



Financial Statements

**Activia Properties Inc.
16-3 Dogenzaka 1-chome,
Shibuya-ku, Tokyo**

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Independent Auditor's Report

The Board of Directors
Activia Properties Inc.

We have audited the accompanying financial statements of Activia Properties Inc., which comprise the balance sheets as at May 31, 2012, November 30, 2012, May 31, 2013, November 30, 2013 and May 31, 2014, and the statements of operations, changes in unitholders' equity, cash distributions and cash flows for the fiscal periods then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Activia Properties Inc. as at May 31, 2012, November 30, 2012, May 31, 2013, November 30, 2013 and May 31, 2014, and their financial performance and cash flows for the fiscal periods then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

August 25, 2014
Tokyo, Japan

Financial Statements

(1) Balance Sheets

	(Unit: Thousands of yen)				
	As of May 31, 2012	As of November 30, 2012	As of May 31, 2013	As of November 30, 2013	As of May 31, 2014
Assets					
Current assets					
Cash and deposits	127,194	5,586,163	4,707,652	5,016,162	7,702,411
Cash and deposits in trust	—	1,048,439	1,052,109	1,147,579	1,471,491
Operating accounts receivable	—	156,242	178,217	200,590	304,241
Prepaid expenses	1,050	110,647	223,261	151,720	273,265
Deferred tax assets	—	26	16	16	22
Consumption taxes receivable	—	1,446,329	—	—	541,917
Advances paid	4,200	—	—	—	—
Other	2	—	—	126	353
Total current assets	132,447	8,347,848	6,161,257	6,516,196	10,293,704
Noncurrent assets					
Property, plant and equipment					
Buildings in trust	—	30,445,044	33,521,802	34,180,684	48,593,214
Accumulated depreciation	—	(428,592)	(891,456)	(1,382,563)	(2,013,828)
Buildings in trust, net	—	30,016,451	32,630,345	32,798,121	46,579,386
Structures in trust	—	323,045	352,430	360,792	395,537
Accumulated depreciation	—	(8,823)	(18,096)	(28,285)	(39,436)
Structures in trust, net	—	314,222	334,334	332,506	356,100
Machinery and equipment in trust	—	576,121	617,991	622,914	1,091,124
Accumulated depreciation	—	(13,921)	(28,449)	(43,752)	(67,624)
Machinery and equipment in trust, net	—	562,200	589,542	579,161	1,023,499
Tools, furniture and fixtures in trust	—	4,286	8,049	23,882	36,977
Accumulated depreciation	—	(189)	(699)	(1,943)	(4,417)
Tools, furniture and fixtures in trust, net	—	4,096	7,350	21,939	32,560
Land in trust	—	136,258,287	144,250,646	146,717,786	179,363,166
Construction in progress in trust	—	—	3,224	5,200	5,200
Total property, plant and equipment	—	167,155,259	177,815,442	180,454,715	227,359,913
Intangible assets					
Leasehold rights in trust	—	4,265,157	4,487,617	4,562,599	4,562,599
Other	—	2,331	2,072	1,814	3,550
Total intangible assets	—	4,267,489	4,489,689	4,564,414	4,566,150
Investments and other assets					
Long-term prepaid expenses	—	286,230	361,340	296,095	356,026
Securities deposited	9,917	9,930	9,942	9,955	9,967
Total investments and other assets	9,917	296,160	371,283	306,051	365,994
Total noncurrent assets	9,917	171,718,909	182,676,416	185,325,181	232,292,058
Deferred assets					
Investment corporation bond issuance costs	—	—	—	—	23,404
Total deferred assets	—	—	—	—	23,404
Total assets	142,365	180,066,757	188,837,673	191,841,377	242,609,167

	(Unit: Thousands of yen)					
	As of May 31, 2012	As of November 30, 2012	As of May 31, 2013	As of November 30, 2013	As of May 31, 2014	
Liabilities						
Current liabilities						
Operating accounts payable	—	287,850	340,229	330,353	431,447	
Short-term loans payable	—	17,000,000	—	3,000,000	3,000,000	
Current portion of long-term loans payable	—	—	4,000,000	10,000,000	12,000,000	
Accounts payable-other	—	304,544	49,078	46,700	64,636	
Accrued expenses	2,547	424,963	220,466	245,470	315,924	
Income taxes payable	188	834	495	538	674	
Accrued consumption taxes	—	—	33,490	173,647	—	
Advances received	—	102,941	116,320	103,875	111,860	
Deposits received	645	21,873	2,235	4,772	11,350	
Other	—	21	—	—	1	
Total current liabilities	3,382	18,143,029	4,762,316	13,905,358	15,935,895	
Noncurrent liabilities						
Investment corporation bonds	—	—	—	—	4,000,000	
Long-term loans payable	—	60,000,000	81,000,000	75,000,000	81,800,000	
Tenant leasehold and security deposits in trust	—	7,688,827	8,223,028	8,375,764	10,820,768	
Other	—	41	31	50	31	
Total noncurrent liabilities	—	67,688,868	89,223,059	83,375,815	96,620,799	
Total liabilities	3,382	85,831,897	93,985,376	97,281,173	112,556,695	
Net assets						
Unitholders' equity						
Unitholders' capital	200,000	91,373,833	91,373,833	91,373,833	126,054,921	
Surplus						
Unappropriated retained earnings (undisposed loss)	(61,017)	2,861,026	3,478,463	3,186,370	3,997,550	
Total surplus	(61,017)	2,861,026	3,478,463	3,186,370	3,997,550	
Total unitholders' equity	138,982	94,234,859	94,852,296	94,560,203	130,052,471	
Total net assets	*2 138,982	*2 94,234,859	*2 94,852,296	*2 94,560,203	*2 130,052,471	
Total liabilities and net assets	142,365	180,066,757	188,837,673	191,841,377	242,609,167	

(2) Statements of Operations

	(Unit: Thousands of yen)					
	Fiscal periods					
	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)	
Operating revenue						
Rent revenue-real estate	*1, *3	—	*1, *3 4,889,315	*1, *3 5,453,936	*1, *3 5,712,126	*1, *3 7,237,545
Other lease business revenue	*1, *3	—	*1, *3 305,296	*1, *3 349,567	*1, *3 412,776	*1, *3 541,200
Total operating revenue		—	5,194,612	5,803,503	6,124,902	7,778,746
Operating expenses						
Expenses related to rent business	*1, *3	—	*1, *3 1,278,245	*1, *3 1,435,773	*1, *3 1,975,285	*1, *3 2,632,911
Loss on sales of real estate properties		—	—	—	—	*2 7,099
Asset management fees		—	380,548	442,330	436,004	483,899
Asset custody fees		836	4,360	5,144	5,374	6,562
Administrative service fees		1,670	4,476	15,564	13,446	11,856
Directors' compensation		1,620	3,300	3,300	3,300	3,300
Other operating expenses		3,090	25,650	49,765	49,339	52,584
Total operating expenses		7,217	1,696,580	1,951,879	2,482,749	3,198,214
Operating income (loss)		(7,217)	3,498,031	3,851,624	3,642,152	4,580,531
Non-operating income						
Interest income		24	128	237	189	394
Interest on securities		12	1,410	2,003	1,848	1,744
Interest on refund		—	—	3,407	—	—
Insurance income		—	—	—	2,522	63
Total non-operating income		36	1,539	5,648	4,560	2,203
Non-operating expenses						
Interest expenses		—	287,063	313,535	330,975	386,485
Interest expenses on investment corporation bonds		—	—	—	—	1,458
Amortization of investment corporation bond issuance costs		—	—	—	—	793
Initial expenses		53,642	—	—	—	—
Investment unit issuance expenses		—	129,644	—	48,310	106,174
Other offering costs associated with the issuance of investment units		—	86,181	—	—	—
Borrowing related expenses		—	69,524	64,401	79,700	88,739
Other		—	4,000	—	500	520
Total non-operating expenses		53,642	576,413	377,936	459,486	584,173
Ordinary income (loss)		(60,823)	2,923,157	3,479,336	3,187,226	3,998,562
Income (loss) before income taxes		(60,823)	2,923,157	3,479,336	3,187,226	3,998,562
Income taxes-current		193	1,139	948	949	1,105
Income taxes-deferred		—	(26)	9	(0)	(5)
Total income taxes		193	1,113	957	949	1,099
Net income (loss)		(61,017)	2,922,043	3,478,378	3,186,276	3,997,462
Retained earnings (deficit) brought forward		—	(61,017)	85	93	88
Unappropriated retained earnings (undisposed loss)		(61,017)	2,861,026	3,478,463	3,186,370	3,997,550

(3) Statements of Changes in Unitholders' Equity

1st fiscal period (From September 7, 2011 to May 31, 2012)

