

Financial Report for the Fiscal Period Ended May 31, 2016 (December 1, 2015 - May 31, 2016)

Activia Properties Inc.

Listing: Tokyo Stock Exchange
 Securities code: 3279
 URL: <http://www.activia-reit.co.jp/en/>
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 Scheduled date to start distribution payments: August 12, 2016
 Supplementary material on financial report: Yes
 Financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended May 31, 2016 (December 1, 2015 – May 31, 2016)

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

| | Operating revenue | | Operating income | | Ordinary income | | Profit | |
|--|-------------------|-----|------------------|-----|-----------------|-----|-----------------|-----|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal period ended May 31, 2016 | 10,175 | 4.9 | 5,926 | 8.5 | 5,197 | 8.5 | 5,196 | 8.5 |
| Fiscal period ended November 30, 2015 | 9,701 | 6.4 | 5,460 | 5.0 | 4,790 | 4.5 | 4,789 | 4.5 |

| | Basic earnings per unit | Return on unitholders' equity (ROE) | Ordinary income to total assets | Ordinary income to operating revenue |
|--|-------------------------|-------------------------------------|---------------------------------|--------------------------------------|
| | Yen | % | % | % |
| Fiscal period ended May 31, 2016 | 8,722 | 3.1 | 1.6 | 51.1 |
| Fiscal period ended November 30, 2015 | 8,642 | 3.1 | 1.6 | 49.4 |

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

(Note 2) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (554,264 units and 595,758 units for the fiscal period ended November 30, 2015, and the fiscal period ended May 31, 2016, respectively).

(2) Cash distributions

| | Cash distributions per unit (excluding excess of earnings) | Total distributions (excluding excess of earnings) | Cash distributions in excess of earnings per unit | Total distributions in excess of earnings | Payout ratio | Distribution ratio to unitholders' equity |
|---------------------------------------|--|--|---|---|--------------|---|
| | Yen | Millions of yen | Yen | Millions of yen | % | % |
| Fiscal period ended May 31, 2016 | 8,666 | 5,196 | 0 | 0 | 100.0 | 3.0 |
| Fiscal period ended November 30, 2015 | 8,642 | 4,789 | 0 | 0 | 100.0 | 3.1 |

(Note 1) Activia Properties Inc. implemented a two-for-one split of the investment units with September 30, 2015 as the record date and October 1, 2015 as the effective date.

(Note 2) Because new investment units were issued during the fiscal period ended May 31, 2016, the payout ratio for that period is obtained by the following formula with figures rounded to the first decimal place: Payout ratio = total distributions (excluding excess of earnings) / profit × 100

(3) Financial position

| | Total assets | Net assets | Unitholders' equity to total assets | Net assets per unit |
|-------------------------|-----------------|-----------------|-------------------------------------|---------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of May 31, 2016 | 339,894 | 176,729 | 52.0 | 294,719 |
| As of November 30, 2015 | 307,746 | 155,560 | 50.5 | 280,661 |

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

(Reference) Unitholders' equity

| | |
|--------------------------|------------------|
| As of May 31, 2016: | ¥176,729 million |
| As of November 30, 2015: | ¥155,560 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, 2016 | 5,707 | (33,075) | 25,889 | 11,863 |
| Fiscal period ended November 30, 2015 | 8,337 | (12,736) | 4,990 | 13,342 |

2. Forecasts of results for the fiscal period from June 1, 2016 to November 30, 2016

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

| | Operating revenue | | Operating income | | Ordinary income | | Profit | | Cash distributions per unit (excluding excess of earnings) | Cash distributions in excess of earnings per unit |
|--|-------------------|-----|------------------|-----|-----------------|-----|-----------------|-----|--|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | Yen |
| Fiscal period ending November 30, 2016 | 10,778 | 5.9 | 6,013 | 1.5 | 5,284 | 1.7 | 5,283 | 1.7 | 8,810 | 0 |

(Reference) Forecasted profit per unit (forecasted profit / total projected number of investment units issued at end of period)
For the fiscal period ending November 30, 2016: ¥8,810

*** Other**

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

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

(2) Total number of units issued

- a. Total number of units issued at end of period (including treasury units)
 - As of May 31, 2016 599,654 units
 - As of November 30, 2015 554,264 units
- b. Number of treasury units at end of period
 - As of May 31, 2016 – units
 - As of November 30, 2015 – units

(Note) Please refer to “Per Unit Information” on page 31 for the number of investment units used as the basis for calculating basic earnings per unit.

*** Status of audit procedures**

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

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

Forward-looking statements presented in this financial report including forecasts of results are based on information currently available to us and on certain assumptions we deem to be reasonable. As such, actual operating and other results may differ materially due to a number of factors. Furthermore, these forecasts are in no way a guarantee of any distribution amount. Please refer to “Assumptions for Forecasts of Investment Performance for the 10th Fiscal Period from June 1, 2016 to November 30, 2016 and the 11th Fiscal Period from December 1, 2016 to May 31, 2017” on pages 10 and 11 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 25, 2016; 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 25, 2016; prepared in Japanese only), the disclosure is omitted.

(2) Asset Management Status

i) Summary of Results for the Current Fiscal Period

(A) Transition of Investment Corporation

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

After that, the Investment Corporation was listed on the real estate investment trust securities market of Tokyo Stock Exchange, Inc. (Securities code 3279) on June 13, 2012. On December 15, 2015, the Investment Corporation carried out a publicly offered capital increase for the third consecutive year, and on January 6, 2016, it carried out a third-party allotment.

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

In the fiscal period under review, which ended on May 31, 2016, the Investment Corporation made an acquisition by publicly offered capital increase of Q plaza SHINSAIBASHI, which is in its “Urban Retail Properties” portfolio of focused investment properties, and made an additional acquisition of 10% trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) of Shiodome Building, which is in its “Tokyo Office Properties” portfolio of focused investment properties. Consequently, the Investment Corporation held 32 properties (with the total acquisition price of ¥326,660 million) at the end of the fiscal period under review.

(B) Investment Environment in the Fiscal Period under Review

In the fiscal period under review, the Japanese economy continued to follow a path of moderate recovery overall amid a trend of steady improvement in the employment environment and recovery in capital investment. Nevertheless, signs of weakness have been seen in some respects amid developments that included a slowing pace of improvements in corporate earnings due to the adverse impact of factors such as slowing economies in China, other emerging nations in Asia, and resource-rich countries.

With respect to the environment surrounding retail properties, the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan indicates that previously gaining consumer confidence index declined for two consecutive months beginning in January 2016, and has subsequently been going through a phase of some volatility while remaining largely unchanged overall. Moreover, despite a decline in per-person travel expenditure on a quarterly basis largely due to yen appreciation from January to March 2016, demand related to inbound tourism has been holding to high levels, while tourism consumption by overseas visitors to

Japan increased by 31.7% year on year, amid substantial gains in numbers of overseas visitors to Japan, according to the Consumption Trend Survey for Foreigners Visiting Japan released in April by the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism.

In the rental office market, the average vacancy rate of five central wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) has been hovering in the lower half of the 4% range, amid a situation where vacancies fell over nine consecutive months until January 2016 to 4.01%, before marking brief gains largely due to new supply, and then subsequently heading lower once again, according to data published by Miki Shoji Co., Ltd. Rent levels have remained on a firm upward trajectory, having increased for 29 consecutive months running up to May 2016. Supply has been tight relative to demand amid a situation where the downward trend in average vacancy rates has been showing signs of spreading to major cities outside Tokyo.

In the J-REIT market, the Tokyo Stock Exchange REIT Index remained firm overall. This has partially been attributable to expectations for more upbeat supply-demand fundamentals amid the Bank of Japan's decision in December 2015 to increase its rate ceiling for J-REIT securities purchases, and also attributable to further decreases in long-term interest rates as a result of the Bank of Japan having introduced its negative interest rate policy in February 2016. Moreover, the market has seen ongoing expansion in J-REIT asset sizes, fueled by factors such as brisk fund raising activity involving IPOs and publicly offered capital increases, along with property acquisitions.

(C) Investment Performance

The Investment Corporation acquired beneficiary rights of real estate in trust to Q plaza SHINSAIBASHI (with the acquisition price of ¥13,350 million) and Shiodome Building (additional acquisition of 10% co-ownership interest) (with the acquisition price of ¥20,400 million) on December 16, 2015, as trust assets by publicly offered capital increase 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 32 properties (with the total acquisition price of ¥326,660 million) with the total leasable area of 312,572 m² (94,553 *tsubo*).

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

| | December 31, 2015 | January 31, 2016 | February 29, 2016 | March 31, 2016 | April 30, 2016 | May 31, 2016 |
|-------------------------|-------------------|------------------|-------------------|----------------|----------------|--------------|
| Urban Retail Properties | 99.7% | 99.6% | 99.6% | 99.6% | 99.7% | 99.7% |
| Tokyo Office Properties | 97.2% | 98.2% | 98.2% | 98.2% | 98.8% | 99.6% |
| Other Properties | 99.7% | 99.9% | 99.7% | 99.7% | 99.9% | 100.0% |
| Total | 99.0% | 99.4% | 99.3% | 99.3% | 99.5% | 99.8% |

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

(D) Overview of Financing

In the fiscal period under review, in order to cover the acquisition costs for beneficiary interests of real estate in trust to the above two properties and related costs, the Investment Corporation additionally issued investment units (41,870 units) through a public offering on December 15, 2015, issued new investment units (3,520 units) by a third-party allotment on January 6, 2016, and borrowed funds of ¥10,500 million. In addition, the Investment Corporation refinanced borrowings of ¥7,000 million on January 12, 2016. Also, in order to diversify repayment dates, extend the average maturity and diversify means of financing, the Investment Corporation issued investment corporation bonds of ¥2,000 million on February 3, 2016, and used the funds to cover repayment of short-term loans payable. As a result, as of the end of the fiscal period under review, unitholders' capital amounted to ¥171,532 million, the total number of investment units issued came to 599,654 units and the balance of interest-bearing debt was ¥147,150 million (borrowings of ¥137,150 million and investment corporation bonds of ¥10,000 million). The ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets × 100) was 43.3% as of the end of the fiscal period

under review. The ratio of long-term debt and fixed-interest debt to total interest-bearing debt were 98.4% and 88.6%, respectively.

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

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

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

As a result of the above-mentioned investments, operating revenue, operating income, and ordinary income were ¥10,175 million, ¥5,926 million, and ¥5,197 million, respectively, for the fiscal period under review, and profit was ¥5,196 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), it was decided that the all amount of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the "Special Taxation Measures Act"). Consequently, distributions per investment unit resulted in ¥8,666.

ii) Outlook for the Next Fiscal Period

(A) Investment Environment for the Next Fiscal Period

In the Japanese economy going forward, there are signs of ongoing improvement in the employment environment, but a slowdown in corporate earnings. Meanwhile, the Investment Corporation will need to focus its attention on the potential adverse impact of various developments in the global economy including concerns of downside in business overseas against a backdrop of slowing economies in China and other emerging markets, monetary policy in the U.S., and the U.K.'s withdrawal from the European Union.

In the rental office market, despite wariness with respect to business sentiment among corporations, supply of office space in central Tokyo over the years 2016 to 2017 is likely to be somewhat lower than in previous years. Consequently, amid the current prospect of continuing tight supply relative to demand, this is likely to result in an ongoing trend of rising rents despite slowing growth, along with lower vacancy rates. With respect to the environment surrounding retail properties, we expect a shift to gradual recovery in personal consumption against a backdrop of the government's opting to hold off on implementing the consumption tax hike, combined with ongoing circumstances in terms of a favorable employment environment. As for the J-REIT market, activity is likely to remain brisk with respect to financing and property acquisitions involving J-REITs underpinned by a strong financing environment particularly in terms of funds targeting relatively high rates of return flowing into the market due to the Bank of Japan's stance on holding to its monetary easing policy which includes its strategy of negative interest rates. Nevertheless, we will need to pay attention to potential adverse effects of financial and capital market volatility, brought about by developments that include growing uncertainties in overseas markets, trends with respect to U.S. interest rate policy, and moves by the U.K. involving its withdrawal from the European Union. Amid this environment, the Investment Corporation aims to keep expanding size of its assets and working to control LTV while making careful investment decisions that help to improve unitholder value by drawing on its own channels and its sponsor's pipeline.

