378.49	100.0	1.4	Retail
Total	289,218	122,219.43	121,030.14	99.0	45.2	

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of November 30, 2020 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2020.

(Note 2) Leased area refers to the leased area of each property based on lease agreements as of November 30, 2020. For properties with master lease agreements, leased area refers to leased areas of each property and is actually leased based on sublease agreements with end-tenants.

(Note 3) Occupancy rate refers to the percentage of total leased area for each property to total leasable area for each property as of November 30, 2020, rounding down to the first decimal place.

(Note 4) As for Shiodome Building, Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Ginza (Land), Ebisu Prime Square and Q plaza HARAJUKU, the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (35%, 75%, 30%, 51% and 60%, respectively).

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

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

Property name	Location	Asset type	Total leasable area (m ²) (Note 1)	Assessed value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen) (Note 3)		
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	30-3 Jingu-mae 4-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,918.43	62,775	44,615	
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,609.75	14,500	11,608	
	Q plaza EBISU	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	11,700	8,178	
	Kyoto Karasuma Parking Building	678 Motohonjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	10,600	8,673	
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	27,100	20,327	
	A-FLAG SAPPORO	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	7,670	4,834	
	A-FLAG SHIBUYA	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,403.07	7,880	6,343	
	Q plaza SHINSAIBASHI	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	2,820.23	14,600	13,395	
	A-FLAG KOTTO DORI	4-40, Minami-Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,656.53	4,840	4,393	
	A-FLAG BIJUTSUKAN DORI	3-16, Minami-Aoyama 6-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,994.65	4,860	4,715	
	A-FLAG DAIKANYAMA WEST	11-6, Sarugakucho, Shibuya-ku, Tokyo	Trust beneficiary interests	2,579.08	2,400	2,434	
	A-FLAG KITA SHINSAIBASHI	10-11, Minami Senba 3-chome, Chuo-ku, Osaka city, Osaka	Trust beneficiary interests	2,538.13	4,720	4,835	
	DECKS Tokyo Beach (Note 4)	6-1, Daiba 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	16,125.56	12,691	12,897	
	Tokyu Plaza Ginza (Land) (Note 4)	2-1, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficiary interests	1,130.04	39,000	37,895	
	Q plaza HARAJUKU (Note 4)	28-6, Jingu-mae 6-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,378.49	13,300	13,317	
	Subtotal			124,677.94	238,636	198,465	
	Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	12,100	7,196
		A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.49	15,700	9,320
A-PLACE Yoyogi		23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,930	3,846	
A-PLACE Aoyama		11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	10,300	8,548	
Luogo Shiodome		3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	6,390	4,237	
TAMACHI SQUARE (Land)		26-24 Shiba 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,287.96	2,840	2,362	
A-PLACE Ikebukuro		16-22 Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficiary interests	3,409.73	5,560	3,675	
A-PLACE Shinbashi		11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,054.19	7,330	5,772	
A-PLACE Gotanda		27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	7,990	5,427	
A-PLACE Shinagawa		8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	6,230	3,781	
OSAKI WIZTOWER		11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	14,500	10,519	
Shiodome Building (Note 4)		2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	28,136.05	77,700	70,620	
A-PLACE Ebisu Higashi (Note 5)		13-11 Higashi 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,010.69	7,720	7,025	
A-PLACE Shibuya Konoh (Note 5)		3-1 Shibuya 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,010.53	5,740	4,934	
A-PLACE Gotanda Ekimae		5-1 Nishigotanda 1-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,328.32	7,950	7,541	
A-PLACE Shinagawa Higashi		7-18 Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	14,658.98	21,600	18,817	
Ebisu Prime Square (Note 4)		1-9,39,40 Hiroo 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	18,063.02	31,200	31,044	
Subtotal				126,347.10	245,780	204,673	

Property name	Location	Asset type	Total leasable area (m ²) (Note 1)	Assessed value at end of period (millions of yen) (Note 2)	Book value at end of period (millions of yen) (Note 3)	
Activia Account Properties	Amagasaki Q's MALL (Land)	3-1 Shioe 1-chome, Amagasaki City, Hyogo (main building) 2-3 Shioe 1-chome, Amagasaki City, Hyogo (sports club)	Trust beneficiary interests	27,465.44	14,200	12,113
	icot Nakamozu	428-2 Nakamozucho 3-cho, Kita-ku, Sakai City, Osaka	Trust beneficiary interests	28,098.02	10,600	8,008
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,240	2,596
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	3,960	2,577
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.90	8,780	6,183
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,226.77	16,300	11,205
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.79 (Note 5)	6,870	5,693
	Market Square Sagami-hara	777-2 Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	Trust beneficiary interests	15,152.42	5,010	4,614
	Umeda Gate Tower	1-9, Tsurunochi, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	13,562.63	21,400	19,175
	A-PLACE Bashamichi	43 Honcho 4-chome, Naka-ku, Yokohama City, Kanagawa	Trust beneficiary interests	9,710.91	4,740	3,961
	Commercial Mall Hakata	6-40, Tokojimachi 2-chome, Hakata-ku, Fukuoka city, Fukuoka	Trust beneficiary interests	9,612.88	6,090	6,298
	EDGE Shinsaibashi	2-3, Nishi Shinsaibashi 2-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	15,897.66	21,300	20,009
	Subtotal			174,465.05	122,490	102,437
	Total			425,490.09	606,906	505,577

(Note 1) Total leasable area refers to leasable space for each property excluding properties for which we acquire only land, based on lease agreements for building or floor plans as of November 30, 2020 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of November 30, 2020.

(Note 2) The appraisal of each property is commissioned to the Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., Japan Valuers Co., Ltd. or JLL Morii Valuation & Advisory K.K.. Assessed value at end of period stands for the appraised value described in each real estate appraisal report, with November 30, 2020 taken as the point of evaluation.

(Note 3) Book value at end of period stands for the book value minus depreciation as of November 30, 2020, rounded down to the nearest ¥ million.

(Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, DECKS Tokyo Beach, Tokyu Plaza Ginza (Land), Q plaza HARAJUKU, Shiodome Building and Ebisu Prime Square the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50%, 49%, 30%, 60%, 35%, and 51%, respectively).

(Note 5) The calculation of total leasable area for icot Omori includes part of an external bicycle parking lot (approximately 21 m²) and part of a common area on the second floor (approximately 28 m²).

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

Property name	17th period (From December 1, 2019 to May 31, 2020)				18th period (From June 1, 2020 to November 30, 2020)					
	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)		
Urban Retail Properties	Tokyu Plaza Omotesando Harajuku (Note 4)	34	99.6	775	5.2	33	98.6	1,129	7.5	
	Tokyu Plaza Akasaka (Note 4)	93	99.2	575	3.9	90	97.1	576	3.8	
	Q plaza EBISU	4	100.0	268	1.8	4	100.0	217	1.4	
	Kyoto Karasuma Parking Building	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)	
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	774	5.2	7	100.0	637	4.2	
	A-FLAG SAPPORO	17	100.0	412	2.8	15	98.3	525	3.5	
	A-FLAG SHIBUYA	2	100.0	217	1.5	2	100.0	197	1.3	
	Q plaza SHINSAIBASHI	6	100.0	351	2.4	6	100.0	320	2.1	
	A-FLAG KOTTO DORI	8	100.0	125	0.8	8	100.0	119	0.8	
	A-FLAG BIJUTSUKAN DORI	4	100.0	125	0.8	4	100.0	111	0.7	
	A-FLAG DAIKANYAMA WEST	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)	
	A-FLAG KITA SHINSAIBASHI	5	100.0	99	0.7	5	100.0	91	0.6	
	DECKS Tokyo Beach (Note 4)	80	99.1	447	3.0	77	96.8	488	3.2	
	Tokyu Plaza Ginza (Land) (Note 4)	1	100.0	571	3.9	1	100.0	581	3.9	
	Q plaza HARAJUKU (Note 4)	16	100.0	241	1.6	16	100.0	215	1.4	
	Subtotal	280	99.8	—	—	271	98.9	—	—	
	Tokyo Office Properties	TLC Ebisu Building	12	100.0	342	2.3	11	93.2	330	2.2
		A-PLACE Ebisu Minami	10	100.0	388	2.6	9	92.3	385	2.6
		A-PLACE Yoyogi	3	100.0	136	0.9	3	100.0	138	0.9
		A-PLACE Aoyama	8	100.0	309	2.1	8	100.0	316	2.1
Luogo Shiodome		7	100.0	183	1.2	7	100.0	189	1.3	
TAMACHI SQUARE (Land)		1	100.0	62	0.4	1	100.0	62	0.4	
A-PLACE Ikebukuro		1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)	
A-PLACE Shinbashi		10	100.0	200	1.4	10	100.0	207	1.4	
A-PLACE Gotanda		11	100.0	197	1.3	11	100.0	201	1.3	
A-PLACE Shinagawa		8	100.0	136	0.9	8	100.0	138	0.9	
OSAKI WIZTOWER		5	100.0	345	2.3	5	100.0	351	2.3	
Shiodome Building (Note 4)		40	100.0	1,539	10.4	38	99.7	1,546	10.3	
A-PLACE Ebisu Higashi		7	100.0	185	1.2	7	100.0	187	1.2	
A-PLACE Shibuya Konoh		4	100.0	144	1.0	4	100.0	131	0.9	
A-PLACE Gotanda Ekimae		12	100.0	187	1.3	11	88.6	197	1.3	
A-PLACE Shinagawa Higashi		8	100.0	540	3.6	8	100.0	562	3.7	
A-PLACE Shinbashi Ekimae		—	—	238	1.6	—	—	—	—	
Ebisu Prime Square (Note 4)		107	98.2	669	4.5	102	94.2	824	5.5	
Subtotal		254	99.7	—	—	244	97.8	—	—	

Property name	17th period (From December 1, 2019 to May 31, 2020)				18th period (From June 1, 2020 to November 30, 2020)			
	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Revenues related to rent business (millions of yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Amagasaki Q's MALL (Land)	1	100.0	356	2.4	1	100.0	356	2.4
icot Nakamozu	2	100.0	310	2.1	2	100.0	310	2.1
icot Mizonokuchi	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
icot Tama Center	10	100.0	143	1.0	10	100.0	139	0.9
A-PLACE Kanayama	21	100.0	295	2.0	21	100.0	303	2.0
Osaka Nakanoshima Building	39	100.0	543	3.7	39	100.0	551	3.7
icot Omori	8	100.0	224	1.5	8	100.0	208	1.4
Market Square Sagamiyama	3	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
Umeda Gate Tower	15	100.0	471	3.2	17	100.0	469	3.1
A-PLACE Bashamichi	36	98.3	183	1.2	36	100.0	199	1.3
Commercial Mall Hakata	19	100.0	162	1.1	18	92.7	209	1.4
EDGE Shinsaibashi	22	100.0	521	3.5	22	100.0	507	3.4
Subtotal	177	99.9	—	—	178	99.6	—	—
Total	711	99.8	14,840	100.0	693	98.9	15,046	100.0

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

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

(Note 3) Rental revenue includes other rental revenue.

(Note 4) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, A-FLAG Akasaka, DECKS Tokyo Beach, Tokyu plaza Ginza (Land), Q plaza HARAJUKU, Shiodome Building and Ebisu Prime Square the figures are in proportion to a pro rata share of our trust beneficiary co-ownership interest of each property (75%, 50%, 50%, 49%, 30%, 60%, 35% and 51%, respectively). A-PLACE Shinbashi Ekimae was disposed March 19, 2020.