	(Unit: Thousands of yen)				
	Unitholders' equity				
	Unitholders' capital	Surplus		Total unitholders' equity	Total net assets
Unappropriated retained earnings (undisposed loss)		Total surplus			
Balance at the beginning of current period	—	—	—	—	—
Changes of items during the period					
Issuance of new investment units	200,000			200,000	200,000
Net income (loss)		(61,017)	(61,017)	(61,017)	(61,017)
Total changes of items during the period	200,000	(61,017)	(61,017)	138,982	138,982
Balance at the end of current period	*1 200,000	(61,017)	(61,017)	138,982	138,982

2nd fiscal period (From June 1, 2012 to November 30, 2012)

	(Unit: Thousands of yen)				
	Unitholders' equity				
	Unitholders' capital	Surplus		Total unitholders' equity	Total net assets
Unappropriated retained earnings (undisposed loss)		Total surplus			
Balance at the beginning of current period	200,000	(61,017)	(61,017)	138,982	138,982
Changes of items during the period					
Issuance of new investment units	91,173,833			91,173,833	91,173,833
Net income (loss)		2,922,043	2,922,043	2,922,043	2,922,043
Total changes of items during the period	91,173,833	2,922,043	2,922,043	94,095,877	94,095,877
Balance at the end of current period	*1 91,373,833	2,861,026	2,861,026	94,234,859	94,234,859

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

	(Unit: Thousands of yen)				
	Unitholders' equity				
	Unitholders' capital	Surplus		Total unitholders' equity	Total net assets
Unappropriated retained earnings (undisposed loss)		Total surplus			
Balance at the beginning of current period	91,373,833	2,861,026	2,861,026	94,234,859	94,234,859
Changes of items during the period					
Dividends from surplus		(2,860,941)	(2,860,941)	(2,860,941)	(2,860,941)
Net income (loss)		3,478,378	3,478,378	3,478,378	3,478,378
Total changes of items during the period	—	617,436	617,436	617,436	617,436
Balance at the end of current period	*1 91,373,833	3,478,463	3,478,463	94,852,296	94,852,296

4th fiscal period (From June 1, 2013 to November 30, 2013)

	(Unit: Thousands of yen)				
	Unitholders' equity				
	Unitholders' capital	Surplus		Total unitholders' equity	Total net assets
Unappropriated retained earnings (undisposed loss)		Total surplus			
Balance at the beginning of current period	91,373,833	3,478,463	3,478,463	94,852,296	94,852,296
Changes of items during the period					
Dividends from surplus		(3,478,369)	(3,478,369)	(3,478,369)	(3,478,369)
Net income (loss)		3,186,276	3,186,276	3,186,276	3,186,276
Total changes of items during the period	—	(292,093)	(292,093)	(292,093)	(292,093)
Balance at the end of current period	*1 91,373,833	3,186,370	3,186,370	94,560,203	94,560,203

5th fiscal period (From December 1, 2013 to May 31, 2014)

	(Unit: Thousands of yen)				
	Unitholders' equity				
	Surplus				
	Unitholders' capital	Unappropriated retained earnings (undisposed loss)	Total surplus	Total unitholders' equity	Total net assets
Balance at the beginning of current period	91,373,833	3,186,370	3,186,370	94,560,203	94,560,203
Changes of items during the period					
Issuance of new investment units	34,681,088			34,681,088	34,681,088
Dividends from surplus		(3,186,282)	(3,186,282)	(3,186,282)	(3,186,282)
Net income (loss)		3,997,462	3,997,462	3,997,462	3,997,462
Total changes of items during the period	34,681,088	811,180	811,180	35,492,268	35,492,268
Balance at the end of current period	*1 126,054,921	3,997,550	3,997,550	130,052,471	130,052,471

(4) Statements of Cash Distributions

	Fiscal periods				
	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)
	Amount	Amount	Amount	Amount	Amount
I Unappropriated retained earnings (Undisposed loss)	¥(61,017,145)	¥2,861,026,757	¥3,478,463,414	¥3,186,370,302	¥3,997,550,439
II Distributions [Cash distribution per unit]	— [—]	¥2,860,941,756 ¥[13,938]	¥3,478,369,852 ¥[16,946]	¥3,186,282,026 ¥[15,523]	¥3,997,409,164 ¥[15,922]
III Earnings carried forward	¥(61,017,145)	¥85,001	¥93,562	¥88,276	¥141,275
Calculation method for distributions	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, the Investment Corporation did not pay distributions for the fiscal period under review, as there were no profits. Undisposed loss will be carried forward to the next fiscal period.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Special Taxation Measures Act. In consideration of this policy, we will pay distributions at the total amount of ¥2,860,941,756, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 205,262, which is the number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Special Taxation Measures Act. In consideration of this policy, we will pay distributions at the total amount of ¥3,478,369,852, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 205,262, which is the number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Special Taxation Measures Act. In consideration of this policy, we will pay distributions at the total amount of ¥3,186,282,026, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 205,262, which is the number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Special Taxation Measures Act. In consideration of this policy, we will pay distributions at the total amount of ¥3,997,409,164, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 251,062, which is the number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.

(5) Statements of Cash Flows

	(Unit: Thousands of yen)				
	Fiscal periods				
	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)
Net cash provided by (used in) operating activities					
Income (loss) before income taxes	(60,823)	2,923,157	3,479,336	3,187,226	3,998,562
Depreciation and amortization	—	452,298	488,241	518,685	739,644
Loss on retirement of noncurrent assets	—	5,230	2,746	555	4,426
Amortization of investment corporation bond issuance costs	—	—	—	—	793
Interest income and interest on securities	(36)	(1,539)	(2,241)	(2,038)	(2,139)
Interest expenses	—	287,063	313,535	330,975	387,944
Investment unit issuance expenses	—	129,644	—	48,310	106,174
Borrowing related expenses	—	58,603	52,838	67,489	88,739
Decrease (increase) in operating accounts receivable	—	(156,242)	(21,974)	(22,373)	(103,650)
Decrease (increase) in consumption taxes refund receivable	—	(1,446,329)	1,446,329	—	(541,917)
Increase (decrease) in accrued consumption taxes	—	—	33,490	140,157	(173,647)
Decrease (increase) in prepaid expenses	(1,050)	(19,726)	(69,997)	67,287	(108,049)
Decrease (increase) in advances paid	(4,200)	4,200	—	—	—
Decrease in sales of property, plant and equipment in trust	—	—	—	—	692,998
Increase (decrease) in operating accounts payable	—	238,935	35,856	7,060	98,507
Increase (decrease) in accrued expenses	2,547	420,735	(214,740)	(22,501)	47,221
Increase (decrease) in advances received	—	102,941	13,378	(12,444)	7,984
Decrease (increase) in long-term prepaid expenses	—	(13,204)	2,334	4,633	4,224
Other, net	645	21,290	(19,668)	2,429	6,335
Subtotal	(62,917)	3,007,057	5,539,465	4,315,454	5,254,154
Interest income received	21	1,529	2,228	2,026	2,126
Interest expenses paid	—	(285,382)	(303,292)	(330,722)	(329,717)
Income taxes paid	(4)	(494)	(1,286)	(907)	(970)
Net cash provided by (used in) operating activities	(62,899)	2,722,709	5,237,115	3,985,850	4,925,593
Net cash provided by (used in) investing activities					
Purchase of property, plant and equipment in trust	—	(167,259,077)	(11,403,309)	(3,182,161)	(48,323,518)
Purchase of investment securities	(9,905)	—	—	—	—
Purchase of intangible assets	—	(2,582)	—	—	—
Purchase of intangible assets in trust	—	(4,265,157)	(222,459)	(74,982)	—
Repayments of tenant leasehold and security deposits	—	(23,086)	(231,159)	(129,626)	(339,594)
Proceeds from tenant leasehold and security deposits	—	7,711,913	765,360	282,363	2,784,598
Net cash provided by (used in) investing activities	(9,905)	(163,837,990)	(11,091,568)	(3,104,407)	(45,878,514)
Net cash provided by (used in) financing activities					
Increase in short-term loans payable	—	17,000,000	—	2,997,375	—
Decrease in short-term loans payable	—	—	(17,000,000)	—	—
Proceeds from long-term loans payable	—	59,578,500	24,827,100	—	12,645,800
Decrease in long-term loans payable	—	—	—	—	(4,000,000)
Proceeds from issuance of investment corporation bonds	—	—	—	—	3,978,087
Proceeds from issuance of investment units	200,000	91,044,188	—	—	34,527,660
Dividends paid	—	—	(2,847,488)	(3,473,778)	(3,186,247)
Other, net	—	—	—	(1,058)	(2,218)
Net cash provided by (used in) financing activities	200,000	167,622,688	4,979,611	(477,461)	43,963,082
Net increase (decrease) in cash and cash equivalents	127,194	6,507,407	(874,841)	403,981	3,010,160
Cash and cash equivalents at beginning of period	—	127,194	6,634,602	5,759,761	6,163,742
Cash and cash equivalents at end of period	*1 127,194	*1 6,634,602	*1 5,759,761	*1 6,163,742	*1 9,173,903

Notes to financial statements

(6) Notes on Assumption of Going Concern

Not applicable

(7) Notes on Important Accounting Policies

1. Valuation basis and method for securities
Held-to-maturity bonds
The amortized cost method (straight-line method) is used.
2. Method of depreciation of noncurrent assets
 - (1) Property, plant and equipment (including trust assets)
The straight-line method is used.
The useful lives of major property, plant and equipment are listed below.

