

17th

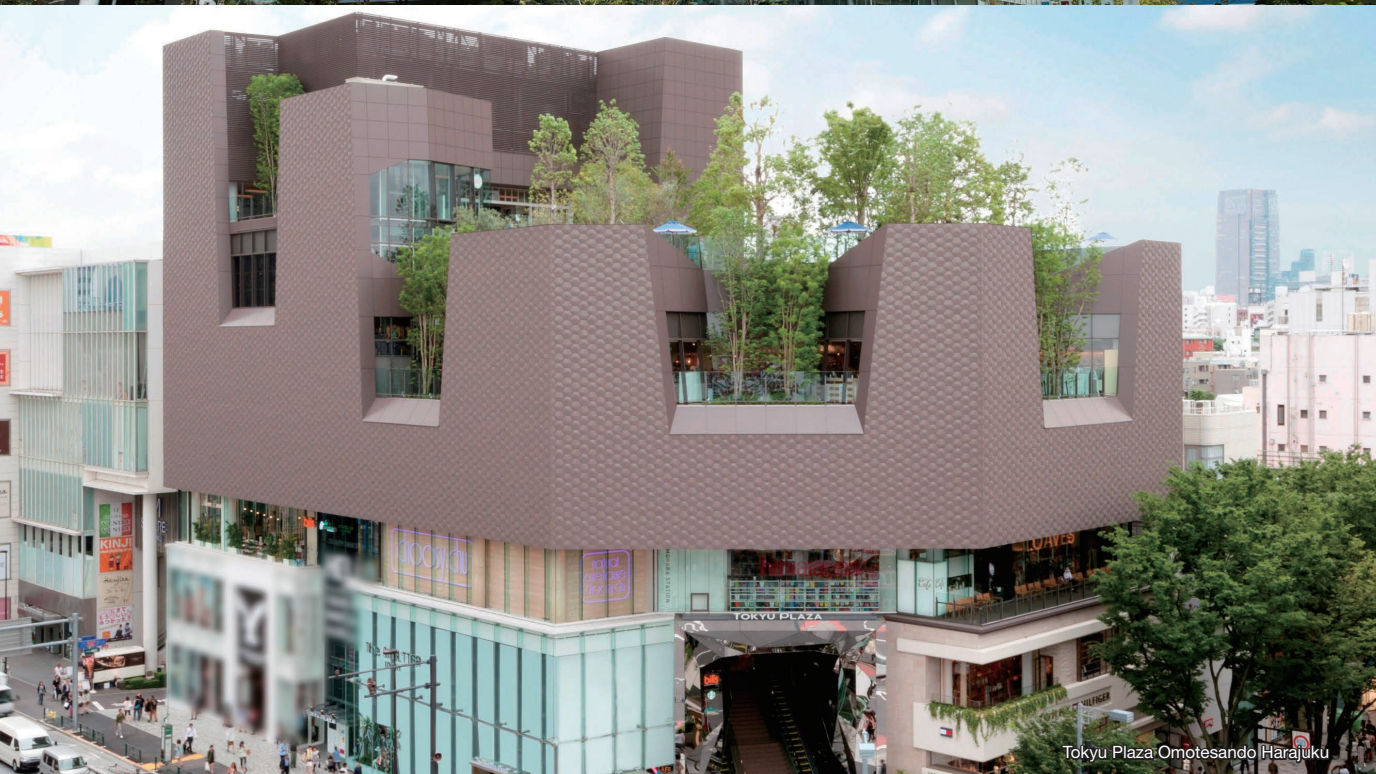
Activia

Semi-Annual Report for the Period ended May 31, 2020 (the 17th Period)

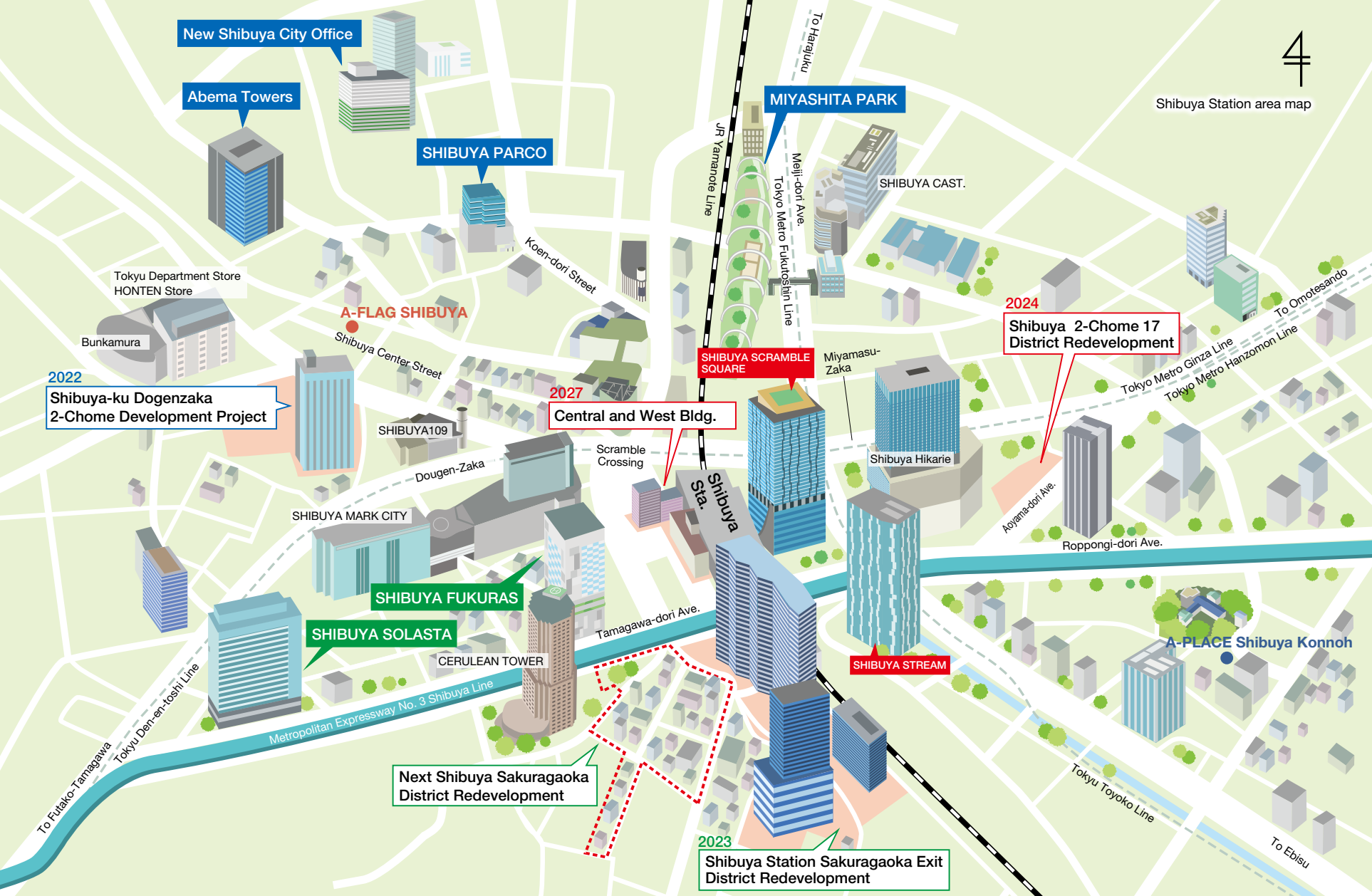
From December 1, 2019 to May 31, 2020



Shiodome Building



Tokyu Plaza Omotesando Harajuku



Semi-Annual Report for the 17th Period ended May 2020

From December 1, 2019 to May 31, 2020

► Cash Distributions (Result)

The Period ended May 2020
(the 17th Period)

Cash distributions per unit

¥9,508

► Cash Distributions (Forecast)

The Period ending November 2020
(the 18th Period)

Cash distributions per unit

¥9,040

The Period ending May 2021
(the 19th Period)

Cash distributions per unit

¥9,280



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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We Aim to Enhance Unitholder Value Along With Fulfilling Our Social Responsibility Amid an Emergency

Kazushi Sato

Executive Director
Activia Properties Inc.



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

First, I would like to express my sincere condolences for the victims of COVID-19 and those concerned, wishing people fighting with COVID-19 a quick and complete recovery.

Recently we have closed all accounts for the 17th period from December 1, 2019 to May 31, 2020. We owe this achievement to your understanding and continuous support, for which we wish to extend our deep appreciation.

In the first half of the fiscal period under review, the Japanese economy continued a trend of gradual recovery on the whole underpinned by improvements in the employment and income environments, and despite apparent weakening still prevailing for

exports and manufacturing. However, due to the spread of COVID-19 in February and thereafter, the employment and income situation, which had been improving until then, has started to show some weakness, and the outlook remains uncertain.

In the J-REIT market, despite asset sizes continuing to expand against a backdrop of the interest-rate environment remaining at low levels and a strong real estate market, the situation has become unstable given developments such as a brief yet substantial drop in the Tokyo Stock Exchange REIT index, mainly over concerns about financial results due to the spread of COVID-19.

Under these circumstances, API has continually achieved rent increases for lease contract renewals, mainly in offices particularly for Tokyo Office

properties. On the other hand, retail properties, mainly Urban Retail properties under management, have been hardly affected, as some PM-operated retail properties that have been obliged to completely close to prevent the spread of COVID-19. From now on, we should keep a close eye on the real estate market and handle this situation promptly and appropriately. We consider that the advantages of location and quality of our retail properties remain unchanging, and we will strive to manage those properties aiming for future upside after the coronavirus.

The overall occupancy rate of our portfolio at the end of the period under review was 99.8%, and we have successfully maintained a high rate. In January 2020, we acquired Ebisu Prime Square (51% coownership interest) and disposed of A-PLACE Shinbashi Ekimae in March 2020.

As a result of the above-mentioned management, operating revenue, operating profit, and profit were ¥14,984 million, ¥8,206 million and ¥7,332 million, respectively, for the period ended May 2020. Distributions per investment unit were ¥9,508.

Recently, there is increased demand for corporations to include and actively promote ESG (environment, social, governance) perspectives into

their long-term management strategy to realize a sustainable society.

API has promoted a wide range of initiatives to reduce the environmental load and to contribute to our environment and local community. Furthermore, considering the spread of COVID-19, we recognize our social responsibilities are to implement preventive measure against COVID-19, such as retail property closures, and to support business continuity of our tenants, which will contribute to realizing a sustainable society along with maximizing unitholder value in the medium to long term. We will continue to promote our commitment to the targets set for each material issue to enhance trustworthy relationships with all of our stakeholders, including unitholders.

For the 18th period ending November 2020 and onwards, we will strive to conduct stable management by various measures, including continuous support for our tenants, while prioritizing enhancement of unitholder value as our most important task, which we believe possible through aiming at bringing API back early to a growth path and seeking to steadily grow DPU. We would be most grateful for your continued support and encouragement. Thank you.

Financial Highlights (Millions of yen)

	Period ended November 30, 2019 (the 16th Period)	Period ended May 31, 2020 (the 17th Period)
Operating revenue	¥ 15,542	¥ 14,984
Operating profit	¥ 8,680	¥ 8,206
Ordinary profit	¥ 7,818	¥ 7,333
Profit	¥ 7,817	¥ 7,332

	Period ended November 30, 2019 (the 16th Period)	Period ended May 31, 2020 (the 17th Period)
Total assets	¥ 515,480	¥ 525,686
Net assets	¥ 256,198	¥ 255,700
Unitholders' equity to total assets (%)	49.7 %	48.6 %
Net assets per unit (yen) ^(Note)	¥ 332,196	¥ 331,551

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

Topics

1 Management Highlights of the 17th Period Ended May 2020

- **NAV per unit** enjoyed the benefit from asset replacement ^(Note 1) along with posting a **record high for office internal growth** and **progressing cost reduction** in finance
- **Both revenue and profit for FP17 ended May 2020** decreased from the previous period due to impact from COVID-19 and decrease in gain on sale of property

Financial Result (May 2020)		vs. Nov. 2019
Operating revenue (Gain on sale of real estate)	¥15.0 ^{bn} (¥0.1 ^{bn})	-¥0.6 ^{bn} (-¥0.2 ^{bn})
Profit	¥7.3 ^{bn}	-¥0.5 ^{bn}
DPU	¥9,508	-¥629
NAV per unit	¥460,378	+¥1,603

Internal Growth in Office ^(Note 2) (May 2020)		vs. Nov. 2019
Ratio of area with increased rent	81%	+19 ^{pt}
Increased amount	¥182 ^{mn}	+¥35 ^{mn}
Increase rate	15.2%	+2.3 ^{pt}
Average rent	¥21.6 ^k	+¥0.7 ^k
Rent gap	-11%	+2.5 ^{pt}

Properties Under Management (end of May 2020)		vs. Nov. 2019
Nb. of properties	44	—
AUM	¥509.2 ^{bn}	+¥10.2 ^{bn}
Target investment ratio (UR+TO)	79.7%	+0.4 ^{pt}
Appraisal value	¥605.6 ^{bn}	+¥11.4 ^{bn}
Unrealized gain	¥99.4 ^{bn}	+¥1.7 ^{bn}

Finance (end of May 2020)		vs. Nov. 2019
Interest-bearing debts	¥244.3 ^{bn}	+¥10 ^{bn}
LTV (book value)	46.5%	+1.0 ^{pt}
Average remaining years to maturity	4.4 year	-0.3 year
Average interest rate	0.55%	-0.02 ^{pt}
Commitment line	¥21.0 ^{bn}	—

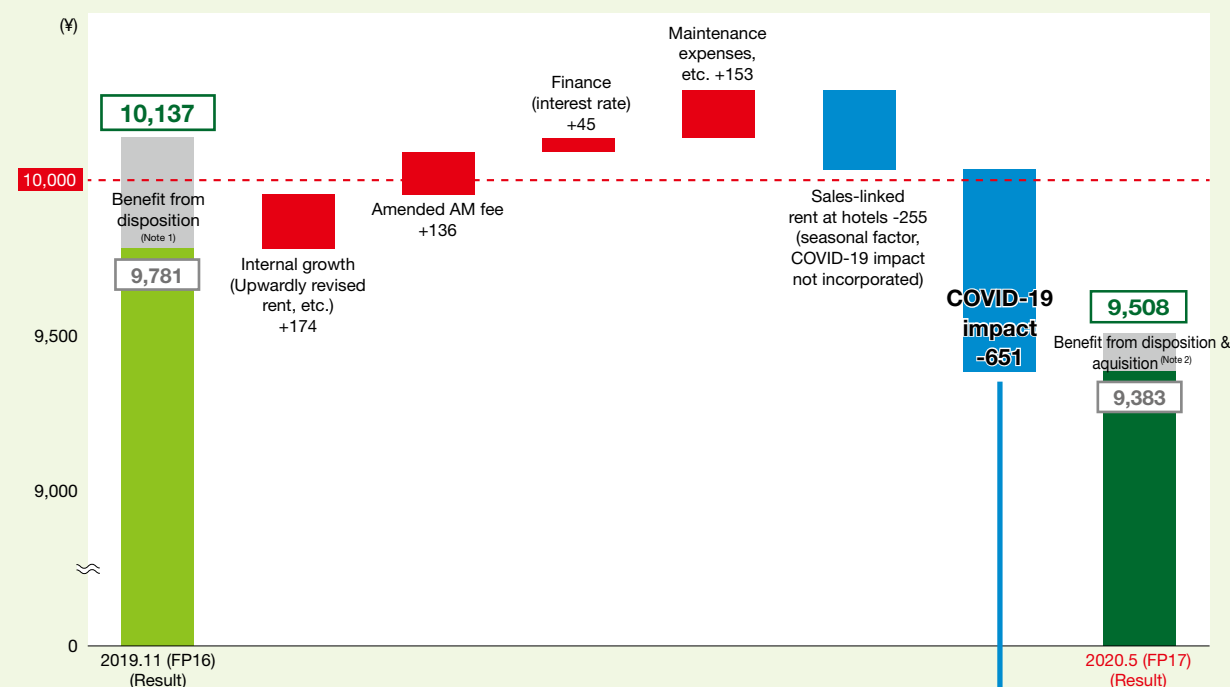
(Note 1) Refers to acquisition of Ebisu Prime Square and disposition of A-PLACE Shinbashi Ekimae

(Note 2) Figures for "Internal Growth in Office" 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.

