

Financial Report for the Fiscal Period Ended November 30, 2016 (June 1, 2016 - November 30, 2016)

Activia Properties Inc.

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

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended November 30, 2016 (June 1, 2016 – November 30, 2016)

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

	Operating revenue		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended November 30, 2016	10,917	7.3	6,161	4.0	5,410	4.1	5,409	4.1
Fiscal period ended May 31, 2016	10,175	4.9	5,926	8.5	5,197	8.5	5,196	8.5

	Basic earnings per unit	Return on unitholders' equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	Yen	%	%	%
Fiscal period ended November 30, 2016	9,021	3.1	1.5	49.6
Fiscal period ended May 31, 2016	8,722	3.1	1.6	51.1

(Note) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (595,758 units and 599,654 units for the fiscal period ended May 31, 2016, and the fiscal period ended November 30, 2016, respectively).

(2) Cash distributions

	Cash distributions per unit (excluding excess of earnings)	Total distributions (excluding excess of earnings)	Cash distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distribution ratio to unitholders' equity
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended November 30, 2016	9,021	5,409	0	0	100.0	3.1
Fiscal period ended May 31, 2016	8,666	5,196	0	0	100.0	3.0

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

(3) Financial position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2016	371,680	177,018	47.6	295,200
As of May 31, 2016	339,894	176,729	52.0	294,719

(Reference) Unitholders' equity

As of November 30, 2016: ¥177,018 million

As of May 31, 2016: ¥176,729 million

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended November 30, 2016	6,749	(30,740)	24,311	12,184
Fiscal period ended May 31, 2016	5,707	(33,075)	25,889	11,863

2. Forecasts of results for the fiscal period from December 1, 2016 to May 31, 2017

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

	Operating revenue		Operating income		Ordinary income		Profit		Cash distributions per unit (excluding excess of earnings)	Cash distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending May 31, 2017	11,905	9.1	6,895	11.9	6,065	12.1	6,064	12.1	9,116	0

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

For the fiscal period ending May 31, 2017: ¥9,116

*** Other**

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

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

(2) Total number of units issued

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

(Note) Please refer to “Per Unit Information” on page 33 for the number of investment units used as the basis for calculating basic earnings per unit.

*** Status of audit procedures**

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

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

Forward-looking statements presented in this financial report including forecasts of results are based on information currently available to us and on certain assumptions we deem to be reasonable. As such, actual operating and other results may differ materially due to a number of factors. Furthermore, these forecasts are in no way a guarantee of any distribution amount. Please refer to “Assumptions for Forecasts of Investment Performance for the 11th Fiscal Period from December 1, 2016 to May 31, 2017 and the 12th Fiscal Period from June 1, 2017 to November 30, 2017” on pages 12 and 13 for information on assumptions for the forecasts.

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

1. The Investment Corporation and Related Corporations

As there have been no significant changes in “Management structure of the Investment Corporation” in the latest Securities Report (filed on August 25, 2016; prepared in Japanese only), the disclosure is omitted.

2. Asset Management Policies and Status

(1) Asset Management Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (filed on August 25, 2016; prepared in Japanese only), the disclosure is omitted.

(2) Asset Management Status

i) Summary of Results for the Current Fiscal Period

(A) Transition of Investment Corporation

Activia Properties Inc. (hereinafter referred to as the “Investment Corporation”) was established on September 7, 2011, with unitholders’ capital of ¥200 million (400 units) and TLC Township Inc. (currently TLC Activia Investment Management Inc. (hereinafter referred to as the “Asset Management Company” (Note 1))) as the organizer under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent revisions), and completed its registration in the Kanto Local Finance Bureau on September 20, 2011 (Director-General of the Kanto Local Finance Bureau No. 73).

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

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

In the fiscal period under review, which ended on November 30, 2016, the Investment Corporation acquired A-PLACE Gotanda Ekimae, on July 1, 2016, which is categorized as its focused investment properties, “Tokyo Office Properties,” and acquired Umeda Gate Tower, on September 21, 2016, and A-PLACE Bashamichi, on October 6, 2016, which are categorized as “Other Properties” (Note 2), through a direct transaction with a third party, respectively. Consequently, the Investment Corporation held 35 properties (with the total acquisition price of ¥356,870 million) at the end of the fiscal period under review.

(Note 1) On September 29, 2016, the Asset Management Company announced that it had entered into an absorption-type merger agreement with TLC Comforia Investment Management INC. (hereinafter referred to as “TCI”) whereby the Asset Management Company is to be absorbed by TCI (hereinafter referred to as the “Merger”), effective as of April 1, 2017. Also on September 29, 2016, TCI determined to conclude an absorption-type company split agreement with Tokyu Land Capital Management Inc. (hereinafter referred to as “TLCM”) to succeed part of TLCM’s business (hereinafter the absorption-type company split and the Merger collectively referred to as the “Reorganization”), effective as of April 1, 2017. Subsequent to the Reorganization, the trade name of TCI will be TLC REIT Management Inc.

(Note 2) As of January 17, 2017, the category name of “Other Properties,” one of the Investment Corporation’s investment targets, was changed to “Activia Account Properties”; the same shall apply hereinafter.

(B) Investment Environment in the Fiscal Period under Review

In the fiscal period under review, although the Japanese economy was plagued by concerns regarding potential adverse effects of economic slowdown in China and other emerging nations, issues involving the U.K.'s withdrawal from the European Union, an appreciating yen, and other such developments, it held to a path of moderate recovery amid ongoing favorable conditions in the employment environment and high levels of corporate earnings, despite signs of restrained improvement in that regard. Moreover, there are currently signs of an upturn also in business sentiment amid the depreciating yen and rising stock prices in the wake of the U.S. presidential election.

With respect to the environment surrounding retail properties, the recovery in consumer sentiment showed signs of softening given factors such as a declining consumer confidence index over the most recent two consecutive months, according to the Monthly Consumer Confidence Survey released by the Economic and Social Research Institute, Cabinet Office, Government of Japan. On the other hand, despite a decline in per-person travel expenditure on a quarterly basis from July to September 2016, demand related to inbound tourism has been holding at high levels amid gains in numbers of overseas visitors to Japan, according to the Consumption Trend Survey for Foreigners Visiting Japan released by the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism.

In the rental office market, the average vacancy rate of five central wards of Tokyo (Chiyoda-ku, Minato-ku, Chuo-ku, Shibuya-ku and Shinjuku-ku) continues trending lower. In July 2016, it fell below 4% for the first time in seven years and 11 months, and decreased for the subsequent three consecutive months until October 2016, according to data published by Miki Shoji Co., Ltd. Rent levels have remained on a slightly upward trend, having increased for 35 consecutive months running up to November 2016. Supply has been tight relative to demand amid a situation where the downward trend in average vacancy rates has also been observed in major cities outside Tokyo.

The J-REIT market has been showing signs of volatility amid a situation where the Tokyo Stock Exchange REIT Index plunged briefly on concerns of the U.K.'s withdrawal from the European Union, and subsequently continued on a downward path. Nevertheless, the market has seen ongoing expansion in J-REIT asset sizes, fueled by factors such as financing initiatives involving numerous IPOs and publicly offered capital increases, along with a growing number of property acquisitions and rising acquisition prices, as the Bank of Japan persists in maintaining and strengthening its monetary easing policy.

(C) Investment Performance

The Investment Corporation acquired beneficiary rights of real estate in trust to A-PLACE Gotanda Ekimae (with the acquisition price of ¥7,280 million) on July 1, 2016, Umeda Gate Tower (with the acquisition price of ¥19,000 million) on September 21, 2016, and A-PLACE Bashamichi (with the acquisition price of ¥3,930 million) on October 6, 2016, as trust assets in accordance with the basic asset management policy set forth in the Articles of Incorporation.

Consequently, total assets held by the Investment Corporation at the end of the fiscal period under review were 35 properties (with the total acquisition price of ¥356,870 million) with the total leasable area of 340,271 m² (102,931 *tsubo*).

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

	June 30, 2016	July 31, 2016	August 31, 2016	September 30, 2016	October 31, 2016	November 30, 2016
Urban Retail Properties	99.7%	99.7%	99.7%	99.6%	99.9%	99.4%
Tokyo Office Properties	99.6%	99.0%	98.8%	98.5%	98.4%	98.9%
Other Properties	100.0%	100.0%	100.0%	99.4%	98.7%	99.4%
Total	99.8%	99.6%	99.6%	99.2%	99.0%	99.3%

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

(D) Initiatives Regarding Sustainability

In aiming to build a portfolio consisting of “real estate capable of sustaining customer demand,” the Investment Corporation deems that efforts to achieve lower environmental loads while acting to contribute to our nearby surroundings and local communities also constitute an important portfolio consideration. From an environmental perspective, this involves daily to reduce energy consumption backed by our basic objective of cutting unit energy consumption by an annual average of 1% over the medium to long term. In specific terms, we have been successively upgrading to LED lighting at more locations, and accordingly completed installations of exterior wall spotlights at the Q plaza EBISU property and entrance area lighting at the A-FLAG SHIBUYA property during the fiscal period under review. We also continue to engage in annual initiatives geared to acquiring green building certifications, and have accordingly gained the highest CASBEE (Comprehensive Assessment System for Built Environment Efficiency) for Real Estate rating of “S” with respect to our Osaka Nakanoshima Building, and a high CASBEE for Real Estate rating of “A” with respect to our A-PLACE Shinagawa building. As such, in conjunction with the DBJ Green Building certification, a total of 15 of our properties have acquired green building certification, which amounted to 40.5% of our holdings calculated on the basis of gross floor area (as of January 17, 2017). In our communities, we are also taking action to bring about greater vitality with respect to nearby businesses, residents and cities by carrying out clean-up campaigns and holding summer festivals. The Investment Corporation will contribute to achieving a sustainable society by engaging in such initiatives geared to the environment and society.

(E) Overview of Financing

In the fiscal period under review, the Investment Corporation borrowed funds of ¥30,700 million in order to cover the acquisition costs for beneficiary interests of real estate in trust to the above three properties and related costs. Meanwhile, we also made use of interest rate swap transactions when refinancing borrowings of ¥14,400 million in June 2016, and worked to otherwise maintain a stable financial base through moves that included reducing interest costs and diversifying repayment dates on interest-bearing debt. As a result, the ratio of interest-bearing debt to total assets (LTV = Balance of interest-bearing debt / Total assets × 100) was 47.7% as of the end of the fiscal period under review. The ratio of long-term debt and fixed-interest debt to total interest-bearing debt were 97.0% and 86.5%, respectively.

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

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

(Note) On October 7, 2016, which is during the fiscal period under review, the Japan Credit Rating Agency (JCR) announced that it had upgraded its long-term issuer rating with respect to the Investment Corporation.

