

FINANCIAL RESULTS FOR THE FISCAL PERIOD ENDED MARCH 2016
(REIT)

May 16, 2016

Name of Issuer: Japan Real Estate Investment Corporation
 Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 8952
 URL: <http://www.j-re.co.jp/english>
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Scheduled Date of Filing Securities Report: June 24, 2016
 Scheduled date of dividend payment: June 14, 2016
 Supplementary materials for financial results: Yes
 Holding of a briefing on financial results: Yes (primarily for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the March 2016 period (October 1, 2015 – March 31, 2016)

(1) Operating Results (Percentages represent increases/decreases compared with results for the previous fiscal period)

Period ended	Operating Revenues		Operating Income		Ordinary Income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2016	30,589	2.0	12,352	2.5	10,816	3.1	10,753	2.6
September 30, 2015	29,980	5.9	12,054	7.2	10,487	9.0	10,476	8.9

Period ended	Profit per Unit	ROE (Profit to Unitholders' Equity Ratio)		ROA (Ordinary Income to Total Assets Ratio)		Ordinary Income to Operating Revenues Ratio	
		Yen	%	Yen	%	Yen	%
March 31, 2016	8,212		2.3		1.2		35.4
September 30, 2015	8,015		2.2		1.2		35.0

Note: The ROE for the March 2016 period is calculated by using the average of unitholders' equity for the beginning and end of the period. As the Company issued new investment units, the ROE for the September 2015 period is calculated by using the average of unitholders' equity that takes into account the number of days from the beginning of the period to one day prior to the date of new unit issuance and the number of days from the new unit issuance to the end of the period.

(2) Dividends

Period ended	Dividend per Unit Excluding Excess of Accounting Profits	Total Cash Dividends Excluding Excess of Accounting Profits	Dividend in Excess of Accounting Profits per Unit	Total Dividends in Excess of Accounting Profits	Payout Ratio	Ratio of Dividends to Net Assets
March 31, 2016	8,121	10,632	0	0	98.8	2.3
September 30, 2015	8,001	10,475	0	0	99.9	2.3

Notes: 1. The payout ratio is rounded down to the first decimal place.
 2. As the Company issued new investment units, the dividend payout ratio for the September 2015 period is calculated by using the following formula: Dividend payout ratio = Total cash dividends / Profit × 100
 3. In the March 2016 period, the cause of differences in dividend per unit and profit per unit is the provision of reserve for reduction entry. In the September 2015 period, the cause of differences in dividend per unit and profit per unit is the fact that, as the Company issued new investment units, profit per unit is calculated based on the average number of units during the period.

(3) Financial Standing

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Unit
	Millions of yen	Millions of yen	%	Yen
March 31, 2016	890,626	469,044	52.7	358,238
September 30, 2015	899,938	468,767	52.1	358,026

Reference: Total unitholders' equity is 469,044 million yen for the March 2016 period and 468,767 million yen for the September 2015 period.

(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
Period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2016	21,681	2,338	(20,525)	24,904
September 30, 2015	16,975	(49,829)	34,014	21,409

2. Performance Forecasts for the September 2016 period (April 1, 2016 to September 30, 2016) and the March 2017 period (October 1, 2016 to March 31, 2017)

(Percentages represent projected increases/decreases compared with the results for the preceding fiscal period)

Period ending	Operating Revenues		Operating Income		Ordinary Income		Profit		Dividend per Unit Excluding Excess of Accounting Profits	Dividend in Excess of Accounting Profits per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2016	30,560	(0.1)	12,280	(0.6)	10,810	(0.1)	10,800	0.4	8,250	0
March 31, 2017	30,560	0.0	12,390	0.9	10,960	1.4	10,950	1.4	8,360	0

Reference: Profit per unit forecast = Profit forecast / Number of total investment units forecast for the end of the period
(the September 2016 period): 8,250 yen; (the March 2017 period): 8,360 yen.

*Other

(1) Changes in Accounting Policy/Changes in Accounting Estimates/Restatements

Changes in accounting policy following revisions to accounting standards, etc.:	None
Other changes in accounting policy:	None
Changes in accounting estimates:	None
Restatements:	None

(2) Number of Units Outstanding

Number of Units Outstanding at End of Period (Including Treasury Units)

As of March 31, 2016 1,309,310 units

As of September 30, 2015 1,309,310 units

Number of Treasury Units at End of Period

As of March 31, 2016 0 units

As of September 30, 2015 0 units

Note: Please refer to the notes regarding per unit information on page 24 for the number of investment units on which the calculations of profit per unit are based.

* The Implementation Status of Statutory Audit

At the time of disclosure of these financial results, the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act have not yet finished.

* Explanation regarding the appropriate use of business operations forecasts, and other special remarks

Estimates for the Company's future operating results contained in the financial results are forward-looking statements and are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ substantially from the projections depending on a number of factors. In addition, these forecasts do not guarantee the stated dividends. As for assumptions underlying performance forecasts, please refer to the table entitled "Assumptions Underlying Performance Forecasts for the September 2016 period (April 1, 2016 to September 30, 2016)" and the March 2017 period (October 1, 2016 to March 31, 2017) on pages 7 and 8.

1. Related Corporations

Due to the fact that there have been no important changes to the “Structure and Formation” section in the most recent securities report (released June 25, 2015), information concerning it has been omitted.

As announced on December 18, 2015, the transfer agent will be replaced Sumitomo Mitsui Trust Bank, Limited with Mitsubishi UFJ Trust and Banking Corporation regarding the management of unitholders registry and special accounts on June 14, 2016 and the general administrator for institutional administration and accounting will be also replaced as the same as above on October 1, 2016.

2. Business Policy and Operations

a. Business Policy

Due to the fact that there have been no important changes to investment policies, investment targets, or dividend policies, in the most recent securities report (released December 24, 2015), information concerning them has been omitted.

b. Business Operations

(1) Results for Period

Japan Real Estate Investment Corporation (“the Company”) was established on May 11, 2001, following revisions to the Act on Investment Trusts and Investment Corporations of Japan, or the ITA. The Company was listed on the real estate investment trust market of the Tokyo Stock Exchange (“TSE”) on September 10, 2001. (Securities Code: 8952) Since its IPO, the size of the Company’s assets (total acquisition price) has grown steadily, expanding from 92.8 billion yen to 923.4 billion yen*, as of March 31, 2016. In the same period, the Company continued to grow steadily in the number of properties in its portfolio, from 20 to 68 properties.

During the March 2016 period (October 1, 2015 – March 31, 2016), the Japanese economy continued on a gradual trend toward improvement due to recovering capital investment and operational profits mainly in the non-manufacturing industries, as well as continued improvement in employment conditions. However, the latest flux of economy, stirring insecurity about future prospects, has made some companies to err on the cautions side, while the domestic consumption has lost an impetus to a degree, together rendering the economy to slow down in some aspects.

In the market for leased office, the trend of decreasing vacancies and increasing advertised rents continued mainly in the Tokyo metropolitan area. In other major cities, the occupancy also improved.

In the investment market for real estate, continued favorable conditions for the financing environment were reinforced by the anticipation of further improvement in the office buildings market, and domestic and overseas investors appear to exhibit sound appetite for property acquisition, as a result of which competition in property acquisition is likely to intensify.

Under such market conditions, the Company made sound investments under the Investment Guideline of providing stable dividends to unitholders, which was set forth at the time of the Company’s listing on the TSE and remains unchanged to this date. Accordingly, the Company has been able to provide the dividend at the 8,121 yen, which is an increase by 120 yen on the previous period during which the dividend was restored to the 8,000-yen mark.

*Note: The part of the Jingumae Media Square Building site (acquisition price: 614 million yen) that was expropriated by the Tokyo Metropolitan Government on October 30, 2009, is included in the total acquisition price. The total acquisition price in the subsequent sections follows the same convention.

(2) Results of Operations

① Property Management and Acquisition

In the market for leased office space in the period under review, as a result of our efforts to improve occupancy rates through meticulous property leasing, the Company’s occupancy rate was improved to 98.3% as of March 31, 2016 from 97.7% occupancy rate as of September 30, 2015.

As for external growth, the Company transferred the following properties as part of the asset refreshment initiative to improve the portfolio quality: Hirokoji Sakae Building (Nagoya City, Aichi Prefecture) for 1,850 million yen on March 30, 2016 and Kyoto Shijo Kawaramachi Building (Kyoto City, Kyoto Prefecture) for 2,516 million yen on March 31, 2016. These transfers are pursued in tandem with the acquisition of a large-scale complex building AER (Sendai City, Miyagi Prefecture) conducted in the September 2015 period, as part of the asset refreshment, and the selection was based on the fact that those properties exceeded the average age of building (17.0 years as of March 31, 2016) in the Company portfolio.

As a result of the above, the Company’s portfolio at the end of the fiscal period under review, March 31, 2016, consisted of 68 properties, with a total acquisition price of 923,448 million yen. Total leasable floor area stood at 820,381 m² with 1,420 tenants in total.

Incidentally, on April 1, 2016, the Company acquired shares of Nishiki Park Building (Nagoya City, Aichi Prefecture) to increase the existing property ownership, by purchasing further 3,1047% for 175 million yen. Thus, the

Company's current share of the said property has increased from 68.63831% to 71.74301%.

*Note: The Nippon Brunswick Building (land with leasehold interest), whose building ownership was transferred on August 23, 2013, is included in the above number of properties and total acquisition price, but is not included in total leasable space or total number of tenants.

② Finance Activities

In addition to maintaining an LTV ratio (ratio of interest-bearing debt to total assets) of 30 to 40% under normal business conditions, the Company strives to maintain a sound and conservative financial profile by staggering maturities, extension of durations and diversification of stable lenders among other possibilities, taking into consideration the borrowing cost and existing relationships with lenders.

Concerning new loans related to property acquisition and the refinance of existing loans, the Company carries out loans strategically and flexibly after giving close consideration to the above-mentioned means, as well as the possibility of repayment with funds procured from issuing new investment units. Moreover, where a long-term loan is based on a variable interest, the Company reduces a future risk of interest rate fluctuation by making use of interest-rate swap transactions.

As for the fiscal period under review, the revenue from the transfers of Hirokoji Sakae Building and Kyoto Shijo Kawaramachi Building was put forward to the repayment of the existing loans with the cash reserve.

As a result of these financing activities, as of March 31, 2016, the Company's total interest-bearing debt was 363,400 million yen, 10,050 million yen down from the end of previous period. This amount consists of long-term loans totaling 320,700 million yen (including the current portion of long-term loans totaling 44,400 million yen), short-term loans totaling 22,700 million yen, and investment corporation bonds totaling 20,000 million yen (there is no current portion of investment corporation bonds). In addition, the LTV ratio stood at 40.8%.

The Company's credit ratings as of March 31, 2016 were as follows:

Rating Agency	Credit Rating
Standard & Poor's Ratings Japan K.K.	Long-term: A+; Short-term: A-1; Outlook: Stable
Moody's Japan K.K.	Rating: A1; Outlook: Stable
Rating and Investment Information, Inc.	Rating: AA; Outlook: Stable

(3) Summary of Financial Results

As a result of the above operations, in the period under review, the Company's operating revenues increased 2.0% compared with the previous period, to 30,589 million yen. On the earnings front, operating income increased 2.5%, to 12,352 million yen. After deducting expenses for interest payments on loans and other costs, ordinary income increased 3.1%, to 10,816 million yen, and profit increased 2.6%, to 10,753 million yen.

Turning to dividends, the Company will make cash distributions using accounting profits based on the dividend policy outlined in Article 32-2 of the Company's Articles of Incorporation, in an amount that exceeds 90% of earnings available for dividends as required by Article 67-15 of the Special Taxation Measures Law of Japan. Based on this policy, in order to stabilize and level out the dividend payout, the Company secures the reserve for reduction entry in accordance with Article 66-2 "Special provisions for Taxation in the case of Advanced Acquisition of Land, etc., in 2009 and 2010" of the same Law as well as Article 42 "Inclusion in Gross Expenses of Advanced Depreciation of Fixed Assets, etc. Acquired with National Subsidy etc." of the Corporation Tax Act and the Company also partially reserves the retained earnings brought forward. As a result, the total amount of dividends that the Company has determined to pay out is 10,632,906,510 yen for the period under review, which is a multiple of 1,309,310—the number of units outstanding as of March 31, 2016. Accordingly, the per-unit cash dividend is 8,121 yen.

c. Outlook

(1) Operating Environment

In the Japanese economy, amid a continued trend toward improvement in employment and personal income, it is anticipated that the introduction of various political policies will support further gradual economic recovery. However, depending on such factors as the global impact of monetary policy in the United States, economic current in Europe, and deceleration of economy in China and other emerging nations in Asia as well as natural resource suppliers, the

risk of economic downturn in Japan must be closely watched.

In the market for leased office space, vacancy rates in the Tokyo metropolitan areas continue to decline due to the slowing supply of new properties, and the gradual rise in rent levels will continue, especially for buildings with a strong competitive edge. In other major cities, also further decline in the vacancy rate is expected. Meanwhile, bearing in mind the risk of economic downturn, the recovery of the market for leased office space may not be as rigorous as hoped through the growth in the demand for offices, but a trend of moderate recovery is anticipated for a period in the future.

In the investment market for real estate, while the financing environment is expected to remain favorable, general shortage of desirable properties for sales and the decline of expected yield suggest that transactions carried out at higher valuation is likely to continue, with a possibility of intensifying competition.

① Property Management

Based on the conditions stated above, the Company will adhere to the following management policies in order to maintain and improve profitability.

(i) Strengthen relationships of trust with existing tenants

The Company has contracts with numerous property management companies. Each property management company has developed relationships of trust with their tenants through their daily diligence in managing their respective properties over the years. The Company will work to further solidify these relationships by anticipating tenants' needs and providing tailored services to increase tenant satisfaction, thereby maintaining and improving occupancy rates and raising rent levels.

(ii) Fill vacancies promptly

In cooperation with the property management companies mentioned above and their leasing brokers, the Company will actively seek the most appropriate tenants for each property, based on location and features, in order to fill current and anticipated vacancies as rapidly as possible. Furthermore, the Company will work to uncover additional needs for floor space among the existing tenants.

(iii) Stabilize revenues and earnings

With the aim of stabilizing revenues and earnings, the Company will endeavor to promote fixed lease agreement and secure long-term leasing with its large-scale tenants.

(iv) Reduce management costs

The Company has introduced sound competitive principles for its multiple property management companies to follow and is revamping their management systems and cost structures on an ongoing basis while ensuring and improving the tenant satisfaction levels.

② Property Acquisitions and Sales

The Company has adopted the following policies for acquiring properties.

(i) To access information quickly, the Company continues to enhance its property information channels while working to develop new channels.

(ii) In its acquisition activities, the Company continues to meticulously monitor and examine economic, physical, and legal factors, including rights-related issues, when selecting properties. In particular, with regard to the structure of buildings, the Company requires buildings to meet or exceed new earthquake-resistance standards, verifies the need for renovations by appropriately grasping current conditions based on engineering reports, and exclusively targets properties capable of maintaining a competitive edge in terms of the facilities they offer over the medium to long term.

