

Financial Report for the Fiscal Period Ended May 31, 2013 (December 1, 2012 - May 31, 2013)

Activia Properties Inc.

Listing: Tokyo Stock Exchange
 Securities code: 3279
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 Supplementary material on financial report: Yes
 Financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended May 31, 2013 (December 1, 2012 - May 31, 2013)

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

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended May 31, 2013	5,803	11.7	3,851	10.1	3,479	19.0	3,478	19.0
Fiscal period ended November 30, 2012	5,194	-	3,498	-	2,923	-	2,922	-

	Net income per unit	Return on unitholders' equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenues
	Yen	%	%	%
Fiscal period ended May 31, 2013	16,946	3.7	1.9	60.0
Fiscal period ended November 30, 2012	15,153 [14,244]	6.2	3.2	56.3

(Note 1) Although the calculation period of the Investment Corporation for the fiscal period ended November 30, 2012 consists of 183 days (from June 1, 2012 to November 30, 2012), the actual period for asset management is comprised of 171 days (from June 13, 2012 to November 30, 2012).

(Note 2) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units (192,831 units for the fiscal period ended November 30, 2012, 205,262 units for the fiscal period ended May 31, 2013). For the fiscal period ended November 30, 2012, net income per unit that is calculated based on day-weighted average number of investment units (205,141 units) assuming that the fiscal period started on June 13, 2012, the actual start date of asset management, is also provided in square brackets.

(2) Cash distributions

	Cash distributions per unit (excluding excess of earnings)	Total distributions	Cash distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distribution ratio to unitholders' equity
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended May 31, 2013	16,946	3,478	0	0	100.0	3.7
Fiscal period ended November 30, 2012	13,938	2,860	0	0	97.9	3.5

(Note 1) The cash distributions per unit for the fiscal period ended November 30, 2012 were calculated by dividing the unappropriated retained earnings for the fiscal period ended November 30, 2012 less the undisposed loss for the fiscal period ended May 31, 2012 (¥61 million) by the number of units issued. The difference between cash distributions per unit and net income per unit is mainly due to the said calculation.

(Note 2) The payout ratio for the fiscal period ended November 30, 2012 was, due to the issuance of new investment units, calculated based on the following formula, rounding to the nearest tenth.

$$\text{Payout ratio} = \text{Total distributions (excluding cash distribution in excess of earnings)} / \text{Net income} \times 100$$

(3) Financial position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2013	188,837	94,852	50.2	462,103
As of November 30, 2012	180,066	94,234	52.3	459,095

(Reference) Unitholders' equity

As of May 31, 2013: ¥94,852 million

As of November 30, 2012: ¥94,234 million

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended May 31, 2013	5,237	(11,091)	4,979	5,759
Fiscal period ended November 30, 2012	2,722	(163,837)	167,622	6,634

2. Forecasts of results for the fiscal period from June 1, 2013 to November 30, 2013

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

	Operating revenues		Operating income		Ordinary income		Net income		Cash distributions per unit (excluding excess of earnings)	Cash distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending November 30, 2013	6,044	4.2	3,547	(7.9)	3,110	(10.6)	3,109	(10.6)	15,150	0

(Reference) Forecasted net income per unit

For the fiscal period ending November 30, 2013: ¥15,150

3. 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) Number of units issued

- a. Total number of units issued at end of period (including treasury units)

As of May 31, 2013	205,262 units
As of November 30, 2012	205,262 units
- b. Number of treasury units at end of period

As of May 31, 2013	– units
As of November 30, 2012	– units

(Note) Please refer to “Per Unit Information” on page 30 for the number of investment units used as the basis for calculating net income 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 Fiscal Period from June 1, 2013 to November 30, 2013 and the Fiscal Period from December 1, 2013 to May 31, 2014” on pages 9 and 10 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

As there have been no significant changes in “Management structure of the Investment Corporation” in the latest Securities Report (filed on February 26, 2013; prepared in Japanese only), the disclosure is omitted.

2. Asset Management Policies and Status

(1) Asset Management Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (filed on February 26, 2013; 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 yen (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 issued additional investment units (204,100 units) through a public offering on June 13, 2012, and was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (Securities code 3279). In addition, new investment units (762 units) were issued by private placement on July 10, 2012.

“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 May 31, 2013, the Investment Corporation and its sponsor jointly acquired the Osaka Nakanoshima Building on January 25, 2013 by utilizing the value chain of the TLC Group consisting of Tokyu Land Corporation and its group companies. In addition, on April 19, 2013, the Investment Corporation acquired the TK Shinbashi Building, which is categorized as its focused investment properties, “Tokyo Office Properties,” through a direct transaction with a third party. Consequently, the Investment Corporation held 20 properties (with the total acquisition price of ¥181,270 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, since the inauguration of the new government, the trend of the Japanese economy has been changing, due to the yen depreciation by the expectation of change for the economic and monetary policies and improvement of business sentiment and the export environment under the stock market recovery. Nevertheless, in this current situation, the financial market is volatile due to expected rises in long-term interest rates and the ongoing correction to the high stock prices and yen depreciation. Thus there is a need for caution regarding the progress of the U.S. measures aimed at reducing quantitative monetary easing and the Japanese government’s growth strategies to deal with deflation.

In retail properties, personal consumption remained steady, as short-term consumer confidence was improved as the Monthly Consumer Confidence Survey for May 2013 released by the Economic and Social Research Institute, Cabinet Office, Government of Japan indicated that the consumer confidence index increased for five consecutive months. The rental office market appears to have hit bottom, as the data published by Miki Shoji Co., Ltd. showed the average vacancy rate of five central

Tokyo wards (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) as of May 31, 2013 stood at 8.33%, down from 8.76% as of November 30, 2012, due partly to a decrease in the supply of newly constructed office buildings in the central area of Tokyo. With regard to rent levels, the asking rent prices for newly constructed buildings followed a firm trend while market rent prices for existing buildings followed a weakening trend, and, in some areas of the market, rent prices appear to have signs of bouncing back after hitting bottom. In the real estate transaction market, a recovery in investment unit prices has supported a continuation of new J-REIT IPOs and publicly offered capital increases, which led an increase of acquisition and disposition, including transactions with sponsors.

(C) Investment Performance

The Investment Corporation acquired beneficiary rights of real estate in trust on January 25, 2013 to Osaka Nakanoshima Building (with the acquisition price of ¥5,250 million) and on April 19, 2013 to TK Shinbashi Building (with the acquisition price of ¥5,650 million) as trust assets with borrowings in accordance with the basic asset management policy set forth in the Articles of Incorporation.

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 20 properties (with the total acquisition price of ¥181,270 million) with the total leasable area of 211,543m² (63,991 *tsubo*).

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

	December 31, 2012	January 31, 2013	February 28, 2013	March 31, 2013	April 30, 2013	May 31, 2013
Urban Retail Properties	99.3%	99.3%	99.4%	99.7%	99.6%	99.6%
Tokyo Office Properties	97.4%	96.6%	96.7%	96.7%	93.9%	97.5%
Other Properties	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	99.3%	99.2%	99.2%	99.3%	98.6%	99.4%

The average rents (Note) at the end of the previous fiscal period and the fiscal period under review are as follows:

	Urban Retail Properties	Tokyo Office Properties	Other Properties	Total
As of November 30, 2012	¥25,973/ <i>tsubo</i>	¥20,011/ <i>tsubo</i>	¥6,541/ <i>tsubo</i>	¥14,683/ <i>tsubo</i>
As of May 31, 2013	¥25,887/ <i>tsubo</i>	¥19,363/ <i>tsubo</i>	¥7,119/ <i>tsubo</i>	¥14,571/ <i>tsubo</i>
Difference [ratio]	¥(86) [(0.3)%]	¥(648) [(3.2)%]	¥578 [8.8%]	¥(112) [(0.8)%]

(Note) Limited to rent for rooms including common service fees and excluding usage fees for warehouses, signboards, parking lots, etc. regardless of whether the rent was free as of November 30, 2012 and May 31, 2013.