Long-term issuer rating: AA- → AA; Forecast: Positive → Stable

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

As a result of the above-mentioned investments, operating revenue, operating income, and ordinary income were ¥10,917 million, ¥6,161 million, and ¥5,410 million, respectively, for the fiscal period under review, and profit was ¥5,409 million.

In accordance with the distribution policy set forth by the Investment Corporation (Article 35 of the Articles of Incorporation), it was decided that the all amount of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including subsequent revisions; hereinafter referred to as the “Special Taxation Measures Act”). Consequently, distributions per investment unit resulted in ¥9,021.

ii) Outlook for the Next Fiscal Period

(A) Investment Environment for the Next Fiscal Period

In the Japanese economy going forward, we expect modest recovery to continue underpinned by public-sector investment which is showing signs of firming up amid a robust employment environment and various economic measures. Nevertheless, the Investment Corporation will need to monitor economic developments in China, other emerging markets and elsewhere, while also keeping an eye on the Fed's moves toward normalizing monetary policy and other such policy trends.

In the rental office market, we expect the trend of rising rents to persist at a gradual pace amid a likelihood of firm demand fueled by needs that involve corporate office expansion and upgrading locations of business. With respect to the environment surrounding retail properties, we expect a trend of recovery in consumer sentiment amid ongoing improvement in the employment environment, despite signs that demand involving inbound tourism may be shifting. As for the J-REIT market, the financing environment is likely to remain favorable amid a scenario of central bank officials maintaining and strengthening monetary easing policy, particularly given the Bank of Japan's decision to introduce its new framework for strengthening monetary easing, "quantitative and qualitative monetary easing with yield curve control," released in September 2016. Nevertheless, we will need to closely monitor developments that include the economic trajectory in China, other emerging markets and elsewhere, effects of the Fed's moves toward normalizing monetary policy, and circumstances emerging after inauguration of the next U.S. president. Amid this environment, the Investment Corporation aims to keep expanding size of its assets and working to control LTV while making careful investment decisions that help to improve unitholder value by drawing on its own channels and its sponsor's pipeline.

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

a. Basic Policy

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

b. External Growth Strategy

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

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

c. Internal Growth Strategy

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

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

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

d. Financial Strategy

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

(C) Significant Subsequent Events

a. Issuance of New Investment Units

At meetings of the board of directors held on November 14, 2016 and November 21, 2016, we resolved to issue new investment units as described below, and issued these per the terms below once payment was completed on December 1, 2016 and December 15, 2016. As a result, unitholders' capital amounted to ¥202,233,447,370, and the total number of investment units issued came to 665,214 units.

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

Number of new investment units issued	61,040 units
Offering price	¥483,326 per unit
Total offering price	¥29,502,219,040
Paid-in amount	¥468,283 per unit
Total paid-in amount	¥28,583,994,320
Payment date	December 1, 2016

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

Number of new investment units issued	4,520 units
Paid-in amount	¥468,283 per unit
Total paid-in amount	¥2,116,639,160
Payment date	December 15, 2016
Allottee	Nomura Securities Co., Ltd.

b. Acquisition of Properties

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

(UR-11) A-FLAG KOTTO DORI

Type of assets	Trust beneficiary interest
Acquisition price	¥4,370 million
Acquisition date	December 20, 2016
Location	4-40, Minami-Aoyama 5-chome, Minato-ku, Tokyo
Use	Retail, office and parking
Land area	776.78 m ²
Gross floor area	3,358.28 m ²
Structure	Reinforced concrete / 5 floors above and 2 floors underground
Month and year of completion	January 1992
Ownership	Land: Owned Building: Owned

(UR-12) A-FLAG BIJUTSUKAN DORI

Type of assets	Trust beneficiary interest
Acquisition price	¥4,700 million
Acquisition date	December 2, 2016
Location	3-16, Minami-Aoyama 6-chome, Minato-ku, Tokyo
Use	Retail and office
Land area	837.87 m ²
Gross floor area	2,221.98 m ²
Structure	SRC, steel framed / 2 floors above and 2 floors underground
Month and year of completion	December 1998
Ownership	Land: Land lease right (surface right) Building: Owned

(UR-13) A-FLAG DAIKANYAMA WEST

Type of assets	Trust beneficiary interest
Acquisition price	¥2,280 million
Acquisition date	January 6, 2017
Location	11-6, Sarugakucho , Shibuya-ku, Tokyo
Use	Retail and office
Land area	1,044.67 m ²
Gross floor area	4,036.27 m ²
Structure	SRC/ 4 floors above and 2 floors underground
Month and year of completion	April 1992
Ownership	Land: Owned Building: Owned

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

Type of assets	Trust beneficiary interest
Acquisition price	¥20,900 million
Acquisition date	December 2, 2016
Location	2-20, Kaigan 1-chome, Minato-ku, Tokyo
Use	Office, retail and parking lots
Land area	12,054.22 m ²
Gross floor area	115,930.83 m ²
Structure	Steel framed, SRC / 24 floors above and 2 floors underground
Month and year of completion	December 2007
Ownership	Land: Owned (Trust beneficiary co-ownership interests (<i>jun kyōyū-mochibun</i>) 10%) Building: Owned (Trust beneficiary co-ownership interests (<i>jun kyōyū-mochibun</i>) 10%)

(D) Outlook of Investment Performance

For the fiscal period ending May 31, 2017 (11th fiscal period: December 1, 2016 to May 31, 2017), investment performance is estimated as follows. For the assumptions used for the estimation of investment performance, please refer to “Assumptions for Forecasts of Investment Performance for the 11th Fiscal Period from December 1, 2016 to May 31, 2017 and the 12th Fiscal Period from June 1, 2017 to November 30, 2017” on pages 12 and 13.

Operating revenue	¥11,905 million
Operating income	¥6,895 million
Ordinary income	¥6,065 million
Profit	¥6,064 million
Cash distributions per unit	¥9,116
Cash distributions in excess of earnings per unit	¥0

If it is assumed that there are no changes in “Assumptions for Forecasts of Investment Performance for the 11th Fiscal Period from December 1, 2016 to May 31, 2017 and the 12th Fiscal Period from June 1, 2017 to November 30, 2017” on pages 12 and 13, the outlook of investment performance for the fiscal period ending November 30, 2017 (12th fiscal period: June 1, 2017 to November 30, 2017) is estimated as follows.

Operating revenue	¥12,242 million
Operating income	¥6,925 million
Ordinary income	¥6,099 million
Profit	¥6,098 million
Cash distributions per unit	¥9,167
Cash distributions in excess of earnings per unit	¥0

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

Assumptions for Forecasts of Investment Performance for the 11th Fiscal Period from December 1, 2016 to May 31, 2017 and the 12th Fiscal Period from June 1, 2017 to November 30, 2017

Item	Assumptions
Period	<ul style="list-style-type: none"> • 11th fiscal period (December 1, 2016 to May 31, 2017) (182 days) • 12th fiscal period (June 1, 2017 to November 30, 2017) (183 days)
Investment portfolio	<ul style="list-style-type: none"> • We assume that there will be no material changes to the composition of our investment portfolio, including acquisition of properties or disposition of properties, associated with the 38 properties (the “Assets Currently Held”) for which we hold the trust beneficiary interests as of today, before the end of the 12th fiscal period (November 30, 2017). • Our forecasts, however, may change due to any changes to the composition of our investment portfolio.
Operating revenue	<ul style="list-style-type: none"> • We have calculated our real estate leasing business revenues from the Assets Currently Held taking into account the relevant lease agreements effective as of today, market trends, etc. • Operating revenue is based on our assumption that there will be no delinquencies or non-payment of rents by tenants.
Operating expenses	<ul style="list-style-type: none"> • Expenses related to rent business (other than depreciation), which are our principal operating expenses, were calculated based on the historical information and upon considering variable factors, for the Assets Currently Held (the “Assets Held as of the end of the 10th Fiscal Period”), excluding A-FLAG BIJUTSUKAN DORI acquired on December 2, 2016, A-FLAG KOTTO DORI acquired on December 20, 2016, and A-FLAG DAIKANYAMA WEST acquired on January 6, 2017 (collectively, the “Acquired Assets”). Expenses for the Acquired Assets are calculated based on the information provided by the former owner (seller) and upon considering variable factors and others. • In general, property tax and city planning tax of properties acquired are settled at the time of acquisition between the former owner (seller) and the purchaser based on their respective periods of ownership in relation to the relevant tax year. However, any of these taxes allocated to the purchaser are not expensed at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes. The total amount of property tax and city planning tax on the Acquired Assets and Shiodome Building (additional acquisition of 10% co-ownership interest) acquired on December 2, 2016 that are treated as a part of the acquisition cost is assumed to be ¥30 million. For property tax and city planning tax, ¥772 million and ¥888 million for the Assets Currently Held, will be expensed in the fiscal period ending May 31, 2017 (11th fiscal period) and in the fiscal period ending November 30, 2017 (12th fiscal period), respectively. Moreover, property tax and city planning tax of A-FLAG BIJUTSUKAN DORI, A-FLAG KOTTO DORI, and Shiodome Building (additional acquisition of 10% co-ownership interest) for fiscal 2017 will be expensed from the fiscal period ending November 30, 2017 (12th fiscal period), and property tax and city planning tax of A-FLAG DAIKANYAMA WEST for fiscal 2018 will be expensed from the fiscal period ending November 30, 2018 (14th fiscal period). • Repair and maintenance expenses of buildings are estimated at the amount required for each of the fiscal periods based on the medium- and long-term repair and maintenance plans formed by the asset management company. However, the actual repair and maintenance expenses for the fiscal periods may significantly differ from the estimates since (i) an unforeseeable event may cause serious damage to a building requiring emergent repair expenditure, (ii) in general, amounts vary according to the fiscal period, and (iii) certain types of repair and maintenance expenses are not required in every fiscal period.

Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> We calculate depreciation expenses (including incidental expenses) by the straight-line method, assuming ¥1,157 million and ¥1,158 million for the 11th fiscal period ending May 31, 2017 and the 12th fiscal period ending November 30, 2017, respectively.
Non-operating expenses	<ul style="list-style-type: none"> We expect interest and other borrowing-related expenses of ¥769 million and ¥817 million for the 11th fiscal period ending May 31, 2017 and the 12th fiscal period ending November 30, 2017, respectively. We assume the temporary expense of ¥53 million for the 11th fiscal period ending May 31, 2017, relating to the issuance of investment units, etc.
Interest-bearing debt	<ul style="list-style-type: none"> As of today, we have a balance of ¥177,150 million in interest-bearing debt (borrowings of ¥167,150 million and investment corporation bonds of ¥10,000 million). We assume that there will be no change to the balance of interest-bearing debt before the end of the 12th fiscal period (November 30, 2017). We assume that there will be refinancing of borrowings coming due before the end of the 11th fiscal period (May 31, 2017) and the 12th fiscal period (November 30, 2017) (11th fiscal period: short-term loans payable of ¥3,900 million, long-term loans payable of ¥6,000 million; 12th fiscal period: short-term loans payable of ¥3,900 million, long-term loans payable of ¥12,000 million). We assume the LTV ratios as of May 31, 2017 and November 30, 2017 are both to be approximately 44%. The LTV ratio is obtained by the following formula: $\text{LTV} = \text{Balance of interest-bearing debt} / \text{Total assets} \times 100$
Units	<ul style="list-style-type: none"> The number is based on our assumption of total of 665,214 units issued as of today. We assume that there will be no additional issuance of new investment units before the end of the 12th fiscal period (November 30, 2017). The cash distributions per unit for the 11th fiscal period ending May 31, 2017 and the 12th fiscal period ending November 30, 2017 have been calculated in accordance with the total projected number of investment units issued as of the end of each of the fiscal periods which are 665,214 units.
Cash distributions per unit	<ul style="list-style-type: none"> Cash distributions (cash distributions per unit) are calculated based on the cash distribution policy stipulated in our Articles of Incorporation. The cash distributions per unit may change due to various factors, including changes to the composition of our investment portfolio, changes in rental revenues accompanying changes in tenants, and unexpected maintenance and repairs.
Cash distributions in excess of earnings per unit	<ul style="list-style-type: none"> We do not currently anticipate cash distributions in excess of our distributable profit (cash distributions in excess of earnings per unit).
Other	<ul style="list-style-type: none"> We assume that there will be no amendments in legislation, taxation, accounting standards, listing regulations or regulations of the Investment Trusts Association of Japan that affect the above forecasts. We assume that there will be no material changes in general economic conditions or real estate markets.

3. Financial Statements

(1) Balance Sheet

(Unit: Thousands of yen)

	As of May 31, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	7,850,554	7,919,219
Cash and deposits in trust	4,013,423	4,265,231
Operating accounts receivable	448,019	510,269
Prepaid expenses	353,242	271,796
Deferred tax assets	16	17
Consumption taxes receivable	5,083	240,810
Other	1,968	2,040
Total current assets	12,672,309	13,209,384
Non-current assets		
Property, plant and equipment		
Buildings in trust	67,043,786	74,293,765
Accumulated depreciation	(5,263,878)	(6,259,822)
Buildings in trust, net	61,779,907	68,033,942
Structures in trust	565,465	604,762
Accumulated depreciation	(83,894)	(99,187)
Structures in trust, net	481,570	505,575
Machinery and equipment in trust	1,264,865	1,321,677
Accumulated depreciation	(179,609)	(210,123)
Machinery and equipment in trust, net	1,085,255	1,111,554
Tools, furniture and fixtures in trust	77,138	115,826
Accumulated depreciation	(31,583)	(41,572)
Tools, furniture and fixtures in trust, net	45,554	74,253
Land in trust	258,584,206	282,854,628
Construction in progress in trust	4,102	1,160
Total property, plant and equipment	321,980,596	352,581,114
Intangible assets		
Leasehold rights in trust	4,562,628	4,825,698
Other	1,706	1,245
Total intangible assets	4,564,334	4,826,943
Investments and other assets		
Long-term prepaid expenses	611,931	926,738
Derivatives	–	75,684
Other	14,791	14,791
Total investments and other assets	626,723	1,017,214
Total non-current assets	327,171,654	358,425,272
Deferred assets		
Investment corporation bond issuance costs	50,969	45,916
Total deferred assets	50,969	45,916
Total assets	339,894,933	371,680,572

(Unit: Thousands of yen)

	As of May 31, 2016	As of November 30, 2016
Liabilities		
Current liabilities		
Operating accounts payable	394,577	666,864
Short-term loans payable	2,400,000	5,400,000
Current portion of long-term loans payable	26,400,000	26,400,000
Accounts payable - other	14,969	61,823
Accrued expenses	574,049	672,969
Income taxes payable	702	946
Advances received	203,975	316,814
Deposits received	5,011	2,083
Other	0	27
Total current liabilities	29,993,285	33,521,528
Non-current liabilities		
Investment corporation bond	10,000,000	10,000,000
Long-term loans payable	108,350,000	135,350,000
Tenant leasehold and security deposits in trust	14,821,932	15,790,599
Other	51	72
Total non-current liabilities	133,171,984	161,140,671
Total liabilities	163,165,269	194,662,199
Net assets		
Unitholders' equity		
Unitholders' capital	171,532,813	171,532,813
Surplus		
Unappropriated retained earnings (undisposed loss)	5,196,849	5,409,874
Total surplus	5,196,849	5,409,874
Total unitholders' equity	176,729,663	176,942,688
Valuation and translation adjustments		
Deferred gains or losses on hedges	–	75,684
Total valuation and translation adjustments	–	75,684
Total net assets	*2 176,729,663	*2 177,018,373
Total liabilities and net assets	339,894,933	371,680,572

(2) Statement of Income

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Operating revenue		
Lease business revenue	*1, *2 9,528,262	*1, *2 10,175,270
Other lease business revenue	*1, *2 647,599	*1, *2 741,808
Total operating revenue	10,175,862	10,917,079
Operating expenses		
Expenses related to rent business	*1, *2 3,399,234	*1, *2 3,833,354
Asset management fee	747,023	821,891
Asset custody fee	9,502	10,016
Administrative service fees	25,059	26,211
Directors' compensations	3,300	3,300
Other operating expenses	64,988	60,776
Total operating expenses	4,249,107	4,755,550
Operating income	5,926,754	6,161,528
Non-operating income		
Interest income	549	56
Interest on securities	1,055	-
Reversal of distribution payable	6,902	2,924
Interest on refund	-	153
Insurance income	-	80
Total non-operating income	8,507	3,214
Non-operating expenses		
Interest expenses	539,715	536,470
Interest expenses on investment corporation bonds	22,639	25,379
Amortization of investment corporation bond issuance costs	4,794	5,053
Investment unit issuance expenses	49,399	56,862
Borrowing related expenses	120,564	129,896
Other	500	500
Total non-operating expenses	737,613	754,161
Ordinary income	5,197,648	5,410,581
Profit before income taxes	5,197,648	5,410,581
Income taxes - current	948	954
Income taxes - deferred	(4)	(0)
Total income taxes	943	954
Profit	5,196,705	5,409,626
Retained earnings brought forward	143	247
Unappropriated retained earnings (undisposed loss)	5,196,849	5,409,874

(3) Statement of Unitholders' Equity

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

(Unit: Thousands of yen)

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

Current fiscal period (From June 1, 2016 to November 30, 2016)

(Unit: Thousands of yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at beginning of current period	171,532,813	5,196,849	5,196,849	176,729,663	–	–	176,729,663
Changes of items during period							
Dividends of surplus		(5,196,601)	(5,196,601)	(5,196,601)			(5,196,601)
Profit		5,409,626	5,409,626	5,409,626			5,409,626
Net changes of items other than unitholders' equity					75,684	75,684	75,684
Total changes of items during period	–	213,025	213,025	213,025	75,684	75,684	288,710
Balance at end of current period	*1 171,532,813	5,409,874	5,409,874	176,942,688	75,684	75,684	177,018,373

(4) Statement of Cash Distributions

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
	Amount	Amount
I Unappropriated retained earnings	¥5,196,849,213	¥5,409,874,423
II Distributions	¥5,196,601,564	¥5,409,478,734
[Cash Distributions per unit]	[¥8,666]	[¥9,021]
III Earnings carried forward	¥247,649	¥395,689

Calculation method for distributions	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions at the total amount of ¥5,196,601,564, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 599,654, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount of net profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, we will pay distributions at the total amount of ¥5,409,478,734, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 599,654, which is the total number of investment units issued; provided, however, that we will not pay the portion of amount that exceeds the net profit defined in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation.
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(5) Statement of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Cash flows from operating activities		
Profit before income taxes	5,197,648	5,410,581
Depreciation	989,961	1,052,200
Loss on retirement of non-current assets	0	–
Amortization of investment corporation bond issuance costs	4,794	5,053
Interest income and interest on securities	(1,604)	(56)
Interest expenses	562,355	561,849
Investment unit issuance expenses	49,399	56,862
Borrowing related expenses	120,564	129,896
Decrease (increase) in operating accounts receivable	(83,895)	(62,249)
Decrease (increase) in consumption taxes refund receivable	(5,083)	(235,727)
Increase (decrease) in accrued consumption taxes	(324,818)	–
Decrease (increase) in prepaid expenses	(147,887)	120,125
Increase (decrease) in operating accounts payable	(142,794)	117,857
Increase (decrease) in accrued expenses	35,193	29,848
Increase (decrease) in advances received	11,581	112,838
Decrease (increase) in long-term prepaid expenses	(43,623)	2,654
Other, net	(6,538)	(5,876)
Subtotal	6,215,250	7,295,857
Interest income received	1,604	56
Interest expenses paid	(509,393)	(545,308)
Income taxes paid	(192)	(711)
Net cash provided by (used in) operating activities	5,707,269	6,749,894
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(34,385,143)	(31,446,459)
Purchase of intangible assets in trust	–	(263,070)
Repayments of tenant leasehold and security deposits in trust	(287,375)	(162,489)
Proceeds from tenant leasehold and security deposits in trust	1,598,092	1,131,156
Other, net	(846)	–
Net cash provided by (used in) investing activities	(33,075,273)	(30,740,863)
Cash flows from financing activities		
Increase in short-term loans payable	3,849,536	8,497,828
Decrease in short-term loans payable	(3,850,000)	(5,500,000)
Proceeds from long-term loans payable	15,054,812	38,534,925
Decrease in long-term loans payable	(7,000,000)	(12,000,000)
Proceeds from issuance of investment corporation bonds	1,984,332	–
Proceeds from issuance of investment units	20,655,664	–
Dividends paid	(4,789,235)	(5,197,061)
Other, net	(15,654)	(24,251)
Net cash provided by (used in) financing activities	25,889,457	24,311,441
Net increase (decrease) in cash and cash equivalents	(1,478,546)	320,471
Cash and cash equivalents at beginning of period	13,342,524	11,863,978
Cash and cash equivalents at end of period	*1 11,863,978	*1 12,184,450