(iii) In accordance with its acquisition policies, the Company shall maintain its portfolio so that 70% or more of the portfolio properties are located within the Tokyo metropolitan area, with the remaining 30% or fewer located in other major cities.

Under these policies, the Company will continue to acquire highly competitive properties. At the same time, in order to further improve the quality of its portfolio, the Company will remain open to the replacement of portfolio properties

with due consideration given to timing.

③ Financial Policy

- (i) In principle, the Company shall maintain an LTV ratio that does not exceed 65%. To ensure an even lower interest-bearing debt ratio, the Company adopts the conservative target level of 30% to 40%.
- (ii) The Company shall set the ceiling for the combined total of loans and investment corporation bonds at 1 trillion yen.
- (iii) When obtaining a loan, the Company shall only negotiate with qualified institutional investors (limited to those defined under Article 67-15 of the Special Taxation Measures Act) before executing a loan agreement.
- (iv) With the purpose of maintaining liquidity at an appropriate level, the Company may establish preliminary borrowing frameworks such as overdraft agreements and commitment line agreements, or may conclude preliminary contracts for loans, as needed.
- (v) The Company aims for the best possible execution of financial transactions by negotiating with numerous financial institutions.

(2) Performance Forecasts

For the September 2016 period (April 1, 2016 to September 30, 2016), the Company forecasts operating revenues totaling 30,560 million yen, operating income totaling 12,280 million yen, ordinary income totaling 10,810 million yen, and profit totaling 10,800 million yen. The Company plans to declare a cash dividend is 8,250 yen per unit.

For the March 2017 period (October 1, 2016 to March 31, 2017), the Company forecasts operating revenues totaling 30,560 million yen, operating income totaling 12,390 million yen, ordinary income totaling 10,960 million yen, and profit totaling 10,950 million yen. The Company plans to declare a cash dividend is 8,360 yen per unit.

Regarding the assumptions set for these forecasts, please see pages 7 and 8 entitled “Assumptions Underlying Performance Forecasts for the September 2016 period (April 1, 2016 to September 30, 2016) and the March 2017 period (October 1, 2016 to March 31, 2017).” Operating revenues, operating income, ordinary income, profit, and cash dividend per unit may vary depending on changes in the market situation.

**Assumptions Underlying Performance Forecasts for the September 2016 period (April 1, 2016 to September 30, 2016)
and the March 2017 period (October 1, 2016 to March 31, 2017)**

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • The September 2016 period: April 1, 2016 to September 30, 2016 (183 days) • The March 2017 period: October 1, 2016 to March 31, 2017 (182 days)
Number of properties held by the Company	<ul style="list-style-type: none"> • The Company assumes its property portfolio consists of 68 properties at the end of the March 2016 period. The actual portfolio may differ from this assumption due to additional property acquisitions and dispositions. • As of May 16, 2016, the Company does not have any forward or other commitments as set forth in the Financial Services Agency's Guidelines for Supervision.
Number of units outstanding	<ul style="list-style-type: none"> • The Company assumes that the total number of units outstanding as of May 16, 2016, is 1,309,310.
Interest-bearing debt	<ul style="list-style-type: none"> • The Company assumes an LTV ratio in the 30% to 40% range as an operational guideline under normal business conditions. • The Company carried out short-term loans of 9 billion yen on April 1, 2016, to serve as funds for repayment of existing short-term loans and also carried out a short-term loan of 3 billion yen on April 4, 2016 for part of repayment of existing long-term loan. In addition, the Company made a repayment of 1 billion yen of existing long-term loan on due date which fell on April 25, 2016 with cash reserves. As a result, the balance for interest-bearing debt is 360,400 million yen as of May 16, 2016. • In the September 2016 period, as of May 16, 2016, the Company presumes it will refinance the long-term loans due for repayment during the period totaling 24 billion yen (repayment date: June 23, 2016) and the short-term loans due for repayment during the period totaling 4 billion yen (repayment dates: September 1, 2016). There are no investment corporation bonds to mature in the September 2016 period. • In the March 2017 period, as of May 16, 2016, the Company presumes it will refinance the long-term loans due for repayment during the period totaling 14.4 billion yen (repayment dates: November 15, 2016, December 21, 2016, March 1, 2017, March 24, 2017 and March 30, 2017) and the short-term loans due for repayment during the period totaling 9.7 billion yen (repayment dates: January 10, 2017, March 2, 2017, March 27, 2017 and March 31, 2017). There are no investment corporation bonds to mature in the March 2017 period.
Operating revenues	<ul style="list-style-type: none"> • Revenues from portfolio properties held by the Company are calculated by taking into consideration new contract conclusions and existing contract cancellations fixed as of May 16, 2016, and by factoring in potential variables that reflect recent market conditions for leased office space, such as a rent levels and occupancy rates.

Item	Assumption
Operating expenses	<ul style="list-style-type: none"> • Of the taxes the Company is subject to, property taxes, city planning taxes and depreciable property taxes corresponding to the relevant fiscal period have been recorded as property-related expenses. However, when a property is acquired at a point during the period used for the calculation of property tax, a property tax adjustment is levied that takes into account the date of the transfer of the new acquisition. The amount of the adjustment is factored into the acquisition price and therefore not recorded as an expense in the relevant fiscal period. In addition, the Company assumes the 2017 property taxes, city planning taxes, and depreciable property taxes for properties acquired in 2016 to be 2 million yen for the additional interest acquired for the Nishiki Park Building. • The Company assumes that property and other taxes will be 2,960 million yen in the September 2016 period and 2,950 million yen in the March 2017 period. • The Company assumes that depreciation will be 6,490 million yen in the September 2016 period and 6,430 million yen in the March 2017 period. • Property management expenses are assumed to take past operational results into consideration. • Repair expenses may vastly differ from the projected amounts as there may be large differences in costs incurred from one fiscal period to another and because such costs are not recurring.
Non-operating expenses	<ul style="list-style-type: none"> • The Company assumes that non-operating expenses, such as interest expenses on loans and investment corporation bonds, will be 1,470 million yen in the September 2016 period and 1,430 million yen in the March 2017 period.
Dividend amounts	<ul style="list-style-type: none"> • The Company presumes that dividends in excess of accounting profits will not be distributed. Reflecting this, under the Company's Articles of Incorporation, the Company assumes that it will make cash distributions using accounting profits, distributing said profit in an amount in excess of 90% of earnings available for dividends. • The Company assumes that dividend amounts in the September 2016 and the March 2017 periods will not be appropriated from internal reserves.* <p>*Internal reserves (projected for the March 2016 period) shall comprise the gain on sale of the Takanawadai Building as of April 1, 2011 (878 million yen), reserves for reduction entry to be made on the sales of Hirokoji Sakae Building (transferred on March 30, 2016) and Kyoto Shijo Kawaramachi Building (transferred on March 31, 2016) both under the application of the Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc., in 2009 and 2010 (amounting to 161 million yen), and the residual amount of 530 million yen, which is an apportioned revenue of the subsidies for work under Article 42 "Inclusion in Gross Expense of Advanced Depreciation of Fixed Assets, etc. Acquired with National Subsidy, etc." of the Corporation Tax Act, after the deduction of 519 million yen to compensate the dividend paid out for the September 2012 and March 2013 periods consisting of reserve for reduction entry and associated deferred tax liabilities, together with the retained earnings brought forward.</p>
Other	<ul style="list-style-type: none"> • The Company presumes that revisions that could impact the abovementioned forecasts will not be made in such areas as laws, tax systems, accounting standards, and listing rules as well as regulations of the Investment Trusts Association, Japan. • The Company assumes that there will be no unprecedented or significant changes in general market trends or real estate market conditions or other factors. • In addition to the abovementioned income taxes deferred, the Company calculates the amount of its corporate and other taxes related to reserves for reduction entry, taking into consideration asset retirement obligations as well as the amortization of term leasehold interest for buildings.

3. Financial Statements

(1) Balance Sheets

Thousands of yen

	As of September 30, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	20,564,934	19,362,431
Cash and deposits in trust	5,844,989	5,542,352
Operating accounts receivable	209,386	201,642
Prepaid expenses	393,532	324,887
Deferred tax assets	953	972
Other	23,848	25,640
Total current assets	27,037,645	25,457,927
Non-current assets		
Property, plant and equipment		
Buildings	266,361,565	266,097,000
Accumulated depreciation	(74,720,230)	(78,601,472)
Buildings, net	191,641,335	187,495,528
Structures	3,193,164	3,185,674
Accumulated depreciation	(643,744)	(696,966)
Structures, net	2,549,420	2,488,707
Machinery and equipment	2,944,813	2,962,534
Accumulated depreciation	(1,721,977)	(1,795,372)
Machinery and equipment, net	1,222,835	1,167,161
Tools, furniture and fixtures	376,537	384,059
Accumulated depreciation	(187,315)	(209,733)
Tools, furniture and fixtures, net	189,222	174,325
Land	452,965,989	450,267,151
Construction in progress	1,310	2,250
Buildings in trust	76,541,120	77,281,405
Accumulated depreciation	(16,201,956)	(17,595,584)
Buildings in trust, net	60,339,163	59,685,820
Structures in trust	645,610	648,264
Accumulated depreciation	(139,759)	(153,961)
Structures in trust, net	505,851	494,302
Machinery and equipment in trust	939,320	945,736
Accumulated depreciation	(615,178)	(641,407)
Machinery and equipment in trust, net	324,141	304,328
Tools, furniture and fixtures in trust	35,772	38,850
Accumulated depreciation	(14,470)	(16,610)
Tools, furniture and fixtures in trust, net	21,302	22,240
Land in trust	151,935,120	151,935,120
Construction in progress in trust	1,278	2,299
Total property, plant and equipment	861,696,973	854,039,237
Intangible assets		
Leasehold rights	6,064,832	6,049,002
Leasehold rights in trust	444,160	444,160
Easement	828,095	828,095
Total intangible assets	7,337,088	7,321,258

Thousands of yen

	As of September 30, 2015	As of March 31, 2016
Investments and other assets		
Investment securities	577,168	577,168
Lease and guarantee deposits	1,573,641	1,573,641
Long-term prepaid expenses	814,254	706,082
Other	869,447	924,282
Total investments and other assets	3,834,511	3,781,174
Total non-current assets	872,868,573	865,141,670
Deferred assets		
Investment corporation bond issuance costs	32,239	26,700
Total deferred assets	32,239	26,700
Total assets	899,938,458	890,626,297
Liabilities		
Current liabilities		
Operating accounts payable	1,478,287	2,230,597
Short-term loans payable	36,700,000	22,700,000
Current portion of long-term loans payable	32,100,000	44,400,000
Accounts payable - other	1,346,666	1,337,902
Accrued expenses	664,500	669,098
Income taxes payable	9,466	10,835
Accrued consumption taxes	610,379	1,128,609
Advances received	3,478,134	3,088,163
Other	101,701	9,618
Total current liabilities	76,489,136	75,574,825
Non-current liabilities		
Investment corporation bonds	20,000,000	20,000,000
Long-term loans payable	284,650,000	276,300,000
Deposits received from tenants	49,573,768	49,197,812
Deferred tax liabilities	116,161	167,220
Asset retirement obligations	322,080	325,325
Other	20,074	16,366
Total non-current liabilities	354,682,084	346,006,725
Total liabilities	431,171,221	421,581,550
Net assets		
Unitholders' equity		
Unitholders' capital	458,016,096	458,016,096
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	243,360	243,360
Total voluntary retained earnings	243,360	243,360
Unappropriated retained earnings	10,507,781	10,785,290
Total surplus	10,751,141	11,028,651
Total unitholders' equity	468,767,237	469,044,747
Total net assets	468,767,237	469,044,747
Total liabilities and net assets	899,938,458	890,626,297

(2) Statements of Income

Thousands of yen

	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
Operating revenues		
Rent revenues	29,886,578	30,290,297
Other lease business revenues	94,314	138,195
Gain on sales of real estate properties	—	161,378
Total operating revenues	29,980,892	30,589,871
Operating expenses		
Expenses related to rent business	16,642,681	16,941,905
Asset management fee	926,559	933,354
Asset custody fee	60,569	61,279
Administrative service fees	143,924	145,512
Directors' compensations	7,800	7,800
Commission fee	78,433	69,199
Other operating expenses	66,897	78,220
Total operating expenses	17,926,866	18,237,271
Operating income	12,054,026	12,352,600
Non-operating income		
Interest income	4,611	4,490
Dividend income	6,494	—
Reversal of distribution payable	3,520	3,341
Refund of property taxes	—	1,492
Income on settlement of management association accounts	37,037	—
Other	5,448	31
Total non-operating income	57,111	9,356
Non-operating expenses		
Interest expenses	1,329,408	1,347,628
Interest expenses on investment corporation bonds	191,891	153,314
Amortization of investment corporation bond issuance costs	9,633	5,539
Investment unit issuance expenses	56,541	—
Other	36,074	39,314
Total non-operating expenses	1,623,550	1,545,797
Ordinary income	10,487,587	10,816,159
Income before income taxes	10,487,587	10,816,159
Income taxes - current	11,449	11,820
Income taxes - deferred	25	51,040
Total income taxes	11,475	62,860
Profit	10,476,112	10,753,298
Retained earnings brought forward	31,669	31,991
Unappropriated retained earnings	10,507,781	10,785,290

(3) Statements of Changes in Unitholders' Equity

For the period from April 1, 2015 to September 30, 2015

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	426,783,117	236,745	236,745	9,651,286	9,888,031	436,671,148	436,671,148
Changes of items during period							
Issuance of new investment units	31,232,979				—	31,232,979	31,232,979
Provision of reserve for reduction entry		6,615	6,615	(6,615)	—	—	—
Dividends of surplus				(9,613,001)	(9,613,001)	(9,613,001)	(9,613,001)
Profit				10,476,112	10,476,112	10,476,112	10,476,112
Total changes of items during period	31,232,979	6,615	6,615	856,494	863,110	32,096,089	32,096,089
Balance at end of current period	458,016,096	243,360	243,360	10,507,781	10,751,141	468,767,237	468,767,237

For the period from October 1, 2015 to March 31, 2016

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	458,016,096	243,360	243,360	10,507,781	10,751,141	468,767,237	468,767,237
Changes of items during period							
Dividends of surplus				(10,475,789)	(10,475,789)	(10,475,789)	(10,475,789)
Profit				10,753,298	10,753,298	10,753,298	10,753,298
Total changes of items during period	—	—	—	277,509	277,509	277,509	277,509
Balance at end of current period	458,016,096	243,360	243,360	10,785,290	11,028,651	469,044,747	469,044,747

(4) Basis of Calculations Used to Determine Cash Distributions

Item	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
	Amount (Yen)	Amount (Yen)
I Retained earnings	10,507,781,132	10,785,290,543
II Cash distribution	10,475,789,310	10,632,906,510
(Dividend per investment unit)	(8,001)	(8,121)
III Voluntary retained earnings		
Provision of reserve for reduction entry	—	120,108,982
IV Retained earnings brought forward	31,991,822	32,275,051