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

(4) Details of Specified Transaction

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

(Thousands of yen)

Classification	Transaction	Notional contract amount (Note 1)		Fair value (Note 2) (Note 3)
		Over 1 year		
Over-the-counter	Interest rate swaps	30,140,000		(28,584)
	(Receive floating pay fixed)	30,140,000		
Total		30,140,000	30,140,000	(28,584)

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

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

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

(5) Other Assets

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

(6) Ownership of Assets by Country and Region

Not applicable for countries and regions other than Japan.

4. Capital Expenditure for Assets under Management

(1) Scheduled Capital Expenditure

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

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (Millions of yen)		
			Total amount	Payment for the period	Total amount paid
A-FLAG SAPPORO (Sapporo, Hokkaido)	Repair of substation equipment (First period)	From March 2022 to November 2022	560	1	4
A-FLAG SAPPORO (Sapporo, Hokkaido)	Repair of substation equipment (Second period)	From November 2022 to May 2023	470	1	4
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Large-scale repair work (First period and Second period)	From January 2021 to November 2021	320	–	–
icot Nakamozu (Sakai, Osaka)	Large-scale repair work (SC Building)	From March 2021 to November 2021	300	–	–
Luogo Shiodome (Minato, Tokyo)	Replacement of air conditioning units (First period)	From December 2020 to May 2021	150	–	–
Luogo Shiodome (Minato, Tokyo)	Replacement of air conditioning units (Second period)	From December 2020 to November 2021	148	–	–
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of two emergency elevators	From April 2022 to November 2022	142	–	–
A-PLACE Bashamichi (Yokohama, Kanagawa)	Large-scale repair work	From June 2020 to February 2021	96	–	–
A-PLACE Gotanda Ekimae (Shinagawa, Tokyo)	Large-scale repair work	From July 2020 to March 2021	79	–	–
DECKS Tokyo Beach (Minato, Tokyo)	Renovation of 3rd floor Seaside Deck	From January 2021 to May 2021	71 (Note)	–	–
A-PLACE Aoyama (Minato, Tokyo)	Installation of LED lighting	From July 2022 to November 2022	66	–	–
A-FLAG SHIBUYA (Shibuya, Tokyo)	Renewal of escalators	From December 2021 to January 2022	64	–	–
TLC Ebisu Building (Shibuya, Tokyo)	Renovation work for mechanical parking facility	From February 2022 to May 2022	62	–	–
Shiodome Building (Minato, Tokyo)	Installation of LED lighting (First period)	From October 2020 to February 2021	26 (Note)	–	–
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Replacement of horizontal drainage piping of air conditioning units (First period and Second period)	From January 2021 to May 2021	24	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Overhaul of mechanical parking facility system No. 3	From March 2021 to April 2021	23	–	–
Osaka Nakanoshima Building (Osaka, Osaka)	Repair work of substation equipment according to facility planning	From October 2020 to February 2021	16	–	–
Ebisu Prime Square (Shibuya, Tokyo)	Replacement of residential tower's calorimeter	From November 2020 to March 2021	15 (Note)	–	–
A-FLAG SHIBUYA (Shibuya, Tokyo)	Renewal of elevator controls	From January 2021 to January 2021	13	–	–
A-FLAG SHIBUYA (Shibuya, Tokyo)	Replacement of drainage piping of air conditioning equipment	From May 2021 to May 2021	13	–	–
A-PLACE Ebisu Higashi (Shibuya, Tokyo)	Installation of LED lighting	From March 2021 to April 2021	12	–	–

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (Millions of yen)		
			Total amount	Payment for the period	Total amount paid
A-PLACE Gotanda Ekimae (Shinagawa, Tokyo)	Replacement of toilet and plumbing equipment for restrooms on 4th and 8th floors	From February 2021 to May 2021	12	–	–
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Renovation work for roof deck (Second period)	From March 2021 to March 2021	11 (Note)	–	–
A-PLACE Aoyama (Minato, Tokyo)	Replacement of substation equipment and vacuum circuit breaker	From February 2021 to February 2021	10	–	–

(Note) The shown estimated construction cost with regard to Tokyu Plaza Omotesando Harajuku, DECKS Tokyo Beach, Shiodome Building and Ebisu Prime Square is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests of real estate trust beneficiary (75%, 49%, 35% and 51%, respectively).

(2) Capital Expenditure during the Period

For assets held by the Investment Corporation in the 18th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended November 30, 2020 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended November 30, 2020 amounted to ¥650 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended November 30, 2020 came to ¥441 million. On aggregate, construction work of ¥1,091 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (Millions of yen)
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of elevators (elevators No. 1 and 2)	From June 2020 to August 2020	86
Luogo Shiodome (Minato, Tokyo)	Large-scale repair work	From December 2019 to July 2020	80
TLC Ebisu Building (Shibuya, Tokyo)	Installation of LED lighting	From August 2020 to November 2020	43
A-PLACE Shinagawa Higashi (Minato, Tokyo)	Installation of LED lighting (First period)	From October 2020 to November 2020	28
EDGE Shinsaibashi (Osaka, Osaka)	Maintenance of mechanical parking equipment (vertical rotary equipment) Replacement, etc. of chain guide rails	From December 2019 to June 2020	28
TLC Ebisu Building (Shibuya, Tokyo)	Renewal of automatic security system	From October 2020 to November 2020	26
Osaka Nakanoshima Building (Osaka, Osaka)	Repair of lavatory plumbing for 6th and 7th floors	From June 2020 to October 2020	18
Osaka Nakanoshima Building (Osaka, Osaka)	Repair of lavatory plumbing for 8th and 9th floors	From June 2020 to October 2020	18
A-FLAG SHIBUYA (Shibuya, Tokyo)	Replacement of sprinkler pump and fire extinguishing pump panel	From November 2020 to November 2020	13
A-FLAG DAIKANYAMA WEST (Shibuya, Tokyo)	Work to change to electronic locks in the building	From November 2020 to November 2020	12
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of disaster prevention pump	From August 2020 to November 2020	12
A-PLACE Shinagawa Higashi (Minato, Tokyo)	Replacement of halon fire extinguishing system	From June 2020 to September 2020	11
A-FLAG DAIKANYAMA WEST (Shibuya, Tokyo)	Replacement of halon container valves	From October 2020 to November 2020	10
A-PLACE Bashamichi (Yokohama, Kanagawa)	Replacement of compressor for air conditioning (common areas on 6th, 8th and 9th floors)	From June 2020 to June 2020	10
Other			246
Total			650

(3) Money Accumulated for Long-Term Repair Plan

Not applicable

5. Expenses and Liabilities

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

Item	(Thousands of yen)	
	17th period (From December 1, 2019 to May 31, 2020)	18th period (From June 1, 2020 to November 30, 2020)
(a) Asset management fees (Note)	1,104,664	1,120,034
(b) Asset custody fees	15,029	14,905
(c) Administrative service fees	36,852	37,280
(d) Directors' compensation	3,300	3,300
(e) Other operating expenses	147,558	81,227
Total	1,307,404	1,256,747

(Note) Asset management fees contain acquisition fees that were included in the book value of acquired properties (17th fiscal period: ¥153,500 thousand).

(2) Borrowings

The status of borrowings from financial institutions as of November 30, 2020 is as follows:

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	January 30, 2020	1,600,000	-	0.18573%	November 30, 2020	(Note 7)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,600,000	-				
	MUFG Bank, Ltd.		800,000	-				
	Sumitomo Mitsui Trust Bank, Limited	April 17, 2020	666,000	-	0.33128%	November 30, 2020	(Note 7)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		666,000	-				
	MUFG Bank, Ltd.		666,000	-				
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	2,000,000	2,000,000	0.18629%	January 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		2,000,000	2,000,000				
	MUFG Bank, Ltd.		1,000,000	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	November 30, 2020	-	506	0.18818%	November 30, 2021	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		-	506				
	MUFG Bank, Ltd.		-	506				
	Total		10,998,000	6,518,000				
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	December 19, 2013	1,060,000	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,060,000	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,060,000	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,060,000	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		530,000	530,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		530,000	530,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2014	1,340,000	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,340,000	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,340,000	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,340,000	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		670,000	670,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		670,000	670,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Nippon Life Insurance Company	March 31, 2017	500,000	500,000	0.25000%	March 31, 2021	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	3,920,000	3,920,000	0.20129%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		3,920,000	3,920,000				
	MUFG Bank, Ltd.		1,970,000	1,970,000				
	Sumitomo Mitsui Banking Corporation	January 10, 2019	1,970,000	1,970,000	0.36607%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		1,970,000	1,970,000				
	Sumitomo Mitsui Trust Bank, Limited		320,000	320,000				
	MUFG Bank, Ltd.	January 5, 2018	640,000	640,000	0.41931%	December 28, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		320,000	320,000				
	Sumitomo Mitsui Banking Corporation		160,000	160,000				
	Development Bank of Japan Inc.		160,000	160,000				
	Sumitomo Mitsui Trust Bank, Limited	January 9, 2015	840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
Sumitomo Mitsui Banking Corporation	420,000		420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed	
Development Bank of Japan Inc.	420,000		420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed	

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks	
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	1,420,000	1,420,000	0.19629%	January 11, 2022	(Note 4)	Unsecured, non-guaranteed	
	Mizuho Bank, Ltd.		1,420,000	1,420,000					
	MUFG Bank, Ltd.		720,000	720,000					
	Sumitomo Mitsui Banking Corporation		720,000	720,000					
	Development Bank of Japan Inc.	January 10, 2020	720,000	720,000	0.31571%	January 11, 2022	(Note 4)	Unsecured, non-guaranteed	
	Mizuho Trust & Banking Co., LTD.	March 31, 2015	2,000,000	2,000,000	0.68500%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed	
	Shinkin Central Bank		500,000	500,000					
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	March 31, 2017	400,000	400,000	0.30630%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed	
	The 77 Bank, Ltd.		400,000	400,000					
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500,000	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed	
	MUFG Bank, Ltd. (Note 6)		1,500,000	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed	
	Mizuho Bank, Ltd.		1,500,000	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed	
	MUFG Bank, Ltd.		1,500,000	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed	
	Sumitomo Mitsui Trust Bank, Limited		December 16, 2015	200,000	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)			200,000	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	200,000		200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed	
	MUFG Bank, Ltd.	200,000		200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed	
	Sumitomo Mitsui Banking Corporation	100,000		100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed	
Development Bank of Japan Inc.	100,000	100,000		0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed		
Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	1,560,000	1,560,000	0.44835%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed		
Mizuho Bank, Ltd.		1,560,000	1,560,000						
MUFG Bank, Ltd.		1,560,000	1,560,000						
Sumitomo Mitsui Banking Corporation		160,000	160,000						
Development Bank of Japan Inc.		160,000	160,000						