Buildings	2 to 64 years
Structures	2 to 60 years
Machinery and equipment	2 to 33 years
Tools, furniture and fixtures	2 to 15 years
 - (2) Intangible assets
Internal use software is amortized by the straight-line method over the expected useful life (5 years).
 - (3) Long-term prepaid expenses
The straight-line method is used.
3. Accounting method for deferred assets
 - (1) Initial expenses
The full amount is recorded as expenses at the time of expenditure.
 - (2) Investment unit issuance expenses
The full amount is recorded as expenses at the time of expenditure.
 - (3) Investment corporation bond issuance costs
Amortized by the straight-line method over the period until maturity.
4. Accounting for income and expenses
Property-related taxes
For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business.
The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. Taxes on property, plant and equipment capitalized as part of the acquisition cost of properties amounted to ¥456,323 thousand, ¥64,888 thousand, ¥4,906 thousand and ¥77,519 thousand for the fiscal periods ended November 30, 2012, May 31, 2013, November 30, 2013 and May 31, 2014, respectively. For the fiscal period ended May 31, 2012, no taxes on property, plant and equipment were capitalized.
5. Method of hedge accounting
 - (1) Method of hedge accounting
For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment.
 - (2) Hedging instruments and hedged items
Hedging instruments: Interest rate swaps transactions
Hedged items: Long-term loans payable
 - (3) Hedging policy
Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation.
 - (4) Method of assessing hedge effectiveness

The Investment Corporation assesses hedge effectiveness by ensuring the fulfillment of the requirements of special treatment.

6. Scope of cash (cash and cash equivalents) in the statements of cash flows

Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.

7. Other important matters related to the preparation of financial statements

(1) Accounting method for trust beneficiary right with real estate, etc. as trust asset

With regard to trust beneficiary right with real estate, etc. in holding as trust asset, all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income.

Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets.

- i) Cash and deposits in trust
- ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust
- iii) Tenant leasehold and security deposits in trust

(2) Accounting method for consumption tax and local consumption tax

Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for noncurrent assets, etc. are included in acquisition cost for each asset.

(3) Fiscal Period

The 1st fiscal period is from the date of inception (September 7, 2011) to May 31, 2012

(8) Notes to Financial Statements

Notes to Balance Sheets

1. Commitment Line Contracts

The Investment Corporation has the commitment line contracts with four of the banks (one of the banks for the fiscal periods ended November 30, 2012 and May 31, 2013) with which it does business.

	As of May 31, 2012	As of November 30, 2012	As of May 31, 2013	As of November 30, 2013	As of May 31, 2014
Total amount specified in the commitment line contracts	—	¥10,000,000 thousand	¥10,000,000 thousand	¥10,000,000 thousand	¥10,000,000 thousand
Loan balance	—	—	—	—	—
Net balance	—	¥10,000,000 thousand	¥10,000,000 thousand	¥10,000,000 thousand	¥10,000,000 thousand

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

As of May 31, 2012	As of November 30, 2012	As of May 31, 2013	As of November 30, 2013	As of May 31, 2014
¥50,000 thousand	¥50,000 thousand	¥50,000 thousand	¥50,000 thousand	¥50,000 thousand

Notes to Statements of Operations

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

	(Unit: Thousands of yen)									
	Fiscal periods									
	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)					
A. Real estate leasing business revenues										
Rent revenue—real estate										
Rent	—	4,449,798	4,946,608	5,197,037	6,619,646					
Common service fees	—	325,961	373,661	377,139	429,060					
Parking lot fees	—	77,849	93,053	98,275	142,732					
Other rent revenue	—	35,705	4,889,315	40,613	5,453,936	39,673	5,712,126	46,105	7,237,545	
Other lease business revenue	—	—	305,296	—	349,567	—	412,776	—	541,200	
Total real estate leasing business revenues	—	5,194,612	5,803,503	6,124,902	7,778,746					
B. Real estate leasing business expenses										
Expenses related to rent business										
Management operation expenses	—	343,672	411,855	425,239	638,757					
Utilities expenses	—	272,691	288,930	371,251	524,265					
Tax and public dues	—	—	10,265	433,411	457,189					
Insurance	—	4,306	4,962	5,277	7,211					
Repair and maintenance expenses	—	108,170	97,004	71,060	114,693					
Depreciation	—	452,047	487,983	518,426	739,386					
Loss on retirement of noncurrent assets	—	5,230	2,746	555	4,426					
Other expenses related to rent business	—	—	92,126	1,278,245	132,024	1,435,773	150,061	1,975,285	146,980	2,632,911
Total real estate leasing business expenses	—	1,278,245	1,435,773	1,975,285	2,632,911					
C. Income (loss) from real estate leasing business (A – B)	—	3,916,367	4,367,729	4,149,617	5,145,835					

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

(As of May 31, 2012)

Not applicable

(As of November 30, 2012)

Not applicable

(As of May 31, 2013)

Not applicable

(As of November 30, 2013)

Not applicable

(As of May 31, 2014)

		(Unit: Thousands of yen)
Tokyo Kikai Honsha Building (Building)		
Income from sales of real estate properties		695,000
Costs of sales of real estate properties		692,998
Other costs of sales		9,101
Loss on sales of real estate properties		7,099

*3. Transactions with Major Unitholders

	(Unit: Thousands of yen)				
	Fiscal periods				
	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)
Operating transactions					
Rent revenue—real estate	—	4,191,200	4,706,243	4,926,245	5,470,711
Other lease business revenue	—	273,876	315,989	351,734	393,854
Expenses related to rent business	—	218,363	256,607	255,524	296,465

Notes to Statements of Changes in Unitholders' Equity

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

	Fiscal periods				
	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)
Total number of authorized investment units	2,000,000 units	2,000,000 units	2,000,000 units	2,000,000 units	2,000,000 units
Total number of investment units issued	400 units	205,262 units	205,262 units	205,262 units	251,062 units

Notes to Statements of Cash Flows

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

	Fiscal periods				
	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)
Cash and deposits	¥127,194 thousand	¥5,586,163 thousand	¥4,707,652 thousand	¥5,016,162 thousand	¥7,702,411 thousand
Cash and deposits in trust	—	¥1,048,439 thousand	¥1,052,109 thousand	¥1,147,579 thousand	¥1,471,491 thousand
Cash and cash equivalents	¥127,194 thousand	¥6,634,602 thousand	¥5,759,761 thousand	¥6,163,742 thousand	¥9,173,903 thousand

Notes to Lease Rental Revenues

The Investment Corporation leases properties on which rental revenues are earned. As of May 31, 2012, November 30, 2012, May 31, 2013, November 30, 2013 and May 31, 2014, future lease revenues under non-cancelable operating leases are summarized as follows:

	As of May 31, 2012	As of November 30, 2012	As of May 31, 2013	As of November 30, 2013	As of May 31, 2014
Due within one year	—	¥ 7,924,244 thousand	¥ 8,155,084 thousand	¥ 8,404,903 thousand	¥ 8,917,642 thousand
Due after one year	—	¥57,712,852 thousand	¥54,192,670 thousand	¥50,701,479 thousand	¥52,733,613 thousand
Total	—	¥65,637,096 thousand	¥62,347,754 thousand	¥59,106,382 thousand	¥61,651,256 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.