(D) Overview of Financing

In the fiscal period under review, in order to cover the acquisition costs for beneficiary rights of real estate in trust to 2 properties and related costs, funds of ¥8,000 million were borrowed, resulting in the total borrowings of ¥85,000 million as of the end of the fiscal period under review. Moreover, aiming to extend the average maturity and diversify the sources of financing, short-term borrowings of ¥17,000 million were repaid before the due date and refinanced. The interest rate of long-term borrowings of ¥5,000 million thereamong was fixed by an interest swap transaction. Consequently, the ratio of interest-bearing debt to total assets (LTV = Balance of aggregate principal amount of interest-bearing debt / Total assets x 100) was 45.0% 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 100% and 74.1%, respectively.

The credit rating the Investment Corporation has obtained as of the end of the fiscal period under review is as follows:

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

(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 came to ¥5,803 million, ¥3,851 million, and ¥3,479 million, respectively, for the fiscal period under review, and net income was ¥3,478 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 came to ¥16,946.

ii) Outlook for the Next Fiscal Period

(A) Investment Environment for the Next Fiscal Period

The Japanese economy is expected to follow a course of recovery as a result of rises in household income and increased investments following the improvement of corporate earnings from the effect of various government measures and a recovery in exports. However, the Japanese economy will continue to be exposed to various risks such as a possible rise of long-term interest rates and overseas risks including a downswing in economies outside Japan as seen by an outflow of funds from emerging countries due to a reduction of quantitative monetary easing in the U.S. and concerns of China’s financial system as well, which may correct the stock prices around the world.

In circumstances surrounding retail properties, the upward trend in consumer confidence is expected to continue and personal consumption is expected to remain steady for the time being. However, trends of employment and income will need to be watched carefully. In the rental office market, while the economy is recovering gradually, vacancy rates are expected to continue to gently improve. Moreover, rent levels are close to bottoming and a rebound in rent prices is also expected. In the real estate transaction market, although property acquisitions through J-REITs are expected to increase under a favorable financing environment, signs of upward trends of asking price may cause sellers reluctant for disposition, which would lead to continued pressure on the supply and demand in the real estate market.

(B) Investment Policy and Challenges to be Addressed in the Next Fiscal Period

a. Basic Policy

The Investment Corporation’s basic policies are to invest in assets, with targeted investments in Urban Retail and Tokyo Office properties; utilize the Tokyu Land 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 and 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 subsidiaries in the Tokyu Land 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 one-time 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 and Tokyu Land SC Management 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 an aim of achieving long-term and stable growth, the Investment Corporation will flexibly issue new investment units while paying appropriate attention to dilution of investment units.

(C) Significant Subsequent Events

Not applicable

(Reference)

At a meeting of the board of directors of the Investment Corporation held on June 28, 2013, it was decided that the 2nd unitholders' meeting of the Investment Corporation would be held on August 20, 2013.

For details on proposals, etc., please refer to the "Notice of Convocation of the 2nd Unitholders' Meeting" attached to the news release "Notice Concerning Changes to Articles of Incorporation and Appointment of Directors" dated June 28, 2013.

(D) Outlook of Investment Performance

For the fiscal period ending November 30, 2013 (4th fiscal period: from June 1, 2013 to November 30, 2013), 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 Fiscal Period from June 1, 2013 to November 30, 2013 and the Fiscal Period from December 1, 2013 to May 31, 2014” on pages 9 and 10.

Operating revenues	¥6,044 million
Operating income	¥3,547 million
Ordinary income	¥3,110 million
Net income	¥3,109 million
Cash distribution per unit	¥15,150
Cash distribution 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 Fiscal Period from June 1, 2013 to November 30, 2013 and the Fiscal Period from December 1, 2013 to May 31, 2014,” the outlook of investment performance for the fiscal period ending May 31, 2014 (5th fiscal period: from December 1, 2013 to May 31, 2014) is estimated as follows.

Operating revenues	¥6,034 million
Operating income	¥3,566 million
Ordinary income	¥3,111 million
Net income	¥3,110 million
Cash distribution per unit	¥15,151
Cash distribution 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 sale of properties, the trend of real estate market, etc. in the future, actual operating revenue, operating income, ordinary income, net income and cash distribution per unit may change. Furthermore, this estimation does not guarantee the amount of distributions.

Assumptions for Forecasts of Investment Performance for the Fiscal Period from June 1, 2013 to November 30, 2013 and the Fiscal Period from December 1, 2013 to May 31, 2014

Item	Assumptions
Period	<ul style="list-style-type: none"> • 4th fiscal period (June 1, 2013 to November 30, 2013) (183 days) • 5th fiscal period (December 1, 2013 to May 31, 2014) (182 days)
Investment portfolio	<ul style="list-style-type: none"> • We assume that there will be no material changes to the composition of our investment portfolio, including acquisition of properties or sale of properties, associated with the 20 properties for which we hold the trust beneficiary interests (the “Assets Currently Held”) as of May 31, 2013, before the end of the 5th fiscal period (May 31, 2014). • Our forecasts, however, may change due to any changes to the composition of our investment portfolio.
Operating revenues	<ul style="list-style-type: none"> • We have calculated our revenues related to rent business from the Assets Currently Held taking into account the relevant lease agreements effective as of the date of this financial report, market trends, etc. • Operating revenues are based on our assumption that there will be no delinquencies or non-payment of rents by tenants.
Operating expenses	<ul style="list-style-type: none"> • Expenses related to rent business (other than depreciation), which are our principal operating expenses, were calculated based on the historical information and upon considering variable factors. • In general, property tax and city planning tax of properties acquired are settled at the time of acquisition between the former owner (seller) and the purchaser based on their respective periods of ownership in relation to the relevant tax year. However, any of these taxes allocated to the purchaser are not expensed at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes. For property tax, city planning tax, etc., ¥431 million and ¥435 million for the Assets Currently Held will be expensed in the fiscal period ending November 30, 2013 (4th fiscal period) and in the fiscal period ending May 31, 2014 (5th fiscal period), respectively. • Repair and maintenance expenses of buildings are estimated at the amount required for each of the fiscal periods based on the medium- and long-term repair and maintenance plans formed by the Asset 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. • We calculate depreciation expenses (including incidental expenses) by the straight-line method, assuming ¥513 million and ¥517 million for the 4th fiscal period ending November 30, 2013 and the 5th fiscal period ending May 31, 2014, respectively.
Non-operating expenses	<ul style="list-style-type: none"> • For non-operating expenses, we expect interest and other borrowing-related expenses of ¥438 million and ¥457 million for the 4th fiscal period ending November 30, 2013 and the 5th fiscal period ending May 31, 2014, respectively.

Item	Assumptions
Borrowings	<ul style="list-style-type: none"> • As of the date of this financial report, we have a balance of ¥85,000 million in loans. We assume that there will be no change to the loan balance before the end of the 5th fiscal period (May 31, 2014). • The LTV ratios as of November 30, 2013 and May 31, 2014 are both projected to be approximately 45%. • The LTV ratio is obtained by the following formula: $\text{LTV} = \frac{\text{Balance of aggregate principal amount of interest-bearing debt}}{\text{Total assets}} \times 100$
Units	<ul style="list-style-type: none"> • The number is based on our assumption of 205,262 units issued as of the date of this financial report. We assume that there will be no additional issuance of new units before the end of the 5th fiscal period (May 31, 2014). • The cash distributions per unit for the 4th fiscal period ending November 30, 2013 and the 5th fiscal period ending May 31, 2014 have been calculated in accordance with the projected number of units issued as of the end of each of the fiscal periods, which are 205,262 units.
Cash distributions per unit	<ul style="list-style-type: none"> • Cash distributions (cash distributions per unit) are calculated based on the cash distribution policy stipulated in our Articles of Incorporation. • The cash distributions per unit may change due to various factors, including changes to the composition of our investment portfolio, changes in rental revenues accompanying changes in tenants, etc., and unexpected maintenance and repairs.
Cash distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We do not currently anticipate cash distributions in excess of our distributable profit (cash distributions in excess of earnings per unit).
Other	<ul style="list-style-type: none"> • We assume that there will be no amendments in legislation, taxation, accounting standards, listing regulations or regulations of the Investment Trusts Association of Japan that affect the above forecasts. • We assume that there will be no material changes in general economic conditions or real estate markets.