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Mizuho Bank, Ltd.	620,000	620,000						
MUFG Bank, Ltd.	620,000	620,000						
Sumitomo Mitsui Banking Corporation	320,000	320,000						
Development Bank of Japan Inc.	320,000	320,000						
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	September 30, 2015	1,250,000	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,250,000	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,250,000	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,250,000	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	750,000	750,000	0.44804%	March 30, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		750,000	750,000				
	MUFG Bank, Ltd.		750,000	750,000				
	Sumitomo Mitsui Banking Corporation		375,000	375,000				
Development Bank of Japan Inc.	375,000	375,000						
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	October 6, 2016	800,000	800,000	0.38472%	April 6, 2023	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,600,000	1,600,000				
	Mizuho Bank, Ltd.		800,000	800,000				
	Sumitomo Mitsui Banking Corporation		400,000	400,000				
Development Bank of Japan Inc.	400,000	400,000						
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500,000	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,500,000	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,500,000	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,500,000	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
Long-term loans payable (Note 2)	Sumitomo Mitsui Banking Corporation	December 16, 2015	625,000	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		625,000	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,250,000	1,250,000	0.46400%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		2,500,000	2,500,000				
	Mizuho Bank, Ltd.		1,250,000	1,250,000				
Long-term loans payable (Note 2)	Taiyo Life Insurance Company	March 31, 2017	500,000	500,000	0.35998%	September 29, 2023	(Note 4)	Unsecured, non-guaranteed
	Mitsui Sumitomo Insurance Company, Limited		500,000	500,000				
Long-term loans payable (Note 2)	Resona Bank, Limited.	March 31, 2020	1,500,000	1,500,000	0.17254%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed
Long-term loans payable (Note 2)	The Gunma Bank, Ltd.	March 31, 2020	500,000	500,000	0.21254%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks	
									Long-term loans payable (Note 2)
MUFG Bank, Ltd. (Note 6)	1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed			
Mizuho Bank, Ltd.	1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed			
MUFG Bank, Ltd.	1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed			
Sumitomo Mitsui Banking Corporation	700,000	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed			
Development Bank of Japan Inc.	700,000	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed			
Sumitomo Mitsui Trust Bank, Limited	1,420,000	1,420,000	0.34459%	January 12, 2024	(Note 3)	Unsecured, non-guaranteed			
Mizuho Bank, Ltd.	1,420,000	1,420,000							
MUFG Bank, Ltd.	720,000	720,000							
Sumitomo Mitsui Banking Corporation	720,000	720,000							
Development Bank of Japan Inc.	720,000	720,000							
Long-term loans payable (Note 2)	Mizuho Trust & Banking Co., LTD.	March 31, 2017	2,000,000	2,000,000	0.41380%	March 29, 2024	(Note 4)	Unsecured, non-guaranteed	
	Resona Bank, Limited.		1,500,000	1,500,000					
	The Bank of Fukuoka, Ltd.		1,000,000	1,000,000					
	Shinkin Central Bank		500,000	500,000					
The Norinchukin Bank	500,000	500,000							
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	December 16, 2015	1,200,000	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
	MUFG Bank, Ltd. (Note 6)		1,200,000	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
	Mizuho Bank, Ltd.		1,200,000	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
	MUFG Bank, Ltd.		1,200,000	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
Long-term loans payable (Note 2)	Sumitomo Mitsui Banking Corporation	June 13, 2016	600,000	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
	Development Bank of Japan Inc.		600,000	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	June 13, 2016	1,500,000	1,500,000	0.33150% (Note 5)	June 17, 2024	(Note 4)	Unsecured, non-guaranteed	
	MUFG Bank, Ltd.		3,000,000	3,000,000					
	Mizuho Bank, Ltd.		1,500,000	1,500,000					
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	June 13, 2016	1,500,000	1,500,000	0.36900% (Note 5)	December 13, 2024	(Note 4)	Unsecured, non-guaranteed	
	MUFG Bank, Ltd.		3,000,000	3,000,000					
	Mizuho Bank, Ltd.		1,500,000	1,500,000					
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	1,200,000	1,200,000	0.54094%	March 21, 2025	(Note 3)	Unsecured, non-guaranteed	
	MUFG Bank, Ltd.		2,400,000	2,400,000					
	Mizuho Bank, Ltd.		1,200,000	1,200,000					
	Sumitomo Mitsui Banking Corporation		600,000	600,000					
Development Bank of Japan Inc.	600,000	600,000							

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
MUFG Bank, Ltd.	3,600,000	3,600,000						
Mizuho Bank, Ltd.	1,800,000	1,800,000						
Sumitomo Mitsui Banking Corporation	900,000	900,000						
Development Bank of Japan Inc.	900,000	900,000						
Mizuho Trust & Banking Co.,LTD.	440,000	440,000						
Resona Bank, Limited.	March 16, 2018	440,000	440,000	0.46453%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed	
The Bank of Fukuoka, Ltd.		440,000	440,000					
Shinkin Central Bank		440,000	440,000					
The Norinchukin Bank		440,000	440,000					
THE NISHI-NIPPON CITY BANK, LTD.		500,000	500,000					
The Bank of Kyoto, Ltd.		300,000	300,000					
Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	500,000	500,000	0.58630%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		500,000	500,000					
MUFG Bank, Ltd.		500,000	500,000					
Sumitomo Mitsui Banking Corporation		250,000	250,000					
Development Bank of Japan Inc.		250,000	250,000					
Mizuho Trust & Banking Co.,LTD.		August 29, 2019	1,500,000					1,500,000
Shinkin Central Bank	1,500,000		1,500,000					
Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	2,100,000	2,100,000	0.61942%	March 19, 2026	(Note 3)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		4,200,000	4,200,000					
Mizuho Bank, Ltd.		2,100,000	2,100,000					
Sumitomo Mitsui Banking Corporation		1,050,000	1,050,000					
Development Bank of Japan Inc.		1,050,000	1,050,000					
Sumitomo Mitsui Banking Corporation	December 13, 2016	6,000,000	6,000,000	0.69796%	June 12, 2026	(Note 4)	Unsecured, non-guaranteed	
Mizuho Trust & Banking Co.,LTD.	March 7, 2019	1,100,000	1,100,000	0.35765%	September 7, 2026	(Note 4)	Unsecured, non-guaranteed	
Resona Bank, Limited.		1,100,000	1,100,000					
The Bank of Fukuoka, Ltd.		1,100,000	1,100,000					
The Norinchukin Bank		1,100,000	1,100,000					
The 77 Bank, Ltd.	600,000	600,000						
Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,750,000	1,750,000	0.71015%	December 14, 2026	(Note 4)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		3,500,000	3,500,000					
Mizuho Bank, Ltd.		1,750,000	1,750,000					
Mizuho Trust & Banking Co.,LTD.	June 28, 2019	1,200,000	1,200,000	0.23004%	December 28, 2026	(Note 4)	Unsecured, non-guaranteed	
The Norinchukin Bank		1,200,000	1,200,000					

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
MUFG Bank, Ltd.	1,560,000	1,560,000						
Mizuho Bank, Ltd.	780,000	780,000						
Sumitomo Mitsui Banking Corporation	390,000	390,000						
Development Bank of Japan Inc.	390,000	390,000						
Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	950,000	950,000	0.43349%	January 12, 2027	(Note 4)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		950,000	950,000					
MUFG Bank, Ltd.		950,000	950,000					
Sumitomo Mitsui Banking Corporation		475,000	475,000					
Development Bank of Japan Inc.		475,000	475,000					
Sumitomo Mitsui Trust Bank, Limited		June 13, 2018	2,200,000					2,200,000
Mizuho Bank, Ltd.	2,200,000		2,200,000					
MUFG Bank, Ltd.	2,200,000		2,200,000					
Sumitomo Mitsui Banking Corporation	200,000		200,000					
Development Bank of Japan Inc.	200,000		200,000					
Sumitomo Mitsui Trust Bank, Limited	January 5, 2018	320,000	320,000	0.74869%	July 5, 2027	(Note 3)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		640,000	640,000					
Mizuho Bank, Ltd.		320,000	320,000					
Sumitomo Mitsui Banking Corporation		160,000	160,000					
Development Bank of Japan Inc.	160,000	160,000						
Sumitomo Mitsui Trust Bank, Limited	April 19, 2019	1,000,000	1,000,000	0.54375% (Note 5)	July 5, 2027	(Note 4)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		1,000,000	1,000,000					
MUFG Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation	500,000	500,000						
Development Bank of Japan Inc.	April 19, 2019	500,000	500,000	0.58821%	July 5, 2027	(Note 4)	Unsecured, non-guaranteed	
The Bank of Fukuoka, Ltd.	March 31, 2020	1,000,000	1,000,000	0.28500%	September 30, 2027	(Note 4)	Unsecured, non-guaranteed	
The Norinchukin Bank		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	3,210,000	3,210,000	0.55800% (Note 5)	January 11, 2028	(Note 3)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		3,210,000	3,210,000					
MUFG Bank, Ltd.		1,610,000	1,610,000					
Sumitomo Mitsui Banking Corporation		1,610,000	1,610,000					
Development Bank of Japan Inc.	January 10, 2019	1,610,000	1,610,000	0.65264%	January 11, 2028	(Note 3)	Unsecured, non-guaranteed	
Sumitomo Mitsui Trust Bank, Limited	May 31, 2019	1,165,000	1,165,000	0.56127%	May 31, 2028	(Note 4)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		1,165,000	1,165,000					
MUFG Bank, Ltd.		590,000	590,000					
Sumitomo Mitsui Banking Corporation		590,000	590,000					
Development Bank of Japan Inc.		590,000	590,000					

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	July 9, 2019	420,000	420,000	0.49281%	July 10, 2028	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		420,000	420,000				
	MUFG Bank, Ltd.		420,000	420,000				
	Sumitomo Mitsui Banking Corporation		220,000	220,000				
	Development Bank of Japan Inc.	June 13, 2019	220,000	220,000				
	Development Bank of Japan Inc.		6,000,000	6,000,000				
	Total		206,350,000	216,350,000				

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

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

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

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

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

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

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

Investment Corporation Bonds

Name of bonds	Issuance date	Balance as of November 30, 2019 (millions of yen)	Balance as of May 31, 2020 (millions of yen)	Interest rate (%)	Maturity date	Repayment method	Use of proceeds	Remarks
The 3rd Unsecured Investment Corporation Bond	April 21, 2015	2,000	2,000	0.726	April 21, 2025	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 4th Unsecured Investment Corporation Bond	February 3, 2016	2,000	2,000	0.770	February 3, 2026	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 6th Unsecured Investment Corporation Bond	February 2, 2017	1,000	1,000	0.480	February 2, 2027	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 7th Unsecured Investment Corporation Bond	February 2, 2017	1,000	1,000	0.810	February 2, 2032	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 8th Unsecured Investment Corporation Bond	February 13, 2018	1,000	1,000	0.160	August 12, 2022	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 9th Unsecured Investment Corporation Bond	February 13, 2018	1,000	1,000	1.050	February 12, 2038	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 10th Unsecured Investment Corporation Bond (Green Bond)	July 9, 2019	5,000	5,000	0.220	July 9, 2024	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 11th Unsecured Investment Corporation Bond (Green Bond)	November 18, 2019	4,000	4,000	0.530	November 16, 2029	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 12th Unsecured Investment Corporation Bond (Green Bond)	October 21, 2020	-	4,500	0.510	October 21, 2030	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
	Total	17,000	21,500					

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

(3) Short-Term Investment Corporation Bonds

Not applicable

(4) Subscription Rights for New Investment Units

Not applicable

6. Buying and Selling during the Period

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

Not applicable

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

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

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

1) Real Estate

Not applicable

2) Others

Not applicable

(4) Transactions between Interested Parties

Not applicable

Commissions Paid

Category	Total amount (A) (thousands of yen)	Breakdown of transactions with interested parties		(B) / (A) (%)
		Paid to	Amount (B) (thousands of yen)	
Property management fee	419,228	Tokyu Community Corp.	191,440	45.7
		Tokyu Land SC Management Corporation	122,976	29.3
		Tokyu Land Corporation	63,667	15.2
		Tokyu Housing Lease Corporation	3,331	0.8
Building management fee	783,414	Tokyu Community Corp.	658,221	84.0
Construction management fee	15,311	Tokyu Community Corp.	8,969	58.6
		Tokyu Land SC Management Corporation	4,009	26.2
		Tokyu Land Corporation	1,081	7.1
Other management operation expenses	60,108	Tokyu Community Corp.	7,664	12.8
Other lease business expenses	349,775	Tokyu Community Corp.	84,782	24.2
		Tokyu Land SC Management Corporation	7,084	2.0
		TOKYU LIVABLE STAFF, INC.	2,141	0.6
		Tokyu Land Corporation	1,469	0.4
		Tokyu Re・design Corporation	881	0.3
		HANDS LAB INC.	760	0.2

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

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

Tokyu Community Corp.	¥145,509 thousand
Tokyu Re・design Corporation	¥18,118 thousand
Tokyu Land SC Management Corporation	¥3,086 thousand

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

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

7. Accounting Status

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

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

(2) Changes in the Calculation Method of Depreciation Expenses

Not applicable

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

Not applicable

8. Other

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

Not applicable

(2) Announcements

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

Date of approval	Item	Summary
September 25, 2020	Comprehensive approval of issuance of investment corporation bonds and appointment of administrators	The Board of Directors of the Investment Corporation made a comprehensive resolution regarding the issuance of investment corporation bonds (total amount: ¥50 billion or less; issuance period: October 4, 2020 to October 3, 2021); approved the appointment of candidate companies for the entrustment of affairs and administrative works, such as issuing agent, financial agent, and paying agent regarding the placing of investment corporation bonds; and entrusted the decision of other necessary matters to the Executive Director.