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

a. Basic Policy

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

b. External Growth Strategy

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

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

c. Internal Growth Strategy

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

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

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

d. Financial Strategy

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

(C) Significant Subsequent Events

Not applicable

< Reference Information >

The Investment Corporation acquired the property listed below with borrowings, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation.

(TO-15) A-PLACE Gotanda Ekimae (Note 1)

| | |
|------------------------------|---|
| Type of assets | Trust beneficiary interest |
| Acquisition price | ¥7,280 million |
| Acquisition date | July 1, 2016 |
| Location | 5-1 Nishigotanda 1-chome, Shinagawa-ku, Tokyo |
| Use | Office and retail |
| Land area | 752.59 m ² |
| Gross floor area | 5,961.02 m ² |
| Structure | SRC/ 9 floors above and 1 floor underground |
| Month and year of completion | November 1993 |
| Ownership | Land: Owned and partial leasehold (Note 2) Building: Owned |

(Note 1) Property name of Gotanda Sankei Building was changed to A-PLACE Gotanda Ekimae on July 1, 2016.

(Note 2) The partial lease hold area based on the official registry is 35.17 m².

(D) Outlook of Investment Performance

For the fiscal period ending November 30, 2016 (10th fiscal period: June 1, 2016 to November 30, 2016), investment performance is estimated as follows. For the assumptions used for the estimation of investment performance, please refer to “Assumptions for Forecasts of Investment Performance for the 10th Fiscal Period from June 1, 2016 to November 30, 2016 and the 11th Fiscal Period from December 1, 2016 to May 31, 2017” on pages 10 and 11.

| | |
|---|-----------------|
| Operating revenue | ¥10,778 million |
| Operating income | ¥6,013 million |
| Ordinary income | ¥5,284 million |
| Profit | ¥5,283 million |
| Cash distributions per unit | ¥8,810 |
| Cash distributions in excess of earnings per unit | ¥0 |

If it is assumed that there are no changes in “Assumptions for Forecasts of Investment Performance for the 10th Fiscal Period from June 1, 2016 to November 30, 2016 and the 11th Fiscal Period from December 1, 2016 to May 31, 2017,” the outlook of investment performance for the fiscal period ending May 31, 2017 (11th fiscal period: December 1, 2016 to May 31, 2017) is estimated as follows.

| | |
|---|-----------------|
| Operating revenue | ¥10,632 million |
| Operating income | ¥6,059 million |
| Ordinary income | ¥5,290 million |
| Profit | ¥5,289 million |
| Cash distributions per unit | ¥8,820 |
| Cash distributions in excess of earnings per unit | ¥0 |

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

Assumptions for Forecasts of Investment Performance for the 10th Fiscal Period from June 1, 2016 to November 30, 2016 and the 11th Fiscal Period from December 1, 2016 to May 31, 2017

| Item | Assumptions |
|----------------------|---|
| Period | <ul style="list-style-type: none"> • 10th fiscal period (June 1, 2016 to November 30, 2016) (183 days) • 11th fiscal period (December 1, 2016 to May 31, 2017) (182 days) |
| Investment portfolio | <ul style="list-style-type: none"> • We assume that there will be no material changes to the composition of our investment portfolio, including acquisition of properties or disposition of properties, associated with the 33 properties (the “Assets Currently Held”) for which we hold the trust beneficiary interests as of today, before the end of the 11th fiscal period (May 31, 2017). • Our forecasts, however, may change due to any changes to the composition of our investment portfolio. |
| Operating revenue | <ul style="list-style-type: none"> • We have calculated our real estate leasing business revenues from the Assets Currently Held taking into account the relevant lease agreements effective as of today, market trends, etc. • Operating revenue is based on our assumption that there will be no delinquencies or non-payment of rents by tenants. |
| Operating expenses | <ul style="list-style-type: none"> • Expenses related to rent business (other than depreciation), which are our principal operating expenses, were calculated based on the historical information and upon considering variable factors, for the Assets Currently Held, excluding A-PLACE Gotanda Ekimae acquired on July 1, 2016. Expenses for A-PLACE Gotanda Ekimae are calculated based on the information provided by the former owner (seller) and upon considering variable factors and others. • In general, property tax and city planning tax of properties acquired are settled at the time of acquisition between the former owner (seller) and the purchaser based on their respective periods of ownership in relation to the relevant tax year. However, any of these taxes allocated to the purchaser are not expensed at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes. The total amount of property tax and city planning tax on A-PLACE Gotanda Ekimae that are treated as a part of the acquisition cost is assumed to be ¥17 million. For property tax and city planning tax, ¥775 million and ¥775 million for the Assets Currently Held, will be expensed in the fiscal period ending November 30, 2016 (10th fiscal period) and in the fiscal period ending May 31, 2017 (11th fiscal period), respectively. Moreover, property tax and city planning tax of A-PLACE Gotanda Ekimae for fiscal 2017 will be expensed from the fiscal period ending November 30, 2017 (12th fiscal period). • 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 ¥1,006 million and ¥1,016 million for the 10th fiscal period ending November 30, 2016 and the 11th fiscal period ending May 31, 2017, respectively. |

| Item | Assumptions |
|---|--|
| Non-operating expenses | <ul style="list-style-type: none"> We expect interest and other borrowing-related expenses of ¥729 million and ¥769 million for the 10th fiscal period ending November 30, 2016 and the 11th fiscal period ending May 31, 2017, respectively. |
| Interest-bearing debt | <ul style="list-style-type: none"> As of today, we have a balance of ¥154,350 million in interest-bearing debt (borrowings of ¥144,350 million and investment corporation bonds of ¥10,000 million). We assume that there will be no change to the balance of interest-bearing debt before the end of the 11th fiscal period (May 31, 2017). We assume that there will be refinancing of borrowings coming due before the end of the 10th fiscal period (November 30, 2016) and the 11th fiscal period (May 31, 2017) (10th fiscal period: short-term loans payable of ¥3,100 million; 11th fiscal period: long-term loans payable of ¥14,400 million). We assume the LTV ratios as of November 30, 2016 and May 31, 2017 are both to be approximately 44.5%. The LTV ratio is obtained by the following formula: $\text{LTV} = \text{Balance of interest-bearing debt} / \text{Total assets} \times 100$ |
| Units | <ul style="list-style-type: none"> The number is based on our assumption of total of 599,654 units issued as of today. We assume that there will be no additional issuance of new investment units before the end of the 11th fiscal period (May 31, 2017). The cash distributions per unit for the 10th fiscal period ending November 30, 2016 and the 11th fiscal period ending May 31, 2017 have been calculated in accordance with the total projected number of investment units issued as of the end of each of the fiscal periods which are 599,654 units. |
| Cash distributions per unit | <ul style="list-style-type: none"> Cash distributions (cash distributions per unit) are calculated based on the cash distribution policy stipulated in our Articles of Incorporation. The cash distributions per unit may change due to various factors, including changes to the composition of our investment portfolio, changes in rental revenues accompanying changes in tenants, and unexpected maintenance and repairs. |
| Cash distributions in excess of earnings per unit | <ul style="list-style-type: none"> We do not currently anticipate cash distributions in excess of our distributable profit (cash distributions in excess of earnings per unit). |
| Other | <ul style="list-style-type: none"> We assume that there will be no amendments in legislation, taxation, accounting standards, listing regulations or regulations of the Investment Trusts Association of Japan that affect the above forecasts. We assume that there will be no material changes in general economic conditions or real estate markets. |

3. Financial Statements

(1) Balance Sheet

(Unit: Thousands of yen)

| | As of November 30, 2015 | As of May 31, 2016 |
|---|-------------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,356,687 | 7,850,554 |
| Cash and deposits in trust | 2,985,837 | 4,013,423 |
| Operating accounts receivable | 364,124 | 448,019 |
| Prepaid expenses | 198,238 | 353,242 |
| Deferred tax assets | 11 | 16 |
| Income taxes receivable | 53 | — |
| Consumption taxes receivable | — | 5,083 |
| Other | 1,692 | 1,968 |
| Total current assets | 13,906,644 | 12,672,309 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings in trust | 62,998,720 | 67,043,786 |
| Accumulated depreciation | (4,327,404) | (5,263,878) |
| Buildings in trust, net | 58,671,315 | 61,779,907 |
| Structures in trust | 541,463 | 565,465 |
| Accumulated depreciation | (69,712) | (83,894) |
| Structures in trust, net | 471,750 | 481,570 |
| Machinery and equipment in trust | 1,231,423 | 1,264,865 |
| Accumulated depreciation | (149,904) | (179,609) |
| Machinery and equipment in trust, net | 1,081,519 | 1,085,255 |
| Tools, furniture and fixtures in trust | 73,944 | 77,138 |
| Accumulated depreciation | (23,340) | (31,583) |
| Tools, furniture and fixtures in trust, net | 50,603 | 45,554 |
| Land in trust | 228,459,519 | 258,584,206 |
| Construction in progress in trust | 4,879 | 4,102 |
| Total property, plant and equipment | 288,739,588 | 321,980,596 |
| Intangible assets | | |
| Leasehold rights in trust | 4,562,628 | 4,562,628 |
| Other | 2,167 | 1,706 |
| Total intangible assets | 4,564,795 | 4,564,334 |
| Investments and other assets | | |
| Long-term prepaid expenses | 481,518 | 611,931 |
| Other | 13,944 | 14,791 |
| Total investments and other assets | 495,463 | 626,723 |
| Total non-current assets | 293,799,847 | 327,171,654 |
| Deferred assets | | |
| Investment corporation bond issuance costs | 40,096 | 50,969 |
| Total deferred assets | 40,096 | 50,969 |
| Total assets | 307,746,588 | 339,894,933 |

(Unit: Thousands of yen)

| | As of November 30, 2015 | As of May 31, 2016 |
|---|-------------------------|-----------------------|
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 644,184 | 394,577 |
| Short-term loans payable | 2,400,000 | 2,400,000 |
| Current portion of long-term loans payable | 19,000,000 | 26,400,000 |
| Accounts payable - other | 68,571 | 14,969 |
| Accrued expenses | 540,277 | 574,049 |
| Income taxes payable | – | 702 |
| Accrued consumption taxes | 324,818 | – |
| Advances received | 192,393 | 203,975 |
| Deposits received | 2,251 | 5,011 |
| Other | 2,128 | 0 |
| Total current liabilities | 23,174,626 | 29,993,285 |
| Non-current liabilities | | |
| Investment corporation bond | 8,000,000 | 10,000,000 |
| Long-term loans payable | 107,500,000 | 108,350,000 |
| Tenant leasehold and security deposits in trust | 13,511,215 | 14,821,932 |
| Other | 42 | 51 |
| Total non-current liabilities | 129,011,258 | 133,171,984 |
| Total liabilities | 152,185,884 | 163,165,269 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 150,770,610 | 171,532,813 |
| Surplus | | |
| Unappropriated retained earnings (undisposed loss) | 4,790,093 | 5,196,849 |
| Total surplus | 4,790,093 | 5,196,849 |
| Total unitholders' equity | 155,560,704 | 176,729,663 |
| Total net assets | *2 155,560,704 | *2 176,729,663 |
| Total liabilities and net assets | 307,746,588 | 339,894,933 |