3. Financial Statements

(1) Balance Sheets

(Unit: Thousands of yen)

	As of November 30, 2012	As of May 31, 2013
Assets		
Current assets		
Cash and deposits	5,586,163	4,707,652
Cash and deposits in trust	1,048,439	1,052,109
Operating accounts receivable	156,242	178,217
Prepaid expenses	110,647	223,261
Deferred tax assets	26	16
Consumption taxes receivable	1,446,329	–
Total current assets	8,347,848	6,161,257
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	30,445,044	33,521,802
Accumulated depreciation	(428,592)	(891,456)
Buildings in trust, net	30,016,451	32,630,345
Structures in trust	323,045	352,430
Accumulated depreciation	(8,823)	(18,096)
Structures in trust, net	314,222	334,334
Machinery and equipment in trust	576,121	617,991
Accumulated depreciation	(13,921)	(28,449)
Machinery and equipment in trust, net	562,200	589,542
Tools, furniture and fixtures in trust	4,286	8,049
Accumulated depreciation	(189)	(699)
Tools, furniture and fixtures in trust, net	4,096	7,350
Land in trust	136,258,287	144,250,646
Construction in progress in trust	–	3,224
Total property, plant and equipment	167,155,259	177,815,442
Intangible assets		
Leasehold rights in trust	4,265,157	4,487,617
Other	2,331	2,072
Total intangible assets	4,267,489	4,489,689
Investments and other assets		
Long-term prepaid expenses	286,230	361,340
Invest securities	9,930	9,942
Total investments and other assets	296,160	371,283
Total noncurrent assets	171,718,909	182,676,416
Total assets	180,066,757	188,837,673

(Unit: Thousands of yen)

	As of November 30, 2012	As of May 31, 2013
Liabilities		
Current liabilities		
Operating accounts payable	287,850	340,229
Short-term loans payable	17,000,000	–
Current portion of long-term loans payable	–	4,000,000
Accounts payable-other	304,544	49,078
Accrued expenses	424,963	220,466
Income taxes payable	834	495
Accrued consumption taxes	–	33,490
Advances received	102,941	116,320
Deposits received	21,873	2,235
Other	21	–
Total current liabilities	18,143,029	4,762,316
Noncurrent liabilities		
Long-term loans payable	60,000,000	81,000,000
Tenant leasehold and security deposits in trust	7,688,827	8,223,028
Other	41	31
Total noncurrent liabilities	67,688,868	89,223,059
Total liabilities	85,831,897	93,985,376
Net assets		
Unitholders' equity		
Unitholders' capital	91,373,833	91,373,833
Surplus		
Unappropriated retained earnings (undisposed loss)	2,861,026	3,478,463
Total surplus	2,861,026	3,478,463
Total unitholders' equity	94,234,859	94,852,296
Total net assets	*2 94,234,859	*2 94,852,296
Total liabilities and net assets	180,066,757	188,837,673

(2) Statements of Income

	(Unit: Thousands of yen)			
	Previous fiscal period (From June 1, 2012 to November 30, 2012)		Current fiscal period (From December 1, 2012 to May 31, 2013)	
Operating revenue				
Rent revenue-real estate	*1, *2	4,889,315	*1, *2	5,453,936
Other lease business revenue	*1, *2	305,296	*1, *2	349,567
Total operating revenue		5,194,612		5,803,503
Operating expenses				
Expenses related to rent business	*1, *2	1,278,245	*1, *2	1,435,773
Asset management fee		380,548		442,330
Asset custody fee		4,360		5,144
Administrative service fees		4,476		15,564
Directors' compensations		3,300		3,300
Other operating expenses		25,650		49,765
Total operating expenses		1,696,580		1,951,879
Operating income		3,498,031		3,851,624
Non-operating income				
Interest income		128		237
Interest on securities		1,410		2,003
Interest on refund		-		3,407
Total non-operating income		1,539		5,648
Non-operating expenses				
Interest expenses		287,063		313,535
Investment unit issuance expenses		129,644		-
Other offering costs associated with the issuance of investment units		86,181		-
Borrowing related expenses		69,524		64,401
Other		4,000		-
Total non-operating expenses		576,413		377,936
Ordinary income		2,923,157		3,479,336
Income before income taxes		2,923,157		3,479,336
Income taxes-current		1,139		948
Income taxes-deferred		(26)		9
Total income taxes		1,113		957
Net income		2,922,043		3,478,378
Retained earnings (deficit) brought forward		(61,017)		85
Unappropriated retained earnings (undisposed loss)		2,861,026		3,478,463

(3) Statements of Unitholders' Equity

	(Unit: Thousands of yen)	
	Previous fiscal period (From June 1, 2012 to November 30, 2012)	Current fiscal period (From December 1, 2012 to May 31, 2013)
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of current period	200,000	91,373,833
Changes of items during the period		
Issuance of new investment units	91,173,833	-
Total changes of items during the period	91,173,833	-
Balance at the end of current period	* 91,373,833	* 91,373,833
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of current period	(61,017)	2,861,026
Changes of items during the period		
Dividends from surplus	-	(2,860,941)
Net income	2,922,043	3,478,378
Total changes of items during the period	2,922,043	617,436
Balance at the end of current period	2,861,026	3,478,463
Total surplus		
Balance at the beginning of current period	(61,017)	2,861,026
Changes of items during the period		
Dividends from surplus	-	(2,860,941)
Net income	2,922,043	3,478,378
Total changes of items during the period	2,922,043	617,436
Balance at the end of current period	2,861,026	3,478,463
Total unitholders' equity		
Balance at the beginning of current period	138,982	94,234,859
Changes of items during the period		
Issuance of new investment units	91,173,833	-
Dividends from surplus	-	(2,860,941)
Net income	2,922,043	3,478,378
Total changes of items during the period	94,095,877	617,436
Balance at the end of current period	94,234,859	94,852,296
Total net assets		
Balance at the beginning of current period	138,982	94,234,859
Changes of items during the period		
Issuance of new investment units	91,173,833	-
Dividends from surplus	-	(2,860,941)
Net income	2,922,043	3,478,378
Total changes of items during the period	94,095,877	617,436
Balance at the end of current period	94,234,859	94,852,296

(4) Statements of Cash Distributions

	Previous fiscal period (From June 1, 2012 to November 30, 2012)	Current fiscal period (From December 1, 2012 to May 31, 2013)
	Amount	Amount
I Unappropriated retained earnings	¥2,861,026,757	¥3,478,463,414
II Distributions	¥2,860,941,756	¥3,478,369,852
[Cash Distribution per unit]	[¥13,938]	[¥16,946]
III Earnings carried forward	¥85,001	¥93,562

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 Special Taxation Measures Act. In consideration of this policy, we will pay distributions at the total amount of ¥2,860,941,756, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 205,262, which is the 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 Special Taxation Measures Act. In consideration of this policy, we will pay distributions at the total amount of ¥3,478,369,852, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 205,262, which is the 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.
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(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From June 1, 2012 to November 30, 2012)	Current fiscal period (From December 1, 2012 to May 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	2,923,157	3,479,336
Depreciation and amortization	452,298	488,241
Loss on retirement of noncurrent assets	5,230	2,746
Interest income and interest on securities	(1,539)	(2,241)
Interest expenses	287,063	313,535
Investment unit issuance expenses	129,644	–
Borrowing related expenses	58,603	52,838
Decrease (increase) in operating accounts receivable	(156,242)	(21,974)
Decrease (increase) in consumption taxes refund receivable	(1,446,329)	1,446,329
Increase (decrease) in accrued consumption taxes	–	33,490
Decrease (increase) in prepaid expenses	(19,726)	(69,997)
Decrease (increase) in advances paid	4,200	–
Increase (decrease) in operating accounts payable	238,935	35,856
Increase (decrease) in accrued expenses	420,735	(214,740)
Increase (decrease) in advances received	102,941	13,378
Decrease (increase) in long-term prepaid expenses	(13,204)	2,334
Other, net	21,290	(19,668)
Subtotal	3,007,057	5,539,465
Interest income received	1,529	2,228
Interest expenses paid	(285,382)	(303,292)
Income taxes paid	(494)	(1,286)
Net cash provided by (used in) operating activities	2,722,709	5,237,115
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(167,259,077)	(11,403,309)
Purchase of intangible assets	(2,582)	–
Purchase of intangible assets in trust	(4,265,157)	(222,459)
Repayments of tenant leasehold and security deposits	(23,086)	(231,159)
Proceeds from tenant leasehold and security deposits	7,711,913	765,360
Net cash provided by (used in) investing activities	(163,837,990)	(11,091,568)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	17,000,000	–
Decrease in short-term loans payable	–	(17,000,000)
Proceeds from long-term loans payable	59,578,500	24,827,100
Proceeds from issuance of investment units	91,044,188	–
Dividends paid	–	(2,847,488)
Net cash provided by (used in) financing activities	167,622,688	4,979,611
Net increase (decrease) in cash and cash equivalents	6,507,407	(874,841)
Cash and cash equivalents at beginning of period	127,194	6,634,602
Cash and cash equivalents at end of period	* 6,634,602	* 5,759,761