(3) Status of Companies Owning Real Estate Overseas

Not applicable

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

Not applicable

(5) Other

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

Financial Statements
II. Balance Sheets

(Unit: Thousands of yen)

	As of May 31, 2020	As of November 30, 2020
Assets		
Current assets		
Cash and deposits	13,486,961	14,125,013
Cash and deposits in trust	3,269,588	3,426,066
Operating accounts receivable	679,207	645,887
Prepaid expenses	571,533	349,034
Other	16,508	5,694
Total current assets	18,023,799	18,551,695
Non-current assets		
Property, plant and equipment		
Buildings in trust	84,702,637	85,235,526
Accumulated depreciation	(13,975,701)	(15,209,363)
Buildings in trust, net	70,726,935	70,026,162
Structures in trust	734,704	741,007
Accumulated depreciation	(215,485)	(233,660)
Structures in trust, net	519,218	507,346
Machinery and equipment in trust	1,367,743	1,397,285
Accumulated depreciation	(387,964)	(425,855)
Machinery and equipment in trust, net	979,779	971,430
Tools, furniture and fixtures in trust	263,247	282,268
Accumulated depreciation	(143,002)	(161,686)
Tools, furniture and fixtures in trust, net	120,245	120,582
Land in trust	424,862,322	424,862,322
Construction in progress in trust	8,478	34,458
Total property, plant and equipment	497,216,979	496,522,302
Intangible assets		
Land leasehold interests in trust	9,055,086	9,055,086
Other	1,186	932
Total intangible assets	9,056,272	9,056,018
Investments and other assets		
Long-term prepaid expenses	1,261,641	1,102,057
Deferred tax assets	10	16
Other	38,322	38,322
Total investments and other assets	1,299,975	1,140,397
Total non-current assets	507,573,227	506,718,718
Deferred assets		
Investment corporation bond issuance costs	89,447	108,108
Total deferred assets	89,447	108,108
Total assets	525,686,474	525,378,522

(Unit: Thousands of yen)

	As of May 31, 2020	As of November 30, 2020
Liabilities		
Current liabilities		
Operating accounts payable	1,005,767	1,033,314
Short-term borrowings	10,998,000	6,518,000
Current portion of long-term borrowings	12,500,000	26,250,000
Accounts payable - other	149,224	86,271
Accrued expenses	952,182	945,284
Income taxes payable	817	941
Accrued consumption taxes	330,044	318,300
Advances received	849,827	538,488
Deposits received	4,156	575
Other	32,904	–
Total current liabilities	26,822,925	35,691,175
Non-current liabilities		
Investment corporation bonds	17,000,000	21,500,000
Long-term borrowings	203,850,000	190,100,000
Leasehold and guarantee deposits received in trust	22,309,458	22,353,035
Derivatives liabilities	3,443	28,584
Total non-current liabilities	243,162,902	233,981,620
Total liabilities	269,985,827	269,672,796
Net assets		
Unitholders' equity		
Unitholders' capital	248,370,846	248,370,846
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*3 –	*3 (3,084)
Total deduction from unitholders' capital	–	(3,084)
Unitholders' capital, net	248,370,846	248,367,761
Surplus		
Unappropriated retained earnings (undisposed loss)	7,333,243	7,366,549
Total surplus	7,333,243	7,366,549
Total unitholders' equity	255,704,090	255,734,310
Valuation and translation adjustments		
Deferred gains or losses on hedges	(3,443)	(28,584)
Total valuation and translation adjustments	(3,443)	(28,584)
Total net assets	*2 255,700,646	*2 255,705,726
Total liabilities and net assets	525,686,474	525,378,522

III. Statements of Operations

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2019 to May 31, 2020)		Current fiscal period (From June 1, 2020 to November 30, 2020)	
Operating revenue				
Leasing business revenue	*1	13,903,877	*1, *3	14,009,287
Other leasing business revenue	*1	936,713	*1, *3	1,037,494
Gain on sales of real estate properties	*2	143,798	*2	26,732
Total operating revenue		14,984,389		15,073,515
Operating expenses				
Expenses related to leasing business	*1	5,470,679	*1	5,588,521
Asset management fee		1,104,664		1,120,034
Asset custody fee		15,029		14,905
Administrative service fees		36,852		37,280
Remuneration for directors (and other officers)		3,300		3,300
Other operating expenses		147,558		81,227
Total operating expenses		6,778,084		6,845,268
Operating profit		8,206,304		8,228,246
Non-operating income				
Interest income		72		78
Reversal of distributions payable		698		1,158
Insurance claim income		9,535		7,334
Other		381		–
Total non-operating income		10,687		8,570
Non-operating expenses				
Interest expenses		642,507		634,346
Interest expenses on investment corporation bonds		45,976		46,159
Amortization of investment corporation bond issuance costs		9,205		7,684
Borrowing related expenses		185,307		184,162
Other		500		500
Total non-operating expenses		883,497		872,851
Ordinary profit		7,333,494		7,363,965
Profit before income taxes		7,333,494		7,363,965
Income taxes - current		828		953
Income taxes - deferred		(5)		(5)
Total income taxes		823		947
Profit		7,332,671		7,363,018
Retained earnings brought forward		572		3,530
Unappropriated retained earnings (undisposed loss)		7,333,243		7,366,549

IV. Statements of Changes in Unitholders' Equity

Previous fiscal period (From December 1, 2019 to May 31, 2020)

(Unit: Thousands of yen)

	Unitholders' equity						Total unitholders' equity
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital				
Balance at beginning of period	248,370,846	(10,797)	(10,797)	248,360,049	7,829,267	7,829,267	256,189,316
Changes during period							
Dividends of surplus					(7,817,897)	(7,817,897)	(7,817,897)
Reversal of allowance for temporary difference adjustments		10,797	10,797	10,797	(10,797)	(10,797)	–
Profit					7,332,671	7,332,671	7,332,671
Net changes in items other than unitholders' equity							
Total changes during period	–	10,797	10,797	10,797	(496,023)	(496,023)	(485,226)
Balance at end of period	248,370,846	–	–	248,370,846	7,333,243	7,333,243	255,704,090

(Unit: Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	8,954	8,954	256,198,271
Changes during period			
Dividends of surplus			(7,817,897)
Reversal of allowance for temporary difference adjustments			–
Profit			7,332,671
Net changes in items other than unitholders' equity	(12,398)	(12,398)	(12,398)
Total changes during period	(12,398)	(12,398)	(497,625)
Balance at end of period	(3,443)	(3,443)	255,700,646

Current fiscal period (From June 1, 2020 to November 30, 2020)

(Unit: Thousands of yen)

	Unitholders' equity						
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)		Total surplus
Allowance for temporary difference adjustments		Total deduction from unitholders' capital					
Balance at beginning of period	248,370,846	–	–	248,370,846	7,333,243	7,333,243	255,704,090
Changes during period							
Dividends of surplus					(7,329,712)	(7,329,712)	(7,329,712)
Distributions in excess of earnings from allowance for temporary difference adjustments		(3,084)	(3,084)	(3,084)			(3,084)
Profit					7,363,018	7,363,018	7,363,018
Net changes in items other than unitholders' equity							
Total changes during period	–	(3,084)	(3,084)	(3,084)	33,305	33,305	30,220
Balance at end of period	248,370,846	(3,084)	(3,084)	248,367,761	7,366,549	7,366,549	255,734,310

(Unit: Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(3,443)	(3,443)	255,700,646
Changes during period			
Dividends of surplus			(7,329,712)
Distributions in excess of earnings from allowance for temporary difference adjustments			(3,084)
Profit			7,363,018
Net changes in items other than unitholders' equity	(25,141)	(25,141)	(25,141)
Total changes during period	(25,141)	(25,141)	5,079
Balance at end of period	(28,584)	(28,584)	255,705,726

V. Statements of Cash Distributions

	Previous fiscal period (From December 1, 2019 to May 31, 2020)	Current fiscal period (From June 1, 2020 to November 30, 2020)
	Amount	Amount
I Unappropriated retained earnings	¥7,333,243,684	¥7,366,549,137
II Additional amount of cash distributions in excess of earnings	¥3,084,896	¥25,450,392
Of which, allowance for temporary difference adjustments	¥3,084,896	¥25,450,392
III Distributions	¥7,332,797,792	¥7,362,875,528
[Cash distributions per unit]	[¥9,508]	[¥9,547]
Of which, distributions of earnings	¥7,329,712,896	¥7,337,425,136
[Of which, distributions of earnings per unit]	[¥9,504]	[¥9,514]
Of which, allowance for temporary difference adjustments	¥3,084,896	¥25,450,392
[Of which, cash distributions in excess of earnings per unit (Related to allowance for temporary difference adjustments)]	[¥4]	[¥33]
IV Earnings carried forward	¥3,530,788	¥29,124,001
Calculation method for distributions	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions of profits of ¥7,329,712,896, which is the amount of the net profit defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, except a fraction of less than ¥1 of distributions per investment unit. Based on the policy on distribution of cash exceeding net profit set forth in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥3,084,896 as distributions related to allowance for temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations), calculated to exclude a fraction of less than ¥1 of distributions in excess of earnings per investment unit from the amount equivalent to deferred losses on hedges of ¥3,443,618. As a result, distributions are to amount to ¥7,332,797,792 for the fiscal period under review.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions of profits of ¥7,337,425,136, which is the amount of the net profit defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, except a fraction of less than ¥1 of distributions per investment unit. Based on the policy on distribution of cash exceeding net profit set forth in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, distributions in excess of earnings shall be made in an amount decided by the Investment Corporation and equivalent to a deduction in net assets (refers to stipulations of Article 2, Paragraph 2, Item 30 (b) of the Regulations on Accountings of Investment Corporations), taking into account effects of the deduction in net assets on distribution amounts. During the fiscal period under review, the Investment Corporation has accordingly decided to distribute ¥25,450,392 as distributions related to allowance for temporary difference adjustments, calculated to exclude a fraction of less than ¥1 of distributions in excess of earnings per investment unit from the amount equivalent to ¥25,499,775, which is calculated by deducting ¥3,084,896 of temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations) from deferred losses on hedges of ¥28,584,671, in the current fiscal period. As a result, distributions are to amount to ¥7,362,875,528 for the fiscal period under review.

