

FINANCIAL RESULTS FOR THE FISCAL PERIOD ENDED SEPTEMBER 2023 (REIT)

November 15, 2023

| | |
|--|---|
| Name of Issuer: | Japan Real Estate Investment Corporation |
| Stock Exchange Listing: | Tokyo Stock Exchange |
| Securities Code: | 8952 |
| URL: | https://www.j-re.co.jp/en/ |
| Representative: | Jo Kato, Executive Director |
| Asset Management Company: | Japan Real Estate Asset Management Co., Ltd. |
| Representative: | Shojiro Kojima, President & CEO |
| Contact: | Masaru Motooka, Executive Officer & General Manager, Strategic Planning Department / TEL +81-3-3211-7951 |
| Scheduled Date of Filing Securities Report: | December 25, 2023 |
| Scheduled Date of Dividend Payment: | December 14, 2023 |
| 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 September 2023 period (April 1, 2023 to September 30, 2023)

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

| Period ended | Operating Revenues | | Operating Profit | | Ordinary Profit | | Profit | |
|--------------------|--------------------|-------|------------------|-------|-----------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| September 30, 2023 | 38,627 | 3.4 | 18,048 | 5.9 | 17,086 | 5.7 | 17,075 | 5.7 |
| March 31, 2023 | 37,345 | (0.8) | 17,041 | (5.5) | 16,172 | (6.3) | 16,161 | (3.7) |

| Period ended | Profit per Unit | ROE (Profit to Unitholders' Equity Ratio) | ROA (Ordinary Profit to Total Assets Ratio) | Ordinary Profit to Operating Revenues Ratio |
|--------------------|-----------------|---|---|--|
| | Yen | % | % | % |
| September 30, 2023 | 12,013 | 3.2 | 1.6 | 44.2 |
| March 31, 2023 | 11,667 | 3.1 | 1.6 | 43.3 |

Notes 1: Profit per unit is calculated by dividing profit by the average number of investment units during the period.

2: For profit to unitholders' equity ratio, as new investment units were issued in the fiscal period ended September 2023, mean value is used for unitholders' equity taking into account the number of days, and for the fiscal period ended March 2023, the mean value of unitholders' equity at the beginning and end of the period is used.

(2) Dividends

| Period ended | Dividend per Unit Excluding Excess of Earnings | Total Cash Dividends Excluding Excess of Earnings | Dividend in Excess of Earnings per Unit | Total Dividends in Excess of Earnings | Payout Ratio | Ratio of Dividends to Net Assets |
|--------------------|--|---|--|--|--------------|-------------------------------------|
| | Yen | Millions of yen | Yen | Millions of yen | % | % |
| September 30, 2023 | 12,000 | 17,074 | - | - | 100.0 | 3.2 |
| March 31, 2023 | 11,667 | 16,161 | - | - | 100.0 | 3.1 |

Notes 1: The payout ratio is rounded off to the first decimal place.

2: The payout ratio in the fiscal period ended September 2023 is calculated using the following formula, as new investment units were issued: Payout ratio = Total dividends / Profit × 100.

(3) Financial Standing

| As of | Total Assets | Net Assets | Equity Ratio | Net Assets per Unit |
|--------------------|-----------------|-----------------|--------------|---------------------|
| | Millions of yen | Millions of yen | % | Yen |
| September 30, 2023 | 1,057,291 | 538,402 | 50.9 | 378,393 |
| March 31, 2023 | 1,047,158 | 517,993 | 49.5 | 373,945 |

Reference: Total unitholders' equity is 538,402 million yen for the September 30, 2023 period and 517,993 million yen for the March 31, 2023 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 |
| September 30, 2023 | 33,694 | (22,077) | (7,003) | 36,120 |
| March 31, 2023 | 26,195 | (42,654) | 21,172 | 31,506 |

2. Performance Forecasts for the March 2024 period (October 1, 2023 to March 31, 2024) and the September 2024 period (April 1, 2024 to September 30, 2024)

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

| Period ending | Operating Revenues | | Operating Profit | | Ordinary Profit | | Profit | | Dividend per Unit Excluding Excess of Earnings | Dividend in Excess of Earnings per Unit |
|--------------------|--------------------|--------|------------------|--------|-----------------|--------|-----------------|--------|--|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | Yen |
| March 31, 2024 | 41,300 | 6.9 | 19,530 | 8.2 | 18,500 | 8.3 | 17,850 | 4.6 | 11,700 | - |
| September 30, 2024 | 34,980 | (15.3) | 14,280 | (26.9) | 13,180 | (28.8) | 14,170 | (20.6) | 11,300 | - |

Reference: Profit per unit forecast = Profit forecast / Number of total investment units forecast for the end of the period
(the March 2024 period): 12,550 yen; (the September 2024 period): 9,960 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 September 30, 2023 | 1,422,864 units |
| As of March 31, 2023 | 1,385,210 units |

Number of Treasury Units at End of Period

| | |
|--------------------------|---------|
| As of September 30, 2023 | 0 units |
| As of March 31, 2023 | 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 March 2024 Period (October 1, 2023 to March 31, 2024) and the September 2024 Period (April 1, 2024 to September 30, 2024)" on pages 7 and 8.