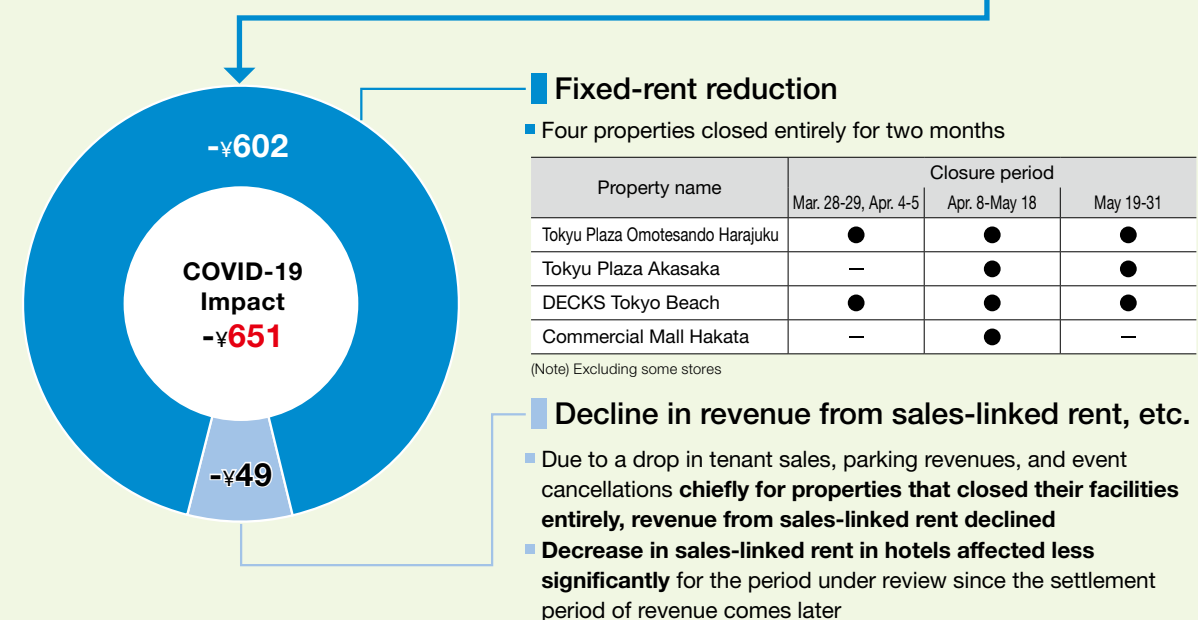
2 DPU Summary for the 17th Period Ended May 2020

- While **stabilized DPU of ¥10,000** were close to achieving our target for internal growth, mainly from offices, etc., the **COVID-19 outbreak** obliged us to **entirely close** some of our property-manager-operating properties and agree to **fixed rent reductions** for some tenants.



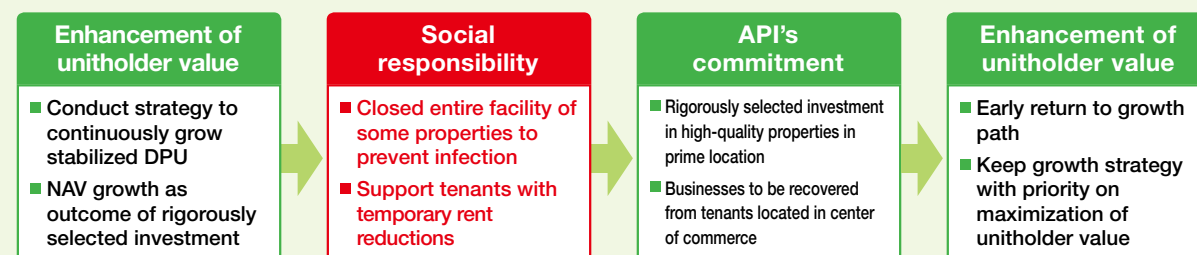
(Note 1) Benefit from disposition refers to the gain on sale of A-FLAG AKASAKA of which 50% in co-ownership interest was disposed of as of June 3, 2019 (FP16) from which the amount equivalent to ¥356 per unit was contributed to DPU

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



3 API's Growth Cycle

- In response to the government's declaration of a state of emergency, **preventive measures** are being taken and **compensation for tenants** implemented
- Best solution for return to growth path** for API considering the middle to long term point of view is to support tenant businesses



Significance of fulfilling social responsibility

- Avoid vacancy increase due to inflexible management with excessive focus on immediate earnings and strengthen confidence with tenants
- Support tenants and maintain portfolio occupancy stabilized in order to early return to path to growth with leveraging API's strength

Defining three straight periods from FP17 ended May 2020 to FP19 ending May 2021 as "emergency", we will work for **return to growth path** with supporting tenants with a point of view of sustainability

4 Growth Strategy After Crisis

New Initiatives Tenant support in emergency

- Action1** towards stabilized DPU of ¥10,000 **has been done** with internal growth achieved and asset replacement conducted in FP16 ended Nov. 2019
- Fulfill API's social responsibility** to support tenant businesses as an important step towards return to growth path

Action 2 Internal growth: office properties

- Changing role of office** makes immediate negotiations with tenants on rents harder, although we will emphasize significance of location, which will be an **opportunity for API**
- Continue to pursue internal growth at **tenant replacement** taking conditions of rent gap without relying on negotiations on lease condition with existing tenants

Action 3 Replacement of retail tenants

- Pursue continual rent increases at tenant replacement where **API's retail properties** can seize opportunity owing to **this competitive advantage**
- Turn **environmental change** such as postponement of Olympic Games into opportunity for internal growth as underlies prospective tenants who watch opportunity to move to better location

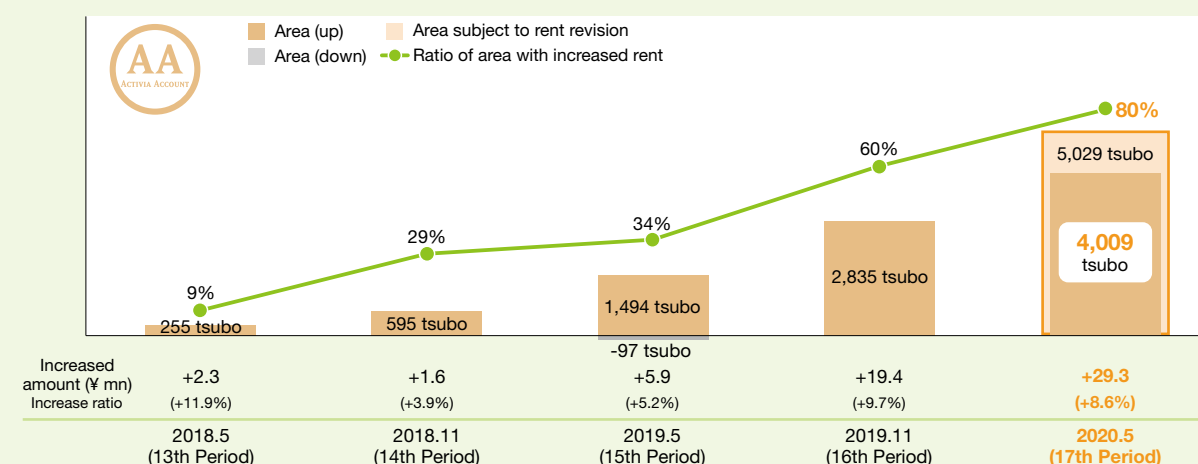
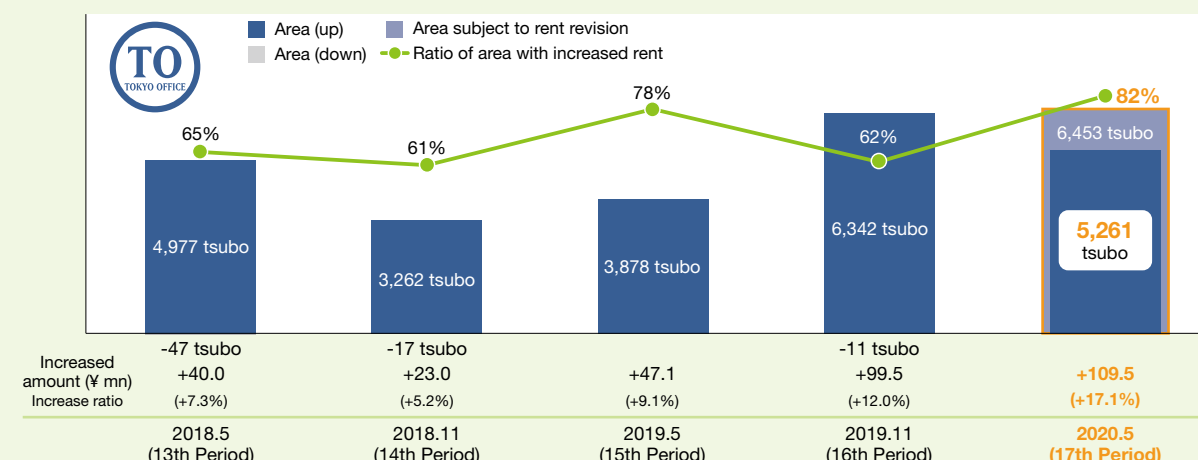
Action 4 External growth

- Continuous strategy for external growth without prioritizing AUM expansion
- Pursue **asset replacement** opportunity to acquire **offices in the greater Shibuya area and Shinagawa-Gotanda area**

5 Management Status of Office

1. Rent Revisions

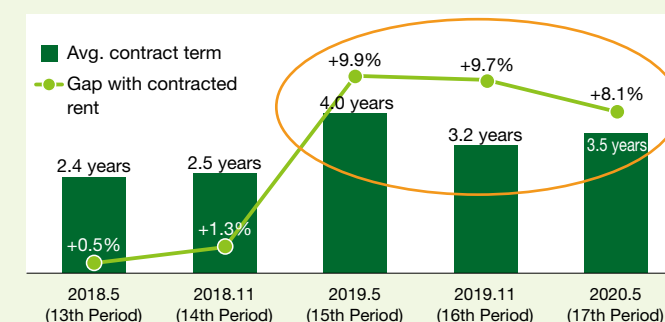
- Posted record highs in increased amount and increased rental rate on Tokyo Office properties and in increased amount and area with higher rent on Activia Account properties
- Continue negotiation on rent revision** judging respective tenant's situation and location while paying attention to tenant business downturn due to COVID-19 impact



2. API's Strategy on Tenant Replacement

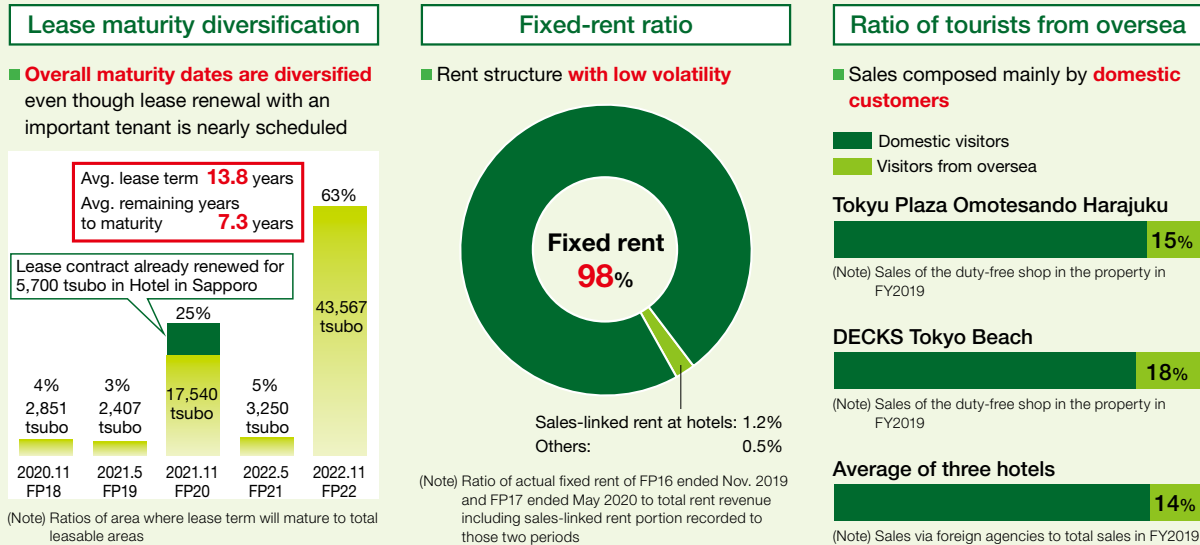
- Number of contracts concluded with favorably higher rent than market owing to **high competitiveness of properties** and **enhanced leasing capacity** on the rise (large gap compared with market rents)
- Stable earnings over long term secured** by concluding contracts with longer term in order to respond to market transition

(Note 1) Gap with contracted rent refers to the rate of divergence between the contracted rent and market rent at time of lease contract conclusion
(Note 2) Graph shows figures for average contract term and rent gap for Tokyo Office properties



6 Management Status of Retail Properties

1. Characteristics of API's Retail Properties

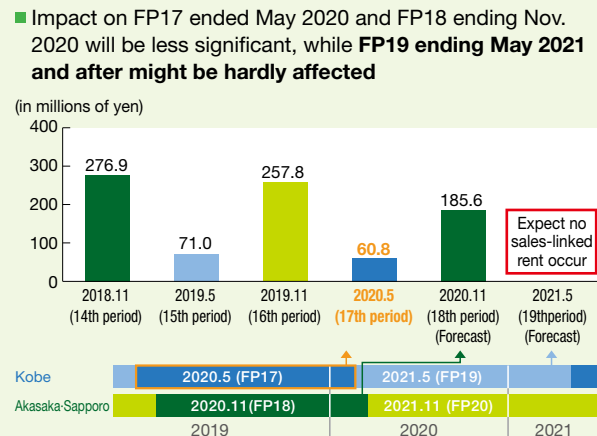


2. Management Status of Hotels

Overview of Hotels

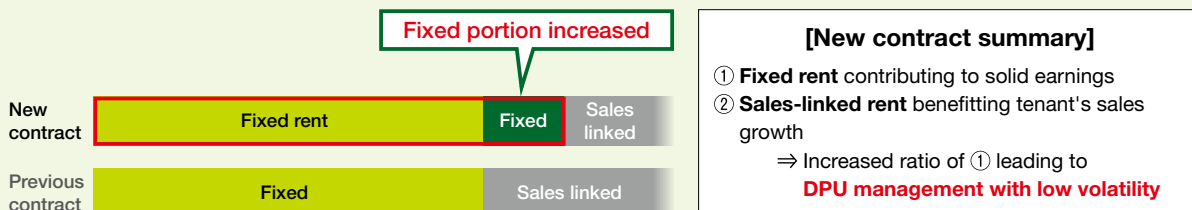
Property	Tokyu Plaza Akasaka	A-FLAG SAPPORO	Kobe Kyu Kyoryuchi 25Bankan
Hotel (Operator)	Akasaka Excel Hotel Tokyu (Tokyu Hotels)	Sapporo Tokyu REI Hotel (Tokyu Hotels)	Oriental Hotel (Plan Do See)
Location	1-min walk from Akasaka-mitsuke Station	2-min walk from Susukino Station	5-min walk from Kyukyoryuchi · Daimarumae Station
Number of rooms	487	575	116

Timing of recognition of revenue from sales-linked rent



New lease contract (A-FLAG SAPPORO)

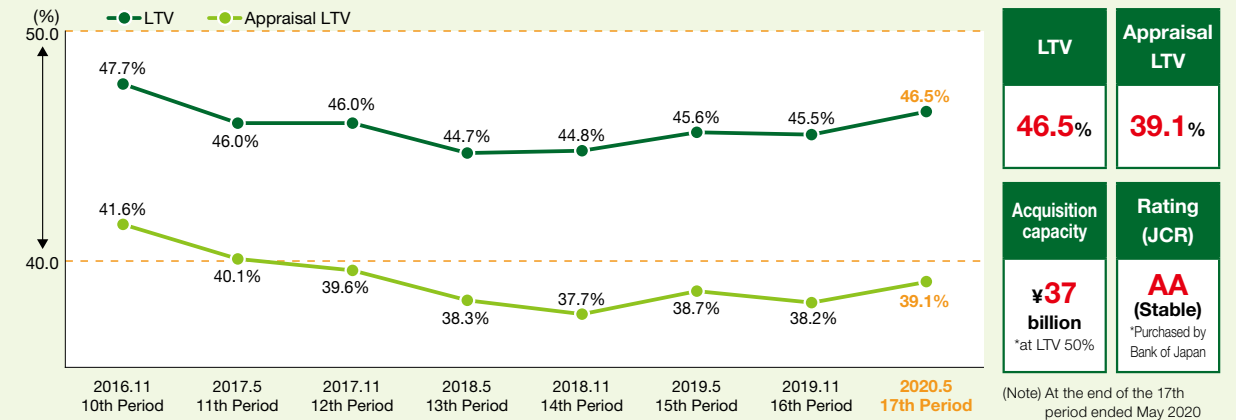
■ New contract of 5.5 years with effecting date of Nov. 2021 (FP20) concluded with Tokyu Hotels in Mar. 2020