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

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

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

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

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

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

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

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

2. Matters Regarding Fair Values of Financial Instruments

Carrying amounts, fair value, and the differences between the two values as of May 31, 2012, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

	(Unit: Thousands of yen)		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	127,194	127,194	—
(3) Advances paid	4,200	4,200	—
(4) Securities deposited (Held-to-maturity bonds)	9,917	9,965	47
Total assets	141,312	141,360	47
(5) Accrued expenses	2,547	2,547	—
Total liabilities	2,547	2,547	—

Carrying amounts, fair values, and the differences between the two values as of November 30, 2012, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

	(Unit: Thousands of yen)		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	5,586,163	5,586,163	—
(2) Cash and deposits in trust	1,048,439	1,048,439	—
Total assets	6,634,602	6,634,602	—
(1) Short-term loans payable	17,000,000	17,000,000	—
(4) Long-term loans payable	60,000,000	60,345,213	345,213
Total liabilities	77,000,000	77,345,213	345,213

Carrying amounts, fair values, and the differences between the two values as of May 31, 2013, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

	(Unit: Thousands of yen)		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	4,707,652	4,707,652	—
(2) Cash and deposits in trust	1,052,109	1,052,109	—
Total assets	5,759,761	5,759,761	—
(2) Current portion of long-term loans payable	4,000,000	4,000,000	—
(4) Long-term loans payable	81,000,000	80,714,493	(285,506)
Total liabilities	85,000,000	84,714,493	(285,506)
Derivative transactions	—	—	—

Carrying amounts, fair values, and the differences between the two values as of November 30, 2013, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

	(Unit: Thousands of yen)		
	Carrying amount	Fair value	Difference
(1) Cash and deposits	5,016,162	5,016,162	—
(2) Cash and deposits in trust	1,147,579	1,147,579	—
Total assets	6,163,742	6,163,742	—
(1) Short-term loans payable	3,000,000	3,000,000	—
(2) Current portion of long-term loans payable	10,000,000	10,000,000	—
(4) Long-term loans payable	75,000,000	75,196,047	196,047
Total liabilities	88,000,000	88,196,047	196,047
Derivative transactions	—	—	—

Carrying amounts, fair values, and the differences between the two values as of May 31, 2014, 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	7,702,411	7,702,411	—
(2) Cash and deposits in trust	1,471,491	1,471,491	—
Total assets	9,173,903	9,173,903	—
(1) Short-term loans payable	3,000,000	3,000,000	—
(2) Current portion of long-term loans payable	12,000,000	12,000,000	—
(3) Investment corporation bonds	4,000,000	4,000,000	—
(4) Long-term loans payable	81,800,000	82,215,990	415,990
Total liabilities	100,800,000	101,215,990	415,990
Derivative transactions	—	—	—

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

Assets

(1) Cash and deposits, (2) Cash and deposits in trust, (3) Advances paid

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.

(4) Securities deposited

Prices announced by the Japan Securities Dealers Association are used as the fair values.

Liabilities

(1) Short-term loans payable

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

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

These fair values are determined by discounting the total of principal and interest at the rate assumed when a new loan is made corresponding to the remaining period. The book value is used as the fair value of those loans payable with floating interest

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

(3) Investment corporation bonds

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

(5) Accrued expenses

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.

Derivative transactions

Please refer to “Notes on Derivative Transactions.”

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

Category	(Unit: Thousands of yen)				
	As of May 31, 2012	As of November 30, 2012	As of May 31, 2013	As of November 30, 2013	As of May 31, 2014
Tenant leasehold and security deposits in trust*1	—	7,688,827	8,223,028	8,375,764	10,820,768

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

(Note 3) Expected Amount of Repayment of Monetary Claims and Securities with Maturities after the Account Closing Date (May 31, 2012)

	(Unit: Thousands of yen)					
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	127,194	—	—	—	—	—
Advances paid	4,200	—	—	—	—	—
Securities deposited						
Held-to-maturity bonds (Government bonds)	—	—	—	10,000	—	—
Total	131,394	—	—	10,000	—	—

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

	(Unit: Thousands of yen)					
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	5,586,163	—	—	—	—	—
Deposits in trust	1,048,439	—	—	—	—	—
Total	6,634,602	—	—	—	—	—

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

	(Unit: Thousands of yen)					
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	4,707,652	—	—	—	—	—
Deposits in trust	1,052,109	—	—	—	—	—
Total	5,759,761	—	—	—	—	—

Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (November 30, 2013)

	(Unit: Thousands of yen)					
	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Deposits	5,016,162	—	—	—	—	—
Deposits in trust	1,147,579	—	—	—	—	—
Total	6,163,742	—	—	—	—	—

Expected Amounts of Repayment of Monetary Claims after the Account Closing Date (May 31, 2014)

	(Unit: Thousands of yen)					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Deposits	7,702,411	—	—	—	—	—
Deposits in trust	1,471,491	—	—	—	—	—
Total	9,173,903	—	—	—	—	—

(Note 4) Expected Amount of Repayment of Loans Payable and Other Interest Bearing Debt after the Account Closing Date (May 31, 2012)

Not applicable

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

	(Unit: Thousands of yen)					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term loans payable	17,000,000	—	—	—	—	—
Long-term loans payable	—	6,000,000	12,000,000	12,000,000	12,000,000	18,000,000
Total	17,000,000	6,000,000	12,000,000	12,000,000	12,000,000	18,000,000

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

	(Unit: Thousands of yen)					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Long-term loans payable	4,000,000	12,000,000	12,000,000	18,000,000	17,000,000	22,000,000
Total	4,000,000	12,000,000	12,000,000	18,000,000	17,000,000	22,000,000

Expected Amounts of Repayment of Loans Payable after the Account Closing Date (November 30, 2013)

	(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	3,000,000	—	—	—	—	—
Long-term loans payable	10,000,000	18,000,000	12,000,000	18,000,000	17,000,000	10,000,000
Total	13,000,000	18,000,000	12,000,000	18,000,000	17,000,000	10,000,000

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bonds after the Account Closing Date (May 31, 2014)

	(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	3,000,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	4,000,000	—
Long-term loans payable	12,000,000	12,000,000	18,000,000	17,000,000	16,000,000	18,800,000
Total	15,000,000	12,000,000	18,000,000	17,000,000	20,000,000	18,800,000

Notes on Derivative Transactions

1. Derivative transaction to which hedge accounting is not applied

(As of May 31, 2012)

Not applicable

(As of November 30, 2012)

Not applicable

(As of May 31, 2013)

Not applicable

(As of November 30, 2013)

Not applicable

(As of May 31, 2014)

Not applicable

2. Derivative transaction to which hedge accounting is applied

(As of May 31, 2012)

Not applicable

(As of November 30, 2012)

Not applicable

(As of May 31, 2013)

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

(Unit: Thousands of yen)

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

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

(As of November 30, 2013)

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

(Unit: Thousands of yen)

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

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

(As of May 31, 2014)

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

(Unit: Thousands of yen)

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

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

Notes on Deferred Tax Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of May 31, 2012	As of November 30, 2012	As of May 31, 2013	As of November 30, 2013	As of May 31, 2014
Deferred tax assets					
Tax loss carried forward	¥ 23,922 thousand	—	—	—	—
Non-deductible amount for tax purposes of enterprise tax payable	—	¥26 thousand	¥16 thousand	¥16 thousand	¥22 thousand
Subtotal deferred tax assets	¥ 23,922 thousand	¥26 thousand	¥16 thousand	¥16 thousand	¥22 thousand
Valuation allowance	¥(23,922) thousand	—	—	—	—
Total deferred tax assets	—	¥26 thousand	¥16 thousand	¥16 thousand	¥22 thousand
Net deferred tax assets	—	¥26 thousand	¥16 thousand	¥16 thousand	¥22 thousand

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

	As of May 31, 2012	As of November 30, 2012	As of May 31, 2013	As of November 30, 2013	As of May 31, 2014
Effective statutory tax rate	—	36.59%	36.59%	36.59%	36.59%
(Adjustments)					
Distributions paid included in deductibles	—	(35.81)%	(36.58)%	(36.58)%	(36.58)%
Other	—	(0.74)%	0.02%	0.02%	0.02%
Effective income tax rate after application of tax effect accounting	—	0.04%	0.03%	0.03%	0.03%

(Note) Disclosure for the 1st fiscal period is omitted as loss before income taxes was recorded.

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

The “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction from the Great East Japan Earthquake” (Act No. 117 of 2011) was partially revised through the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014), which was promulgated on March 31, 2014. With this revision, the special corporation tax for reconstruction (a surtax for reconstruction funding after the Great East Japan Earthquake) will no longer be levied from the fiscal period beginning on or after April 1, 2014. In conjunction with this, for temporary differences expected to be reversed in the fiscal periods beginning on or after June 1, 2014, the normal statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities was changed to 34.16%. The impact of this change is immaterial.