(6) Notes on Assumption of Going Concern

Not applicable

(7) Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table border="0"><tr><td>Buildings</td><td>2 to 70 years</td></tr><tr><td>Structures</td><td>2 to 60 years</td></tr><tr><td>Machinery and equipment</td><td>2 to 33 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr></table> <p>(2) Intangible assets Internal use software is amortized by the straight-line method over the expected useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	2 to 70 years	Structures	2 to 60 years	Machinery and equipment	2 to 33 years	Tools, furniture and fixtures	2 to 15 years
Buildings	2 to 70 years								
Structures	2 to 60 years								
Machinery and equipment	2 to 33 years								
Tools, furniture and fixtures	2 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses The full amount is recorded as expenses when incurred.</p> <p>(2) Investment corporation bond issuance costs Amortized by the straight-line method over the period until maturity.</p>								
3. Accounting for income and expenses	<p>Property-related taxes</p> <p>For property tax, city planning tax, depreciable asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business.</p> <p>The settlement money for property tax that is paid to the transferor for acquisition of real properties (so-called “amount equivalent to property tax”) is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to property tax included in acquisition cost for properties for the current fiscal period is ¥91,138 thousand.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is applied. For interest rate swaps that satisfy the requirements for special treatment, special treatment is applied.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps transactions Hedged items: Long-term loans payable</p> <p>(3) Hedging policy Based on the management policy of financial market risks, the Investment Corporation makes interest rate swaps for the purpose to hedge risks set forth in the Articles of Incorporation of the Investment Corporation.</p> <p>(4) Method of assessing hedge effectiveness The Investment Corporation assesses hedge effectiveness by comparing the cumulative total changes in the cash flows of the hedged items with those of the hedging instruments, and then verifying the ratio of the changes in both amounts. However, hedge effectiveness is deemed to have been ensured with respect to interest rate swaps that satisfy the requirements for special treatment.</p>								
5. Scope of cash (cash and cash equivalents) in the statement of cash flows	<p>Cash and cash equivalents include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.</p>								

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

Notes to Balance Sheet

1. Commitment Line Contracts

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

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

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

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

Notes to Statement of Income

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From December 1, 2015 to May 31, 2016)		Current fiscal period (From June 1, 2016 to November 30, 2016)	
A. Real estate leasing business revenues				
Lease business revenue				
Rent	8,659,816		9,237,180	
Common service fees	622,892		677,667	
Parking lots fees	177,735		182,642	
Other rent revenue	67,818	9,528,262	77,779	10,175,270
Other lease business revenue		647,599		741,808
Total real estate leasing business revenues		10,175,862		10,917,079
B. Real estate leasing business expenses				
Expenses related to rent business				
Management operation expenses	869,553		917,069	
Utilities expenses	629,540		652,342	
Tax and public dues	649,062		772,413	
Insurance	7,136		7,417	
Repair and maintenance expenses	78,425		231,085	
Depreciation	989,702		1,051,941	
Loss on retirement of non-current assets	0		-	
Other expenses related to rent business	175,811	3,399,234	201,084	3,833,354
Total real estate leasing business expenses		3,399,234		3,833,354
C. Income (loss) from real estate leasing business (A – B)		6,776,628		7,083,724

*2. Transactions with Major Unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Operating transactions		
Lease business revenue	1,937,035	2,008,147
Other lease business revenue	153,328	151,391
Expenses related to rent business	79,767	72,757

Notes to Statement of Unitholders' Equity

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

Notes to Statement of Cash Flows

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

	As of May 31, 2016	As of November 30, 2016
Cash and deposits	¥7,850,554 thousand	¥7,919,219 thousand
Cash and deposits in trust	¥4,013,423 thousand	¥4,265,231 thousand
Cash and cash equivalents	¥11,863,978 thousand	¥12,184,450 thousand

Notes on Financial Instruments

1. Matters Regarding Financial Instruments

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

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

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

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

2. Matters Regarding Fair Values of Financial Instruments

Carrying amounts, fair values, and the differences between the two values as of May 31, 2016, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	7,850,554	7,850,554	—
(2) Cash and deposits in trust	4,013,423	4,013,423	—
Total assets	11,863,978	11,863,978	—
(1) Short-term loans payable	2,400,000	2,400,000	—
(2) Current portion of long-term loans payable	26,400,000	26,406,389	6,389
(3) Investment corporation bond	10,000,000	10,233,115	233,115
(4) Long-term loans payable	108,350,000	110,699,489	2,349,489
Total liabilities	147,150,000	149,738,995	2,588,995
Derivative transactions	—	—	—

Carrying amounts, fair values, and the differences between the two values as of November 30, 2016, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in this table (please refer to (Note 2)).

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	7,919,219	7,919,219	–
(2) Cash and deposits in trust	4,265,231	4,265,231	–
Total assets	12,184,450	12,184,450	–
(1) Short-term loans payable	5,400,000	5,400,000	–
(2) Current portion of long-term loans payable	26,400,000	26,447,238	47,238
(3) Investment corporation bond	10,000,000	10,171,335	171,335
(4) Long-term loans payable	135,350,000	137,875,039	2,525,039
Total liabilities	177,150,000	179,893,614	2,743,614
Derivative transactions	75,684	75,684	–

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

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

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

(3) Investment corporation bond

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

Derivative transactions

Please refer to “Notes on Derivative Transactions” on page 27.

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

(Unit: Thousands of yen)

Category	As of May 31, 2016	As of November 30, 2016
Tenant leasehold and security deposits in trust *	14,821,932	15,790,599

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

(Note 3) Expected Amounts of Redemption of Monetary Claims after the Account Closing Date (May 31, 2016)

(Unit: Thousands of yen)

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

Expected Amounts of Redemption of Monetary Claims after the Account Closing Date (November 30, 2016)

(Unit: Thousands of yen)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Deposits	7,919,219	-	-	-	-	-
Deposits in trust	4,265,231	-	-	-	-	-
Total	12,184,450	-	-	-	-	-

(Note 4) Expected Amounts of Repayment of Loans Payable and Investment Corporation Bond after the Account Closing Date (May 31, 2016)

(Unit: Thousands of yen)

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

Expected Amounts of Repayment of Loans Payable and Investment Corporation Bond after the Account Closing Date (November 30, 2016)

(Unit: Thousands of yen)

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Short-term loans payable	5,400,000	–	–	–	–	–
Investment corporation bond	–	–	4,000,000	2,000,000	–	4,000,000
Long-term loans payable	26,400,000	25,000,000	19,600,000	7,300,000	12,000,000	71,450,000
Total	31,800,000	25,000,000	23,600,000	9,300,000	12,000,000	75,450,000

Notes on Derivative Transactions

1. Derivative Transaction to Which Hedge Accounting Is Not Applied

(As of May 31, 2016)

Not applicable

(As of November 30, 2016)

Not applicable

2. Derivative Transaction to Which Hedge Accounting Is Applied

(As of May 31, 2016)

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

(Unit: Thousands of yen)

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

(As of November 30, 2016)

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

(Unit: Thousands of yen)

Hedge accounting	Type of derivative transactions	Major hedged items	Amount of contract		Fair value	Calculation method for fair value
				Portion due after 1 year		
Deferred hedge accounting	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	14,400,000	14,400,000	75,684	Based on prices, etc. indicated by partner financial institutions
Special treatment for interest rate swaps	Interest rate swaps Receive floating Pay fixed	Long-term loans payable	10,000,000	10,000,000	*	–

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to the preceding “Notes on Financial Instruments, 2. Matters Regarding Fair Values of Financial Instruments, (Note 1) Liabilities (4)” on page 25.)

Notes on Tax Effect Accounting

1. Components of Deferred Tax Assets and Deferred Tax Liabilities

	As of May 31, 2016	As of November 30, 2016
Deferred tax assets		
Non-deductible amount for tax purposes of enterprise tax payable	¥16 thousand	¥17 thousand
Total deferred tax assets	¥16 thousand	¥17 thousand
Net deferred tax assets	¥16 thousand	¥17 thousand

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

	As of May 31, 2016	As of November 30, 2016
Effective statutory tax rate	32.31%	31.74%
Adjustments		
Distributions paid included in deductibles	(32.30)%	(31.73)%
Other	0.01%	0.01%
Effective income tax rate after application of tax effect accounting	0.02%	0.02%

Notes on Transactions with Related Parties

1. Parent Company and Major Corporate Unitholders

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

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-2, Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.32%	None	Major unitholder, and rent and management of properties	Purchase of beneficiary interests of real estate in trust	13,350,000	-	-
								Acceptance of tenant leasehold and security deposits	451,675	Tenant leasehold and security deposits in trust	2,494,102
								Receipt of tenant leasehold and security deposits	67,440		
								Repayments of tenant leasehold and security deposits	43,276		
								Rental revenues, etc.	2,090,363	Operating accounts receivable	77,034
		Advances received	60,594								

Current fiscal period (From June 1, 2016 to November 30, 2016)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Major unitholder	Tokyu Land Corporation	21-2, Dogenzaka 1-chome, Shibuya-ku, Tokyo	57,551	Real estate business	10.32%	None	Major unitholder, and rent and management of properties	Receipt of tenant leasehold and security deposits	7,261	Tenant leasehold and security deposits in trust	2,485,408
								Repayments of tenant leasehold and security deposits	15,956		
								Rental revenues, etc.	2,159,539	Operating accounts receivable	68,012
										Advances received	104,270

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

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

2. Associates, etc.

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

Not applicable

Current fiscal period (From June 1, 2016 to November 30, 2016)

Not applicable

3. Sister companies, etc.

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

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Subsidiary of major unitholder	Klasse Limited liability Company	4-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	1	Real estate business	-	None	Subsidiary of major unitholder	Purchase of beneficiary interests of real estate in trust	20,400,000	-	-
								Acceptance of tenant leasehold and security deposits	731,843	-	-
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2, Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	-	None	Subsidiary of major unitholder	Delivery of tenant leasehold and security deposits	451,675	Tenant leasehold and security deposits in trust	5,388,994
								Receipt of tenant leasehold and security deposits	477,316		
								Repayments of tenant leasehold and security deposits	15,513		
								Rental revenues, etc.	3,745,187	Operating accounts receivable	
									Advances received	1,980	
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	1-1, Minami-Aoyama 1-chome, Minato-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	-	1 interlocking officer	Asset manager	Payment of fees for asset management	915,773	Other accrued expenses	306,870

Current fiscal period (From June 1, 2016 to November 30, 2016)

Attribute	Name	Address	Capital stock or investment in capital (Millions of yen)	Business or occupation	Percentage of voting rights owning (owned)	Relationship		Transaction	Transaction amount (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking officers, etc.	Business relationship				
Subsidiary of major unitholder	Tokyu Land SC Management Corporation	2-2, Dogenzaka 1-chome, Shibuya-ku, Tokyo	100	Real estate management business	-	None	Subsidiary of major unitholder	Receipt of tenant leasehold and security deposits	22,712	Tenant leasehold and security deposits in trust	5,382,707
								Repayments of tenant leasehold and security deposits	29,000		
								Rental revenues, etc.	3,912,813	Operating accounts receivable	
										Advances received	1,083
Subsidiary of major unitholder	TLC Activia Investment Management Inc.	1-1, Minami-Aoyama 1-chome, Minato-ku, Tokyo	300	Operations related to management of the Investment Corporation's portfolio assets	-	1 interlocking officer	Asset manager	Payment of fees for asset management	1,033,361	Other accrued expenses	335,504