7 Financial Management Status

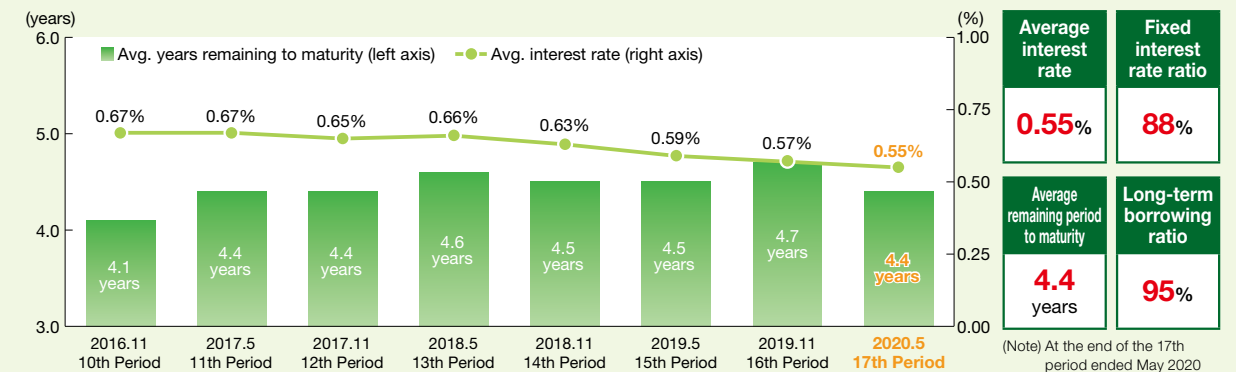
Trend in LTVs

■ Rate at the end of the FP17 ended May 2020 of **46.5%** (appraisal LTV at 39.1%), **LTV is being controlled** within the expected range of 40~50%

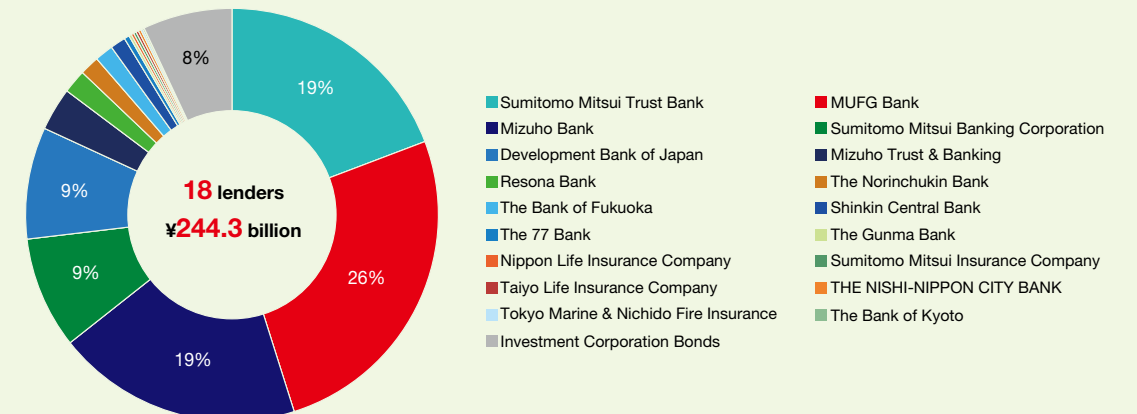


Trends in average period remaining to maturity and average interest rate

■ Lowered avg. interest rate with maintaining avg. remaining period to maturity and will continue to work for **debt cost reduction**



List of lenders



8 ESG Initiatives

1. Preventive measures against COVID-19 spread

Measures taken in each property

Retail properties	<ul style="list-style-type: none"> ● Alcohol-based hand sanitizer, complete disinfection of environmental surfaces such as handrails in buildings ● Ventilation of inside facility including entrance kept open and use of fresh-air treatment unit with maximized power ● Awareness poster to support awareness to prevent infection ● Create one-way traffic in facilities, etc.
Office properties	<ul style="list-style-type: none"> ● Alcohol-based hand sanitizer, complete disinfection of environmental surfaces such as handrails in buildings ● Temperature check obliged to facility keepers and requested to service providers ● Floor markings to manage traffic flow, etc.



Measures taken by Asset Manager

Identified material duties in view of business continuity and implement effective measures against infection

<ul style="list-style-type: none"> ● Rapidly implemented measures to keep our employees safe and prevent infection spread such as WFH recommendation from March and reduced core time of office works ● WFH as basic rule in April to May and on-going promotion of flexible work arrangements in June and afterwards ● Remote PC distributed to all employees, introducing web conference system, etc.
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2. Examples of works for environmental performance improvement

UR-8 A-FLAG SAPPORO

- Installed energy-saving air conditioners, etc. and reduced power consumption by **49%**

UR-15 DECKS Tokyo Beach

- Conducted renovation work to extend emergency generator's operating hours as part of business continuity planning

AA-2 icot Nakamozu

- Asphalt pavement using renewable aggregate

AA-7 Osaka Nakanoshima Building

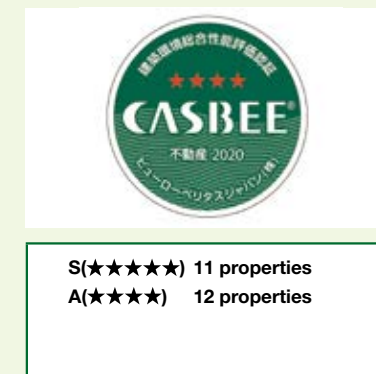
- Installed water-saving urinals and toilets and reduced water consumption by **66%** for urinals and by **47%** for toilets (10th & 11th floors in FP16 ended Nov. 2019: 12th to 15th floors in FP17 ended May 2020)

3. Green Certification at the end of May 2020

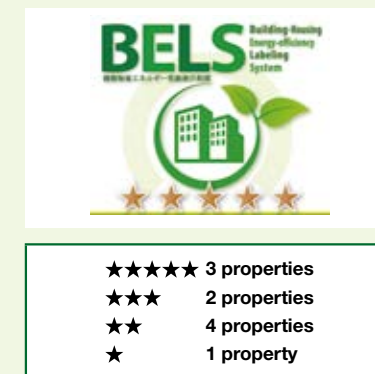
GRESB Real Estate Assessment



CASBEE Certification



BELS Assessment



DBJ Green Building



(Note) For icot Nakamozu is counted here as awarded property five stars in BELS certification, with the Konan Building awarded a five-star rating and the Bank Building was awarded one star rating.

4. Fortified “same-boat principle” with Sponsor group

- Sponsor announced additional acquisition of shares of API in May 2020 and **shown anew its supportive position to API**

- With “Same-boat principle” with API’s unitholders, **further support from Sponsor which will contribute to mid-to long-term growth will be expected**

	Before acquisition	Additional acquisition	After acquisition
Nb. of units issued and outstanding	771,224 units	—	771,224 units
Nb. of units held by Sponsor	73,425 units	7,712 units	81,137 units
Percentage of units held by Sponsor	9.5%	1.0%	10.5%

5. Announcement of Sustainable Procurement Policy and Human Rights Policy

- With aim to strengthen its ESG management and realize and enhance a sustainable society, Tokyu Fudosan Holdings Group enacted the Sustainable Procurement Policy and Human Rights Policy in January 2020.
- As a member of the group, TLC REIT Management, the asset manager of API, shares the policies and works paying consideration to the environment, such as climate change as well as to build a sound economy and society with respect for human rights.

API's Basic Policy

1. Portfolio Composition Policy of API

■ 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 for use by tenants.



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



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

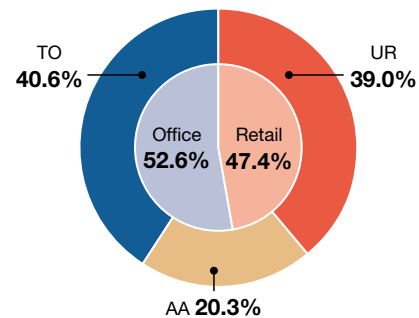


To enhance the stability and profitability of our portfolio, we rigorously select commercial facilities other than Urban Retail properties and office buildings other than Tokyo Office properties, after assessing the attributes and competitiveness of each property

70%
or more

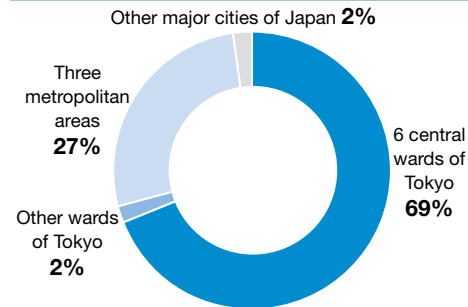
30%
or less

Investment ratio (by category)



Focused investment ratio
79.7%
(UR+TO)

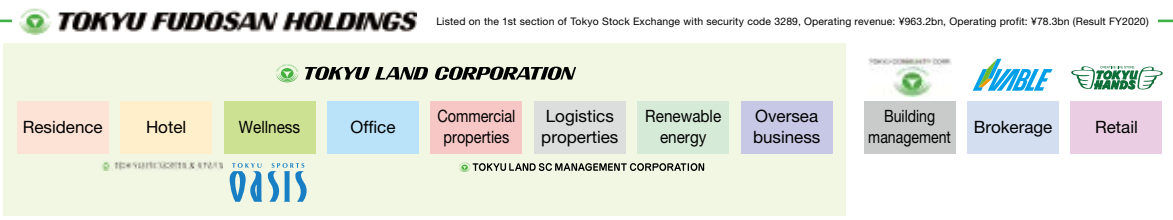
Investment ratio (by area)



Asset size
¥509.2 bn



2. Sponsor Group's Value Chain

■ API pursues enhancement of asset size by acquisition of competitive assets (external growth) as well as maximization of profitability through management bringing out the asset's highest competitiveness, fully using the Tokyu Fudosan Holdings Group's value chain based on a comprehensive support system.



Portfolio List

(As of May 31, 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-1	Tokyu Plaza Omotesando Harajuku (Note 2)	Jingumae, Shibuya-ku, Tokyo	45,000	8.8%	4,918.44	Mar. 2012	99.6%	
	UR-2	Tokyu Plaza Akasaka (Note 2)	Nagatacho, Chiyoda-ku, Tokyo	11,450	2.2%	16,609.75	Sep. 1969	99.2%	
	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	100.0%	
	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)	99.1%	
	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%	124,677.95	—	99.8%
		TO-1	TLC Ebisu Building	Ebisu, Shibuya-ku, Tokyo	7,400	1.5%	7,342.60	Mar. 1993	100.0%
TO-2		A-PLACE Ebisu Minami	Ebisu-Minami, Shibuya-ku, Tokyo	9,640	1.9%	7,950.49	Jan. 1995	100.0%	
TO-3		A-PLACE Yoyogi	Sendagaya, Shibuya-ku, Tokyo	4,070	0.8%	3,106.17	Feb. 2007	100.0%	
TO-4		A-PLACE Aoyama	Kita-Aoyama, Minato-ku, Tokyo	8,790	1.7%	7,303.69	Sep. 1966	100.0%	
TO-5		Luogo Shiodome	Higashi-Shinbashi, Minato-ku, Tokyo	4,540	0.9%	4,476.35	Jul. 2004	100.0%	
TO-6		TAMACHI SQUARE (Land) (Note 3)	Shiba, Minato-ku, Tokyo	2,338	0.5%	1,287.96	—	100.0%	
TO-7		A-PLACE Ikebukuro	Minami-Ikebukuro, Toshima-ku, Tokyo	3,990	0.8%	3,409.73	Oct. 2011	100.0%	
TO-8		A-PLACE Shinbashi	Shinbashi, Minato-ku, Tokyo	5,650	1.1%	5,054.19	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	100.0%	
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	100.0%	
TO-16		A-PLACE Shinagawa Higashi	Konan, Minato-ku, Tokyo	18,800	3.7%	14,658.98	Aug. 1985 (Main building) Sep. 1999 (Annex)	100.0%	
TO-18		Ebisu Prime Square (Note 2)	Hiroo, Shibuya-ku, Tokyo	30,700	6.0%	18,063.02	Jan. 1997	98.2%	
Tokyo Office properties				206,900	40.6%	126,347.10	—	99.7%	
	AA-1	Amagasaki Q's MALL (Land)	Shioe, Amagasaki City, Hyogo	12,000	2.4%	27,465.44	—	100.0%	
	AA-2	icot Nakamozu	Nakamozucho, Kita-ku, Sakai City, Osaka	8,500	1.7%	28,098.02	Jun. 2007	100.0%	
	AA-4	icot Mizonokuchi	Mizonokuchi, Takatsu-ku, Kawasaki City, Kanagawa	2,710	0.5%	14,032.05	Jul. 1998	100.0%	
	AA-5	icot Tama Center	Ochiai, Tama City, Tokyo	2,840	0.6%	5,181.58	Mar. 2006	100.0%	
	AA-6	A-PLACE Kanayama	Kanayama, Naka-ku, Nagoya City, Aichi	6,980	1.4%	9,314.90	Feb. 2009	100.0%	
	AA-7	Osaka Nakanoshima Building	Nakanoshima, Kita-ku, Osaka City, Osaka	11,100	2.2%	20,226.77	Mar. 1984	100.0%	
	AA-8	icot Omori	Omorikita, Ota-ku, Tokyo	5,790	1.1%	6,209.79	Mar. 2007	100.0%	
	AA-9	Market Square Sagamihara	Shimokuzawa, Chuo-ku, Sagamihara City, Kanagawa	4,820	0.9%	15,152.42	Jun. 2014	100.0%	
	AA-10	Umeda Gate Tower	Tsurunochi, Kita-ku, Osaka City, Osaka	19,000	3.7%	13,624.49	Jan. 2010	100.0%	
	AA-11	A-PLACE Bashamichi	Honcho, Naka-ku, Yokohama City, Kanagawa	3,930	0.8%	9,710.91	May 1975	98.3%	
	AA-12	Commercial Mall Hakata	Tokojimachi, Hakata-ku, Fukuoka City, Fukuoka	6,100	1.2%	9,612.88	Nov. 2005	100.0%	
	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%	174,526.91	—	99.9%
Total				509,185	100.0%	425,551.96	—	99.8%	

(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).