Computation Method for Determining Dividends	<p>The Company will make cash distributions using accounting profits based on the cash distribution policy outlined in Article 32-2 of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Special Taxation Measures Act. After maintaining retained earnings brought forward in an amount not exceeding unappropriated retained earnings, the total amount of dividends that the Company has determined to pay out is 10,475,789,310 yen for the period under review, which is a multiple of 1,309,310 — the number of units outstanding as of September 30, 2015. Furthermore, the Company does not pay out dividends that exceed accounting profits as outlined in Article 32-3 of the Company's Articles of Incorporation.</p>	<p>The Company will make cash distributions using accounting profits based on the cash distribution policy outlined in Article 32-2 of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company secures the reserve for reduction entry in accordance with Article 66-2 "Special provisions for Taxation in the case of Advanced Acquisition of Land, etc., in 2009 and 2010" of the same Law as well as Article 42 "Inclusion in Gross Expense of Advanced Depreciation of Fixed Assets, etc. Acquired with National Subsidy, etc." of the Corporation Tax Act. The Company also reserves the retained earnings brought forward. As a result, the total amount of dividends that the Company has determined to pay out is 10,632,906,510 yen for the period under review, which is a multiple of 1,309,310 — the number of units outstanding as of March 31, 2016. Furthermore, the Company does not pay out dividends that exceed accounting profits as outlined in Article 32-3 of the Company's Articles of Incorporation.</p>
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(5) Statements of Cash Flows

Thousands of yen

	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
Cash flows from operating activities		
Income before income taxes	10,487,587	10,816,159
Depreciation	6,332,545	6,487,255
Amortization of investment corporation bond issuance costs	9,633	5,539
Investment unit issuance expenses	56,541	—
Dividend income	(6,494)	—
Interest income	(4,611)	(4,490)
Interest expenses	1,521,300	1,500,943
Decrease (increase) in operating accounts receivable	(81,885)	7,744
Decrease (increase) in consumption taxes refund receivable	833,719	—
Decrease (increase) in supplies	—	249
Decrease (increase) in prepaid expenses	(238,026)	68,644
Decrease due to sale of property, plant and equipment	—	4,168,218
Increase (decrease) in operating accounts payable	315,567	(42,710)
Increase (decrease) in accounts payable - other	135,172	94,892
Increase (decrease) in accrued consumption taxes	610,379	518,230
Increase (decrease) in accrued expenses	367	(136)
Increase (decrease) in advances received	131,859	(389,971)
Decrease (increase) in long-term prepaid expenses	(669,193)	108,172
Other, net	(829,188)	(156,038)
Subtotal	18,605,274	23,182,702
Interest and dividend income received	9,716	5,700
Interest expenses paid	(1,626,001)	(1,496,209)
Income taxes paid	(13,133)	(10,451)
Net cash provided by (used in) operating activities	16,975,856	21,681,741
Cash flows from investing activities		
Payments into time deposits	(7,519,000)	(2,817,000)
Proceeds from withdrawal of time deposits	2,519,000	7,817,000
Purchase of property, plant and equipment	(19,705,392)	(1,863,127)
Purchase of property, plant and equipment in trust	(26,558,326)	(422,278)
Payments for lease and guarantee deposits	(501,810)	—
Repayments of tenant leasehold and security deposits	(833,198)	(1,391,023)
Proceeds from tenant leasehold and security deposits	2,768,976	1,015,067
Net cash provided by (used in) investing activities	(49,829,752)	2,338,638
Cash flows from financing activities		
Proceeds from short-term loans payable	33,000,000	9,700,000
Repayments of short-term loans payable	(28,800,000)	(23,700,000)
Proceeds from long-term loans payable	42,800,000	6,000,000
Repayments of long-term loans payable	(14,550,000)	(2,050,000)
Redemption of investment corporation bonds	(20,000,000)	—
Proceeds from issuance of investment units	31,232,979	—
Payments for investment unit issuance expenses	(56,541)	—
Dividends paid	(9,611,537)	(10,475,520)
Net cash provided by (used in) financing activities	34,014,899	(20,525,520)
Net increase (decrease) in cash and cash equivalents	1,161,003	3,494,859
Cash and cash equivalents at beginning of period	20,248,921	21,409,924
Cash and cash equivalents at end of period	21,409,924	24,904,784

(6) Notes Concerning Going Concerns Assumption

“Not applicable”

(7) Summary of Significant Accounting Policies

Investment securities

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

Property and equipment, depreciation and impairment (except for leased assets)

Property and equipment is stated at cost, less accumulated depreciation. The cost of land, buildings and building improvements includes the purchase price of property and acquisition costs. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

Buildings.....	2-61 years
Structures.....	2-60 years
Machinery and equipment.....	2-18 years
Tools, furniture and fixtures.....	2-29 years

Expenditures for repairing expenses are charged to income as incurred. Significant renewals and betterments are capitalized.

The Company reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of its fixed assets may not be recoverable. According to the standard set by the Accounting Standards Board of Japan, companies are required to recognize an impairment loss in their statement of income if certain indicators of asset impairment exist and the book value of an asset exceeds the undiscounted sum of future cash flows of the asset. The standard states that impairment losses should be measured as the excess of the book value over the higher of (i) the fair market value of the asset, net of disposition costs, and (ii) the present value of future cash flows arising from ongoing utilization of the asset and from disposal after asset use. The standard covers land, factories, buildings and other forms of property, plant and equipment as well as intangible assets. Fixed assets are grouped at the lowest level for which there is identifiable cash flows that are independent of cash flows of other groups of assets.

Intangible assets

Intangible assets primarily consist of leasehold rights and easement, which are stated at cost. Amortization of a term leasehold interest for business use is calculated by the straight-line method based on the period of agreement.

Leased assets

Leased assets under finance lease transactions that do not transfer ownership of the leased assets to the lessees are capitalized and depreciated by the straight-line method over the lease term with no residual value.

Deferred charges

Investment corporation bond issuance costs are amortized using the straight-line method over the redemption periods.

New unit issuance costs are charged to income as incurred. The underwriters' economic remunerations for underwriting the offering are not recognized as new unit issuance costs in the financial statements since such costs are not paid by the Company as commission under the so-called “spread-method”.

Under the spread-method, the difference between the offer price (the price paid by the unitholder) and the issue price (the price received by the Company) is retained by the underwriters as remuneration.

Revenue recognition

Revenues from leasing of office space are recognized as rent accrues over the lease period.

Taxes on property and equipment

Property and equipment is subject to property taxes and city planning taxes on a calendar year basis. These taxes are generally charged to income during the period. The sellers of the properties are liable for property taxes for the calendar year including the period from the date of purchase by the Company through the end of the year since the taxes are imposed on the owner registered on the record as of January 1 based on the assessment made by the local government. The Company pays the amount equivalent to the property taxes to the sellers applicable to the period since acquisition and includes the amount equivalent to the taxes in the purchase price of each property and capitalizes it as a cost of the property.

Consumption taxes

Consumption taxes withheld and consumption taxes paid are not included in the statements of income. The consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld are included in Current assets and the excess of amounts withheld over payments are included in Current liabilities.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks and short-term investments, which are highly liquid, readily convertible to cash and with insignificant risk of price fluctuation, with original maturity of three months or less.

Hedge accounting

The Company enters into derivative transactions to hedge against interest-rate risk and other forms of risk based on the risk management policies outlined in the Company's Articles of Incorporation. The Company uses interest-rate swap transactions for hedging fluctuations in interest rates on floating-rate loans. The Company has also executed interest-rate and currency swap

transactions as a method of hedging against currency exchange and interest-rate fluctuation risks. Deferred hedge accounting is generally used for such interest-rate swaps and interest-rate and currency swap transactions, and the effectiveness of hedging is measured by comparing the total cash flow fluctuation of the hedged item and that of the hedging instrument since the inception of the hedge.

For interest-rate swaps that qualify for hedge accounting and meet certain criteria provided under Japanese GAAP, however, the Company applies special accounting treatment. Under such special accounting treatment, the differentials paid or received under the swap agreements are recognized and included in interest expense of the hedged loans, and the interest-rate swaps are not required to be separately valued. For interest-rate swaps that meet the specific criteria for such special accounting treatment, ongoing assessments of hedge effectiveness are not required and hence not performed.

In addition, for interest-rate and currency swap transactions that meet certain criteria provided under Japanese GAAP, the Integrated Treatment is applied. Under such Integrated Treatment, the interest-rate and currency swaps that hedge foreign currency denominated floating rate payments into yen-denominated fixed rate payments are treated as an integral part of the hedged foreign currency borrowing, and the loan is accounted for as a yen-denominated fixed-rate borrowing.

(8) Notes to Financial Statements

(Notes to Balance Sheets)

- a. Compressed amount of tangible assets with government grants

	Thousands of yen	
	As of September 30, 2015	As of March 31, 2016
Buildings	50,086	50,086

- b. Commitment line agreement

The Company has signed commitment line agreements with four banks.

	Thousands of yen	
	As of September 30, 2015	As of March 31, 2016
Total amount of commitment line agreement	50,000,000	50,000,000
Debt financing balance	—	—
Balance	50,000,000	50,000,000

- c. Minimum net assets required by Article 67, Paragraph 4 of the ITA

	Thousands of yen	
	As of September 30, 2015	As of March 31, 2016
	50,000	50,000

(Notes to Statements of Income)

- a. Breakdown of property-related revenues and expenses

	Thousands of yen	
	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
Property-Related Revenues	29,980,892	30,428,493
Rent revenues	29,886,578	30,290,297
Rental revenues	23,246,606	23,683,413
Common service charges	3,647,677	3,712,032
Parking revenues	790,063	799,252
Other rental revenues	2,202,231	2,095,599
Other lease business revenues	94,314	138,195
Cancellation charges	81,455	38,001
Other miscellaneous revenues	12,858	100,194
Property-Related Expenses	16,642,681	16,941,905
Property management expenses	3,549,250	3,767,790
Utilities expenses	2,869,139	2,543,078
Property and other taxes	2,766,013	2,789,628
Casualty insurance	58,020	58,655
Repairing expenses	881,171	1,101,189
Depreciation	6,332,545	6,487,255
Other rental expenses	186,539	194,306
Property-Related Profits	13,338,211	13,486,587

b. Breakdown of gain on sales of real estate properties

For the period from April 1, 2015 to September 30, 2015

“Not applicable”

For the period from October 1, 2015 to March 31, 2016

		Thousands of yen
Hirokoji Sakae Building		
	Revenue from sale of real estate property	1,867,031
	Cost of real estate property sold	1,681,178
	Other sales expenses	35,495
	Gain on sale of real estate property	150,357
Kyoto Shijo Kawaramachi Building		
	Revenue from sale of real estate property	2,516,000
	Cost of real estate property sold	2,487,040
	Other sales expenses	17,938
	Gain on sale of real estate property	11,020

(Changes in Unitholders' Equity)

Total number of investment units issuable and number of units outstanding	As of September 30, 2015	As of March 31, 2016
Total number of investment units issuable	4,000,000 units	4,000,000 units
Number of units outstanding	1,309,310 units	1,309,310 units

(Supplemental Cash Flow Information)**Cash and cash equivalents**

The following table represents a reconciliation of cash and cash equivalents at September 30, 2015 and March 31, 2016:

	Thousands of yen	
	As of September 30, 2015	As of March 31, 2016
Cash and deposits	20,564,934	19,362,431
Cash and deposits in trust	5,844,989	5,542,352
Time deposits with maturities of more than three months	(5,000,000)	—
Cash and cash equivalents	21,409,924	24,904,784

(Financial Instruments)

For the six months ended September 30, 2015 and March 31, 2016

a. Status of financial instruments

(i) Policies for dealing financial instruments

Concerning the financing of property acquisitions, the Company shall use several funding sources including bank loans, issuance of investment corporation bonds and issuance of investment units. When executing such financing activities, the Company endeavors to retain the ability to secure stable and low-cost financing by maintaining high credit ratings and thereby limiting the financial covenants that may restrict the financial flexibility of the Company. To achieve these goals, the Company intends to further develop and reinforce the confidence of debt holders and rating agencies in the Company by bolstering the capital base and controlling the loan-to-value ratio (“LTV”) at an adequate level.

In order to hedge against future interest-rate fluctuations, the Company may enter into derivative transactions, which shall be executed solely for the purpose of hedging against interest-rate fluctuation and other risks, and not for speculative purposes.

With respect to management of excess funds, as a matter of policy the Company uses time deposits as its main vehicle, while securities and monetary claims are also eligible for such investment.

(ii) Characteristics and risk profile of each financial instrument and risk management system

The Company regularly re-evaluates the appropriateness and effectiveness of its risk management system in order to improve on it.

The characteristics and risk profile of financial instruments and the system in place to manage such risks are as follows:

The deposits, which are typically large time deposits used to manage excess funds, are exposed to the credit risk of the deposit-taking financial institutions. The Company manages credit risk by restricting the tenor of the deposit to relatively short periods and setting a minimum credit rating requirement for the deposit-taking financial institutions.

The funding proceeds from borrowings and issues of investment corporation bonds are applied mainly to acquire real estate properties and repay outstanding loans and bonds. While floating-rate short-term and long-term loans are exposed to the risk of interest-rate hikes, such risk is mitigated by the Company's low LTV and relatively high percentage of long-term fixed-rate debts within the total borrowing. The Company also utilizes derivative transactions (interest-rate swap transactions) as a hedge against interest-rate risk derived from floating-rate long-term loans, thereby maintaining the overall interest rates on the loans at an effectively fixed level. Foreign currency-denominated loans are also exposed to currency exchange and interest-rate fluctuation risk. However, the Company uses derivative transactions as a method of hedging against these risks (interest-rate and currency swap transactions). For more detailed information on the hedge accounting method, hedging instruments, hedged items, hedge policies and the evaluation method of hedge effectiveness, please refer to the previous section (7) Summary of Significant Accounting Policies: Hedge accounting.

Loans and investment corporation bonds involve liquidity risk at the time of maturity. To manage such liquidity risk, the Company implements measures such as ① maintaining and strengthening its ability to access equity markets to secure funds, ② maintaining commitment lines with major financial institutions (There is no amount outstanding under the facility as of September 30, 2015 and March 31, 2016) and ③ preparing monthly financial plans.

(iii) Supplementary note regarding fair value of financial instruments

The fair values of financial instruments presented in this report are based on their market value, and in cases where market values are not available, reasonably calculated values are presented. Since calculation of fair value is based on certain assumptions, the fair value could differ depending on the assumptions used. In addition, the contract value of derivative transactions, which is presented in the following section entitled Derivative Transactions, is not an exact representation of market risk attributable to derivative transactions.

b. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheet and the differences between them as of September 30, 2015 and March 31, 2016 are as follows.

The financial instruments whose fair values are extremely difficult to estimate are excluded from the following schedule (Note 2):

	Thousands of yen		
	As of September 30, 2015		
	Book value	Fair value	Difference
(1) Cash and deposits	20,564,934	20,564,934	—
(2) Cash and deposits in trust	5,844,989	5,844,989	—
(3) Short-term loans	36,700,000	36,700,000	—
(4) Current portion of long-term loans	32,100,000	32,260,394	160,394
(5) Investment corporation bonds	20,000,000	21,692,400	1,692,400
(6) Long-term loans	284,650,000	289,975,910	5,325,910
(7) Derivative transactions	—	—	—

	Thousands of yen		
	As of March 31, 2016		
	Book value	Fair value	Difference
(1) Cash and deposits	19,362,431	19,362,431	—
(2) Cash and deposits in trust	5,542,352	5,542,352	—
(3) Short-term loans	22,700,000	22,700,000	—
(4) Current portion of long-term loans	44,400,000	44,605,234	205,234
(5) Investment corporation bonds	20,000,000	21,988,600	1,988,600
(6) Long-term loans	276,300,000	283,574,360	7,274,360
(7) Derivative transactions	—	—	—

Notes: 1. Measurement of fair value of financial instruments and matters concerning derivative transactions

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

Due to short tenor, the book values of these assets are reasonable approximations of the present value of these assets and hence used as their fair value.