(2) Statement of Income

(Unit: Thousands of yen)

| | Previous fiscal period (From June 1, 2015 to November 30, 2015) | Current fiscal period (From December 1, 2015 to May 31, 2016) |
|--|---|---|
| Operating revenue | | |
| Lease business revenue | *1, *3 8,780,954 | *1, *3 9,528,262 |
| Other lease business revenue | *1, *3 719,892 | *1, *3 647,599 |
| Gain on sales of real estate properties | *2 200,380 | – |
| Total operating revenue | 9,701,227 | 10,175,862 |
| Operating expenses | | |
| Expenses related to rent business | *1, *3 3,422,612 | *1, *3 3,399,234 |
| Asset management fee | 703,280 | 747,023 |
| Asset custody fee | 8,490 | 9,502 |
| Administrative service fees | 26,348 | 25,059 |
| Directors' compensations | 3,300 | 3,300 |
| Other operating expenses | 77,059 | 64,988 |
| Total operating expenses | 4,241,090 | 4,249,107 |
| Operating income | 5,460,137 | 5,926,754 |
| Non-operating income | | |
| Interest income | 451 | 549 |
| Interest on securities | 3,488 | 1,055 |
| Reversal of distribution payable | – | 6,902 |
| Interest on refund | 1,138 | – |
| Total non-operating income | 5,078 | 8,507 |
| Non-operating expenses | | |
| Interest expenses | 483,538 | 539,715 |
| Interest expenses on investment corporation bonds | 17,664 | 22,639 |
| Amortization of investment corporation bond issuance costs | 4,276 | 4,794 |
| Investment unit issuance expenses | 62,950 | 49,399 |
| Borrowing related expenses | 105,568 | 120,564 |
| Other | 500 | 500 |
| Total non-operating expenses | 674,498 | 737,613 |
| Ordinary income | 4,790,716 | 5,197,648 |
| Profit before income taxes | 4,790,716 | 5,197,648 |
| Income taxes - current | 745 | 948 |
| Income taxes - deferred | 6 | (4) |
| Total income taxes | 751 | 943 |
| Profit | 4,789,965 | 5,196,705 |
| Retained earnings brought forward | 127 | 143 |
| Unappropriated retained earnings (undisposed loss) | 4,790,093 | 5,196,849 |

(3) Statement of Unitholders' Equity

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

(Unit: Thousands of yen)

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

Current fiscal period (From December 1, 2015 to May 31, 2016)

(Unit: Thousands of yen)

| | Unitholders' equity | | | | Total net assets |
|--|----------------------|---|---------------|---------------------------|------------------|
| | Unitholders' capital | Surplus | | Total unitholders' equity | |
| | | Unappropriate d retained earnings (undisposed loss) | Total surplus | | |
| Balance at beginning of current period | 150,770,610 | 4,790,093 | 4,790,093 | 155,560,704 | 155,560,704 |
| Changes of items during period | | | | | |
| Issuance of new investment units | 20,762,203 | | | 20,762,203 | 20,762,203 |
| Dividends of surplus | | (4,789,949) | (4,789,949) | (4,789,949) | (4,789,949) |
| Profit | | 5,196,705 | 5,196,705 | 5,196,705 | 5,196,705 |
| Total changes of items during period | 20,762,203 | 406,756 | 406,756 | 21,168,959 | 21,168,959 |
| Balance at end of current period | *1 171,532,813 | 5,196,849 | 5,196,849 | 176,729,663 | 176,729,663 |

(4) Statement of Cash Distributions

| | Previous fiscal period (From June 1, 2015 to November 30, 2015) | Current fiscal period (From December 1, 2015 to May 31, 2016) |
|------------------------------------|---|---|
| | Amount | Amount |
| I Unappropriated retained earnings | ¥4,790,093,192 | ¥5,196,849,213 |
| II Distributions | ¥4,789,949,488 | ¥5,196,601,564 |
| [Cash Distributions per unit] | [¥8,642] | [¥8,666] |
| III Earnings carried forward | ¥143,704 | ¥247,649 |

| | | |
|--------------------------------------|--|--|
| Calculation method for distributions | Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions at the total amount of ¥4,789,949,488, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 554,264, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation. | Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions at the total amount of ¥5,196,601,564, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 599,654, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation. |
|--------------------------------------|--|--|

(5) Statement of Cash Flows

(Unit: Thousands of yen)

| | Previous fiscal period (From June 1, 2015 to November 30, 2015) | Current fiscal period (From December 1, 2015 to May 31, 2016) |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,790,716 | 5,197,648 |
| Depreciation | 925,507 | 989,961 |
| Loss on retirement of non-current assets | 2,862 | 0 |
| Amortization of investment corporation bond issuance costs | 4,276 | 4,794 |
| Interest income and interest on securities | (3,940) | (1,604) |
| Interest expenses | 501,203 | 562,355 |
| Investment unit issuance expenses | 62,950 | 49,399 |
| Borrowing related expenses | 105,568 | 120,564 |
| Decrease (increase) in operating accounts receivable | (10,190) | (83,895) |
| Decrease (increase) in consumption taxes refund receivable | 359,151 | (5,083) |
| Increase (decrease) in accrued consumption taxes | 324,818 | (324,818) |
| Decrease (increase) in prepaid expenses | 107,120 | (147,887) |
| Decrease from sales of property, plant and equipment in trust | 1,611,869 | – |
| Increase (decrease) in operating accounts payable | 43,719 | (142,794) |
| Increase (decrease) in accrued expenses | 34,319 | 35,193 |
| Increase (decrease) in advances received | (25,091) | 11,581 |
| Decrease (increase) in long-term prepaid expenses | (41,948) | (43,623) |
| Other, net | (5,807) | (6,538) |
| Subtotal | 8,787,107 | 6,215,250 |
| Interest income received | 3,932 | 1,604 |
| Interest expenses paid | (452,221) | (509,393) |
| Income taxes paid | (1,056) | (192) |
| Net cash provided by (used in) operating activities | 8,337,761 | 5,707,269 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment in trust | (12,664,006) | (34,385,143) |
| Repayments of tenant leasehold and security deposits in trust | (750,334) | (287,375) |
| Proceeds from tenant leasehold and security deposits in trust | 678,164 | 1,598,092 |
| Other, net | (150) | (846) |
| Net cash provided by (used in) investing activities | (12,736,326) | (33,075,273) |
| Cash flows from financing activities | | |
| Increase in short-term loans payable | 7,398,405 | 3,849,536 |
| Decrease in short-term loans payable | (5,000,000) | (3,850,000) |
| Proceeds from long-term loans payable | 19,196,865 | 15,054,812 |
| Decrease in long-term loans payable | (12,000,000) | (7,000,000) |
| Proceeds from issuance of investment corporation bonds | – | 1,984,332 |
| Proceeds from issuance of investment units | – | 20,655,664 |
| Dividends paid | (4,580,483) | (4,789,235) |
| Other, net | (24,180) | (15,654) |
| Net cash provided by (used in) financing activities | 4,990,606 | 25,889,457 |
| Net increase (decrease) in cash and cash equivalents | 592,041 | (1,478,546) |
| Cash and cash equivalents at beginning of period | 12,750,483 | 13,342,524 |
| Cash and cash equivalents at end of period | *1 13,342,524 | *1 11,863,978 |

(6) Notes on Assumption of Going Concern

Not applicable

(7) Notes on Important Accounting Policies

| | | | | | | | | | |
|---|--|-----------|---------------|------------|---------------|-------------------------|---------------|-------------------------------|---------------|
| 1. Method of depreciation of non-current assets | <p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table border="0"><tr><td>Buildings</td><td>2 to 70 years</td></tr><tr><td>Structures</td><td>2 to 60 years</td></tr><tr><td>Machinery and equipment</td><td>2 to 33 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr></table> <p>(2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p> | Buildings | 2 to 70 years | Structures | 2 to 60 years | Machinery and equipment | 2 to 33 years | Tools, furniture and fixtures | 2 to 15 years |
| Buildings | 2 to 70 years | | | | | | | | |
| Structures | 2 to 60 years | | | | | | | | |
| Machinery and equipment | 2 to 33 years | | | | | | | | |
| Tools, furniture and fixtures | 2 to 15 years | | | | | | | | |
| 2. Accounting method for deferred assets | <p>(1) Investment unit issuance expenses The full amount is recorded as expenses when incurred.</p> <p>(2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.</p> | | | | | | | | |
| 3. Accounting for income and expenses | <p>Property-related taxes</p> <p>For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business.</p> <p>The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to property tax included in acquisition cost for properties for the current fiscal period is ¥3,955 thousand.</p> | | | | | | | | |
| 4. Method of hedge accounting | <p>(1) Method of hedge accounting For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable</p> <p>(3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation.</p> <p>(4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness is ensured based upon the fulfillment of the requirements of special treatment.</p> | | | | | | | | |
| 5. Scope of cash (cash and cash equivalents) in the statement of cash flows | <p>Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.</p> | | | | | | | | |

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

(8) Notes to Financial Statements

Notes to Balance Sheet

1. Commitment Line Contracts

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

| | As of November 30, 2015 | As of May 31, 2016 |
|---|-------------------------|----------------------|
| Total amount specified in the commitment line contracts | ¥16,000,000 thousand | ¥16,000,000 thousand |
| Loan balance | - | - |
| Net balance | ¥16,000,000 thousand | ¥16,000,000 thousand |

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

| | As of November 30, 2015 | As of May 31, 2016 |
|--|-------------------------|--------------------|
| | ¥50,000 thousand | ¥50,000 thousand |

Notes to Statement of Income

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

| | (Unit: Thousands of yen) | | | |
|--|---|-----------|---|------------|
| | Previous fiscal period (From June 1, 2015 to November 30, 2015) | | Current fiscal period (From December 1, 2015 to May 31, 2016) | |
| A. Real estate leasing business revenues | | | | |
| Lease business revenue | | | | |
| Rent | 7,995,439 | | 8,659,816 | |
| Common service fees | 551,704 | | 622,892 | |
| Parking lots fees | 167,202 | | 177,735 | |
| Other rent revenue | 66,608 | 8,780,954 | 67,818 | 9,528,262 |
| Other lease business revenue | | 719,892 | | 647,599 |
| Total real estate leasing business revenues | | 9,500,847 | | 10,175,862 |
| B. Real estate leasing business expenses | | | | |
| Expenses related to rent business | | | | |
| Management operation expenses | 822,028 | | 869,553 | |
| Utilities expenses | 658,114 | | 629,540 | |
| Tax and public dues | 643,543 | | 649,062 | |
| Insurance | 6,793 | | 7,136 | |
| Repair and maintenance expenses | 202,545 | | 78,425 | |
| Depreciation | 925,248 | | 989,702 | |
| Loss on retirement of non-current assets | 2,862 | | 0 | |
| Other expenses related to rent business | 161,476 | 3,422,612 | 175,811 | 3,399,234 |
| Total real estate leasing business expenses | | 3,422,612 | | 3,399,234 |
| C. Income (loss) from real estate leasing business (A – B) | | 6,078,235 | | 6,776,628 |

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

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

| | | (Unit: Thousands of yen) |
|---|---------------|--------------------------|
| icot Kongo | | |
| Income from sales of real estate properties | 1,880,000 | |
| Costs of sales of real estate properties | 1,611,869 | |
| Other costs of sales | <u>67,750</u> | |
| Gain on sales of real estate properties | | 200,380 |

Current fiscal period (From December 1, 2015 to May 31, 2016)

Not applicable

*3. Transactions with Major Unitholders

| | | | (Unit: Thousands of yen) |
|-----------------------------------|---|---|--------------------------|
| | Previous fiscal period (From June 1, 2015 to November 30, 2015) | Current fiscal period (From December 1, 2015 to May 31, 2016) | |
| Operating transactions | | | |
| Lease business revenue | 1,935,495 | 1,937,035 | |
| Other lease business revenue | 188,396 | 153,328 | |
| Expenses related to rent business | 77,096 | 79,767 | |