Central Tokyo Area Portfolio Map



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

Greater Tokyo Area



AA-4 icot Mizonokuchi



AA-5 icot Tama Center



AA-8 icot Omori



AA-9 Market Square Sagami-hara



AA-11 A-PLACE Bashamichi



Sapporo

UR-8 A-FLAG SAPPORO



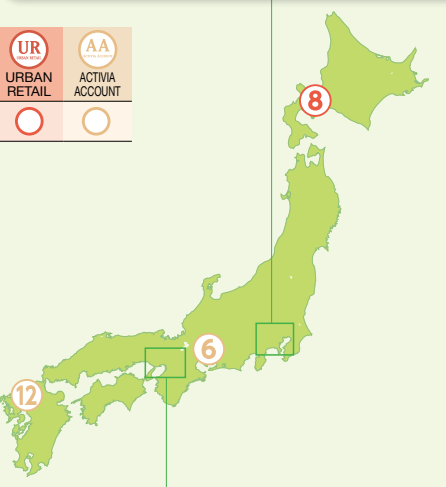
Nagoya

AA-6 A-PLACE Kanayama



Hakata

AA-12 Commercial Mall Hakata



Hyogo/Osaka/Kyoto



UR-5 Kyoto Karasuma Parking Building



UR-7 Kobe Kyu Kyoryuchi 25Bankan



UR-10 Q plaza SHINSAIBASHI



UR-14 A-FLAG KITA SHINSAIBASHI



AA-1 Amagasaki Q's MALL (Land)



AA-2 icot Nakamozu



AA-7 Osaka Nakanoshima Building



AA-10 Umeda Gate Tower

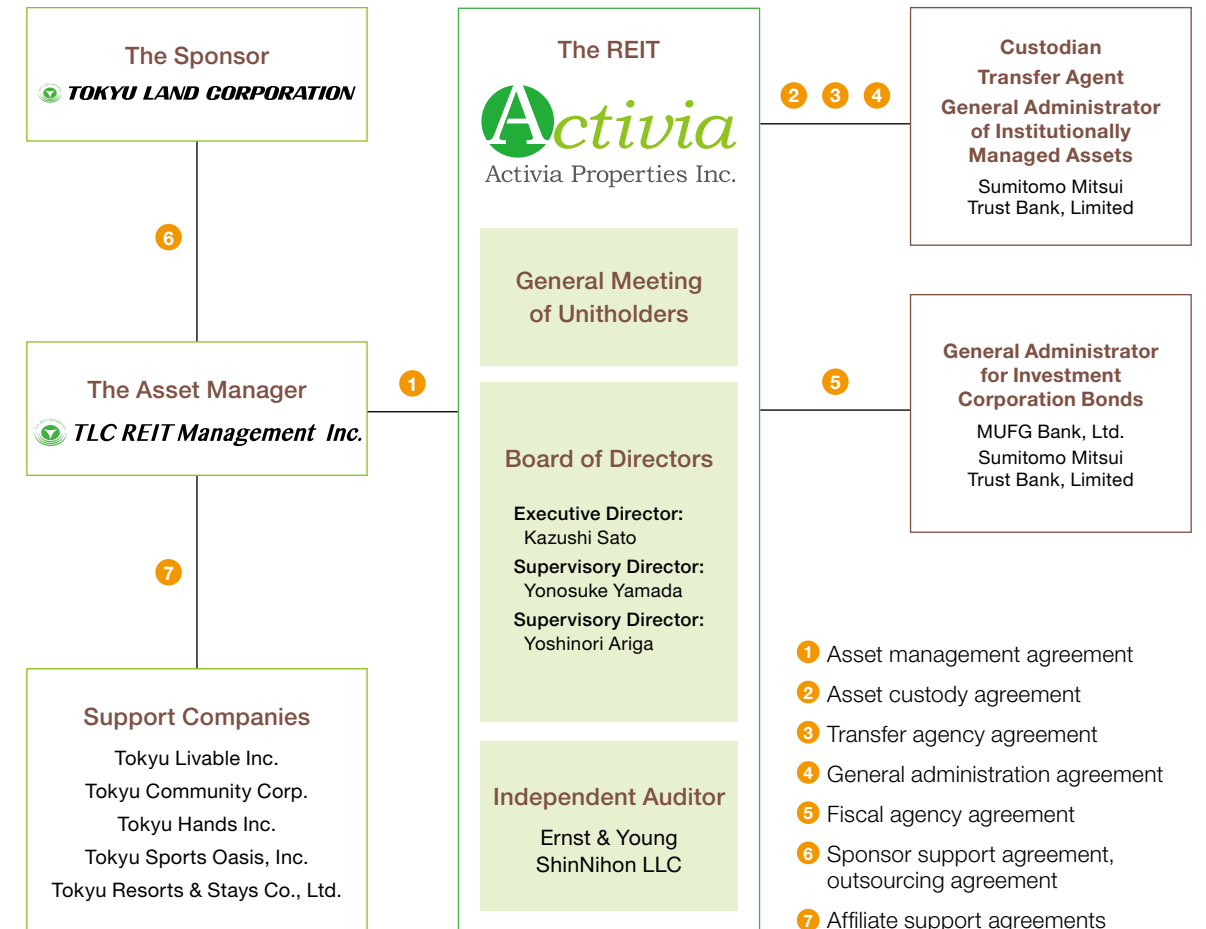


AA-13 EDGE Shinsaibashi



Overview of API

Structure



Profile

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

History

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

Asset Management Report for the 17th Fiscal Period (Semi-Annual Report)

From December 1, 2019 to May 31, 2020

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

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

I. Asset Management Report

1. Review of Asset Management

(1) Investment Performance of the Investment Corporation

Fiscal period		13th period	14th period	15th period	16th period	17th period
Business period		From December 1, 2017 to May 31, 2018	From June 1, 2018 to November 30, 2018	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019	From December 1, 2019 to May 31, 2020
Operating revenue	(millions of yen)	13,327	13,815	14,843	15,542	14,984
[Lease business revenue]	(millions of yen)	[12,409]	[12,673]	[13,472]	[14,063]	[13,903]
Operating expenses	(millions of yen)	5,855	6,268	6,243	6,862	6,778
[Expenses related to rent business]	(millions of yen)	[4,706]	[5,076]	[4,973]	[5,464]	[5,470]
Operating profit	(millions of yen)	7,471	7,546	8,599	8,680	8,206
Ordinary profit	(millions of yen)	6,611	6,697	7,726	7,818	7,333
Profit	(millions of yen)	6,610	6,696	7,725	7,817	7,332
Net assets	(millions of yen)	223,777	223,842	256,085	256,198	255,700
[Change from the previous period]	(%)	[7.3]	[0.0]	[14.4]	[0.0]	[—0.2]
Total assets	(millions of yen)	445,941	445,464	514,359	515,480	525,686
[Change from the previous period]	(%)	[4.5]	[—0.1]	[15.5]	[0.2]	[2.0]
Unitholders' capital	(Note4) (millions of yen)	217,091	217,091	248,370	248,370	248,370
Number of units issued and outstanding	(units)	698,704	698,704	771,224	771,224	771,224
Net assets per unit	(yen)	320,275	320,368	332,050	332,196	331,551
Total distributions	(millions of yen)	6,611	6,696	7,725	7,817	7,332
Basic earnings per unit	(Note1) (yen)	9,493	9,584	10,118	10,136	9,507
Cash distributions per unit	(yen)	9,462	9,584	10,017	10,137	9,508
[Earnings distributions per unit]	(yen)	[9,462]	[9,584]	[10,003]	[10,137]	[9,504]
[Distributions per unit in excess of earnings]	(yen)	[—]	[—]	[14]	[—]	[4]
Ordinary profit to total assets	(Note2) (%)	1.5	1.5	1.6	1.5	1.4
Return on unitholders' equity	(Note2) (%)	3.1	3.0	3.2	3.1	2.9
Unitholders' equity to total assets	(Note2) (%)	50.2	50.2	49.8	49.7	48.6
[Change from the previous period]	(Note2) (%)	[1.3]	[—]	[—0.4]	[—0.1]	[—1.1]
Payout ratio	(Note2) (%)	100.0	99.9	99.8	100.0	100.0
[Other reference]						
Number of properties	(properties)	42	42	45	44	44
Total leasable area	(Note3) (m ²)	395,994.33	395,967.44	415,167.22	414,008.41	425,551.96
Occupancy rate at end of period	(%)	99.8	99.9	99.5	99.8	99.8
Depreciation	(millions of yen)	1,234	1,267	1,294	1,298	1,334
Capital expenditure	(millions of yen)	1,077	352	413	640	702
NOI	(Note2) (millions of yen)	9,855	10,006	10,827	11,034	10,704

- (Note1) Basic earnings per unit is calculated by dividing profit by the daily weighted average number of investment units issued and outstanding (696,324 units, 698,704 units, 763,508 units, 771,224 and 771,224 units for the 13th, 14th, 15th, 16th and 17th 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). In the fiscal period under review, which ended on May 31, 2020, the Investment Corporation disposed of beneficiary interests of real estate in trust of A-PLACE Shinbashi Ekimae, in addition to having acquired Ebisu Prime Square (51% co-ownership interest). Consequently, the Investment Corporation 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

In the first half of the fiscal period under review, the Japanese economy continued on a trend of gradual recovery on the whole underpinned by improvement in the employment and income environments, and despite apparent weakening still prevailing with respect to exports and manufacturing. However, due to rapidly deteriorating business conditions as a result of requests for the public to stay at home and other measures brought about by the spread of COVID-19 in February 2020 and thereafter, the outlook remains uncertain. With respect to the environment surrounding retail properties, whereas consumer sentiment has been deteriorating rapidly, the consumer confidence index is currently showing some signs of bottoming out, 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 affected demand related to inbound tourism. For instance, the number of overseas visitor arrivals to Japan reached a monthly record low in April 2020, followed by May 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). Meanwhile, the average vacancy rate in the five central wards of Tokyo has continued holding to the 1% range, at 1.64% as of the end of May 2020, according to data published by Miki Shoji Co., Ltd. Rent levels have been continuing on an upward trajectory as they encounter their longest upward phase of gains ever with the average rent having been increasing for 77 consecutive months. In major cities outside Tokyo, average vacancy rates have also remained low while rent levels have been holding to a moderate upward trajectory. In the J-REIT market, whereas asset sizes have continued to expand against a backdrop of the interest-rate environment remaining at low levels and a strong real estate market, the situation has become unstable given developments such as a brief yet substantial drop in the Tokyo Stock Exchange REIT index mainly over concerns about financial results due to the spread of COVID-19. The Investment Corporation acquired beneficiary interests of real estate in trust of Ebisu Prime Square (51% co-ownership interest) (with the acquisition price of ¥30,700 million) as trust assets on January 10, 2020, and disposed of beneficiary interests of real estate in trust of A-PLACE Shinbashi Ekimae (with the disposition price of ¥21,000 million) as trust assets on March 19, 2020, 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 425,551.96 m² (128,727 *tsubo*). In addition, the occupancy rate at the end of the 17th period was 99.8%.

3) Initiatives Regarding Sustainability

In order to build a portfolio consisting of “real estate capable of sustaining customer demand” with the aim of maximizing medium- and long-term unitholder value, the Investment Corporation has been promoting various initiatives with its sights set on lowering environmental loads and contributing to our nearby surroundings and local communities, thereby extending beyond considerations such as location, use, size and qualities. Based on such initiatives, the Investment Corporation’s asset management company TLC REIT Management Inc. established the “Sustainability Policy,” clearly stating our approach in contributing to sustainable development of society. In July 2019, as material issues that the Investment Corporation needs to

address, we released quantitative targets encompassing a wider range of performance benchmarks from an environmental standpoint, and also clearly stated practical management policy to such ends. This involves daily effort to achieve our basic objective of 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 DECKS Tokyo Beach, icot Tama Center, Osaka Nakanoshima Building, icot Omori and EDGE Shinsaibashi, and some private areas at A-FLAG KOTTO DORI, A-PLACE Shibuya Konnoh, A-PLACE Gotanda Ekimae, A-PLACE Shinagawa Higashi, Ebisu Prime Square, A-PLACE Bashamichi and EDGE Shinsaibashi. Other initiatives included installing air conditioning units and elevators with those offering greater energy efficiency at A-FLAG SAPPORO; asphalt pavement works incorporating recycled aggregate at icot Nakamozu, and; replacing toilets with those that use water-saving equipment at Osaka Nakanoshima Building. 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 the two properties Q plaza SHINSAIBASHI (A class) and A-FLAG BIJUTSUKAN DORI (S class). We have also acquired the BELS certifications for the one property icot Nakamozu (Kohnan building: five stars, bank building: one star). As such, a total of 26 of our properties have acquired green building certification, which amounted to 55.7% of our holdings calculated on the basis of gross floor area (as of May 31, 2020). At Ebisu Prime Square we took the opportunity to raise awareness of ESG issues by taking part in the Earth Hour event which involved temporarily switching off the some of the lights located in Ebisu Prime Square’s common areas enlisting cooperation of its tenants. We also cooperated in community activities to coexist with nearby businesses, residents and cities. At Osaka Nakanoshima Building this involved working in conjunction with nearby buildings in carrying out the Hikari-no-Mi (fruits of light) project which involves having employees at nearby companies and their families draw smiling faces on fruit bags, then fitting those fruit bags with LED lights and hanging them on trees located on the premises. We also held a Shiodome Marché open market event at Shiodome Building. The Investment Corporation will contribute to achieving a sustainable society by engaging in such initiatives geared to the environment and society.

4) Overview of Financing

In the fiscal period under review, the Investment Corporation borrowed funds of ¥31,000 million in order to cover the acquisition costs for beneficiary interests of real estate in trust for the above one property and related costs, and made a repayment of ¥21,000 million from the disposition of beneficiary interests of real estate in trust for the above one property. The Investment Corporation also borrowed a total of ¥18,298 million largely in order to cover repayment of borrowings and investment corporation bonds that had come due, and worked to otherwise maintain a stable financial base through ongoing moves that have included diversifying repayment dates. As a result, as of the end of the fiscal period under review, the balance of interest-bearing debt was ¥244,348 million (borrowings of ¥227,348 million and investment corporation bonds of ¥17,000 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 95.5% and 88.1%, 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 ¥14,984 million, ¥8,206 million, and ¥7,333 million, respectively, for the fiscal period under review, and profit was ¥7,332 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 ¥7,329,712,896, 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 ¥3,084,896 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, with the amount equivalent to deferred losses on hedges of ¥3,443,618. Consequently, distributions per investment unit resulted in ¥9,508.

(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	13th period	14th period	15th period	16th period	17th period
Business period	From December 1, 2017 to May 31, 2018	From June 1, 2018 to November 30, 2018	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019	From December 1, 2019 to May 31, 2020
Highest	499,500	518,000	492,500	589,000	582,000
Lowest	448,000	466,000	432,000	461,000	227,400

(4) Distributions, etc.

As a result of the above-mentioned investments, operating revenue, operating profit, and ordinary profit were ¥14,984 million, ¥8,206 million, and ¥7,333 million, respectively, for the fiscal period under review, and profit was ¥7,332 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 ¥7,329,712,896, 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 ¥3,084,896 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, with the amount equivalent to deferred losses on hedges of ¥3,443,618. Consequently, distributions per investment unit resulted in ¥9,508.

Fiscal period	13th period	14th period	15th period	16th period	17th period
Business period	From December 1, 2017 to May 31, 2018	From June 1, 2018 to November 30, 2018	From December 1, 2018 to May 31, 2019	From June 1, 2019 to November 30, 2019	From December 1, 2019 to May 31, 2020
Unappropriated retained earnings	¥6,611,254 thousand	¥6,696,690 thousand	¥7,726,143 thousand	¥7,829,267 thousand	¥7,333,243 thousand
Retained earnings	¥117 thousand	¥311 thousand	¥11,589 thousand	¥572 thousand	¥3,530 thousand
Total distributions	¥6,611,137 thousand	¥6,696,379 thousand	¥7,725,350 thousand	¥7,817,897 thousand	¥7,332,797 thousand
[Distributions per unit]	[¥9,462]	[¥9,584]	[¥10,017]	[¥10,137]	[¥9,508]
Of which, total distributions of profits	¥6,611,137 thousand	¥6,696,379 thousand	¥7,714,553 thousand	¥7,817,897 thousand	¥7,329,712 thousand
[Distributions of profits per unit]	[¥9,462]	[¥9,584]	[¥10,003]	[¥10,137]	[¥9,504]
Of which, total return on unitholders' capital	¥— thousand	¥— thousand	¥10,797 thousand	¥— thousand	¥3,084 thousand
[Return on unitholders' capital per unit]	[¥—]	[¥—]	[¥14]	[¥—]	[¥4]
Of the total return on unitholders' capital, the total distribution payments from the allowance for temporary difference adjustment	¥— thousand	¥— thousand	¥10,797 thousand	¥— thousand	¥3,084 thousand
[Of the return on unitholders' capital per unit, the distribution payment from the allowance for temporary difference adjustment per unit]	[¥—]	[¥—]	[¥14]	[¥—]	[¥4]
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

Although the declaration of a state of emergency (hereinafter referred to as the “Declaration of a State of Emergency”) regarding the novel coronavirus disease (COVID-19), which was issued on April 7, 2020 under Article 32, Paragraph 1 of the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response (Act No. 31 of 2012, including subsequent revisions), was lifted on May 25, 2020, for all prefectures in Japan, the impact of temporarily closing businesses and other measures to prevent the spread of infections during the state of emergency remains. In the Japanese economy going forward, in addition to concerns over a second wave of infections, we believe it is necessary to carefully monitor corporate earnings, employment and income environments and other economic trends on the domestic front. In addition, we must also pay attention to the risks of a global economic downturn, etc. caused by the spread of COVID-19 around the world.