1. Business Policy and Operations

(1) Business Operations

① Results for the Period

Japan Real Estate Investment Corporation (the “Company”) was established on May 11, 2001 pursuant to Japan’s Act on Investment Trusts and Investment Corporations (“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 1,133.5 billion yen (Note) as of September 30, 2023. Over the same period, the Company’s portfolio has also increased from 20 properties to 77 properties.

During the September 2023 period (April 1, 2023 to September 30, 2023), the Japanese economy continued to demonstrate a gradual recovery on the back of firm capital investment and personal consumption, despite the impacts of inflation. This mainly owed to the further easing of pandemic restrictions after COVID-19 was downgraded to a Class 5 disease. On the other hand, the outlook for the future remains uncertain with long-term interest rates in Japan climbing higher, driven mainly by global monetary tightening and the Bank of Japan’s adoption of greater flexibility in its yield curve control policy. The effects of rising prices, supply-side constraints, and fluctuations in financial and capital markets will bear watching.

In the office leasing market, despite a significant supply of new office buildings, demand continues to grow for leases driven by business expansion and relocations aimed at improving location. As a result, the vacancy rate in central Tokyo remains flat. Rent levels continue to trend slightly downward. In light of the prevailing conditions in the leasing market, the Company is striving to attract new tenants through strategic leasing activities and to further enhance the satisfaction level of existing tenants by adding value to its portfolio properties with the aim of securing stable income and maintaining and improving the occupancy rate across the entire portfolio.

In the real estate trading market, the appetite for property acquisition among both domestic and foreign investors remains firm because of the interest rate differential with overseas markets and depreciation in the yen. There is still fierce competition, particularly for high-quality office buildings, and as a result, expected yields remain low.

In this market environment, the Company made sound investments based on its investment policy of providing stable dividends to unitholders, which has remained unchanged since its listing on the TSE. Dividend per unit for the period was 12,000 yen, up 333 yen from the previous period.

Note: The total acquisition price includes a portion of the acquisition price of JRE Jingumae Media Square Building pertaining to the partially expropriated site and the easement extinguished due to expropriation of part of the adjacent site, and excludes that of Harumi Front corresponding to an interest transferred in the period until the end of September 2023. The total acquisition price in the subsequent sections follows the same convention.

② Results of Operations

a. Property Management and Acquisition and Disposition

In the office leasing market in the fiscal period under review, the occupancy rate at the end of the period was 95.0%, decreased by 0.5% from the end of the previous period. By capturing positive demand mainly from relocations for business expansion purposes, the Company was able to fill vacancies caused by large tenants moving out.

As for property acquisitions and dispositions, the Company disposed of a 30% quasi co-ownership interest of the trust beneficiary right in Harumi Front (Chuo-ku, Tokyo) for 11,733 million yen on April 3, 2023. The property will be disposed of in stages over three fiscal periods, with the third and final portion of 45% to be disposed of on January 12, 2024 for 17,599 million yen. In addition, the Company acquired Forecast Sakaisujihonmachi (Osaka-shi, Osaka) for 17,215 million yen on August 31, 2023.

As a result of the above, the Company’s portfolio at the end of the fiscal period under review (September 30, 2023) consisted of 77 properties, with a total acquisition price of 1.13 trillion yen. Net rentable floor area stood at 888,354 m² with 1,600 tenants in total. (Note)

Also, the Company plans to acquire, on December 1, 2023, an additional interest in Seavans S Building (Minato-ku, Tokyo), construction of which was completed in January 1991, for 2,290 million yen, which means the Company’s co-ownership interest in the property will increase from 13.45% to 17.67%.

Note: Shibuya Cross Tower (land with leasehold interest), in which the Company’s building ownership was disposed of on January 18, 2018, is included in the above number of properties and total acquisition price, but is not included in net rentable floor area and total number of tenants.

b. Finance Activities

According to its financial policy, the Company aims to maintain the LTV ratio (ratio of interest-bearing debt to total assets) at 30% to 40%, and strives to maintain a sound and conservative financial profile by staggering maturities, extending durations, and diversifying stable lenders, among other measures, taking into consideration borrowing costs and existing relationships with lenders.

Concerning new loans related to property acquisitions and the refinancing of existing loans, the Company takes out loans strategically and flexibly after giving due consideration to the above-mentioned means, as well as the possibility of repayment with funds procured from issuing new investment units.

In the fiscal period under review, the Board of Directors resolved at its meetings held on March 28, 2023 and April 3, 2023 to issue new investment units (35,200 units by public offering and 2,454 units by third-party allotment). Through this issuance of new investment units, the Company raised approximately 18,224 million yen on April 7, 2023 through the public offering and approximately 1,270 million yen on May 1, 2023 through the third-party allotment.

The funds raised through the public offering and the third-party allotment were used to partially repay a short-term loan, which is the refinancing of a short-term loan of 29,000 million yen taken out for the acquisition of the ARGYLE aoyama and Toyosu Foresia.

