

## Financial Report for the Fiscal Period Ended November 30, 2015 (June 1, 2015 - November 30, 2015)

### Activia Properties Inc.

Listing: Tokyo Stock Exchange  
 Securities code: 3279  
 URL: <http://www.activia-reit.co.jp/en/>  
 Representative: Michie Kawai, Executive Director  
 Investment management company: TLC Activia Investment Management Inc.  
 Representative: Michie Kawai, President & CEO  
 Contact: Hiroshi Kimoto, Executive Officer of Fund Management Department  
 TEL: +81-3-6804-5671

Scheduled date to file Securities Report: February 25, 2016  
 Scheduled date to start distribution payments: February 12, 2016  
 Supplementary material on financial report: Yes  
 Financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen)

### 1. Summary of financial results for the fiscal period ended November 30, 2015 (June 1, 2015 – November 30, 2015)

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

	Operating revenue		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended November 30, 2015	9,701	6.4	5,460	5.0	4,790	4.5	4,789	4.5
Fiscal period ended May 31, 2015	9,120	11.6	5,199	13.2	4,583	13.7	4,582	13.7

	Basic earnings per unit	Return on unitholders' equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	Yen	%	%	%
Fiscal period ended November 30, 2015	8,642	3.1	1.6	49.4
Fiscal period ended May 31, 2015	8,344	3.2	1.7	50.3

(Note 1) Activia Properties Inc. implemented a two-for-one split of the investment units with September 30, 2015 as the record date and October 1, 2015 as the effective date. Basic earnings per unit is calculated based on the assumption that the split of investment units was implemented at the beginning of the fiscal period ended May 31, 2015.

(Note 2) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (549,191 units and 554,264 units for the fiscal period ended May 31, 2015, and the fiscal period ended November 30, 2015, respectively).

## (2) Cash distributions

	Cash distributions per unit (excluding excess of earnings)	Total distributions (excluding excess of earnings)	Cash distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distribution ratio to unitholders' equity
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended November 30, 2015	8,642	4,789	0	0	100.0	3.1
Fiscal period ended May 31, 2015	16,535	4,582	0	0	100.0	3.1

(Note 1) Activia Properties Inc. implemented a two-for-one split of the investment units with September 30, 2015 as the record date and October 1, 2015 as the effective date. Cash distributions per unit for the fiscal period ended May 31, 2015 on the assumption that the split of investment units was implemented at the beginning of the fiscal period ended May 31, 2015 is ¥8,267.

(Note 2) Because new investment units were issued during the fiscal period ended May 31, 2015, the payout ratio for that period is obtained by the following formula with figures rounded to the first decimal place: Payout ratio = total distributions (excluding excess of earnings) / profit × 100

## (3) Financial position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2015	307,746	155,560	50.5	280,661
As of May 31, 2015	297,466	155,353	52.2	280,287

(Note) Activia Properties Inc. implemented a two-for-one split of the investment units with September 30, 2015 as the record date and October 1, 2015 as the effective date. Net assets per unit is calculated based on the assumption that the split of investment units was implemented at the beginning of the fiscal period ended May 31, 2015.

(Reference) Unitholders' equity

As of November 30, 2015: ¥155,560 million

As of May 31, 2015: ¥155,353 million

## (4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended November 30, 2015	8,337	(12,736)	4,990	13,342
Fiscal period ended May 31, 2015	5,223	(39,335)	36,737	12,750

## 2. Forecasts of results for the fiscal period from December 1, 2015 to May 31, 2016

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

	Operating revenue		Operating income		Ordinary income		Profit		Cash distributions per unit (excluding excess of earnings)	Cash distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending May 31, 2016	10,221	5.4	5,903	8.1	5,115	6.8	5,114	6.8	8,529	0

(Reference) Forecasted profit per unit (forecasted profit / total projected number of investment units issued at end of period)

For the fiscal period ending May 31, 2016: ¥8,529

**\* Other**

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

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

**(2) Total number of units issued**

- a. Total number of units issued at end of period (including treasury units)
  - As of November 30, 2015 554,264 units
  - As of May 31, 2015 277,132 units
- b. Number of treasury units at end of period
  - As of November 30, 2015 – units
  - As of May 31, 2015 – units

(Note) Activia Properties Inc. implemented a two-for-one split of the investment units with October 1, 2015 as the effective date. Please refer to “Per Unit Information” on page 35 for the number of investment units used as the basis for calculating basic earnings per unit.

**\* Status of audit procedures**

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

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

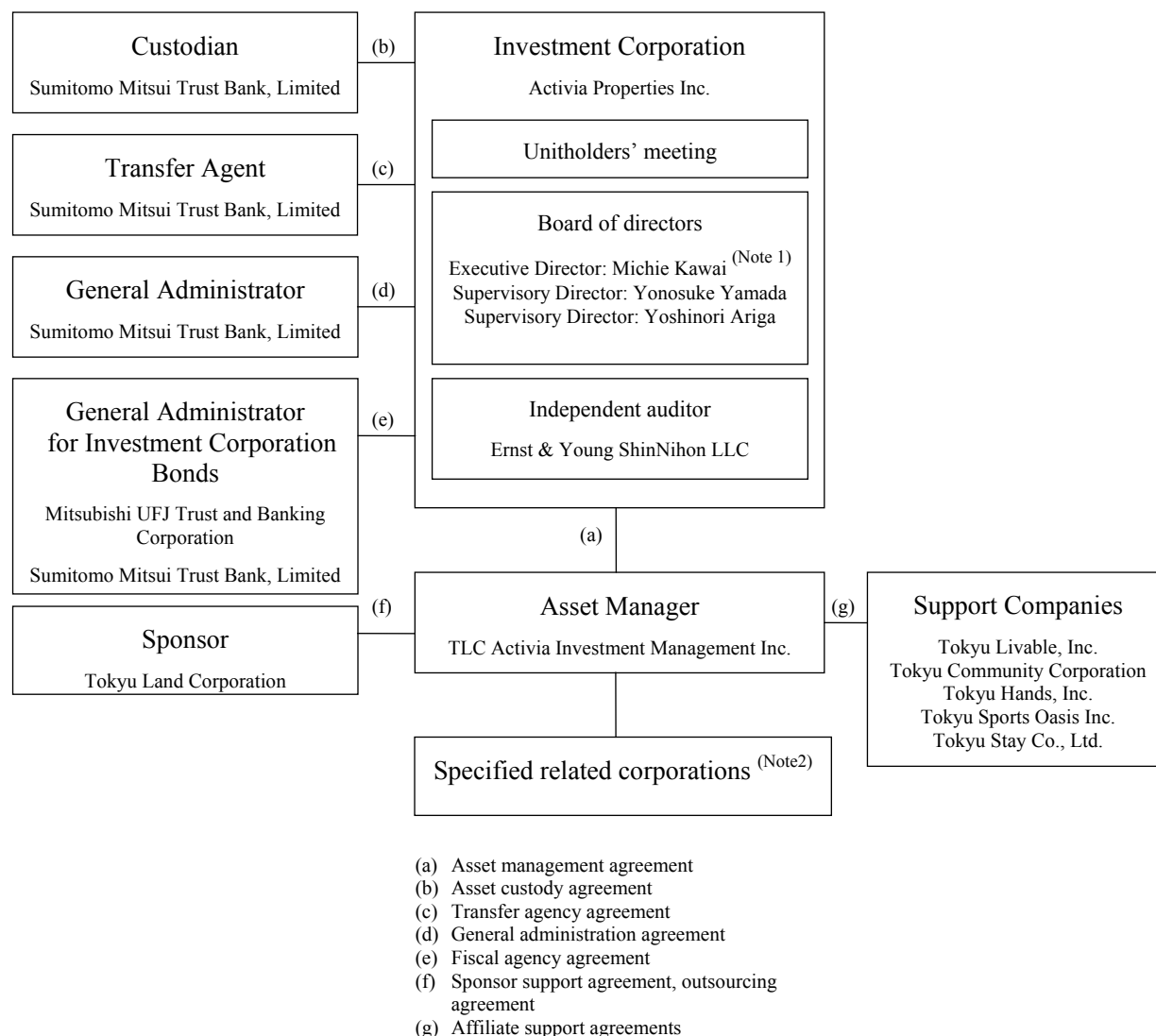
Forward-looking statements presented in this financial report including forecasts of results are based on information currently available to us and on certain assumptions we deem to be reasonable. As such, actual operating and other results may differ materially due to a number of factors. Furthermore, these forecasts are in no way a guarantee of any distribution amount. Please refer to “Assumptions for Forecasts of Investment Performance for the 9th Fiscal Period from December 1, 2015 to May 31, 2016 and the 10th Fiscal Period from June 1, 2016 to November 30, 2016” on pages 13 and 14 for information on assumptions for the forecasts.

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

## 1. The Investment Corporation and Related Corporations

The “Management structure of the Investment Corporation” in the latest Securities Report (filed on August 26, 2015; prepared in Japanese only) has been changed as follows:

### i) The Management Structure of the Investment Corporation



(Note 1) On September 7, 2015, Executive Director Nariaki Hosoi retired from office as his term of office expired, and Michie Kawai newly assumed office as an Executive Director on September 8, 2015.

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

## 2. Asset Management Policies and Status

### (1) Asset Management Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (filed on August 26, 2015; prepared in Japanese only), the disclosure is omitted.

### (2) Asset Management Status

#### i) Summary of Results for the Current Fiscal Period

##### (A) Transition of Investment Corporation

Activia Properties Inc. (hereinafter referred to as the “Investment Corporation”) was established on September 7, 2011, with unitholders’ capital of ¥200 million (400 units) and TLC Township Inc. (currently TLC Activia Investment Management Inc.) as the organizer under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent revisions), and completed its registration in the Kanto Local Finance Bureau on September 20, 2011 (Director-General of the Kanto Local Finance Bureau No. 73).

After that, the Investment Corporation was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (Securities code 3279) on June 13, 2012. On December 17, 2014, the Investment Corporation carried out a publicly offered capital increase for the second consecutive year, and on January 8, 2015, 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 investors, supported by its proactive management (management to improve the circumstances by taking initiatives and acting for the future).

In the fiscal period under review, which ended on November 30, 2015, the Investment Corporation disposed of icot Kongo which had been in the “Other Properties” category, and acquired Frontier Ebisu and the Shibuya Konnoh Building which are both in the Investment Corporation’s “Tokyo Office Properties” portfolio of focused investment properties. Consequently, the Investment Corporation held 31 properties (with the total acquisition price of ¥292,910 million) at the end of the fiscal period under review.

##### (B) Investment Environment in the Fiscal Period under Review

In the fiscal period under review, the Japanese economy continued to follow a path of moderate recovery despite the economic slowdown in China and other emerging nations adversely affecting exports and production. This reflected firm personal consumption amid an ongoing trend of improvement in the employment environment, underpinned by robust corporate earnings.

With respect to the environment surrounding retail properties, consumer confidence has once again been showing signs of recovery with the consumer confidence index published in the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan having marked gains over two consecutive months as of November 2015. Before that, the index had been on a recovery track prior to April 2015 but then endured a spell where it had remained more or less unchanged. Moreover, the amount of tourism consumption by overseas visitors to Japan from July to September 2015 increased by 81.8% year on year, during which time it exceeded ¥1 trillion on a quarterly basis for the first time ever, thereby putting it at a record-high level for the seventh consecutive quarter according to the Consumption Trend Survey for Foreigners Visiting Japan released in October by the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism. In addition, we anticipate gains in hotel occupancy rates and consumption fueled by ongoing growth in demand related to inbound tourism as the number of overseas visitors to Japan and per-person travel expenditure continue to increase.

In the rental office market, the average vacancy rate of five central Tokyo wards (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) has improved. Average vacancies are now hovering in the lower half of the 4% range after falling for six consecutive months, having reached 4.19% as of November 30, 2015, down from 5.17% on May 31, 2015, according to data published by

Miki Shoji Co., Ltd. Rent levels also continue to rebound, with average rents having risen over the course of 23 consecutive months. This recovery trend in the market also continues with respect to major cities outside Tokyo.