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

1st fiscal period (From September 7, 2011 to May 31, 2012)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)	
						Interlocking officers, etc.	Business relationship				
Parent company	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	100%	None	Parent company	Acceptance of investment capital	200,000	Unitholders' capital	200,000

2nd fiscal period (From June 1, 2012 to November 30, 2012)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Interlocking officers, etc.	Relationship		Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
							Business relationship	Transaction			
Major unit-holder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.47%	None	Major unitholder, and rent and management of properties	Purchase of beneficiary rights of real estate in trust	64,437,000	—	—
								Acceptance of tenant leasehold and security deposits	2,896,924		
								Delivery of tenant leasehold and security deposits	5,757,583		
								Receipt of tenant leasehold and security deposits	6,271,854	Tenant leasehold and security deposits in trust	6,590,205
								Repayments of tenant leasehold and security deposits	23,086		
								Rental revenues, etc.	4,465,077	Operating accounts receivable	144,544
										Advances received	102,913
								Fees for consignment for real estate management	218,314	Operating accounts payable	38,408

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

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Interlocking officers, etc.	Relationship		Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
							Business relationship	Transaction			
Major unit-holder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.47%	None	Major unitholder, and rent and management of properties	Delivery of tenant leasehold and security deposits	621,227		
								Receipt of tenant leasehold and security deposits	765,360	Tenant leasehold and security deposits in trust	7,124,406
								Repayments of tenant leasehold and security deposits	231,159		
								Rental revenues, etc.	5,022,232	Operating accounts receivable	166,319
										Advances received	116,288
								Fees for consignment for real estate management	256,597	Operating accounts payable	62,858

4th fiscal period (From June 1, 2013 to November 30, 2013)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unit-holder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.47%	None	Major unitholder, and rent and management of properties	Receipt of tenant leasehold and security deposits	155,196	Tenant leasehold and security deposits in trust	7,149,976
								Repayments of tenant leasehold and security deposits	129,626		
								Rental revenues, etc.	5,277,980	Operating accounts receivable	184,665
										Advances received	103,819
								Fees for consignment for real estate management	254,702	Operating accounts payable	50,042

5th fiscal period (From December 1, 2013 to May 31, 2014)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unit-holder	Tokyu Land Corporation	21-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.38%	None	Major unitholder, and rent and management of properties	Purchase of beneficiary rights of real estate in trust	17,890,000	—	—
								Sales of beneficiary interests of real estate in trust	695,000	—	—
								Acceptance of tenant leasehold and security deposits	972,323		
								Delivery of tenant leasehold and security deposits	612,744		
								Receipt of tenant leasehold and security deposits	740,651	Tenant leasehold and security deposits in trust	7,580,200
								Repayments of tenant leasehold and security deposits	129,249		
								Delivery of tenant leasehold and security deposits due to sale	181,176		
								Rental revenues, etc.	5,864,566	Operating accounts receivable	225,969
										Advances received	111,462
								Fees for consignment for real estate management	295,565	Operating accounts payable	61,614

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

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

2. Affiliates, etc.

1st fiscal period (From September 7, 2011 to May 31, 2012)

Not applicable

2nd fiscal period (From June 1, 2012 to November 30, 2012)

Not applicable

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

Not applicable

4th fiscal period (From June 1, 2013 to November 30, 2013)

Not applicable

5th fiscal period (From December 1, 2013 to May 31, 2014)

Not applicable

3. Sister companies, etc

1st fiscal period (From September 7, 2011 to May 31, 2012)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Company that has the same parent company	TLC Activia Investment Management Inc.	16-3 Dogenzaka Shibuya-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	—	One interlocking officer	Asset manager	Payment of organizer's fees	50,000	—	—
								Payment of listing related costs	4,200	Advances paid	4,200

2nd fiscal period (From June 1, 2012 to November 30, 2012)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Subsidiary of major unitholder	Cross Special Purpose Company	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	13,916	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	45,000,000	—	—
								Acceptance of tenant leasehold and security deposits	1,756,535	—	—
Subsidiary of major unitholder	Pixis Ltd.	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	3	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	20,500,000	—	—
								Acceptance of tenant leasehold and security deposits	1,200,000	—	—
Subsidiary of major unitholder	Kotoru Ltd.	11 Kanda-Jimbocho 1-chome, Chiyoda-ku, Tokyo	3	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	8,860,000	—	—
								Acceptance of tenant leasehold and security deposits	46,941	—	—

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Interlocking officers, etc.	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
							Business relationship	Transaction				
Subsidiary of major unitholder	Rouge LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	1	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	8,790,000	—	—	
Subsidiary of major unitholder	Classer LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	1	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	4,540,000	—	—	
								Acceptance of tenant leasehold and security deposits	248,564	—	—	
Subsidiary of major unitholder	Happy Family Special Purpose Company	10-5 Akasaka 2-chome, Minato-ku, Tokyo	—	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	8,423,000	—	—	
								Acceptance of tenant leasehold and security deposits	427,576	—	—	
Subsidiary of major unitholder	KTMO Ltd.	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	3	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	2,840,000	—	—	
								Acceptance of tenant leasehold and security deposits	232,200	—	—	
Subsidiary of major unitholder	Villa LLC	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	0	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	6,980,000	—	—	
								Acceptance of tenant leasehold and security deposits	388,900	—	—	
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	—	None	Subsidiary of major unitholder	Delivery of tenant leasehold and security deposits	1,002,412	Tenant leasehold and security deposits in trust	1,002,412	
								Receipt of tenant leasehold and security deposits	1,002,412			
								Rental revenues, etc.	639,740	Operating accounts receivable	11,698	
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	16-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	—	One interlocking officer	Asset manager	Payment of fees for asset management	1,232,398	Other accrued expenses	399,575	
										Advances received	28	

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

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Interlocking officers, etc.	Relationship Business relationship	Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	—	None	Subsidiary of major unitholder	Delivery of tenant leasehold and security deposits	96,209	Tenant leasehold and security deposits in trust	1,098,621
								Receipt of tenant leasehold and security deposits	96,209		
								Rental revenues, etc.	781,270	Operating accounts receivable	11,897
										Advances received	31
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	16-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	—	One interlocking officer	Asset manager	Payment of fees for asset management	518,630	Other accrued expenses	181,619

4th fiscal period (From June 1, 2013 to November 30, 2013)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Interlocking officers, etc.	Relationship Business relationship	Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
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	127,166	Tenant leasehold and security deposits in trust	1,225,788
								Receipt of tenant leasehold and security deposits	127,166		
								Rental revenues, etc.	846,922	Operating accounts receivable	15,924
										Advances received	56
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	16-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	—	One interlocking officer	Asset manager	Payment of fees for asset management	457,004	Other accrued expenses	159,570

5th fiscal period (From December 1, 2013 to May 31, 2014)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Interlocking officers, etc.	Relationship Business relationship	Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
Subsidiary of major unitholder	SSG9 LLC	11 Kanda-Jimbocho 1-chome, Chiyoda-ku, Tokyo	0	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	21,330,000	—	—
								Acceptance of tenant leasehold and security deposits	1,333,965	—	—
Subsidiary of major unitholder	Momo Holdings Ltd.	11 Kanda-Jimbocho 1-chome, Chiyoda-ku, Tokyo	3	Real estate business	—	None	Subsidiary of major unitholder	Purchase of beneficiary rights of real estate in trust	3,800,000	—	—
								Acceptance of tenant leasehold and security deposits	188,125	—	—
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2 Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	—	None	Subsidiary of major unitholder	Delivery of tenant leasehold and security deposits	1,829,571	Tenant leasehold and security deposits in trust	3,047,739
								Receipt of tenant leasehold and security deposits	1,851,119		
								Repayments of tenant leasehold and security deposits	29,167	—	—
								Rental revenues, etc.	1,731,053	Operating accounts receivable	73,503
										Advances received	398
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	16-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	—	One interlocking officer	Asset manager	Payment of fees for asset management	721,049	Other accrued expenses	212,680

(Note 1) The amount of Payment of fees for asset management 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

1st fiscal period (From September 7, 2011 to May 31, 2012)

Not applicable

2nd fiscal period (From June 1, 2012 to November 30, 2012)

Not applicable

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

Not applicable

4th fiscal period (From June 1, 2013 to November 30, 2013)

Not applicable

5th fiscal period (From December 1, 2013 to May 31, 2014)

Not applicable

Notes on Investment and Rental Properties

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

Use		(Unit: Thousands of yen)				
		Fiscal periods				
		(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)
Urban Retail Properties	Carrying amount on the balance sheets					
	Balance at beginning of period	—	—	94,817,681	94,776,350	97,815,993
	Changes during period	—	94,817,681	(41,331)	3,039,642	32,530,367
	Balance at end of period	—	94,817,681	94,776,350	97,815,993	130,346,361
	Fair value at end of period	—	99,550,000	99,650,000	103,910,000	140,110,000
Tokyo Office Properties	Carrying amount on the balance sheets					
	Balance at beginning of period	—	—	41,721,522	47,445,214	47,267,541
	Changes during period	—	41,721,522	5,723,692	(177,673)	8,715,517
	Balance at end of period	—	41,721,522	47,445,214	47,267,541	55,983,058
	Fair value at end of period	—	42,180,000	47,710,000	48,280,000	58,050,000
Other Properties	Carrying amount on the balance sheets					
	Balance at beginning of period	—	—	34,881,212	40,081,494	39,933,780
	Changes during period	—	34,881,212	5,200,281	(147,713)	5,661,307
	Balance at end of period	—	34,881,212	40,081,494	39,933,780	45,595,087
	Fair value at end of period	—	36,160,000	42,110,000	42,800,000	49,500,000
Total	Carrying amount on the balance sheets					
	Balance at beginning of period	—	—	171,420,417	182,303,059	185,017,315
	Changes during period	—	171,420,417	10,882,642	2,714,255	46,907,192
	Balance at end of period	—	171,420,417	182,303,059	185,017,315	231,924,507
	Fair value at end of period	—	177,890,000	189,470,000	194,990,000	247,660,000