In addition, a short-term loan of 17,500 million yen was borrowed to partially fund the acquisition of Forecast Sakaisujihonmachi. The Company also borrowed funds for the purpose of repaying existing loans.

As a result of the above financing activities, as of September 30, 2023, the Company's total interest-bearing debt was 450,193 million yen, down 10,300 million yen from the end of the previous fiscal period. This amount consists of long-term loans totaling 364,200 million yen (including the current portion of long-term loans totaling 42,300 million yen), short-term loans totaling 43,000 million yen, and investment corporation bonds totaling 42,993 million yen (including the current portion of investment corporation bonds totaling 10,000 million yen). The current LTV ratio stands at 42.6%.

The Company's credit ratings as of September 30, 2023 were as follows:

| Rating Agency | Credit Rating |
|---|---|
| Japan Credit Rating Agency, Ltd. | Long-term: AA+; Outlook: Stable |
| Rating and Investment Information, Inc. | Rating: AA; Outlook: Stable |
| S&P Global Ratings Japan Inc. | Long-term: A+; Short-term: A-1; Outlook: Stable |

③ Summary of Financial Results and Dividends

As a result of the above operations, in the fiscal period under review, the Company's operating revenues increased 3.4% compared with the previous period, to 38,627 million yen, while operating profit increased 5.9% to 18,048 million yen. After deducting expenses for interest payments on loans and other costs, ordinary profit increased 5.7% to 17,086 million yen, and profit increased 5.7% to 17,075 million yen.

As for dividends in the fiscal period under review, the Company will make cash distributions using earnings based on the dividend policy outlined in Article 32-1 (2) of the Company's Articles of Incorporation, with an amount that exceeds 90% of profit available for dividends as required by Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, the Company decided, without exceeding unappropriated retained earnings for the fiscal period under review and ensuring that retained earnings are brought forward, that the total amount of dividends shall be 17,074,368,000 yen for the fiscal period under review, which is a multiple of 1,422,864, the number of units outstanding as of September 30, 2023. Accordingly, the dividend per investment unit came to 12,000 yen.

(2) Outlook

① Operating Environment

The Japanese economy is expected to recover up ahead on the back of a likely improvement in domestic demand as activities in society and the economy continue to normalize. On the other hand, the Company will keep a closer eye on developments in monetary policy and interest rates, especially after the Bank of Japan adopted greater flexibility in its yield curve control policy in July, while the impact of fluctuations in financial and capital markets, in Japan and overseas, will bear watching.

In the office leasing market, while there is currently brisk demand for leases following the downgrading of COVID-19 to a Class 5 disease, the impact of a massive supply of new office space in central Tokyo expected to hit the market in the near future warrants caution. Tenants are becoming more selective about office space because the way people work is changing, and as such, the Company is aiming to secure stable earnings over the medium to long term and maintain and enhance the value of its assets by carrying out strategic repairs and renovations and investing in ESG.

In the real estate trading market, the Company will continue to proactively search for new properties with a key focus on

collaboration with its sponsor in order to more strategically reshuffle its portfolio while paying close attention to future market trends brought about by changes in social conditions.

a. 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 bolster 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 without delay. Furthermore, the Company will work to identify additional needs for floor area among the existing tenants.

(iii) Stabilize revenues and income

With the aim of stabilizing revenues and income, the Company will endeavor to promote fixed lease agreements and secure long-term leasing.

(iv) Reduce management costs

The Company has introduced sound competitive principles to a number of property management companies so that they perpetually review and improve their management systems and cost structures. Along with this, the Company endeavors to ensure and enhance tenant satisfaction.

b. Property Acquisitions and Dispositions

The Company has adopted the following policies for acquiring properties.

(i) To access property 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-resistant standards, verifies the need for renovations by capturing current conditions accurately 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 afforded to the timing of such decisions.

c. Financial Policies

The Company has adopted the following financial policies.

(i) In principle, the Company shall maintain an LTV ratio (including investment corporation bonds) below 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 Act on Special Measures Concerning Taxation) 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 commitment line agreements and overdraft agreements, or enter into agreements to reserve borrowings as needed.
- (v) In financial transactions, in order to realize low financing costs, the Company aims to achieve the best execution by making comprehensive judgments on borrowing terms and conditions, such as interest rate levels and borrowing periods.

② Performance Forecasts

The Company's forecasts for the March 2024 period (October 1, 2023 to March 31, 2024) are as follows: operating revenues totaling 41,300 million yen, operating profit totaling 19,530 million yen, ordinary profit totaling 18,500 million yen, and profit totaling 17,850 million yen. The Company plans to declare a per-unit cash dividend of 11,700 yen.

The Company's forecasts for the September 2024 period (April 1, 2024 to September 30, 2024) are as follows: operating revenues totaling 34,980 million yen, operating profit totaling 14,280 million yen, ordinary profit totaling 13,180 million yen, and profit totaling 14,170 million yen. The Company plans to declare a per-unit cash dividend of 11,300 yen.