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

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

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

4. Directors and major individual unitholders

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

Not applicable

Current fiscal period (From June 1, 2016 to November 30, 2016)

Not applicable

Notes on Investment and Rental Properties

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

(Unit: Thousands of yen)

Use		Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Urban Retail Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	129,841,119	142,985,252
	Changes during period	13,144,133	(12,308)
	Balance at end of period	142,985,252	142,972,944
	Fair value at end of period	170,085,000	172,235,000
Tokyo Office Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	109,126,813	129,392,529
	Changes during period	20,265,716	7,285,907
	Balance at end of period	129,392,529	136,678,436
	Fair value at end of period	141,970,000	152,420,000
Other Properties	Carrying amount on the balance sheet		
	Balance at beginning of period	54,335,670	54,166,215
	Changes during period	(169,454)	23,589,036
	Balance at end of period	54,166,215	77,755,251
	Fair value at end of period	61,660,000	87,050,000
Total	Carrying amount on the balance sheet		
	Balance at beginning of period	293,303,602	326,543,997
	Changes during period	33,240,395	30,862,635
	Balance at end of period	326,543,997	357,406,633
	Fair value at end of period	373,715,000	411,705,000

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

(Note 2) The main reason for the increase in the current fiscal period is the acquisition of three properties (A-PLACE Gotanda Ekimae, Umeda Gate Tower and A-PLACE Bashamichi) worth ¥31,412,156 thousand. The decrease is mainly due to the provision of depreciation worth ¥1,051,941 thousand.

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

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

Per Unit Information

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Net assets per unit	¥294,719	¥295,200
Basic earnings per unit	¥8,722	¥9,021

(Note 1) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period (previous fiscal period 595,758 units; current fiscal period 599,654 units). Diluted earnings per unit is not stated, as there is no potential investment unit.

(Note 2) The basis for calculating basic earnings per unit is as follows:

	Previous fiscal period (From December 1, 2015 to May 31, 2016)	Current fiscal period (From June 1, 2016 to November 30, 2016)
Profit (Thousands of yen)	5,196,705	5,409,626
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	5,196,705	5,409,626
Average number of investment units for the period (Units)	595,758	599,654

Significant Subsequent Events

1. Issuance of New Investment Units

At meetings of the board of directors held on November 14, 2016 and November 21, 2016, we resolved to issue new investment units as described below, and issued these per the terms below once payments were completed on December 1, 2016 and December 15, 2016. As a result, unitholders' capital amounted to ¥202,233,447,370, and the total number of investment units issued came to 665,214 units.

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

i) Number of new investment units issued	61,040 units
ii) Offering price	¥483,326 per unit
iii) Total offering price	¥29,502,219,040
iv) Paid-in amount	¥468,283 per unit
v) Total paid-in amount	¥28,583,994,320
vi) Payment date	December 1, 2016
vii) Initial date of reckoning distributions	December 1, 2016

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

i) Number of new investment units issued	4,520 units
ii) Paid-in amount	¥468,283 per unit
iii) Total paid-in amount	¥2,116,639,160
iv) Payment date	December 15, 2016
v) Initial date of reckoning distributions	December 1, 2016
vi) Allottee	Nomura Securities Co., Ltd.

2. Acquisition of Properties

The Investment Corporation acquired beneficiary rights of real estate in trust to two properties for ¥25,600 million on December 2, 2016, one property for ¥4,370 million on December 20, 2016, and one property for ¥2,280 million on January 6, 2017, with proceeds from the issuance of new investment units through public offering (public placement) and third-party allotment, etc. in accordance with the basic asset management policy set forth in the Articles of Incorporation. For the details, please refer to the preceding “2. Asset Management Policies and Status, (2) Asset Management Status, ii) Outlook for the Next Fiscal Period, (C) Significant Subsequent Events, b. Acquisition of Properties” on page 9.

Omission of Disclosure

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

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

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

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

- (Note 1) The Investment Corporation was established with an offering price per unit of ¥500,000.
- (Note 2) New investment units were issued by public offering with an offering price per unit of ¥460,000 (paid-in amount of ¥445,050 per unit) in order to raise funds for the acquisition of new properties, etc., and then investment operations were commenced.
- (Note 3) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥445,050 per unit.
- (Note 4) New investment units were issued by public offering with an offering price per unit of ¥782,925 (paid-in amount of ¥757,229 per unit) in order to raise funds for the acquisition of new properties, etc.
- (Note 5) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥757,229 per unit.
- (Note 6) New investment units were issued by public offering with an offering price per unit of ¥979,020 (paid-in amount of ¥948,051 per unit) in order to raise funds for the acquisition of new properties.
- (Note 7) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥948,051 per unit.
- (Note 8) A two-for-one split of the investment units has been implemented, with September 30, 2015 as the record date and October 1, 2015 as the effective date.
- (Note 9) New investment units were issued by public offering with an offering price per unit of ¥472,360 (paid-in amount of ¥457,418 per unit) in order to raise funds for the acquisition of new properties, etc.
- (Note 10) New investment units were issued through a private placement to Nomura Securities Co., Ltd. with a paid-in amount of ¥457,418 per unit.

4. Changes in Directors and Corporate Auditors

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

5. Reference Information

(1) Composition of Invested Assets

Type of assets	Category	Previous fiscal period (As of May 31, 2016)		Current fiscal period (As of November 30, 2016)	
		Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)	Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)
Real estate	By property type				
	Urban Retail Properties	–	–	–	–
	Tokyo Office Properties	–	–	–	–
	Other Properties	–	–	–	–
	By location				
	The five central wards of Tokyo (Note 3)	–	–	–	–
	Wards of Tokyo other than the five central wards	–	–	–	–
	Three major metropolitan areas (Note 4)	–	–	–	–
	Other locations	–	–	–	–
	Subtotal	–	–	–	–
Real estate in trust	By property type				
	Urban Retail Properties	142,985	42.1	142,972	38.5
	Tokyo Office Properties	129,392	38.1	136,678	36.8
	Other Properties	54,166	15.9	77,755	20.9
	By location				
	The five central wards of Tokyo (Note 3)	203,932	60.0	203,613	54.8
	Wards of Tokyo other than the five central wards	26,221	7.7	33,683	9.1
	Three major metropolitan areas (Note 4)	91,978	27.1	115,518	31.1
	Other locations	4,411	1.3	4,590	1.2
	Subtotal	326,543	96.1	357,406	96.2
Total real estate assets		326,543	96.1	357,406	96.2
Deposits and other assets		13,350	3.9	14,273	3.8
Total assets (Note 5)		339,894	100.0	371,680	100.0

	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)
Total liabilities (Note 5) (Note 6)	163,165	48.0	194,662	52.4
Total net assets (Note 5)	176,729	52.0	177,018	47.6

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

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

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

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

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

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

(2) Investment Assets

i) Major investment securities

Not applicable

ii) Investment properties

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

iii) Other investment assets

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

The following table shows property name, acquisition price, book value at the end of the fiscal period, assessed value at the end of the fiscal period, return price and investment ratio related to the assets held by the Investment Corporation as of the end of the 10th fiscal period. Figures shown in the table are as of November 30, 2016 unless otherwise provided.

a. Overview of assets held (1)

(As of November 30, 2016)

Category	Property number (Note 1)	Property name	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Assessed value at end of period (Millions of yen) (Note 4)	Return price (Note 4)					Investment ratio (%) (Note 5)
						Direct capitalization method		DCF method			
						Price based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 6)	45,000	44,916	54,975	55,575	3.0	54,375	2.7	3.1	12.6
	UR-2	Tokyu Plaza Akasaka (Note 6)	11,450	11,834	14,500	14,600	4.3	14,400	4.4	4.5	3.2
	UR-3	Q plaza EBISU (Note 7)	8,430	8,322	10,400	10,500	3.6	10,300	3.8/3.7	3.8	2.4
	UR-4	Shinbashi Place	20,500	20,348	24,900	25,400	4.4	24,700	4.2	4.6	5.7
	UR-5	Kyoto Karasuma Parking Building	8,860	8,799	11,100	11,100	5.0	11,100	5.0	5.2	2.5
	UR-6	A-FLAG AKASAKA	3,000	3,097	3,600	3,670	3.7	3,530	3.5	3.9	0.8
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	21,330	21,200	25,300	25,600	4.1	24,900	3.9	4.3	6.0
	UR-8	A-FLAG SAPPORO	4,410	4,590	6,670	6,640	5.7	6,680	5.5	5.9	1.2
	UR-9	A-FLAG SHIBUYA	6,370	6,372	7,290	7,400	4.1	7,240	3.9	4.3	1.8
	UR-10	Q plaza SHINSAIBASHI	13,350	13,490	13,500	13,600	3.8	13,300	3.6	4.0	3.7
		Subtotal		142,700	142,972	172,235	174,085	-	170,525	-	-
Tokyo Office Properties	TO-1	TLC Ebisu Building	7,400	7,421	9,080	9,280	4.0	9,000	4.1	4.2	2.1
	TO-2	A-PLACE Ebisu Minami	9,640	9,475	12,500	12,600	3.9	12,400	4.0	4.1	2.7
	TO-3	A-PLACE Yoyogi	4,070	3,969	4,420	4,490	4.1	4,350	3.9	4.3	1.1
	TO-4	A-PLACE Aoyama	8,790	8,685	9,440	9,540	4.2	9,390	4.0	4.4	2.5
	TO-5	Luogo Shiodome	4,540	4,358	5,760	5,840	3.8	5,730	3.6	4.0	1.3
	TO-6	TAMACHI SQUARE (Land)	2,338	2,362	2,690	2,790	3.9	2,640	4.3	4.1	0.7
	TO-7	A-PLACE Ikebukuro	3,990	3,840	4,790	4,860	4.4	4,720	4.2	4.6	1.1
	TO-8	A-PLACE Shinbashi	5,650	5,770	6,510	6,630	4.0	6,390	3.8	4.2	1.6
	TO-9	A-PLACE Gotanda	5,730	5,636	6,400	6,520	3.9	6,280	3.7	4.1	1.6
	TO-10	A-PLACE Shinagawa	3,800	3,800	4,270	4,350	3.9	4,180	3.7	4.1	1.1
	TO-11	OSAKI WIZTOWER	10,690	10,906	13,900	13,900	3.7	13,900	3.3	3.7	3.0
	TO-12	Shiodome Building (Note 6)	50,700	50,696	52,750	56,000	3.6	51,500	3.4	3.8	14.2
	TO-13	A-PLACE Ebisu Higashi (Note 8)	7,072	7,196	7,490	7,840	3.9	7,370	3.7	4.1	2.0
	TO-14	A-PLACE Shibuya Konnoh (Note 8)	4,810	4,983	5,020	5,270	3.8	4,930	3.5	3.9	1.3
	TO-15	A-PLACE Gotanda Ekimae	7,280	7,574	7,400	7,540	4.0	7,250	3.7	4.1	2.0
	Subtotal		136,500	136,678	152,420	157,450	-	150,030	-	-	38.2