(6) Notes on Assumption of Going Concern

Not applicable

(7) Notes on Important Accounting Policies

1. Valuation basis and method for securities	Held-to-maturity bonds The amortized cost method (straight-line method) is used.
2. Method of depreciation of noncurrent assets	(1) Property, plant, and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below. Buildings 2 to 64 years Structures 2 to 60 years Machinery and equipment 2 to 32 years Tools, furniture and fixtures 2 to 8 years (2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.
3. Accounting for income and expenses	Property-related taxes For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business. The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to property tax included in acquisition cost for properties for the current fiscal period is ¥64,888 thousand.
4. Method of hedge accounting	(1) Method of hedge accounting For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable (3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation. (4) Method of assessing hedge effectiveness The Company assesses hedge effectiveness is ensured based upon the fulfillment of the requirements of special treatment.
5. Scope of cash (cash and cash equivalents) in the statements of cash flows	Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
6. Other important matters related to the preparation of financial statements	(1) Accounting method for trust beneficiary right with real estate, etc. as trust asset With regard to trust beneficiary right with real estate, etc. in holding as trust asset, all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective

	<p>account items of the balance sheets and statements 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 sheets.</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 noncurrent assets, etc. are included in acquisition cost for each asset.</p>
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(8) Notes to Financial Statements

Notes to Balance Sheets

1. Commitment Line Contracts

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

	As of November 30, 2012	As of May 31, 2013
Total amount specified in the commitment line contracts	¥10,000,000 thousand	¥10,000,000 thousand
Loan balance	-	-
Net balance	¥10,000,000 thousand	¥10,000,000 thousand

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

	As of November 30, 2012	As of May 31, 2013
	¥50,000 thousand	¥50,000 thousand

Notes to Statements of Income

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From June 1, 2012 to November 30, 2012)		Current fiscal period (From December 1, 2012 to May 31, 2013)	
A. Real estate leasing business revenues				
Rent revenue—real estate				
Rent	4,449,798		4,946,608	
Common service fees	325,961		373,661	
Parking lots fees	77,849		93,053	
Other rent revenue	35,705	4,889,315	40,613	5,453,936
Other lease business revenue		305,296		349,567
Total real estate leasing business revenues		5,194,612		5,803,503
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	343,672		411,855	
Utilities expenses	272,691		288,930	
Tax and public dues	—		10,265	
Insurance	4,306		4,962	
Repair and maintenance expenses	108,170		97,004	
Depreciation	452,047		487,983	
Loss on retirement of noncurrent assets	5,230		2,746	
Other expenses related to rent business	92,126	1,278,245	132,024	1,435,773
Total real estate leasing business expenses		1,278,245		1,435,773
C. Income (loss) from real estate leasing business (A – B)		3,916,367		4,367,729

*2. Transactions with Major Unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From June 1, 2012 to November 30, 2012)	
	Current fiscal period (From December 1, 2012 to May 31, 2013)	
Operating transactions		
Rent revenue—real estate	4,191,200	4,706,243
Other lease business revenue	273,876	315,989
Expenses related to rent business	218,363	256,607

Notes to Statements of Unitholders' Equity

	Previous fiscal period (From June 1, 2012 to November 30, 2012)	Current fiscal period (From December 1, 2012 to May 31, 2013)
* Total number of authorized investment units and total number of investment units issued		
Total number of authorized investment units	2,000,000 units	2,000,000 units
Total number of investment units issued	205,262 units	205,262 units

Notes to Statements of Cash Flows

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

	As of November 30, 2012	As of May 31, 2013
Cash and deposits	¥5,586,163 thousand	¥4,707,652 thousand
Cash and deposits in trust	¥1,048,439 thousand	¥1,052,109 thousand
Cash and cash equivalents	¥6,634,602 thousand	¥5,759,761 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 are received mainly for the purpose of acquiring real estate and refinancing of existing borrowings. Tenant leasehold and security deposits are deposits provided by tenants. Borrowings, tenant leasehold and security deposits are exposed to liquidity risks at the time of repayments. However, these risks are managed through management of liquidity in hand by preparing a monthly funding plan, efforts to reduce liquidity risk on loans payable by diversifying repayment periods, etc., and other means.

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

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

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

2. Matters Regarding Fair Values of Financial Instruments

Carrying amounts, fair values, and the differences between the two values as of November 30, 2012, 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	5,586,163	5,586,163	—
(2) Cash and deposits in trust	1,048,439	1,048,439	—
Total assets	6,634,602	6,634,602	—
(1) Short-term loans payable	17,000,000	17,000,000	—
(3) Long-term loans payable	60,000,000	60,345,213	345,213
Total liabilities	77,000,000	77,345,213	345,213

Carrying amounts, fair values, and the differences between the two values as of May 31, 2013, 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	4,707,652	4,707,652	—
(2) Cash and deposits in trust	1,052,109	1,052,109	—
Total assets	5,759,761	5,759,761	—
(2) Current portion of long-term loans payable	4,000,000	4,000,000	—
(3) Long-term loans payable	81,000,000	80,714,493	(285,506)
Total liabilities	85,000,000	84,714,493	(285,506)
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, (3) Long-term loans payable

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

Derivative transactions

Please refer to “Notes on Derivative Transactions” on page 24.

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

(Unit: Thousands of yen)

Category	As of November 30, 2012	As of May 31, 2013
Tenant leasehold and security deposits in trust *	7,688,827	8,223,028

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

(Note 3) Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (November 30, 2012)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	5,586,163	–	–	–	–	–
Deposits in trust	1,048,439	–	–	–	–	–
Total	6,634,602	–	–	–	–	–

Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (May 31, 2013)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	4,707,652	–	–	–	–	–
Deposits in trust	1,052,109	–	–	–	–	–
Total	5,759,761	–	–	–	–	–

(Note 4) Expected Amounts of Repayment of Loans Payable after the Account Closing Date (November 30, 2012)

(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	17,000,000	–	–	–	–	–
Long-term loans payable	–	6,000,000	12,000,000	12,000,000	12,000,000	18,000,000
Total	17,000,000	6,000,000	12,000,000	12,000,000	12,000,000	18,000,000

Expected Amounts of Repayment of Loans Payable after the Account Closing Date (May 31, 2013)

(Unit: Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Long-term loans payable	4,000,000	12,000,000	12,000,000	18,000,000	17,000,000	22,000,000
Total	4,000,000	12,000,000	12,000,000	18,000,000	17,000,000	22,000,000

Notes on Derivative Transactions

1. Derivative transaction to which hedge accounting is not applied

(As of November 30, 2012)

Not applicable

(As of May 31, 2013)

Not applicable

2. Derivative transaction to which hedge accounting is applied

(As of November 30, 2012)

Not applicable

(As of May 31, 2013)

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

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after one year		
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 “(Note 1) (3), 2. Matters Regarding Fair Values of Financial Instruments, Notes to Statements of Cash Flows” on page 20.)