For the assumptions underlying these forecasts, please see the table "Assumptions Underlying Performance Forecasts for the March 2024 Period (October 1, 2023 to March 31, 2024) and the September 2024 Period (April 1, 2024 to September 30, 2024)" on pages 7 and 8. Operating revenues, operating profit, ordinary profit, profit, and cash dividend per unit might vary depending on changes that could occur in the market situation.

Assumptions Underlying Performance Forecasts for the March 2024 Period (October 1, 2023 to March 31, 2024) and the September 2024 Period (April 1, 2024 to September 30, 2024)

| Item | Assumption |
|--|--|
| Accounting period | <ul style="list-style-type: none"> • The March 2024 period: October 1, 2023 to March 31, 2024 (183 days) • The September 2024 period: April 1, 2024 to September 30, 2024 (183 days) |
| Number of properties held by the Company | <ul style="list-style-type: none"> • In the March 2024 period, the number of properties is assumed to be 76, taking into account the scheduled acquisition of additional interest in Seavans S Building on December 1, 2023 and the scheduled disposition of the 45% quasi co-ownership interest in Harumi Front on January 12, 2024, based on 77 properties as of September 30, 2023. • In the September 2024 period, the Company assumes 76 properties. • The actual portfolio may differ from this assumption due to additional property acquisitions and dispositions. |
| Number of units outstanding | <ul style="list-style-type: none"> • The Company assumes the total number of investment units outstanding to be 1,422,864 units as of September 30, 2023. |
| Interest-bearing debt | <ul style="list-style-type: none"> • The Company took out short-term loans of totaling 10.0 billion yen on October 31 to finance the redemption of existing investment corporation bonds worth 10.0 billion yen and also took out a long-term loan of 1.0 billion yen on October 31 to finance the partial early repayment of an existing short-term loan worth 1.0 billion yen. As a result, the balance of interest-bearing debt was 450,193 million yen as of November 15, 2023. • In the March 2024 period, the Company will refinance the long-term loans due for repayment during the period totaling 16.0 billion yen (repayment dates: December 19, 2023 and March 26, 2024) and the short-term loans due for repayment during the period totaling 21.5 billion yen (repayment dates: November 20, 2023, March 7, 2024, and March 29, 2024), as of November 15, 2023. • In the September 2024 period, the Company will refinance the long-term loans due for repayment during the period totaling 26.3 billion yen (repayment dates: May 29, 2024, June 17, 2024, September 2, 2024, and September 26, 2024) and the short-term loans due for repayment during the period totaling 20.5 billion yen (repayment dates: April 22, 2024, July 10, 2024, and August 30, 2024), as of November 15, 2023. There are no investment corporation bonds set to mature in the September 2024 period. |
| Operating revenues | <ul style="list-style-type: none"> • Revenues from portfolio properties held by the Company are calculated by taking into consideration the new leases and the tenancy terminations confirmed as of November 15, 2023, and by factoring in potential variables that reflect the recent office leasing market landscape, such as rent levels and occupancy rates. |

| Item | Assumption |
|------------------------|--|
| Operating expenses | <ul style="list-style-type: none"> • Of the taxes assessed and required to be paid by the Company, property taxes, city planning taxes, and depreciable property taxes corresponding to the relevant fiscal period have been recorded as property-related expenses. In the event, however, that a property tax adjustment is incurred by the Company regarding a property that is acquired within the calendar year that the first day of an accounting period belongs to, the said adjustment is included in the acquisition cost and therefore not reported as an expense for the accounting period. In addition, the Company assumes the 2024 property taxes, city planning taxes, and depreciable property taxes for properties acquired in 2023 to be as follows: <ul style="list-style-type: none"> • the ARGYLE aoyama: 122 million yen • Toyosu Foresia: 38 million yen • Shinjuku Eastside Square (additional acquisition): 29 million yen • CIRCLES Hirakawacho: 7 million yen • Forecast Sakaisujihonmachi: 51 million yen • Seavans S Building (additional acquisition): 13 million yen • Property and other taxes will be 3,640 million yen in the March 2024 period and 3,870 million yen in the September 2024 period. • Depreciation will be 6,190 million yen in the March 2024 period and 5,930 million yen in the September 2024 period. • Repairing expenses may vastly differ from the projected amounts as such costs fluctuate significantly from one fiscal period to another, and because these costs are not recurring. |
| Non-operating expenses | <ul style="list-style-type: none"> • Non-operating expenses, such as interest expenses on loans and investment corporation bonds, will be 980 million yen in the March 2024 period and 1,070 million yen in the September 2024 period. |
| Dividend amounts | <ul style="list-style-type: none"> • The gain on the split disposition of Harumi Front will be 6,470 million yen in the March 2024 period. The Company will make a provision of reserve for reduction entry on part of the gain of 6,470 million yen by applying the “Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets” under Article 65-7 of the Act on Special Measures Concerning Taxation. • The Company expects to draw down on retained earnings to make cash distributions of 2,910 million yen in the September 2024 period. • The Company shall not distribute dividends in excess of earnings. Thus, based on its Articles of Incorporation, the Company shall make cash distributions of the amount that is higher than 90% of profit available for dividends and up to the amount of profit, including the reserve for reduction entry. |
| Other | <ul style="list-style-type: none"> • No revisions will be made in such areas as laws, tax systems, accounting standards, and listing rules as well as regulations of the Investment Trusts Association, Japan to the extent that impact the above-mentioned forecasts. • No unprecedented or significant changes will occur to the general market trends or real estate market conditions or other factors. • In addition to the income taxes deferred related to reversal of reserve for reduction entry, etc., the corporate and other taxes are calculated by taking into consideration the taxes in relation to the amortization of term leasehold interest for buildings and asset retirement obligations. |