(3) Short-term loans

Since these loans' tenor is short and rates are reset at a short interval, the book values of these liabilities are reasonable approximations of their present value and hence used as their fair values.

(4) Current portion of long-term loans and (6) Long-term loans

For loans with floating interest rates, since the interest rates on such loans reflect market rates reasonably well over the short term and their book values are good approximations of their fair values, the book values are presented as their fair values. (However, the fair values of floating-rate long-term loans hedged by an interest-rate and currency swap subject to integrated treatment or by an interest-rate swap subject to special accounting treatment are calculated by discounting the aggregated principal and the interest on such loans, after taking into account the effect of said interest-rate and currency swaps or interest-rate swaps, using reasonable estimates of the rates that would be applicable if the Company were to refinance the existing loans for the remaining period to maturity under the prevailing market conditions as of September 30, 2015 and March 31, 2016. Such floating-rate long-term loans are presented in the following section entitled Derivative Transactions.) The fair values of the liabilities with fixed interest rates are calculated by discounting the aggregated amounts of the principal and the interest of the loans by the rates that are reasonably estimated to be applicable if the Company were to refinance the existing loans for the remaining period to maturity under the prevailing market conditions as of September 30, 2015 and March 31, 2016.

(5) Investment corporation bonds

Their fair values are based on the values published by a financial data provider.

(7) Derivative transactions

Please refer to the following section entitled Derivative Transactions.

2. Financial instruments whose fair values cannot be reliably measured

	Thousands of yen	
	As of September 30, 2015	As of March 31, 2016
(1) Non-listed stock (*1)	577,168	577,168
(2) Deposits received from tenants (*2)	49,573,768	49,197,812

(*1) With regard to non-listed stock, which does not have a quoted market price in an active market and whose cash flows are not reasonably estimated, fair value cannot be reliably measured and it is therefore presented at book value.

(*2) With regard to deposits received from tenants, which do not have a quoted market price in an active market and reasonably estimated tenor, their cash flows cannot be reliably measured and they are therefore presented at their book value.

3. Redemption schedule for monetary claims after the closing date

	Thousands of yen					
	As of September 30, 2015					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	20,564,934	—	—	—	—	—
Cash and deposits in trust	5,844,989	—	—	—	—	—
Total	26,409,924	—	—	—	—	—

	Thousands of yen					
	As of March 31, 2016					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	19,362,431	—	—	—	—	—
Cash and deposits in trust	5,542,352	—	—	—	—	—
Total	24,904,784	—	—	—	—	—

4. Repayment schedule for investment corporation bonds, long-term loans and other interest-bearing debt after the closing date

	Thousands of yen					
	As of September 30, 2015					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	36,700,000	—	—	—	—	—
Investment corporation bonds	—	—	10,000,000	—	—	10,000,000
Long-term loans	32,100,000	42,850,000	36,000,000	25,000,000	44,500,000	136,300,000
Total	68,800,000	42,850,000	46,000,000	25,000,000	44,500,000	146,300,000

	Thousands of yen					
	As of March 31, 2016					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	22,700,000	—	—	—	—	—
Investment corporation bonds	—	—	10,000,000	—	—	10,000,000
Long-term loans	44,400,000	46,500,000	27,500,000	49,000,000	39,000,000	114,300,000
Total	67,100,000	46,500,000	37,500,000	49,000,000	39,000,000	124,300,000

(Derivative Transactions)

a. Derivatives not designated as hedging instruments

For the period from April 1, 2015 to September 30, 2015

“Not applicable”

For the period from October 1, 2015 to March 31, 2016

“Not applicable”

b. Derivatives designated as hedging instruments

For the period from April 1, 2015 to September 30, 2015

The contract amount or the equivalent principal amount set out in the contract as of the closing date for each derivative designated as a hedging instrument is as follows.

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				over one year		
Hedge accounting	Receive floating, pay fixed interest-rate swap transactions	Long-term loans	60,800,000	60,800,000	*	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap transactions	Receive floating USD, pay fixed JPY, interest-rate and currency swap transaction (with initial and final exchange)	Long-term loans	10,000,000	10,000,000	*	—

For the period from October 1, 2015 to March 31, 2016

The contract amount or the equivalent principal amount set out in the contract as of the closing date for each derivative designated as a hedging instrument is as follows.

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				over one year		
Hedge accounting	Receive floating, pay fixed interest-rate swap transactions	Long-term loans	64,300,000	64,300,000	*	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap transactions	Receive floating USD, pay fixed JPY, interest-rate and currency swap transaction (with initial and final exchange)	Long-term loans	10,000,000	10,000,000	*	—

*Because the derivative transactions eligible for the Special Treatment of interest-rate swaps and Integrated Treatment (Special Treatment for interest-rate swaps and Allocation Treatment for currency swaps) are accounted for as integral parts of the hedged loans, the fair value of those derivative transactions is included in that of the underlying long-term loans as of September 30, 2015 and March 31, 2016. Please refer to the measurement of fair value of financial instruments in Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments” as well as subheadings (4) and (6) of Note 1 concerning derivative transactions.

(Income Taxes)

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Act, an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to unitholders from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its earnings available for dividends for the fiscal period as stipulated by Article 67-15 of the Special Taxation Measures Act. The significant components of deferred tax assets and liabilities as of September 30, 2015 and March 31, 2016 were as follows:

	Thousands of yen	
	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
Deferred tax assets:		
Accrued enterprise tax	953	972
Amortization of a term leasehold interest	47,736	51,542
Asset retirement obligations	104,064	102,509
	152,754	155,025
Valuation allowance	(57,032)	(61,631)
Total deferred tax assets	95,722	93,394
Deferred tax liabilities:		
Asset retirement obligations	94,768	92,421
Reserve for advanced depreciation of non-current assets	116,161	167,220
Total deferred tax liabilities	210,929	259,642
Net deferred tax liabilities	115,207	166,247

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate for the six months ended September 30, 2015 and March 31, 2016 was as follows:

	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
Statutory tax rate	35.36%	35.36%
Deductible dividend distribution	(35.32%)	(34.76%)
Change in valuation allowance	0.06%	0.06%
Effect of changes in tax rates	—	(0.03%)
Others	0.01%	(0.05%)
Effective tax rate	0.11%	0.58%

As for the adjustments to deferred tax assets and liabilities due to changes in income tax rates, “the Act for Partial Amendment of the Income Tax Act, etc.”(Act No.15 of 2016) and “the Act for Partial Amendment, etc. of the Local Tax Act, etc.”(Act No.13 of 2016) were enacted in the Diet session on March 29, 2016 and, as a result, corporate income tax rates, etc. will change for periods beginning on or after April 1, 2016 and again on or after April 1, 2018.

Accordingly, the effective statutory tax rates used to measure the Company’s deferred tax assets and liabilities were changed to 34.81% for temporary differences expected to be recovered or settled for the September 2016 period to the March 2018 period, and to 34.60% for temporary differences expected to be recovered or settled for the September 2018 period and thereafter. The effects of these changes are immaterial.

(Asset Retirement Obligations)

For the six months ended September 30, 2015 and March 31, 2016

a. Asset retirement obligations reported on balance sheets

The Company acquired Osaki Front Tower on February 1, 2011 under the term leasehold for business use agreement which, at the expiry of the leasehold, obligates the Company to restore the leased land to its original state. At the inception of a lease with such an obligation, the Company recognized an asset retirement obligation and a corresponding capital asset in an amount equal to the present value of the estimated demolition cost required for the removal of the properties located on the leased land. The present value is calculated using 2.015% as the discount rate over 42 years, which is the term of the leasehold.

Change in the amount of the asset retirement obligations as of September 30, 2015 and March 31, 2016 consisted of the following:

	Thousands of yen	
	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
Balance at the beginning of the period	318,867	322,080
Increase in tangible fixed assets	—	—
Adjustment required over the period	3,212	3,244
Balance at the end of the period	322,080	325,325

b. Asset retirement obligations other than those reported on balance sheets

Under the Road Act of Japan, the Company is obligated to remove the cable lines and the accompanying equipment originally installed for preventing analog TV interference under the public roads close to Shibuya Cross Tower and to restore the public roads to their original states because analog TV broadcasting was discontinued.

Since the removal involves public roads currently in service and some of the locations of the underground structures are potentially affected by the ongoing redevelopment projects near Shibuya Station, it is difficult to initiate such removal unilaterally without involving other interested parties. Therefore, a reasonable estimate of the present value of asset retirement obligations cannot be made because the method, the cost and the timing of the removal remains uncertain.

In consideration of such uncertainty, the asset retirement obligation is not reported in the financial statements, and instead noted herein.

(Investment and Rental Property)

For the six months ended September 30, 2015 and March 31, 2016

The Company owns primarily a portfolio of office properties in Tokyo and other prefectures in order to gain rental revenue from them.

The book values on balance sheets as of September 30, 2015 and March 31, 2016 and the fair values as of September 30, 2015 and March 31, 2016 are as follows:

Thousands of yen			
Book value		Fair value	
As of March 31, 2015	Change during period(*1)	As of September 30, 2015	As of September 30, 2015
829,449,219	39,584,842	869,034,061	977,666,000

Thousands of yen			
Book value		Fair value	
As of September 30, 2015	Change during period(*2)	As of March 31, 2016	As of March 31, 2016
869,034,061	(7,673,565)	861,360,496	996,828,000

Notes: 1. Book value on balance sheets means the acquisition cost less accumulated depreciation.

2. Significant changes

(*1) As for increases/decreases for the period, the major reasons for the increase were the acquisitions of the Umeda Square Building (¥15,677,942 thousand) and the AER (¥18,889,617 thousand), as well as an additional 5.0% co-ownership interest of trust beneficiary right of real estate pertaining to the Shiodome Building (¥10,173,888 thousand). The major reason for decrease was depreciation.

(*2) As for increases/decreases for the period, the major reasons for the decrease were the sale of the Hirokoji Sakae Building (¥1,681,178 thousand) and the Kyoto Shijo Kawaramachi Building (¥2,487,040 thousand), as well as depreciation.

3. Fair values as of September 30, 2015 and March 31, 2016 are defined as the appraised values provided by an external qualified professional appraiser.

Profits and losses related to investment and rental property are listed in the "a. Breakdown of property-related revenues and expenses" under "Notes to Statements of Income".

(Segment Information)

For the six months ended September 30, 2015 and March 31, 2016

Since the Company has been engaged in real estate leasing business using a single segment, segment information has been omitted.

Information on products and services

Since revenues from external customers for a single segment of similar products and services accounted for more than 90% of total operating revenues, information on products and services has been omitted.

Information on geographic area

a. Revenue

Since 100% of total operating revenues was generated from external customers within Japan, a geographical breakdown of revenues has been omitted.

b. Property and equipment

Since 100% of total property and equipment on the balance sheets was located within Japan, a geographical breakdown of such property and equipment has been omitted.

Information on major clients

Since no single external client represents 10% or more of the Company's total operating revenues, information on major clients has been omitted.

(Per Unit Information)

The following table summarizes information about net assets per unit and profit per unit at September 30, 2015 and March 31, 2016 and for the periods then ended, respectively:

	Yen	
	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
Net assets at period end per unit	358,026	358,238
Profit per unit	8,015	8,212

- Notes: 1. Profit per unit is computed by dividing profit by the weighted average number of units outstanding during each period.
Diluted profit per unit has not been presented since no warrants or convertible bonds were outstanding during the period.
2. The basis for the computation of profit per unit is as follows.

	Thousands of yen	
	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
Profit	10,476,112	10,753,298
Amount not attributable to normal unitholders	—	—
Profit applicable to normal investment units	10,476,112	10,753,298
Average number of units	1,307,008 units	1,309,310 units

(Subsequent Events)

“Not applicable”

(9) Increase/Decrease in Total Number of Units Outstanding

There have been no changes made during the period under review regarding the number of units outstanding and total unitholders' capital. Changes in the past five years are as follows.

Date	Remarks	Number of Units Outstanding		Total Unitholders' Capital (Million Yen)		Notes
		Increase/Decrease	Balance	Increase/Decrease	Balance	
February 28, 2012	Issuance of new investment units (public offering)	54,400	543,600	35,471	359,824	*1
March 27, 2012	Issuance of new investment units (third-party allocation)	5,440	549,040	3,547	363,371	*2
October 29, 2012	Issuance of new investment units (public offering)	41,000	590,040	29,678	393,050	*3
November 28, 2012	Issuance of new investment units (third-party allocation)	4,100	594,140	2,967	396,018	*4
January 1, 2014	Split of investment units	594,140	1,188,280	—	396,018	*5
April 15, 2014	Issuance of new investment units (public offering)	57,500	1,245,780	27,968	423,986	*6
May 14, 2014	Issuance of new investment units (third-party allocation)	5,750	1,251,530	2,796	426,783	*7
April 6, 2015	Issuance of new investment units (public offering)	54,000	1,305,530	29,189	455,972	*8
May 11, 2015	Issuance of new investment units (third-party allocation)	3,780	1,309,310	2,043	458,016	*9

- *1. New investment units were issued at 672,750 yen per unit (underwriting price of 652,050 yen) with the purpose of funding the repayment of short-term loans used to acquire new specified assets and, in the event there is any remaining, the repayment of other loans.
- *2. New investment units were issued at 652,050 yen per unit with the purpose of funding the repayment of short-term loans used to acquire new specified assets and, in the event there is any remaining, the repayment of other loans.
- *3. New investment units were issued at 746,850 yen per unit (underwriting price of 723,870 yen) with the purpose of funding the repayment of loans and the acquisition of new specified assets.
- *4. New investment units were issued at 723,870 yen per unit with the purpose of funding the acquisition of new specified assets.
- *5. With December 31, 2013 as the date of record, and January 1, 2014 as the effective date, the Company implemented a 2-for-1 split of the investment units held by unitholders stated or recorded on the final unitholders registry for December 31, 2013.
- *6. New investment units were issued at 501,760 yen per unit (underwriting price of 486,400 yen), for the purpose of assigning funds to repayment debt.
- *7. New investment units were issued at 486,400 yen per unit, for the purpose of compensating decreases in cash reserves assigned to repayment debt.
- *8. New investment units were issued at 557,620 yen per unit (underwriting price of 540,550 yen) for the purpose of funding the partial repayment of short-term loans, the redemption of investment corporation bonds, the acquisition of specified assets, and, in the event there are any funds remaining, cash reserves.
- *9. New investment units were issued at 540,550 yen per unit for the purpose of funding the partial repayment of short-term loans and, in the event there are any funds remaining, cash reserves.

4. Changes in Officers

Change in officers shall be disclosed in a timely manner once the decision is made.