Category	Property number (Note 1)	Property name	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Assessed value at end of period (Millions of yen) (Note 4)	Return price (Note 4)					Investment ratio (%) (Note 5)
						Direct capitalization method		DCF method			
						Price based on direct capitalization method (Millions of yen)	Direct capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
Other Properties	O-1	Amagasaki Q's MALL (Land)	12,000	12,113	13,300	13,400	4.5	13,100	4.2	4.7	3.4
	O-2	icot Nakamozu (Note 9)	8,500	8,273	10,100	10,300	5.2	10,000	5.1/5.2	5.4	2.4
	O-4	icot Mizonokuchi	2,710	2,663	3,250	3,320	5.4	3,170	5.2	5.8	0.8
	O-5	icot Tama Center	2,840	2,709	3,650	3,650	5.4	3,640	5.0	5.6	0.8
	O-6	A-PLACE Kanayama	6,980	6,584	7,880	7,920	5.1	7,840	4.9	5.3	2.0
	O-7	Osaka Nakanoshima Building	11,100	11,086	13,100	13,200	4.4	12,900	4.2	4.6	3.1
	O-8	icot Omori	5,790	5,726	6,360	6,410	4.7	6,300	4.5	4.9	1.6
	O-9	Market Square Sagamihara	4,820	4,804	4,990	5,010	5.3	4,970	5.1	5.5	1.4
	O-10	Umeda Gate Tower	19,000	19,691	20,000	20,700	3.9	19,700	3.6	4.0	5.3
	O-11	A-PLACE Bashamichi	3,930	4,101	4,420	4,520	5.0	4,310	4.7	5.2	1.1
			Subtotal	77,670	77,755	87,050	88,430	-	85,930	-	-
		Total	356,870	357,406	411,705	419,965	-	406,485	-	-	100.0

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

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

(Note 3) Book value at end of period represents book value for each property less depreciation expenses as of November 30, 2016, rounding down to the nearest million yen.

(Note 4) The appraisal of properties is commissioned to Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Valuers Co., Ltd. or Morii Appraisal & Investment Consulting, Inc. Assessed value at end of period and return price show value described in each real estate appraisal report with the date of value estimate of November 30, 2016.

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

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

(Note 7) The discount rates of Q plaza EBISU represent 3.8% from the first year to the seventh year and 3.7% in and after the eighth year.

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

(Note 9) The discount rates of icot Nakamozu represent 5.1% from the first year to the sixth year and 5.2% in and after the seventh year.

b. Overview of assets held (2)

(As of November 30, 2016)

Category	Property number	Property name	Location	Date of construction (Note 1)	Number of tenants (Note 2)	Contracted rent (Annual) (Millions of yen) (Note 3)	Tenant leasehold and security deposit (Millions of yen) (Note 4)	Total leasable area (m ²) (Note 5)	Total leased area (m ²) (Note 6)	Occupancy rate (%) (Note 7)
Urban Retail Properties	UR-1	Tokyu Plaza Omotesando Harajuku (Note 8)	Shibuya, Tokyo	March 14, 2012	29	2,017	1,745	4,904.94	4,904.94	100.0
	UR-2	Tokyu Plaza Akasaka (Note 8)	Chiyoda, Tokyo	September 10, 1969	97	950	395	16,579.26	16,579.26	100.0
	UR-3	Q plaza EBISU	Shibuya, Tokyo	August 20, 2008	4	475	475	4,024.88	4,024.88	100.0
	UR-4	Shinbashi Place	Minato, Tokyo	April 25, 2008	1	(Note 9)	(Note 9)	9,156.01	9,156.01	100.0
	UR-5	Kyoto Karasuma Parking Building	Kyoto, Kyoto	July 24, 2006	2	(Note 9)	(Note 9)	21,616.04	21,616.04	100.0
	UR-6	A-FLAG AKASAKA	Minato, Tokyo	February 18, 2008	6	133	113	2,280.22	1,689.92	74.1
	UR-7	Kobe Kyu Kyoryuchi 25Bankan	Kobe, Hyogo	January 31, 2010	7	1,231	1,399	19,653.90	19,653.90	100.0
	UR-8	A-FLAG SAPPORO	Sapporo, Hokkaido	May 23, 1980	18	622	137	21,229.16	21,229.16	100.0
	UR-9	A-FLAG SHIBUYA	Shibuya, Tokyo	June 29, 1988	2	393	323	3,413.80	3,413.80	100.0
	UR-10	Q plaza SHINSAIBASHI	Osaka, Osaka	November 16, 2007	6	587	467	2,820.23	2,820.23	100.0
	Subtotal			-	172	-	-	105,678.44	105,088.14	99.4
Tokyo Office Properties	TO-1	TLC Ebisu Building	Shibuya, Tokyo	March 5, 1993	12	546	447	7,342.60	7,342.60	100.0
	TO-2	A-PLACE Ebisu Minami	Shibuya, Tokyo	January 31, 1995	9	661	496	7,950.51	7,950.51	100.0
	TO-3	A-PLACE Yoyogi	Shibuya, Tokyo	February 22, 2007	4	209	184	3,106.17	2,761.04	88.9
	TO-4	A-PLACE Aoyama	Minato, Tokyo	September 6, 1966	8	520	494	7,303.69	7,303.69	100.0
	TO-5	Luogo Shiodome	Minato, Tokyo	July 30, 2004	6	308	270	4,476.35	4,476.35	100.0
	TO-6	TAMACHI SQUARE (Land)	Minato, Tokyo	-	1	125	-	1,287.96	1,287.96	100.0
	TO-7	A-PLACE Ikebukuro	Toshima, Tokyo	October 13, 2011	1	(Note 9)	(Note 9)	3,409.73	3,409.73	100.0
	TO-8	A-PLACE Shinbashi	Minato, Tokyo	March 4, 1999	10	352	297	5,052.14	5,052.14	100.0
	TO-9	A-PLACE Gotanda	Shinagawa, Tokyo	February 27, 2012	9	297	258	4,028.69	3,598.67	89.3
	TO-10	A-PLACE Shinagawa	Minato, Tokyo	September 20, 1991	8	207	191	2,986.36	2,986.36	100.0
	TO-11	OSAKI WIZTOWER	Shinagawa, Tokyo	January 10, 2014	5	635	635	7,193.28	7,193.28	100.0
	TO-12	Shiodome Building (Note 8)	Minato, Tokyo	December 14, 2007	37	2,284	1,866	20,097.18	19,973.13	99.4
	TO-13	A-PLACE Ebisu Higashi	Shibuya, Tokyo	January 10, 1992	9	303	205	4,010.69	4,010.69	100.0
	TO-14	A-PLACE Shibuya Konnoh	Shibuya, Tokyo	March 18, 1992	3	(Note 9)	(Note 9)	2,983.36	2,983.36	100.0
	TO-15	A-PLACE Gotanda Ekimae	Shinagawa, Tokyo	November 30, 1993	10	321	275	4,316.89	4,316.89	100.0
	Subtotal			-	132	-	-	85,545.60	84,646.40	98.9

Category	Property number	Property name	Location	Date of construction	Number of tenants	Contracted rent (Annual)	Tenant leasehold and security deposit	Total leasable area	Total leased area	Occupancy rate
				(Note 1)	(Note 2)	(Millions of yen) (Note 3)	(Millions of yen) (Note 4)	(m ²) (Note 5)	(m ²) (Note 6)	(%) (Note 7)
Other Properties	O-1	Amagasaki Q's MALL (Land)	Amagasaki, Hyogo	–	1	701	341	27,465.44	27,465.44	100.0
	O-2	icot Nakamozu	Sakai, Osaka	June 27, 2007	2	619	430	28,098.02	28,098.02	100.0
	O-4	icot Mizonokuchi	Kawasaki, Kanagawa	July 15, 1998	1	(Note 9)	100	14,032.05	14,032.05	100.0
	O-5	icot Tama Center	Tama, Tokyo	March 7, 2006	9	239	237	5,181.58	5,181.58	100.0
	O-6	A-PLACE Kanayama	Nagoya, Aichi	February 10, 2009	20	497	392	9,314.91	9,314.91	100.0
	O-7	Osaka Nakanoshima Building	Osaka, Osaka	March 5, 1984	41	939	675	20,235.57	20,235.57	100.0
	O-8	icot Omori	Ota, Tokyo	March 6, 2007	9	381	364	6,209.79 (Note 10)	6,209.79 (Note 10)	100.0
	O-9	Market Square Sagamihara	Sagamihara, Kanagawa	June 13, 2014	3	(Note 9)	(Note 9)	15,152.42	15,152.42	100.0
	O-10	Umeda Gate Tower	Osaka, Osaka	January 15, 2010	10	727	468	13,743.89	12,869.35	93.6
	O-11	A-PLACE Bashamichi	Yokohama, Kanagawa	May 31, 1975	31	309	191	9,613.95	9,523.08	99.1
		Subtotal			–	127	–	–	149,047.62	148,082.21
	Total			–	431	–	–	340,271.66	337,816.75	99.3