2. Financial Statements

(1) Balance Sheets

Thousands of yen

| | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 23,341,245 | 29,088,626 |
| Cash and deposits in trust | 8,165,242 | 7,031,681 |
| Operating accounts receivable | 488,615 | 567,325 |
| Prepaid expenses | 146,995 | 184,771 |
| Consumption taxes refund receivable | 599,680 | – |
| Other | 357,296 | 187,435 |
| Total current assets | 33,099,076 | 37,059,841 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 240,356,796 | 245,930,990 |
| Accumulated depreciation | (113,694,559) | (117,217,758) |
| Buildings, net | 126,662,236 | 128,713,232 |
| Structures | 2,967,724 | 2,976,927 |
| Accumulated depreciation | (1,241,158) | (1,290,764) |
| Structures, net | 1,726,565 | 1,686,162 |
| Machinery and equipment | 3,128,460 | 3,201,108 |
| Accumulated depreciation | (2,478,149) | (2,508,248) |
| Machinery and equipment, net | 650,311 | 692,859 |
| Tools, furniture and fixtures | 546,613 | 566,312 |
| Accumulated depreciation | (371,686) | (386,398) |
| Tools, furniture and fixtures, net | 174,927 | 179,913 |
| Land | 445,794,157 | 459,185,364 |
| Construction in progress | 50,129 | 42,408 |
| Buildings in trust | 139,109,974 | 134,776,201 |
| Accumulated depreciation | (46,809,895) | (47,321,055) |
| Buildings in trust, net | 92,300,079 | 87,455,146 |
| Structures in trust | 1,295,426 | 1,264,520 |
| Accumulated depreciation | (542,798) | (564,535) |
| Structures in trust, net | 752,628 | 699,984 |
| Machinery and equipment in trust | 1,032,422 | 989,457 |
| Accumulated depreciation | (765,840) | (742,459) |
| Machinery and equipment in trust, net | 266,581 | 246,998 |
| Tools, furniture and fixtures in trust | 84,067 | 87,247 |
| Accumulated depreciation | (57,666) | (60,077) |
| Tools, furniture and fixtures in trust, net | 26,401 | 27,170 |
| Land in trust | 335,232,845 | 330,962,591 |
| Construction in progress in trust | 53,410 | 3,807 |
| Total property, plant and equipment | 1,003,690,274 | 1,009,895,641 |
| Intangible assets | | |
| Land leasehold interests | 5,548,405 | 5,532,575 |
| Easement | 826,648 | 826,648 |
| Other | 20,530 | 16,511 |
| Total intangible assets | 6,395,584 | 6,375,735 |

Thousands of yen

| | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Investments and other assets | | |
| Investment securities | 660,468 | 660,468 |
| Leasehold and guarantee deposits | 1,580,944 | 1,580,934 |
| Long-term prepaid expenses | 120,406 | 94,691 |
| Other | 1,559,134 | 1,584,386 |
| Total investments and other assets | 3,920,953 | 3,920,480 |
| Total non-current assets | 1,014,006,812 | 1,020,191,857 |
| Deferred assets | | |
| Investment corporation bond issuance costs | 52,525 | 40,097 |
| Total deferred assets | 52,525 | 40,097 |
| Total assets | 1,047,158,414 | 1,057,291,795 |
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 3,001,178 | 3,232,399 |
| Short-term borrowings | 52,300,000 | 43,000,000 |
| Current portion of investment corporation bonds | 10,000,000 | 10,000,000 |
| Current portion of long-term borrowings | 39,500,000 | 42,300,000 |
| Accounts payable - other | 2,343,077 | 2,263,877 |
| Accrued expenses | 303,043 | 326,686 |
| Income taxes payable | 11,181 | 10,202 |
| Accrued consumption taxes | — | 1,144,312 |
| Advances received | 2,901,407 | 3,041,293 |
| Other | 15,894 | 230,742 |
| Total current liabilities | 110,375,782 | 105,549,514 |
| Non-current liabilities | | |
| Investment corporation bonds | 32,993,175 | 32,993,175 |
| Long-term borrowings | 325,700,000 | 321,900,000 |
| Deposits received from tenants | 57,305,180 | 55,656,092 |
| Deferred tax liabilities | 2,407,174 | 2,407,132 |
| Asset retirement obligations | 374,341 | 378,113 |
| Other | 9,479 | 5,262 |
| Total non-current liabilities | 418,789,351 | 413,339,776 |
| Total liabilities | 529,165,133 | 518,889,290 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 497,241,216 | 516,736,574 |
| Surplus | | |
| Voluntary retained earnings | | |
| Reserve for tax purpose reduction entry | 4,553,749 | 4,553,749 |
| Total voluntary retained earnings | 4,553,749 | 4,553,749 |
| Unappropriated retained earnings | 16,198,315 | 17,112,180 |
| Total surplus | 20,752,064 | 21,665,930 |
| Total unitholders' equity | 517,993,280 | 538,402,505 |
| Total net assets | 517,993,280 | 538,402,505 |
| Total liabilities and net assets | 1,047,158,414 | 1,057,291,795 |