In the J-REIT market, financing activity and property acquisitions held course while the total amount of J-REIT assets continued on a growth trajectory. This was despite signs of volatility with developments such as a brief downturn in the Tokyo Stock Exchange REIT Index partially due to jitters regarding risks associated with China's economic slowdown, contrasted by a trend toward recovery beginning in the autumn months underpinned by rising hopes of additional monetary easing in both Europe and Japan.

#### (C) Investment Performance

The Investment Corporation took steps to reshuffle its asset portfolio through the disposition of icot Kongo on July 8, 2015 (with the transfer price of ¥1,880 million) and acquisition of Frontier Ebisu on July 29, 2015 (with the acquisition price of ¥7,072 million), in accordance with the basic asset management policy set forth in the Articles of Incorporation. The Investment Corporation also acquired beneficiary rights of real estate in trust to the Shibuya Konnoh Building as a trust asset on October 1, 2015 (with the acquisition price of ¥4,810 million).

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 31 properties (with the total acquisition price of ¥292,910 million) with the total leasable area of 301,802 m<sup>2</sup> (91,295 *tsubo*).

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

	June 30, 2015	July 31, 2015	August 31, 2015	September 30, 2015	October 31, 2015	November 30, 2015
Urban Retail Properties	99.8%	99.6%	99.7%	99.9%	99.9%	100.0%
Tokyo Office Properties	99.6%	98.4%	98.3%	98.2%	98.2%	97.5%
Other Properties	99.7%	99.7%	99.7%	99.7%	99.7%	99.7%
Total	99.7%	99.3%	99.4%	99.4%	99.4%	99.2%

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

#### (D) Overview of Financing

In the fiscal period under review, funds of ¥9,800 million were borrowed to cover acquisition costs for beneficiary interests of real estate in trust for the two properties noted above and related costs. Meanwhile, we refinanced borrowings of ¥12,000 million in June 2015 and borrowings of ¥5,000 million by making use of interest rate swap transactions in September 2015, and worked to otherwise maintain a stable financial base through moves that included reducing interest costs and diversifying repayment dates on interest-bearing debt. As a result, the ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets x 100) was 44.5% as of the end of the fiscal period under review. The ratio of long-term debt and fixed-interest debt to total interest-bearing debt were 98.2% and 82.6%, respectively.

In addition, the Investment Corporation implemented a two-for-one split of the investment units with September 30, 2015 as the record date and October 1, 2015 as the effective date in order to create an environment that enables investors to purchase the investment units more easily by reducing the investment unit price, which would broaden the Investment Corporation's investor base and improve the liquidity of the investment units.

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-	Positive

(Note) On September 15, 2015, which is during the fiscal period under review, the Japan Credit Rating Agency (JCR) announced that it had revised its long-term issuer rating forecast with respect to the Investment Corporation.  
Forecast: Stable → Positive

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

As a result of the above-mentioned investments, operating revenue, operating income, and ordinary income were ¥9,701 million, ¥5,460 million, and ¥4,790 million, respectively, for the fiscal period under review, and profit was ¥4,789 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), it was decided that the all amount of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the “Special Taxation Measures Act”). Consequently, distributions per investment unit resulted in ¥8,642.

#### ii) Outlook for the Next Fiscal Period

##### (A) Investment Environment for the Next Fiscal Period

In the Japanese economy going forward, we expect moves toward gradual recovery amid a trend of ongoing improvement in the employment environment buoyed by growth in corporate earnings, and also underpinned by positive effects emerging from various government policies. On the other hand, risk factors include the pace of U.S. economic recovery as the Fed moves toward normalizing monetary policy, economic trends in emerging countries including China and resource-rich countries, and the impact on business of developments with respect to the debt issue in Europe.

In the rental office market, vacancy rates continue to decrease while rents keep heading higher in Tokyo and major provincial cities. Accordingly, we expect an ongoing scenario where office demand is driven by companies relocating operations with the aim of increasing office floor space to accommodate business expansion, improving office locations and other such positive motives, particularly given projections for strong corporate earnings continuing into the future. With respect to the environment surrounding retail properties, retail sales are likely to remain generally robust given the likelihood of an ongoing trend of firm personal consumption fueled by steady improvement in the employment environment, and also due to continuing strong demand related to inbound tourism despite a need to be wary regarding risks of slowing economic conditions in China. As for the J-REIT market, we expect the market’s supply-demand fundamentals to gain a measure of support from the Bank of Japan’s decision to increase its ceiling for J-REIT purchases, which was made at its monetary policy meeting of December 18, 2015. Consequently, we are likely to see continuing growth with respect to the scale of J-REIT assets, while the scenario of intense competition to acquire properties is also likely to continue going forward. Amid this environment, the Investment Corporation aims to keep adding to its overall assets and working to control LTV while making careful investment decisions that help to improve investor value by drawing on its own channels and its sponsor’s pipeline.

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

###### a. Basic Policy

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

###### b. External Growth Strategy

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

medium to long term.

To acquire these competitive assets on an ongoing basis, the Investment Corporation will work to maintain and improve the quality of its portfolio and will seek to expand the size of its assets by carefully selecting investment assets based on the information it receives under its sponsor support agreement with Tokyu Land Corporation 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 management company.

c. Internal Growth Strategy

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

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

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

d. Financial Strategy

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



(C) Significant Subsequent Events

a. Issuance of New Investment Units

At meetings of the board of directors held on November 26, 2015 and December 8, 2015, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 15, 2015 and January 6, 2016. As a result, unitholders' capital amounted to ¥171,532,813,890, and the total number of investment units issued came to 599,654 units.

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

Number of new investment units issued	41,870 units
Offering price	¥472,360 per unit
Total offering price	¥19,777,713,200
Paid-in amount	¥457,418 per unit
Total paid-in amount	¥19,152,091,660
Payment date	December 15, 2015

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

Number of new investment units issued	3,520 units
Paid-in amount	¥457,418 per unit
Total paid-in amount	¥1,610,111,360
Payment date	January 6, 2016
Allottee	Nomura Securities Co., Ltd.

b. Borrowing of Funds

The Investment Corporation borrowed funds as follows.

Category	Lender	Total amount borrowed	Interest rate	Drawdown date	Due date (Note)	Borrowing and repayment methods, security, and guarantee
Short-term	Sumitomo Mitsui Trust Bank, Limited	¥450 million	Base rate + 0.13% (Floating interest rate)	December 16, 2015	May 31, 2016	Borrowing based on a borrowing agreement with the lender shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	¥450 million				
	Mizuho Bank, Ltd.	¥450 million				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥450 million				
	Sumitomo Mitsui Banking Corporation	¥225 million				
	Development Bank of Japan Inc.	¥225 million				
	Sumitomo Mitsui Trust Bank, Limited Mitsubishi UFJ Trust and Banking Corporation Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥1,600 million	Base rate + 0.275% (Floating interest rate)	December 16, 2015	May 31, 2016	Borrowing based on a commitment line contract on June 11, 2015 with the lender shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed
Total	¥3,850 million					
Long-term	Sumitomo Mitsui Trust Bank, Limited	¥200 million	0.65691%	December 16, 2015	June 15, 2022	Borrowing based on a borrowing agreement with the lender shown at left as the creditor, lump-sum repayment, unsecured, and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	¥200 million				
	Mizuho Bank, Ltd.	¥200 million				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥200 million				
	Sumitomo Mitsui Banking Corporation	¥100 million				
	Development Bank of Japan Inc.	¥100 million				
	Sumitomo Mitsui Banking Corporation	¥625 million	0.75387%	December 16, 2015	June 15, 2023	
	Development Bank of Japan Inc.	¥625 million				
	Sumitomo Mitsui Trust Bank, Limited	¥1,200 million	0.85377%	December 16, 2015	June 17, 2024	
	Mitsubishi UFJ Trust and Banking Corporation	¥1,200 million				
	Mizuho Bank, Ltd.	¥1,200 million				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥1,200 million				
	Sumitomo Mitsui Banking Corporation	¥600 million				
	Development Bank of Japan Inc.	¥600 million				
Total	¥8,250 million					
Total		¥12,100 million				

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

c. Acquisition of Properties

The Investment Corporation acquired properties listed below with proceeds from the issuance of new investment units through the public offering (public placement) and borrowings, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation.

(UR-10) Q plaza SHINSAIBASHI

Type of assets	Trust beneficiary interest
Acquisition price	¥13,350 million
Acquisition date	December 16, 2015
Location	1-10 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka City, Osaka
Use	Retail
Land area	491.19 m <sup>2</sup>
Gross floor area	3,822.45 m <sup>2</sup>
Structure	Steel framed, SRC, RC/ 8 floors above and 2 floors underground
Month and year of completion	November 2007
Ownership	Land: Owned Building: Owned

(TO-12) Shiodome Building (additional acquisition of 10% co-ownership interest)

Type of assets	Trust beneficiary interest
Acquisition price	¥20,400 million
Acquisition date	December 16, 2015
Location	2-20 Kaigan 1-chome, Minato-ku, Tokyo
Use	Office, retail and parking lots
Land area	16,875.61 m <sup>2</sup> (Note)
Gross floor area	115,930.83 m <sup>2</sup>
Structure	Steel framed, SRC/ 24 floors above and 2 floors underground
Month and year of completion	December 2007
Ownership	Land: Owned (Trust beneficiary co-ownership interests ( <i>jun kyōyū-mochibun</i> ) 10%) Building: Owned (Trust beneficiary co-ownership interests ( <i>jun kyōyū-mochibun</i> ) 10%)

(Note) Land area is the one stated for the ancient land. The total area of designated provisional replotting is approximately 12,054.22m<sup>2</sup>.

(D) Outlook of Investment Performance

For the fiscal period ending May 31, 2016 (9th fiscal period: December 1, 2015 to May 31, 2016), investment performance is estimated as follows. For the assumptions used for the estimation of investment performance, please refer to “Assumptions for Forecasts of Investment Performance for the 9th Fiscal Period from December 1, 2015 to May 31, 2016 and the 10th Fiscal Period from June 1, 2016 to November 30, 2016” on pages 13 and 14.

Operating revenue	¥10,221 million
Operating income	¥5,903 million
Ordinary income	¥5,115 million
Profit	¥5,114 million
Cash distributions per unit	¥8,529
Cash distributions in excess of earnings per unit	¥0

If it is assumed that there are no changes in “Assumptions for Forecasts of Investment Performance for the 9th Fiscal Period from December 1, 2015 to May 31, 2016 and the 10th Fiscal Period from June 1, 2016 to November 30, 2016,” the outlook of investment performance for the fiscal period ending November 30, 2016 (10th fiscal period: June 1, 2016 to November 30, 2016) is estimated as follows.