- (Note 1) Date of construction of the main building, as described in the property registry. For properties with several main buildings, the construction date of the oldest building is listed. The construction date is omitted in case of acquisition of land only (Land represents the part of site on which the building is established under a land lease right; the same shall apply hereinafter). However, for A-PLACE Shinbashi and A-FLAG SHIBUYA, the date of inspection confirming completion of construction written on the certificate of inspection is provided.
- (Note 2) At each property, the number of tenants is equal to the aggregate number of tenants as of November 30, 2016 described in the lease agreements in relation to buildings, except that for properties with master lease agreements, the total number of end-tenants is listed. For properties for which we acquire only land, the total number of tenants of the land is listed.
- (Note 3) The contracted rent (annual) for each property other than properties for which we acquire only land is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms which were occupied by tenants as of November 30, 2016), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of November 30, 2016, as indicated in the lease agreements in relation to buildings as of November 30, 2016 by 12 (for where multiple lease agreements are concluded in relation to buildings, the aggregate anticipated monthly rent for all lease agreements) (excluding consumption tax) and rounding to the nearest million yen. For properties for which we acquire only land, it is calculated as the annual contracted rent (excluding consumption tax) as indicated in the lease agreement for such land as of November 30, 2016, rounding to the nearest million yen. For properties with master lease agreements, the annual contracted rent is calculated by multiplying the aggregate anticipated monthly rent (limited to rent for rooms; including common service fees and excluding usage fees for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of November 30, 2016), as indicated in the relevant sublease agreement with end-tenants by 12.
- (Note 4) The tenant leasehold and security deposit is calculated as the total amount on the lease agreement for each property as of November 30, 2016 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of November 30, 2016), rounding to the nearest million yen. For properties with master lease agreements, the tenant leasehold and security deposit is calculated as the total amount required based on the sub-lease agreements with end-tenants, rounding to the nearest million yen.
- (Note 5) The total leasable area represents the total of gross floor area considered to be leasable based on the lease agreements for building or floor plans as of November 30, 2016 of each property other than properties of which we acquire only land, and gross land area considered to be leasable based on the lease agreement for land or land plans as of November 30, 2016 of each property of which we acquire only land.
- (Note 6) The total leased area is equal to the total of leased area presented in each lease agreement for properties held as of November 30, 2016. For properties with master lease agreements, counted is the total of the area of properties for which sublease agreements are concluded with end-tenants and that are actually subleased.
- (Note 7) The occupancy rate is calculated by dividing total leased area for each property by the total leasable area as of November 30, 2016, rounding to the nearest tenth. The subtotal and total are calculated by dividing aggregate leased area by aggregate leasable area, rounding to the nearest tenth.
- (Note 8) As for Tokyu Plaza Omotesando Harajuku, Tokyu Plaza Akasaka, and Shiodome Building, the figures are in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (75%, 50% and 25%, respectively). However, the numbers of tenants provided are the numbers for each whole building.
- (Note 9) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.

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

(Note 11) For lease agreements with end-tenants that have been asked to be terminated or cancelled, or for which the rent has not been paid, number of tenants, contracted rent (annual), tenant leasehold and security deposit, total leased area and occupancy rate are shown in the above table if these agreements continued as of November 30, 2016, assuming that the lease agreements with the end-tenants remained effective; the same shall apply hereinafter.

(B) Capital expenditure for assets under management

a. Scheduled capital expenditure

The following table shows major estimated capital expenditure for renovation work, etc. that the Investment Corporation plans to conduct for assets held in the 10th fiscal period as of November 30, 2016. The estimated construction cost below includes the portion expensed for accounting purposes.

Name of real property (Location)	Purpose	Scheduled period	Estimated construction cost (Millions of yen)		
			Total amount	Payment for the period	Total amount paid
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Commercialization work (Remodeling work)	From April 2017 to May 2017	25	–	–
Tokyu Plaza Omotesando Harajuku (Shibuya, Tokyo)	Partial remodeling work	From April 2017 to May 2017	17 (Note)	–	–
A-PLACE Ebisu Minami (Shibuya, Tokyo)	Restroom appearance enhancement (First period)	From April 2017 to May 2017	15	–	–
Osaka Nakanoshima Building (Osaka, Osaka)	Exchange work of Scott connection transformers in electric pipe space on each floor	From April 2017 to May 2017	12	–	–
A-PLACE Bashamichi (Yokohama, Kanagawa)	Repair and maintenance of common area	From December 2016 to March 2017	10	–	–
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of water well double casing in main building	From January 2017 to May 2017	10	–	–

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

b. Capital expenditure during the fiscal period

For assets held by the Investment Corporation in the 10th fiscal period, construction work conducted by the Investment Corporation during the fiscal period ended November 30, 2016 that falls into capital expenditure is as follows. The capital expenditure for the fiscal period ended November 30, 2016 amounted to ¥502 million, and repair and maintenance expenses that were accounted for as expense in the fiscal period ended November 30, 2016 came to ¥231 million. On aggregate, construction work of ¥733 million was carried out during the fiscal period.

Name of real property (Location)	Purpose	Period	Construction cost (Millions of yen)
TLC Ebisu Building (Shibuya, Tokyo)	Replacement work of air conditioning (Third period)	From March 2016 to June 2016	95
A-FLAG SAPPORO (Sapporo, Hokkaido)	Renovations of new annex guest rooms	From April 2016 to June 2016	79
Q plaza SHINSAIBASHI (Osaka, Osaka)	Commercialization work (Refurbishment work)	From October 2016 to November 2016	48
A-FLAG SAPPORO (Sapporo, Hokkaido)	Installation work of new well water filtration devices	From September 2016 to October 2016	28
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of main building guest room systems	From March 2016 to June 2016	25
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of total heat exchangers in main building	From September 2016 to October 2016	23
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of FCUs in new annex guest rooms	From September 2016 to October 2016	21
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of new annex small banquet hall systems	From September 2016 to October 2016	14
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of new annex lobby systems	From February 2016 to June 2016	14
Q plaza SHINSAIBASHI (Osaka, Osaka)	Commercialization work (Air conditioning equipment installation work)	From October 2016 to November 2016	14
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of air conditioning units of main building hotel backyard systems	From October 2016 to November 2016	13
A-FLAG SAPPORO (Sapporo, Hokkaido)	Replacement of vertical drainage pipes in new annex guest rooms	From November 2015 to August 2016	11
Other			113
Total			502

(C) Information concerning major tenants

a. Summary of major tenants

For assets held in the 10th fiscal period, the table below shows tenants whose leased area accounts for 10% or more of the total leased area in the entire portfolio (major tenants) based on the data as of November 30, 2016. The forms of agreements with the tenants in the table are ordinary lease agreements.

As for certain assets held, the Investment Corporation has entered into lease agreements (master lease agreements) with Tokyu Community Corporation and Tokyu Land SC Management Corporation with the objective of allowing them to be master lease companies and sublease the leased assets to end-tenants. The table below shows information on the major tenants with master lease agreements based on the data as of November 30, 2016. Rents received by the Investment Corporation from the master lease companies are equal to the rents received by these companies from sublessees (end-tenants) (pass-through master lease), and such rents are not guaranteed.

Tenant	Business	Property name	Leased area (m ²) (Note 1)	Contracted rent (Annual) (Millions of yen) (Note 2)	Tenant leasehold and security deposit (Millions of yen) (Note 3)	Expiration date (Note 4)
Tokyu Community Corporation	Real Estate Management	TLC Ebisu Building	7,342.60	546	447	May 31, 2025
		A-PLACE Ebisu Minami	7,950.51	661	496	May 31, 2025
		A-PLACE Yoyogi	2,761.04	209	184	May 31, 2025
		A-PLACE Aoyama	7,303.69	520	494	May 31, 2025
		Luogo Shiodome	4,476.35	308	270	May 31, 2025
		A-PLACE Ikebukuro	3,409.73	(Note 5)	(Note 5)	May 31, 2025
		A-PLACE Shinbashi	5,052.14	352	297	May 31, 2025
		A-PLACE Gotanda	3,598.67	297	258	May 31, 2025
		A-PLACE Shinagawa	2,986.36	207	191	May 31, 2025
		OSAKI WIZTOWER	7,193.28	635	635	May 31, 2025
		A-PLACE Ebisu Higashi	4,010.69	303	205	May 31, 2025
		A-PLACE Shibuya Konnoh	2,983.36	(Note 5)	(Note 5)	September 30, 2025
		A-PLACE Gotanda Ekimae	4,316.89	321	275	June 30, 2026
		A-PLACE Kanayama	9,314.91	497	392	May 31, 2025
		Osaka Nakanoshima Building	20,235.57	939	675	November 30, 2024
		A-PLACE Bashamichi	9,523.08	309	191	October 31, 2026
		Total		102,458.87	–	–
Tokyu Land SC Management Corporation	Real Estate Management	Q plaza EBISU	4,024.88	475	475	June 30, 2022
		Shinbashi Place	9,156.01	(Note 5)	(Note 5)	November 30, 2024
		Kyoto Karasuma Parking Building	21,616.04	(Note 5)	(Note 5)	November 30, 2024
		A-FLAG AKASAKA	1,689.92	133	113	August 31, 2023
		Kobe Kyu Kyoryuchi 25Bankan	19,653.90	1,231	1,399	August 31, 2023
		A-FLAG SAPPORO	21,229.16	622	137	December 31, 2023
		A-FLAG SHIBUYA	3,413.80	393	323	December 31, 2023
		Q plaza SHINSAIBASHI	2,820.23	587	467	December 31, 2025
		icot Nakamozu	28,098.02	619	430	June 30, 2022
		icot Mizonokuchi	14,032.05	(Note 5)	100	June 30, 2022
		icot Tama Center	5,181.58	239	237	November 30, 2024
		icot Omori	6,209.79	381	364	December 31, 2023
		Market Square Sagamihara	15,152.42	(Note 5)	(Note 5)	January 31, 2025
		Total		152,277.80	–	–

(Note 1) The leased area is the leased area to end-tenants in respect to the leased area provided in the master lease agreement as of November 30, 2016 where the tenant is the master lease company and sublessor, rounding to the nearest hundredth.

- (Note 2) Under master lease contracts concluded with tenants, for properties of which the master lease rent payable by the tenant equals to the rent payable by the end-tenant to the tenant, the contracted rent (annual) for each property is calculated by multiplying the monthly rent (limited to rooms which were occupied by tenants as of November 30, 2016), including common service fee and excluding usage fee for warehouses, signboards and parking lots, and also excluding revenue-based rents, regardless of free rents and rent holidays as of November 30, 2016, as indicated in the sublease agreement concluded with the end-tenant as of November 30, 2016 by 12, rounding to the nearest million yen.
- (Note 3) The tenant leasehold and security deposit is calculated as the total amount on the sublease agreement with the end-tenant as of November 30, 2016 (limited to tenant leasehold and security deposit based on the lease agreement for leased property that was occupied by the tenant as of November 30, 2016), rounding to the nearest million yen, where the tenant is the master lease company and sublessor.
- (Note 4) The expiration date is the date provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 5) Since we have not obtained permission from the tenant of this property to release the information, the information is not disclosed.

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

For assets held by the Investment Corporation, the following table shows end-tenants ranked in the top 10 in terms of total leased area in the entire portfolio as of November 30, 2016.