5. Reference Data

a. Composition of the Company's Assets

Asset type	Region, etc.	As of September 30, 2015		As of March 31, 2016	
		Total of net book value* ¹ (¥ million)	Ratio to total assets (%)	Total of net book value* ¹ (¥ million)	Ratio to total assets (%)
Real property	Tokyo 23 wards	525,189	58.4	522,763	58.7
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	44,549	5.0	44,292	5.0
	Regional cities	85,724	9.5	81,415	9.1
	Total	655,463	72.8	648,472	72.8
Trust	Tokyo 23 wards	118,627	13.2	118,260	13.3
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	19,781	2.2	19,639	2.2
	Regional cities	75,161	8.4	74,989	8.4
	Total	213,571	23.7	212,888	23.9
Savings and other assets		30,904	3.4	29,265	3.3
		(—)	(—)	(—)	(—)
Total amount of assets		899,938	100.0	890,626	100.0
		(869,034)	(96.6)	(861,360)	(96.7)

*1. Total of net book value as of September 30, 2015 is based on total amounts from the balance sheets as of September 30, 2015, and total of net book value as of March 31, 2016 is based on total amounts from the balance sheets as of March 31, 2016. Real property and real property held in trust are the book values after depreciation and amortization.

*2. Here, and throughout this document, Tokyo metropolitan area encompasses the prefectures of Tokyo, Kanagawa, Chiba and Saitama.

*3. The figures in parentheses indicate the value of real property held. Ratios are rounded to the first decimal place.

b. Real Estate Investment Property and Trust Beneficiary Rights in Trust of Real Estate

i) Outline of real estate and other assets included in the Company's holdings (quick reference guide)

The table below is a quick reference guide outlining the real estate and other assets included in the Company's holdings as of March 31, 2016.

Region	Name of building	Type of specified asset	Number of tenants*1	Leasable space (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by *2 region	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Genki Medical Plaza	Real property	1	4,791	100.0%	6,890	4,810	5,000,000	0.5%	74.6%
		Kitanomaru Square	Real property	5*5	25,678*5	100.0%*5	78,300	73,594	81,555,500	8.8%	
		MD Kanda Building	Real property	9	6,269	100.0%	8,170	8,807	9,520,000	1.0%	
		Kandabashi Park Building	Real property	10	3,687	100.0%	4,460	4,510	4,810,000	0.5%	
		Otemachi Financial City North Tower	Real property	2	5,121	100.0%	18,200	15,370	15,462,900	1.7%	
		Nibancho Garden	Real property	1*5	9,316*5	100.0%*5	17,800	12,742	14,700,000	1.6%	
		Mitsubishi UFJ Trust and Banking Building	Real property	10	11,904	100.0%	49,300	29,124	44,700,000	4.8%	
		Burex Kojimachi Building	Real property	1	4,495	100.0%	6,600	5,810	7,000,000	0.8%	
		Sanno Grand Building	Real property	37	20,665	98.4%	32,300	21,209	10,200,000 10,700,000 Total: 20,900,000	2.3%	
		Yurakucho Denki Building	Real property	13	4,697	100.0%	7,980	7,738	7,200,000	0.8%	
		Kodenmachi Shin-Nihonbashi Building	Trust	11	3,897	100.0%	2,800	2,796	3,173,000	0.3%	
		Kyodo Building (Kayabacho 2Chome)	Trust	10	4,464	100.0%	4,800	4,244	4,410,000	0.5%	
		Burex Kyobashi Building	Real property	1	4,279	100.0%	7,520	4,558	5,250,000	0.6%	
		Ginza 1 Chome East Building	Trust	8	4,513	100.0%	7,010	6,591	6,459,000	0.7%	

Region	Name of building	Type of specified asset	Number of tenants*1	Leasable space (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by *2 region	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Ginza Sanwa Building	Real property	10	4,329	100.0%	17,800	17,133	16,830,000	1.8%	
		Ryoshin Ginza East Mirror Building	Real property	12	4,255	100.0%	5,910	7,563	5,353,500 2,645,922 *6 Total: 7,999,422	0.9%	
		Harumi Front	Real property	8	33,369	100.0%	39,500 *7	29,507	31,300,000	3.4%	
		Harumi Center Building	Real property	9	20,812	100.0%	20,600	23,024	26,800,000	2.9%	
		Akasaka Park Building	Real property	29 *5	45,013 *5	100.0% *5	71,400	60,837	60,800,000	6.6%	
		Aoyama Crystal Building	Real property	7	4,898	100.0%	7,890	7,148	7,680,000	0.8%	
		Clover Shiba-koen	Trust	8	2,550	100.0%	4,600 *14	4,621	4,500,000	0.5%	
		Shiodome Building	Trust	34	36,174	93.2%	96,800	82,666	21,250,000 54,600,000 10,100,000 Total: 85,950,000	9.3%	
		Shiba 2Chome Daimon Building	Trust	25	9,606	100.0%	6,250	5,064	4,859,000	0.5%	
		Cosmo Kanasugibashi Building	Trust	6	4,062	100.0%	3,000	2,552	2,808,000	0.3%	
		Shinjuku Eastside Square	Real property	43	16,365	100.0%	25,900 *14	23,006	23,100,000	2.5%	
		Shinwa Building	Real property	13	5,997	100.0%	6,560	7,483	7,830,000	0.8%	
		Tokyo Opera City Building*8	Real property	98	35,083	95.4%	31,200	28,671	9,350,000 22,426,831 Total: 31,776,831	3.4%	
		TIXTOWER UENO	Real property	17	15,020	100.0%	25,300	20,477	22,000,000	2.4%	
		Higashi-Gotan da 1Chome Building	Real property	4	5,205	100.0%	5,910	4,564	5,500,000	0.6%	
		Osaki Front Tower*9	Real property	1	16,856	100.0%	16,300 *7	10,114	12,300,000	1.3%	
		Omori-Eki Higashiguchi Building	Trust	23	7,756	100.0%	5,480	4,637	5,123,000	0.6%	
Nippon Brunswick Building (Land)	Real property	*10	*10	*10	5,490	5,572	6,670,000 (1,170,000) *11 Total: 5,500,000	0.6%			

Region	Name of building	Type of specified asset	Number of tenants*1	Leasable space (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region *2	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Yoyogi 1 Chome Building	Real Property	9	7,745	100.0%	10,900	7,136	8,700,000	0.9%	7.6%
		da Vinci Harajuku	Real property	4	3,147	100.0%	6,920	4,857	4,885,000	0.5%	
		Jingumae Media Square Building	Real property	4	5,558	59.8%	10,500	10,726	12,200,000*12	1.3%	
		Shibuya Cross Tower	Real property	58	29,762	99.8%	51,300	38,003	34,600,000	3.7%	
		Ebisu Neonato	Real property	6	8,700	100.0%	15,600	14,314	3,740,000 360,000 10,512,000 Total: 14,612,000	1.6%	
		Harmony Tower	Real property	19	14,340	100.0%	13,900	10,154	8,500,000 520,000 2,100,000 Total: 11,120,000	1.2%	
		Otsuka Higashi-Ikebukuro Building	Trust	7	7,224	100.0%	4,430	3,494	3,541,000	0.4%	
		Ikebukuro 2Chome Building	Trust	9	2,186	100.0%	1,690	1,589	1,728,000	0.2%	
		Ikebukuro YS Building	Real property	10	5,932	100.0%	4,640	4,187	4,500,000	0.5%	
	Tokyo metropolitan area, excluding Tokyo 23 wards	Hachioji First Square	Real property	50	10,068	100.0%	4,800	4,989	3,300,000 2,379,112 Total: 5,679,112	0.6%	
		Saitama Urawa Building	Real property	18	4,510	100.0%	2,310	2,533	1,232,000 1,342,000 Total: 2,574,000	0.3%	
		MM Park Building	Real property	29	38,426	98.5%	38,700	32,859	37,400,000	4.1%	
		Queen's Tower A	Trust	51	26,667	98.0%	19,400*14	16,647	17,200,000	1.9%	
		Kawasaki Isago Building	Trust	13	6,831	100.0%	2,560	2,991	3,375,000	0.4%	
		Musashi Kosugi STM Building	Real property	26	5,378	100.0%	4,100	3,910	4,000,000	0.4%	

Region	Name of building	Type of specified asset	Number of tenants*1	Leasable space (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by *2 region
								(¥ thousand)	Ratio *2	
Other major cities	8·3 Square Kita Building	Real property	9	12,265	100.0%	7,510	6,160	7,100,000	0.8%	17.8%
	Jozenji Park Building	Real property	16	2,518	96.0%	958	1,011	1,000,000	0.1%	
	Higashi Nibancho Suqare	Real property	21	20,526	95.2%	13,500*7	9,394	9,950,000	1.1%	
	Sendai Honcho Honma Building	Trust	24	6,234	98.9%	2,350	2,917	2,924,000 250,000 Total: 3,174,000	0.3%	
	AER	Real property	61	23,612	98.0%	19,000	18,801	18,640,000	2.0%	
	Kanazawa Park Building	Real property	78	20,942	97.5%	4,590	4,329	2,880,000 1,700,000 Total: 4,580,000	0.5%	
	Nishiki Park Building*15	Real property	62*5	9,850*5	99.4%*5	4,700	5,082	3,850,000 1,300,000 650,000 Total: 5,800,000	0.6%	
	Nagoya Hirokoji Place	Trust	26	13,200	98.4%	10,400*14	8,302	8,567,000	0.9%	
	Nagoya Hirokoji Building	Real property	31	21,610	96.0%	12,400	15,332	14,533,000	1.6%	
	Nagoya Misono Building	Real property	16	3,448	100.0%	1,240	1,561	1,865,000	0.2%	
	Shijo Karasuma Center Building	Real property	9	6,634	95.0%	4,920*14	4,168	4,400,000	0.5%	
	Umeda Square Building*16	Trust	42	10,370	100.0%	16,300	15,526	15,523,520	1.7%	
	Shin-Fujita Building	Trust	46	28,414	94.4%	17,800	22,351	24,000,000	2.6%	
	Sakaisujihonmachi Building	Real property	21	11,520	98.5%	3,240	3,665	2,264,000 1,900,000 Total: 4,164,000	0.5%	

Region	Name of building	Type of specified asset	Number of tenants*1	Leasable space (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by *2 region
								(¥ thousand)	Ratio *2	
	Midosuji Daiwa Building	Trust	42	20,450	99.7%	13,800	13,337	6,934,000 7,380,000 Total: 14,314,000	1.6%	
	Amagasaki Front Building	Trust	31	15,500	99.0%	9,690	9,137	9,300,000	1.0%	
	Lit City Building	Real property	39	9,965	100.0%	4,370	3,346	4,650,000	0.5%	
	NHK Hiroshima Broadcasting Center Building	Real property	12	9,860	100.0%	2,660	2,991	1,320,000 1,450,000 Total: 2,770,000	0.3%	
	Tosei Tenjin Building	Real property	22	3,995	96.2%	1,320	1,397	1,550,000	0.2%	
	Tenjin Crystal Building	Real property	30	5,964	99.1%	2,590	4,173	5,000,000	0.5%	
	Hinode Tenjin Building	Trust	3	5,869	100.0%	3,720	3,415	3,657,000	0.4%	
		Total	1,420	820,381	98.3%	996,828	861,360	923,448,286		100.0%

- *1. The total number of tenants is based on the gross number of tenants in each building. Each instance of occupancy of a single tenant leasing space is considered separately on a per property basis even if said tenant leases space in multiple properties.
- *2. Occupancy rate, ratio of acquisition price and ratio by region are rounded to the nearest first decimal place.
- *3. Appraisal value at the end of period is, as a rule, the value assessed by real estate appraisers based on the Company's Articles of Incorporation and the Cabinet Office Ordinance on Accountings of Investment Corporations. The book closing date is used as the appraisal date and the appraisal value is calculated by Daiwa Real Estate Appraisal Co., Ltd.
- *4. Incidental expenses arising from acquisitions are not included in the acquisition price.
- *5. Residential portions are not included in the total number of tenants, the occupancy rate or the leasable space for Kitanomaru Square, Nibancho Garden, Akasaka Park Building or Nishiki Park Building. The residential portions for these properties are as follows: Kitanomaru Square, leasable space: 11,694m², occupancy rate: 96.1%; Nibancho Garden, leasable space: 1,686m², occupancy rate: 100.0%; Akasaka Park Building, leasable space: 10,780m², occupancy rate: 92.1%; Nishiki Park Building, leasable space: 954m², occupancy rate: 86.9%.
- *6. This includes the acquisition price of the land and building adjacent to Ryoshin Ginza East Mirror Building dated July 4, 2008, the cost of the adjacent building's demolition and the total expense of the construction and expansion of the Ryoshin Ginza East Mirror Building (excluding brokerage fees and other acquisition-related expenses) after its completion on May 24, 2010.
- *7. Appraisal values by Chuo Real Estate Appraisal Co., Ltd.
- *8. Accompanying the acquisition of Tokyo Opera City Building on September 13, 2005, the Company acquired 33 shares of Tokyo Opera City Building Co., Ltd. (the business that maintains, services and operates the building) at a total acquisition price of 2,797 thousand yen and inherited the 874 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller. In an additional acquisition, on March 24, 2010, the Company acquired 91 shares of Tokyo Opera City Building Co., Ltd. at a total acquisition price of 7,539 thousand yen. Concurrently, the Company acquired 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. (the supplier of heat to the building) at a total acquisition price of 566,831 thousand yen, inheriting the 2,360 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller. Regarding the appraisal value at the end of the fiscal period of the above-mentioned shares, the 4,931 shares of Tokyo Opera City Heating Co., Ltd. are valued at 566,831 thousand yen and the 124 shares of Tokyo Opera City Building Co., Ltd. are valued at 10,336 thousand yen.
- *9. On acquiring Osaka Front Tower, the Company inherited the land renter's lease deposit of 1,040,000 thousand yen held by the seller of the building. The value of the lease deposit was appraised at the end of the fiscal period and remained unchanged.
- *10. Because the building portion of the Nippon Brunswick Building was transferred on August 23, 2013, no total number of tenants, leasable space or occupancy rate are provided. Furthermore, the 1,497m² portion of land still held is being rented to the transferee of the building, Mitsubishi Estate Co., Ltd.
- *11. Because the building was transferred on August 23, 2013, the acquisition price of the building at the time of the land and building purchase dated March 24, 2004, has been deducted.

- *12. This is the acquisition price dated October 9, 2003, and includes a portion of the site transferred on October 30, 2009 (cost of investment sold, 614 million yen).
- *13. On acquiring Nishiki Park Building, the Company inherited the 9,000 thousand yen lease deposit made by the land renters held by the seller of the building.
- *14. Appraisal values by Japan Real Estate Institute.
- *15. In the above quick reference guide, if the real estate or other assets are classified as shared ownership or compartmental ownership, only the real estate or other assets owned by the Company are presented and the portions owned by the other shared owners or compartmental owners are excluded.
- *16. On acquiring the Umeda Square Building, the Company inherited 500,000 thousand yen of deposit for construction to connect to underground shopping centers given to Osaka Shigaichi Kaihatsu Co., Ltd., which was held by the seller of the building.
- *17. The properties presented in the above quick reference guide do not include properties that have falsified structural calculation reports as reported by the local government authorities and the Ministry of Land, Infrastructure, Transport and Tourism.

ii) Breakdown of property-related revenues and expenses for real estate and other assets included in the Company's holdings
The table below is a quick reference guide outlining the revenues and expenses on each real estate and other asset for the March 2016 period (October 1, 2015 – March 31, 2016). Furthermore, the income summary is presented based on the previously mentioned “Summary of Significant Accounting Policies.”