Operating revenue	¥10,570 million
Operating income	¥5,947 million
Ordinary income	¥5,189 million
Profit	¥5,188 million
Cash distributions per unit	¥8,651
Cash distributions in excess of earnings per unit	¥0

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

**Assumptions for Forecasts of Investment Performance for the 9th Fiscal Period from December 1, 2015 to May 31, 2016 and the 10th Fiscal Period from June 1, 2016 to November 30, 2016**

Item	Assumptions
Period	<ul style="list-style-type: none"> <li>• 9th fiscal period (December 1, 2015 to May 31, 2016) (183 days)</li> <li>• 10th fiscal period (June 1, 2016 to November 30, 2016) (183 days)</li> </ul>
Investment portfolio	<ul style="list-style-type: none"> <li>• We assume that there will be no material changes to the composition of our investment portfolio, including acquisition of properties or disposition of properties, associated with the 32 properties (the “Assets Currently Held”) for which we hold the trust beneficiary interests as of today, before the end of the 10th fiscal period (November 30, 2016).</li> <li>• Our forecasts, however, may change due to any changes to the composition of our investment portfolio.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>• We have calculated our real estate leasing business revenues from the Assets Currently Held taking into account the relevant lease agreements effective as of today, market trends, etc.</li> <li>• Operating revenue is based on our assumption that there will be no delinquencies or non-payment of rents by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Expenses related to rent business (other than depreciation), which are our principal operating expenses, were calculated based on the historical information and upon considering variable factors, for the Assets Currently Held, excluding Q plaza SHINSAIBASHI acquired on December 16, 2015. Expenses for Q plaza SHINSAIBASHI are calculated based on the information provided by the former owner (seller) and upon considering variable factors and others.</li> <li>• In general, property tax and city planning tax of properties acquired are settled at the time of acquisition between the former owner (seller) and the purchaser based on their respective periods of ownership in relation to the relevant tax year. However, any of these taxes allocated to the purchaser are not expensed at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes. The total amount of property tax and city planning tax on Q plaza SHINSAIBASHI and Shiodome Building (additional acquisition of 10% co-ownership interest) that are treated as a part of the acquisition cost is assumed to be ¥3 million. For property tax and city planning tax, ¥643 million and ¥769 million for the Assets Currently Held, will be expensed in the fiscal period ending May 31, 2016 (9th fiscal period) and in the fiscal period ending November 30, 2016 (10th fiscal period), respectively. Moreover, property tax and city planning tax of Q plaza SHINSAIBASHI and Shiodome Building (additional acquisition of 10% co-ownership interest) for fiscal 2015 will be expensed from the fiscal period ending November 30, 2016 (10th fiscal period).</li> <li>• Repair and maintenance expenses of buildings are estimated at the amount required for each of the fiscal periods based on the medium- and long-term repair and maintenance plans formed by the asset management company. However, the actual repair and maintenance expenses for the fiscal periods may significantly differ from the estimates since (i) an unforeseeable event may cause serious damage to a building requiring emergent repair expenditure, (ii) in general, amounts vary according to the fiscal period, and (iii) certain types of repair and maintenance expenses are not required in every fiscal period.</li> <li>• We calculate depreciation expenses (including incidental expenses) by the straight-line method, assuming ¥986 million and ¥994 million for the 9th fiscal period ending May 31, 2016 and the 10th fiscal period ending November 30, 2016, respectively.</li> </ul>

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> <li>We expect interest and other borrowing-related expenses of ¥713 million and ¥754 million for the 9th fiscal period ending May 31, 2016 and the 10th fiscal period ending November 30, 2016, respectively.</li> <li>We assume the temporary expense of ¥70 million for the 9th fiscal period ending May 31, 2016, relating to the issuance of investment units, etc.</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>As of today, we have a balance of ¥149,000 million in interest-bearing debt (borrowings of ¥141,000 million and investment corporation bonds of ¥8,000 million). As for the balance of ¥147,400 million in interest-bearing debt, excluding short-term loans payable of ¥1,600 million to be repaid on January 19, 2016 (borrowings of ¥139,400 million and investment corporation bonds of ¥8,000 million), we assume that there will be no change to the balance of interest-bearing debt before the end of the 10th fiscal period (November 30, 2016).</li> <li>We assume that there will be refinancing of borrowings among the borrowings coming due before the end of the 9th fiscal period (May 31, 2016) and the 10th fiscal period (November 30, 2016) (9th fiscal period: short-term loans payable of ¥3,850 million and long-term loans payable of ¥7,000 million; 10th fiscal period: short-term loans payable of ¥2,400 million and long-term loans payable of ¥12,000 million), and excluding the short-term loans payable of ¥1,600 million to be repaid on January 19, 2016.</li> <li>We assume the LTV ratios as of May 31, 2016 and November 30, 2016 are both to be approximately 43%.</li> <li>The LTV ratio is obtained by the following formula:  <math display="block">\text{LTV} = \text{Balance of interest-bearing debt} / \text{Total assets} \times 100</math> </li> </ul>
Units	<ul style="list-style-type: none"> <li>The number is based on our assumption of total of 599,654 units issued as of today. We assume that there will be no additional issuance of new investment units before the end of the 10th fiscal period (November 30, 2016).</li> <li>The cash distributions per unit for the 9th fiscal period ending May 31, 2016 and the 10th fiscal period ending November 30, 2016 have been calculated in accordance with the total projected number of investment units issued as of the end of each of the fiscal periods which are 599,654 units.</li> </ul>
Cash distributions per unit	<ul style="list-style-type: none"> <li>Cash distributions (cash distributions per unit) are calculated based on the cash distribution policy stipulated in our Articles of Incorporation.</li> <li>The cash distributions per unit may change due to various factors, including changes to the composition of our investment portfolio, changes in rental revenues accompanying changes in tenants, and unexpected maintenance and repairs.</li> </ul>
Cash distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>We do not currently anticipate cash distributions in excess of our distributable profit (cash distributions in excess of earnings per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>We assume that there will be no amendments in legislation, taxation, accounting standards, listing regulations or regulations of the Investment Trusts Association of Japan that affect the above forecasts.</li> <li>We assume that there will be no material changes in general economic conditions or real estate markets.</li> </ul>

### 3. Financial Statements

#### (1) Balance Sheet

(Unit: Thousands of yen)

	As of May 31, 2015	As of November 30, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,743,232	10,356,687
Cash and deposits in trust	3,007,251	2,985,837
Operating accounts receivable	353,933	364,124
Prepaid expenses	288,392	198,238
Deferred tax assets	17	11
Income taxes receivable	–	53
Consumption taxes receivable	359,151	–
Other	1,546	1,692
<b>Total current assets</b>	<b>13,753,525</b>	<b>13,906,644</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings in trust	61,617,753	62,998,720
Accumulated depreciation	(3,573,458)	(4,327,404)
Buildings in trust, net	58,044,295	58,671,315
Structures in trust	548,652	541,463
Accumulated depreciation	(62,644)	(69,712)
Structures in trust, net	486,007	471,750
Machinery and equipment in trust	1,205,731	1,231,423
Accumulated depreciation	(121,137)	(149,904)
Machinery and equipment in trust, net	1,084,594	1,081,519
Tools, furniture and fixtures in trust	65,463	73,944
Accumulated depreciation	(15,743)	(23,340)
Tools, furniture and fixtures in trust, net	49,720	50,603
Land in trust	219,073,983	228,459,519
Construction in progress in trust	9,174	4,879
<b>Total property, plant and equipment</b>	<b>278,747,775</b>	<b>288,739,588</b>
<b>Intangible assets</b>		
Leasehold rights in trust	4,562,628	4,562,628
Other	2,628	2,167
<b>Total intangible assets</b>	<b>4,565,256</b>	<b>4,564,795</b>
<b>Investments and other assets</b>		
Long-term prepaid expenses	341,930	481,518
Invest securities	9,992	–
Other	3,794	13,944
<b>Total investments and other assets</b>	<b>355,717</b>	<b>495,463</b>
<b>Total non-current assets</b>	<b>283,668,749</b>	<b>293,799,847</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	44,372	40,096
<b>Total deferred assets</b>	<b>44,372</b>	<b>40,096</b>
<b>Total assets</b>	<b>297,466,647</b>	<b>307,746,588</b>

(Unit: Thousands of yen)

	As of May 31, 2015	As of November 30, 2015
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	687,543	644,184
Short-term loans payable	–	2,400,000
Current portion of long-term loans payable	19,000,000	19,000,000
Accounts payable - other	112,013	68,571
Accrued expenses	402,760	540,277
Income taxes payable	258	–
Accrued consumption taxes	–	324,818
Advances received	217,484	192,393
Deposits received	9,647	2,251
Other	433	2,128
Total current liabilities	20,430,142	23,174,626
Non-current liabilities		
Investment corporation bond	8,000,000	8,000,000
Long-term loans payable	100,100,000	107,500,000
Tenant leasehold and security deposits in trust	13,583,386	13,511,215
Other	2	42
Total non-current liabilities	121,683,388	129,011,258
Total liabilities	142,113,530	152,185,884
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	150,770,610	150,770,610
Surplus		
Unappropriated retained earnings (undisposed loss)	4,582,505	4,790,093
Total surplus	4,582,505	4,790,093
Total unitholders' equity	155,353,116	155,560,704
Total net assets	*2 155,353,116	*2 155,560,704
<b>Total liabilities and net assets</b>	297,466,647	307,746,588



## (2) Statement of Income

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
<b>Operating revenue</b>		
Rent revenue - real estate	*1, *3 8,501,606	*1, *3 8,780,954
Other lease business revenue	*1, *3 619,027	*1, *3 719,892
Gain on sales of real estate properties	–	*2 200,380
<b>Total operating revenue</b>	<b>9,120,633</b>	<b>9,701,227</b>
<b>Operating expenses</b>		
Expenses related to rent business	*1, *3 3,210,806	*1, *3 3,422,612
Asset management fee	615,641	703,280
Asset custody fee	7,981	8,490
Administrative service fees	14,611	26,348
Directors' compensations	3,300	3,300
Other operating expenses	68,984	77,059
<b>Total operating expenses</b>	<b>3,921,326</b>	<b>4,241,090</b>
<b>Operating income</b>	<b>5,199,306</b>	<b>5,460,137</b>
<b>Non-operating income</b>		
Interest income	550	451
Interest on securities	3,083	3,488
Interest on refund	–	1,138
Insurance income	161	–
<b>Total non-operating income</b>	<b>3,794</b>	<b>5,078</b>
<b>Non-operating expenses</b>		
Interest expenses	449,096	483,538
Interest expenses on investment corporation bonds	9,615	17,664
Amortization of investment corporation bond issuance costs	3,012	4,276
Investment unit issuance expenses	56,205	62,950
Borrowing related expenses	101,181	105,568
Other	500	500
<b>Total non-operating expenses</b>	<b>619,611</b>	<b>674,498</b>
<b>Ordinary income</b>	<b>4,583,489</b>	<b>4,790,716</b>
Income before income taxes	4,583,489	4,790,716
Income taxes - current	992	745
Income taxes - deferred	(6)	6
<b>Total income taxes</b>	<b>985</b>	<b>751</b>
<b>Profit</b>	<b>4,582,504</b>	<b>4,789,965</b>
Retained earnings brought forward	1	127
Unappropriated retained earnings (undisposed loss)	4,582,505	4,790,093

### (3) Statement of Unitholders' Equity

Previous fiscal period (From December 1, 2014 to May 31, 2015)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	126,054,921	4,031,303	4,031,303	130,086,225	130,086,225
Changes of items during period					
Issuance of new investment units	24,715,689			24,715,689	24,715,689
Dividends of surplus		(4,031,302)	(4,031,302)	(4,031,302)	(4,031,302)
Profit		4,582,504	4,582,504	4,582,504	4,582,504
Total changes of items during period	24,715,689	551,201	551,201	25,266,891	25,266,891
Balance at end of current period	*1 150,770,610	4,582,505	4,582,505	155,353,116	155,353,116

Current fiscal period (From June 1, 2015 to November 30, 2015)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	150,770,610	4,582,505	4,582,505	155,353,116	155,353,116
Changes of items during period					
Dividends of surplus		(4,582,377)	(4,582,377)	(4,582,377)	(4,582,377)
Profit		4,789,965	4,789,965	4,789,965	4,789,965
Total changes of items during period	–	207,587	207,587	207,587	207,587
Balance at end of current period	*1 150,770,610	4,790,093	4,790,093	155,560,704	155,560,704

(4) Statement of Cash Distributions

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
	Amount	Amount
I Unappropriated retained earnings	¥4,582,505,581	¥4,790,093,192
II Distributions	¥4,582,377,620	¥4,789,949,488
[Cash Distributions per unit]	[¥16,535]	[¥8,642]
III Earnings carried forward	¥127,961	¥143,704

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 profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions at the total amount of ¥4,582,377,620, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 277,132, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions at the total amount of ¥4,789,949,488, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 554,264, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.
--------------------------------------	--	--