In the rental office market, although the conditions are expected to remain stable, we believe that the diversification in workstyles, including teleworking and other measures brought about by requests for the public to stay at home following the Declaration of a State of Emergency, has accelerated and it is necessary to keep a close eye on the impact of the COVID-19 pandemic going forward. With respect to the environment surrounding retail properties, although we are currently encountering prevailing signs of recovery in consumer sentiment, the difficult conditions caused by the decrease in numbers of overseas visitor arrivals to Japan and other effects of COVID-19 are likely to continue for the time being. While the J-REIT market is expected to continue to move in prices in the short term, depending on developments of the COVID-19 pandemic, as low interest rates continue in the environment, long-term capital inflows can be expected against a backdrop of factors that include consistent J-REIT performance and relatively high dividend yields.

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 improve 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

	13th period As of May 31, 2018	14th period As of November 30, 2018	15th period As of May 31, 2019	16th period As of November 30, 2019	17th period As of May 31, 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	698,704	771,224	771,224	771,224
Unitholders' capital (Note) (millions of yen)	¥217,091	¥217,091	¥248,370	¥248,370	¥248,370
Number of unitholders (persons)	7,162	6,910	7,680	6,914	7,758

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

(2) Matters Relating to Investment Units

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

Name	Number of units owned	Percentage of total units issued (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust accounts)	168,340	21.82
The Master Trust Bank of Japan, Ltd. (Trust accounts)	113,039	14.65
Tokyu Land Corporation	73,425	9.52
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	35,601	4.61
Trust & Custody Services Bank, Ltd. (Securities investment trust accounts)	22,348	2.89
Mizuho Securities Japan Co., Ltd.	19,966	2.58
State Street Bank & Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. Tokyo office)	16,896	2.19
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	11,492	1.49
SMBC Nikko Securities Inc.	10,334	1.33
The bank of New York Mellon 140044	9,230	1.19
Total	480,671	62.32

(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	—	11,600 (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 the audit fees for financial statements prepared in English.

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

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

(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	16th period As of November 30, 2019		17th period As of May 31, 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	198,881	38.6	198,791	37.8
	Tokyo Office Properties	195,101	37.8	204,916	39.0
	Activia Account Properties	102,648	19.9	102,563	19.5
	Subtotal	496,631	96.3	506,272	96.3
Total real estate, etc.		496,631	96.3	506,272	96.3
Deposits and other assets		18,849	3.7	19,414	3.7
Total assets (Note 2)		515,480 (496,631)	100.0 (96.3)	525,686 (506,272)	100.0 (96.3)

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

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

(2) Major Assets Owned

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

Property name	Book value at end of period (millions of yen)	Leasable area (m 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)	70,755	28,136.05	28,136.05	100.0	10.4	Office
Tokyu Plaza Omotesando Harajuku (Note 4)	44,666	4,918.44	4,899.86	99.6	5.2	Retail
Tokyu Plaza Ginza (Land) (Note 4)	37,895	1,130.04	1,130.04	100.0	3.9	Retail
Ebisu Prime Square	31,062	18,063.02	17,738.37	98.2	4.5	Office
Kobe Kyu Kyoryuchi 25Bankan	20,437	19,653.90	19,653.90	100.0	5.2	Retail
EDGE Shinsaibashi	19,985	15,897.66	15,897.66	100.0	3.5	Office
Umeda Gate Tower	19,236	13,624.49	13,624.49	100.0	3.2	Office
A-PLACE Shinagawa Higashi	18,806	14,658.98	14,658.98	100.0	3.6	Office
Q plaza SHINSAIBASHI	13,412	2,820.23	2,820.23	100.0	2.4	Retail
Q plaza HARAJUKU (Note 4)	13,324	3,378.49	3,378.49	100.0	1.6	Retail
Total	289,583	122,281.30	121,938.07	99.7	43.5	

(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 May 31, 2020 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 2020.

(Note 2) Leased area refers to the leased area of each property based on lease agreements as of May 31, 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 May 31, 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	4,918.44	62,775	44,666
	Tokyu Plaza Akasaka (Note 4)	14-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interests	16,609.75	15,100	11,639
	Q plaza EBISU	8-12 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,024.88	11,800	8,196
	Kyoto Karasuma Parking Building	678 Motohonenjicho, Nakagyo-ku, Kyoto City, Kyoto	Trust beneficiary interests	21,616.04	10,700	8,688
	Kobe Kyu Kyoryuchi 25Bankan	25 Kyomachi, Chuo-ku, Kobe City, Hyogo	Trust beneficiary interests	19,653.90	27,300	20,437
	A-FLAG SAPPORO	1, Minami-Yonjo-Nishi 5-chome, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	21,229.16	7,720	4,909
	A-FLAG SHIBUYA	32-13, Udagawa-cho, Shibuya-ku, Tokyo	Trust beneficiary interests	3,403.07	7,920	6,338
	Q plaza SHINSAIBASHI	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	2,820.23	14,700	13,412
	A-FLAG KOTTO DORI	4-40, Minami-Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,656.53	4,840	4,395
	A-FLAG BIJUTSUKAN DORI	3-16, Minami-Aoyama 6-chome, Minato-ku, Tokyo	Trust beneficiary interests	1,994.65	4,860	4,723
	A-FLAG DAIKANYAMA WEST	11-6, Sarugakucho, Shibuya-ku, Tokyo	Trust beneficiary interests	2,579.08	2,400	2,411
	A-FLAG KITA SHINSAIBASHI	10-11, Minami Senba 3-chome, Chuo-ku, Osaka city, Osaka	Trust beneficiary interests	2,538.13	4,760	4,833
	DECKS Tokyo Beach (Note 4)	6-1, Daiba 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	16,125.56	12,691	12,919
	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	13,324
	Subtotal			124,677.95	239,866	198,791
Tokyo Office Properties	TLC Ebisu Building	18-18 Ebisu 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,342.60	11,700	7,168
	A-PLACE Ebisu Minami	15-1 Ebisu-minami 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	7,950.49	15,300	9,334
	A-PLACE Yoyogi	23-15 Sendagaya 5-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,106.17	4,980	3,861
	A-PLACE Aoyama	11-3 Kita-Aoyama 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	7,303.69	10,300	8,567
	Luogo Shiodome	3-3 Higashi-Shinbashi 2-chome, Minato-ku, Tokyo	Trust beneficiary interests	4,476.35	6,410	4,184
	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	3,695
	A-PLACE Shinbashi	11-1 Shinbashi 4-chome, Minato-ku, Tokyo	Trust beneficiary interests	5,054.19	7,330	5,795
	A-PLACE Gotanda	27-3, Nishigotanda 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,028.69	7,970	5,449
	A-PLACE Shinagawa	8-40, Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	2,986.36	6,030	3,771
	OSAKI WIZTOWER	11-1 Osaki 2-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	7,193.28	14,500	10,568
	Shiodome Building (Note 4)	2-20 Kaigan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	28,136.05	77,700	70,755
	A-PLACE Ebisu Higashi (Note 5)	13-11 Higashi 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	4,010.69	7,720	7,048
	A-PLACE Shibuya Konnoh (Note 5)	3-1 Shibuya 3-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	3,010.53	5,730	4,935
	A-PLACE Gotanda Ekimae	5-1 Nishigotanda 1-chome, Shinagawa-ku, Tokyo	Trust beneficiary interests	4,328.32	7,870	7,547
	A-PLACE Shinagawa Higashi	7-18 Konan 1-chome, Minato-ku, Tokyo	Trust beneficiary interests	14,658.98	21,000	18,806
	Ebisu Prime Square (Note 4)	1-9,39,40 Hiroo 1-chome, Shibuya-ku, Tokyo	Trust beneficiary interests	18,063.02	31,200	31,062
	Subtotal			126,347.10	244,140	204,916

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	10,800	8,034
	icot Mizonokuchi	11-1 Mizonokuchi 6-chome, Takatsu-ku, Kawasaki City, Kanagawa	Trust beneficiary interests	14,032.05	3,240	2,604
	icot Tama Center	35 Ochiai 1-chome, Tama City, Tokyo	Trust beneficiary interests	5,181.58	4,000	2,596
	A-PLACE Kanayama	14-18 Kanayama 1-chome, Naka-ku, Nagoya City, Aichi	Trust beneficiary interests	9,314.90	8,770	6,231
	Osaka Nakanoshima Building	2-2 Nakanoshima 2-chome, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	20,226.77	16,300	11,122
	icot Omori	8-2, Omorikita 1-chome, Ota-ku, Tokyo	Trust beneficiary interests	6,209.79 (Note 5)	6,870	5,711
	Market Square Sagami-hara	777-2 Shimokuzawa, Chuo-ku, Sagami-hara City, Kanagawa	Trust beneficiary interests	15,152.42	5,010	4,638
	Umeda Gate Tower	1-9, Tsurunochi, Kita-ku, Osaka City, Osaka	Trust beneficiary interests	13,624.49	21,400	19,236
	A-PLACE Bashamichi	43 Honcho 4-chome, Naka-ku, Yokohama City, Kanagawa	Trust beneficiary interests	9,710.91	4,740	3,976
	Commercial Mall Hakata	6-40, Tokojimachi 2-chome, Hakata-ku, Fukuoka city, Fukuoka	Trust beneficiary interests	9,612.88	6,290	6,313
	EDGE Shinsaibashi	2-3, Nishi Shinsaibashi 2-chome, Chuo-ku, Osaka City, Osaka	Trust beneficiary interests	15,897.66	20,000	19,985
	Subtotal			174,526.91	121,620	102,563
Total				425,551.96	605,626	506,272

- (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 May 31, 2020 and leasable space for properties for which we acquire only land, based on lease agreements for land or land plans as of May 31, 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 Mori Valuation & Advisory K.K.. Assessed value at end of period stands for the appraised value described in each real estate appraisal report, with May 31, 2020 taken as the point of evaluation.
- (Note 3) Book value at end of period stands for the book value minus depreciation as of May 31, 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		16th period (From June 1, 2019 to November 30, 2019)				17th period (From December 1, 2019 to May 31, 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)	35	100.0	1,115	7.3	34	99.6	775	5.2
	Tokyu Plaza Akasaka (Note 4)	95	99.9	667	4.4	93	99.2	575	3.9
	Q plaza EBISU	4	100.0	277	1.8	4	100.0	268	1.8
	Kyoto Karasuma Parking Building	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
	A-FLAG AKASAKA (Note 4)	—	—	1	0.0	—	—	—	—
	Kobe Kyu Kyoryuchi 25Bankan	7	100.0	743	4.9	7	100.0	774	5.2
	A-FLAG SAPPORO	16	99.6	636	4.2	17	100.0	412	2.8
	A-FLAG SHIBUYA	2	100.0	220	1.4	2	100.0	217	1.5
	Q plaza SHINSAIBASHI	6	100.0	358	2.4	6	100.0	351	2.4
	A-FLAG KOTTO DORI	7	100.0	124	0.8	8	100.0	125	0.8
	A-FLAG BIJUTSUKAN DORI	4	100.0	128	0.8	4	100.0	125	0.8
	A-FLAG DAIKANYAMA WEST	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-FLAG KITA SHINSAIBASHI	5	100.0	105	0.7	5	100.0	99	0.7
	DECKS Tokyo Beach (Note 4)	81	99.2	620	4.1	80	99.1	447	3.0
	Tokyu Plaza Ginza (Land) (Note 4)	1	100.0	571	3.8	1	100.0	571	3.9
	Q plaza HARAJUKU (Note 4)	16	100.0	243	1.6	16	100.0	241	1.6
	Subtotal	282	99.8	—	—	280	99.8	—	—
Tokyo Office Properties	TLC Ebisu Building	12	100.0	339	2.2	12	100.0	342	2.3
	A-PLACE Ebisu Minami	11	100.0	389	2.6	10	100.0	388	2.6
	A-PLACE Yoyogi	3	100.0	135	0.9	3	100.0	136	0.9
	A-PLACE Aoyama	8	100.0	315	2.1	8	100.0	309	2.1
	Luogo Shiodome	7	100.0	182	1.2	7	100.0	183	1.2
	TAMACHI SQUARE (Land)	1	100.0	62	0.4	1	100.0	62	0.4
	A-PLACE Ikebukuro	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
	A-PLACE Shinbashi	10	100.0	206	1.4	10	100.0	200	1.4
	A-PLACE Gotanda	11	100.0	193	1.3	11	100.0	197	1.3
	A-PLACE Shinagawa	8	100.0	129	0.9	8	100.0	136	0.9
	OSAKI WIZTOWER	5	100.0	354	2.3	5	100.0	345	2.3
	Shiodome Building (Note 4)	38	99.7	1,568	10.3	40	100.0	1,539	10.4
	A-PLACE Ebisu Higashi	8	100.0	176	1.2	7	100.0	185	1.2
	A-PLACE Shibuya Konnoh	4	100.0	117	0.8	4	100.0	144	1.0
	A-PLACE Gotanda Ekimae	10	100.0	190	1.3	12	100.0	187	1.3
	A-PLACE Shinagawa Higashi	9	100.0	534	3.5	8	100.0	540	3.6
	A-PLACE Shinbashi Ekimae	6	100.0	400	2.6	—	—	238	1.6
	Ebisu Prime Square (Note 4)	—	—	—	—	107	98.2	669	4.5
	Subtotal	152	99.9	—	—	254	99.7	—	—

Property name		16th period (From June 1, 2019 to November 30, 2019)				17th period (From December 1, 2019 to May 31, 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 (%)
Activia Account Properties	Amagasaki Q's MALL (Land)	1	100.0	356	2.3	1	100.0	356	2.4
	icot Nakamozu	2	100.0	310	2.0	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	9	100.0	146	1.0	10	100.0	143	1.0
	A-PLACE Kanayama	21	100.0	294	1.9	21	100.0	295	2.0
	Osaka Nakanoshima Building	40	100.0	544	3.6	39	100.0	543	3.7
	icot Omori	8	100.0	234	1.5	8	100.0	224	1.5
	Market Square Sagamihara	3	100.0	(Note 5)	(Note 5)	3	100.0	(Note 5)	(Note 5)
	Umeda Gate Tower	15	100.0	475	3.1	15	100.0	471	3.2
	A-PLACE Bashamichi	34	100.0	185	1.2	36	98.3	183	1.2
	Commercial Mall Hakata	18	95.0	220	1.4	19	100.0	162	1.1
	EDGE Shinsaibashi	23	100.0	487	3.2	22	100.0	521	3.5
	Subtotal	175	99.7	—	—	177	99.9	—	—
Total		609	99.8	15,199	100.0	711	99.8	14,840	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-FLAG Akasaka and A-PLACE Shinbashi Ekimae were disposed on June 3, 2019 and March 19, 2020, respectively.

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

(4) Details of Specified Transaction

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

(thousands of yen)				
Classification	Transaction	Notional contract amount (Note 1)		Fair value (Note 2) (Note 3)
			Over 1 year	
Over-the-counter	Interest rate swaps (Receive floating pay fixed)	30,140,000	30,140,000	△3,443
Total		30,140,000	30,140,000	△3,443

(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 expensed for accounting purposes.