VI. Statements of Cash Flows

(Unit: Thousands of yen)		
	Previous fiscal period (From December 1, 2019 to May 31, 2020)	Current fiscal period (From June 1, 2020 to November 30, 2020)
Cash flows from operating activities		
Profit before income taxes	7,333,494	7,363,965
Depreciation	1,334,606	1,335,856
Loss on retirement of non-current assets	-	9,230
Amortization of investment corporation bond issuance costs	9,205	7,684
Interest income and interest on securities	(72)	(78)
Interest expenses	688,484	680,505
Borrowing related expenses	185,307	184,162
Decrease (increase) in operating accounts receivable	125,267	33,319
Increase (decrease) in accrued consumption taxes	(49,018)	(11,743)
Decrease (increase) in prepaid expenses	(209,406)	206,899
Decrease in property, plant and equipment in trust due to sale	20,787,757	-
Increase (decrease) in operating accounts payable	(156,233)	68,498
Increase (decrease) in accrued expenses	(11,313)	(852)
Increase (decrease) in advances received	268,249	(311,338)
Decrease (increase) in long-term prepaid expenses	8,590	16,948
Other, net	25,212	(27,019)
Subtotal	<u>30,340,130</u>	<u>9,556,036</u>
Interest received	72	78
Interest paid	(691,442)	(680,318)
Income taxes paid	(616)	(829)
Net cash provided by (used in) operating activities	<u>29,648,143</u>	<u>8,874,966</u>
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(31,917,697)	(757,118)
Refund of leasehold and guarantee deposits received in trust	(1,012,287)	(640,820)
Proceeds from leasehold and guarantee deposits received in trust	1,778,321	684,397
Net cash provided by (used in) investing activities	<u>(31,151,663)</u>	<u>(713,542)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	31,992,459	1,517,316
Repayments of short-term borrowings	(26,000,000)	(5,998,000)
Proceeds from long-term borrowings	17,219,286	-
Repayments of long-term borrowings	(7,300,000)	-
Proceeds from issuance of investment corporation bonds	-	4,474,498
Redemption of investment corporation bonds	(6,000,000)	-
Distributions paid	(7,813,803)	(7,328,580)
Other, net	(23,326)	(32,130)
Net cash provided by (used in) financing activities	<u>2,074,615</u>	<u>(7,366,894)</u>
Net increase (decrease) in cash and cash equivalents	<u>571,095</u>	<u>794,529</u>
Cash and cash equivalents at beginning of period	<u>16,185,454</u>	<u>16,756,549</u>
Cash and cash equivalents at end of period	<u>*1 16,756,549</u>	<u>*1 17,551,079</u>

VII. Notes to Financial Statements

Notes on Assumption of Going Concern

Not applicable

Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table style="margin-left: 20px;"> <tr> <td>Buildings</td> <td style="text-align: right;">2 to 70 years</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">2 to 66 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">2 to 33 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">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 66 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 66 years								
Machinery and equipment	2 to 33 years								
Tools, furniture and fixtures	2 to 15 years								
2. 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 leasing business.</p> <p>The settlement money for property tax that is paid to the disposing entity for acquisition of real properties (so-called "amount equivalent to property tax") is not recorded as expenses related to leasing business but included in the acquisition costs for the related properties. There is no amount equivalent to property tax included in acquisition cost for properties for the current fiscal period.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is applied. For interest rate swaps that satisfy the requirements for special treatment, special treatment is applied.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term borrowings</p> <p>(3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation.</p> <p>(4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness by comparing the cumulative total changes in the cash flows of the hedged items with those of the hedging instruments, and then verifying the ratio of the changes in both amounts. However, hedge effectiveness is deemed to have been ensured with respect to interest rate swaps that satisfy the requirements for special treatment.</p>								

5. Scope of cash (cash and cash equivalents) in the statements of cash flows	Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
6. Other important matters related to the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interest with real estate, etc. as trust asset 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 sheets and statements of operations. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets.</p> <p>i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and land leasehold interests in trust iii) Leasehold and guarantee deposits received in trust</p> <p>(2) Accounting method for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for non-current assets, etc. are included in acquisition cost for each asset.</p>

Additional information

Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments

Previous fiscal period (From December 1, 2019 to May 31, 2020)

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

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Allowance for temporary difference adjustments
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	3,084

2.Specific Method of Reversal

Deferred gains or losses on hedges

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

Current fiscal period (From June 1, 2020 to November 30, 2020)

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

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Allowance for temporary difference adjustments
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	25,450

2.Specific Method of Reversal

Deferred gains or losses on hedges

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

Notes to Balance Sheets

1. Commitment Line Contracts

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

	As of May 31, 2020	As of November 30, 2020
Total amount specified in the commitment line contracts	¥21,000,000 thousand	¥21,000,000 thousand
Loan balance	¥1,998,000 thousand	–
Net balance	¥19,002,000 thousand	¥21,000,000 thousand

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

	As of May 31, 2020	As of November 30, 2020
	¥50,000 thousand	¥50,000 thousand

*3. Allowance for Temporary Difference Adjustments

Previous fiscal period (From December 1, 2019 to May 31, 2020)

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

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Initial amount	Balance at beginning of period	Amount of provision for period	Amount of reversal for period	Balance at end of period	Reason for reversal
Deferred gains or losses on hedges	–	–	10,797	–	10,797	–	Changes in fair value of derivative transactions

2.Specific Method of Reversal

Deferred gains or losses on hedges

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

Current fiscal period (From June 1, 2020 to November 30, 2020)

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

(Unit: Thousands of yen)

Related assets, etc.	Reason for provision	Initial amount	Balance at beginning of period	Amount of provision for period	Amount of reversal for period	Balance at end of period	Reason for reversal
Deferred gains or losses on hedges	Recognition of loss on valuation of interest rate swaps	3,084	–	3,084	–	3,084	–

2.Specific Method of Reversal

Deferred gains or losses on hedges

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

Notes to Statements of Operations

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

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2019 to May 31, 2020)		Current fiscal period (From June 1, 2020 to November 30, 2020)	
A. Real estate leasing business revenues				
Leasing business revenue				
Rent	12,772,803		12,889,168	
Common service fees	739,471		739,267	
Parking lot fees	290,588		285,349	
Other rent revenue	101,013	13,903,877	95,500	14,009,287
Other leasing business revenue		936,713		1,037,494
Total real estate leasing business revenues		14,840,590		15,046,782
B. Real estate leasing business expenses				
Expenses related to leasing business				
Management operation expenses	1,286,910		1,278,062	
Utilities expenses	841,809		892,089	
Tax and public dues	1,110,349		1,268,968	
Insurance	12,914		12,985	
Repair and maintenance expenses	312,576		441,806	
Depreciation	1,334,352		1,335,601	
Loss on retirement of non-current assets	–		9,230	
Other expenses related to leasing business	571,767	5,470,679	349,775	5,588,521
Total real estate leasing business expenses		5,470,679		5,588,521
C. Profit (loss) from real estate leasing business (A – B)		9,369,910		9,458,260

*2. Breakdown of Gain (Loss) on Sales of Real Estate Properties

Previous fiscal period (From December 1, 2019 to May 31, 2020)

(Unit: Thousands of yen)

A-PLACE Shinbashi Ekimae		
Income from sales of real estate properties	21,000,000	
Costs of sales of real estate properties	20,787,757	
Other costs of sales	68,443	
Gain on sales of real estate properties		143,798

Current fiscal period (From June 1, 2020 to November 30, 2020)

(Unit: Thousands of yen)

EDGE Shinsaibashi (structures)		
Income from sales of real estate properties	29,000	
Costs of sales of real estate properties	–	
Other costs of sales	2,267	
Gain on sales of real estate properties		26,732

*3. Transactions with Major Unitholders

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2019 to May 31, 2020)	Current fiscal period (From June 1, 2020 to November 30, 2020)
Operating transactions		
Operating revenue	–	2,124,905

Notes to Statements of Changes in Unitholders' Equity

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

	Previous fiscal period (From December 1, 2019 to May 31, 2020)	Current fiscal period (From June 1, 2020 to November 30, 2020)
*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	771,224 units	771,224 units

Notes to Statements of Cash Flows

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

	Previous fiscal period (From December 1, 2019 to May 31, 2020)	Current fiscal period (From June 1, 2020 to November 30, 2020)
Cash and deposits	¥13,486,961 thousand	¥14,125,013 thousand
Cash and deposits in trust	¥3,269,588 thousand	¥3,426,066 thousand
Cash and cash equivalents	¥16,756,549 thousand	¥17,551,079 thousand

Notes to Lease Rental Revenues

The Investment Corporation leases properties on which rental revenues are earned. As of May 31, 2020 and November 30, 2020, future lease revenues under non-cancelable operating leases are summarized as follows:

	As of May 31, 2020	As of November 30, 2020
Due within one year	¥16,962,650 thousand	¥16,373,159 thousand
Due after one year	¥117,205,771 thousand	¥111,128,182 thousand
Total	¥134,168,421 thousand	¥127,501,341 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. Leasehold and guarantee deposits received are deposits provided by tenants. Borrowings, investment corporation bonds, leasehold and guarantee deposits received 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 borrowings and investment corporation bonds by diversifying repayment periods, etc., and other means.

Floating-rate borrowings 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 borrowings.

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

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

2. Matters Regarding Fair Values of Financial Instruments

Carrying amounts, fair values, and the differences between the two values as of May 31, 2020, 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	13,486,961	13,486,961	-
(2) Cash and deposits in trust	3,269,588	3,269,588	-
Total assets	16,756,549	16,756,549	-
(1) Short-term borrowings	10,998,000	10,998,000	-
(2) Current portion of long-term borrowings	12,500,000	12,600,325	100,325
(3) Investment corporation bonds	17,000,000	17,278,254	278,254
(4) Long-term borrowings	203,850,000	206,045,048	2,195,048
Total liabilities	244,348,000	246,921,627	2,573,627
Derivative transactions	(3,443)	(3,443)	-

Carrying amounts, fair values, and the differences between the two values as of November 30, 2020, 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	14,125,013	14,125,013	-
(2) Cash and deposits in trust	3,426,066	3,426,066	-
Total assets	17,551,079	17,551,079	-
(1) Short-term borrowings	6,518,000	6,518,000	-
(2) Current portion of long-term borrowings	26,250,000	26,309,036	59,036
(3) Investment corporation bonds	21,500,000	21,661,272	161,272
(4) Long-term borrowings	190,100,000	192,679,568	2,579,568
Total liabilities	244,368,000	247,167,878	2,799,878
Derivative transactions	(28,584)	(28,584)	-

(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 borrowings

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

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

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 borrowings 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 borrowings with floating interest rate to which special treatment for interest rate swaps is applied, the fair value is the value calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar new loan).

(3) Investment corporation 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.

Derivative transactions

Please refer to "Notes on Derivative Transactions" on pages 30 and 31.

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

(Unit: Thousands of yen)

Category	As of May 31, 2020	As of November 30, 2020
Leasehold and guarantee deposits received in trust *	22,309,458	22,353,035

* As there are no market prices for leasehold and guarantee deposits received 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 leasehold and guarantee deposits received in trust is not subject to the disclosure of fair value.

(Note 3) Expected Amounts of Redemption of Monetary Claims after the Account Closing Date
(May 31, 2020)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	13,486,961	–	–	–	–	–
Deposits in trust	3,269,588	–	–	–	–	–
Total	16,756,549	–	–	–	–	–

Expected Amounts of Redemption of Monetary Claims after the Account Closing Date
(November 30, 2020)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	14,125,013	–	–	–	–	–
Deposits in trust	3,426,066	–	–	–	–	–
Total	17,551,079	–	–	–	–	–

(Note 4) Expected Amounts of Repayment of Borrowings and Investment Corporation Bonds after the Account Closing Date
(May 31, 2020)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term borrowings	10,998,000	–	–	–	–	–
Investment corporation bonds	–	–	1,000,000	–	7,000,000	9,000,000
Long-term borrowings	12,500,000	27,850,000	26,500,000	32,750,000	24,000,000	92,750,000
Total	23,498,000	27,850,000	27,500,000	32,750,000	31,000,000	101,750,000

Expected Amounts of Repayment of Borrowings and Investment Corporation Bonds after the Account Closing Date
(November 30, 2020)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term borrowings	6,518,000	–	–	–	–	–
Investment corporation bonds	–	1,000,000	–	5,000,000	2,000,000	13,500,000
Long-term borrowings	26,250,000	26,100,000	29,750,000	29,500,000	26,000,000	78,750,000
Total	32,768,000	27,100,000	29,750,000	34,500,000	28,000,000	92,250,000

Notes on Derivative Transactions

1. Derivative Transaction to Which Hedge Accounting Is Not Applied

(As of May 31, 2020)

Not applicable.