## (5) Statement of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
<b>Cash flows from operating activities</b>		
Income before income taxes	4,583,489	4,790,716
Depreciation	887,319	925,507
Loss on retirement of non-current assets	–	2,862
Amortization of investment corporation bond issuance costs	3,012	4,276
Interest income and interest on securities	(3,633)	(3,940)
Interest expenses	458,712	501,203
Investment unit issuance expenses	56,205	62,950
Borrowing related expenses	101,181	105,568
Decrease (increase) in operating accounts receivable	(37,850)	(10,190)
Decrease (increase) in consumption taxes refund receivable	(359,151)	359,151
Increase (decrease) in accrued consumption taxes	(116,971)	324,818
Decrease (increase) in prepaid expenses	(112,469)	107,120
Decrease from sales of property, plant and equipment in trust	–	1,611,869
Increase (decrease) in operating accounts payable	29,815	43,719
Increase (decrease) in accrued expenses	37,420	34,319
Increase (decrease) in advances received	111,768	(25,091)
Decrease (increase) in long-term prepaid expenses	(357)	(41,948)
Other, net	6,395	(5,807)
Subtotal	5,644,887	8,787,107
Interest income received	3,621	3,932
Interest expenses paid	(423,776)	(452,221)
Income taxes paid	(1,117)	(1,056)
Net cash provided by (used in) operating activities	5,223,614	8,337,761
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(41,620,986)	(12,664,006)
Repayments of tenant leasehold and security deposits	(130,157)	(750,334)
Proceeds from tenant leasehold and security deposits	2,419,435	678,164
Other, net	(3,794)	(150)
Net cash provided by (used in) investing activities	(39,335,503)	(12,736,326)
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	4,000,000	7,398,405
Decrease in short-term loans payable	(4,000,000)	(5,000,000)
Proceeds from long-term loans payable	18,194,908	19,196,865
Decrease in long-term loans payable	(6,000,000)	(12,000,000)
Proceeds from issuance of investment corporation bonds	3,975,840	–
Proceeds from issuance of investment units	24,610,255	–
Dividends paid	(4,031,023)	(4,580,483)
Other, net	(12,776)	(24,180)
Net cash provided by (used in) financing activities	36,737,204	4,990,606
Net increase (decrease) in cash and cash equivalents	2,625,315	592,041
Cash and cash equivalents at beginning of period	10,125,167	12,750,483
Cash and cash equivalents at end of period	*1 12,750,483	*1 13,342,524

(6) Notes on Assumption of Going Concern

Not applicable

(7) Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table border="0"><tr><td>Buildings</td><td>2 to 70 years</td></tr><tr><td>Structures</td><td>2 to 60 years</td></tr><tr><td>Machinery and equipment</td><td>2 to 33 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr></table> <p>(2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	2 to 70 years	Structures	2 to 60 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 60 years								
Machinery and equipment	2 to 33 years								
Tools, furniture and fixtures	2 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses The full amount is recorded as expenses when incurred.</p> <p>(2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.</p>								
3. Accounting for income and expenses	<p>Property-related taxes</p> <p>For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business.</p> <p>The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to property tax included in acquisition cost for properties for the current fiscal period is ¥15,795 thousand.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable</p> <p>(3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation.</p> <p>(4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness is ensured based upon the fulfillment of the requirements of special treatment.</p>								
5. Scope of cash (cash and cash equivalents) in the statement of cash flows	<p>Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.</p>								

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

(8) Notes to Financial Statements

**Notes to Balance Sheet**

1. Commitment Line Contracts

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

	As of May 31, 2015	As of November 30, 2015
Total amount specified in the commitment line contracts	¥12,000,000 thousand	¥16,000,000 thousand
Loan balance	-	-
Net balance	¥12,000,000 thousand	¥16,000,000 thousand

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

	As of May 31, 2015	As of November 30, 2015
	¥50,000 thousand	¥50,000 thousand

## Notes to Statement of Income

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From December 1, 2014 to May 31, 2015)		Current fiscal period (From June 1, 2015 to November 30, 2015)	
A. Real estate leasing business revenues				
Rent revenue – real estate				
Rent	7,761,778		7,995,439	
Common service fees	515,023		551,704	
Parking lots fees	162,233		167,202	
Other rent revenue	62,570	8,501,606	66,608	8,780,954
Other lease business revenue		619,027		719,892
Total real estate leasing business revenues		9,120,633		9,500,847
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	825,110		822,028	
Utilities expenses	627,789		658,114	
Tax and public dues	578,744		643,543	
Insurance	8,720		6,793	
Repair and maintenance expenses	118,075		202,545	
Depreciation	887,061		925,248	
Loss on retirement of non-current assets	–		2,862	
Other expenses related to rent business	165,304	3,210,806	161,476	3,422,612
Total real estate leasing business expenses		3,210,806		3,422,612
C. Income (loss) from real estate leasing business (A – B)		5,909,826		6,078,235

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

Previous fiscal period (From December 1, 2014 to May 31, 2015)

Not applicable

Current fiscal period (From June 1, 2015 to November 30, 2015)

(Unit: Thousands of yen)

icot Kongo	
Income from sales of real estate properties	1,880,000
Costs of sales of real estate properties	1,611,869
Other costs of sales	<u>67,750</u>
Gain on sales of real estate properties	<u>200,380</u>

\*3. Transactions with Major Unitholders

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Operating transactions		
Rent revenue – real estate	4,410,535	1,935,495
Other lease business revenue	383,534	188,396
Expenses related to rent business	315,421	77,096

**Notes to Statement of Unitholders' Equity**

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
* Total number of authorized investment units and total number of investment units issued		
Total number of authorized investment units	2,000,000 units	4,000,000 units
Total number of investment units issued	277,132 units	554,264 units

**Notes to Statement of Cash Flows**

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

	As of May 31, 2015	As of November 30, 2015
Cash and deposits	¥9,743,232 thousand	¥10,356,687 thousand
Cash and deposits in trust	¥3,007,251 thousand	¥2,985,837 thousand
Cash and cash equivalents	¥12,750,483 thousand	¥13,342,524 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 fund-raising capability for a long time at low cost by enhancing its capital adequacy and maintaining conservative interest-bearing debt, looking for attributes such as extended borrowing periods for interest-bearing debt, fixed interest rates, and diversified due dates to ensure financial stability and avoid the risk of interest-rate hikes.

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

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

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

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

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

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

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

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

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

Carrying amounts, fair values, and the differences between the two values as of May 31, 2015, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	9,743,232	9,743,232	—
(2) Cash and deposits in trust	3,007,251	3,007,251	—
Total assets	12,750,483	12,750,483	—
(2) Current portion of long-term loans payable	19,000,000	19,004,282	4,282
(3) Investment corporation bond	8,000,000	8,005,561	5,561
(4) Long-term loans payable	100,100,000	101,047,721	947,721
Total liabilities	127,100,000	128,057,565	957,565
Derivative transactions	—	—	—

Carrying amounts, fair values, and the differences between the two values as of November 30, 2015, 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	10,356,687	10,356,687	–
(2) Cash and deposits in trust	2,985,837	2,985,837	–
Total assets	13,342,524	13,342,524	–
(1) Short-term loans payable	2,400,000	2,400,000	–
(2) Current portion of long-term loans payable	19,000,000	19,031,316	31,316
(3) Investment corporation bond	8,000,000	8,059,778	59,778
(4) Long-term loans payable	107,500,000	108,640,246	1,140,246
Total liabilities	136,900,000	138,131,341	1,231,341
Derivative transactions	–	–	–

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

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

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

(3) Investment corporation bond

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

Derivative transactions

Please refer to “Notes on Derivative Transactions” on pages 28 and 29.

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

(Unit: Thousands of yen)

Category	As of May 31, 2015	As of November 30, 2015
Tenant leasehold and security deposits in trust *	13,583,386	13,511,215

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

(Note 3) Expected Amounts of Redemption of Monetary Claims after the Account Closing Date (May 31, 2015)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	9,743,232	–	–	–	–	–
Deposits in trust	3,007,251	–	–	–	–	–
Total	12,750,483	–	–	–	–	–

Expected Amounts of Redemption of Monetary Claims after the Account Closing Date (November 30, 2015)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	10,356,687	–	–	–	–	–
Deposits in trust	2,985,837	–	–	–	–	–
Total	13,342,524	–	–	–	–	–

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bond after the Account Closing Date (May 31, 2015)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Investment corporation bond	–	–	–	4,000,000	2,000,000	2,000,000
Long-term loans payable	19,000,000	24,000,000	20,900,000	18,500,000	18,000,000	18,700,000
Total	19,000,000	24,000,000	20,900,000	22,500,000	20,000,000	20,700,000

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bond after the Account Closing Date (November 30, 2015)

(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	2,400,000	–	–	–	–	–
Investment corporation bond	–	–	–	4,000,000	2,000,000	2,000,000
Long-term loans payable	19,000,000	26,400,000	20,900,000	17,200,000	7,300,000	35,700,000
Total	21,400,000	26,400,000	20,900,000	21,200,000	9,300,000	37,700,000

**Notes on Derivative Transactions**

1. Derivative Transaction to Which Hedge Accounting Is Not Applied

(As of May 31, 2015)

Not applicable

(As of November 30, 2015)

Not applicable

2. Derivative Transaction to Which Hedge Accounting Is Applied

(As of May 31, 2015)

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

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after 1 year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	5,000,000	5,000,000	*	–

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to the preceding “Notes on Financial Instruments, 2. Matters Regarding Fair Values of Financial Instruments, (Note 1) Liabilities (4)” on page 26.)

(As of November 30, 2015)

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

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after 1 year		
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	10,000,000	10,000,000	*	–

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to the preceding “Notes on Financial Instruments, 2. Matters Regarding Fair Values of Financial Instruments, (Note 1) Liabilities (4)” on page 26.)

### Notes on Tax Effect Accounting

#### 1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of May 31, 2015	As of November 30, 2015
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥17 thousand	¥11 thousand
Total deferred tax assets	¥17 thousand	¥11 thousand
Net deferred tax assets	¥17 thousand	¥11 thousand

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

	As of May 31, 2015	As of November 30, 2015
Effective statutory tax rate	34.15%	32.31%
Adjustments		
Distributions paid included in deductibles	(34.14)%	(32.30)%
Other	0.01%	0.01%
Effective income tax rate after application of tax effect accounting	0.02%	0.02%

## Notes on Transactions with Related Parties

### 1. Parent Company and Major Corporate Unitholders

Previous fiscal period (From December 1, 2014 to May 31, 2015)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.35%	None	Major unitholder, and rent and management of properties	Purchase of beneficiary interests of real estate in trust	4,820,000	-	-
								Acceptance of tenant leasehold and security deposits	322,869	Tenant leasehold and security deposits in trust	6,721,489
								Receipt of tenant leasehold and security deposits	618,522		
								Repayments of tenant leasehold and security deposits	100,572		
								Rental revenues, etc.	4,794,070		
										Advances received	108,952
								Fees for consignment for real estate management	312,341	Operating accounts payable	105,096

Current fiscal period (From June 1, 2015 to November 30, 2015)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unit-holder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.35%	None	Major unitholder, and rent and management of properties	Receipt of tenant leasehold and security deposits	51,790	Tenant leasehold and security deposits in trust	2,469,938
								Repayments of tenant leasehold and security deposits	4,303,341		
								Rental revenues, etc.	2,123,891	Operating accounts receivable	
										Advances received	57,998

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

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

2. Associates, etc.

Previous fiscal period (From December 1, 2014 to May 31, 2015)

Not applicable

Current fiscal period (From June 1, 2015 to November 30, 2015)

Not applicable

3. Sister companies, etc.

Previous fiscal period (From December 1, 2014 to May 31, 2015)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Subsidiary of major unitholder	Godo Kaisha Bellflower	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	1	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary interests of real estate in trust	5,850,000	-	-
								Acceptance of tenant leasehold and security deposits	336,920	-	-
Subsidiary of major unitholder	Classer LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	1	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary interests of real estate in trust	30,300,000	-	-
								Acceptance of tenant leasehold and security deposits	1,130,131	-	-
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	-	None	Subsidiary of major unitholder	Delivery of tenant leasehold and security deposits	1,605,891	Tenant leasehold and security deposits in trust	4,883,960
								Receipt of tenant leasehold and security deposits	1,606,161		
								Rental revenues, etc.	3,093,984	Operating accounts receivable	87,112
										Advances received	488
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	16-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	-	1 interlocking officer	Asset manager	Payment of fees for asset management	820,491	Other accrued expenses	255,498



Current fiscal period (From June 1, 2015 to November 30, 2015)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	-	None	Subsidiary of major unitholder	Receipt of tenant leasehold and security deposits	142,051	Tenant leasehold and security deposits in trust	4,927,191
								Repayments of tenant leasehold and security deposits	98,820		
								Rental revenues, etc.	3,524,840	Operating accounts receivable	
										Advances received	382
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	-	1 interlocking officer	Asset manager	Payment of fees for asset management	795,854	Other accrued expenses	276,326

(Note 1) The amount of remuneration above is in accordance with the terms set forth in the Articles of Incorporation of the Investment Corporation.