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (millions of yen)		
			Total amount	Payment for the period	Total amount paid
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Large-scale repair work (First period)	From November 2020 to May 2021	160	—	—
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Large-scale repair work (Second period)	From June 2021 to November 2021	160	—	—
icot Nakamozu (Sakai, Osaka)	Large-scale repair work (First period)	From March 2021 to May 2021	150	—	—
icot Nakamozu (Sakai, Osaka)	Large-scale repair work (Second period)	From September 2021 to November 2021	150	—	—
Luogo Shiodome (Minato, Tokyo)	Replacement of air conditioning units (First period)	From April 2021 to May 2021	136	—	—
Luogo Shiodome (Minato, Tokyo)	Replacement of air conditioning units (Second period)	From October 2021 to November 2021	136	—	—
A-PLACE Bashamichi (Yokohama, Kanagawa)	Large-scale repair work	From June 2020 to May 2021	96	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of elevators (elevators No. 1 and 2)	From May 2020 to August 2020	94	—	—
DECKS Tokyo Beach (Minato, Tokyo)	Renovation of 3rd floor Seaside Deck	From May 2021 to May 2021	80 (Note)	—	—
A-PLACE Gotanda Ekimae (Shinagawa, Tokyo)	Large-scale repair work	From July 2020 to May 2021	79	—	—
Luogo Shiodome (Minato, Tokyo)	Large-scale repair work	From December 2019 to July 2020	77	—	—
A-FLAG SHIBUYA (Shibuya, Tokyo)	Renewal of escalators	From November 2020 to May 2022	64	—	—
TLC Ebisu Building (Shibuya, Tokyo)	Installation of LED lighting	From July 2020 to September 2020	49	—	—
EDGE Shinsaibashi (Osaka, Osaka)	Maintenance of mechanical parking equipment (vertical rotary equipment) Replacement, etc. of intermediate chain guide rails	From December 2019 to June 2020	31	—	—
A-PLACE Shinagawa Higashi (Minato, Tokyo)	Installation of LED lighting (First period)	From September 2020 to November 2020	30	—	—
Umeda Gate Tower (Osaka, Osaka)	Repair work for indoor and outdoor air conditioning units in private areas	From July 2020 to November 2020	30	—	—
TLC Ebisu Building (Shibuya, Tokyo)	Renewal of automatic security system	From October 2020 to November 2020	28	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Repair of lavatory plumbing for 6th and 7th floors	From July 2020 to September 2020	28	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Repair of lavatory plumbing for 8th and 9th floors	From July 2020 to September 2020	28	—	—

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 Ebisu Minami (Shibuya, Tokyo)	Maintenance of air conditioning units (replacement of sensors)	From July 2020 to November 2020	24	—	—
A-PLACE Shinagawa (Minato, Tokyo)	Renewal of automatic security system	From October 2020 to November 2020	18	—	—
DECKS Tokyo Beach (Minato, Tokyo)	Outer wall repair work	From November 2020 to November 2020	17 (Note)	—	—
A-PLACE Shibuya Konnoh (Shibuya, Tokyo)	Installation of LED lighting	From June 2020 to November 2020	17	—	—
Ebisu Prime Square (Shibuya, Tokyo)	Replacement of residential tower's calorimeter	From October 2020 to November 2020	16 (Note)	—	—
A-FLAG SHIBUYA (Shibuya, Tokyo)	Replacement of sprinkler pump and fire extinguishing pump panel	From July 2020 to November 2020	15	—	—
A-PLACE Shinagawa Higashi (Minato, Tokyo)	Replacement of halon fire extinguishing system	From June 2020 to September 2020	14	—	—
A-PLACE Yoyogi (Shibuya, Tokyo)	Maintenance of air conditioning units	From July 2020 to August 2020	13	—	—
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of disaster prevention pump	From July 2020 to November 2020	13	—	—
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Renovation work for roof deck (Second period)	From November 2020 to November 2020	12 (Note)	—	—
A-PLACE Bashamichi (Yokohama, Kanagawa)	Replacement of compressor for air conditioning (common areas on 6th, 8th and 9th floors)	From June 2020 to November 2020	12	—	—
Ebisu Prime Square (Shibuya, Tokyo)	Pressure resistance testing for carbon dioxide container valves, etc. (concurrently used for three buildings)	From September 2020 to October 2020	11 (Note)	—	—
A-FLAG DAIKANYAMA WEST (Shibuya, Tokyo)	Replacement of halon container valves	From October 2020 to November 2020	10	—	—
A-FLAG DAIKANYAMA WEST (Shibuya, Tokyo)	Work to change to electronic locks in the building	From November 2020 to November 2020	10	—	—
A-FLAG DAIKANYAMA WEST (Shibuya, Tokyo)	Installation of additional security cameras	From November 2020 to November 2020	10	—	—

(Note) The shown estimated construction cost with regard to Tokyu Plaza Omotesando Harajuku, DECKS Tokyo Beach 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% and 51%, respectively).

(2) Capital Expenditure during the Period

For assets held by the Investment Corporation in the 17th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended May 31, 2020 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended May 31, 2020 amounted to ¥702 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended May 31, 2020 came to ¥312 million. On aggregate, construction work of ¥1,014 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. 5 and 6)	From November 2019 to February 2020	88
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement of elevators (elevators No. 3 and 4)	From March 2020 to May 2020	85
A-FLAG DAIKANYAMA WEST (Shibuya, Tokyo)	Paint renewal work on entire outer wall	From May 2020 to May 2020	65
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of rainwater drain and hot water main pipe for upper floors	From December 2019 to April 2020	40
Osaka Nakanoshima Building (Osaka, Osaka)	Repair of lavatory plumbing for 12th to 15th floors	From February 2020 to May 2020	37
Ebisu Prime Square (Shibuya, Tokyo)	Installation of air conditioning units and control equipment on standard floors in the tower building	From January 2020 to March 2020	26 (Note)
A-FLAG SAPPORO (Sapporo, Hokkaido)	Repair work on mechanical parking equipment No. 2	From March 2020 to April 2020	23
A-FLAG SAPPORO (Sapporo, Hokkaido)	Work to increase capacity of air conditioning equipment (gas-heat pump (GHP) air conditioning systems) for small banquet halls on 2nd floor	From March 2020 to May 2020	19
DECKS Tokyo Beach (Minato, Tokyo)	Measures for business continuity planning (BCP) and redundancy of power generator operation time	From October 2019 to March 2020	17 (Note)
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of elevator controls (elevator No. 7)	From March 2020 to March 2020	14
A-FLAG BIJUTSUKAN DORI (Minato, Tokyo)	Replacement of air conditioning equipment on 1st and 2nd basement floors	From January 2020 to January 2020	14
A-PLACE Aoyama (Minato, Tokyo)	Partial renovation of central monitoring panel	From February 2020 to May 2020	13
Osaka Nakanoshima Building (Osaka, Osaka)	Renewal of capacitors	From December 2019 to March 2020	11
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of pneumatic automatic control equipment and removal work therefor	From March 2020 to May 2020	10
DECKS Tokyo Beach (Minato, Tokyo)	Renewal work for signs on all buildings	From December 2019 to December 2019	10 (Note)
Other			222
Total			702

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

(3) Money Accumulated for Long-Term Repair Plan

Not applicable

5. Expenses and Liabilities

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

Item	(thousands of yen)	
	16th period (From June 1, 2019 to November 30, 2019)	17th period (From December 1, 2019 to May 31, 2020)
(a) Asset management fees (Note)	1,249,529	1,104,664
(b) Asset custody fees	14,641	15,029
(c) Administrative service fees	37,874	36,852
(d) Directors' compensation	3,300	3,300
(e) Other operating expenses	92,843	147,558
Total	1,398,189	1,307,404

(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 May 31, 2020 is as follows:

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
	Lender							
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	January 10, 2019	2,000,000	—	0.18548%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		2,000,000	—				
	MUFG Bank, Ltd.		1,000,000	—				
	Sumitomo Mitsui Trust Bank, Limited	January 30, 2020	—	1,600,000	0.20364%	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	0.35059%	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	0.19966%	January 12, 2021	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	2,000,000				
	MUFG Bank, Ltd.		—	1,000,000				
Total			5,000,000	10,998,000				
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 10, 2014	160,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		160,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		160,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		160,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		80,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		80,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	July 9, 2014	600,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		600,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		600,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		600,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		300,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		300,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	March 31, 2015	1,500,000	—	0.52500%	March 31, 2020	(Note 4)	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.		1,000,000	—				
	The Gunma Bank, Ltd.		500,000	—				
	The Norinchukin Bank		500,000	—				

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	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	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	0.21696%	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 5, 2018	1,970,000	1,970,000	0.41931%	December 28, 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.		640,000	640,000				
	Mizuho Bank, Ltd.		320,000	320,000				
	Sumitomo Mitsui Banking Corporation		160,000	160,000				
	Development Bank of Japan Inc.	January 9, 2015	160,000	160,000				
	Sumitomo Mitsui Trust Bank, Limited		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		840,000	840,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		420,000	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		420,000	420,000	0.73690%	January 9, 2022	(Note 3)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

	Category	Draw down date	Beginning balance	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	0.20966%	January 11, 2022	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		–	1,420,000				
	MUFG Bank, Ltd.		–	720,000				
	Sumitomo Mitsui Banking Corporation		–	720,000				
	Development Bank of Japan Inc.	January 10, 2020	–	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	June 13, 2018	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
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 9, 2019	620,000	620,000	0.38236%	January 10, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		620,000	620,000				
	MUFG Bank, Ltd.		620,000	620,000				
	Sumitomo Mitsui Banking Corporation		320,000	320,000				
	Development Bank of Japan Inc.		320,000	320,000				
	Sumitomo Mitsui Trust Bank, Limited	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	0.19436%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed
	The Gunma Bank, Ltd.	March 31, 2020	–	500,000	0.23436%	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)	Sumitomo Mitsui Trust Bank, Limited	January 12, 2016	1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,400,000	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		700,000	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	January 10, 2020	–	1,420,000	0.34459%	January 12, 2024	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		–	1,420,000				
	Mizuho Bank, Ltd.		–	720,000				
	Sumitomo Mitsui Banking Corporation		–	720,000				
	Development Bank of Japan Inc.		–	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.	June 13, 2016	1,500,000	1,500,000	0.33150% (Note 5)	June 17, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		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	Draw down date	Beginning balance	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	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.	March 30, 2018	500,000	500,000	0.58630%	September 16, 2025	(Note 4)	Unsecured, non-guaranteed
	The Bank of Kyoto,Ltd.		300,000	300,000				
	Sumitomo Mitsui Trust Bank, Limited		500,000	500,000				
	Mizuho Bank, Ltd.		500,000	500,000				
	MUFG Bank, Ltd.		500,000	500,000				
	Sumitomo Mitsui Banking Corporation	August 29, 2019	250,000	250,000	0.09313%	February 27, 2026	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		250,000	250,000				
	Mizuho Trust & Banking Co.,LTD.		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	Draw down date	Beginning balance	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 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	January 10, 2020	—	950,000	0.43349%	January 12, 2027	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	950,000				
	MUFG Bank, Ltd.		—	950,000				
	Sumitomo Mitsui Banking Corporation		—	475,000				
	Development Bank of Japan Inc.		—	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.		500,000	500,000				
	The Bank of Fukuoka, Ltd.	March 31, 2020	—	1,000,000	0.28500%	September 30,2027	(Note 4)	Unsecured, non-guaranteed
	The Norinchukin Bank		—	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		Draw down date	Beginning balance	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	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	0.56511 %	December 13,2028	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		6,000,000	6,000,000				
Total			206,350,000	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.

(3) 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 2nd Unsecured Investment Corporation Bond	April 21, 2015	2,000	—	0.297	April 21, 2020	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 3rd Unsecured Investment Corporation Bond	April 21, 2015	2,000	2,000	0.726	April 21, 2025	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 4th Unsecured Investment Corporation Bond	February 3, 2016	2,000	2,000	0.770	February 3, 2026	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 5th Unsecured Investment Corporation Bond	February 2, 2017	4,000	—	0.001	January 31, 2020	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 6th Unsecured Investment Corporation Bond	February 2, 2017	1,000	1,000	0.480	February 2, 2027	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 7th Unsecured Investment Corporation Bond	February 2, 2017	1,000	1,000	0.810	February 2, 2032	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 8th Unsecured Investment Corporation Bond	February 13, 2018	1,000	1,000	0.160	August 12, 2022	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 9th Unsecured Investment Corporation Bond	February 13, 2018	1,000	1,000	1.050	February 12, 2038	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 10th Unsecured Investment Corporation Bond (Green Bond)	July 9, 2019	5,000	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
Total		23,000	17,000					

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

(4) Short-Term Investment Corporation Bonds

Not applicable

(5) Subscription Rights for New Investment Units

Not applicable

6. Buying and Selling during the Period

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

Category	Asset type	Property name	Acquisition		Disposal			
			Acquisition date	Acquisition price (millions of yen)	Disposal date (Note1)	Disposal amount (millions of yen)	Book value (millions of yen)	Gain (loss) on disposal (millions of yen)
Tokyo Office Properties	Trust beneficiary interests	Ebisu Prime Square (Note 2)	January 10, 2020	30,700	—	—	—	—
Tokyo Office Properties	Trust beneficiary interests	A-PLACE Shinbashi Ekimae (Note 3)	—	—	March 19, 2020	21,000	20,787	143
Total			—	30,700	—	21,000	20,787	143

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

(Note2) The acquisition amount of Ebisu Prime Square represents figure equivalent to the percentage of the Investment Corporation's co-ownership interest (51%).

(Note3) Regarding the disposal of A-PLACE Shinbashi Ekimae, in addition to the above, there were "Other disposal expenses" of ¥68 million and the gain (loss) on disposal reflects such expenses.

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

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

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

1) Real Estate

Acquisition / Disposal	Property name	Date of acquisition / disposal	Acquisition / Disposal amount (millions of yen) (Note 1)	Appraisal value (millions of yen)	Name of appraiser	Date of appraisal
Acquisition	Ebisu Prime Square (Note 2)	January 10, 2020	30,700	31,000	JLL Morii Valuation & Advisory K.K.	October 1, 2019
Disposal	A-PLACE Shinbashi Ekimae	March 19, 2020	21,000	20,200	Japan Real Estate Institute	May 31, 2019

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

(Note 2) The acquisition amount of Ebisu Prime Square represents figure equivalent to the percentage of the Investment Corporation’s co-ownership interest (51%).

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

2) Others

Not applicable

(4) Transactions between Interested Parties

Category	Purchase and sale amounts	
	Purchase amounts	Sale amounts
Total amount	¥30,700 million	¥21,000 million
Details of transactions between interested parties		
Rouge LLC	¥30,700 million (100.0%)	— million (—%)
ASUNARO Limited Liability Company	— million (—%)	¥21,000 million (100.0%)
Total	¥30,700 million (100.0%)	¥21,000 million (100.0%)

Commissions Paid

Category	Total amount (A) (thousands of yen)	Breakdown of transactions with interested parties		(B) / (A) (%)
		Paid to	Amount (B) (thousands of yen)	
Property management fee	451,204	Tokyu Community Corp.	225,775	50.0
		Tokyu Land SC Management Corporation	124,039	27.5
		Tokyu Land Corporation	60,821	13.5
		Tokyu Housing Leace Corporation	2,418	0.5
Building management fee	753,291	Tokyu Community Corp.	629,145	83.5
Construction management fee	10,868	Tokyu Community Corp.	5,244	48.3
		Tokyu Land SC Management Corporation	3,664	33.7
		Tokyu Land Corporation	1,085	10.0
Other management operation expenses	71,545	Tokyu Community Corp.	7,101	9.9
Other lease business expenses	571,767	Tokyu Community Corp.	88,517	15.5
		Tokyu Land SC Management Corporation	1,133	0.2
		Tokyu Land Corporation	882	0.2
		HANDS LAB INC.	727	0.1
		Tokyu Housing Leace Corporation	672	0.1
		Tokyu Re・design Corporation	671	0.1

(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.	¥84,114 thousand
Tokyu Re・design Corporation	¥30,954 thousand
Tokyu Land SC Management Corporation	¥9,246 thousand
Tokyu Land Corporation	¥581 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
May 26, 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: June 1, 2020 to October 3, 2020); 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 November 30, 2019	As of May 31, 2020
Assets		
Current assets		
Cash and deposits	12,670,027	13,486,961
Cash and deposits in trust	3,515,426	3,269,588
Operating accounts receivable	804,474	679,207
Prepaid expenses	355,113	571,533
Other	6,749	16,508
Total current assets	17,351,791	18,023,799
Non-current assets		
Property, plant and equipment		
Buildings in trust	84,986,537	84,702,637
Accumulated depreciation	(13,256,431)	(13,975,701)
Buildings in trust, net	71,730,105	70,726,935
Structures in trust	703,696	734,704
Accumulated depreciation	(201,554)	(215,485)
Structures in trust, net	502,142	519,218
Machinery and equipment in trust	1,434,131	1,367,743
Accumulated depreciation	(388,834)	(387,964)
Machinery and equipment in trust, net	1,045,296	979,779
Tools, furniture and fixtures in trust	247,197	263,247
Accumulated depreciation	(128,828)	(143,002)
Tools, furniture and fixtures in trust, net	118,368	120,245
Land in trust	414,174,855	424,862,322
Construction in progress in trust	5,928	8,478
Total property, plant and equipment	487,576,696	497,216,979
Intangible assets		
Leasehold rights in trust	9,055,086	9,055,086
Other	1,441	1,186
Total intangible assets	9,056,527	9,056,272
Investments and other assets		
Long-term prepaid expenses	1,350,026	1,261,641
Derivatives	8,954	—
Deferred tax assets	5	10
Other	38,322	38,322
Total investments and other assets	1,397,309	1,299,975
Total non-current assets	498,030,533	507,573,227
Deferred assets		
Investment corporation bond issuance costs	98,652	89,447
Total deferred assets	98,652	89,447
Total assets	515,480,977	525,686,474