Notes to Statement of Unitholders' Equity

| | Previous fiscal period (From June 1, 2015 to November 30, 2015) | Current fiscal period (From December 1, 2015 to May 31, 2016) |
|---|---|---|
| *1. Total number of authorized investment units and total number of investment units issued | | |
| Total number of authorized investment units | 4,000,000 units | 4,000,000 units |
| Total number of investment units issued | 554,264 units | 599,654 units |

Notes to Statement of Cash Flows

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

| | As of November 30, 2015 | As of May 31, 2016 |
|----------------------------|-------------------------|----------------------|
| Cash and deposits | ¥10,356,687 thousand | ¥7,850,554 thousand |
| Cash and deposits in trust | ¥2,985,837 thousand | ¥4,013,423 thousand |
| Cash and cash equivalents | ¥13,342,524 thousand | ¥11,863,978 thousand |

Notes on Financial Instruments

1. Matters Regarding Financial Instruments

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

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

2. Matters Regarding Fair Values of Financial Instruments

Carrying amounts, fair values, and the differences between the two values as of November 30, 2015, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

| | Carrying amount | Fair value | Difference |
|--|-----------------|-------------|------------|
| (1) Cash and deposits | 10,356,687 | 10,356,687 | — |
| (2) Cash and deposits in trust | 2,985,837 | 2,985,837 | — |
| Total assets | 13,342,524 | 13,342,524 | — |
| (1) Short-term loans payable | 2,400,000 | 2,400,000 | — |
| (2) Current portion of long-term loans payable | 19,000,000 | 19,031,316 | 31,316 |
| (3) Investment corporation bond | 8,000,000 | 8,059,778 | 59,778 |
| (4) Long-term loans payable | 107,500,000 | 108,640,246 | 1,140,246 |
| Total liabilities | 136,900,000 | 138,131,341 | 1,231,341 |
| Derivative transactions | — | — | — |

Carrying amounts, fair values, and the differences between the two values as of May 31, 2016, 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 | 7,850,554 | 7,850,554 | – |
| (2) Cash and deposits in trust | 4,013,423 | 4,013,423 | – |
| Total assets | 11,863,978 | 11,863,978 | – |
| (1) Short-term loans payable | 2,400,000 | 2,400,000 | – |
| (2) Current portion of long-term loans payable | 26,400,000 | 26,406,389 | 6,389 |
| (3) Investment corporation bond | 10,000,000 | 10,233,115 | 233,115 |
| (4) Long-term loans payable | 108,350,000 | 110,699,489 | 2,349,489 |
| Total liabilities | 147,150,000 | 149,738,995 | 2,588,995 |
| Derivative transactions | – | – | – |

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

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

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

(3) Investment corporation bond

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

Derivative transactions

Please refer to “Notes on Derivative Transactions” on page 25.

(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, 2015 | As of May 31, 2016 |
|---|-------------------------|--------------------|
| Tenant leasehold and security deposits in trust * | 13,511,215 | 14,821,932 |

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

(Note 3) Expected Amounts of Redemption of Monetary Claims after the Account Closing Date (November 30, 2015)

(Unit: Thousands of yen)

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

Expected Amounts of Redemption of Monetary Claims after the Account Closing Date (May 31, 2016)

(Unit: Thousands of yen)

| | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
|-------------------|---------------|-----------|-----------|-----------|-----------|--------------|
| Deposits | 7,850,554 | - | - | - | - | - |
| Deposits in trust | 4,013,423 | - | - | - | - | - |
| Total | 11,863,978 | - | - | - | - | - |

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bond after the Account Closing Date (November 30, 2015)

(Unit: Thousands of yen)

| | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
|-----------------------------|---------------|------------|------------|------------|-----------|--------------|
| Short-term loans payable | 2,400,000 | - | - | - | - | - |
| Investment corporation bond | - | - | - | 4,000,000 | 2,000,000 | 2,000,000 |
| Long-term loans payable | 19,000,000 | 26,400,000 | 20,900,000 | 17,200,000 | 7,300,000 | 35,700,000 |
| Total | 21,400,000 | 26,400,000 | 20,900,000 | 21,200,000 | 9,300,000 | 37,700,000 |

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bond after the Account Closing Date (May 31, 2016)

(Unit: Thousands of yen)

| | Within 1 year | 1–2 years | 2–3 years | 3–4 years | 4–5 years | Over 5 years |
|-----------------------------|---------------|------------|------------|------------|------------|--------------|
| Short-term loans payable | 2,400,000 | – | – | – | – | – |
| Investment corporation bond | – | – | 4,000,000 | 2,000,000 | – | 4,000,000 |
| Long-term loans payable | 26,400,000 | 20,900,000 | 18,500,000 | 18,000,000 | 12,000,000 | 38,950,000 |
| Total | 28,800,000 | 20,900,000 | 22,500,000 | 20,000,000 | 12,000,000 | 42,950,000 |

Notes on Derivative Transactions

1. Derivative Transaction to Which Hedge Accounting Is Not Applied

(As of November 30, 2015)

Not applicable

(As of May 31, 2016)

Not applicable

2. Derivative Transaction to Which Hedge Accounting Is Applied

(As of November 30, 2015)

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

(Unit: Thousands of yen)

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

(As of May 31, 2016)

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

(Unit: Thousands of yen)

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

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to the preceding “Notes on Financial Instruments, 2. Matters Regarding Fair Values of Financial Instruments, (Note 1) Liabilities (4)” on page 23.)

Notes on Tax Effect Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

| | As of November 30, 2015 | As of May 31, 2016 |
|--|-------------------------|--------------------|
| Deferred tax assets | | |
| Non-deductible amount for tax purposes of enterprise tax payable | ¥11 thousand | ¥16 thousand |
| Total deferred tax assets | ¥11 thousand | ¥16 thousand |
| Net deferred tax assets | ¥11 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, 2015 | As of May 31, 2016 |
|--|-------------------------|--------------------|
| Effective statutory tax rate | 32.31% | 32.31% |
| Adjustments | | |
| Distributions paid included in deductibles | (32.30)% | (32.30)% |
| Other | 0.01% | 0.01% |
| Effective income tax rate after application of tax effect accounting | 0.02% | 0.02% |

3. Tax Rate Change in Line with Revision to Income Taxes

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016) and the “Act for Partial Revision, etc. of the Local Tax Act, etc.” (Act No. 13 of 2016) were promulgated on March 31, 2016, and the tax rates for income taxes were revised from the fiscal period beginning on or after April 1, 2016. In conjunction with this, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for the current fiscal period was changed to 31.74% from the previous tax rate of 32.31%. The impact of this change is immaterial.

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

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

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

Current fiscal period (From December 1, 2015 to May 31, 2016)

| 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 | 10.32% | None | Major unitholder, and rent and management of properties | Purchase of beneficiary interests of real estate in trust | 13,350,000 | - | - |
| | | | | | | | | Acceptance of tenant leasehold and security deposits | 451,675 | Tenant leasehold and security deposits in trust | 2,494,102 |
| | | | | | | | | Receipt of tenant leasehold and security deposits | 67,440 | | |
| | | | | | | | | Repayments of tenant leasehold and security deposits | 43,276 | | |
| | | | | | | | | Rental revenues, etc. | 2,090,363 | Operating accounts receivable | |
| | | | | | | | | | Advances received | 60,594 | |

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

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

2. Associates, etc.

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

Not applicable

Current fiscal period (From December 1, 2015 to May 31, 2016)

Not applicable

3. Sister companies, etc.

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

| Attribute | Name | Address | Capital stock or investment in capital (Millions of yen) | Business or occupation | Percentage of voting rights owning (owned) | Relationship | | Transaction | Transaction amount (Thousands of yen) | Account title | Ending balance (Thousands of yen) |
|--------------------------------|--|---|--|---|--|-----------------------------|--------------------------------|--|---------------------------------------|---|-----------------------------------|
| | | | | | | Interlocking officers, etc. | Business relationship | | | | |
| Subsidiary of major unitholder | Tokyu Land SC Management Corporation | 2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo | 100 | Real estate management business | - | None | Subsidiary of major unitholder | Receipt of tenant leasehold and security deposits | 142,051 | Tenant leasehold and security deposits in trust | 4,927,191 |
| | | | | | | | | Repayments of tenant leasehold and security deposits | 98,820 | | |
| | | | | | | | | Rental revenues, etc. | 3,524,840 | Operating accounts receivable | 131,999 |
| | | | | | | | | | | Advances received | 382 |
| Subsidiary of major unitholder | TLC Activia Investment Management Inc. | 1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo | 300 | Operations related to management of the Investment Corporation's portfolio assets | - | 1 interlocking officer | Asset manager | Payment of fees for asset management | 795,854 | Other accrued expenses | 276,326 |

Current fiscal period (From December 1, 2015 to May 31, 2016)

| 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 | Classer LLC | 4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo | 1 | Real estate business | - | None | Subsidiary of major unitholder | Purchase of beneficiary interests of real estate in trust | 20,400,000 | - | - |
| | | | | | | | | Acceptance of tenant leasehold and security deposits | 731,843 | - | - |
| 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 | 451,675 | Tenant leasehold and security deposits in trust | 5,388,994 |
| | | | | | | | | Receipt of tenant leasehold and security deposits | 477,316 | | |
| | | | | | | | | Repayments of tenant leasehold and security deposits | 15,513 | | |
| | | | | | | | | Rental revenues, etc. | 3,745,187 | Operating accounts receivable | 137,603 |
| | | | | | | | | | Advances received | 1,980 | |
| Subsidiary of major unitholder | TLC Activia Investment Management Inc. | 1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo | 300 | Operations related to management of the Investment Corporation's portfolio assets | - | 1 interlocking officer | Asset manager | Payment of fees for asset management | 915,773 | Other accrued expenses | 306,870 |

(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, 2015 to November 30, 2015)

Not applicable

Current fiscal period (From December 1, 2015 to May 31, 2016)

Not applicable

Notes on Investment and Rental Properties

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

(Unit: Thousands of yen)

| Use | | Previous fiscal period (From June 1, 2015 to November 30, 2015) | Current fiscal period (From December 1, 2015 to May 31, 2016) |
|----------------------------|--------------------------------------|---|---|
| Urban Retail Properties | Carrying amount on the balance sheet | | |
| | Balance at beginning of period | 129,968,262 | 129,841,119 |
| | Changes during period | (127,142) | 13,144,133 |
| | Balance at end of period | 129,841,119 | 142,985,252 |
| | Fair value at end of period | 152,755,000 | 170,085,000 |
| Tokyo Office Properties | Carrying amount on the balance sheet | | |
| | Balance at beginning of period | 97,224,657 | 109,126,813 |
| | Changes during period | 11,902,155 | 20,265,716 |
| | Balance at end of period | 109,126,813 | 129,392,529 |
| | Fair value at end of period | 118,730,000 | 141,970,000 |
| Other Properties | Carrying amount on the balance sheet | | |
| | Balance at beginning of period | 56,119,072 | 54,335,670 |
| | Changes during period | (1,783,402) | (169,454) |
| | Balance at end of period | 54,335,670 | 54,166,215 |
| | Fair value at end of period | 60,870,000 | 61,660,000 |
| Total | Carrying amount on the balance sheet | | |
| | Balance at beginning of period | 283,311,992 | 293,303,602 |
| | Changes during period | 9,991,610 | 33,240,395 |
| | Balance at end of period | 293,303,602 | 326,543,997 |
| | Fair value at end of period | 332,355,000 | 373,715,000 |

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

(Note 2) The main reason for the increase in the current fiscal period is the acquisition of two properties (Q plaza SHINSAIBASHI and Shiodome Building (additional acquisition of 10% co-ownership interest)) worth ¥33,943,100 thousand. The decrease is mainly due to the provision of depreciation worth ¥989,702 thousand.