(Note 2) Of the amounts above, the transaction amount does not include consumption taxes, and the ending balance includes consumption taxes.

(Note 3) The transaction terms are based on current market practices.

#### 4. Directors and major individual unitholders

Previous fiscal period (From December 1, 2014 to May 31, 2015)

Not applicable

Current fiscal period (From June 1, 2015 to November 30, 2015)

Not applicable

## Notes on Investment and Rental Properties

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

(Unit: Thousands of yen)

Use		Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Urban Retail Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	130,110,434	129,968,262
	Changes during period	(142,172)	(127,142)
	Balance at end of period	129,968,262	129,841,119
	Fair value at end of period	148,480,000	152,755,000
Tokyo Office Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	66,849,917	97,224,657
	Changes during period	30,374,740	11,902,155
	Balance at end of period	97,224,657	109,126,813
	Fair value at end of period	104,320,000	118,730,000
Other Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	45,474,053	56,119,072
	Changes during period	10,645,018	(1,783,402)
	Balance at end of period	56,119,072	54,335,670
	Fair value at end of period	61,330,000	60,870,000
Total	Carrying amount on the balance sheet		
	Balance at beginning of period	242,434,405	283,311,992
	Changes during period	40,877,587	9,991,610
	Balance at end of period	283,311,992	293,303,602
	Fair value at end of period	314,130,000	332,355,000

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

(Note 2) The main reason for the increase in the current fiscal period is the acquisition of two properties (Frontier Ebisu and Shibuya Konnoh Building) worth ¥12,259,592 thousand. The decrease is mainly due to the transfer of icot Kongo worth ¥1,611,869 thousand and the provision of depreciation worth ¥925,248 thousand.

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

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

## Per Unit Information

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Net assets per unit	¥280,287	¥280,661
Basic earnings per unit	¥8,344	¥8,642

(Note 1) The Investment Corporation implemented a two-for-one split of the investment units with September 30, 2015 as the record date and October 1, 2015 as the effective date. Net assets per unit and basic earnings per unit are calculated based on the assumption that the split of investment units was implemented at the beginning of the previous fiscal period.

(Note 2) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (previous fiscal period 549,191 units; current fiscal period 554,264 units). Diluted earnings per unit is not stated, as there is no potential investment unit.

(Note 3) The basis for calculating basic earnings per unit is as follows:

	Previous fiscal period (From December 1, 2014 to May 31, 2015)	Current fiscal period (From June 1, 2015 to November 30, 2015)
Profit (Thousands of yen)	4,582,504	4,789,965
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	4,582,504	4,789,965
Average number of investment units for the period (Units)	549,191	554,264

## Significant Subsequent Events

### 1. Issuance of New Investment Units

At meetings of the board of directors held on November 26, 2015 and December 8, 2015, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 15, 2015 and January 6, 2016. As a result, unitholders' capital amounted to ¥171,532,813,890, and the total number of investment units issued came to 599,654 units.

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

i) Number of new investment units issued	41,870 units
ii) Offering price	¥472,360 per unit
iii) Total offering price	¥19,777,713,200
iv) Paid-in amount	¥457,418 per unit
v) Total paid-in amount	¥19,152,091,660
vi) Payment date	December 15, 2015
vii) Initial date of reckoning distributions	December 1, 2015

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

i) Number of new investment units issued	3,520 units
ii) Paid-in amount	¥457,418 per unit
iii) Total paid-in amount	¥1,610,111,360
iv) Payment date	January 6, 2016
v) Initial date of reckoning distributions	December 1, 2015
vi) Allottee	Nomura Securities Co., Ltd.

## 2. Borrowing of Funds

In order to cover the acquisition costs for beneficiary rights of real estate in trust to two properties and related costs, the Investment Corporation borrowed funds of ¥12,100 million on December 16, 2015. For the details, please refer to the preceding “2. Asset Management Policies and Status, (2) Asset Management Status, ii) Outlook for the Next Fiscal Period, (C) Significant Subsequent Events, b. Borrowing of Funds” on page 10.

## 3. Acquisition of Properties

The Investment Corporation acquired beneficiary rights of real estate in trust to two properties for ¥33,750 million on December 16, 2015, with proceeds from the issuance of new investment units through public offering (public placement) and borrowings, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation. For the details, please refer to the preceding “2. Asset Management Policies and Status, (2) Asset Management Status, ii) Outlook for the Next Fiscal Period, (C) Significant Subsequent Events, c. Acquisition of Properties” on page 11.

### **Omission of Disclosure**

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

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

The Investment Corporation implemented a two-for-one split of the investment units with September 30, 2015 as the record date and October 1, 2015 as the effective date. Changes in total investments and the number of investment units issued up to the current fiscal period are as follows:

Date	Summary	Total investments (Thousands of yen)		Total number of investment units issued (Units)		Remarks
		Change	Balance	Change	Balance	
September 7, 2011	Establishment through private placement	200,000	200,000	400	400	(Note 1)
June 12, 2012	Capital increase through public offering	90,834,705	91,034,705	204,100	204,500	(Note 2)
July 10, 2012	Capital increase through third-party allotment	339,128	91,373,833	762	205,262	(Note 3)
December 16, 2013	Capital increase through public offering	32,636,569	124,010,403	43,100	248,362	(Note 4)
January 15, 2014	Capital increase through third-party allotment	2,044,518	126,054,921	2,700	251,062	(Note 5)
December 17, 2014	Capital increase through public offering	22,800,626	148,855,547	24,050	275,112	(Note 6)
January 8, 2015	Capital increase through third-party allotment	1,915,063	150,770,610	2,020	277,132	(Note 7)
October 1, 2015	Investment unit split	-	150,770,610	277,132	554,264	(Note 8)

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

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

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

(Note 4) New investment units were issued by public offering with an offering price per unit of ¥782,925 (paid-in amount of ¥757,229 per unit) in order to raise funds for the acquisition of new properties, etc.

(Note 5) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥757,229 per unit.

(Note 6) New investment units were issued by public offering with an offering price per unit of ¥979,020 (paid-in amount of ¥948,051 per unit) in order to raise funds for the acquisition of new properties, etc.

(Note 7) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥948,051 per unit.

(Note 8) A two-for-one split of the investment units has been implemented, with September 30, 2015 as the record date and October 1, 2015 as the effective date.

#### 4. Changes in Directors and Corporate Auditors

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

On September 7, 2015, Executive Director Nariaki Hosoi retired from office as his term of office expired, and Michie Kawai newly assumed office as an Executive Director on September 8, 2015. As of the date of this financial report, the situation of Directors and Corporate Auditors at the Investment Corporation is as follows:

Position	Name	Brief personal history		Number of investment units owned
Executive Director	Michie Kawai	Apr. 1987	General Administration Department, Tokyu Land Corporation	-
		Apr. 2000	Manager of the Duet Business Department No. 1, Office Building Division	
		Jul. 2000	Manager of the Office Building Development Department No. 1, Urban Business Division	
		Apr. 2002	Manager of the Office Building Development Department No. 1	
		Jun. 2006	Manager of Office Building Division	
		Apr. 2007	Executive Manager of the Office Building Development Department, Office Building Division	
		Apr. 2009	Executive Director of Tokyu Land Capital Management Inc. Executive Manager of the Asset Development Department, Asset Management Division	
		Oct. 2009	Executive Manager of the Investment Planning Department, Office Building Division, Tokyu Land Corporation	
		Apr. 2010	Executive Manager of the Office Building Development Department No. 1, Office Building Division	
		Apr. 2012	Executive Manager of the Commercial Facilities Development Department, Commercial Facilities Division	
		Apr. 2014	Executive Officer and Deputy Manager of the Urban Business Division, Urban Business Unit	
		Apr. 2014	Director (Part-time) of Tokyu Land Capital Management Inc.	
		Apr. 2014	Director (Part-time) of Tokyu Land SC Management Corporation	
		Apr. 2014	Director (Part-time) of TLC Activia Investment Management Inc.	
		Apr. 2015	Currently serves as Representative Director	
		Sep. 2015	Currently serves as Executive Director of Activia Properties Inc.	

Position	Name	Brief personal history		Number of investment units owned
Supervisory Director	Yonosuke Yamada	Apr. 1989	Registered as an attorney (Dai-ichi Tokyo Bar Association) Nagashima & Ohno law firm (currently Nagashima, Ohno & Tsunematsu)	-
		Oct. 1989	Partner, the Yamada law firm	
		Dec. 1994	Outside Corporate Auditor, SANYO TRADING CO., LTD.	
		Jan. 1996	Currently serves as Director of Denenchofufutaba Gakuen	
		Mar. 2004	Currently serves as Corporate Auditor of Higeta Shoyu, Inc.	
		Jun. 2004	Currently serves as Outside Corporate Auditor of Mitsubishi Logistics Corporation	
		Jan. 2005	Instructor (defense in criminal cases) at the Judicial Research and Training Institute of the Supreme Court of Japan	
		May 2005	Currently serves as Managing Partner of Yamada, Goya and Suzuki law offices	
		May 2006	Currently serves as Independent Committee Member of Inabata & Co., Ltd.	
		Jun. 2006	Currently serves as Outside Corporate Auditor of Kanematsu Corporation	
		Sep. 2011	Currently serves as Supervisory Director of Activia Properties Inc.	
		Oct. 2014	Currently serves as Director of Morimura Gakuen	
		Dec. 2014	Currently serves as Outside Director of SANYO TRADING CO., LTD.	
Supervisory Director	Yoshinori Ariga	Oct. 1989	Chuo Shinko Audit Corporation	-
		Mar. 1994	Registered as an accountant	
		Oct. 1995	Seconded to the Amsterdam office of PricewaterhouseCoopers	
		Sep. 2000	ChuoAoyama Audit Corporation	
		Sep. 2004	Currently serves at Ariga Yoshinori accounting office	
		Sep. 2004	Sakamaki Keiji tax advisor office	
		Jan. 2005	Registered as a tax advisor	
		Sep. 2011	Currently serves as Supervisory Director of Activia Properties Inc.	
		Jan. 2013	Currently serves at Ariga Yoshinori tax advisor office	

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

There have been no changes of directors and corporate auditors described in “Directors and Corporate Auditors” in the latest Securities Report (filed on August 26, 2015; prepared in Japanese only).