(Unit: Thousands of yen)

	As of November 30, 2019	As of May 31, 2020
Liabilities		
Current liabilities		
Operating accounts payable	1,265,123	1,005,767
Short-term loans payable	5,000,000	10,998,000
Current portion of investment corporation bonds	6,000,000	—
Current portion of long-term loans payable	7,300,000	12,500,000
Accounts payable - other	198,011	149,224
Accrued expenses	963,509	952,182
Income taxes payable	605	817
Accrued consumption taxes	379,062	330,044
Advances received	581,577	849,827
Deposits received	1,390	4,156
Other	—	32,904
Total current liabilities	21,689,281	26,822,925
Non-current liabilities		
Investment corporation bond	17,000,000	17,000,000
Long-term loans payable	199,050,000	203,850,000
Tenant leasehold and security deposits in trust	21,543,424	22,309,458
Derivatives Liabilities	—	3,443
Total non-current liabilities	237,593,424	243,162,902
Total liabilities	259,282,705	269,985,827
Net assets		
Unitholders' equity		
Unitholders' capital	248,370,846	248,370,846
Deduction from unitholders' capital		
Allowance for temporary difference	*3 (10,797)	*3 —
adjustments		
Total deduction from unitholders' capital	(10,797)	—
Unitholders' capital, net	248,360,049	248,370,846
Surplus		
Unappropriated retained earnings	7,829,267	7,333,243
(undisposed loss)		
Total surplus	7,829,267	7,333,243
Total unitholders' equity	256,189,316	255,704,090
Valuation and translation adjustments		
Deferred gains or losses on hedges	8,954	(3,443)
Total valuation and translation adjustments	8,954	(3,443)
Total net assets	*2 256,198,271	*2 255,700,646
Total liabilities and net assets	515,480,977	525,686,474

III. Statements of Operations

(Unit: Thousands of yen)

	Previous fiscal period (From June 1, 2019 to November 30, 2019)		Current fiscal period (From December 1, 2019 to May 31, 2020)	
Operating revenue				
Lease business revenue	*1	14,063,573	*1	13,903,877
Other lease business revenue	*1	1,136,219	*1	936,713
Gain on sales of real estate properties	*2	343,063	*2	143,798
Total operating revenue		15,542,856		14,984,389
Operating expenses				
Expenses related to rent business	*1	5,464,545	*1	5,470,679
Asset management fee		1,249,529		1,104,664
Asset custody fee		14,641		15,029
Administrative service fees		37,874		36,852
Directors' compensations		3,300		3,300
Other operating expenses		92,843		147,558
Total operating expenses		6,862,734		6,778,084
Operating profit		8,680,122		8,206,304
Non-operating income				
Interest income		59		72
Reversal of distribution payable		967		698
Insurance claim income		663		9,535
Other		—		381
Total non-operating income		1,690		10,687
Non-operating expenses				
Interest expenses		636,203		642,507
Interest expenses on investment corporation bonds		35,543		45,976
Amortization of investment corporation bond issuance costs		9,905		9,205
Borrowing related expenses		181,347		185,307
Other		500		500
Total non-operating expenses		863,501		883,497
Ordinary Profit		7,818,311		7,333,494
Profit before income taxes		7,818,311		7,333,494
Income taxes - current		614		828
Income taxes - deferred		19		(5)
Total income taxes		634		823
Profit		7,817,677		7,332,671
Retained earnings brought forward		11,589		572
Unappropriated retained earnings (undisposed loss)		7,829,267		7,333,243

IV. Statements of Changes in Unitholders' Equity

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

(Unit: Thousands of yen)

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

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

(Unit: Thousands of yen)

	Unitholders' equity						Valuation and translation adjustments		Total net assets	
	Unitholders' capital			Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments		
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)					Total surplus
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital							
Balance at beginning of current period	248,370,846	(10,797)	(10,797)	248,360,049	7,829,267	7,829,267	256,189,316	8,954	8,954	256,198,271
Changes of items during period										
Dividends of surplus					(7,817,897)	(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			7,332,671
Net changes of items other than unitholders' equity								(12,398)	(12,398)	(12,398)
Total changes of items during period	—	10,797	10,797	10,797	(496,023)	(496,023)	(485,226)	(12,398)	(12,398)	(497,625)
Balance at end of current period	*1 248,370,846	—	—	248,370,846	7,333,243	7,333,243	255,704,090	(3,443)	(3,443)	255,700,646

V. Statements of Cash Distributions

	Fiscal periods	
	Previous fiscal period (From June 1, 2019 to November 30, 2019)	Current fiscal period (From December 1, 2019 to May 31, 2020)
	Amount	Amount
I Unappropriated retained earnings	¥7,829,267,374	¥7,333,243,684
II Additional amount of cash distributions in excess of earnings	—	¥3,084,896
Of which, allowance for temporary difference adjustments	—	¥3,084,896
III Amount incorporated into unitholders' capital	¥10,797,136	—
Of which, reversal of allowance for temporary difference adjustments	¥10,797,136	—
IV Distributions	¥7,817,897,688	¥7,332,797,792
[Cash distributions per unit]	¥[10,137]	¥[9,508]
Of which, distributions of earnings	¥7,817,897,688	¥7,329,712,896
[Of which, distributions of earnings per unit]	¥[10,137]	¥[9,504]
Of which, allowance for temporary difference adjustments	—	¥3,084,896
[Of which, cash distributions in excess of earnings per unit (Related to allowance for temporary difference adjustments)]	¥[—]	¥[4]
V Earnings carried forward	¥572,550	¥3,530,788

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 ¥7,817,897,688, which is the amount of the unappropriated retained earnings less the reversal of allowance for temporary difference adjustments (refers to stipulations of Article 2, Paragraph 2, Item 30 of the Regulations on Accountings of Investment Corporations), except a fraction of less than ¥1 of distributions per investment unit.	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 for fractional distribution per unit less than ¥1. 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, with 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.
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VI. Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From June 1, 2019 to November 30, 2019)	Current fiscal period (From December 1, 2019 to May 31, 2020)
Cash flows from operating activities		
Profit before income taxes	7,818,311	7,333,494
Depreciation	1,299,058	1,334,606
Amortization of investment corporation bond issuance costs	9,905	9,205
Interest income and interest on securities	(59)	(72)
Interest expenses	671,747	688,484
Borrowing related expenses	181,347	185,307
Decrease (increase) in operating accounts receivable	61,777	125,267
Increase (decrease) in accrued consumption taxes	213,632	(49,018)
Decrease (increase) in prepaid expenses	165,699	(209,406)
Decrease in property, plant and equipment in trust due to sale	1,493,070	20,787,757
Decrease in intangible assets in trust due to sale	37,505	—
Increase (decrease) in operating accounts payable	303,762	(156,233)
Increase (decrease) in accrued expenses	19,133	(11,313)
Increase (decrease) in advances received	7,278	268,249
Decrease (increase) in long-term prepaid expenses	(83,861)	8,590
Other, net	(10,040)	25,212
Subtotal	12,188,268	30,340,130
Interest income received	59	72
Interest expenses paid	(653,684)	(691,442)
Income taxes paid	(1,108)	(616)
Net cash provided by (used in) operating activities	11,533,534	29,648,143
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(472,822)	(31,917,697)
Repayments of tenant leasehold and security deposits in trust	(345,198)	(1,012,287)
Proceeds from tenant leasehold and security deposits in trust	648,645	1,778,321
Net cash provided by (used in) investing activities	(169,375)	(31,151,663)
Cash flows from financing activities		
Increase in short-term loans payable	4,997,750	31,992,459
Decrease in short-term loans payable	(14,000,000)	(26,000,000)
Proceeds from long-term loans payable	12,925,779	17,219,286
Repayments of long-term loans payable	(13,100,000)	(7,300,000)
Proceeds from issuance of investment corporation bonds	8,953,594	—
Redemption of investment corporation bonds	—	(6,000,000)
Dividends paid	(7,723,513)	(7,813,803)
Other, net	(32,598)	(23,326)
Net cash provided by (used in) financing activities	(7,978,987)	2,074,615
Net increase (decrease) in cash and cash equivalents	3,385,171	571,095
Cash and cash equivalents at beginning of period	12,800,282	16,185,454
Cash and cash equivalents at end of period	*1 16,185,454	*1 16,756,549

VII. Notes to Financial Statements

Notes on Assumption of Going Concern

Not applicable

Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below. Buildings 2 to 70 years Structures 2 to 66 years Machinery and equipment 2 to 33 years Tools, furniture and fixtures 2 to 15 years (2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.
2. Accounting method for deferred assets	(1) Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure. (2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.
3. Accounting for income and expenses	Property-related taxes For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business. The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to property tax included in acquisition cost for properties for the current fiscal period is ¥135,713 thousand.
4. Method of hedge accounting	(1) Method of hedge accounting Deferred hedge accounting is applied. For interest rate swaps that satisfy the requirements for special treatment, special treatment is applied. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable (3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation. (4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness by comparing the cumulative total changes in the cash flows of the hedged items with those of the hedging instruments, and then verifying the ratio of the changes in both amounts. However, hedge effectiveness is deemed to have been ensured with respect to interest rate swaps that satisfy the requirements for special treatment.
5. Scope of cash (cash and cash equivalents) in the statements of cash flows	Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
6. Other important matters related to the preparation of financial statements	(1) Accounting method for trust beneficiary right with real estate, etc. as trust asset With regard to trust beneficiary right with real estate, etc. in holding as trust asset, all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of operations. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets. i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust iii) Tenant leasehold and security deposits in trust (2) Accounting method for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for non-current assets, etc. are included in acquisition cost for each asset.

Additional information

Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments

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

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

(Unit: Thousands of yen)

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

2. Specific Method of Reversal

Deferred gains or losses on hedges

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

Current 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.

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 November 30, 2019	As of May 31, 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	¥21,000,000 thousand	¥19,002,000 thousand

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

	As of November 30, 2019	As of May 31, 2020
	¥50,000 thousand	¥50,000 thousand

*3. Allowance for Temporary Difference Adjustments

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

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

(Unit: Thousands of yen)

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

2. Specific Method of Reversal

Deferred gains or losses on hedges

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

Current 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	—	Change 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.

Notes to Statements of Operations

*1. Breakdown of Income from Real Estate Leasing Business

(Unit: Thousands of yen)				
	Previous fiscal period (From June 1, 2019 to November 30, 2019)		Current fiscal period (From December 1, 2019 to May 31, 2020)	
A. Real estate leasing business revenues				
Lease business revenue				
Rent	12,896,071		12,772,803	
Common service fees	754,640		739,471	
Parking lot fees	295,863		290,588	
Other rent revenue	116,997	14,063,573	101,013	13,903,877
Other lease business revenue		1,136,219		936,713
Total real estate leasing business revenues		15,199,792		14,840,590
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	1,252,752		1,286,910	
Utilities expenses	1,011,981		841,809	
Tax and public dues	1,087,694		1,110,349	
Insurance	11,227		12,914	
Repair and maintenance expenses	436,542		312,576	
Depreciation	1,298,804		1,334,352	
Other expenses related to rent business	365,542	5,464,545	571,767	5,470,679
Total real estate leasing business expenses		5,464,545		5,470,679
C. Income from real estate leasing business (A – B)		9,735,247		9,369,910

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

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

(Unit: Thousands of yen)

A-FLAG AKASAKA (50% co-ownership interest)

Income from sales of real estate properties	1,875,000	
Costs of sales of real estate properties	1,530,575	
Other costs of sales	1,360	
Gain on sales of real estate properties		343,063

Current 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

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 June 1, 2019 to November 30, 2019)	Current fiscal period (From December 1, 2019 to May 31, 2020)
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 June 1, 2019 to November 30, 2019)	Current fiscal period (From December 1, 2019 to May 31, 2020)
Cash and deposits	¥12,670,027 thousand	¥13,486,961 thousand
Cash and deposits in trust	¥3,515,426 thousand	¥3,269,588 thousand
Cash and cash equivalents	¥16,185,454 thousand	¥16,756,549 thousand

Notes to Lease Rental Revenues

The Investment Corporation leases properties on which rental revenues are earned. As of November 30, 2019 and May 31, 2020, future lease revenues under non-cancelable operating leases are summarized as follows:

	As of November 30, 2019	As of May 31, 2020
Due within one year	¥16,137,216 thousand	¥16,962,650 thousand
Due after one year	¥121,523,586 thousand	¥117,205,771 thousand
Total	¥137,660,803 thousand	¥134,168,421 thousand

Notes on Financial Instruments

1. Matters Regarding Financial Instruments

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

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

2. Matters Regarding Fair Values of Financial Instruments

Carrying amounts, fair values, and the differences between the two values as of November 30, 2019, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

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

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 loans payable	10,998,000	10,998,000	—
(2) Current portion of long-term loans payable	12,500,000	12,600,325	100,325
(3) Investment corporation bonds	17,000,000	17,278,254	278,254
(4) Long-term loans payable	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)	—

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

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

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

(3) Investment corporation bonds

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

Derivative transactions

Please refer to “Notes on Derivative Transactions.”

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

(Unit: Thousands of yen)

Category	As of November 30, 2019	As of May 31, 2020
Tenant leasehold and security deposits in trust *1	21,543,424	22,309,458

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

(Note 3) Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (November 30, 2019)

(Unit: Thousands of yen)

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

Expected Amounts of Repayment 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	—	—	—	—	—

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (November 30, 2019)

(Unit: Thousands of yen)

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

Expected Amounts of Repayment of Loans Payable 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 loans payable	10,998,000	—	—	—	—	—
Investment corporation bonds	—	—	1,000,000	—	7,000,000	9,000,000
Long-term loans payable	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

Notes on Derivative Transactions

1. Derivative transaction to which hedge accounting is not applied

(As of November 30, 2019)

Not applicable

(As of May 31, 2020)

Not applicable

2. Derivative transaction to which hedge accounting is applied

(As of November 30, 2019)

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

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after one year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	12,000,000	12,000,000	8,954	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	18,140,000	18,140,000	*	—

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

(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 one year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	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 loans payable	18,140,000	18,140,000	*	—

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

Notes on Deferred Tax Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of November 30, 2019	As of May 31, 2020
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥5 thousand	¥10 thousand
Total deferred tax assets	¥5 thousand	¥10 thousand
Net deferred tax assets	¥5 thousand	¥10 thousand

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

	As of November 30, 2019	As of May 31, 2020
Effective statutory tax rate	31.51%	31.46%
(Adjustments)		
Distributions paid included in deductibles	(31.51)%	(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 June 1, 2019 to November 30, 2019)
Not applicable

Current fiscal period (From December 1, 2019 to May 31, 2020)
Not applicable

2. Affiliates, etc.

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

Current fiscal period (From December 1, 2019 to May 31, 2020)
Not applicable

3. Sister companies, etc.

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

Current fiscal period (From December 1, 2019 to May 31, 2020)
Not applicable

4. Directors and major individual unitholders

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

Current fiscal period (From December 1, 2019 to May 31, 2020)
Not applicable

Notes on Investment and Rental Properties

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

(Unit: Thousands of yen)

Use		Previous fiscal period (From June 1, 2019 to November 30, 2019)	Current fiscal period (From December 1, 2019 to May 31, 2020)
Urban Retail Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	200,524,577	198,881,821
	Changes during period	(1,642,755)	(89,939)
	Balance at end of period	198,881,821	198,791,882
	Fair value at end of period	241,282,000	239,866,000
Tokyo Office Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	195,556,130	195,101,532
	Changes during period	(454,598)	9,815,079
	Balance at end of period	195,101,532	204,916,612
	Fair value at end of period	232,420,000	244,140,000
Activia Account Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	102,739,890	102,648,428
	Changes during period	(91,462)	(84,857)
	Balance at end of period	102,648,428	102,563,571
	Fair value at end of period	120,550,000	121,620,000
Total	Carrying amount on the balance sheets		
	Balance at beginning of period	498,820,598	496,631,782
	Changes during period	(2,188,816)	9,640,283
	Balance at end of period	496,631,782	506,272,066
	Fair value at end of period	594,252,000	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 increase in the current fiscal period is the acquisition of Ebisu Prime Square worth ¥31,057,540 thousand. The decrease is mainly due to the transfer of A-PLACE Shinbashi Ekimae worth ¥20,787,757 thousand and the provision of depreciation worth ¥1,334,352 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 November 30, 2019 and May 31, 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 June 1, 2019 to November 30, 2019)

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

Current 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

Per Unit Information

	Previous fiscal period (From June 1, 2019 to November 30, 2019)	Current fiscal period (From December 1, 2019 to May 31, 2020)
Net assets per unit	¥332,196	¥331,551
Basic earnings per unit	¥10,136	¥9,507

(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 June 1, 2019 to November 30, 2019)	Current fiscal period (From December 1, 2019 to May 31, 2020)
Profit (Thousands of yen)	7,817,677	7,332,671
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	7,817,677	7,332,671
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	△3,443
Total		30,140,000	30,140,000	△3,443

(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	84,986,537	3,203,863	3,487,763	84,702,637	13,975,701	1,267,489	70,726,935
	Structures in trust	703,696	51,138	20,130	734,704	215,485	17,898	519,218
	Machinery and equipment in trust	1,434,131	50,788	117,176	1,367,743	387,964	30,337	979,779
	Tools, furniture and fixtures in trust	247,197	25,627	9,578	263,247	143,002	18,625	120,245
	Land in trust (Note1)	414,174,855	28,428,423	17,740,956	424,862,322	—	—	424,862,322
	Construction in progress in trust	5,928	2,550	—	8,478	—	—	8,478
	Subtotal	501,552,345	31,762,392	21,375,604	511,939,133	14,722,153	1,334,352	497,216,979
Intangible Assets	Leasehold rights in trust	9,055,086	—	—	9,055,086	—	—	9,055,086
	Other (Note2)	7,153	—	—	7,153	5,966	254	1,186
	Subtotal	9,062,239	—	—	9,062,239	5,966	254	9,056,272
Total		510,614,585	31,762,392	21,375,604	521,001,373	14,728,120	1,334,606	506,273,252

(Note1) The main reason for the increase is mainly due to the acquisition of Ebisu Prime Square (51% co-ownership interest).