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

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

Per Unit Information

| | Previous fiscal period (From June 1, 2015 to November 30, 2015) | Current fiscal period (From December 1, 2015 to May 31, 2016) |
|-------------------------|---|---|
| Net assets per unit | ¥280,661 | ¥294,719 |
| Basic earnings per unit | ¥8,642 | ¥8,722 |

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

(Note 2) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (previous fiscal period 554,264 units; current fiscal period 595,758 units). Diluted earnings per unit is not stated, as there is no potential investment unit.

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

| | Previous fiscal period (From June 1, 2015 to November 30, 2015) | Current fiscal period (From December 1, 2015 to May 31, 2016) |
|---|---|---|
| Profit (Thousands of yen) | 4,789,965 | 5,196,705 |
| Amount not attributable to common unitholders (Thousands of yen) | — | — |
| Profit attributable to common investment units (Thousands of yen) | 4,789,965 | 5,196,705 |
| Average number of investment units for the period (Units) | 554,264 | 595,758 |

Significant Subsequent Events

Not applicable

Omission of Disclosure

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

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

The Investment Corporation carried out issuances of new investment units on December 15, 2015, and January 6, 2016 (41,870 units in a capital increase through public offering and 3,520 units in a third-party allotment), thus procuring funds of ¥20,762 million. Changes in total investments and the number of investment units issued up to the current fiscal period are as follows:

| Date | Summary | Total investments (Thousands of yen) | | Total number of investment units issued (Units) | | Remarks |
|-------------------|--|---|-------------|--|---------|-----------|
| | | Change | Balance | Change | Balance | |
| September 7, 2011 | Establishment through private placement | 200,000 | 200,000 | 400 | 400 | (Note 1) |
| June 12, 2012 | Capital increase through public offering | 90,834,705 | 91,034,705 | 204,100 | 204,500 | (Note 2) |
| July 10, 2012 | Capital increase through third-party allotment | 339,128 | 91,373,833 | 762 | 205,262 | (Note 3) |
| December 16, 2013 | Capital increase through public offering | 32,636,569 | 124,010,403 | 43,100 | 248,362 | (Note 4) |
| January 15, 2014 | Capital increase through third-party allotment | 2,044,518 | 126,054,921 | 2,700 | 251,062 | (Note 5) |
| December 17, 2014 | Capital increase through public offering | 22,800,626 | 148,855,547 | 24,050 | 275,112 | (Note 6) |
| January 8, 2015 | Capital increase through third-party allotment | 1,915,063 | 150,770,610 | 2,020 | 277,132 | (Note 7) |
| October 1, 2015 | Investment unit split | – | 150,770,610 | 277,132 | 554,264 | (Note 8) |
| December 15, 2015 | Capital increase through public offering | 19,152,091 | 169,922,702 | 41,870 | 596,134 | (Note 9) |
| January 6, 2016 | Capital increase through third-party allotment | 1,610,111 | 171,532,813 | 3,520 | 599,654 | (Note 10) |

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

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

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

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

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

(Note 6) New investment units were issued by public offering with an offering price per unit of ¥979,020

(paid-in amount of ¥948,051 per unit) in order to raise funds for the acquisition of new properties.

- (Note 7) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥948,051 per unit.
- (Note 8) A two-for-one split of the investment units has been implemented, with September 30, 2015 as the record date and October 1, 2015 as the effective date.
- (Note 9) New investment units were issued by public offering with an offering price per unit of ¥472,360 (paid-in amount of ¥457,418 per unit) in order to raise funds for the acquisition of new properties, etc.
- (Note 10) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥457,418 per unit.

4. Changes in Directors and Corporate Auditors

There have been no changes of directors and corporate auditors described in “Directors and Corporate Auditors” in the latest Securities Report (filed on February 25, 2016; prepared in Japanese only).

5. Reference Information

(1) Composition of Invested Assets

| Type of assets | Category | Previous fiscal period (As of November 30, 2015) | | Current fiscal period (As of May 31, 2016) | |
|---------------------------|--|---|---|--|---|
| | | 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 | | | | |
| | The five central wards of Tokyo (Note 3) | – | – | – | – |
| | Wards of Tokyo other than the five central wards | – | – | – | – |
| | Three major metropolitan areas (Note 4) | – | – | – | – |
| | Other locations | – | – | – | – |
| | Subtotal | – | – | – | – |
| Real estate in trust | By property type | | | | |
| | Urban Retail Properties | 129,841 | 42.2 | 142,985 | 42.1 |
| | Tokyo Office Properties | 109,126 | 35.5 | 129,392 | 38.1 |
| | Other Properties | 54,335 | 17.7 | 54,166 | 15.9 |
| | By location | | | | |
| | The five central wards of Tokyo (Note 3) | 183,720 | 59.7 | 203,932 | 60.0 |
| | Wards of Tokyo other than the five central wards | 26,300 | 8.5 | 26,221 | 7.7 |
| | Three major metropolitan areas (Note 4) | 78,844 | 25.6 | 91,978 | 27.1 |
| | Other locations | 4,438 | 1.4 | 4,411 | 1.3 |
| | Subtotal | 293,303 | 95.3 | 326,543 | 96.1 |
| Total real estate assets | | 293,303 | 95.3 | 326,543 | 96.1 |
| Deposits and other assets | | 14,442 | 4.7 | 13,350 | 3.9 |
| Total assets (Note 5) | | 307,746 | 100.0 | 339,894 | 100.0 |

| | Amount (Millions of yen) | Percentage to total assets (%) (Note 2) | Amount (Millions of yen) | Percentage to total assets (%) (Note 2) |
|-------------------------------------|--------------------------------|--|--------------------------------|--|
| Total liabilities (Note 5) (Note 6) | 152,185 | 49.5 | 163,165 | 48.0 |
| Total net assets (Note 5) | 155,560 | 50.5 | 176,729 | 52.0 |

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

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

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

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

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

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

(2) Investment Assets

i) Major investment securities

Not applicable

ii) Investment properties

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

iii) Other investment assets

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

The following table shows property name, acquisition price, book value at the end of the fiscal period, assessed value at the end of the fiscal period, return price and investment ratio related to the assets held by the Investment Corporation as of the end of the 9th fiscal period. Figures shown in the table are as of May 31, 2016 unless otherwise provided.

a. Overview of assets held (1)

(As of May 31, 2016)

| Category | Property number (Note 1) | Property name | Acquisition price (Millions of yen) (Note 2) | Book value at end of period (Millions of yen) (Note 3) | Assessed value at end of period (Millions of yen) (Note 4) | Return price (Note 4) | | | | | Investment ratio (%) (Note 5) |
|-------------------------|--------------------------|--|--|--|--|--|-----------------------------------|--|----------------------|-------------------------------------|-------------------------------------|
| | | | | | | Direct capitalization method | | DCF method | | | |
| | | | | | | Price based on direct capitalization method (Millions of yen) | Direct capitalization rate (%) | Price based on DCF method (Millions of yen) | Discount rate (%) | Terminal capitalization rate (%) | |
| | | | | | | | | | | | |
| Urban Retail Properties | UR-1 | Tokyu Plaza Omotesando Harajuku (Note 6) | 45,000 | 44,961 | 54,525 | 55,050 | 3.1 | 53,925 | 2.8 | 3.2 | 13.8 |
| | UR-2 | Tokyu Plaza Akasaka (Note 6) | 11,450 | 11,849 | 14,000 | 14,200 | 4.4 | 13,900 | 4.5 | 4.6 | 3.5 |
| | UR-3 | Q plaza EBISU (Note 7) | 8,430 | 8,341 | 10,200 | 10,300 | 3.7 | 10,100 | 3.9/3.8 | 3.9 | 2.6 |
| | UR-4 | Shinbashi Place | 20,500 | 20,381 | 24,700 | 25,100 | 4.5 | 24,500 | 4.3 | 4.7 | 6.3 |
| | UR-5 | Kyoto Karasuma Parking Building | 8,860 | 8,814 | 10,900 | 10,900 | 5.1 | 10,900 | 5.1 | 5.3 | 2.7 |
| | UR-6 | A-FLAG Akasaka | 3,000 | 3,104 | 3,520 | 3,570 | 3.8 | 3,470 | 3.6 | 4.0 | 0.9 |
| | UR-7 | Kobe Kyu Kyoryuchi 25Bankan | 21,330 | 21,319 | 25,100 | 25,400 | 4.2 | 24,800 | 4.0 | 4.4 | 6.5 |
| | UR-8 | A-FLAG Sapporo | 4,410 | 4,411 | 6,550 | 6,540 | 5.8 | 6,560 | 5.6 | 6.0 | 1.4 |
| | UR-9 | A-FLAG Shibuya | 6,370 | 6,380 | 7,190 | 7,290 | 4.2 | 7,150 | 4.0 | 4.4 | 2.0 |
| | UR-10 | Q plaza SHINSAIBASHI | 13,350 | 13,420 | 13,400 | 13,500 | 3.9 | 13,200 | 3.7 | 4.1 | 4.1 |
| | | | Subtotal | 142,700 | 142,985 | 170,085 | 171,850 | - | 168,505 | - | - |
| Tokyo Office Properties | TO-1 | TLC Ebisu Building | 7,400 | 7,370 | 8,800 | 8,940 | 4.1 | 8,740 | 4.2 | 4.3 | 2.3 |
| | TO-2 | A-PLACE Ebisu Minami | 9,640 | 9,493 | 11,800 | 12,100 | 4.0 | 11,600 | 4.1 | 4.2 | 3.0 |
| | TO-3 | A-PLACE Yoyogi | 4,070 | 3,984 | 4,330 | 4,410 | 4.2 | 4,240 | 4.0 | 4.4 | 1.2 |
| | TO-4 | A-PLACE Aoyama | 8,790 | 8,707 | 9,110 | 9,200 | 4.3 | 9,070 | 4.1 | 4.5 | 2.7 |
| | TO-5 | Luogo Shiodome | 4,540 | 4,385 | 5,660 | 5,740 | 3.9 | 5,620 | 3.7 | 4.1 | 1.4 |
| | TO-6 | Tamachi Square (Land) | 2,338 | 2,362 | 2,620 | 2,730 | 4.0 | 2,570 | 4.4 | 4.2 | 0.7 |
| | TO-7 | A-PLACE Ikebukuro | 3,990 | 3,860 | 4,730 | 4,790 | 4.5 | 4,660 | 4.3 | 4.7 | 1.2 |
| | TO-8 | A-PLACE Shinbashi | 5,650 | 5,793 | 6,430 | 6,540 | 4.1 | 6,310 | 3.9 | 4.3 | 1.7 |
| | TO-9 | A-PLACE Gotanda | 5,730 | 5,662 | 6,300 | 6,410 | 4.0 | 6,190 | 3.8 | 4.2 | 1.8 |
| | TO-10 | A-PLACE Shinagawa | 3,800 | 3,804 | 4,230 | 4,310 | 4.0 | 4,150 | 3.8 | 4.2 | 1.2 |
| | TO-11 | OSAKI WIZTOWER | 10,690 | 10,954 | 13,600 | 13,700 | 3.8 | 13,600 | 3.4 | 3.8 | 3.3 |
| | TO-12 | Shiodome Building (Note 6) | 50,700 | 50,811 | 52,000 | 55,250 | 3.7 | 50,750 | 3.5 | 3.9 | 15.5 |
| | TO-13 | Frontier Ebisu (Note 8) | 7,072 | 7,213 | 7,360 | 7,730 | 4.0 | 7,230 | 3.8 | 4.2 | 2.2 |
| | TO-14 | Shibuya Konnoh Building (Note 8) | 4,810 | 4,987 | 5,000 | 5,230 | 3.9 | 4,920 | 3.6 | 4.0 | 1.5 |
| | | Subtotal | 129,220 | 129,392 | 141,970 | 147,080 | - | 139,650 | - | - | 39.6 |