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

(Note 2) The main reason for the increase for the fiscal period ended May 31, 2014 is the acquisition of 6 properties (Kobe Kyu Kyoryuchi 25Bankan, Tokyu Plaza Sapporo, Kamata Kosan Building, Gotanda Front, Shinagawa Place and J-CORE Omori) worth ¥48,229,812 thousand. The decrease is mainly due to the transfer of the building portion of Tokyo Kikai Honsha Building and the provision of depreciation worth ¥692,998 thousand and ¥739,386 thousand, respectively. The main reason for the increase for the fiscal period ended November 30, 2013 is the acquisition of 1 property (Hitotsugi LIP) worth ¥3,125,128 thousand. The decrease is mainly due to provision of depreciation (¥518,426 thousand). The main reason for the increase for the fiscal period ended May 31, 2013 is the acquisition of 2 properties (TK Shinbashi Building and Osaka Nakanoshima Building) worth ¥11,223,650 thousand. The decrease is mainly due to provision of depreciation (¥487,983 thousand). The main reason for the increase for the fiscal period ended November 30, 2012 is the acquisition of 18 properties (Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, Ebisu Q Plaza, Shinbashi Place, Kyoto Karasuma Parking Building, TLC Ebisu Building, A-PLACE Ebisu Minami, Yoyogi Place, Aoyama Plaza Building, Luogo Shiodome, Tokyo Kikai Honsha Building, A-PLACE Ikebukuro, COCOE Amagasaki (Land), icot Nakamozu, icot Kongo, icot Mizonokuchi, icot Tama Center, and Kanayama Center Place) worth ¥171,789,737 thousand. The decrease is mainly due to the recording of depreciation (¥452,047 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 is indicated under “Notes to Statements of Operations.”

Segment Information

Segment Information for the fiscal periods ended May 31, 2012, November 30, 2012, May 31, 2013, November 30, 2013 and May 31, 2014 is as follows:

1. Operating Segment Information

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

2. Enterprise-wide Disclosures

(1) Information about Products and Services

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

(2) Information about Geographic Areas

Revenues from Overseas Customers:

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

Tangible Fixed Assets:

Disclosure is not required as tangible fixed assets located in Japan are in excess of 90% of total tangible fixed assets.

3. Information about Major Customers

(Unit: Thousands of yen)							
Revenues for the fiscal period ended							
Name of Customer	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)	Related Segment	
Tokyu Land Corporation	—	4,465,077	5,022,232	5,277,980	5,864,566	Property rental business	
Tokyu Land SC Management Corporation	—	639,740	781,270	846,922	1,731,053	Property rental business	

Per Unit Information

	Fiscal periods				
	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)
Net assets per unit	¥ 347,457	¥ 459,095	¥462,103	¥460,680	¥518,009
Net income (loss) per unit	¥(152,542)	¥ 15,153	¥ 16,946	¥ 15,522	¥ 16,194
			[¥14,244]		

(Note 1) Net income (loss) per unit is calculated by dividing net income (loss) by the day-weighted average number of investment units for the period (400 units, 192,831 units, 205,262 units, 205,262 units and 246,842 units for the fiscal periods ended May 31, 2012, November 30, 2012, May 31, 2013, November 30, 2013 and May 31, 2014, respectively). For the fiscal period ended November 30, 2012, net income per unit which is calculated based on day-weighted average number of investment units (205,141 units) assuming that the fiscal period started on June 13, 2012, the actual start date of asset management, is also provided in square brackets.

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

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

	Fiscal periods				
	(From September 7, 2011 to May 31, 2012)	(From June 1, 2012 to November 30, 2012)	(From December 1, 2012 to May 31, 2013)	(From June 1, 2013 to November 30, 2013)	(From December 1, 2013 to May 31, 2014)
Net income (loss) (Thousands of yen)	(61,017)	2,922,043	3,478,378	3,186,276	3,997,462
Amount not attributable to common unitholders (Thousands of yen)	—	—	—	—	—
Net income (loss) attributable to common investment units (Thousands of yen)	(61,017)	2,922,043	3,478,378	3,186,276	3,997,462
Average number of investment units for the period (Units)	400	192,831	205,262	205,262	246,842

Significant Subsequent Events

Not applicable

Omission of Disclosure

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

(9) Schedule of Financial Statements

Securities

1. Shares

For the fiscal period ended May 31, 2012:

Not applicable

For the fiscal period ended November 30, 2012:

Not applicable

For the fiscal period ended May 31, 2013:

Not applicable

For the fiscal period ended November 30, 2013:

Not applicable

For the fiscal period ended May 31, 2014:

Not applicable

2. Securities Other Than Shares

For the fiscal period ended May 31, 2012:

		(Unit: Thousands of yen)						
Type of asset	Name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Market value	Valuation gain or loss	Remarks
Government bonds	Principal-stripped government bonds (5 years, Series 91)	10,000	9,917	—	—	9,965	47	Given as security deposit
Total		10,000	9,917	—	—	9,965	47	

For the fiscal period ended November 30, 2012:

		(Unit: Thousands of yen)						
Type of asset	Name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Market value	Valuation gain or loss	Remarks
Government bonds	Principal-stripped government bonds (5 years, Series 91)	10,000	9,930	—	—	9,973	43	Given as security deposit
Total		10,000	9,930	—	—	9,973	43	

For the fiscal period ended May 31, 2013:

		(Unit: Thousands of yen)							
Type of asset	Name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Market value	Valuation gain or loss	Remarks	
Government bonds	Principal-stripped government bonds (5 years, Series 91)	10,000	9,942	—	—	9,965	22	Given as security deposit	
Total		10,000	9,942	—	—	9,965	22		

For the fiscal period ended November 30, 2013:

		(Unit: Thousands of yen)							
Type of asset	Name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Market value	Valuation gain or loss	Remarks	
Government bonds	Principal-stripped government bonds (5 years, Series 91)	10,000	9,955	—	—	9,985	30	Given as security deposit	
Total		10,000	9,955	—	—	9,985	30		

For the fiscal period ended May 31, 2014:

		(Unit: Thousands of yen)							
Type of asset	Name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Market value	Valuation gain or loss	Remarks	
Government bonds	Principal-stripped government bonds (5 years, Series 91)	10,000	9,967	—	—	9,989	22	Given as security deposit	
Total		10,000	9,967	—	—	9,989	22		

Derivative Transactions

For the fiscal period ended May 31, 2012:

Not applicable

For the fiscal period ended November 30, 2012:

Not applicable

For the fiscal period ended May 31, 2013:

		(Unit: Thousands of yen)			
Classification	Type of derivative transactions	Notional amount (Note 1)		Fair value (Note 2)	
			Portion due after one year		
Over-the-counter	Interest rate swaps Receive floating fixed	5,000,000	5,000,000	—	
Total		5,000,000	5,000,000	—	

For the fiscal period ended November 30, 2013:

		(Unit: Thousands of yen)			
Classification	Type of derivative transactions	Notional amount (Note 1)		Fair value (Note 2)	
			Portion due after one year		
Over-the-counter	Interest rate swaps Receive floating fixed	5,000,000	5,000,000	—	
Total		5,000,000	5,000,000	—	

For the fiscal period ended May 31, 2014:

Classification	Type of derivative transactions	(Unit: Thousands of yen)		
		Notional amount (Note 1)		Fair value (Note 2)
			Portion due after one year	
Over-the-counter	Interest rate swaps Receive floating Pay fixed	5,000,000	5,000,000	—
Total		5,000,000	5,000,000	—

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

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

Property and Equipment

For the fiscal period ended May 31, 2012:

Not applicable

The following tables show the summary of movement in property and equipment for the fiscal periods ended November 30, 2012, May 31, 2013, November 30, 2013 and May 31, 2014, respectively.