(Millions of Yen)

Name of building	Revenues / Expenses (October 1, 2015 – March 31, 2016)												
	Property-related revenues	Property-related expenses	Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses	Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
Genki Medical Plaza	223	70	12	15	17	0	2	20	2	152	173	-	173
Kitanomaru Square	1,716	750	142	69	94	2	30	410	-	965	1,376	11	1,364
MD Kanda Building	219	90	15	17	20	0	8	28	-	128	156	4	152
Kandabashi Park Building	105	45	4	-	16	0	6	16	-	60	77	1	75
Otemachi Financial City North Tower	336	181	28	18	45	0	0	88	-	154	243	3	239
Nibancho Garden	479	246	60	25	53	0	15	91	-	233	324	9	315
Mitsubishi UFJ Trust and Banking Building	997	377	54	59	136	1	16	109	0	620	729	33	696
Burex Kojimachi Building	150	81	-	-	13	0	5	62	-	68	131	14	116
Sanno Grand Building	917	406	100	56	105	1	66	77	-	510	587	171	415
Yurakucho Denki Building	256	137	35	20	41	0	9	30	-	119	149	28	121
Kodenmacho Shin-Nihonbashi Building	107	54	15	8	11	0	2	13	3	53	66	5	61
Kyodo Building (Kayabacho 2Chome)	143	67	10	10	11	0	13	21	-	76	97	3	94
Burex Kyobashi Building	155	53	-	-	11	0	3	38	-	101	139	63	76
Ginza 1Chome East Building	126	86	15	6	0	0	2	61	-	40	101	11	89
Ginza Sanwa Building	382	136	27	18	64	0	5	20	0	245	266	38	227
Ryoshin Ginza East Mirror Building	159	96	16	12	14	0	13	38	0	62	101	79	21
Harumi Front	1,229	667	113	107	74	1	9	360	-	562	922	-	922
Harumi Center Building	604	384	75	42	47	1	5	212	-	220	432	1	430
Akasaka Park Building	2,207	1,247	225	249	273	3	120	373	0	959	1,333	490	842
Aoyama Crystal Building	222	93	13	13	29	0	5	30	-	129	160	5	155
Clover Shiba-koen	110	39	8	6	0	0	1	23	-	70	93	5	88
Shiodome Building	1,748	763	149	111	127	2	30	336	6	985	1,321	11	1,310
Shiba 2Chome Daimon Building	274	139	36	25	38	0	2	35	0	134	170	-	170

Name of building	Revenues / Expenses (October 1, 2015 – March 31, 2016)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
			Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses				
Cosmo Kanasugibashi Building	107	46	10	7	13	0	2	13	-	61	74	6	68
Shinjuku Eastside Square	574	277	50	44	49	0	0	132	-	297	429	-	429
Shinwa Building	208	82	16	18	19	0	1	25	-	125	151	0	150
Tokyo Opera City Building*1	1,451	1,131								320		47	
TIXTOWER UENO	681	379	57	42	38	1	0	237	-	302	540	2	538
Higashi-Gotanda 1Chome Building	182	90	13	18	14	0	0	43	-	92	135	-	135
Osaki Front Tower	710	497	68	44	27	0	6	256	92	212	469	-	469
Omori-Eki Higashiguchi Building	232	120	27	21	25	0	17	28	-	112	140	104	35
Nippon Brunswick Building (land)	60	20	-	-	20	-	-	-	-	39	39	-	39
Yoyogi 1Chome Building	294	139	25	20	23	0	1	67	-	155	222	-	222
da Vinci Harajuku	191	54	10	10	16	0	1	14	-	136	151	0	150
Jingumae Media Square Building	188	169	25	20	41	0	44	36	0	19	56	54	1
Shibuya Cross Tower	1,410	929	175	118	123	2	76	430	1	481	912	157	755
Ebisu Neonato	449	219	54	22	42	2	2	94	0	229	324	78	246
Harmony Tower	440	266	147	-	47	1	13	56	-	174	230	-	230
Otsuka Higashi-Ikebukuro Building	188	98	20	19	12	0	6	39	-	89	129	54	74
Ikebukuro 2Chome Building	63	31	8	5	5	0	3	7	-	32	40	9	30
Ikebukuro YS Building	186	109	19	16	14	0	28	30	-	77	107	-	107
Hachioji First Square	241	126	49	4	25	0	12	32	-	115	147	1	146
Saitama Urawa Building	106	60	14	8	9	0	12	16	-	45	61	75	(13)
MM Park Building	1,277	748	139	172	78	1	62	293	0	528	822	33	788
Queen's Tower A	1,000	733	213	105	111	3	58	234	6	267	501	114	387
Kawasaki Isago Building	143	79	24	14	13	0	3	23	-	63	87	-	87
Musashi Kosugi STM Building	159	64	21	4	10	0	0	27	-	94	122	2	119
8・3 Square Kita Building	319	183	28	54	22	0	7	69	0	136	206	4	201
Jozenji Park Building	63	43	10	7	6	0	7	10	-	19	30	9	20

Name of building	Revenues / Expenses (October 1, 2015 – March 31, 2016)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
Higashi Nibancho Square	537	296	66	45	40	0	15	127	-	240	368	0	367
Sendai Honcho Honma Building	132	63	16	13	15	0	0	16	0	68	85	15	69
AER	605	306	85	55	-	0	3	161	0	299	460	0	460
Kanazawa Park Building	465	319	100	47	64	1	37	64	2	146	210	55	155
Nishiki Park Building	263	160	52	22	23	0	5	49	6	102	151	80	71
Nagoya Hirokoji Place	375	189	39	32	33	0	6	76	-	186	262	2	260
Hirokoji Sakae Building*3	94	66	12	12	28	0	2	10	0	27	37	-	37
Nagoya Hirokoji Building	577	419	90	50	60	1	73	142	0	157	300	107	192
Nagoya Misono Building	71	74	10	6	6	0	29	22	-	(3)	19	237	(218)
Shijo Karasuma Center Building	183	115	23	15	11	0	4	59	-	68	128	-	128
Kyoto Shijo Kawaramachi Building*3	126	82	21	15	11	0	6	28	0	44	72	0	71
Umeda Square Building	438	185	49	37	0	0	16	80	0	252	333	10	323
Shin-Fujita Building	639	523	90	85	75	1	48	219	1	116	335	160	175
Sakaisujihonmachi Building	227	136	42	27	35	0	7	22	-	91	113	-	113
Midosuji Daiwa Building	529	279	61	40	73	1	39	63	-	249	313	213	99
Amagasaki Front Building	435	221	64	29	1	0	4	121	0	214	335	7	327
Lit City Building	253	146	31	20	19	1	7	65	-	107	173	3	170
NHK Hiroshima Broadcasting Center Building	261	192	50	23	23	0	26	42	25	69	111	188	(76)
Tosei Tenjin Building	80	43	12	7	7	0	5	10	-	36	47	13	34
Tenjin Crystal Building	150	125	23	17	18	0	3	61	0	25	87	7	79
Hinode Tenjin Building	169	72	21	14	14	0	3	19	-	96	115	16	99
Total	30,428	16,941	3,767	2,543	2,789	58	1,101	6,487	194	13,486	19,973	2,876	17,097

*1. Disclosure of NOI and NCF in the breakdown of the expenses of the property leasing business for Tokyo Opera City Building has been withheld at the request of the joint owners of the real estate.

*2. Construction expenses that correspond to capital expenditures incurred during the period under review are listed under capital expenditures. This does not include expenses capitalized as construction in progress, expenses capitalized as furniture, etc., or such expenses included in the book value as brokerage fees for acquiring real estate or other assets, real estate acquisition taxes or other acquisition-related expenses.

*3. Hirokoji Sakae Building and Kyoto Shijo Kawaramachi Building were transferred on March 30 and 31, 2016, respectively.

c. Condition of Other Assets

(i) Shares/Investment Securities

Securities	Number of Shares	Acquisition Price (¥ thousand)		Appraisal Value (¥ thousand)		Valuation Gain/Loss (¥ thousand)	Notes
		Unit Price	Amount	Unit Price	Amount		
Tokyo Opera City Building Co., Ltd.	124	83	10,336	83	10,336	—	*
Tokyo Opera City Heat Supply Co., Ltd.	4,931	114	566,831	114	566,831	—	*
Total	—	—	577,168	—	577,168	—	—

* Unit prices for relevant non-listed stock are defined as acquisition costs.

(ii) Marketable Securities Other Than Shares

Asset Type	Quantity	Book Value (¥ thousand)		Appraisal Value (¥ thousand)		Valuation Gain/Loss (¥ thousand)	Notes
		Unit Price	Amount	Unit Price	Amount		
Trust beneficiary rights in deposits	1	778,893	778,893	778,893	778,893	—	—
Total	—	—	778,893	—	778,893	—	—

(iii) Other Specified Assets

Asset Type	Quantity	Book Value (¥ thousand)		Appraisal Value (¥ thousand)		Valuation Gain/Loss (¥ thousand)	Notes
		Unit Price	Amount	Unit Price	Amount		
Monetary claim	1	1,040,000	1,040,000	1,040,000	1,040,000	—	—
Total	—	—	1,040,000	—	1,040,000	—	—

* Trust beneficiary rights, the principal trust asset of real estate, are included in the previous section b. "Real Estate Investment Property and Trust Beneficiary Rights in Trust of Real Estate."

d. Capital Expenditures

(i) Schedule for Capital Expenditures

The significant scheduled capital expenditures, such as current plans for repair, maintenance and renovation work on existing properties, are listed below.

The following scheduled capital expenditures include those accounted for as expenses.

Name of Properties (Location)	Purpose	Scheduled Period	Estimated Cost (¥ million)		
			Total Amount	Payment Amount for the fiscal under review period	Total Amount Already Paid
Midosuji Daiwa Building (Osaka, Osaka Prefecture)	Upgrade of air conditioners	From July 2016 To March 2017	372	—	—
Umeda Square Building (Osaka, Osaka Prefecture)	Upgrade of air conditioning facilities	From October 2016 To March 2017	234	—	—
Shinwa Building (Shinjuku-ku, Tokyo)	Upgrade of air conditioning facilities	From October 2016 To March 2017	148	—	—
Omori-Eki Higashiguchi Building (Ota-ku, Tokyo)	Upgrade of air conditioning facilities	From April 2016 To September 2016	143	—	—
Sakaisujihonmachi Building (Osaka, Osaka Prefecture)	Upgrade of disaster prevention facilities	From October 2016 To March 2017	84	—	—
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Upgrade of air conditioners	From May 2016 To February 2017	84	—	—
Omori-Eki Higashiguchi Building (Ota-ku, Tokyo)	Upgrade of air conditioning facilities	From October 2016 To March 2017	62	—	—
Jozenji Park Building (Sendai, Miyagi Prefecture)	Upgrade of air conditioners	From July 2016 To December 2016	11	—	—

(ii) Capital expenditures during the period under review

For acquired real estate and other assets, capital expenditures incurred in the period under review totaled ¥2,876 million and repair, maintenance and renovation expenses classified as expenses in the period under review totaled ¥1,101 million, for a total of ¥3,977 million worth of construction that has been carried out.

One of the significant capital expenditures for the period under review was the upgrade of air conditioners of the Nagoya Misono Building.

Name of Building (Location)	Purpose	Period	Expenditures for Construction (¥ million)
Nagoya Misono Building (Nagoya, Aichi Prefecture)	Upgrade of air conditioners	From April 2015 To March 2016	226
Midosuji Daiwa Building (Osaka, Osaka Prefecture)	Upgrade of air conditioners	From August 2015 To March 2016	213
Omori-Eki Higashiguchi Building (Ota-ku, Tokyo)	Upgrade of air conditioning facilities	From October 2015 To March 2016	101
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of air conditioners	From September 2015 To January 2016	83
Nishiki Park Building (Nagoya, Aichi Prefecture)	Upgrade of disaster prevention facilities	From August 2015 To February 2016	73
Saitama Urawa Building (Saitama, Saitama Prefecture)	Construction work	From November 2015 To March 2016	72
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of disaster prevention facilities	From June 2015 To February 2016	61
Burex Kyobashi Building (Chuo-ku, Tokyo)	Upgrade of electrical equipment	From August 2015 To March 2016	59
Otsuka Higashi-Ikebukuro Building (Toshima-ku, Tokyo)	Upgrade of air conditioners	From October 2015 To November 2015	54
Other real estate			1,929
Total			2,876

(iii) Money Saved for Long-term Repair Plans

Based on mid-to-long term repair plans, the Company has reserved funds for every property to prepare for expenditures such as maintaining future property value and upgrading equipment.

(Millions of yen)

	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2014 to March 31, 2015	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
Balance of reserved funds at the start of period	2,486	2,431	2,463	2,519	2,762
Reserved funds for the period	2,469	2,470	2,531	2,804	3,304
Reversal of reserved funds for the period	2,524	2,438	2,475	2,561	2,762
Balance carried over to next period	2,431	2,463	2,519	2,762	3,304

e. Expenses and Liabilities

(i) Details on Operation-related Expenses

Item	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016
(a) Asset management fee*	¥926,559 thousand	¥933,354 thousand
(breakdown) Fees for the period	¥687,741 thousand	¥697,679 thousand
Incentive fees	¥238,818 thousand	¥235,675 thousand
(b) Asset custody fee	¥60,569 thousand	¥61,279 thousand
(c) Administrative service fees	¥143,924 thousand	¥145,512 thousand
(d) Directors' compensations	¥7,800 thousand	¥7,800 thousand
(e) Commission fee	¥78,433 thousand	¥69,199 thousand
(f) Other operating expenses	¥66,897 thousand	¥78,220 thousand
Total	¥1,284,184 thousand	¥1,295,365 thousand

*In addition to the asset management fee listed above, in the case that a property is acquired, an "acquisition fee" is included in the acquisition cost of the property and paid to the asset management company.

In the case that a property is sold, a "disposition fee" is included in the loss on sale and paid to the asset management company. These fees are calculated by multiplying the buying/selling price of the property by a fee rate.

In the period ended September 30, 2015, acquisition fees amounted to ¥221,317 thousand, and in the period ended March 31, 2016, disposition fees amounted to ¥21,830 thousand.

(ii) Loans

The condition of loans by financial institutions as of March 31, 2016, is as follows.