Notes on Tax Effect Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of November 30, 2012	As of May 31, 2013
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥26 thousand	¥16 thousand
Total deferred tax assets	¥26 thousand	¥16 thousand
Net deferred tax assets	¥26 thousand	¥16 thousand

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

	As of November 30, 2012	As of May 31, 2013
Effective statutory tax rate	36.59%	36.59%
Adjustments		
Distributions paid included in deductibles	(35.81)%	(36.58)%
Other	(0.74)%	0.02%
Effective income tax rate after application of tax effect accounting	0.04%	0.03%

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

Previous fiscal period (From June 1, 2012 to November 30, 2012)

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	10.47%	None	Major unitholder, and rent and management of properties	Purchase of beneficiary rights of real estate in trust	64,437,000	-	-
								Acceptance of tenant leasehold and security deposits	2,896,924	Tenant leasehold and security deposits in trust	6,590,205
								Delivery of tenant leasehold and security deposits	5,757,583		
								Receipt of tenant leasehold and security deposits	6,271,854		
								Repayments of tenant leasehold and security deposits	23,086		
								Rental revenues, etc.	4,465,077	Operating accounts receivable	144,544
										Advances received	102,913
Fees for consignment for real estate management	218,314	Operating accounts payable	38,408								

Current fiscal period (From December 1, 2012 to May 31, 2013)

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	10.47%	None	Major unitholder, and rent and management of properties	Delivery of tenant leasehold and security deposits	621,227	Tenant leasehold and security deposits in trust	7,124,406	
								Receipt of tenant leasehold and security deposits	765,360			
								Repayments of tenant leasehold and security deposits	231,159			
								Rental revenues, etc.	5,022,232	Operating accounts receivable		166,319
										Advances received		116,288
								Fees for consignment for real estate management	256,597	Operating accounts payable		62,858

(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. Affiliates, etc.

Previous fiscal period (From June 1, 2012 to November 30, 2012)

Not applicable

Current fiscal period (From December 1, 2012 to May 31, 2013)

Not applicable

3. Sister companies, etc.

Previous fiscal period (From June 1, 2012 to November 30, 2012)

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	Cross Special Purpose Company	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	13,916	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	45,000,000	-	-
								Acceptance of tenant leasehold and security deposits	1,756,535	-	-
Subsidiary of major unitholder	Pixis Ltd.	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	3	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	20,500,000	-	-
								Acceptance of tenant leasehold and security deposits	1,200,000	-	-
Subsidiary of major unitholder	Kotoru Ltd.	11 Kanda-Jimbocho 1-chome, Chiyoda-ku, Tokyo	3	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	8,860,000	-	-
								Acceptance of tenant leasehold and security deposits	46,941	-	-
Subsidiary of major unitholder	Rouge LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	1	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	8,790,000	-	-
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 rights of real estate in trust	4,540,000	-	-
								Acceptance of tenant leasehold and security deposits	248,564	-	-
Subsidiary of major unitholder	Happy Family Special Purpose Company	10-5 Akasaka 2-chome, Minato-ku, Tokyo	-	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	8,423,000	-	-
								Acceptance of tenant leasehold and security deposits	427,576	-	-
Subsidiary of major unitholder	KTMO Ltd.	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	3	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	2,840,000	-	-
								Acceptance of tenant leasehold and security deposits	232,200	-	-
Subsidiary of major unitholder	Villa LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	0	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	6,980,000	-	-
								Acceptance of tenant leasehold and security deposits	388,900	-	-

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	Delivery of tenant leasehold and security deposits	1,002,412	Tenant leasehold and security deposits in trust	1,002,412
								Receipt of tenant leasehold and security deposits	1,002,412		
								Rental revenues, etc.	639,740	Operating accounts receivable	11,698
										Advances received	28
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	-	One interlocking officer	Asset manager	Payment of fees for asset management	1,232,398	Other accrued expenses	399,575

Current fiscal period (From December 1, 2012 to May 31, 2013)

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	Delivery of tenant leasehold and security deposits	96,209	Tenant leasehold and security deposits in trust	1,098,621
								Receipt of tenant leasehold and security deposits	96,209		
								Rental revenues, etc.	781,270	Operating accounts receivable	11,897
										Advances received	31
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	-	One interlocking officer	Asset manager	Payment of fees for asset management	518,630	Other accrued expenses	181,619

(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 June 1, 2012 to November 30, 2012)

Not applicable

Current fiscal period (From December 1, 2012 to May 31, 2013)

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

(Unit: Thousands of yen)

Use		Previous fiscal period (From June 1, 2012 to November 30, 2012)	Current fiscal period (From December 1, 2012 to May 31, 2013)
Urban Retail Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	–	94,817,681
	Changes during period	94,817,681	(41,331)
	Balance at end of period	94,817,681	94,776,350
	Fair value at end of period	99,550,000	99,650,000
Tokyo Office Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	–	41,721,522
	Changes during period	41,721,522	5,723,692
	Balance at end of period	41,721,522	47,445,214
	Fair value at end of period	42,180,000	47,710,000
Other Properties	Carrying amount on the balance sheets		
	Balance at beginning of period	–	34,881,212
	Changes during period	34,881,212	5,200,281
	Balance at end of period	34,881,212	40,081,494
	Fair value at end of period	36,160,000	42,110,000
Total	Carrying amount on the balance sheets		
	Balance at beginning of period	–	171,420,417
	Changes during period	171,420,417	10,882,642
	Balance at end of period	171,420,417	182,303,059
	Fair value at end of period	177,890,000	189,470,000

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

(Note 2) The main reason for the increase for the current fiscal period is the acquisition of 2 properties (TK Shinbashi Building and Osaka Nakanoshima Building) worth ¥11,223,650 thousand. The decrease is mainly due to provision of depreciation (¥487,983 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 Statements of Income.”

Per Unit Information

	Previous fiscal period (From June 1, 2012 to November 30, 2012)	Current fiscal period (From December 1, 2012 to May 31, 2013)
Net assets per unit	¥459,095	¥462,103
Net income per unit	¥15,153 [¥14,244]	¥16,946

(Note 1) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period (192,831 units and 205,262 units for the previous fiscal period and the current fiscal period, respectively). For the previous fiscal period, net income per unit that is calculated based on day-weighted average number of investment units (205,141 units) assuming that the fiscal period started on June 13, 2012, the actual start date of asset management, is also provided in square brackets.

Fully diluted net income per unit is not stated, as there is no potential investment unit.

(Note 2) The basis for calculating net income per unit is as follows:

	Previous fiscal period (From June 1, 2012 to November 30, 2012)	Current fiscal period (From December 1, 2012 to May 31, 2013)
Net income (Thousands of yen)	2,922,043	3,478,378
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	2,922,043	3,478,378
Average number of investment units for the period (Units)	192,831	205,262

Significant Subsequent Events

Not applicable

Omission of Disclosure

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

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

There is no capital increases, etc. for the current fiscal period. The overview of capital increases, etc. in and before the previous fiscal period is 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)

(Note 1) The Investment Corporation was established with an offer 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.

4. Changes in Directors

There have been no changes of directors described in “Directors” in the latest Securities Report (filed on February 26, 2013; prepared in Japanese only).

5. Reference Information

(1) Composition of invested assets

Type of assets	Category (Note 1)	Previous fiscal period (As of November 30, 2012)		Current fiscal period (As of May 31, 2013)	
		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	–	–	–	–
	Other locations	–	–	–	–
	Subtotal	–	–	–	–
Real estate in trust	By property type				
	Urban Retail Properties	94,817	52.7	94,776	50.2
	Tokyo Office Properties	41,721	23.2	47,445	25.1
	Other Properties	34,881	19.4	40,081	21.2
	By location				
	5 wards of Tokyo (Note 3)	123,608	68.6	129,327	68.5
	Wards of Tokyo other than the 5 wards	4,005	2.2	3,984	2.1
	Three major metropolitan areas	43,806	24.3	48,990	25.9
	Other locations	–	–	–	–
	Subtotal	171,420	95.2	182,303	96.5
Total real estate assets	171,420	95.2	182,303	96.5	
Deposits and other assets	8,646	4.8	6,534	3.5	
Total assets (Note 4)	180,066	100.0	188,837	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 4) (Note 5)	85,831	47.7	93,985	49.8
Total net assets (Note 4)	94,234	52.3	94,852	50.2

(Note 1) The total amount held is based on the carrying amounts on the balance sheet as of May 31, 2013 (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) Total assets, total liabilities and total net assets represent the amounts reported in the balance sheet as of May 31, 2013.

(Note 5) Total liabilities include the obligation to refund tenant leasehold and security deposits.