(As of November 30, 2020)

Not applicable.

2. Derivative Transaction to Which Hedge Accounting Is Applied

(As of May 31, 2020)

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 borrowings	12,000,000	12,000,000	(3,443)	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term borrowings	18,140,000	18,140,000	*	–

(As of November 30, 2020)

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 borrowings	12,000,000	12,000,000	(28,584)	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term borrowings	18,140,000	18,140,000	*	–

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings. (Please refer to the preceding “Notes on Financial Instruments, 2. Matters Regarding Fair Values of Financial Instruments, (Note 1) Liabilities (4)” on page 28.)

Notes on Deferred Tax Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of May 31, 2020	As of November 30, 2020
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥10 thousand	¥16 thousand
Deferred gains or losses on hedges	–	¥8,992 thousand
Subtotal of deferred tax assets	¥10 thousand	¥9,009 thousand
Valuation allowance	–	¥(8,992) thousand
Total deferred tax assets	¥10 thousand	¥16 thousand
Net deferred tax assets	¥10 thousand	¥16 thousand

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

	As of May 31, 2020	As of November 30, 2020
Effective statutory tax rate	31.46%	31.46%
Adjustments		
Distributions paid included in deductibles	(31.46)%	(31.46)%
Other	0.01%	0.01%
Effective income tax rate after application of tax effect accounting	0.01%	0.01%

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

Previous fiscal period (From December 1, 2019 to May 31, 2020)

Not applicable.

Current fiscal period (From June 1, 2020 to November 30, 2020)

Attribute	Name	Address	Share capital or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Balance at end of period (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-1 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.52%	None	Major unitholder, and rent and management of properties	Receipt of leasehold and guarantee deposits	9,635	Leasehold and guarantee deposits received in trust	2,384,566
								Refund of leasehold and guarantee deposits received	67,322		
								Rental revenues, etc.	2,124,905	Operating accounts receivable	103,980
										Advances received	61,221

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

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

2. Affiliates, etc.

Previous fiscal period (From December 1, 2019 to May 31, 2020)

Not applicable

Current fiscal period (From June 1, 2020 to November 30, 2020)

Not applicable

3. Sister companies, etc.

Previous fiscal period (From December 1, 2019 to May 31, 2020)

Not applicable

Current fiscal period (From June 1, 2020 to November 30, 2020)

Attribute	Name	Address	Share capital or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Balance at end of period (Thousands of yen)	
						Interlocking officers, etc.	Business relationship					
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	16-3, Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	-	None	Rent and management of properties	Receipt of leasehold and guarantee deposits	18,195	Leasehold and guarantee deposits received in trust	6,239,918	
								Refund of leasehold and guarantee deposits received	62,410			
								Rental revenues, etc.	3,939,335	Operating accounts receivable		261,364
										Advances received		45,557
Subsidiary of major unitholder	Tokyu Community Corp.	10-1, Yoga 4-chome, Setagaya-ku, Tokyo	1,653	Real estate management business	-	None	Rent and management of properties	Receipt of leasehold and guarantee deposits	358,920	Leasehold and guarantee deposits received in trust	9,224,589	
								Refund of leasehold and guarantee deposits received	437,397			
								Rental revenues, etc.	6,064,036	Operating accounts receivable		209,203
										Advances received		42,623
		Real estate management fee	866,295	Operating accounts payable	183,422							

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

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

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 sheets, changes during the fiscal period, and fair values of investment and rental properties are as follows.

(Unit: Thousands of yen)

Use	Previous fiscal period (From December 1, 2019 to May 31, 2020)	Current fiscal period (From June 1, 2020 to November 30, 2020)
Urban Retail Properties	Carrying amount on the balance sheets	
	Balance at beginning of period	198,881,821
	Changes during period	(89,939)
	Balance at end of period	198,791,882
	Fair value at end of period	239,866,000
Tokyo Office Properties	Carrying amount on the balance sheets	
	Balance at beginning of period	195,101,532
	Changes during period	9,815,079
	Balance at end of period	204,916,612
	Fair value at end of period	244,140,000
Activia Account Properties	Carrying amount on the balance sheets	
	Balance at beginning of period	102,648,428
	Changes during period	(84,857)
	Balance at end of period	102,563,571
	Fair value at end of period	121,620,000
Total	Carrying amount on the balance sheets	
	Balance at beginning of period	496,631,782
	Changes during period	9,640,283
	Balance at end of period	506,272,066
	Fair value at end of period	605,626,000

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

(Note 2) The main reason for the decrease in the current fiscal period is the provision of depreciation worth ¥1,335,601 thousand.

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

The profit/loss concerning investment and rental properties for the current fiscal period is indicated under "Notes to Statements of Operations."

Segment Information

Segment Information for the fiscal periods ended May 31, 2020 and November 30, 2020 is as follows:

1. Operating Segment Information

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

2. Enterprise-wide Disclosures

(1) Information about Products and Services

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

(2) Information about Geographic Areas

Revenues from Overseas Customers:

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

Property, plant and equipment:

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

3. Information about Major Customers

Previous fiscal period (From December 1, 2019 to May 31, 2020)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Community Corp.	6,061,386	Property rental business
Tokyu Land SC Management Corporation	4,102,214	Property rental business
Tokyu Land Corporation	1,769,752	Property rental business

Current fiscal period (From June 1, 2020 to November 30, 2020)

(Unit: Thousands of yen)

Name of Customer	Revenues	Related Segment
Tokyu Community Corp.	6,064,036	Property rental business
Tokyu Land SC Management Corporation	3,939,335	Property rental business
Tokyu Land Corporation	2,124,905	Property rental business

Per Unit Information

	Previous fiscal period (From December 1, 2019 to May 31, 2020)	Current fiscal period (From June 1, 2020 to November 30, 2020)
Net assets per unit	¥331,551	¥331,558
Basic earnings per unit	¥9,507	¥9,547

(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 771,224 units; current fiscal period 771,224 units). Diluted earnings per unit is not stated, as there is no potential investment unit.

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

	Previous fiscal period (From December 1, 2019 to May 31, 2020)	Current fiscal period (From June 1, 2020 to November 30, 2020)
Profit (Thousands of yen)	7,332,671	7,363,018
Amount not attributable to common unitholders (Thousands of yen)	–	–
Profit attributable to common investment units (Thousands of yen)	7,332,671	7,363,018
Average number of investment units for the period (Units)	771,224	771,224

Significant Subsequent Events

Not applicable.

Omission of Disclosure

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

VIII. Schedule of Financial Statements

Securities

1. Shares

Not applicable

2. Securities Other Than Shares

Not applicable

Derivative Transactions

(Unit: Thousands of yen)

Classification	Type of derivative transactions	Amount of contract (Note 1)		Fair value (Note 2) (Note 3)
			Portion due after one year	
Over-the-counter	Interest rate swaps Receive floating Pay fixed	30,140,000	30,140,000	(28,584)
Total		30,140,000	30,140,000	(28,584)

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

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

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

Property and Equipment

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

(Unit: Thousands of yen)

		Beginning balance	Increase	Decrease	Ending Balance	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
Tangible Assets	Buildings in trust	84,702,637	569,309	36,420	85,235,526	15,209,363	1,260,852	70,026,162
	Structures in trust	734,704	6,302	—	741,007	233,660	18,174	507,346
	Machinery and equipment in trust	1,367,743	29,541	—	1,397,285	425,855	37,890	971,430
	Tools, furniture and fixtures in trust	263,247	19,021	—	282,268	161,686	18,683	120,582
	Land in trust	424,862,322	—	—	424,862,322	—	—	424,862,322
	Construction in progress in trust	8,478	25,980	—	34,458	—	—	34,458
	Subtotal	511,939,133	650,155	36,420	512,552,867	16,030,565	1,335,601	496,522,302
Intangible Assets	Leasehold rights in trust	9,055,086	—	—	9,055,086	—	—	9,055,086
	Other (Note)	7,153	—	—	7,153	6,221	254	932
	Subtotal	9,062,239	—	—	9,062,239	6,221	254	9,056,018
Total		521,001,373	650,155	36,420	521,615,107	16,036,786	1,335,856	505,578,321

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

Other Specified Assets

Not applicable

Investment Corporation Bonds

(Unit: Thousands of yen)

Issue	Issue Date	Beginning balance	Decrease	Ending balance	Interest Rate	Redemption Date	Use of funds	Remarks
3rd unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 21, 2015	2,000,000	—	2,000,000	0.726%	April 21, 2025	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
4th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 3, 2016	2,000,000	—	2,000,000	0.770%	February 3, 2026	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
6th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	1,000,000	—	1,000,000	0.480%	February 2, 2027	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
7th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	1,000,000	—	1,000,000	0.810%	February 2, 2032	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
8th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 13, 2018	1,000,000	—	1,000,000	0.160%	August 12, 2022	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
9th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 13, 2018	1,000,000	—	1,000,000	1.050%	February 12, 2038	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
10th unsecured bonds (with pari passu conditions among specified investment corporation bonds)(Green Bonds)	July 9, 2019	5,000,000	—	5,000,000	0.220%	July 9, 2024	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
11th unsecured bonds (with pari passu conditions among specified investment corporation bonds)(Green Bonds)	November 18, 2019	4,000,000	—	4,000,000	0.530%	November 16, 2029	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
12th unsecured bonds (with pari passu conditions among specified investment corporation bonds)(Green Bonds)	October 21, 2020	—	—	4,500,000	0.510%	October 21, 2030	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
Total	—	17,000,000	—	21,500,000	—	—	—	—

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

(Unit: Thousands of yen)

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

Loans Payable

The following tables show the details of loans payable.