(2) Statements of Income and Retained Earnings

| | Thousands of yen | |
|--|---|---|
| | For the period from October 1, 2022 to March 31, 2023 | For the period from April 1, 2023 to September 30, 2023 |
| Operating revenues | | |
| Rent revenues | 33,837,810 | 34,131,137 |
| Other lease business revenues | 119,726 | 365,999 |
| Gain on sales of real estate properties | 3,387,611 | 4,130,837 |
| Total operating revenues | 37,345,149 | 38,627,974 |
| Operating expenses | | |
| Expenses related to lease business | 18,252,786 | 18,447,146 |
| Asset management fees | 1,621,876 | 1,745,491 |
| Asset custody fees | 55,900 | 47,229 |
| Administrative service fees | 134,852 | 139,135 |
| Directors' compensations | 7,800 | 7,800 |
| Commission expenses | 123,266 | 85,475 |
| Other operating expenses | 107,533 | 107,016 |
| Total operating expenses | 20,304,015 | 20,579,294 |
| Operating profit | 17,041,133 | 18,048,679 |
| Non-operating income | | |
| Interest income | 137 | 158 |
| Dividend income | - | 7,036 |
| Reversal of distributions payable | 1,622 | 2,072 |
| Interest on tax refund | - | 2,944 |
| Gain on receipt of donated non-current assets | 3,870 | 3,657 |
| Other | 200 | - |
| Total non-operating income | 5,829 | 15,870 |
| Non-operating expenses | | |
| Interest expenses | 648,917 | 722,153 |
| Interest expenses on investment corporation bonds | 174,319 | 172,848 |
| Amortization of investment corporation bond issuance costs | 12,360 | 12,427 |
| Investment unit issuance expenses | - | 37,823 |
| Other | 38,862 | 32,563 |
| Total non-operating expenses | 874,458 | 977,817 |
| Ordinary profit | 16,172,504 | 17,086,732 |
| Profit before income taxes | 16,172,504 | 17,086,732 |
| Income taxes - current | 11,201 | 11,664 |
| Income taxes - deferred | (5) | (42) |
| Total income taxes | 11,196 | 11,621 |
| Profit | 16,161,308 | 17,075,110 |
| Retained earnings brought forward | 37,007 | 37,070 |
| Unappropriated retained earnings | 16,198,315 | 17,112,180 |

(3) Statements of Changes in Unitholders' Equity

For the period from October 1, 2022 to March 31, 2023

Thousands of yen

| | Unitholders' equity | | | | | | Total net assets |
|--|----------------------|---|-----------------------------------|----------------------------------|---------------|---------------------------|------------------|
| | Unitholders' capital | Surplus | | | | Total unitholders' equity | |
| | | Voluntary retained earnings | | Unappropriated retained earnings | Total surplus | | |
| | | Reserve for tax purpose reduction entry | Total voluntary retained earnings | | | | |
| Balance at beginning of the period | 497,241,216 | 3,693,378 | 3,693,378 | 16,827,292 | 20,520,671 | 517,761,887 | 517,761,887 |
| Changes during the period | | | | | | | |
| Provision of reserve for tax purpose reduction entry | | 860,370 | 860,370 | (860,370) | - | - | - |
| Dividends of surplus | | | | (15,929,915) | (15,929,915) | (15,929,915) | (15,929,915) |
| Profit | | | | 16,161,308 | 16,161,308 | 16,161,308 | 16,161,308 |
| Total changes during the period | - | 860,370 | 860,370 | (628,977) | 231,393 | 231,393 | 231,393 |
| Balance at end of the period | 497,241,216 | 4,553,749 | 4,553,749 | 16,198,315 | 20,752,064 | 517,993,280 | 517,993,280 |