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period (¥ thousand)	Balance at End of Current Period (¥ thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
Mizuho Bank, Ltd.		October 1, 2014	2,500,000	—	0.18	October 1, 2015	Bullet	Purchase real estate	Floating interest rate
		March 25, 2015	5,500,000	—	0.171	March 25, 2016	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate
		March 31, 2015	2,000,000	—	0.1707	March 31, 2016	Bullet	Repay existing short-term loans	Floating interest rate
		April 1, 2015	5,500,000	5,500,000	0.1706	April 1, 2016	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate
		March 25, 2016	—	5,500,000	0.1136	March 27, 2017	Bullet	Repay existing short-term loans	Floating interest rate
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		March 2, 2015	3,500,000	—	0.18	March 2, 2016	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate
		April 1, 2015	3,500,000	3,500,000	0.1706	April 1, 2016	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate
		March 2, 2016	—	1,500,000	0.1136	March 2 2017	Bullet	Repay existing short-term loans	Floating interest rate
Shinsei Bank, Limited		August 24, 2015	1,500,000	— *2	0.1611	August 24, 2016	Bullet	Repay existing short-term loans	Floating interest rate
		September 1, 2015	2,000,000	2,000,000	0.1606	September 1, 2016	Bullet	Purchase real estate	Floating interest rate
Sumitomo Mitsui Trust Bank, Limited		March 31, 2015	3,700,000	—	0.1707	March 31, 2016	Bullet	Repay existing short-term loans	Floating interest rate
		March 31, 2016	—	1,700,000	0.1136	March 31, 2017	Bullet	Repay existing short-term loans	Floating interest rate
Resona Bank, Limited		September 1, 2015	2,000,000	1,000,000 *3	0.16486	September 1, 2016	Bullet	Purchase real estate and Repay existing short-term loans	Floating interest rate
The 77 Bank, Ltd.		January 7, 2015	1,000,000	—	0.18	January 7, 2016	Bullet	Repay existing short-term loans	Floating interest rate
		January 7, 2016	—	1,000,000	0.14531	January 10, 2017	Bullet	Repay existing short-term loans	Floating interest rate
Shinkin Central Bank		September 1, 2015	2,000,000	1,000,000 *3	0.16486	September 1, 2016	Bullet	Repay existing short-term loans	Floating interest rate
The Daishi Bank, Ltd.		January 7, 2015	1,500,000	—	0.18	January 7, 2016	Bullet	Repay existing short-term loans	Floating interest rate
Mitsubishi UFJ Trust and Banking Corporation		October 1, 2014	500,000	—	0.18	October 1, 2015	Bullet	Purchase real estate	Floating interest rate
	Subtotal		36,700,000	22,700,000					

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period	Balance at End of Current Period	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
			(¥ thousand)	(¥ thousand)					
Long-term loans to be repaid within 1 year	Mitsubishi UFJ Trust and Banking Corporation	June 23, 2011	6,000,000	6,000,000	0.90875	June 23, 2016	Bullet	Repay existing loans	Fixed interest rate
	Mizuho Bank, Ltd.		6,000,000	6,000,000					
	Sumitomo Mitsui Trust Bank, Limited		6,000,000	6,000,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		6,000,000	6,000,000					
	The Dai-ichi Life Insurance Company, Limited	March 30, 2009	—	5,000,000	1.54375	March 30, 2017	Bullet	Repay existing loans	Fixed interest rate
	Mitsubishi UFJ Trust and Banking Corporation	April 4, 2011	5,000,000	5,000,000	1.0325	April 4, 2016	Bullet	Repay existing loans	Fixed interest rate
	Mizuho Bank, Ltd.	December 21, 2010	—	5,000,000	1.30625	December 21, 2016	Bullet	Repay existing short-term loans	Fixed interest rate
	Resona Bank, Limited	March 1, 2011	—	2,000,000	1.255	March 1, 2017	Bullet	Purchase real estate trust beneficiary rights	Fixed interest rate
	Development Bank of Japan Inc.	March 24, 2010	100,000	1,400,000 *4	1.665	March 24, 2017	Repayment in installments *4	Purchase real estate	Fixed interest rate
	Shinkin Central Bank	November 15, 2011	—	1,000,000	0.7525	November 15, 2016	Bullet	Purchase real estate	Fixed interest rate
	Taiyo Life Insurance Company	April 24, 2008	1,000,000	1,000,000	1.595	April 25, 2016	Bullet	Redeem investment corporation bonds	Fixed interest rate
	The Hachijuni Bank, Ltd.	January 15, 2013	1,000,000	—	0.3825	January 15, 2016	Bullet	Repay existing loans	Fixed interest rate
	The Iyo Bank, Ltd.	January 15, 2013	1,000,000	—	0.3825	January 15, 2016	Bullet	Repay existing loans	Fixed interest rate
	Subtotal		32,100,000	44,400,000					
	Total		68,800,000	67,100,000					

	Segment	Drawdown Date	Balance at Beginning of Current Period (¥ thousand)	Balance at End of Current Period (¥ thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	Lender								
Long-term loans	Mitsubishi UFJ Trust and Banking Corporation	April 4, 2011	5,000,000	5,000,000	1.205	April 4, 2017	Bullet	Repay existing loans	Fixed interest rate
		June 1, 2011	12,000,000	12,000,000	1.12625	June 1, 2017	Bullet	Repay existing loans	Fixed interest rate
		June 1, 2011	10,000,000	10,000,000	1.31125	June 1, 2018	Bullet	Repay existing loans	Fixed interest rate
		November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	4,000,000	4,000,000	0.9525	June 15, 2020	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022	Bullet	Redeem investment corporation bonds	Fixed interest rate
		December 21, 2012	5,000,000	5,000,000	0.80125	December 21, 2020	Bullet	Repay existing loans	Fixed interest rate
		January 31, 2014	4,000,000	4,000,000	0.64225 *5	January 29, 2021	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *5
		December 19, 2014	10,000,000	10,000,000	0.42375 *6	December 19, 2023	Bullet	Repay existing short-term loans	Floating interest rate *6
		September 1, 2015	3,500,000	3,500,000	0.63	September 2, 2024	Bullet	Purchase real estate	Fixed interest rate
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 24, 2011	2,000,000	2,000,000	1.3975	March 26, 2018	Bullet	Repay existing short-term loans	Fixed interest rate
		November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	4,000,000	4,000,000	1.1975	June 15, 2022	Bullet	Purchase real estate	Fixed interest rate
		December 21, 2012	5,000,000	5,000,000	0.80125	December 21, 2020	Bullet	Repay existing loans	Fixed interest rate
		January 15, 2013	5,500,000	5,500,000	0.71	January 15, 2020	Bullet	Repay existing loans	Fixed interest rate
		January 15, 2013	5,500,000	5,500,000	0.83625	January 15, 2021	Bullet	Repay existing loans	Fixed interest rate
		April 24, 2013	5,000,000	5,000,000	0.775	April 26, 2021	Bullet	Repay existing loans	Fixed interest rate
		September 1, 2015	5,000,000	5,000,000	0.2	September 2, 2019	Bullet	Purchase real estate	Fixed interest rate
		September 1, 2015	2,000,000	2,000,000	0.47125	September 1, 2022	Bullet	Repay existing short-term loans	Fixed interest rate

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period	Balance at End of Current Period	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
			(¥ thousand)	(¥ thousand)					
Long-term loans	Sumitomo Mitsui Trust Bank, Limited	January 17, 2011	3,000,000	3,000,000	1.43375	January 17 2018	Bullet	Repay existing short-term loans	Fixed interest rate
		September 26, 2011	5,500,000	5,500,000	1.16	September 26, 2019	Bullet	Repay existing short-term loans	Fixed interest rate
		November 15, 2011	3,000,000	3,000,000	0.98375	November 15, 2018	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	4,000,000	4,000,000	0.9525	June 15, 2020	Bullet	Purchase real estate	Fixed interest rate
		January 31, 2014	2,000,000	2,000,000	0.62575 *5	January 29, 2021	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *5
		May 29, 2015	5,000,000	5,000,000	0.2075	May 29, 2019	Bullet	Repay existing loans	Fixed interest rate
		June 15, 2015	3,000,000	3,000,000	0.3425	June 15, 2020	Bullet	Repay existing loans	Fixed interest rate
		September 2, 2015	3,800,000	3,800,000	0.536 *5	September 2, 2024	Bullet	Repay existing short-term loans	Floating interest rate *5
	Mizuho Bank, Ltd.	December 21, 2010	5,000,000	—	1.30625	December 21, 2016	Bullet	Repay existing short-term loans	Fixed interest rate
		November 1, 2011	6,000,000	6,000,000	1.2075	November 1, 2019	Bullet	Repay existing short-term loans and other loans	Fixed interest rate
		November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	4,000,000	4,000,000	1.07375	June 15, 2021	Bullet	Purchase real estate	Fixed interest rate
		January 15, 2013	5,000,000	5,000,000	0.96625	January 17, 2022	Bullet	Repay existing loans	Fixed interest rate
		April 24, 2013	3,000,000	3,000,000	0.87375	April 25, 2022	Bullet	Repay existing loans	Fixed interest rate
		September 1, 2015	2,500,000	2,500,000	0.17	March 1, 2019	Bullet	Purchase real estate	Fixed interest rate
		October 1, 2015	—	2,500,000	0.5575	October 1, 2024	Bullet	Repay existing short-term loans	Fixed interest rate
	Development Bank of Japan Inc.	March 24, 2010	1,350,000	—	1.665	March 24, 2017	Repayment in installments *4	Purchase real estate	Fixed interest rate
		January 7, 2013	3,000,000	3,000,000	1.115	January 6, 2023	Bullet	Purchase real estate	Fixed interest rate
		January 31, 2014	5,000,000	5,000,000	0.9325	January 31, 2023	Bullet	Purchase real estate trust beneficiary rights	Fixed interest rate
		September 1, 2015	7,000,000	7,000,000	0.7175	September 1, 2025	Bullet	Purchase real estate and Repay existing loans	Fixed interest rate

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period	Balance at End of Current Period	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
			(¥ thousand)	(¥ thousand)					
Long-term loans	The Daishi Bank, Ltd.	November 14, 2014	1,800,000	1,800,000	0.463 *5	November 15, 2021	Bullet	Repay existing short-term loans	Floating interest rate *5
	The Hokuetsu Bank, Ltd.		1,400,000	1,400,000					
	Sony Bank Incorporated		1,400,000	1,400,000					
	The Toho Bank, Ltd.		1,400,000	1,400,000					
	The Shinkumi Federation Bank		1,000,000	1,000,000					
	The Akita Bank, Ltd.		900,000	900,000					
	The Fukui Bank, Ltd.		900,000	900,000					
	The Gunma Bank, Ltd.		900,000	900,000					
	The 77 Bank, Ltd.		900,000	900,000					
	The Tochigi Bank, Ltd.		900,000	900,000					
	The Higo Bank, Ltd.		500,000	500,000					
	The Bank of Iwate, Ltd.		500,000	500,000					
	The Yamagata Bank, Ltd.		500,000	500,000					
	Shinkin Central Bank		November 15, 2011	1,000,000	—	0.7525	November 15, 2016	Bullet	Purchase real estate
		January 7, 2013	2,000,000	2,000,000	0.71375	January 7, 2020	Bullet	Purchase real estate	Fixed interest rate
		January 15, 2013	5,000,000	5,000,000	0.71	January 15, 2020	Bullet	Repay existing loans	Fixed interest rate
		April 24, 2013	5,000,000	5,000,000	0.52775	April 24, 2018	Bullet	Repay existing loans	Fixed interest rate
The Bank of Fukuoka, Ltd.		August 31, 2011	2,000,000	2,000,000	0.9025	August 31, 2017	Bullet	Repay existing loans	Fixed interest rate
		June 15, 2012	2,500,000	2,500,000	0.66	June 15, 2017	Bullet	Redeem investment corporation bonds	Fixed interest rate
		August 31, 2012	1,000,000	1,000,000	0.57125	August 31, 2017	Bullet	Repay existing loans	Fixed interest rate
		January 31, 2014	2,500,000	2,500,000	0.63849 *5	January 29, 2021	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *5
		March 24, 2015	2,000,000	2,000,000	0.5125	March 24, 2023	Bullet	Repay existing loans	Fixed interest rate
The Norin chukin Bank		January 31, 2014	3,500,000	3,500,000	0.757 *5	January 31, 2022	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *5
		June 17, 2014	3,000,000	3,000,000	0.6785 *5	June 17, 2022	Bullet	Redeem investment corporation bonds	Floating interest rate *5
		March 25, 2015	3,500,000	3,500,000	0.46825 *5	March 27, 2023	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *5

	Segment	Drawdown Date	Balance at Beginning of Current Period (¥ thousand)	Balance at End of Current Period (¥ thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	Lender								
Long-term loans	Shinsei Bank, Limited	August 31, 2011	3,000,000	3,000,000	1.0475	August 31, 2018	Bullet	Repay existing loans	Fixed interest rate
		June 15, 2012	2,500,000	2,500,000	0.66	June 15, 2017	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022	Bullet	Redeem investment corporation bonds	Fixed interest rate
	The Chugoku Bank, Limited	August 10, 2015	1,000,000	1,000,000	0.3925 *5	August 10, 2022	Bullet	Repay existing short-term loans	Floating interest rate *5
	The Daishi Bank, Ltd.		1,000,000	1,000,000					
	The Fukui Bank, Ltd.		1,000,000	1,000,000					
	The Gunma Bank, Ltd.		1,000,000	1,000,000					
	The Shinkumi Federation Bank		1,000,000	1,000,000					
	The Toho Bank, Ltd.		1,000,000	1,000,000					
	The Tochigi Bank, Ltd.		500,000	500,000					
	The Iyo Bank, Ltd.	June 15, 2012	2,500,000	2,500,000	0.66	June 15, 2017	Bullet	Redeem investment corporation bonds	Fixed interest rate
		March 24, 2014	2,000,000	2,000,000	0.6035 *5	March 24, 2021	Bullet	Repay existing loans	Floating interest rate *5
		October 1, 2014	1,000,000	1,000,000	0.46525 *5	October 1, 2021	Bullet	Purchase real estate	Floating interest rate *5
		January 15, 2016	—	1,000,000	0.265 *5	January 16, 2023	Bullet	Repay existing loans	Floating interest rate *5
	The Chugoku Bank, Limited	March 25, 2013	2,000,000	2,000,000	0.45	March 26, 2018	Bullet	Repay existing loans	Fixed interest rate
		October 1, 2014	1,000,000	1,000,000	0.4725 *5	October 1, 2021	Bullet	Purchase real estate	Floating interest rate *5
		June 15, 2015	3,000,000	3,000,000	0.61175 *5	June 15, 2023	Bullet	Repay existing loans	Floating interest rate *5
	Taiyo Life Insurance Company	March 30, 2011	2,000,000	2,000,000	1.39625	March 30, 2018	Bullet	Repay existing loans	Fixed interest rate
		October 1, 2014	2,000,000	2,000,000	0.7825	October 1, 2024	Bullet	Purchase real estate	Fixed interest rate
		May 29, 2015	1,500,000	1,500,000	0.7375	May 29, 2025	Bullet	Repay existing loans	Fixed interest rate
	Sumitomo Mitsui Banking Corporation	November 15, 2011	3,000,000	3,000,000	0.98375	November 15, 2018	Bullet	Purchase real estate	Fixed interest rate
		January 7, 2013	2,000,000	2,000,000	0.98	January 7, 2022	Bullet	Purchase real estate	Fixed interest rate