(Unit: Thousands of yen)

	Category		Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender										
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited		January 30, 2020	1,600,000	-	1,600,000	-	0.18573%	November 30, 2020	(Note 7)	Unsecured, non-guaranteed
		Mizuho Bank, Ltd.		1,600,000	-	1,600,000	-				
		MUFG Bank, Ltd.		800,000	-	800,000	-				
	Sumitomo Mitsui Trust Bank, Limited		April 17, 2020	666,000	-	666,000	-	0.33128%	November 30, 2020	(Note 7)	Unsecured, non-guaranteed
		Mizuho Bank, Ltd.		666,000	-	666,000	-				
		MUFG Bank, Ltd.		666,000	-	666,000	-				
	Sumitomo Mitsui Trust Bank, Limited		January 10, 2020	2,000,000	-	-	2,000,000	0.18629%	January 12, 2021	(Note 3)	Unsecured, non-guaranteed
		Mizuho Bank, Ltd.		2,000,000	-	-	2,000,000				
		MUFG Bank, Ltd.		1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited		November 30, 2020	-	506,000	-	506,000	0.18818%	November 30, 2021	(Note 4)	Unsecured, non-guaranteed
		Mizuho Bank, Ltd.		-	506,000	-	506,000				
		MUFG Bank, Ltd.		-	506,000	-	506,000				
Total			10,998,000	1,518,000	5,998,000	6,518,000					
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited		December 19, 2013	1,060,000	-	-	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
		MUFG Bank, Ltd. (Note 6)		1,060,000	-	-	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
		Mizuho Bank, Ltd.		1,060,000	-	-	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
		MUFG Bank, Ltd.		1,060,000	-	-	1,060,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		January 10, 2014	530,000	-	-	530,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
		Development Bank of Japan Inc.		530,000	-	-	530,000	1.07980%	December 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		January 10, 2021	1,340,000	-	-	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
		MUFG Bank, Ltd. (Note 6)		1,340,000	-	-	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
		Mizuho Bank, Ltd.		1,340,000	-	-	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
		MUFG Bank, Ltd.		1,340,000	-	-	1,340,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		January 10, 2021	670,000	-	-	670,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
		Development Bank of Japan Inc.		670,000	-	-	670,000	1.07856%	January 10, 2021	(Note 3)	Unsecured, non-guaranteed
	Nippon Life Insurance Company		March 31, 2017	500,000	-	-	500,000	0.25000%	March 31, 2021	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		January 10, 2019	3,920,000	-	-	3,920,000	0.20129%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
		Mizuho Bank, Ltd.		3,920,000	-	-	3,920,000				
		MUFG Bank, Ltd.		1,970,000	-	-	1,970,000				
		Sumitomo Mitsui Banking Corporation		1,970,000	-	-	1,970,000				
	Development Bank of Japan Inc.		January 10, 2019	1,970,000	-	-	1,970,000	0.36607%	July 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		January 5, 2018	320,000	-	-	320,000	0.41931%	December 28, 2021	(Note 3)	Unsecured, non-guaranteed
		MUFG Bank, Ltd.		640,000	-	-	640,000				
		Mizuho Bank, Ltd.		320,000	-	-	320,000				
		Sumitomo Mitsui Banking Corporation		160,000	-	-	160,000				
		Development Bank of Japan Inc.		160,000	-	-	160,000				
		Sumitomo Mitsui Trust Bank, Limited			January 9, 2022	840,000	-				
	MUFG Bank, Ltd. (Note 6)		January 9, 2022	840,000	-	-	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		January 9, 2022	840,000	-	-	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		January 9, 2022	840,000	-	-	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
Sumitomo Mitsui Banking Corporation		January 9, 2022	420,000	-	-	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed	
Development Bank of Japan Inc.		January 9, 2022	420,000	-	-	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed	

(Unit: Thousands of yen)

	Category		Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks	
	Lender											
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited		January 10, 2020	1,420,000	-	-	1,420,000	0.19629%	January 11, 2022	(Note 4)	Unsecured, non-guaranteed	
		Mizuho Bank, Ltd.		1,420,000	-	-	1,420,000					
		MUFG Bank, Ltd.		720,000	-	-	720,000					
		Sumitomo Mitsui Banking Corporation		720,000	-	-	720,000					
	Development Bank of Japan Inc.		January 10, 2020	720,000	-	-	720,000	0.31571%	January 11, 2022	(Note 4)	Unsecured, non-guaranteed	
		Mizuho Trust & Banking Co., LTD.		2,000,000	-	-	2,000,000	0.68500%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed	
	Shinkin Central Bank		March 31, 2015	500,000	-	-	500,000			(Note 4)	Unsecured, non-guaranteed	
	Tokio Marine & Nichido Fire Insurance Co., Ltd.		March 31, 2017	400,000	-	-	400,000	0.30630%	March 31, 2022	(Note 4)	Unsecured, non-guaranteed	
		The 77 Bank, Ltd.		400,000	-	-	400,000					
	Sumitomo Mitsui Trust Bank, Limited		June 15, 2022	1,500,000	-	-	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed	
		MUFG Bank, Ltd. (Note 6)		1,500,000	-	-	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed	
		Mizuho Bank, Ltd.		1,500,000	-	-	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		1,500,000		-	-	1,500,000	0.94688%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed		
Sumitomo Mitsui Trust Bank, Limited				December 16, 2015	200,000	-	-	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed
MUFG Bank, Ltd. (Note 6)		200,000			-	-	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		June 15, 2022	200,000	-	-	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed		
MUFG Bank, Ltd.			200,000	-	-	200,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed		
Sumitomo Mitsui Banking Corporation		June 15, 2022	100,000	-	-	100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed		
Development Bank of Japan Inc.		June 15, 2022	100,000	-	-	100,000	0.65691%	June 15, 2022	(Note 3)	Unsecured, non-guaranteed		
Sumitomo Mitsui Trust Bank, Limited		June 13, 2018	1,560,000	-	-	1,560,000	0.44835%	June 15, 2022	(Note 4)	Unsecured, non-guaranteed		
	Mizuho Bank, Ltd.		1,560,000	-	-	1,560,000						
	MUFG Bank, Ltd.		1,560,000	-	-	1,560,000						
	Sumitomo Mitsui Banking Corporation		160,000	-	-	160,000						
	Development Bank of Japan Inc.		160,000	-	-	160,000						
	Sumitomo Mitsui Trust Bank, Limited			January 9, 2022	840,000	-					-	840,000

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Mizuho Bank, Ltd.	620,000	--	--	620,000						
MUFG Bank, Ltd.	620,000	--	--	620,000						
Sumitomo Mitsui Banking Corporation	320,000	--	--	320,000						
Development Bank of Japan Inc.	320,000	--	--	320,000						
Sumitomo Mitsui Trust Bank, Limited	September 30, 2015	1,250,000	--	--	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed	
MUFG Bank, Ltd. (Note 6)		1,250,000	--	--	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		1,250,000	--	--	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed	
MUFG Bank, Ltd. (Note 6)		1,250,000	--	--	1,250,000	0.61330% (Note 5)	March 30, 2023	(Note 4)	Unsecured, non-guaranteed	
Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	750,000	--	--	750,000	0.44804%	March 30, 2023	(Note 4)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		750,000	--	--	750,000					
MUFG Bank, Ltd.		750,000	--	--	750,000					
Sumitomo Mitsui Banking Corporation		375,000	--	--	375,000					
Development Bank of Japan Inc.	375,000	--	--	375,000						
Sumitomo Mitsui Trust Bank, Limited	October 6, 2016	800,000	--	--	800,000	0.38472%	April 6, 2023	(Note 3)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		1,600,000	--	--	1,600,000					
Mizuho Bank, Ltd.		800,000	--	--	800,000					
Sumitomo Mitsui Banking Corporation		400,000	--	--	400,000					
Development Bank of Japan Inc.	400,000	--	--	400,000						
Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	1,500,000	--	--	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed	
MUFG Bank, Ltd. (Note 6)		1,500,000	--	--	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		1,500,000	--	--	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		1,500,000	--	--	1,500,000	1.06316%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed	
Sumitomo Mitsui Banking Corporation	December 16, 2015	625,000	--	--	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed	
Development Bank of Japan Inc.		625,000	--	--	625,000	0.75387%	June 15, 2023	(Note 3)	Unsecured, non-guaranteed	
Sumitomo Mitsui Trust Bank, Limited	June 13, 2017	1,250,000	--	--	1,250,000	0.46400%	June 15, 2023	(Note 4)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		2,500,000	--	--	2,500,000					
Mizuho Bank, Ltd.		1,250,000	--	--	1,250,000					
Taiyo Life Insurance Company	March 31, 2017	500,000	--	--	500,000	0.35998%	September 29, 2023	(Note 4)	Unsecured, non-guaranteed	
Mitsui Sumitomo Insurance Company, Limited		500,000	--	--	500,000					
Resona Bank, Limited.	March 31, 2020	1,500,000	--	--	1,500,000	0.17254%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed	
The Gunma Bank, Ltd.	March 31, 2020	500,000	--	--	500,000	0.21254%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed	

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
MUFG Bank, Ltd. (Note 6)	1,400,000	--	--	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed		
Mizuho Bank, Ltd.	1,400,000	--	--	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed		
MUFG Bank, Ltd.	1,400,000	--	--	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed		
Sumitomo Mitsui Banking Corporation	700,000	--	--	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed		
Development Bank of Japan Inc.	700,000	--	--	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed		
Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	1,420,000	--	--	1,420,000	0.34459%	January 12, 2024	(Note 3)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		1,420,000	--	--	1,420,000					
MUFG Bank, Ltd.		720,000	--	--	720,000					
Sumitomo Mitsui Banking Corporation		720,000	--	--	720,000					
Development Bank of Japan Inc.	720,000	--	--	720,000						
Mizuho Trust & Banking Co., LTD.	March 31, 2017	2,000,000	--	--	2,000,000	0.41380%	March 29, 2024	(Note 4)	Unsecured, non-guaranteed	
Resona Bank, Limited.		1,500,000	--	--	1,500,000					
The Bank of Fukuoka, Ltd.		1,000,000	--	--	1,000,000					
Shinkin Central Bank		500,000	--	--	500,000					
The Norinchukin Bank	500,000	--	--	500,000						
Sumitomo Mitsui Trust Bank, Limited	December 16, 2015	1,200,000	--	--	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
MUFG Bank, Ltd. (Note 6)		1,200,000	--	--	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		1,200,000	--	--	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		1,200,000	--	--	1,200,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
Sumitomo Mitsui Banking Corporation		600,000	--	--	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
Development Bank of Japan Inc.		600,000	--	--	600,000	0.85377%	June 17, 2024	(Note 3)	Unsecured, non-guaranteed	
Sumitomo Mitsui Trust Bank, Limited	June 13, 2016	1,500,000	--	--	1,500,000	0.33150% (Note 5)	June 17, 2024	(Note 4)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		3,000,000	--	--	3,000,000					
Mizuho Bank, Ltd.		1,500,000	--	--	1,500,000					
Sumitomo Mitsui Trust Bank, Limited	June 13, 2016	1,500,000	--	--	1,500,000	0.36900% (Note 5)	December 13, 2024	(Note 4)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		3,000,000	--	--	3,000,000					
Mizuho Bank, Ltd.		1,500,000	--	--	1,500,000					
Sumitomo Mitsui Trust Bank, Limited	September 21, 2016	1,200,000	--	--	1,200,000	0.54094%	March 21, 2025	(Note 3)	Unsecured, non-guaranteed	
MUFG Bank, Ltd.		2,400,000	--	--	2,400,000					
Mizuho Bank, Ltd.		1,200,000	--	--	1,200,000					
Sumitomo Mitsui Banking Corporation		600,000	--	--	600,000					
Development Bank of Japan Inc.	600,000	--	--	600,000						

(Unit: Thousands of yen)