For the period from April 1, 2023 to September 30, 2023

Thousands of yen

| | Unitholders' equity | | | | | | Total net assets |
|------------------------------------|----------------------|---|-----------------------------------|----------------------------------|---------------|---------------------------|------------------|
| | Unitholders' capital | Surplus | | | | Total unitholders' equity | |
| | | Voluntary retained earnings | | Unappropriated retained earnings | Total surplus | | |
| | | Reserve for tax purpose reduction entry | Total voluntary retained earnings | | | | |
| Balance at beginning of the period | 497,241,216 | 4,553,749 | 4,553,749 | 16,198,315 | 20,752,064 | 517,993,280 | 517,993,280 |
| Changes during the period | | | | | | | |
| Issuance of new investment units | 19,495,358 | | | | | 19,495,358 | 19,495,358 |
| Dividends of surplus | | | | (16,161,245) | (16,161,245) | (16,161,245) | (16,161,245) |
| Profit | | | | 17,075,110 | 17,075,110 | 17,075,110 | 17,075,110 |
| Total changes during the period | 19,495,358 | - | - | 913,865 | 913,865 | 20,409,224 | 20,409,224 |
| Balance at end of the period | 516,736,574 | 4,553,749 | 4,553,749 | 17,112,180 | 21,665,930 | 538,402,505 | 538,402,505 |

(4) Statements of Cash Distributions

| | For the period From October 1, 2022 to March 31, 2023 | For the period From April 1, 2023 to September 30, 2023 |
|---------------------------------------|---|---|
| | Amount (Yen) | Amount (Yen) |
| I Retained earnings | 16,198,315,107 | 17,112,180,899 |
| II Cash distribution | 16,161,245,070 | 17,074,368,000 |
| (Dividend per investment unit) | (11,667) | (12,000) |
| III Retained earnings brought forward | 37,070,037 | 37,812,899 |

| | | |
|--|---|---|
| Computation Method for Determining Dividends | <p>The Company will make cash distributions using earnings based on the cash distribution policy outlined in Article 32-1(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 has decided that the total amount of dividends, which is set not to exceed the unappropriated retained earnings and also to secure retained earnings brought forward, is ¥16,161,245,070 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of March 31, 2023. Furthermore, the Company does not pay out dividends that exceed earnings as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p> | <p>The Company will make cash distributions using earnings based on the cash distribution policy outlined in Article 32-1(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 has decided that the total amount of dividends, which is set not to exceed the unappropriated retained earnings and also to secure retained earnings brought forward, is ¥17,074,368,000 for the period under review, which is a multiple of 1,422,864 — the number of units outstanding as of September 30, 2023. Furthermore, the Company does not pay out dividends that exceed earnings as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p> |
|--|---|---|

(5) Statements of Cash Flows

Thousands of yen

| | For the period from October 1, 2022 to March 31, 2023 | For the period from April 1, 2023 to September 30, 2023 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 16,172,504 | 17,086,732 |
| Depreciation | 6,196,502 | 6,263,576 |
| Gain on receipt of donated non-current assets | (3,870) | (3,273) |
| Amortization of investment corporation bond issuance costs | 12,360 | 12,427 |
| Investment unit issuance expenses | – | 37,823 |
| Dividend income | – | (7,036) |
| Interest income | (137) | (158) |
| Interest expenses | 823,236 | 895,002 |
| Decrease (increase) in operating accounts receivable | (22,243) | (78,709) |
| Decrease (increase) in consumption taxes refund receivable | (599,680) | 599,680 |
| Decrease (increase) in prepaid expenses | 356,075 | (37,776) |
| Decrease in property, plant and equipment in trust due to sale | 6,280,101 | 7,472,036 |
| Increase (decrease) in operating accounts payable | 355,603 | 613,483 |
| Increase (decrease) in accounts payable - other | (18,966) | 66,944 |
| Increase (decrease) in accrued consumption taxes | (2,324,024) | 1,144,312 |
| Increase (decrease) in accrued expenses | 131 | (131) |
| Increase (decrease) in advances received | 80,093 | 139,886 |
| Decrease (increase) in long-term prepaid expenses | (71,662) | 25,714 |
| Other, net | (221,386) | 340,861 |
| Subtotal | 27,014,637 | 34,571,397 |
| Interest and dividends received | 137 | 7,195 |
| Interest paid | (810,158) | (871,228) |
| Income taxes paid | (9,229) | (12,642) |
| Net cash provided by (used in) operating activities | 26,195,387 | 33,694,722 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,800,484) | (19,472,546) |
| Purchase of property, plant and equipment in trust | (41,332,501) | (955,704) |
| Purchase of intangible assets | (116) | (390) |
| Refund of leasehold and guarantee deposits received | (1,696,708) | (3,725,174) |
| Proceeds from leasehold and guarantee deposits received | 3,175,417 | 2,076,087 |
| Net cash provided by (used in) investing activities | (42,654,393) | (22,077,728) |
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | 94,500,000 | 72,500,000 |
| Repayments of short-term borrowings | (63,900,000) | (81,800,000) |
| Proceeds from long-term borrowings | 31,500,000 | 22,500,000 |
| Repayments of long-term borrowings | (25,000,000) | (23,500,000) |
| Proceeds from issuance of investment units | – | 19,495,358 |
| Payments of investment unit issuance expenses | – | (37,823) |
| Distributions paid | (15,927,507) | (16,160,706) |
| Net cash provided by (used in) financing activities | 21,172,492 | (7,003,172) |
| Net increase (decrease) in cash and cash equivalents | 4,713,486 | 4,613,821 |
| Cash and cash equivalents at beginning of the period | 26,793,001 | 31,506,487 |
| Cash and cash equivalents at end of the period | 31,506,487 | 36,120,308 |

- (6) Notes Concerning Going Concerns Assumption
 “Not applicable”

(7) Summary of Significant Accounting Policies

Investment securities

Non-marketable securities, which have no market prices, 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..... | 2-75 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 (“ASBJ”), companies are required to recognize an impairment loss in their statements 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.