(2) Investment assets

i) Major investment securities

Type of assets	Name	Total face value (Thousands of yen)	Book value (Thousands of yen)	Accrued interest (Thousands of yen)	Prepaid accrued interest (Thousands of yen)	Fair value (Thousands of yen)	Valuation gain or loss (Thousands of yen)	Remark
Government bonds	Principal-only book-entry transfer government bonds (5 years, Series 91)	10,000	9,942	–	–	9,965	22	Deposited as business security deposit
Total		10,000	9,942	–	–	9,965	22	

ii) Investment properties

(A) Overview of real estate and beneficiary rights 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 3rd fiscal period. Figures shown in the table are as of May 31, 2013 unless otherwise provided.

a. Overview of assets held (1)

(As of May 31, 2013)

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				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	45,176	47,000	47,925	3.7	45,975	3.5	3.9	24.8
	UR-2	Tokyu Plaza Akasaka (Note 6)	11,450	11,662	11,500	11,800	5.2	11,400	5.4	5.5	6.3
	UR-3	Ebisu Q Plaza	8,430	8,450	9,030	9,180	4.2	8,970	4.5 4.4 (Note 7)	4.5	4.7
	UR-4	Shinbashi Place	20,500	20,577	22,800	23,100	4.9	22,600	4.7	5.1	11.3
	UR-5	Kyoto Karasuma Parking Building	8,860	8,908	9,320	9,310	5.7	9,320	5.7	5.9	4.9
		Subtotal	94,240	94,776	99,650	101,315	–	98,265	–	–	52.0
Tokyo Office Properties	TO-1	TLC Ebisu Building	7,400	7,378	7,500	7,820	4.6	7,360	4.8	4.9	4.1
	TO-2	A-PLACE Ebisu Minami	9,640	9,671	10,300	10,600	4.5	10,100	4.7	4.8	5.3
	TO-3	Yoyogi Place	4,070	4,076	3,780	4,000	4.5	3,780	4.5	4.8	2.2
	TO-4	Aoyama Plaza Building	8,790	8,835	8,340	8,490	4.9	8,270	4.7	5.1	4.8
	TO-5	Luogo Shiodome	4,540	4,534	4,700	4,730	4.5	4,690	4.3	4.7	2.5
	TO-6	Tokyo Kikai Honsha Building	3,070	3,087	3,070	3,270	5.1	2,990	5.2 5.1 (Note 8)	5.4	1.7
	TO-7	A-PLACE Ikebukuro	3,990	3,984	4,120	4,170	5.0	4,070	4.8	5.2	2.2
	TO-8	TK Shinbashi Building	5,650	5,876	5,900	6,010	4.6	5,790	4.4	4.8	3.1
	Subtotal	47,150	47,445	47,710	49,090	–	47,050	–	–	26.0	
Other Properties	O-1	COCOE Amagasaki (Land) (Note 9)	12,000	12,113	12,100	12,100	5.0	12,000	4.6	5.2	6.6
	O-2	icot Nakamozu	8,500	8,514	9,010	9,160	5.9	8,940	5.8	6.2	4.7
	O-3	icot Kongo	1,600	1,636	1,810	1,850	6.9	1,770	6.6	7.4	0.9
	O-4	icot Mizonokuchi	2,710	2,720	2,960	3,010	6.0	2,910	5.7	6.4	1.5
	O-5	icot Tama Center	2,840	2,838	3,010	3,050	6.2	2,970	5.5	6.4	1.6
	O-6	Kanayama Center Place	6,980	6,943	7,420	7,760	5.2	7,420	5.2	5.5	3.9
	O-7	Osaka Nakanoshima Building (Note 6)	5,250	5,314	5,800	5,800	5.0	5,750	4.8	5.2	2.9
		Subtotal	39,880	40,081	42,110	42,730	–	41,760	–	–	22.0
	Total	181,270	182,303	189,470	193,135	–	187,075	–	–	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 less depreciation expenses as of May 31, 2013, 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 shows value described in each real estate appraisal report with the date of value estimate of May 31, 2013.

(Note 5) Investment ratio is calculated by dividing the acquisition price for each property by the total acquisition price. Figures are rounded to the nearest tenth.

- (Note 6) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Osaka Nakanoshima Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 50%, respectively).
- (Note 7) The discount rates of Ebisu Q Plaza show the discount rate in the holding period at 4.5% and the discount rate for terminal value at 4.4%.
- (Note 8) The discount rates of Tokyo Kikai Honsha Building represent 5.2% from the first year to the second year and 5.1% from the third year to the eleventh year.
- (Note 9) On October 9, 2013, the name of COCOE Amagasaki (Land) is scheduled to be changed to Amagasaki Q's MALL (Land).

b. Overview of assets held (2)

(As of May 31, 2013)

Category	Property number	Property name	Location	Date of construction (Note 1)	Number of tenants (Note 2)	Annual contracted rent (Millions of yen) (Note 3)	Tenant leasehold and security deposit (Millions of yen) (Note 4)	Total leasable area (m ²) (Note 5)	Total leased area (m ²) (Note 6)	Occupancy rate (%) (Note 7)
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 8)	Shibuya, Tokyo	March 14, 2012	27	2,058 (Note 9)	1,757	4,904.55	4,904.55	100.0
	UR-2	Tokyu Plaza Akasaka (Note 8)	Chiyoda, Tokyo	September 10, 1969	99	893 (Note 9)	412	16,620.48	16,409.05	98.7
	UR-3	Ebisu Q Plaza	Shibuya, Tokyo	August 20, 2008	4	475 (Note 9)	475	4,024.88	4,024.88	100.0
	UR-4	Shinbashi Place	Minato, Tokyo	April 25, 2008	1	– (Note 10)	– (Note 10)	9,156.01	9,156.01	100.0
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	July 24, 2006	2	– (Note 10)	– (Note 10)	21,616.04	21,616.04	100.0
	Subtotal				–	133	–	–	56,321.96	56,110.53
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	March 5, 1993	11	466	387	7,342.60	7,342.60	100.0
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	January 31, 1995	8	599	462	7,950.51	7,638.74	96.1
	TO-3	Yoyogi Place	Shibuya, Tokyo	February 22, 2007	3	222	217	3,106.17	3,106.17	100.0
	TO-4	Aoyama Plaza Building	Minato, Tokyo	September 6, 1966	9	528	430	7,303.69	7,303.69	100.0
	TO-5	Luogo Shiodome	Minato, Tokyo	July 30, 2004	6	298	249	4,476.35	4,476.35	100.0
	TO-6	Tokyo Kikai Honsha Building	Minato, Tokyo	June 6, 1985	3	278	207	4,389.20	4,389.20	100.0
	TO-7	A-PLACE Ikebukuro	Toshima, Tokyo	October 13, 2011	1	– (Note 10)	– (Note 10)	3,409.73	3,409.73	100.0
	TO-8	TK Shinbashi Building	Minato, Tokyo	March 4, 1999	5	309	275	5,052.14	4,273.01	84.6
Subtotal				–	46	–	–	43,030.39	41,939.49	97.5
Other Properties	O-1	COCOE Amagasaki (Land) (Note 11)	Amagasaki, Hyogo	–	1	683	341	27,465.44	27,465.44	100.0
	O-2	icot Nakamozu	Sakai, Osaka	June 27, 2007	2	619	428	28,098.02	28,098.02	100.0
	O-3	icot Kongo	Osakasayama, Osaka	February 8, 1977	1	– (Note 10)	– (Note 10)	17,884.55	17,884.55	100.0
	O-4	icot Mizonokuchi	Kawasaki, Kanagawa	July 15, 1998	1	– (Note 10)	100	14,032.05	14,032.05	100.0
	O-5	icot Tama Center	Tama, Tokyo	March 7, 2006	11	230	232	5,181.58	5,181.58	100.0
	O-6	Kanayama Center Place	Nagoya, Aichi	February 10, 2009	20	490	389	9,314.91	9,314.91	100.0
	O-7	Osaka Nakanoshima Building (Note 8)	Osaka, Osaka	March 5, 1984	43	478 (Note 9)	346	10,214.88	10,178.68	99.6
Subtotal				–	79	–	–	112,191.43	112,155.23	100.0
Total				–	258	–	–	211,543.78	210,205.25	99.4

- (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).
- (Note 2) At each property, the number of tenants is equal to the aggregate number of tenants as of May 31, 2013 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 annual contracted rent for each property other than properties for which we acquire only land is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms which were occupied by tenants as of May 31, 2013), including common service fee and excluding usage fee for warehouses, signboards and parking lots

regardless of whether the rent was free as of May 31, 2013, as indicated in the lease agreements in relation to buildings as of May 31, 2013 by 12 (for where multiple lease agreements are concluded in relation to buildings, the aggregate anticipated monthly rent for all lease agreements) (excluding consumption tax) and rounding to the nearest million yen. For properties for which we acquire only land, it is calculated as the annual contracted rent (excluding consumption tax) as indicated in the lease agreement for such land as of May 31, 2013, 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 (including common service fees and excluding usage fees for warehouses, signboards and parking lots regardless of whether the rent was free as of May 31, 2013), as indicated in the relevant sublease agreement with end-tenants by 12.