End-tenants	Property name	Total leased area (m ²) (Note 1)	Lease expiration date	Form of agreement (Note 2)
Tokyu Hotels Co., Ltd.	Tokyu Plaza Akasaka A-FLAG SAPPORO	30,182.69	October 31, 2021	Fixed-term building lease agreement
Sumitomo Mitsui Trust Bank, Limited (Note 3)	TAMACHI SQUARE (Land) Amagasaki Q's MALL (Land)	28,753.40 (Note 4)	May 31, 2074 January 31, 2042	Ordinary leasehold land agreement Fixed-term business-use lease agreement
Kohnan Shoji Co., Ltd.	icot Nakamozu	26,529.03	July 11, 2027	Fixed-term building lease agreement
Times24 Co., Ltd.	Kyoto Karasuma Parking Building	21,224.14	–	Fixed-term building lease agreement
Plan·Do·See Inc.	Kobe Kyu Kyoryuchi 25Bankan	14,195.42	–	–
Room's-Taishodo	icot Mizonokuchi	14,032.05	July 24, 2018	Ordinary building lease agreement
K'S HOLDINGS CORPORATION	Market Square Sagamihara	11,863.92	June 30, 2034	Fixed-term building lease agreement
Yamada-Denki Co., Ltd.	Shinbashi Place	9,156.01	–	–
YANMAR Co., Ltd.	Umeda Gate Tower	8,745.40	–	–
NTT Communications Corporation	Shiodome Building	7,383.30	–	–

- (Note 1) The total leased area is equal to the total leased area in each property under the lease agreement with the end-tenant as of November 30, 2016. As for Tokyu Plaza Akasaka and Shiodome Building, the figure is based on the amount in proportion to the pro rata share of our trust beneficiary co-ownership interests (*jun kyōyū-mochibun*) (50% and 25%, respectively).
- (Note 2) The form of agreement is equal to the form of agreement described in the lease agreement with the end-tenants as of November 30, 2016.
- (Note 3) Tenant is the trustee of the building on the land; Tokyu Land Corporation is the trust beneficiary under such trust.
- (Note 4) Total leased area for TAMACHI SQUARE (Land) and Amagasaki Q's MALL (Land) is in respect of the land.
- (Note 5) Since we have not obtained permission from the tenant of the properties to release the information, the information missing from this table is not disclosed.

(D) Overview of lease and profit and loss

10th fiscal period (From June 1, 2016 to November 30, 2016)

(Unit: Thousands of yen)

Property number	UR-1	UR-2	UR-3	UR-4	UR-5
Property name	Tokyu Plaza Omotesando Harajuku (Note 1)	Tokyu Plaza Akasaka (Note 1)	Q plaza EBISU	Shinbashi Place	Kyoto Karasuma Parking Building
Number of business days in the 10th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	1,092,052	654,675	274,659	(Note 2)	(Note 2)
Lease business revenue	1,039,849	555,486	237,540	(Note 2)	(Note 2)
Other lease business revenue	52,202	99,189	37,118	(Note 2)	(Note 2)
b. Expenses related to rent business	241,767	280,583	65,406	45,552	55,332
Management operation expenses	89,344	83,402	16,363	12,300	20,075
Utilities expenses	30,552	72,668	28,177	–	–
Tax and public dues	55,004	65,369	8,420	32,343	31,152
Insurance	191	412	75	155	159
Repair and maintenance expenses	1,299	51,408	3,746	–	3,114
Other expenses related to rent business	65,375	7,323	8,622	753	831
c. NOI (a – b)	850,284	374,092	209,253	(Note 2)	(Note 2)
d. Depreciation	49,589	38,357	18,457	32,734	15,790
Income (loss) from rent business (c – d)	800,695	335,734	190,796	(Note 2)	(Note 2)

(Unit: Thousands of yen)

Property number	UR-6	UR-7	UR-8	UR-9	UR-10
Property name	A-FLAG AKASAKA	Kobe Kyu Kyoryuchi 25Bankan	A-FLAG SAPPORO	A-FLAG SHIBUYA	Q plaza SHINSAIBASHI
Number of business days in the 10th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	107,715	723,236	601,643	206,303	303,665
Lease business revenue	86,573	650,225	526,116	197,027	285,883
Other lease business revenue	21,142	73,010	75,526	9,276	17,781
b. Expenses related to rent business	32,116	195,177	251,539	38,152	50,829
Management operation expenses	8,364	77,440	116,907	12,058	13,101
Utilities expenses	14,392	65,750	71,157	8,270	16,313
Tax and public dues	7,244	46,811	24,699	10,345	13,134
Insurance	36	619	486	53	64
Repair and maintenance expenses	215	1,776	30,524	6,071	4,162
Other expenses related to rent business	1,863	2,778	7,765	1,353	4,053
c. NOI (a – b)	75,598	528,058	350,103	168,151	252,835
d. Depreciation	8,355	120,465	51,387	7,978	12,544
Income (loss) from rent business (c – d)	67,243	407,592	298,715	160,172	240,290

(Unit: Thousands of yen)

Property number	TO-1	TO-2	TO-3	TO-4	TO-5
Property name	TLC Ebisu Building	A-PLACE Ebisu Minami	A-PLACE Yoyogi	A-PLACE Aoyama	Luogo Shiodome
Number of business days in the 10th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	293,048	352,603	128,557	290,027	169,291
Lease business revenue	273,524	338,330	109,699	269,762	156,908
Other lease business revenue	19,524	14,272	18,858	20,264	12,382
b. Expenses related to rent business	78,765	100,375	39,386	76,233	46,177
Management operation expenses	23,512	27,983	13,201	20,503	11,710
Utilities expenses	17,240	20,323	7,482	19,233	11,143
Tax and public dues	16,502	29,572	9,867	20,297	17,603
Insurance	193	247	83	181	158
Repair and maintenance expenses	12,544	5,802	4,803	12,482	1,769
Other expenses related to rent business	8,771	16,445	3,947	3,534	3,792
c. NOI (a – b)	214,282	252,228	89,170	213,793	123,113
d. Depreciation	45,381	30,681	15,619	23,044	27,587
Income (loss) from rent business (c – d)	168,901	221,546	73,551	190,748	95,525

(Unit: Thousands of yen)

Property number	TO-6	TO-7	TO-8	TO-9	TO-10
Property name	TAMACHI SQUARE (Land)	A-PLACE Ikebukuro	A-PLACE Shinbashi	A-PLACE Gotanda	A-PLACE Shinagawa
Number of business days in the 10th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	62,502	(Note 2)	196,060	162,134	112,691
Lease business revenue	62,502	(Note 2)	182,342	151,790	107,279
Other lease business revenue	–	(Note 2)	13,718	10,343	5,412
b. Expenses related to rent business	8,192	29,874	51,949	46,253	28,148
Management operation expenses	–	10,404	16,827	14,708	9,122
Utilities expenses	–	8,297	11,384	10,201	5,757
Tax and public dues	7,939	10,216	14,615	14,126	10,413
Insurance	–	84	132	106	71
Repair and maintenance expenses	–	212	4,484	3,806	956
Other expenses related to rent business	252	658	4,504	3,303	1,827
c. NOI (a – b)	54,309	(Note 2)	144,111	115,880	84,542
d. Depreciation	–	20,682	23,533	26,950	8,318
Income (loss) from rent business (c – d)	54,309	(Note 2)	120,577	88,930	76,224

(Unit: Thousands of yen)

Property number	TO-11	TO-12	TO-13	TO-14	TO-15
Property name	OSAKI WIZTOWER	Shiodome Building (Note 1)	A-PLACE Ebisu Higashi	A-PLACE Shibuya Konnoh	A-PLACE Gotanda Ekimae (Note 3)
Number of business days in the 10th fiscal period	183	183	183	183	153
a. Real estate leasing business revenues	336,516	1,060,947	162,002	(Note 2)	132,578
Lease business revenue	319,375	1,007,816	153,363	(Note 2)	124,466
Other lease business revenue	17,141	53,131	8,639	(Note 2)	8,112
b. Expenses related to rent business	94,689	265,173	50,278	29,085	34,089
Management operation expenses	57,527	73,258	13,305	7,444	16,067
Utilities expenses	13,396	60,340	8,613	5,473	8,784
Tax and public dues	21,557	78,903	13,371	9,100	–
Insurance	304	1,379	100	76	97
Repair and maintenance expenses	–	30,443	12,461	5,253	3,936
Other expenses related to rent business	1,903	20,846	2,426	1,737	5,202
c. NOI (a – b)	241,826	795,773	111,724	(Note 2)	98,489
d. Depreciation	48,275	116,370	24,235	11,896	10,063
Income (loss) from rent business (c – d)	193,550	679,403	87,488	(Note 2)	88,426

(Unit: Thousands of yen)

Property number	O-1	O-2	O-4	O-5	O-6
Property name	Amagasaki Q's MALL (Land)	icot Nakamozu	icot Mizonokuchi	icot Tama Center	A-PLACE Kanayama
Number of business days in the 10th fiscal period	183	183	183	183	183
a. Real estate leasing business revenues	350,309	310,642	(Note 2)	144,873	284,062
Lease business revenue	350,309	310,612	(Note 2)	134,781	261,647
Other lease business revenue	–	30	(Note 2)	10,092	22,415
b. Expenses related to rent business	49,937	38,660	15,085	47,406	73,991
Management operation expenses	–	5,603	2,307	20,405	24,325
Utilities expenses	–	30	–	12,682	21,174
Tax and public dues	49,684	30,872	9,874	11,806	25,306
Insurance	–	235	100	145	252
Repair and maintenance expenses	–	820	1,125	1,088	1,674
Other expenses related to rent business	252	1,098	1,677	1,277	1,256
c. NOI (a – b)	300,371	271,982	(Note 2)	97,466	210,070
d. Depreciation	–	34,532	8,517	18,546	52,169
Income (loss) from rent business (c – d)	300,371	237,450	(Note 2)	78,919	157,901

(Unit: Thousands of yen)

Property number	O-7	O-8	O-9	O-10	O-11
Property name	Osaka Nakanoshima Building	icot Omori	Market Square Sagamihara	Umeda Gate Tower (Note 3)	A-PLACE Bashamichi (Note 3)
Number of business days in the 10th fiscal period	183	183	183	71	56
a. Real estate leasing business revenues	520,725	232,423	(Note 2)	155,478	48,695
Lease business revenue	491,651	197,249	(Note 2)	144,831	43,912
Other lease business revenue	29,074	35,173	(Note 2)	10,646	4,782
b. Expenses related to rent business	182,416	64,065	36,722	24,179	13,814
Management operation expenses	54,885	9,944	16,058	13,063	5,539
Utilities expenses	45,286	37,013	5,501	9,789	5,910
Tax and public dues	49,426	12,645	14,179	–	–
Insurance	749	94	132	141	89
Repair and maintenance expenses	20,370	3,717	–	235	776
Other expenses related to rent business	11,697	650	849	949	1,498
c. NOI (a – b)	338,309	168,357	(Note 2)	131,298	34,880
d. Depreciation	65,112	17,298	23,800	34,352	9,310
Income (loss) from rent business (c – d)	273,196	151,058	(Note 2)	96,946	25,569

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

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

(Note 3) A-PLACE Gotanda Ekimae, Umeda Gate Tower and A-PLACE Bashamichi were acquired on July 1, 2016, September 21, 2016 and October 6, 2016, respectively. Therefore, figures after the acquisition date are presented.