For the fiscal period ended November 30, 2012:

		(Unit: Thousands of yen)						
		Beginning balance	Increase	Decrease	Ending Balance	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
Tangible Assets	Buildings in trust (Note)	—	30,446,857	1,812	30,445,044	428,592	429,045	30,016,451
	Structures in trust	—	326,983	3,938	323,045	8,823	8,890	314,222
	Machinery and equipment in trust	—	576,121	—	576,121	13,921	13,921	562,200
	Tools, furniture and fixtures in trust	—	4,286	—	4,286	189	189	4,096
	Land in trust (Note)	—	136,258,287	—	136,258,287	—	—	136,258,287
	Subtotal	—	167,612,537	5,750	167,606,786	451,527	452,047	167,155,259
Intangible Assets	Leasehold rights in trust (Note)	—	4,265,157	—	4,265,157	—	—	4,265,157
	Subtotal	—	4,265,157	—	4,265,157	—	—	4,265,157
Total		—	171,877,695	5,750	171,871,944	451,527	452,047	171,420,417

(Note) The main reason for the increase for the fiscal period ended November 30, 2012 is the acquisition of 18 properties (Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, Ebisu Q Plaza, Shinbashi Place, Kyoto Karasuma Parking Building, TLC Ebisu Building, A-PLACE Ebisu Minami, Yoyogi Place, Aoyama Plaza Building, Luogo Shiodome, Tokyo Kikai Honsha Building, A-PLACE Ikebukuro, COCOE Amagasaki (Land), icot Nakamozu, icot Kongo, icot Mizonokuchi, icot Tama Center, and Kanayama Center Place).

For the fiscal period ended May 31, 2013:

		(Unit: Thousands of yen)						
		Beginning balance	Increase	Decrease	Ending Balance	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
Tangible Assets	Buildings in trust (Note)	30,445,044	3,077,941	1,183	33,521,802	891,456	463,429	32,630,345
	Structures in trust	323,045	31,756	2,371	352,430	18,096	9,516	334,334
	Machinery and equipment in trust	576,121	41,869	—	617,991	28,449	14,527	589,542
	Tools, furniture and fixtures in trust	4,286	3,762	—	8,049	699	509	7,350
	Land in trust (Note)	136,258,287	7,992,358	—	144,250,646	—	—	144,250,646
	Construction in progress in trust	—	3,224	—	3,224	—	—	3,224
	Subtotal	167,606,786	11,150,913	3,555	178,754,144	938,701	487,983	177,815,442
Intangible Assets	Leasehold rights in trust	4,265,157	222,459	—	4,487,617	—	—	4,487,617
	Subtotal	4,265,157	222,459	—	4,487,617	—	—	4,487,617
Total		171,871,944	11,373,372	3,555	183,241,761	938,701	487,983	182,303,059

(Note) The main reason for the increase for the fiscal period ended May 31, 2013 is the acquisition of 2 properties (TK Shinbashi Building and Osaka Nakanoshima Building).

For the fiscal period ended November 30, 2013:

(Unit: Thousands of yen)

		Beginning balance	Increase	Decrease	Ending Balance	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
Tangible Assets	Buildings in trust (Note)	33,521,802	660,021	1,139	34,180,684	1,382,563	491,690	32,798,121
	Structures in trust	352,430	8,361	—	360,792	28,285	10,189	332,506
	Machinery and equipment in trust	617,991	4,922	—	622,914	43,752	15,303	579,161
	Tools, furniture and fixtures in trust	8,049	15,833	—	23,882	1,943	1,244	21,939
	Land in trust (Note)	144,250,646	2,467,140	—	146,717,786	—	—	146,717,786
	Construction in progress in trust	3,224	1,976	—	5,200	—	—	5,200
	Subtotal	178,754,144	3,158,255	1,139	181,911,260	1,456,545	518,426	180,454,715
Intangible Assets	Leasehold rights in trust	4,487,617	74,982	—	4,562,599	—	—	4,562,599
	Subtotal	4,487,617	74,982	—	4,562,599	—	—	4,562,599
Total		183,241,761	3,233,238	1,139	186,473,860	1,456,545	518,426	185,017,315

(Note) The main reason for the increase for the fiscal period ended November 30, 2013 is the acquisition of 1 property (Hitotsugi LIP).

For the fiscal period ended May 31, 2014:

(Unit: Thousands of yen)

		Beginning balance	Increase	Decrease	Ending Balance	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
Tangible Assets	Buildings in trust (Note 1)	34,180,684	15,175,505	762,975	48,593,214	2,013,828	700,488	46,579,386
	Structures in trust	360,792	38,635	3,890	395,537	39,436	11,422	356,100
	Machinery and equipment in trust	622,914	469,244	1,034	1,091,124	67,624	24,906	1,023,499
	Tools, furniture and fixtures in trust	23,882	13,210	115	36,977	4,417	2,535	32,560
	Land in trust (Note 1)	146,717,786	32,645,380	—	179,363,166	—	—	179,363,166
	Construction in progress in trust	5,200	—	—	5,200	—	—	5,200
	Subtotal	181,911,260	48,341,976	768,016	229,485,220	2,125,306	739,352	227,359,913
Intangible Assets	Leasehold rights in trust	4,562,599	—	—	4,562,599	—	—	4,562,599
	Other (Note 2)	2,582	2,028	—	4,610	1,060	292	3,550
	Subtotal	4,565,182	2,028	—	4,567,210	1,060	292	4,566,150
Total		186,476,443	48,344,004	768,016	234,052,430	2,126,366	739,644	231,926,064

(Note 1) The main reason for the increase for the fiscal period ended May 31, 2014 is the acquisition of 6 properties (Kobe Kyu Kyoryuchi 25Bankan, Tokyu Plaza Sapporo, Kamata Kosan Building, Gotanda Front, Shinagawa Place and J-CORE Omori).

(Note 2) "Other" is software (non-real estate asset).

Other Specified Assets

For the fiscal period ended May 31, 2012:

Not applicable

For the fiscal period ended November 30, 2012:

Not applicable

For the fiscal period ended May 31, 2013:

Not applicable

For the fiscal period ended November 30, 2013:

Not applicable

For the fiscal period ended May 31, 2014:

Not applicable

Investment Corporation Bonds

For the fiscal period ended May 31, 2012:

Not applicable

For the fiscal period ended November 30, 2012:

Not applicable

For the fiscal period ended May 31, 2013:

Not applicable

For the fiscal period ended November 30, 2013:

Not applicable

For the fiscal period ended May 31, 2014:

(Unit: Thousands of yen)									
Issue	Issue Date	Beginning balance	Decrease	Ending balance	Interest Rate	Redemption Date	Use of funds	Remarks	
1st unsecured bonds (with pari passu conditions among specified investment corporation bonds)	April 25, 2014	—	—	4,000,000	0.37%	April 25, 2019	Partial repayment of the long-term borrowings	Unsecured, non-guaranteed	
Total	—	—	—	4,000,000	—	—	—	—	

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

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

Loans Payable

For the fiscal period ended May 31, 2012:

Not applicable

The following tables show the details of loans payable for the fiscal periods ended November 30, 2012, May 31, 2013, November 30, 2013 and May 31, 2014, respectively.

For the fiscal period ended November 30, 2012:

(Unit: Thousands of yen)									
Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds (Note 2)	Remarks
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	—	17,000,000	—	17,000,000	0.45195%	June 13, 2013	(Note 2)	Unsecured, non-guaranteed
	Total	—	17,000,000	—	17,000,000				
Long-term loans payable	Sumitomo Mitsui Banking Corporation	—	6,000,000	—	6,000,000	0.37695%	June 13, 2014	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	3,000,000	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	3,000,000	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	—	3,000,000	—	3,000,000	0.79955%	June 13, 2015	(Note 2)	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd. (Note 3)	—	3,000,000	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	—	3,000,000	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	3,000,000	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	—	3,000,000	—	3,000,000	0.86572%	June 13, 2016	(Note 2)	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd. (Note 3)	—	3,000,000	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	3,000,000	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	—	3,000,000	—	3,000,000	0.95315%	June 13, 2017	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	3,000,000	—	3,000,000				
	Mizuho Corporate Bank, Ltd. (Note 3)	—	3,000,000	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	3,000,000	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	—	3,000,000	—	3,000,000	1.06309%	June 13, 2018	(Note 2)	Unsecured, non-guaranteed
Mitsubishi UFJ Trust and Banking Corporation	—	3,000,000	—	3,000,000					
Development Bank of Japan Inc.	—	6,000,000	—	6,000,000	1.19051%	June 13, 2019	(Note 2)	Unsecured, non-guaranteed	
Total		—	60,000,000	—	60,000,000				

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

(Note 2) Use of the borrowings is acquisition of the real estate trust beneficiary interests.

(Note 3) On July 1, 2013, Mizuho Corporate Bank, Ltd. changed its corporate name to Mizuho Bank, Ltd.