- (Note 4) The tenant leasehold and security deposit is calculated as the total amount on the lease agreement for each property as of May 31, 2013 that was occupied by the tenant as of such date, rounding to the nearest million yen. For properties with master lease agreements, the tenant leasehold and security deposit is calculated as the total amount on the sublease agreements with end-tenants regardless of whether the rent was free as of May 31, 2013, rounding to the nearest million yen.
- (Note 5) The total leasable area represents the total of gross floor area considered to be leasable based on the lease agreements for building or floor plans as of May 31, 2013 of each property other than properties of which we acquire only land, and gross land area considered to be leasable based on the lease agreement for land or land plans as of May 31, 2013 of each property of which we acquire only land.
- (Note 6) The total leased area is equal to the total of leased area presented in each lease agreement for properties held as of May 31, 2013. For properties with master lease agreements, counted is the total of the area of properties for which sublease agreements are concluded with end-tenants and that are actually subleased.
- (Note 7) The occupancy rate is calculated by dividing total leased area for each property by the total leasable area as of May 31, 2013, rounding to the nearest tenth. The subtotal and portfolio 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 Osaka Nakanoshima Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 50%, respectively).
- (Note 9) Rents for some end-tenants of Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, Ebisu Q Plaza and Osaka Nakanoshima Building are linked to the respective sales performances, and such rents are not included.
- (Note 10) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.
- (Note 11) On October 9, 2013, the name of COCOE Amagasaki (Land) is scheduled to be changed to Amagasaki Q's MALL (Land).
- (Note 12) 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, annual contracted rent, tenant leasehold and security deposit, total leased area and occupancy rate are shown in the above table if these agreements continued as of May 31, 2013, 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 3rd fiscal period as of May 31, 2013. 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
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Air-conditioning work separately for each shop on the first floor	From July 2013 to September 2013	42 (Note)	–	–
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement of blower fans	From September 2013 to November 2013	21 (Note)	–	–
TK Shinbashi Building (Minato, Tokyo)	Work for the control system in the building	From August 2013 to November 2013	20	–	–
Aoyama Plaza Building (Minato, Tokyo)	Waterproofing work of the rooftop on the second floor for replacement	From July 2013 to October 2013	12	–	–
icot Kongo (Osakasayama, Osaka)	Waterproofing work of the rooftop for replacement	From October 2013 to November 2013	11	–	–

(Note) The shown construction cost with regard to Tokyu Plaza Akasaka is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests of real estate trust beneficiary (50%) of the total cost required for construction works.

b. Capital expenditure during the fiscal period

For assets held by the Investment Corporation in the 3rd fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended May 31, 2013 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended May 31, 2013 amounted to ¥149 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended May 31, 2013 came to ¥97 million. On aggregate, construction work of ¥246 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (Millions of yen)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement works for BR electrical room	From October 2012 to April 2013	40 (Note)
icot Kongo (Osakasayama, Osaka)	Replacement works for the east entrance subgrades	From January 2013 to March 2013	15
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement works for elevated water tanks	From September 2012 to March 2013	11 (Note)
Tokyu Plaza Akasaka (Chiyoda, Tokyo)	Replacement works for power board and electric lights board	From November 2012 to March 2013	11 (Note)
Other		From December 2012 to May 2013	71
Total			149

(Note) The shown construction cost with regard to Tokyu Plaza Akasaka is the amount equivalent to the ratio of the Investment Corporation's co-ownership interests of real estate trust beneficiary (50%) of the total cost required for construction works.

(C) Information concerning Major Tenants

a. Summary of major tenants

For assets held in the 3rd fiscal period, the table below shows tenants whose leased area accounts for 10% or more of the total leased area in the entire portfolio (major tenants) based on the data as of May 31, 2013. In regard to forms of agreements with the tenants in the table, the agreement with Sumitomo Mitsui Trust Bank, Limited is an agreement for fixed-term business-use lease agreement, and the agreements with other tenants are ordinary lease agreements.

As for certain assets held, the Investment Corporation has entered into lease agreements (master lease agreements) with Tokyu Land Corporation and Tokyu Land SC Management Corporation with the objective of allowing them to be master lease companies and sublease the leased assets to end-tenants. The table below shows information on the major tenants with master lease agreements based on the data as of May 31, 2013. 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 held (Property name)	Leased area (m ²) (Note 1)	Contracted rent (Annual) (Millions of yen) (Note 2)	Tenant leasehold and security deposit (Millions of yen) (Note 3)	Expiration date (Note 4)
Tokyu Land Corporation	Real Estate business	Tokyu Plaza Omotesando Harajuku (Note 5)	4,904.55	2,058	1,757	June 30, 2022
		Tokyu Plaza Akasaka (Note 5)	16,409.05	893	412	June 30, 2022
		Shinbashi Place	9,156.01	— (Note 6)	— (Note 6)	June 30, 2022
		Kyoto Karasuma Parking Building	21,616.04	— (Note 6)	— (Note 6)	June 30, 2022
		TLC Ebisu Building	7,342.60	466	387	June 30, 2022
		A-PLACE Ebisu Minami	7,638.74	599	462	June 30, 2022
		Yoyogi Place	3,106.17	222	217	June 30, 2022
		Aoyama Plaza Building	7,303.69	528	430	June 30, 2022
		Luogo Shiodome	4,476.35	298	249	June 30, 2022
		Tokyo Kikai Honsha Building	4,389.20	278	207	June 30, 2022
		A-PLACE Ikebukuro	3,409.73	— (Note 6)	— (Note 6)	June 30, 2022
		TK Shinbashi Building	4,273.01	309	275	April 30, 2023
		icot Tama Center	5,181.58	230	232	June 30, 2022
		Tokyu Land SC Management Corporation	Real Estate Management	Kanayama Center Place	9,314.91	490
Osaka Nakanoshima Building (Note 5)	10,178.68			478	346	January 31, 2023
		Total	118,700.31	—	—	—
Tokyu Land SC Management Corporation	Real Estate Management	Ebisu Q Plaza	4,024.88	475	475	June 30, 2022
		icot Nakamozu	28,098.02	619	428	June 30, 2022
		icot Kongo	17,884.55	— (Note 6)	— (Note 6)	June 30, 2022
		icot Mizonokuchi	14,032.05	— (Note 6)	100	June 30, 2022
		Total	64,039.50	—	—	—
Sumitomo Mitsui Trust Bank Limited (Note 7)	Finance	COCOE Amagasaki (Land) (Note 8)	27,465.44	683	341	January 31, 2042
		Total	27,465.44	683	341	—

(Note 1) The total leased area is the leased area to end-tenants in respect to the leased area provided in the master lease agreement as of May 31, 2013 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 annual contracted rent for each property is calculated by multiplying the monthly rent (limited to rooms which were occupied by tenants as of May 31, 2013), including common service fee and excluding usage fee for warehouses, signboards and parking lots regardless of whether the rent was free as of May 31, 2013, as indicated in the sublease agreement with the end-tenant as of May 31, 2013 by 12, rounding to the nearest million yen.

(Note 3) The tenant leasehold and security deposit is calculated as the total amount on the sublease agreement with the end-tenant as of May 31, 2013 (limited to rooms which were occupied by tenants as of the same date), rounding to the

nearest million yen, where the tenant is the master lease company and sublessor. Even if the rent is free as of May 31, 2013, it is not considered in the calculation.