	Segment	Drawdown Date	Balance at Beginning of Current Period (¥ thousand)	Balance at End of Current Period (¥ thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	Lender								
Long-term loans	The Hachijuni Bank, Ltd.	June 15, 2012	1,000,000	1,000,000	0.66	June 15, 2017	Bullet	Purchase real estate	Fixed interest rate
		December 20, 2012	1,000,000	1,000,000	0.45625	December 20, 2017	Bullet	Repay existing loans	Fixed interest rate
		March 25, 2013	1,000,000	1,000,000	0.45	March 26, 2018	Bullet	Repay existing loans	Fixed interest rate
		January 15, 2016	—	1,000,000	0.265 *5	January 16, 2023	Bullet	Repay existing loans	Floating interest rate *5
	The Hiroshima Bank, Ltd.	October 1, 2014	3,000,000	3,000,000	0.31575 *5	October 1, 2019	Bullet	Purchase real estate	Floating interest rate *5
	Mizuho Trust & Banking Co., Ltd.	March 2, 2015	3,000,000	3,000,000	0.5585 *5	March 3, 2025	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *5
	Resona Bank, Limited	March 1, 2011	2,000,000	—	1.255	March 1, 2017	Bullet	Purchase real estate trust beneficiary rights	Fixed interest rate
		March 25, 2013	3,000,000	3,000,000	0.45	March 26, 2018	Bullet	Repay existing loans	Fixed interest rate
	The Yamaguchi Bank, Ltd.	October 29, 2012	2,000,000	2,000,000	0.8	October 29, 2020	Bullet	Repay existing loans	Fixed interest rate
		March 25, 2013	1,000,000	1,000,000	0.945	March 24, 2023	Bullet	Repay existing loans	Fixed interest rate
	The Gunma Bank, Ltd.	March 24, 2014	1,000,000	1,000,000	0.4105 *5	March 25, 2019	Bullet	Repay existing loans	Floating interest rate *5
		November 17, 2014	1,000,000	1,000,000	0.316 *5	November 18, 2019	Bullet	Repay existing loans	Floating interest rate *5
	Nippon Life Insurance Company	March 1, 2011	2,000,000	2,000,000	1.465	March 1, 2018	Bullet	Purchase real estate trust beneficiary rights	Fixed interest rate
	The Nishi-Nippon City Bank, Ltd.	June 17, 2014	2,000,000	2,000,000	0.621 *5	December 17, 2021	Bullet	Redeem investment corporation bonds	Floating interest rate *5
	The Yamanashi Chuo Bank, Ltd.	December 15, 2014	2,000,000	2,000,000	0.266 *5	December 16, 2019	Bullet	Repay existing loans	Floating interest rate *5
	The Daishi Bank, Ltd.	January 7, 2016	—	1,500,000	0.2802 *5	January 10, 2023	Bullet	Repay existing short-term loans	Floating interest rate *5
	The Ashikaga Bank, Ltd.	January 7, 2013	1,000,000	1,000,000	0.49125	January 9, 2018	Bullet	Purchase real estate	Fixed interest rate
	The Joyo Bank, Ltd.	January 7, 2013	1,000,000	1,000,000	0.49125	January 9, 2018	Bullet	Purchase real estate	Fixed interest rate
The Dai-ichi Life Insurance Company, Limited	March 30, 2009	5,000,000	—	1.54375	March 30, 2017	Bullet	Repay existing loans	Fixed interest rate	
Total			284,650,000	276,300,000					

*1. The average for floating interest rates is recorded as the weighted average during the period. The average is rounded off to the fifth decimal place.

*2. As of March 24, 2016, the entire amount of ¥1,500,000 thousand has been repaid before the original maturity.

*3. As of March 1, 2016, ¥1,000,000 thousand has been repaid before the original maturity.

*4. ¥50,000 thousand is repaid every six months respectively. ¥1,350,000 thousand is scheduled to be repaid on the final principal repayment date.

*5. In order to hedge the risk of interest rate fluctuations, floating interest rates were swapped to fixed rates. Accordingly, the weighted average for interest rates during the period is calculated taking the effect of this swap into consideration.

*6. In order to hedge the risk of exchange rate and interest rate fluctuations related to foreign currency-denominated loans, the Company conducted an interest-rate and currency swap transaction, which substantially secured exchange and interest rates. Accordingly, the weighted average for interest rates during the period is calculated taking the effect of this interest-rate and currency swap into consideration.

Note: All floating interest rate loans and fixed interest rate loans procured are unsecured, unguaranteed, and unsubordinated.

(iii) Investment Corporation Bonds

Outstanding investment corporation bonds as of March 31, 2016, are as follows.

Securities	Date of Issue	Balance at Beginning of Current Period (¥ thousand)	Balance at End of Current Period (¥ thousand)	Interest Rate (%)	Repayment Period	Repayment Method	Use of Proceeds	Notes
4th unsecured investment corporation bond	September 29, 2005	10,000,000	10,000,000	2.56	September 29, 2025	Bullet	*1	*2
9th unsecured investment corporation bond	August 30, 2013	10,000,000	10,000,000	0.497	August 30, 2018	Bullet	*1	*2
Total		20,000,000	20,000,000					

*1. The 4th unsecured investment corporation bond is used to fund the repayment of existing short-term loans.

The 9th unsecured investment corporation bond is used to fund the repayment of loans and acquire specified assets ("specified assets" defined in Article 2, Paragraph 1 of the ITA).

*2. Financial covenants, such as a negative pledge, are not included in these bonds.

(iv) New Unit Acquisition Rights

"Not applicable"

f. Examination of the Value of Specified Assets

(i) Real Estate, etc.

Acquisition or Disposition	Property Name	Date of Transaction	Acquisition/Disposition Cost*1 (¥ million)	Real Estate Appraisal Value (¥ million)	Appraising Institution	Date of Appraisal
Disposition	Hirokoji Sakae Building	March 30, 2016	1,850	1,640	Daiwa Real Estate Appraisal Co., Ltd.	February 1, 2016
Disposition	Kyoto Shijo Kawaramachi Building	March 31, 2016	2,516	1,960	Daiwa Real Estate Appraisal Co., Ltd.	March 1, 2016

*1. The “acquisition/disposition cost” refers to the amount listed in the sale and purchase contract, and does not include various expenses necessary in the acquisition or disposition of the property such as trading intermediate fees.

*2. The appraisal value listed above is decided in accordance with the 3rd chapter of the Japanese Real Estate Appraisal Act and Real Estate Appraisal Standards.

(ii) Other

Value inspections on transactions by the Company that are deemed necessary under Article 201 of the ITA, are entrusted to Ernst & Young ShinNihon LLC, excluding ones described in (i) Real Estate, etc. above.

During the period from October 1, 2015 to March 31, 2016, there were 3 interest rate swap transactions that were subjected to such inspections. The Company has received the valuation reports on these transactions from Ernst & Young ShinNihon LLC.

Please note that on the occasion of such investigations, the Company entrusts the investigation of all relevant details of the interest rate swap transactions, such as names of counter parties, securities, agreed interest rates, types of financial instruments or reference interest rates and tenor of transactions.

g. Transactions with Interested Parties (from October 1, 2015 to March 31, 2016)

(i) Transactions

Segment	Buying and Selling Amounts	
	Buying Amounts	Selling Amounts
Total Amount	¥ — thousand	¥ 4,366,000 thousand
Breakdown of Transactions with Interested Parties		
Total	¥ — thousand (—%)	¥ — thousand (—%)

* The numerical values within the () represent a percentage of the total buying/selling amounts.

(ii) Amount of Commission Fees and Other Expenses

Segment	Total Amount of Commission Fees and Other Expenses A	Breakdown of Transactions with Interested Parties		Percentage of Total Amount B/A
		Payment Recipient	Amount Paid B	
Property management expenses	¥3,767,790 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥2,018,599 thousand	53.6%
		Mitsubishi Estate Co., Ltd.	¥248,654 thousand	6.6%
		Mitsubishi Real Estate Services Co., Ltd.	¥54,026 thousand	1.4%
		Yuden Building Kanri Co., Ltd.	¥35,369 thousand	0.9%
		Mitsubishi Jisho Sekkei Inc.	¥450 thousand	0.0%
Utilities expenses	¥2,543,078 thousand	Minato Mirai 21 District Heating and Cooling Co., Ltd.	¥83,945 thousand	3.3%
Other operating expenses	¥147,093 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥15,912 thousand	10.8%
		Mitsubishi Estate Co., Ltd.	¥2,233 thousand	1.5%
		Mitsubishi Real Estate Services Co., Ltd.	¥255 thousand	0.2%

*1. Interested parties refers to interested parties of the asset management company who has concluded consignment agreements with the Company, as stipulated in Article 123 of the enforcement order of the ITA, and Section 26, Paragraph 1, Item 27 of the Regulations for Management Reports Concerning Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan.

*2. In addition to the transactions and commission fees listed above, other amounts paid to interested parties, such as orders placed for repair work, are listed below.

Mitsubishi Jisho Property Management Co., Ltd.	¥862,513 thousand
Mitsubishi Estate Co., Ltd.	¥325,491 thousand
Yuden Building Kanri Co., Ltd.	¥36,049 thousand
Mitsubishi Real Estate Services Co., Ltd.	¥12,599 thousand

h. Other Announcements

(i) Below is an overview of important changes and conclusions of contracts that were accepted by the Company's Board of Directors during the period.

Date of Acceptance	Accepted Item	Overview
October 22, 2015	Consignment of general administrative work concerning the issuance of investment corporation bonds	In tandem with the comprehensive resolution adopted on the same date regarding the issuance of investment corporation bonds, approval was given to the candidate agent to whom administrative work for the said bonds was consigned. Other items necessary for its operation are entrusted to the board of directors to decide.
December 18, 2015	Signing of an agreement concerning the termination of consignment agreement for Company's business affairs/accounting administrative work	An agreement was signed on December 24, 2015 to declare that the consignment agreement with Sumitomo Mitsui Trust Bank, Limited, who provided services for conducting administrative work of business affairs and accounting, shall be terminated on September 30, 2016.
	Signing of an agreement concerning the termination of consignment agreement on unitholder registry administrator	An agreement was signed on December 24, 2015 to terminate the consignment agreement with Sumitomo Mitsui Trust Bank, Limited concerning the work provided as a unitholder registry administrator, where the said termination shall be effective at the completion of the notification of dividend payout for the period ending on March 31, 2016.
	Signing of an agreement concerning the termination of consignment agreement related to management of special accounts	An agreement was signed on December 24, 2015 to terminate the agreement with Sumitomo Mitsui Trust Bank, Limited concerning the management of special accounts, to be effective at the completion of the notification of dividend payout for the period ending on March 31, 2016.
	Changes of contract administrative agent (business affairs/accounting), unitholder registry administrator and special account management agent	A decision is made to appoint Mitsubishi UFJ Trust and Banking Corporation as the Company's new administrative agent for business affairs/accounting, unitholder registry administration and special account management.
February 25, 2016	Signing of a memorandum concerning amendments to the asset management consignment agreement	Regarding the consignment agreement for asset management, an approval has been given to a signing of memorandum to make partial amendments regarding the scope of cost-bearing responsibilities.
March 28, 2016	Consignment of general administrative work concerning the issuance of investment corporation bonds	In tandem with the comprehensive resolution adopted on the same date regarding the issuance of investment corporation bonds, approval was given to the candidate agent to whom administrative work for the said bonds was consigned. Other items necessary for its operation are entrusted to the board of directors to decide.

(ii) Concerning the agent that has been ordered to suspend business operation during the last two-year period

Ernst & Young ShinNihon LLC, who acts as an auditor for Japan Real Estate Investment Corporation, was ordered by the Financial Services Agency of Japan on December 22, 2015, to suspend all business operations for concluding new contracts for the duration of three months (January 1 to March 31, 2016). The Company continues to employ the said auditor for its audit practices, provided that the Company shall verify and ensure the following: the said order does not concern the existing agreement between Ernst & Young ShinNihon LLC and Japan Real Estate Investment Corporation, all audits provided by the former to the latter have been conducted appropriately and accurately, and the Company shall continue to closely monitor the said auditor's diligent efforts in implementing preventive measures.

Selected Financial Data

	Millions of yen				
	For the period from October 1, 2015 to March 31, 2016	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2014 to March 31, 2015	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2013 to March 31, 2014
Operating revenues	30,589	29,980	28,314	27,760	26,582
Operating expenses	18,237	17,926	17,071	16,505	15,751
Operating income	12,352	12,054	11,243	11,255	10,831
Ordinary income	10,816	10,487	9,625	9,582	9,083
Income before income taxes	10,816	10,487	9,625	9,582	9,083
Profit	10,753	10,476	9,619	9,572	9,070
Total assets	890,626	899,938	852,679	813,931	817,130
Interest-bearing debt	363,400	373,450	361,000	323,550	358,900
Net assets	469,044	468,767	436,671	436,622	405,355
Unitholders' capital	458,016	458,016	426,783	426,783	396,018
Number of units	1,309,310	1,309,310	1,251,530	1,251,530	1,188,280
Net assets per unit(Yen) (Note 1)	358,238	358,026	348,909	348,871	341,128
Cash distribution	10,632	10,475	9,613	9,571	9,070
Dividend payout ratio	98.8%	99.9%	99.9%	99.9%	99.9%
Dividend per unit (Yen)	8,121	8,001	7,681	7,648	7,633
Net operating income (NOI)	19,973	19,670	18,412	18,105	17,481
Funds from operations (FFO)	17,079	16,808	15,629	15,455	14,719
Return on assets (ROA) (Note 2)	1.2%	1.2%	1.2%	1.2%	1.1%
	(2.4% annualized)	(2.4% annualized)	(2.3% annualized)	(2.3% annualized)	(2.3% annualized)
Return on equity (ROE) (Note 3)	2.3%	2.2%	2.2%	2.2%	2.2%
	(4.6% annualized)	(4.5% annualized)	(4.4% annualized)	(4.4% annualized)	(4.5% annualized)
EOP equity ratio (Note 4)	52.7%	52.1%	51.2%	53.6%	49.6%
EOP interest-bearing debt ratio on total assets (Note 5)	40.8%	41.5%	42.3%	39.8%	43.9%
FFO multiple (Times)	25.0	21.5	22.6	22.9	20.9
Debt service coverage ratio (Times) (Note 6)	12.5	12.1	10.8	10.5	9.6

Notes:1. The Company implemented a 2-for-1 split of each investment unit with an effective date of January 1, 2014. Net assets per unit is calculated as if the split had occurred at the start of the fiscal period ended March 31, 2014.

2. ROA = Ordinary income ÷ Average of Total assets during the period

3. ROE = Profit ÷ Average of Net assets during the period

(Annualized portion of the calculation given in Note 2 and Note 3 assumes a fiscal period of 182 days for the period ended March 31, 2014, 183 days for the period ended September 30, 2014, 182 days for the period ended March 31, 2015, 183 days for the period ended September 30, 2015 and 183 days for the period ended March 31, 2016.)

4. EOP equity ratio = (Net assets at the end of period ÷ Total assets at the end of period) × 100

5. EOP interest-bearing debt ratio on total assets = (Interest-bearing debt at the end of period ÷ Total assets at the end of period) × 100

6. Debt service coverage ratio = Profit before Interest, Taxes, Depreciation and Amortization ÷ Interest expenses