## 5. Reference Information

### (1) Composition of Invested Assets

Type of assets	Category	Previous fiscal period (As of May 31, 2015)		Current fiscal period (As of November 30, 2015)	
		Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)	Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)
Real estate	By property type				
	Urban Retail Properties	–	–	–	–
	Tokyo Office Properties	–	–	–	–
	Other Properties	–	–	–	–
	By location				
	5 wards of Tokyo (Note 3)	–	–	–	–
	Wards of Tokyo other than the 5 wards	–	–	–	–
	Three major metropolitan areas (Note 4)	–	–	–	–
	Other locations	–	–	–	–
	Subtotal	–	–	–	–
Real estate in trust	By property type				
	Urban Retail Properties	129,968	43.7	129,841	42.2
	Tokyo Office Properties	97,224	32.7	109,126	35.5
	Other Properties	56,119	18.9	54,335	17.7
	By location				
	5 wards of Tokyo (Note 3)	171,711	57.7	183,720	59.7
	Wards of Tokyo other than the 5 wards	26,408	8.9	26,300	8.5
	Three major metropolitan areas (Note 4)	80,749	27.1	78,844	25.6
	Other locations	4,443	1.5	4,438	1.4
	Subtotal	283,311	95.2	293,303	95.3
Total real estate assets		283,311	95.2	293,303	95.3
Deposits and other assets		14,154	4.8	14,442	4.7
Total assets (Note 5)		297,466	100.0	307,746	100.0

	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)
Total liabilities (Note 5) (Note 6)	142,113	47.8	152,185	49.5
Total net assets (Note 5)	155,353	52.2	155,560	50.5



- (Note 1) The total amount held is based on the carrying amounts on the balance sheet as of the end of each fiscal period (for real estate and real estate in trust, book value less depreciation expenses), in accordance with the asset valuation method set forth in the Articles of Incorporation of the Investment Corporation.
- (Note 2) Figures are rounded to the nearest tenth.
- (Note 3) “5 wards of Tokyo” refers to Chiyoda ward (*Chiyoda-ku*), Chuo ward (*Chuo-ku*), Minato ward (*Minato-ku*), Shinjuku ward (*Shinjuku-ku*) and Shibuya ward (*Shibuya-ku*) in Tokyo.
- (Note 4) “Three major metropolitan areas” refers to the Tokyo area (Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture), the Chukyo area (Aichi Prefecture) and the Kinki area (Osaka Prefecture, Kyoto Prefecture and Hyogo Prefecture); the same shall apply hereinafter.
- (Note 5) Total assets, total liabilities and total net assets represent the amounts reported in the balance sheet as of the end of each fiscal period.
- (Note 6) Total liabilities include the obligation to refund tenant leasehold and security deposits.

(2) Investment Assets

i) Major investment securities

Not applicable

ii) Investment properties

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

iii) Other investment assets

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

The following table shows property name, acquisition price, book value at the end of the fiscal period, assessed value at the end of the fiscal period, return price and investment ratio related to the assets held by the Investment Corporation as of the end of the 8th fiscal period. Figures shown in the table are as of November 30, 2015 unless otherwise provided.

a. Overview of assets held (1)

(As of November 30, 2015)

Category	Property number (Note 1)	Property name	Acquisition price  (Millions of yen) (Note 2)	Book value at end of period  (Millions of yen) (Note 3)	Assessed value at end of period  (Millions of yen) (Note 4)	Return price (Note 4)					Investment ratio  (%) (Note 5)
						Direct capitalization method		DCF method			
						Price based on direct capitalization method  (Millions of yen)	Direct capitalization rate  (%)	Price based on DCF method  (Millions of yen)	Discount rate  (%)	Terminal capitalization rate  (%)	
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 6)	45,000	44,997	53,625	54,225	3.1	53,025	2.8	3.2	15.4
	UR-2	Tokyu Plaza Akasaka (Note 6)	11,450	11,862	13,600	13,700	4.5	13,600	4.6	4.7	3.9
	UR-3	Q plaza EBISU (Note 7) (Note 8)	8,430	8,359	9,900	9,940	3.8	9,880	4.0/3.9	4.0	2.9
	UR-4	Shinbashi Place	20,500	20,414	24,700	25,100	4.5	24,500	4.3	4.7	7.0
	UR-5	Kyoto Karasuma Parking Building	8,860	8,829	10,100	10,100	5.2	10,100	5.2	5.4	3.0
	UR-6	A-FLAG Akasaka (Note 9)	3,000	3,111	3,470	3,520	3.8	3,420	3.6	4.0	1.0
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	21,330	21,439	24,300	24,600	4.3	24,000	4.1	4.5	7.3
	UR-8	A-FLAG Sapporo (Note 9)	4,410	4,438	6,050	6,050	5.9	6,050	5.7	6.2	1.5
	UR-9	A-FLAG Shibuya (Note 9)	6,370	6,388	7,010	7,090	4.3	6,970	4.1	4.5	2.2
		Subtotal		129,350	129,841	152,755	154,325	–	151,545	–	–
Tokyo Office Properties	TO-1	TLC Ebisu Building	7,400	7,288	8,370	8,400	4.1	8,350	4.2	4.3	2.5
	TO-2	A-PLACE Ebisu Minami	9,640	9,524	11,600	11,700	4.0	11,600	4.1	4.2	3.3
	TO-3	A-PLACE Yoyogi	4,070	3,999	4,230	4,330	4.3	4,130	4.1	4.5	1.4
	TO-4	A-PLACE Aoyama	8,790	8,729	8,890	8,990	4.4	8,850	4.2	4.6	3.0
	TO-5	Luogo Shiodome	4,540	4,403	5,330	5,400	4.0	5,300	3.8	4.2	1.5
	TO-6	Tamachi Square (Land)	2,338	2,362	2,560	2,660	4.1	2,520	4.5	4.3	0.8
	TO-7	A-PLACE Ikebukuro	3,990	3,881	4,470	4,530	4.5	4,410	4.3	4.7	1.4
	TO-8	A-PLACE Shinbashi	5,650	5,819	6,430	6,540	4.1	6,310	3.9	4.3	1.9
	TO-9	A-PLACE Gotanda	5,730	5,690	6,170	6,270	4.1	6,060	3.9	4.3	2.0
	TO-10	A-PLACE Shinagawa	3,800	3,812	4,180	4,260	4.0	4,100	3.8	4.2	1.3
	TO-11	OSAKI WIZTOWER	10,690	10,968	13,200	13,300	3.9	13,200	3.5	3.9	3.6
	TO-12	Shiodome Building (Note 6)	30,300	30,410	31,050	33,300	3.8	30,150	3.6	4.0	10.3
	TO-13	Frontier Ebisu	7,072	7,236	7,350	7,730	4.0	7,220	3.8	4.2	2.4
	TO-14	Shibuya Konnoh Building	4,810	4,999	4,900	5,120	4.0	4,820	3.7	4.1	1.6
	Subtotal		108,820	109,126	118,730	122,530	–	117,020	–	–	37.2

Category	Property number (Note 1)	Property name	Acquisition price  (Millions of yen) (Note 2)	Book value at end of period  (Millions of yen) (Note 3)	Assessed value at end of period  (Millions of yen) (Note 4)	Return price (Note 4)					Investment ratio  (%) (Note 5)
						Direct capitalization method		DCF method			
						Price based on direct capitalization method  (Millions of yen)	Direct capitalization rate  (%)	Price based on DCF method  (Millions of yen)	Discount rate  (%)	Terminal capitalization rate  (%)	
Other Properties	O-1	Amagasaki Q's MALL (Land)	12,000	12,113	12,800	12,900	4.7	12,700	4.3	4.9	4.1
	O-2	icot Nakamozu (Note 10)	8,500	8,342	10,000	10,200	5.3	9,920	5.2/5.3	5.5	2.9
	O-4	icot Mizonokuchi	2,710	2,680	3,140	3,210	5.6	3,070	5.4	6.0	0.9
	O-5	icot Tama Center	2,840	2,745	3,250	3,320	5.7	3,170	5.1	5.9	1.0
	O-6	A-PLACE Kanayama	6,980	6,687	7,620	7,670	5.3	7,570	5.1	5.5	2.4
	O-7	Osaka Nakanoshima Building	11,100	11,156	12,800	12,900	4.5	12,700	4.3	4.7	3.8
	O-8	icot Omori	5,790	5,759	6,320	6,380	4.7	6,260	4.5	4.9	2.0
	O-9	Market Square Sagamihara	4,820	4,850	4,940	4,960	5.4	4,920	5.2	5.6	1.6
		Subtotal	54,740	54,335	60,870	61,540	–	60,310	–	–	18.7
	Total	292,910	293,303	332,355	338,395	–	328,875	–	–	100.0	

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

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

(Note 3) Book value at end of period represents book value for each property less depreciation expenses as of November 30, 2015, rounding down to the nearest million yen.

(Note 4) The appraisal of properties is commissioned to Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Valuers Co., Ltd. or Morii Appraisal & Investment Consulting, Inc. Assessed value at end of period and return price show value described in each real estate appraisal report with the date of value estimate of November 30, 2015.

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

(Note 6) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 15%, respectively).

(Note 7) The discount rates of Q plaza EBISU represent 4.0% from the first year to the eighth year and 3.9% in and after the ninth year.

(Note 8) Property name of Ebisu Q Plaza was changed to Q plaza EBISU on June 1, 2015; the same shall apply hereinafter.

(Note 9) Property names of Hitotsugi LIP, Tokyu Plaza Sapporo and Kamata Kosan Building were changed to A-FLAG Akasaka, A-FLAG Sapporo and A-FLAG Shibuya, respectively, on August 1, 2015; the same shall apply hereinafter.

(Note 10) The discount rates of icot Nakamozu represent 5.2% from the first year to the seventh year and 5.3% in and after the eighth year.

b. Overview of assets held (2)

(As of November 30, 2015)

Category	Property number	Property name	Location	Date of construction (Note 1)	Number of tenants (Note 2)	Contracted rent (Annual) (Millions of yen) (Note 3)	Tenant leasehold and security deposit (Millions of yen) (Note 4)	Total leasable area (m <sup>2</sup> ) (Note 5)	Total leased area (m <sup>2</sup> ) (Note 6)	Occupancy rate (%) (Note 7)
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 8)	Shibuya, Tokyo	March 14, 2012	29	1,989	1,734	4,887.81	4,887.81	100.0
	UR-2	Tokyu Plaza Akasaka (Note 8)	Chiyoda, Tokyo	September 10, 1969	98	904	391	16,579.26	16,567.75	99.9
	UR-3	Q plaza EBISU	Shibuya, Tokyo	August 20, 2008	4	475	475	4,024.88	4,024.88	100.0
	UR-4	Shinbashi Place	Minato, Tokyo	April 25, 2008	1	(Note 9)	(Note 9)	9,156.01	9,156.01	100.0
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	July 24, 2006	2	(Note 9)	(Note 9)	21,616.04	21,616.04	100.0
	UR-6	A-FLAG Akasaka	Minato, Tokyo	February 18, 2008	8	176	153	2,280.22	2,280.22	100.0
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	January 31, 2010	7	1,231	1,399	19,653.90	19,653.90	100.0
	UR-8	A-FLAG Sapporo	Sapporo, Hokkaido	May 23, 1980	18	585	137	21,229.16	21,229.16	100.0
	UR-9	A-FLAG Shibuya	Shibuya, Tokyo	June 29, 1988	2	393	323	3,413.80	3,413.80	100.0
	Subtotal				–	169	–	–	102,841.08	102,829.57
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	March 5, 1993	10	458	379	7,342.60	6,424.75	87.5
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	January 31, 1995	9	640	494	7,950.51	7,950.51	100.0
	TO-3	A-PLACE Yoyogi	Shibuya, Tokyo	February 22, 2007	3	223	183	3,106.17	3,106.17	100.0
	TO-4	A-PLACE Aoyama	Minato, Tokyo	September 6, 1966	8	499	473	7,303.69	7,303.69	100.0
	TO-5	Luogo Shiodome	Minato, Tokyo	July 30, 2004	6	304	252	4,476.35	4,476.35	100.0
	TO-6	Tamachi Square (Land)	Minato, Tokyo	–	1	125	–	1,287.96	1,287.96	100.0
	TO-7	A-PLACE Ikebukuro	Toshima, Tokyo	October 13, 2011	1	(Note 9)	(Note 9)	3,409.73	3,409.73	100.0
	TO-8	A-PLACE Shinbashi	Minato, Tokyo	March 4, 1999	8	340	308	5,052.14	4,938.96	97.8
	TO-9	A-PLACE Gotanda	Shinagawa, Tokyo	February 27, 2012	11	327	283	4,028.69	4,028.69	100.0
	TO-10	A-PLACE Shinagawa	Minato, Tokyo	September 20, 1991	8	203	188	2,986.36	2,986.36	100.0
	TO-11	OSAKI WIZTOWER	Shinagawa, Tokyo	January 10, 2014	6	(Note 9)	(Note 9)	7,193.28	7,193.28	100.0
	TO-12	Shiodome Building (Note 8)	Minato, Tokyo	December 14, 2007	35	1,285	1,038	12,058.31	11,241.50	93.2
	TO-13	Frontier Ebisu	Shibuya, Tokyo	January 10, 1992	9	291	197	4,010.69	4,010.69	100.0
	TO-14	Shibuya Konnoh Building	Shibuya, Tokyo	March 18, 1992	2	(Note 9)	(Note 9)	2,958.85	2,958.85	100.0
Subtotal				–	117	–	–	73,165.33	71,317.49	97.5