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

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 9, 2018	780,000	—	—	780,000	0.70698%	January 9, 2027	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,560,000	—	—	1,560,000				
	Mizuho Bank, Ltd.		780,000	—	—	780,000				
	Sumitomo Mitsui Banking Corporation		390,000	—	—	390,000				
	Development Bank of Japan Inc.		390,000	—	—	390,000				
	Sumitomo Mitsui Trust Bank, Limited		950,000	—	—	950,000				
	Mizuho Bank, Ltd.	950,000	—	—	950,000					
	MUFG Bank, Ltd.	950,000	—	—	950,000					
	Sumitomo Mitsui Banking Corporation	475,000	—	—	475,000					
	Development Bank of Japan Inc.	475,000	—	—	475,000					
	Sumitomo Mitsui Trust Bank, Limited	June 13, 2018	2,200,000	—	—	2,200,000	0.73360%	June 13, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		2,200,000	—	—	2,200,000				
	MUFG Bank, Ltd.		2,200,000	—	—	2,200,000				
	Sumitomo Mitsui Banking Corporation		200,000	—	—	200,000				
	Development Bank of Japan Inc.	200,000	—	—	200,000					
	Sumitomo Mitsui Trust Bank, Limited	January 5, 2018	320,000	—	—	320,000	0.74869%	July 5, 2027	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		640,000	—	—	640,000				
	Mizuho Bank, Ltd.		320,000	—	—	320,000				
	Sumitomo Mitsui Banking Corporation		160,000	—	—	160,000				
	Development Bank of Japan Inc.	160,000	—	—	160,000					
	Sumitomo Mitsui Trust Bank, Limited	April 19, 2019	1,000,000	—	—	1,000,000	0.54375% (Note 5)	July 5, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,000,000	—	—	1,000,000				
	MUFG Bank, Ltd.		1,000,000	—	—	1,000,000				
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000					
	Development Bank of Japan Inc.	April 19, 2019	500,000	—	—	500,000	0.58821%	July 5, 2027	(Note 4)	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.	March 31, 2020	1,000,000	—	—	1,000,000	0.28500%	September 30, 2027	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank		500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	3,210,000	—	—	3,210,000	0.55800% (Note 5)	January 11, 2028	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		3,210,000	—	—	3,210,000				
	MUFG Bank, Ltd.		1,610,000	—	—	1,610,000				
Sumitomo Mitsui Banking Corporation	1,610,000	—	—	1,610,000						
Development Bank of Japan Inc.	January 10, 2019	1,610,000	—	—	1,610,000	0.65264%	January 11, 2028	(Note 3)	Unsecured, non-guaranteed	
Sumitomo Mitsui Trust Bank, Limited	May 31, 2019	1,165,000	—	—	1,165,000	0.56127%	May 31, 2028	(Note 4)	Unsecured, non-guaranteed	
Mizuho Bank, Ltd.		1,165,000	—	—	1,165,000					
MUFG Bank, Ltd.		590,000	—	—	590,000					
Sumitomo Mitsui Banking Corporation		590,000	—	—	590,000					
Development Bank of Japan Inc.	590,000	—	—	590,000						

(Unit: Thousands of yen)

Category	Lender	Draw down date	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Mizuho Bank, Ltd.	420,000	—	—	420,000						
MUFG Bank, Ltd.	420,000	—	—	420,000						
Sumitomo Mitsui Banking Corporation	220,000	—	—	220,000						
Development Bank of Japan Inc.	220,000	—	—	220,000						
Development Bank of Japan Inc.	June 13, 2019	6,000,000	—	—	6,000,000	0.56511%	December 13, 2028	(Note 4)	Unsecured, non-guaranteed	
Total			216,350,000	—	—	216,350,000				

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

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

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

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

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

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

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

(Unit: Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years
Long-term loans payable	26,250,000	26,100,000	29,750,000	29,500,000	26,000,000

Independent Auditor's Report



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

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Independent Auditor's Report

The Board of Directors
Activia Properties Inc.

Opinion

We have audited the accompanying financial statements of Activia Properties Inc. (the Investment Corporation), which comprise the balance sheet as at November 30, 2020, and the statements of operations, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Investment Corporation as at November 30, 2020, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Investment Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Supervisory Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Investment Corporation's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Supervisory Directors are responsible for overseeing the Investment Corporation's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Investment Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Investment Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Investment Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Investment Corporation which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Overview of API



Ernst & Young ShinNihon LLC
Tokyo, Japan

February 22, 2021

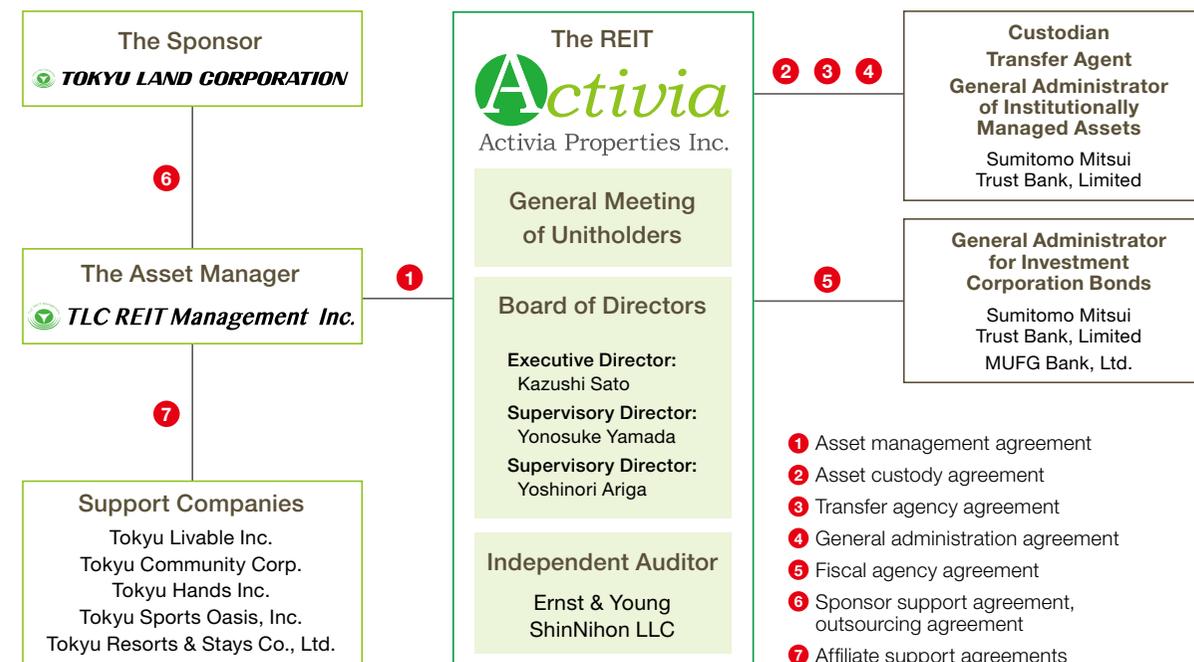
向出 勇治 (Seiichi Mukaida)

Yuji Mukaide
Designated Engagement Partner
Certified Public Accountant

新居 幹也 (Mikiya Arai)

Mikiya Arai
Designated Engagement Partner
Certified Public Accountant

Structure



Profile

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

History

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

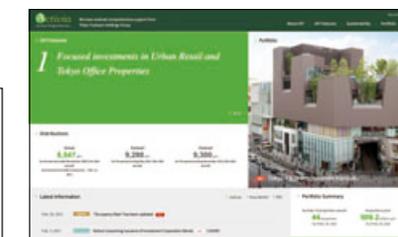
API Website

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

URL

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

Accessible from smartphone as well.



Overview of the Asset Manager

Overview of the Asset Manager

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

DNA of Tokyu Land Corporation

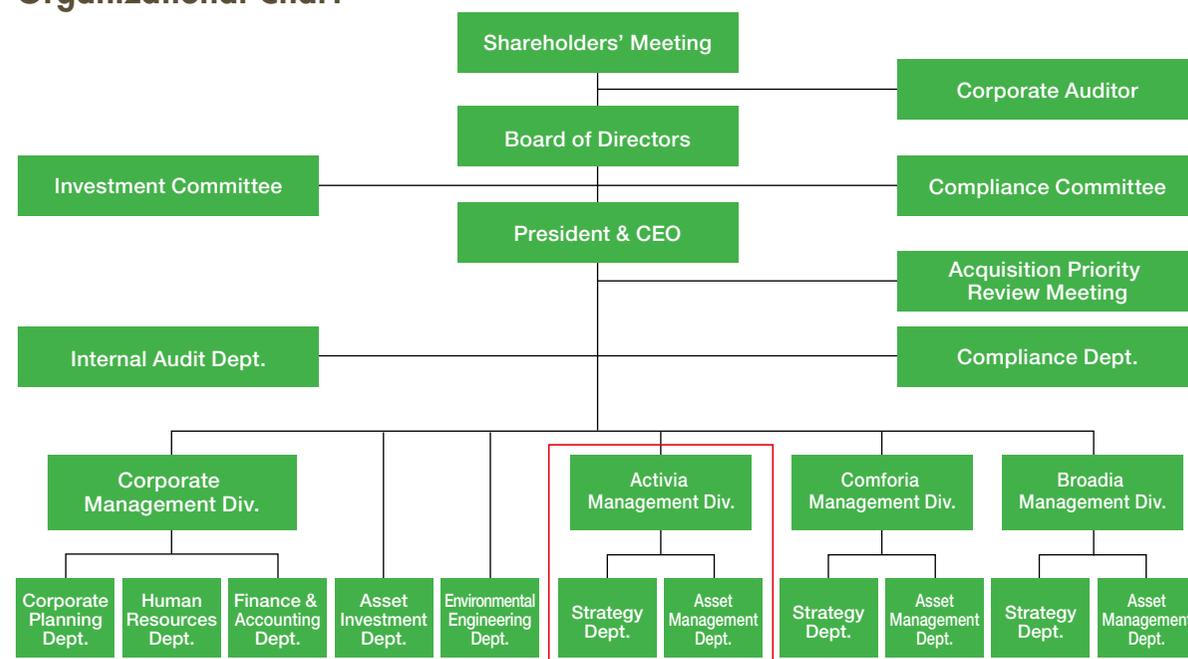
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyu Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses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

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

Proactive Behavior

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

Organizational Chart



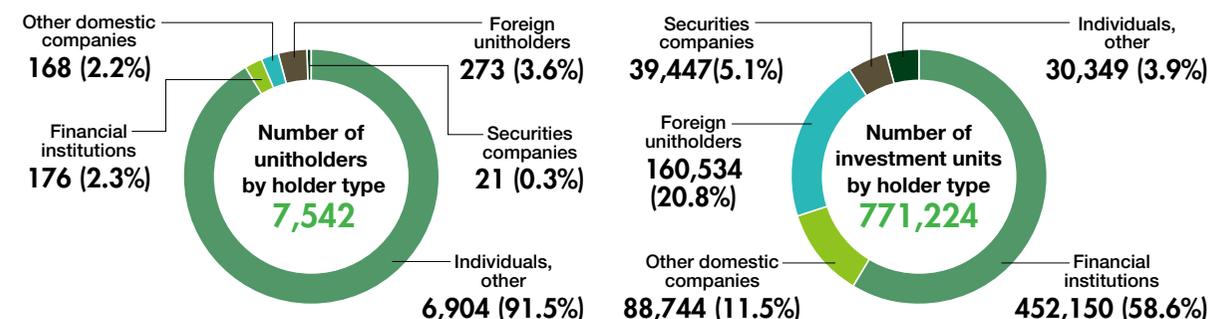
Information on Unitholders

Trends in Unit Prices



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

Distribution of Unitholders



(Note 1) API implemented a 2-for-1 investment unit split effected as of October 1, 2015.
(Note 2) "Individuals, other" includes governments and local public entities.

Unitholder Memo

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

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

Please contact the securities company.

■ **Dividends**

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

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

Telephone inquiries

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

Withholding tax rate on dividends of listed investment corporations

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

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

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

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

Additional issues to be aware of are as follows.

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

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

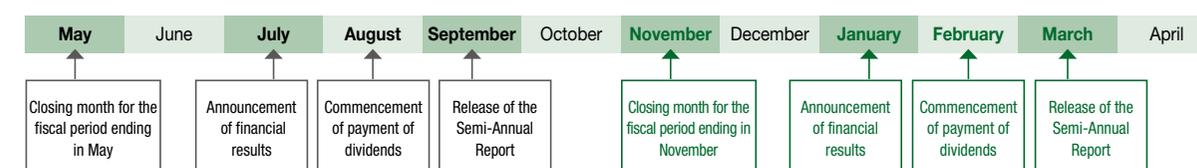
(Note) 20% × reconstruction special income tax rate 2.1% = 0.42%.

■ **Matters to be noted regarding the Reconstruction Special Income Tax**

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

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

Annual Schedule





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