- (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 for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Osaka Nakanoshima Building, leased area, annual contracted rent (Annual rent) and tenant leasehold and security deposit are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 50%, respectively).
- (Note 6) We have not obtained permission from the tenant of this property to release the information missing from this table.
- (Note 7) Tenant is the trustee of the building on the land; Tokyu Land Corporation is the trust beneficiary under such trust.
- (Note 8) On October 9, 2013, the name of COCOE Amagasaki (Land) is scheduled to be changed to Amagasaki Q's MALL (Land).

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

For assets held by the Investment Corporation, the following table shows end-tenants ranked in the top 10 in terms of total leased area in the entire portfolio as of May 31, 2013 by 12.

End-tenants	Property name	Total leased area (m ²) (Note 1)	Lease expiration date	Form of agreement (Note 2)
Sumitomo Mitsui Trust Bank, Limited (Note 3)	COCOE Amagasaki (Land) (Note 4)	27,465.44 (Note 5)	January 31, 2042	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.	Kyoto Karasuma Parking Building	21,224.14	—	—
Daiei, Inc.	icot Kongo	—	—	—
Room's-Taishodo	icot Mizonokuchi	14,032.05	July 24, 2018	Ordinary building lease agreement
Tokyu Hotels Co., Ltd.	Tokyu Plaza Akasaka	11,291.30	March 31, 2016	Fixed-term building lease agreement
Yamada-Denki Co., Ltd.	Shinbashi Place	9,156.01	—	—
Bank of Tokyo-Mitsubishi UFJ, Ltd.	Kanayama Center Place icot Nakamozu icot Tama Center	5,609.11	—	—
Riso Kyoiku Co., Ltd.	A-PLACE Ikebukuro	3,409.73	—	—
—	A-PLACE Ebisu Minami	—	—	—

(Note 1) The total leased area is equal to the total leased area in each property under the lease agreement with the end-tenant as of May 31, 2013. As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Osaka Nakanoshima Building, the figures are based on the amounts in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 50%, respectively).

(Note 2) The form of agreement is equal to the form of agreement described in the lease agreement with the end-tenants as of May 31, 2013.

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

(Note 4) On October 9, 2013, the name of COCOE Amagasaki (Land) is scheduled to be changed to Amagasaki Q's MALL (Land).

(Note 5) Total leased area for COCOE Amagasaki (Land) is in respect of the land.

(Note 6) We have not obtained permission from the end-tenant of this property to release the information missing from this table.

(D) Overview of lease and profit and loss

3rd fiscal period (From December 1, 2012 to May 31, 2013)

(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)	Ebisu Q Plaza	Shinbashi Place	Kyoto Karasuma Parking Building
Number of business days in the 3rd fiscal period	182	182	182	182	182
a. Revenues related to rent business	1,104,510	588,161	270,657	(Note 2)	(Note 2)
Rent revenue—real estate	1,051,362	473,703	237,540	(Note 2)	(Note 2)
Other lease business revenue	53,148	114,457	33,116	(Note 2)	(Note 2)
b. Expenses related to rent business	187,860	209,552	55,564	14,707	4,795
Management operation expenses	86,981	79,122	16,163	12,352	3,550
Utilities expenses	30,468	80,193	28,979	—	—
Tax and public dues	196	469	12	—	—
Insurance	397	613	122	266	233
Repair and maintenance expenses	892	44,068	1,620	1,300	289
Other expenses related to rent business	68,923	5,084	8,666	789	722
c. NOI (a – b)	916,650	378,609	215,092	(Note 2)	(Note 2)
d. Depreciation, etc. (Note 3)	47,301	23,388	18,481	32,734	16,007
Income (loss) from rent business (c – d)	869,348	355,220	196,610	(Note 2)	(Note 2)

(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	Yoyogi Place	Aoyama Plaza Building	Luogo Shiodome
Number of business days in the 3rd fiscal period	182	182	182	182	182
a. Revenues related to rent business	266,852	314,579	132,487	248,055	166,124
Rent revenue—real estate	246,758	287,308	126,277	234,801	153,715
Other lease business revenue	20,094	27,270	6,210	13,254	12,408
b. Expenses related to rent business	58,454	66,421	22,143	49,377	32,547
Management operation expenses	21,914	32,727	10,137	29,251	11,386
Utilities expenses	21,592	18,937	7,924	14,899	12,936
Tax and public dues	784	1,067	99	49	390
Insurance	277	333	118	254	217
Repair and maintenance expenses	3,532	5,087	2,042	1,857	4,013
Other expenses related to rent business	10,354	8,268	1,820	3,064	3,603
c. NOI (a – b)	208,398	248,157	110,344	198,678	133,577
d. Depreciation, etc. (Note 3)	45,840	33,101	15,482	22,267	27,384
Income (loss) from rent business (c – d)	162,557	215,056	94,861	176,411	106,192

(Unit: Thousands of yen)

Property number	TO-6	TO-7	TO-8
Property name	Tokyo Kikai Honsha Building	A-PLACE Ikebukuro	TK Shinbashi Building (Note 4)
Number of business days in the 3rd fiscal period	182	182	43
a. Revenues related to rent business	151,609	(Note 2)	32,373
Rent revenue–real estate	146,288	(Note 2)	27,778
Other lease business revenue	5,321	(Note 2)	4,595
b. Expenses related to rent business	34,600	20,424	8,594
Management operation expenses	17,019	9,782	4,351
Utilities expenses	10,851	9,532	2,280
Tax and public dues	89	175	–
Insurance	178	115	47
Repair and maintenance expenses	3,020	53	967
Other expenses related to rent business	3,440	765	947
c. NOI (a – b)	117,009	(Note 2)	23,779
d. Depreciation, etc. (Note 3)	17,373	20,682	8,155
Income (loss) from rent business (c – d)	99,635	(Note 2)	15,623

(Unit: Thousands of yen)

Property number	O-1	O-2	O-3	O-4	O-5
Property name	COCOE Amagasaki (Land) (Note 5)	icot Nakamozu	icot Kongo	icot Mizonokuchi	icot Tama Center
Number of business days in the 3rd fiscal period	182	182	182	182	182
a. Revenues related to rent business	341,532	310,749	(Note 2)	(Note 2)	142,728
Rent revenue–real estate	341,532	310,719	(Note 2)	(Note 2)	130,690
Other lease business revenue	–	30	(Note 2)	(Note 2)	12,038
b. Expenses related to rent business	252	6,919	19,183	8,055	35,050
Management operation expenses	–	5,570	2,676	2,449	19,090
Utilities expenses	–	30	–	–	14,554
Tax and public dues	–	–	6,904	–	–
Insurance	–	332	437	142	205
Repair and maintenance expenses	–	170	8,901	4,700	115
Other expenses related to rent business	252	816	263	763	1,083
c. NOI (a – b)	341,280	303,829	(Note 2)	(Note 2)	107,678
d. Depreciation, etc. (Note 3)	–	34,521	24,551	8,345	18,704
Income (loss) from rent business (c – d)	341,280	269,308	(Note 2)	(Note 2)	88,974

(Unit: Thousands of yen)

Property number	O-6	O-7
Property name	Kanayama Center Place	Osaka Nakanoshima Building (Note 1) (Note 4)
Number of business days in the 3rd fiscal period	182	127
a. Revenues related to rent business	277,803	195,193
Rent revenue—real estate	258,625	176,317
Other lease business revenue	19,178	18,875
b. Expenses related to rent business	54,739	55,799
Management operation expenses	24,092	23,237
Utilities expenses	20,627	15,123
Tax and public dues	—	27
Insurance	336	330
Repair and maintenance expenses	3,839	10,534
Other expenses related to rent business	5,844	6,545
c. NOI (a – b)	223,063	139,394
d. Depreciation, etc. (Note 3)	52,039	24,366
Income (loss) from rent business (c – d)	171,024	115,028

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

(Note 2) We have not obtained permission from the tenant of this property to release the information missing from this table.

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

(Note 4) Osaka Nakanoshima Building was acquired on January 25, 2013 and TK Shinbashi Building was acquired on April 19, 2013. Therefore, figures after the acquisition date are presented.

(Note 5) On October 9, 2013, the name of COCOE Amagasaki (Land) is scheduled to be changed to Amagasaki Q’s MALL (Land).

iii) Other investment assets

Properties in trust held by the Investment Corporation are included in the above section “ii) Investment properties.” Other than those properties in trust, we have no other investment assets.