| Category | Property number (Note 1) | Property name | Acquisition price (Millions of yen) (Note 2) | Book value at end of period (Millions of yen) (Note 3) | Assessed value at end of period (Millions of yen) (Note 4) | Return price (Note 4) | | | | | Investment ratio (%) (Note 5) |
|------------------|--------------------------|----------------------------|--|--|--|--|---------------------------------------|--|--------------------------|---|---|
| | | | | | | Direct capitalization method | | DCF method | | | |
| | | | | | | Price based on direct capitalization method (Millions of yen) | Direct capitalization rate (%) | Price based on DCF method (Millions of yen) | Discount rate (%) | Terminal capitalization rate (%) | |
| Other Properties | O-1 | Amagasaki Q's MALL (Land) | 12,000 | 12,113 | 13,100 | 13,200 | 4.6 | 12,900 | 4.3 | 4.8 | 3.7 |
| | O-2 | icot Nakamozu (Note 9) | 8,500 | 8,307 | 10,000 | 10,200 | 5.3 | 9,940 | 5.2/5.3 | 5.5 | 2.6 |
| | O-4 | icot Mizonokuchi | 2,710 | 2,671 | 3,210 | 3,280 | 5.5 | 3,130 | 5.3 | 5.9 | 0.8 |
| | O-5 | icot Tama Center | 2,840 | 2,727 | 3,450 | 3,520 | 5.6 | 3,370 | 5.0 | 5.8 | 0.9 |
| | O-6 | A-PLACE Kanayama | 6,980 | 6,635 | 7,780 | 7,830 | 5.2 | 7,730 | 5.0 | 5.4 | 2.1 |
| | O-7 | Osaka Nakanoshima Building | 11,100 | 11,140 | 12,800 | 12,900 | 4.5 | 12,600 | 4.3 | 4.7 | 3.4 |
| | O-8 | icot Omori | 5,790 | 5,742 | 6,360 | 6,400 | 4.7 | 6,310 | 4.5 | 4.9 | 1.8 |
| | O-9 | Market Square Sagamihara | 4,820 | 4,827 | 4,960 | 4,980 | 5.4 | 4,930 | 5.2 | 5.6 | 1.5 |
| | | Subtotal | | 54,740 | 54,166 | 61,660 | 62,310 | - | 60,910 | - | - |
| | Total | | 326,660 | 326,543 | 373,715 | 381,240 | - | 369,065 | - | - | 100.0 |

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

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

(Note 3) Book value at end of period represents book value for each property less depreciation expenses as of May 31, 2016, rounding down to the nearest million yen.

(Note 4) The appraisal of properties is commissioned to Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Valuers Co., Ltd. or Morii Appraisal & Investment Consulting, Inc. Assessed value at end of period and return price show value described in each real estate appraisal report with the date of value estimate of May 31, 2016.

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

(Note 6) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 25%, respectively).

(Note 7) The discount rates of Q plaza EBISU represent 3.9% from the first year to the seventh year and 3.8% in and after the eighth year.

(Note 8) Property names of Frontier Ebisu and Shibuya Konnoh Building are scheduled to be changed to A-PLACE Ebisu Higashi and A-PLACE Shibuya Konnoh, respectively, on November 1, 2016; the same shall apply hereinafter.

(Note 9) The discount rates of icot Nakamozu represent 5.2% from the first year to the sixth year and 5.3% in and after the seventh year.

b. Overview of assets held (2)

(As of May 31, 2016)

| Category | Property number | Property name | Location | Date of construction (Note 1) | Number of tenants (Note 2) | Contracted rent (Annual) (Millions of yen) (Note 3) | Tenant leasehold and security deposit (Millions of yen) (Note 4) | Total leasable area (m ²) (Note 5) | Total leased area (m ²) (Note 6) | Occupancy rate (%) (Note 7) |
|-------------------------|-----------------|--|-------------------|----------------------------------|-------------------------------|--|--|--|--|-----------------------------------|
| | | | | | | | | | | |
| Urban Retail Properties | UR-1 | Tokyu Plaza Omotesando Harajuku (Note 8) | Shibuya, Tokyo | March 14, 2012 | 29 | 2,017 | 1,745 | 4,904.94 | 4,904.94 | 100.0 |
| | UR-2 | Tokyu Plaza Akasaka (Note 8) | Chiyoda, Tokyo | September 10, 1969 | 99 | 950 | 392 | 16,579.26 | 16,579.26 | 100.0 |
| | UR-3 | Q plaza EBISU | Shibuya, Tokyo | August 20, 2008 | 4 | 475 | 475 | 4,024.88 | 4,024.88 | 100.0 |
| | UR-4 | Shinbashi Place | Minato, Tokyo | April 25, 2008 | 1 | (Note 9) | (Note 9) | 9,156.01 | 9,156.01 | 100.0 |
| | UR-5 | Kyoto Karasuma Parking Building | Kyoto, Kyoto | July 24, 2006 | 2 | (Note 9) | (Note 9) | 21,616.04 | 21,616.04 | 100.0 |
| | UR-6 | A-FLAG Akasaka | Minato, Tokyo | February 18, 2008 | 8 | 177 | 153 | 2,280.22 | 2,280.22 | 100.0 |
| | UR-7 | Kobe Kyu Kyoryuchi 25Bankan | Kobe, Hyogo | January 31, 2010 | 7 | 1,231 | 1,399 | 19,653.90 | 19,653.90 | 100.0 |
| | UR-8 | A-FLAG Sapporo | Sapporo, Hokkaido | May 23, 1980 | 18 | 624 | 137 | 21,229.16 | 21,229.16 | 100.0 |
| | UR-9 | A-FLAG Shibuya | Shibuya, Tokyo | June 29, 1988 | 2 | 393 | 323 | 3,413.80 | 3,413.80 | 100.0 |
| | UR-10 | Q plaza SHINSAIBASHI | Osaka, Osaka | November 16, 2007 | 5 | 560 | 452 | 2,820.23 | 2,493.82 | 88.4 |
| | Subtotal | | | - | 175 | - | - | 105,678.44 | 105,352.03 | 99.7 |
| Tokyo Office Properties | TO-1 | TLC Ebisu Building | Shibuya, Tokyo | March 5, 1993 | 12 | 538 | 439 | 7,342.60 | 7,342.60 | 100.0 |
| | TO-2 | A-PLACE Ebisu Minami | Shibuya, Tokyo | January 31, 1995 | 9 | 658 | 496 | 7,950.51 | 7,950.51 | 100.0 |
| | TO-3 | A-PLACE Yoyogi | Shibuya, Tokyo | February 22, 2007 | 3 | 226 | 190 | 3,106.17 | 3,106.17 | 100.0 |
| | TO-4 | A-PLACE Aoyama | Minato, Tokyo | September 6, 1966 | 8 | 499 | 473 | 7,303.69 | 7,303.69 | 100.0 |
| | TO-5 | Luogo Shiodome | Minato, Tokyo | July 30, 2004 | 6 | 308 | 270 | 4,476.35 | 4,476.35 | 100.0 |
| | TO-6 | Tamachi Square (Land) | Minato, Tokyo | - | 1 | 125 | - | 1,287.96 | 1,287.96 | 100.0 |
| | TO-7 | A-PLACE Ikebukuro | Toshima, Tokyo | October 13, 2011 | 1 | (Note 9) | (Note 9) | 3,409.73 | 3,409.73 | 100.0 |
| | TO-8 | A-PLACE Shinbashi | Minato, Tokyo | March 4, 1999 | 10 | 345 | 309 | 5,052.14 | 5,052.14 | 100.0 |
| | TO-9 | A-PLACE Gotanda | Shinagawa, Tokyo | February 27, 2012 | 10 | 329 | 290 | 4,028.69 | 4,028.69 | 100.0 |
| | TO-10 | A-PLACE Shinagawa | Minato, Tokyo | September 20, 1991 | 8 | 205 | 190 | 2,986.36 | 2,986.36 | 100.0 |
| | TO-11 | OSAKI WIZTOWER | Shinagawa, Tokyo | January 10, 2014 | 5 | 635 | 635 | 7,193.28 | 7,193.28 | 100.0 |
| | TO-12 | Shiodome Building (Note 8) | Minato, Tokyo | December 14, 2007 | 36 | 2,259 | 1,840 | 20,097.18 | 19,740.37 | 98.2 |
| | TO-13 | Frontier Ebisu | Shibuya, Tokyo | January 10, 1992 | 9 | 296 | 203 | 4,010.69 | 4,010.69 | 100.0 |
| | TO-14 | Shibuya Konnoh Building | Shibuya, Tokyo | March 18, 1992 | 2 | (Note 9) | (Note 9) | 2,958.85 | 2,958.85 | 100.0 |
| | Subtotal | | | - | 120 | - | - | 81,204.20 | 80,847.39 | 99.6 |

| Category | Property number | Property name | Location | Date of construction | Number of tenants | Contracted rent (Annual) | Tenant leasehold and security deposit | Total leasable area | Total leased area | Occupancy rate |
|------------------|-----------------|----------------------------|-----------------------|----------------------|-------------------|----------------------------|---------------------------------------|----------------------------|----------------------------|----------------|
| | | | | (Note 1) | (Note 2) | (Millions of yen) (Note 3) | (Millions of yen) (Note 4) | (m ²) (Note 5) | (m ²) (Note 6) | (%) (Note 7) |
| Other Properties | O-1 | Amagasaki Q's MALL (Land) | Amagasaki, Hyogo | – | 1 | 692 | 341 | 27,465.44 | 27,465.44 | 100.0 |
| | O-2 | icot Nakamozu | Sakai, Osaka | June 27, 2007 | 2 | 619 | 430 | 28,098.02 | 28,098.02 | 100.0 |
| | O-4 | icot Mizonokuchi | Kawasaki, Kanagawa | July 15, 1998 | 1 | (Note 9) | 100 | 14,032.05 | 14,032.05 | 100.0 |
| | O-5 | icot Tama Center | Tama, Tokyo | March 7, 2006 | 9 | 238 | 230 | 5,181.58 | 5,181.58 | 100.0 |
| | O-6 | A-PLACE Kanayama | Nagoya, Aichi | February 10, 2009 | 20 | 495 | 391 | 9,314.91 | 9,314.91 | 100.0 |
| | O-7 | Osaka Nakanoshima Building | Osaka, Osaka | March 5, 1984 | 41 | 936 | 674 | 20,235.57 | 20,235.57 | 100.0 |
| | O-8 | icot Omori | Ota, Tokyo | March 6, 2007 | 9 | 380 | 363 | 6,209.79 (Note 10) | 6,209.79 (Note 10) | 100.0 |
| | O-9 | Market Square Sagami-hara | Sagami-hara, Kanagawa | June 13, 2014 | 3 | (Note 9) | (Note 9) | 15,152.42 | 15,152.42 | 100.0 |
| | Subtotal | | | | – | 86 | – | – | 125,689.78 | 125,689.78 |
| Total | | | | – | 381 | – | – | 312,572.42 | 311,889.20 | 99.8 |

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

(Note 2) At each property, the number of tenants is equal to the aggregate number of tenants as of May 31, 2016 described in the lease agreements in relation to buildings, except that for properties with master lease agreements, the total number of end-tenants is listed. For properties for which we acquire only land, the total number of tenants of the land is listed.

(Note 3) The contracted rent (annual) for each property other than properties for which we acquire only land is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms which were occupied by tenants as of May 31, 2016), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of May 31, 2016, as indicated in the lease agreements in relation to buildings as of May 31, 2016 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, 2016, rounding to the nearest million yen. For properties with master lease agreements, the annual contracted rent is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms; including common service fees and excluding usage fees for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of May 31, 2016), 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, 2016 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of May 31, 2016), rounding to the nearest million yen. For properties with master lease agreements, the tenant leasehold and security deposit is calculated as the total amount required based on the sub-lease agreements with end-tenants, rounding to the nearest million yen.