(Note 4) Annual repayments of long-term loans payable (except for current portion) scheduled for next five years after each balance sheet date were as follows:

(Unit: Thousands of yen)				
	1-2 years	2-3 years	3-4 years	4-5 years
Long-term loans payable	6,000,000	12,000,000	12,000,000	12,000,000

For the fiscal period ended May 31, 2013:

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	17,000,000	—	17,000,000	—	0.45263%	June 13, 2013	(Note 2)	Unsecured, non-guaranteed
	Total	17,000,000	—	17,000,000	—				
Long-term loans payable (Note 3)	Mitsubishi UFJ Trust and Banking Corporation	—	4,000,000	—	4,000,000	0.33776%	April 25, 2014	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	6,000,000	—	—	6,000,000	0.36989%	June 13, 2014	(Note 2)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co., LTD.	—	2,000,000	—	2,000,000				
	Resona Bank, Limited	—	1,500,000	—	1,500,000				
	The Bank of Fukuoka, Ltd.	—	1,000,000	—	1,000,000	0.30516%	March 31, 2015	(Note 4)	Unsecured, non-guaranteed
	The Gunma Bank, Ltd.	—	500,000	—	500,000				
	Shinkin Central Bank	—	500,000	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	—	500,000	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000	0.79955%	June 13, 2015	(Note 2)	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd. (Note 5)	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000	0.86572%	June 13, 2016	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	Mizuho Corporate Bank, Ltd. (Note 5)	3,000,000	—	—	3,000,000				
Mizuho Trust & Banking Co., LTD.	—	2,000,000	—	2,000,000					
Resona Bank, Limited	—	1,500,000	—	1,500,000					
The Bank of Fukuoka, Ltd.	—	1,000,000	—	1,000,000	0.33016%	March 31, 2017	(Note 4)	Unsecured, non-guaranteed	
The Gunma Bank, Ltd.	—	500,000	—	500,000					
Shinkin Central Bank	—	500,000	—	500,000					
Sumitomo Mitsui Trust Bank, Limited	—	500,000	—	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000					
Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000					
Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000	0.95315%	June 13, 2017	(Note 2)	Unsecured, non-guaranteed	
Mizuho Corporate Bank, Ltd. (Note 5)	3,000,000	—	—	3,000,000					

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 3)	Sumitomo Mitsui Trust Bank, Limited	—	5,000,000	—	5,000,000	0.68315% (Note 6)	March 31, 2018	(Note 4)	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd. (Note 5)	3,000,000	—	—	3,000,000	1.06309%	June 13, 2018	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	—	800,000	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	800,000	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd. (Note 5)	—	800,000	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	800,000	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	—	400,000	—	400,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
Development Bank of Japan Inc.	—	400,000	—	400,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed	
Development Bank of Japan Inc.	6,000,000	—	—	6,000,000	1.19051%	June 13, 2019	(Note 2)	Unsecured, non-guaranteed	
Total	60,000,000	25,000,000	—	85,000,000					

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

(Note 2) Use of the borrowings is acquisition of the real estate trust beneficiary interests.

(Note 3) Long-term loans payable include current portion.

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

(Note 5) On July 1, 2013, Mizuho Corporate Bank, Ltd. changed its corporate name to Mizuho Bank, Ltd.

(Note 6) This long-term loans payable is hedged by interest rate swap contract. The average interest rate reflects the effectiveness of this hedging instrument.

(Note 7) Annual repayments of long-term loans payable (except for current portion) scheduled for next five years after each balance sheet date were as follows:

Long-term loans payable	(Unit: Thousands of yen)			
	1-2 years	2-3 years	3-4 years	4-5 years
	12,000,000	12,000,000	18,000,000	17,000,000

For the fiscal period ended November 30, 2013:

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Short-term loans payable	Mitsubishi UFJ Trust and Banking Corporation	—	3,000,000	—	3,000,000	0.29941%	August 30, 2014	(Note 2)	Unsecured, non-guaranteed
	Total	—	3,000,000	—	3,000,000				
Long-term loans payable (Note 3)	Mitsubishi UFJ Trust and Banking Corporation	4,000,000	—	—	4,000,000	0.32470%	April 25, 2014	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	6,000,000	—	—	6,000,000	0.34970%	June 13, 2014	(Note 2)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co., LTD.	2,000,000	—	—	2,000,000				
	Resona Bank, Limited	1,500,000	—	—	1,500,000				
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.29970%	March 31, 2015	(Note 4)	Unsecured, non-guaranteed
	The Gunma Bank, Ltd.	500,000	—	—	500,000				
	Shinkin Central Bank	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000	0.79955%	June 13, 2015	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000	0.86572%	June 13, 2016	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Mizuho Trust & Banking Co., LTD.	2,000,000	—	—	2,000,000				
	Resona Bank, Limited	1,500,000	—	—	1,500,000				
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.32470%	March 31, 2017	(Note 4)	Unsecured, non-guaranteed
	The Gunma Bank, Ltd.	500,000	—	—	500,000				
Shinkin Central Bank	500,000	—	—	500,000					
Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000					
Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000	0.95315%	June 13, 2017	(Note 2)	Unsecured, non-guaranteed	
Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000					
Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000					
Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000					

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 3)	Sumitomo Mitsui Trust Bank, Limited	5,000,000	—	—	5,000,000	0.68315% (Note 5)	March 31, 2018	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000	1.06309%	June 13, 2018	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
Development Bank of Japan Inc.	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed	
Development Bank of Japan Inc.	6,000,000	—	—	6,000,000	1.19051%	June 13, 2019	(Note 2)	Unsecured, non-guaranteed	
Total		85,000,000	—	—	85,000,000				

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

(Note 2) Use of the borrowings is acquisition of the real estate trust beneficiary interests.

(Note 3) Long-term loans payable include current portion.

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

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

(Note 6) Annual repayments of long-term loans payable scheduled for next five years after each balance sheet date were as follows:

Long-term loans payable	(Unit: Thousands of yen)				
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years
	10,000,000	18,000,000	12,000,000	18,000,000	17,000,000

For the fiscal period ended May 31, 2014:

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Short-term loans payable	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000	0.29726%	August 30, 2014	(Note 2)	Unsecured, non-guaranteed
	Total	3,000,000	—	—	3,000,000				
Long-term loans payable (Note 3)	Mitsubishi UFJ Trust and Banking Corporation	4,000,000	—	4,000,000	—	0.32249%	April 25, 2014	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	6,000,000	—	—	6,000,000	0.34726%	June 13, 2014	(Note 2)	Unsecured, non-guaranteed
	Mizuho Trust & Banking Co.,LTD.	2,000,000	—	—	2,000,000				
	Resona Bank, Limited	1,500,000	—	—	1,500,000				
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.29726%	March 31, 2015	(Note 4)	Unsecured, non-guaranteed
	The Gunma Bank, Ltd.	500,000	—	—	500,000				
	Shinkin Central Bank	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000	0.79955%	June 13, 2015	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000	0.86572%	June 13, 2016	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Mizuho Trust & Banking Co.,LTD.	2,000,000	—	—	2,000,000				
	Resona Bank, Limited	1,500,000	—	—	1,500,000				
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.32226%	March 31, 2017	(Note 4)	Unsecured, non-guaranteed
	The Gunma Bank, Ltd.	500,000	—	—	500,000				
Shinkin Central Bank	500,000	—	—	500,000					
Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000					
Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000	0.95315%	June 13, 2017	(Note 2)	Unsecured, non-guaranteed	
Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000					
Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000					
Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000					

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds (Note 4)	Remarks
Long-term loans payable (Note 3)	Sumitomo Mitsui Trust Bank, Limited	5,000,000	—	—	5,000,000	0.68315% (Note 5)	March 31, 2018	(Note 4)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	—	3,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	3,000,000	—	—	3,000,000	1.06309%	June 13, 2018	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Trust Bank, Limited	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800,000	—	—	800,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	400,000	—	—	400,000	0.91941%	April 19, 2019	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	6,000,000	—	—	6,000,000	1.19051%	June 13, 2019	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	160,000	—	160,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	160,000	—	160,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	160,000	—	160,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	160,000	—	160,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	—	80,000	—	80,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	80,000	—	80,000	0.93846%	January 10, 2020	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	1,060,000	—	1,060,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	1,060,000	—	1,060,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	Mizuho Bank, Ltd.	—	1,060,000	—	1,060,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	1,060,000	—	1,060,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	—	530,000	—	530,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	530,000	—	530,000	1.07980%	December 19, 2020	(Note 2)	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	1,340,000	—	1,340,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	—	1,340,000	—	1,340,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
Mizuho Bank, Ltd.	—	1,340,000	—	1,340,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	1,340,000	—	1,340,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed	

(Unit: Thousands of yen)

Category	Lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (Note 1)	Maturity date	Use of funds	Remarks
Long-term loans payable (Note 3)	Sumitomo Mitsui Banking Corporation	—	670,000	—	670,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
	Development Bank of Japan Inc.	—	670,000	—	670,000	1.07856%	January 10, 2021	(Note 2)	Unsecured, non-guaranteed
Total		85,000,000	12,800,000	4,000,000	93,800,000				

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

(Note 2) Use of the borrowings is acquisition of the real estate trust beneficiary interests.

(Note 3) Long-term loans payable include current portion.

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

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

(Note 6) Annual repayments of long-term loans payable scheduled for next five years after each balance sheet date were as follows:

(Unit: Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years
Long-term loans payable	12,000,000	12,000,000	18,000,000	17,000,000	16,000,000