The main reason for the decrease is mainly due to the transfer of A-PLACE Shinbashi Ekimae.

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

Other Specified Assets

Not applicable

Investment Corporation Bonds

(Unit: Thousands of yen)

Issue	Issue Date	Beginning balance	Decrease	Ending balance	Interest Rate	Redemption Date	Use of funds	Remarks
2nd unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 21, 2015	2,000,000	2,000,000	—	0.297%	April 21, 2020	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
3rd unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 21, 2015	2,000,000	—	2,000,000	0.726%	April 21, 2025	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
4th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 3, 2016	2,000,000	—	2,000,000	0.770%	February 3, 2026	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
5th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	4,000,000	4,000,000	—	0.001%	January 31, 2020	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
6th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	1,000,000	—	1,000,000	0.480%	February 2, 2027	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
7th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 2, 2017	1,000,000	—	1,000,000	0.810%	February 2, 2032	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
8th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 13, 2018	1,000,000	—	1,000,000	0.160%	August 12, 2022	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
9th unsecured bonds (with pari passu conditions among specified investment corporation bonds)	February 13, 2018	1,000,000	—	1,000,000	1.050%	February 12, 2038	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed
10th unsecured bonds (with pari passu conditions among specified investment corporation bonds)(Green Bonds)	July 9, 2019	5,000,000	—	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
Total	—	23,000,000	6,000,000	17,000,000	—	—	—	—

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

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years
Unsecured bonds (with pari passu conditions among specified investment corporation bonds)	—	—	1,000,000	—	7,000,000

Loans Payable

The following tables show the details of loans payable.

(Unit: Thousands of yen)

Category		Drawdown 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 10, 2019	2,000,000	—	2,000,000	—	0.18548%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		2,000,000	—	2,000,000	—				
	MUFG Bank, Ltd.		1,000,000	—	1,000,000	—				
	Sumitomo Mitsui Trust Bank, Limited	January 10, 2020	—	8,400,000	8,400,000	—	0.18867%	March 19, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		—	8,400,000	8,400,000	—				
	MUFG Bank, Ltd.		—	4,200,000	4,200,000	—				
	Sumitomo Mitsui Trust Bank, Limited	January 30, 2020	—	1,600,000	—	1,600,000	0.20364%	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	0.35059%	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	0.19966%	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				
Total			5,000,000	31,998,000	26,000,000	10,998,000				
Long-term loans payable (Note 2)	Sumitomo Mitsui Trust Bank, Limited	January 10, 2014	160,000	—	160,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		160,000	—	160,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		160,000	—	160,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		160,000	—	160,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		80,000	—	80,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		80,000	—	80,000	—	0.93846%	January 10, 2020	(Note 3)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	July 9, 2014	600,000	—	600,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		600,000	—	600,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		600,000	—	600,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		600,000	—	600,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		300,000	—	300,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		300,000	—	300,000	—	0.72546%	January 10, 2020	(Note 4)	Unsecured, non-guaranteed
	Resona Bank, Limited.	March 31, 2015	1,500,000	—	1,500,000	—	0.52500%	March 31, 2020	(Note 4)	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.		1,000,000	—	1,000,000	—				
	The Gunma Bank, Ltd.		500,000	—	500,000	—				
	The Norinchukin Bank		500,000	—	500,000	—				

(Unit: Thousands of yen)

Category	Lender	Drawdown 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	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	0.21696%	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, 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	Drawdown 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	0.20966%	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		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	Drawdown 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 9, 2019	620,000	–	–	620,000	0.38236%	January 10, 2023	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		620,000	–	–	620,000				
	MUFG Bank, Ltd.		620,000	–	–	620,000				
	Sumitomo Mitsui Banking Corporation		320,000	–	–	320,000				
	Development Bank of Japan Inc.		320,000	–	–	320,000				
	Sumitomo Mitsui Trust Bank, Limited	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	0.19436%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed
	The Gunma Bank, Ltd.	March 31, 2020	–	500,000	–	500,000	0.23436%	September 30, 2023	(Note 4)	Unsecured, non-guaranteed

(Unit: Thousands of yen)

	Category	Drawdown 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 12, 2016	1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd. (Note 6)		1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.		1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	MUFG Bank, Ltd.		1,400,000	—	—	1,400,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation		700,000	—	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.		700,000	—	—	700,000	0.78362%	January 12, 2024	(Note 4)	Unsecured, non-guaranteed
	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	Drawdown 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	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	Drawdown 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 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	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	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	Drawdown 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	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.		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		206,350,000	17,300,000	7,300,000	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.

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

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years
Long-term loans payable	12,500,000	27,850,000	26,500,000	32,750,000	24,000,000

Independent Auditor's Report



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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 May 31, 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 May 31, 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.



Ernst & Young ShinNihon LLC
Tokyo, Japan

August 21, 2020

鈴木 理

Makoto Suzuki
Designated Engagement Partner
Certified Public Accountant

新居 幹也

Mikiya Arai
Designated Engagement Partner
Certified Public Accountant

Overview of the Asset Manager

Overview of the Asset Manager

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

IDNA of Tokyu Land Corporation

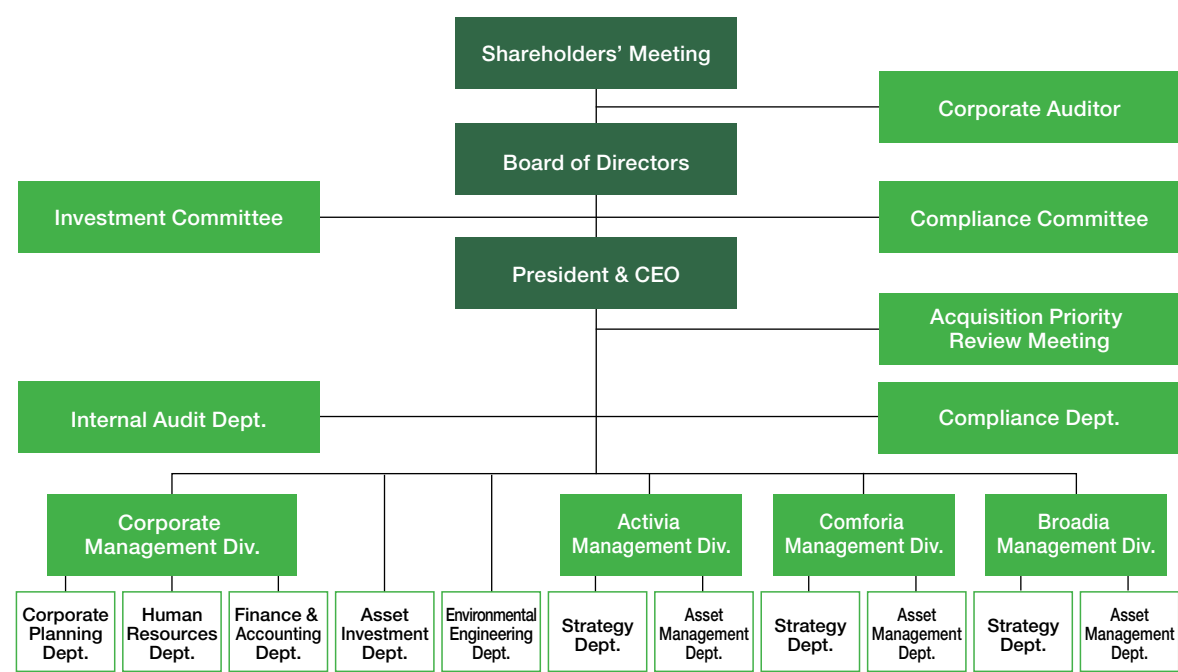
The Tokyu Fudosan Holdings Group generally carries on the frontier spirit and development capabilities of Tokyu Land Corporation in undertaking development mainly in the Tokyo metropolitan area and major cities nationwide. The Group has built up a strong track record as a pioneer in creating businesses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

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

Proactive Behavior

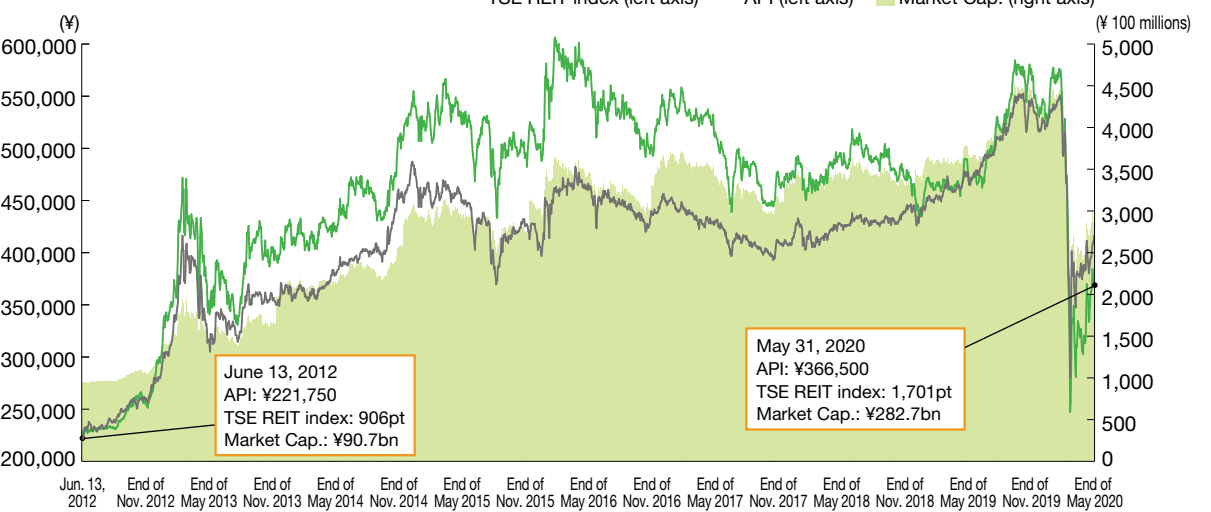
As an asset manager, API's staff is required to work proactively (take initiative, foresee and make improvements). API aims at stable asset management over the medium to long term, through not only management and good care of individual properties, but also by closely observing and responding early to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

Organizational Chart



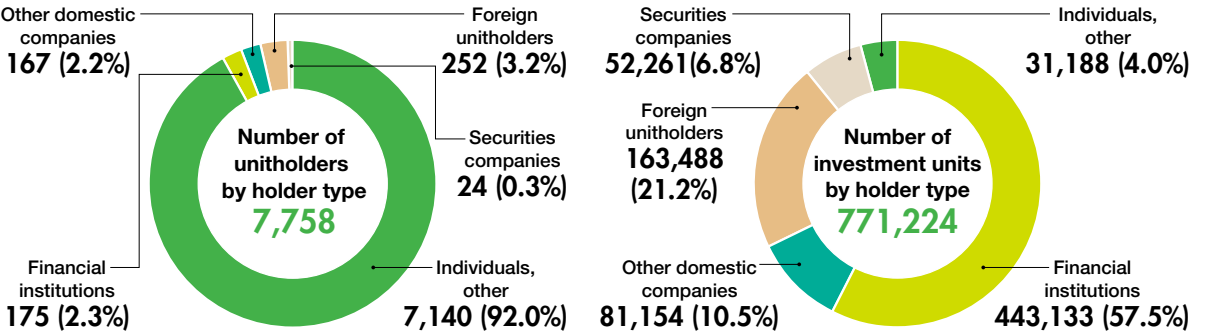
Information on Unitholders

Trends in Unit Prices



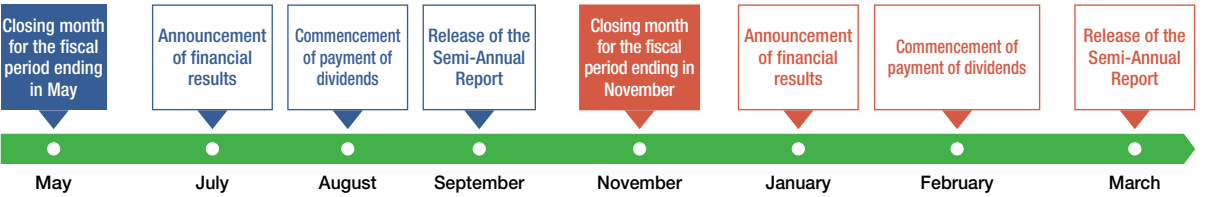
(Note 1) Performance of TSE REIT index is indexed to API unit price as of June 13, 2012 being 100.
 (Note 2) As API implemented a 2-for-1 investment unit split effected as of October 1, 2015, the closing prices from the listing date to the end of May 2015 are indicated as half as adjusted for the unit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

Distribution of Unitholders



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

Annual Schedule



API Website

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

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

Accessible from smartphone as well.



Unitholder Memo

Account closing dates	May 31 and November 30
Unitholders' meeting	To be held at least once every two years
Record date for unitholders' meeting	A record date based on Article 15, Section 1 of the Articles of Incorporation
Dates for determining cash distribution payments	May 31 and November 30
Administrator of unitholders' registry	Sumitomo Mitsui Trust Bank, Limited 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Place of business of administrator of unitholders' registry	Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited Mailing address: 8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan Tel: 0120-782-031 (toll-free, available within Japan only) URL: 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 Tel: 0120-782-031 (toll-free, available within Japan only)
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- **Dividend statement**
Pursuant to the provisions of the Act on Special Measures concerning Taxation, with regard to dividends paid by API, API will send to each unitholder a payment notification describing the amount of the dividend, withholding tax and so forth. However, the dividend statement sent along with the dividend payment also functions as the payment notification.
Please note that each unitholder may use the payment notification as an attachment for a tax return. (If you select the method of allocation in proportion to the number of shares held, please ask your securities company for further information.)

Information on Unitholders

Withholding tax rate on dividends of listed investment corporations

Commencement date of the dividend payment	From January 1, 2014 through December 31, 2037		From January 1, 2038	
Dividend tax rate of listed investment corporations	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.



Activia Properties Inc.

API 3279