(Note 5) The total leasable area represents the total of gross floor area considered to be leasable based on the lease agreements for building or floor plans as of May 31, 2016 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, 2016 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, 2016. 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, 2016, rounding to the nearest tenth. The subtotal and total are calculated by dividing aggregate leased area by aggregate leasable area, rounding to the nearest tenth.

(Note 8) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 25%, respectively). However, the numbers of tenants provided are the numbers for each whole building.

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

(Note 10) The calculation of total leasable area and total leased area for icot Omori includes part of an external bicycle parking lot (approximately 21 m²) and part of a common area on the second floor (approximately 28 m²).

(Note 11) For lease agreements with end-tenants that have been asked to be terminated or cancelled, or for which the rent has not been paid, number of tenants, contracted rent (annual), tenant leasehold and security deposit, total leased area and occupancy rate are shown in the above table if these agreements continued as of May 31, 2016, 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 9th fiscal period as of May 31, 2016. The estimated construction cost below includes the portion expensed for accounting purposes.

| Name of real property (Location) | Purpose | Scheduled period | Estimated construction cost (Millions of yen) | | |
|---|---|--|--|------------------------|-------------------|
| | | | Total amount | Payment for the period | Total amount paid |
| TLC Ebisu Building (Shibuya, Tokyo) | Replacement work of air conditioning (Third period) | From November 2015 to August 2016 | 99 | – | – |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Renovations of new annex guest rooms | From March 2015 to June 2016 | 87 | – | – |
| Q plaza SHINSAIBASHI (Osaka, Osaka) | Commercialization work | From September 2016 to October 2016 | 50 | – | – |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Replacement of air conditioning units of main building guest room systems | From October 2016 to November 2016 | 30 | – | – |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Installation work of new well water filtration devices | From April 2016 to June 2016 | 28 | – | – |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Replacement of total heat exchangers in main building | From September 2016 to October 2016 | 27 | – | – |
| Tokyu Plaza Akasaka (Chiyoda, Tokyo) | Maintenance of outer wall on north- and west-side lower stories | From May 2016 to November 2016 | 24 (Note) | – | – |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Replacement of FCUs in new annex guest rooms | From March 2016 to June 2016 | 21 | – | – |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Replacement of air conditioning units of new annex small banquet hall systems | From September 2016 to September 2016 | 16 | – | – |
| A-PLACE Aoyama (Minato, Tokyo) | Repair of rainwater drainage pipes | From October 2016 to November 2016 | 16 | – | – |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Replacement of air conditioning units of new annex lobby systems | From September 2016 to October 2016 | 15 | – | – |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Replacement of air conditioning units of main building hotel backyard systems | From September 2016 to September 2016 | 14 | – | – |

| 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) | Renovations of hotel modular bathrooms, etc. | From July 2016 to September 2016 | 13 (Note) | – | – |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Replacement of vertical drainage pipes in new annex guest rooms | From February 2016 to June 2016 | 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%).

b. Capital expenditure during the fiscal period

For assets held by the Investment Corporation in the 9th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended May 31, 2016 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended May 31, 2016 amounted to ¥244 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended May 31, 2016 came to ¥78 million. On aggregate, construction work of ¥323 million was carried out during the fiscal period.

| Name of real property (Location) | Purpose | Period | Construction cost (Millions of yen) |
|---|--|---|--|
| TLC Ebisu Building (Shibuya, Tokyo) | Replacement work of air conditioning (Second period) | From May 2015 to January 2016 | 117 |
| Osaka Nakanoshima Building (Osaka, Osaka) | Repair and replacement of substation panels (control equipment, etc.) (Second period) | From July 2015 to March 2016 | 20 |
| A-FLAG Sapporo (Sapporo, Hokkaido) | Replacement of human/cargo elevator machinery and equipment | From January 2016 to January 2016 | 14 |
| Osaka Nakanoshima Building (Osaka, Osaka) | Exchange work of Scott connection transformers in electric pipe space on each floor | From March 2016 to March 2016 | 12 |
| Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo) | Partial remodeling work | From March 2016 to March 2016 | 11 (Note) |
| Tokyu Plaza Akasaka (Chiyoda, Tokyo) | Replacement of plumbing for cold and hot water, etc. | From September 2015 to February 2016 | 11 (Note) |
| Other | | | 56 |
| Total | | | 244 |

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

(C) Information concerning major tenants

a. Summary of major tenants

For assets held in the 9th 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, 2016. The forms of agreements with the tenants in the table are ordinary lease agreements.

As for certain assets held, the Investment Corporation has entered into lease agreements (master lease agreements) with Tokyu Land SC Management Corporation and Tokyu Community Corporation with the objective of allowing them to be master lease companies and sublease the leased assets to end-tenants. The table below shows information on the major tenants with master lease agreements based on the data as of May 31, 2016. Rents received by the Investment Corporation from the master lease companies are equal to the rents received by these companies from sublessees (end-tenants) (pass-through master lease), and such rents are not guaranteed.

| Tenant | Business | Property name | Leased area (m ²) (Note 1) | Contracted rent (Annual) (Millions of yen) (Note 2) | Tenant leasehold and security deposit (Millions of yen) (Note 3) | Expiration date (Note 4) |
|--|---------------------------|------------------------------------|---|---|---|-----------------------------|
| Tokyu Community Corporation | Real Estate Management | TLC Ebisu Building | 7,342.60 | 538 | 439 | May 31, 2025 |
| | | A-PLACE Ebisu Minami | 7,950.51 | 658 | 496 | May 31, 2025 |
| | | A-PLACE Yoyogi | 3,106.17 | 226 | 190 | May 31, 2025 |
| | | A-PLACE Aoyama | 7,303.69 | 499 | 473 | May 31, 2025 |
| | | Luogo Shiodome | 4,476.35 | 308 | 270 | May 31, 2025 |
| | | A-PLACE Ikebukuro | 3,409.73 | (Note 5) | (Note 5) | May 31, 2025 |
| | | A-PLACE Shinbashi | 5,052.14 | 345 | 309 | May 31, 2025 |
| | | A-PLACE Gotanda | 4,028.69 | 329 | 290 | May 31, 2025 |
| | | A-PLACE Shinagawa | 2,986.36 | 205 | 190 | May 31, 2025 |
| | | OSAKI WIZTOWER | 7,193.28 | 635 | 635 | May 31, 2025 |
| | | Frontier Ebisu | 4,010.69 | 296 | 203 | May 31, 2025 |
| | | Shibuya Konnoh Building | 2,958.85 | (Note 5) | (Note 5) | September 30, 2025 |
| | | A-PLACE Kanayama | 9,314.91 | 495 | 391 | May 31, 2025 |
| | | Osaka Nakanoshima Building | 20,235.57 | 936 | 674 | November 30, 2024 |
| | | Total | | 89,369.54 | – | – |
| Tokyu Land SC Management Corporation | Real Estate Management | Q plaza EBISU | 4,024.88 | 475 | 475 | June 30, 2022 |
| | | Shinbashi Place | 9,156.01 | (Note 5) | (Note 5) | November 30, 2024 |
| | | Kyoto Karasuma Parking Building | 21,616.04 | (Note 5) | (Note 5) | November 30, 2024 |
| | | A-FLAG Akasaka | 2,280.22 | 177 | 153 | August 31, 2023 |
| | | Kobe Kyu Kyoryuchi 25Bankan | 19,653.90 | 1,231 | 1,399 | August 31, 2023 |
| | | A-FLAG Sapporo | 21,229.16 | 624 | 137 | December 31, 2023 |
| | | A-FLAG Shibuya | 3,413.80 | 393 | 323 | December 31, 2023 |
| | | Q plaza SHINSAIBASHI | 2,493.82 | 560 | 452 | December 31, 2025 |
| | | icot Nakamozu | 28,098.02 | 619 | 430 | June 30, 2022 |
| | | icot Mizonokuchi | 14,032.05 | (Note 5) | 100 | June 30, 2022 |
| | | icot Tama Center | 5,181.58 | 238 | 230 | November 30, 2024 |
| | | icot Omori | 6,209.79 | 380 | 363 | December 31, 2023 |
| | | Market Square Sagamihara | 15,152.42 | (Note 5) | (Note 5) | January 31, 2025 |
| | | Total | | 152,541.69 | – | – |

(Note 1) The leased area is the leased area to end-tenants in respect to the leased area provided in the master lease agreement as of May 31, 2016 where the tenant is the master lease company and sublessor, rounding to the nearest hundredth.

- (Note 2) Under master lease contracts concluded with tenants, for properties of which the master lease rent payable by the tenant equals to the rent payable by the end-tenant to the tenant, the contracted rent (annual) for each property is calculated by multiplying the monthly rent (limited to rooms which were occupied by tenants as of May 31, 2016), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of May 31, 2016, as indicated in the sublease agreement concluded with the end-tenant as of May 31, 2016 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, 2016 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of May 31, 2016), rounding to the nearest million yen, where the tenant is the master lease company and sublessor.
- (Note 4) The expiration date is the date provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 5) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.

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

For assets held by the Investment Corporation, the following table shows end-tenants ranked in the top 10 in terms of total leased area in the entire portfolio as of May 31, 2016.

| End-tenants | Property name | Total leased area (m ²) (Note 1) | Lease expiration date | Form of agreement (Note 2) |
|--|---|---|----------------------------------|--|
| Tokyu Hotels Co., Ltd. | Tokyu Plaza Akasaka A-FLAG Sapporo | 30,182.69 | October 31, 2021 | Fixed-term building lease agreement |
| Sumitomo Mitsui Trust Bank, Limited (Note 3) | Tamachi Square (Land) Amagasaki Q's MALL (Land) | 28,753.40 (Note 4) | May 31, 2074 January 31, 2042 | Ordinary leasehold land agreement Fixed-term business-use lease agreement |
| Kohnan Shoji Co., Ltd. | icot Nakamozu | 26,529.03 | July 11, 2027 | Fixed-term building lease agreement |
| Paraca Inc. (Note 5) | Kyoto Karasuma Parking Building | 21,224.14 | – | – |
| Plan'Do·See Inc. | Kobe Kyu Kyoryuchi 25Bankan | 14,195.42 | – | – |
| Room's-Taishodo | icot Mizonokuchi | 14,032.05 | July 24, 2018 | Ordinary building lease agreement |
| K'S HOLDINGS CORPORATION | Market Square Sagamihara | 11,863.92 | June 30, 2034 | Fixed-term building lease agreement |
| Yamada-Denki Co., Ltd. | Shinbashi Place | 9,156.01 | – | – |
| NTT Communications Corporation | Shiodome Building | 7,383.30 | – | – |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | icot Nakamozu icot Tama Center A-PLACE Kanayama | 5,609.11 | – | – |

- (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, 2016. As for Tokyu Plaza Akasaka and Shiodome Building, the figure is based on the amount in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (50% and 25%, 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, 2016.
- (Note 3) Tenant is the trustee of the building on the land; Tokyu Land Corporation is the trust beneficiary under such trust.
- (Note 4) Total leased area for Tamachi Square (Land) and Amagasaki Q's MALL (Land) is in respect of the land.
- (Note 5) The lease agreement with Paraca Inc. is scheduled to conclude as of July 31, 2016. Accordingly, a fixed-term building lease agreement with a lease start date of August 1, 2016 was entered into with Times24 Co., Ltd. as of December 25, 2015.
- (Note 6) Since we have not obtained permission from the tenant of the properties to release the information, the information missing from this table is not disclosed.