Category	Property number	Property name	Location	Date of construction	Number of tenants	Contracted rent (Annual)	Tenant leasehold and security deposit	Total leasable area	Total leased area	Occupancy rate
				(Note 1)		(Note 2)	(Millions of yen) (Note 3)	(Millions of yen) (Note 4)	(m <sup>2</sup> ) (Note 5)	(m <sup>2</sup> ) (Note 6)
Other Properties	O-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	–	1	692	341	27,465.44	27,465.44	100.0
	O-2	icot Nakamozu	Sakai, Osaka	June 27, 2007	2	619	430	28,098.02	28,098.02	100.0
	O-4	icot Mizonokuchi	Kawasaki, Kanagawa	July 15, 1998	1	(Note 9)	100	14,032.05	14,032.05	100.0
	O-5	icot Tama Center	Tama, Tokyo	March 7, 2006	10	230	230	5,181.58	5,181.58	100.0
	O-6	A-PLACE Kanayama	Nagoya, Aichi	February 10, 2009	21	493	389	9,314.91	9,314.91	100.0
	O-7	Osaka Nakanoshima Building	Osaka, Osaka	March 5, 1984	40	920	661	20,341.41	19,917.27	97.9
	O-8	icot Omori	Ota, Tokyo	March 6, 2007	9	380	363	6,209.79 (Note 10)	6,209.79 (Note 10)	100.0
	O-9	Market Square Sagamihara	Sagamihara, Kanagawa	June 13, 2014	3	(Note 9)	(Note 9)	15,152.42	15,152.42	100.0
	Subtotal				–	87	–	–	125,795.62	125,371.48
Total				–	373	–	–	301,802.03	299,518.54	99.2

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

(Note 2) At each property, the number of tenants is equal to the aggregate number of tenants as of November 30, 2015 described in the lease agreements in relation to buildings, except that for properties with master lease agreements, the total number of end-tenants is listed. For properties for which we acquire only land, the total number of tenants of the land is listed.

(Note 3) The contracted rent (annual) for each property other than properties for which we acquire only land is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms which were occupied by tenants as of November 30, 2015), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of November 30, 2015, as indicated in the lease agreements in relation to buildings as of November 30, 2015 by 12 (for where multiple lease agreements are concluded in relation to buildings, the aggregate anticipated monthly rent for all lease agreements) (excluding consumption tax) and rounding to the nearest million yen. For properties for which we acquire only land, it is calculated as the annual contracted rent (excluding consumption tax) as indicated in the lease agreement for such land as of November 30, 2015, rounding to the nearest million yen. For properties with master lease agreements, the annual contracted rent is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms; including common service fees and excluding usage fees for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of November 30, 2015), as indicated in the relevant sublease agreement with end-tenants by 12.

(Note 4) The tenant leasehold and security deposit is calculated as the total amount on the lease agreement for each property as of November 30, 2015 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of November 30, 2015), rounding to the nearest million yen. For properties with master lease agreements, the tenant leasehold and security deposit is calculated as the total amount required based on the sub-lease agreements with end-tenants, rounding to the nearest million yen.

(Note 5) The total leasable area represents the total of gross floor area considered to be leasable based on the lease agreements for building or floor plans as of November 30, 2015 of each property other than properties of which we acquire only land, and gross land area considered to be leasable based on the lease agreement for land or land plans as of November 30, 2015 of each property of which we acquire only land.

(Note 6) The total leased area is equal to the total of leased area presented in each lease agreement for properties held as of November 30, 2015. For properties with master lease agreements, counted is the total of the area of properties for which sublease agreements are concluded with end-tenants and that are actually subleased.

(Note 7) The occupancy rate is calculated by dividing total leased area for each property by the total leasable area as of November 30, 2015, rounding to the nearest tenth. The subtotal and total are calculated by dividing aggregate leased area by aggregate leasable area, rounding to the nearest tenth.

(Note 8) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 15%, respectively). However, the numbers of tenants provided are the numbers for each whole building.

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

(Note 10) The calculation of total leasable area and total leased area for icot Omori includes part of an external bicycle parking lot (approximately 21 m<sup>2</sup>) and part of a common area on the second floor (approximately 28 m<sup>2</sup>).

(Note 11) For lease agreements with end-tenants that have been asked to be terminated or cancelled, or for which the rent has not been paid, number of tenants, contracted rent (annual), tenant leasehold and security deposit, total leased area and occupancy rate are shown in the above table if these agreements continued as of November 30, 2015, assuming that the lease agreements with the end-tenants remained effective; the same shall apply hereinafter.

(B) Capital expenditure for assets under management

a. Scheduled capital expenditure

The following table shows major estimated capital expenditure for renovation work, etc. that the Investment Corporation plans to conduct for assets held in the 8th fiscal period as of November 30, 2015. 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
TLC Ebisu Building (Shibuya, Tokyo)	Replacement work of air conditioning (Second period)	From May 2015 to January 2016	122	–	–
Osaka Nakanoshima Building (Osaka, Osaka)	Replacement work of air conditioning controllers	From March 2016 to May 2016	49	–	–
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Partial remodeling work	From February 2016 to April 2016	29 (Note)	–	–
A-FLAG Sapporo (Sapporo, Hokkaido)	Installation of new well water filtration devices	From April 2016 to May 2016	28	–	–
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of human/cargo elevator machinery and equipment	From February 2016 to March 2016	23	–	–
Osaka Nakanoshima Building (Osaka, Osaka)	Repair and replacement of substation panels (control equipment, etc.) (Second period)	From July 2015 to March 2016	20	–	–
Osaka Nakanoshima Building (Osaka, Osaka)	Exchange work of Scott connection transformers in electric pipe space on each floor	From March 2016 to March 2016	12	–	–
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of plumbing for cold and hot water, etc.	From September 2015 to February 2016	11 (Note)	–	–

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

b. Capital expenditure during the fiscal period

For assets held by the Investment Corporation in the 8th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended November 30, 2015 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended November 30, 2015 amounted to ¥272 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended November 30, 2015 came to ¥202 million. On aggregate, construction work of ¥474 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (Millions of yen)
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Partial remodeling work	From July 2015 to September 2015	44 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement work of bus duct B systems (Second period)	From April 2015 to October 2015	36 (Note)
Osaka Nakanoshima Building (Osaka, Osaka)	Exchange of sensors	From July 2015 to November 2015	31
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of packaged air conditioning units	From April 2015 to July 2015	24 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Individual air conditioning work of packaged air conditioning units	From September 2015 to November 2015	15 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of hotel card system	From September 2015 to September 2015	13 (Note)
A-FLAG Sapporo (Sapporo, Hokkaido)	Replacement of emergency power generator panel	From November 2015 to November 2015	13
Other			92
Total			272

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

(C) Information concerning major tenants

a. Summary of major tenants

For assets held in the 8th fiscal period, the table below shows tenants whose leased area accounts for 10% or more of the total leased area in the entire portfolio (major tenants) based on the data as of November 30, 2015. The forms of agreements with the tenants in the table are ordinary lease agreements.

As for certain assets held, the Investment Corporation has entered into lease agreements (master lease agreements) with Tokyu Land SC Management Corporation and Tokyu Community Corporation with the objective of allowing them to be master lease companies and sublease the leased assets to end-tenants. The table below shows information on the major tenants with master lease agreements based on the data as of November 30, 2015. Rents received by the Investment Corporation from the master lease companies are equal to the rents received by these companies from sublessees (end-tenants) (pass-through master lease), and such rents are not guaranteed.

Tenant	Business	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Contracted rent (Annual) (Millions of yen) (Note 2)	Tenant leasehold and security deposit (Millions of yen) (Note 3)	Expiration date (Note 4)
Tokyu Community Corporation (Note 5)	Real Estate Management	TLC Ebisu Building	6,424.75	458	379	May 31, 2025
		A-PLACE Ebisu Minami	7,950.51	640	494	May 31, 2025
		A-PLACE Yoyogi	3,106.17	223	183	May 31, 2025
		A-PLACE Aoyama	7,303.69	499	473	May 31, 2025
		Luogo Shiodome	4,476.35	304	252	May 31, 2025
		A-PLACE Ikebukuro	3,409.73	(Note 6)	(Note 6)	May 31, 2025
		A-PLACE Shinbashi	4,938.96	340	308	May 31, 2025
		A-PLACE Gotanda	4,028.69	327	283	May 31, 2025
		A-PLACE Shinagawa	2,986.36	203	188	May 31, 2025
		OSAKI WIZTOWER	7,193.28	(Note 6)	(Note 6)	May 31, 2025
		Frontier Ebisu	4,010.69	291	197	May 31, 2025
		Shibuya Konnoh Building	2,958.85	(Note 6)	(Note 6)	September 30, 2025
		A-PLACE Kanayama	9,314.91	493	389	May 31, 2025
		Osaka Nakanoshima Building	19,917.27	920	661	November 30, 2024
		Total		88,020.21	–	–
Tokyu Land SC Management Corporation (Note 5)	Real Estate Management	Q plaza EBISU	4,024.88	475	475	June 30, 2022
		Shinbashi Place	9,156.01	(Note 6)	(Note 6)	November 30, 2024
		Kyoto Karasuma Parking Building	21,616.04	(Note 6)	(Note 6)	November 30, 2024
		A-FLAG Akasaka	2,280.22	176	153	August 31, 2023
		Kobe Kyu Kyoryuchi 25Bankan	19,653.90	1,231	1,399	August 31, 2023
		A-FLAG Sapporo	21,229.16	585	137	December 31, 2023
		A-FLAG Shibuya	3,413.80	393	323	December 31, 2023
		icot Nakamozu	28,098.02	619	430	June 30, 2022
		icot Mizonokuchi	14,032.05	(Note 6)	100	June 30, 2022
		icot Tama Center	5,181.58	230	230	November 30, 2024
		icot Omori	6,209.79	380	363	December 31, 2023
		Market Square Sagamihara	15,152.42	(Note 6)	(Note 6)	January 31, 2025
		Total		150,047.87	–	–

(Note 1) The leased area is the leased area to end-tenants in respect to the leased area provided in the master lease agreement as of November 30, 2015 where the tenant is the master lease company and sublessor, rounding to the nearest hundredth.



- (Note 2) Under master lease contracts concluded with tenants, for properties of which the master lease rent payable by the tenant equals to the rent payable by the end-tenant to the tenant, the contracted rent (annual) for each property is calculated by multiplying the monthly rent (limited to rooms which were occupied by tenants as of November 30, 2015), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of November 30, 2015, as indicated in the sublease agreement concluded with the end-tenant as of November 30, 2015 by 12, rounding to the nearest million yen.
- (Note 3) The tenant leasehold and security deposit is calculated as the total amount on the sublease agreement with the end-tenant as of November 30, 2015 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of November 30, 2015), rounding to the nearest million yen, where the tenant is the master lease company and sublessor.
- (Note 4) The expiration date is the date provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 5) As of June 1, 2015, the master lease companies have changed with respect to the properties listed below.

Property number	Property name	Before change	After change
UR-8	A-FLAG Sapporo	Tokyu Land Corporation	Tokyu Land SC Management Corporation
TO-1	TLC Ebisu Building	Tokyu Land Corporation	Tokyu Community Corporation
TO-2	A-PLACE Ebisu Minami		
TO-3	A-PLACE Yoyogi		
TO-4	A-PLACE Aoyama		
TO-5	Luogo Shiodome		
TO-7	A-PLACE Ikebukuro		
TO-8	A-PLACE Shinbashi		
TO-9	A-PLACE Gotanda		
TO-10	A-PLACE Shinagawa		
TO-11	OSAKI WIZTOWER		
O-6	A-PLACE Kanayama		

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

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

For assets held by the Investment Corporation, the following table shows end-tenants ranked in the top 10 in terms of total leased area in the entire portfolio as of November 30, 2015.