(D) Overview of lease and profit and loss

9th fiscal period (From December 1, 2015 to May 31, 2016)

(Unit: Thousands of yen)

| Property number | UR-1 | UR-2 | UR-3 | UR-4 | UR-5 |
|--|--|------------------------------|---------------|-----------------|---------------------------------|
| Property name | Tokyu Plaza Omotesando Harajuku (Note 1) | Tokyu Plaza Akasaka (Note 1) | Q plaza EBISU | Shinbashi Place | Kyoto Karasuma Parking Building |
| Number of business days in the 9th fiscal period | 183 | 183 | 183 | 183 | 183 |
| a. Real estate leasing business revenues | 1,084,181 | 597,759 | 268,187 | (Note 2) | (Note 2) |
| Lease business revenue | 1,035,546 | 493,066 | 237,540 | (Note 2) | (Note 2) |
| Other lease business revenue | 48,635 | 104,693 | 30,646 | (Note 2) | (Note 2) |
| b. Expenses related to rent business | 250,388 | 249,060 | 61,337 | 46,225 | 35,973 |
| Management operation expenses | 98,016 | 83,555 | 16,534 | 12,300 | 3,538 |
| Utilities expenses | 29,997 | 78,108 | 26,511 | – | – |
| Tax and public dues | 52,137 | 66,095 | 8,500 | 32,549 | 31,204 |
| Insurance | 191 | 412 | 75 | 155 | 159 |
| Repair and maintenance expenses | 3,309 | 13,835 | 539 | – | 77 |
| Other expenses related to rent business | 66,736 | 7,052 | 9,175 | 1,219 | 993 |
| c. NOI (a – b) | 833,792 | 348,698 | 206,849 | (Note 2) | (Note 2) |
| d. Depreciation, etc. (Note 3) | 49,681 | 37,753 | 18,559 | 32,734 | 15,786 |
| Income (loss) from rent business (c – d) | 784,111 | 310,945 | 188,289 | (Note 2) | (Note 2) |

(Unit: Thousands of yen)

| Property number | UR-6 | UR-7 | UR-8 | UR-9 | UR-10 |
|--|----------------|-----------------------------|----------------|----------------|-------------------------------|
| Property name | A-FLAG Akasaka | Kobe Kyu Kyoryuchi 25Bankan | A-FLAG Sapporo | A-FLAG Shibuya | Q plaza SHINSAIBASHI (Note 4) |
| Number of business days in the 9th fiscal period | 183 | 183 | 183 | 183 | 168 |
| a. Real estate leasing business revenues | 107,509 | 778,208 | 432,336 | 205,660 | 270,411 |
| Lease business revenue | 89,728 | 709,473 | 353,175 | 197,027 | 258,484 |
| Other lease business revenue | 17,780 | 68,735 | 79,160 | 8,632 | 11,926 |
| b. Expenses related to rent business | 33,249 | 196,528 | 234,065 | 32,858 | 24,864 |
| Management operation expenses | 8,361 | 81,305 | 110,839 | 11,849 | 7,220 |
| Utilities expenses | 15,078 | 61,773 | 77,287 | 8,599 | 13,248 |
| Tax and public dues | 7,272 | 47,721 | 24,721 | 10,401 | – |
| Insurance | 36 | 619 | 572 | 53 | 59 |
| Repair and maintenance expenses | 616 | 2,286 | 13,397 | 774 | 616 |
| Other expenses related to rent business | 1,883 | 2,821 | 7,247 | 1,179 | 3,720 |
| c. NOI (a – b) | 74,259 | 581,680 | 198,270 | 172,801 | 245,547 |
| d. Depreciation, etc. (Note 3) | 8,316 | 120,429 | 45,429 | 7,977 | 11,957 |
| Income (loss) from rent business (c – d) | 65,943 | 461,251 | 152,841 | 164,824 | 233,589 |

(Unit: Thousands of yen)

| Property number | TO-1 | TO-2 | TO-3 | TO-4 | TO-5 |
|--|--------------------|-------------------------|-------------------|-------------------|----------------|
| Property name | TLC Ebisu Building | A-PLACE Ebisu Minami | A-PLACE Yoyogi | A-PLACE Aoyama | Luogo Shiodome |
| Number of business days in the 9th fiscal period | 183 | 183 | 183 | 183 | 183 |
| a. Real estate leasing business revenues | 274,605 | 345,474 | 126,461 | 271,032 | 166,379 |
| Lease business revenue | 255,904 | 332,864 | 114,004 | 255,227 | 155,958 |
| Other lease business revenue | 18,701 | 12,609 | 12,456 | 15,804 | 10,421 |
| b. Expenses related to rent business | 85,201 | 87,622 | 32,092 | 64,293 | 46,983 |
| Management operation expenses | 29,665 | 29,327 | 12,622 | 18,182 | 15,248 |
| Utilities expenses | 19,190 | 19,863 | 7,864 | 18,696 | 10,858 |
| Tax and public dues | 17,468 | 30,845 | 10,057 | 20,406 | 18,224 |
| Insurance | 193 | 247 | 83 | 181 | 158 |
| Repair and maintenance expenses | 8,515 | 4,165 | 464 | 2,710 | 1,042 |
| Other expenses related to rent business | 10,166 | 3,172 | 999 | 4,115 | 1,451 |
| c. NOI (a – b) | 189,404 | 257,852 | 94,368 | 206,738 | 119,395 |
| d. Depreciation, etc. (Note 3) | 42,789 | 30,565 | 15,670 | 23,091 | 27,533 |
| Income (loss) from rent business (c – d) | 146,614 | 227,286 | 78,698 | 183,647 | 91,862 |

(Unit: Thousands of yen)

| Property number | TO-6 | TO-7 | TO-8 | TO-9 | TO-10 |
|--|--------------------------|----------------------|----------------------|--------------------|----------------------|
| Property name | Tamachi Square (Land) | A-PLACE Ikebukuro | A-PLACE Shinbashi | A-PLACE Gotanda | A-PLACE Shinagawa |
| Number of business days in the 9th fiscal period | 183 | 183 | 183 | 183 | 183 |
| a. Real estate leasing business revenues | 62,502 | (Note 2) | 190,201 | 176,647 | 111,362 |
| Lease business revenue | 62,502 | (Note 2) | 178,336 | 166,264 | 105,412 |
| Other lease business revenue | – | (Note 2) | 11,865 | 10,382 | 5,950 |
| b. Expenses related to rent business | 8,197 | 31,464 | 48,741 | 45,392 | 29,257 |
| Management operation expenses | – | 11,356 | 15,978 | 14,946 | 8,914 |
| Utilities expenses | – | 8,338 | 11,479 | 11,264 | 6,227 |
| Tax and public dues | 7,939 | 10,534 | 15,019 | 14,642 | 10,603 |
| Insurance | – | 84 | 132 | 106 | 71 |
| Repair and maintenance expenses | – | 328 | 1,683 | 2,686 | 2,047 |
| Other expenses related to rent business | 257 | 821 | 4,448 | 1,745 | 1,393 |
| c. NOI (a – b) | 54,304 | (Note 2) | 141,459 | 131,254 | 82,105 |
| d. Depreciation, etc. (Note 3) | – | 20,682 | 25,970 | 26,920 | 8,455 |
| Income (loss) from rent business (c – d) | 54,304 | (Note 2) | 115,488 | 104,334 | 73,649 |

(Unit: Thousands of yen)

| Property number | TO-11 | TO-12 | TO-13 | TO-14 |
|--|-------------------|--|----------------|----------------------------|
| Property name | OSAKI WIZTOWER | Shiodome Building (Note 1) (Note 5) | Frontier Ebisu | Shibuya Konnoh Building |
| Number of business days in the 9th fiscal period | 183 | 183 | 183 | 183 |
| a. Real estate leasing business revenues | 301,938 | 994,691 | 160,390 | (Note 2) |
| Lease business revenue | 290,672 | 945,488 | 150,784 | (Note 2) |
| Other lease business revenue | 11,266 | 49,202 | 9,605 | (Note 2) |
| b. Expenses related to rent business | 92,861 | 159,169 | 26,220 | 15,591 |
| Management operation expenses | 58,670 | 69,243 | 11,057 | 5,612 |
| Utilities expenses | 10,915 | 59,902 | 9,313 | 5,939 |
| Tax and public dues | 21,051 | 481 | 128 | 95 |
| Insurance | 303 | 1,348 | 100 | 76 |
| Repair and maintenance expenses | 123 | 3,671 | 2,053 | 904 |
| Other expenses related to rent business | 1,798 | 24,522 | 3,567 | 2,963 |
| c. NOI (a – b) | 209,077 | 835,521 | 134,169 | (Note 2) |
| d. Depreciation, etc. (Note 3) | 48,275 | 116,297 | 24,020 | 11,703 |
| Income (loss) from rent business (c – d) | 160,801 | 719,224 | 110,148 | (Note 2) |

(Unit: Thousands of yen)

| Property number | O-1 | O-2 | O-4 | O-5 | O-6 |
|--|---------------------------|---------------|------------------|------------------|------------------|
| Property name | Amagasaki Q's MALL (Land) | icot Nakamozu | icot Mizonokuchi | icot Tama Center | A-PLACE Kanayama |
| Number of business days in the 9th fiscal period | 183 | 183 | 183 | 183 | 183 |
| a. Real estate leasing business revenues | 345,921 | 310,642 | (Note 2) | 142,543 | 280,349 |
| Lease business revenue | 345,921 | 310,612 | (Note 2) | 131,842 | 260,786 |
| Other lease business revenue | – | 30 | (Note 2) | 10,701 | 19,562 |
| b. Expenses related to rent business | 45,553 | 38,614 | 14,182 | 49,900 | 72,605 |
| Management operation expenses | – | 5,600 | 2,561 | 21,775 | 24,573 |
| Utilities expenses | – | 30 | – | 13,065 | 21,323 |
| Tax and public dues | 45,296 | 31,084 | 9,878 | 11,851 | 25,043 |
| Insurance | – | 235 | 100 | 145 | 252 |
| Repair and maintenance expenses | – | 740 | – | 1,709 | 54 |
| Other expenses related to rent business | 257 | 923 | 1,641 | 1,352 | 1,358 |
| c. NOI (a – b) | 300,367 | 272,028 | (Note 2) | 92,642 | 207,744 |
| d. Depreciation, etc. (Note 3) | – | 34,532 | 8,515 | 18,655 | 52,291 |
| Income (loss) from rent business (c – d) | 300,367 | 237,496 | (Note 2) | 73,987 | 155,452 |

(Unit: Thousands of yen)

| Property number | O-7 | O-8 | O-9 |
|--|----------------------------|------------|--------------------------|
| Property name | Osaka Nakanoshima Building | icot Omori | Market Square Sagamihara |
| Number of business days in the 9th fiscal period | 183 | 183 | 183 |
| a. Real estate leasing business revenues | 506,088 | 232,555 | (Note 2) |
| Lease business revenue | 480,243 | 198,754 | (Note 2) |
| Other lease business revenue | 25,845 | 33,800 | (Note 2) |
| b. Expenses related to rent business | 160,024 | 59,223 | 31,785 |
| Management operation expenses | 55,448 | 8,832 | 16,411 |
| Utilities expenses | 43,035 | 35,764 | 5,862 |
| Tax and public dues | 47,923 | 12,790 | 7,090 |
| Insurance | 749 | 94 | 132 |
| Repair and maintenance expenses | 7,787 | 958 | 1,327 |
| Other expenses related to rent business | 5,079 | 783 | 960 |
| c. NOI (a – b) | 346,064 | 173,332 | (Note 2) |
| d. Depreciation, etc. (Note 3) | 64,130 | 17,286 | 23,689 |
| Income (loss) from rent business (c – d) | 281,933 | 156,045 | (Note 2) |

(Note 1) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 25%, respectively).

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

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

(Note 4) Q plaza SHINSAIBASHI was acquired on December 16, 2015. Therefore, figures after the acquisition date are presented.

(Note 5) For Shiodome Building, we made an additional acquisition of 10% of trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) on December 16, 2015. Therefore, figures after the additional acquisition date are added.