End-tenants	Property name	Total leased area (m <sup>2</sup> ) (Note 1)	Lease expiration date	Form of agreement (Note 2)
Tokyu Hotels Co., Ltd.	Tokyu Plaza Akasaka A-FLAG Sapporo	30,182.69	March 31, 2016 (Note 3)	Fixed-term building lease agreement
Sumitomo Mitsui Trust Bank, Limited (Note 4)	Tamachi Square (Land) Amagasaki Q's MALL (Land)	28,753.40 (Note 5)	May 31, 2074 January 31, 2042	Ordinary leasehold land agreement Fixed-term business-use lease agreement
Kohnan Shoji Co., Ltd.	icot Nakamozu	26,529.03	July 11, 2027	Fixed-term building lease agreement
Paraca Inc. (Note 6)	Kyoto Karasuma Parking Building	21,224.14	–	–
Plan·Do·See Inc.	Kobe Kyu Kyoryuchi 25Bankan	14,195.42	–	–
Room's-Taishodo	icot Mizonokuchi	14,032.05	July 24, 2018	Ordinary building lease agreement
K'S HOLDINGS CORPORATION	Market Square Sagamihara	11,863.92	June 30, 2034	Fixed-term building lease agreement
Yamada-Denki Co., Ltd.	Shinbashi Place	9,156.01	–	–
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	icot Nakamozu icot Tama Center A-PLACE Kanayama	5,609.11	–	–
NTT Communications Corporation	Shiodome Building	4,429.98	–	–

- (Note 1) The total leased area is equal to the total leased area in each property under the lease agreement with the end-tenant as of November 30, 2015. As for Tokyu Plaza Akasaka and Shiodome Building, the figure is based on the amount in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (50% and 15%,

- respectively).
- (Note 2) The form of agreement is equal to the form of agreement described in the lease agreement with the end-tenants as of November 30, 2015.
- (Note 3) On June 16, 2015, Tokyu Hotels Co., Ltd. and Tokyu Land Corporation entered into a fixed-term building lease agreement for Tokyu Plaza Akasaka. On the same date, Tokyu Hotels Co., Ltd. and Tokyu Land SC Management Corporation entered into a fixed-term building lease agreement for A-FLAG Sapporo. The agreements are effective from April 1, 2016 to October 31, 2021.
- (Note 4) Tenant is the trustee of the building on the land; Tokyu Land Corporation is the trust beneficiary under such trust.
- (Note 5) Total leased area for Tamachi Square (Land) and Amagasaki Q's MALL (Land) is in respect of the land.
- (Note 6) The lease agreement with Paraca Inc. is scheduled to conclude as of July 31, 2016. Accordingly, a fixed-term building lease agreement with a lease start date of August 1, 2016 was entered into with Times24 Co., Ltd. as of December 25, 2015.
- (Note 7) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.

## (D) Overview of lease and profit and loss

8th fiscal period (From June 1, 2015 to November 30, 2015)

(Unit: Thousands of yen)

Property number	UR-1	UR-2	UR-3	UR-4	UR-5
Property name	Tokyu Plaza Omotesando Harajuku (Note 1)	Tokyu Plaza Akasaka (Note 1)	Q plaza EBISU	Shinbashi Place	Kyoto Karasuma Parking Building
Number of business days in the 8th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	1,108,253	607,214	273,352	(Note 2)	(Note 2)
Rent revenue–real estate	1,029,430	497,641	237,540	(Note 2)	(Note 2)
Other lease business revenue	78,823	109,573	35,811	(Note 2)	(Note 2)
b. Expenses related to rent business	256,712	313,413	64,891	45,767	37,387
Management operation expenses	96,078	82,627	16,223	12,300	3,592
Utilities expenses	35,231	88,625	31,050	–	–
Tax and public dues	51,852	65,506	8,483	32,549	31,184
Insurance	207	428	79	164	165
Repair and maintenance expenses	7,812	71,701	257	–	1,451
Other expenses related to rent business	65,530	4,524	8,796	753	993
c. NOI (a – b)	851,541	293,800	208,460	(Note 2)	(Note 2)
d. Depreciation, etc. (Note 3)	48,877	35,415	18,559	32,734	15,776
Income (loss) from rent business (c – d)	802,663	258,385	189,900	(Note 2)	(Note 2)

(Unit: Thousands of yen)

Property number	UR-6	UR-7	UR-8	UR-9
Property name	A-FLAG Akasaka	Kobe Kyu Kyoryuchi 25Bankan	A-FLAG Sapporo	A-FLAG Shibuya
Number of business days in the 8th fiscal period	183	183	183	183
a. Real estate leasing business revenues	112,569	727,787	496,573	209,013
Rent revenue–real estate	89,592	649,705	411,502	197,027
Other lease business revenue	22,976	78,081	85,070	11,985
b. Expenses related to rent business	35,375	201,736	244,122	39,257
Management operation expenses	8,148	82,072	109,564	12,015
Utilities expenses	17,965	68,764	79,345	10,456
Tax and public dues	7,270	47,722	24,742	10,353
Insurance	37	640	500	56
Repair and maintenance expenses	543	372	13,213	5,062
Other expenses related to rent business	1,408	2,165	16,756	1,312
c. NOI (a – b)	77,193	526,050	252,450	169,755
d. Depreciation, etc. (Note 3)	8,318	120,420	44,260	8,350
Income (loss) from rent business (c – d)	68,874	405,629	208,190	161,405

(Unit: Thousands of yen)

Property number	TO-1	TO-2	TO-3	TO-4	TO-5
Property name	TLC Ebisu Building	A-PLACE Ebisu Minami	A-PLACE Yoyogi	A-PLACE Aoyama	Luogo Shiodome
Number of business days in the 8th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	264,733	344,269	123,229	251,223	170,252
Rent revenue—real estate	239,772	326,951	115,479	231,491	156,765
Other lease business revenue	24,961	17,317	7,750	19,732	13,486
b. Expenses related to rent business	81,286	91,887	31,476	83,459	55,961
Management operation expenses	28,356	28,156	10,174	18,259	11,827
Utilities expenses	21,638	23,071	8,689	20,980	12,926
Tax and public dues	16,568	29,623	9,943	20,349	17,842
Insurance	200	254	86	188	163
Repair and maintenance expenses	3,988	6,949	885	18,312	11,089
Other expenses related to rent business	10,533	3,831	1,696	5,369	2,113
c. NOI (a – b)	183,446	252,382	91,753	167,764	114,290
d. Depreciation, etc. (Note 3)	39,565	30,555	15,670	23,026	27,507
Income (loss) from rent business (c – d)	143,881	221,826	76,082	144,737	86,783

(Unit: Thousands of yen)

Property number	TO-6	TO-7	TO-8	TO-9	TO-10
Property name	Tamachi Square (Land)	A-PLACE Ikebukuro	A-PLACE Shinbashi	A-PLACE Gotanda	A-PLACE Shinagawa
Number of business days in the 8th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	62,502	(Note 2)	191,015	179,667	110,625
Rent revenue—real estate	62,502	(Note 2)	177,034	166,608	104,727
Other lease business revenue	–	(Note 2)	13,980	13,059	5,897
b. Expenses related to rent business	8,192	31,538	51,531	43,084	28,842
Management operation expenses	–	10,199	15,820	12,710	8,481
Utilities expenses	–	9,620	12,881	13,789	6,454
Tax and public dues	7,939	10,334	14,723	14,364	10,441
Insurance	–	87	137	111	74
Repair and maintenance expenses	–	325	3,378	748	1,370
Other expenses related to rent business	252	972	4,589	1,360	2,019
c. NOI (a – b)	54,309	(Note 2)	139,483	136,583	81,782
d. Depreciation, etc. (Note 3)	–	20,682	27,230	26,914	11,634
Income (loss) from rent business (c – d)	54,309	(Note 2)	112,253	109,668	70,148

(Unit: Thousands of yen)

Property number	TO-11	TO-12	TO-13	TO-14
Property name	OSAKI WIZTOWER	Shiodome Building (Note 1)	Frontier Ebisu (Note 4)	Shibuya Konnoh Building (Note 4)
Number of business days in the 8th fiscal period	183	183	125	61
a. Real estate leasing business revenues	(Note 2)	674,978	105,269	(Note 2)
Rent revenue—real estate	(Note 2)	640,904	98,910	(Note 2)
Other lease business revenue	(Note 2)	34,073	6,359	(Note 2)
b. Expenses related to rent business	102,174	108,938	18,236	4,507
Management operation expenses	67,753	43,509	7,798	1,981
Utilities expenses	11,143	43,023	6,375	1,856
Tax and public dues	21,051	0	–	–
Insurance	311	953	68	25
Repair and maintenance expenses	545	11,654	1,887	196
Other expenses related to rent business	1,368	9,797	2,107	447
c. NOI (a – b)	(Note 2)	566,040	87,032	(Note 2)
d. Depreciation, etc. (Note 3)	47,998	78,507	19,957	3,899
Income (loss) from rent business (c – d)	(Note 2)	487,532	67,075	(Note 2)

(Unit: Thousands of yen)

Property number	O-1	O-2	O-3	O-4	O-5
Property name	Amagasaki Q's MALL (Land)	icot Nakamozu	icot Kongo (Note 5)	icot Mizonokuchi	icot Tama Center
Number of business days in the 8th fiscal period	183	183	37	183	183
a. Real estate leasing business revenues	345,921	310,657	(Note 2)	(Note 2)	143,184
Rent revenue–real estate	345,921	310,627	(Note 2)	(Note 2)	130,582
Other lease business revenue	–	30	(Note 2)	(Note 2)	12,601
b. Expenses related to rent business	45,549	39,801	7,720	12,998	47,409
Management operation expenses	–	5,646	412	2,261	19,086
Utilities expenses	–	30	–	–	14,785
Tax and public dues	45,296	31,085	7,166	9,879	11,851
Insurance	–	243	86	104	150
Repair and maintenance expenses	–	1,870	–	–	88
Other expenses related to rent business	252	925	54	753	1,446
c. NOI (a – b)	300,372	270,856	(Note 2)	(Note 2)	95,774
d. Depreciation, etc. (Note 3)	–	34,532	5,894	8,515	18,642
Income (loss) from rent business (c – d)	300,372	236,324	(Note 2)	(Note 2)	77,132

(Unit: Thousands of yen)

Property number	O-6	O-7	O-8	O-9
Property name	A-PLACE Kanayama	Osaka Nakanoshima Building	icot Omori	Market Square Sagamihara
Number of business days in the 8th fiscal period	183	183	183	183
a. Real estate leasing business revenues	284,878	516,574	234,859	(Note 2)
Rent revenue–real estate	259,042	486,494	197,104	(Note 2)
Other lease business revenue	25,836	30,079	37,754	(Note 2)
b. Expenses related to rent business	77,919	196,223	63,541	23,551
Management operation expenses	24,626	57,142	9,168	16,033
Utilities expenses	24,949	48,771	39,319	6,366
Tax and public dues	25,043	47,585	12,785	–
Insurance	260	764	98	140
Repair and maintenance expenses	753	36,823	1,107	154
Other expenses related to rent business	2,287	5,136	1,062	858
c. NOI (a – b)	206,959	320,350	171,317	(Note 2)
d. Depreciation, etc. (Note 3)	52,256	61,439	17,351	23,613
Income (loss) from rent business (c – d)	154,702	258,910	153,965	(Note 2)

(Note 1) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 15%, respectively).

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

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

(Note 4) Frontier Ebisu and Shibuya Konnoh Building were acquired on July 29, 2015 and October 1, 2015, respectively. Therefore, figures after the acquisition date are presented.

(Note 5) icot Kongo was transferred on July 8, 2015. Therefore, figures up to the day prior to the date of transfer are presented.