Investment unit issuance expenses are charged to income as incurred. The underwriters’ economic remunerations for underwriting the offering are not recognized as investment unit issuance expenses 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

The content of main performance obligations related to revenue arising from contracts with customers of the Company and the normal timing for satisfying such performance obligations (the normal timing for recognizing revenue) are as follows:

① Sales of real estate properties

The Company recognizes revenue from the sale of real estate properties when the purchaser, as the customer, obtains control of the real estate property by fulfilling the delivery obligations stipulated in the contract for the sale of real estate property.

② Utilities income

The Company recognizes utilities income based on the supply of electricity, water, etc. to the lessee as the customer, in accordance with the terms of the real estate lease contract and related agreements. Of utilities income, in the case that the Company determines it is an agent for utilities income, the utilities income is recognized as income at the net amount received as charges for electricity, gas, etc. supplied by other parties, less the amount paid to such other parties.

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.

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 currency swap transactions as a method of hedging against currency exchange fluctuation risks. Deferred hedge accounting is generally used for such interest-rate swaps 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 and currency 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 and currency swaps are not required to be separately valued. For interest-rate swaps and currency swaps that meet the specific criteria for such special accounting treatment, ongoing assessments of hedge effectiveness are not required and hence not performed.

(8) Notes to Financial Statements

(Notes to Balance Sheets)

a. Commitment line agreement

The Company has signed commitment line agreements with three banks.

| | Thousands of yen | |
|---|----------------------|--------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| Total amount of commitment line agreement | 60,000,000 | 60,000,000 |
| Debt financing balance | — | — |
| Balance | 60,000,000 | 60,000,000 |

b. Reserve for tax purpose reduction entry

| | Thousands of yen | |
|--|----------------------|--------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| Reserve for tax purpose reduction entry | 4,553,749 | 4,553,749 |
| Deferred tax liability for the reserve for tax purpose reduction entry | 2,408,105 | 2,408,105 |
| Total | 6,961,855 | 6,961,855 |

Note: Reduction entry is made based on the reserve method, where the requirements of the tax law are met, and deferred tax liability is recorded in the liabilities section for the future taxable temporary difference related to the amount of the reserve for reduction entry, and the net amount after deducting the deferred tax liability is recorded in the net assets section as the reserve for tax purpose reduction entry. This deferred tax liability is recorded (or reversed) as a counterpart account of income taxes-deferred in the statements of income.

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

| | Thousands of yen | |
|--|----------------------|--------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| | 50,000 | 50,000 |

(Notes to Statements of Income and Retained Earnings)

a. Breakdown of property-related revenues and expenses

| | Thousands of yen | |
|------------------------------------|---|---|
| | For the period from October 1, 2022 to March 31, 2023 | For the period from April 1, 2023 to September 30, 2023 |
| Property-Related Revenues | 33,957,537 | 34,497,137 |
| Rent revenues | 33,837,810 | 34,131,137 |
| Rental revenues | 28,157,752 | 28,515,395 |
| Common service charges | 2,187,867 | 1,999,804 |
| Parking revenues | 700,821 | 707,003 |
| Other rental revenues | 2,791,369 | 2,908,933 |
| Other lease business revenues | 119,726 | 365,999 |
| Cancellation charges | 5,846 | 78,181 |
| Other miscellaneous revenues | 113,880 | 287,817 |
| Property-Related Expenses | 18,252,786 | 18,447,146 |
| Expenses related to lease business | 18,252,786 | 18,447,146 |
| Property management expenses | 3,877,085 | 3,939,312 |
| Utilities expenses | 3,178,061 | 3,282,000 |
| Property and other taxes | 3,479,452 | 3,640,240 |
| Casualty insurance | 43,871 | 44,165 |
| Repairing expenses | 1,271,791 | 1,064,059 |
| Depreciation | 6,196,329 | 6,263,434 |
| Other rental expenses | 206,195 | 213,933 |
| Property-Related Profits | 15,704,750 | 16,049,990 |

b. Breakdown of gain on sales of real estate properties

For the period from October 1, 2022 to March 31, 2023

| | | Thousands of yen |
|---|--|------------------|
| Harumi Front (25% quasi-co-ownership interest) | | |
| Revenue from sale of real estate property | | 9,777,500 |
| Cost of real estate property sold | | 6,280,101 |
| Other sales expenses | | 109,786 |
| Gain on sales of real estate properties | | 3,387,611 |

For the period from April 1, 2023 to September 30, 2023

| | | Thousands of yen |
|---|--|------------------|
| Harumi Front (30% quasi-co-ownership interest) | | |
| Revenue from sale of real estate property | | 11,733,000 |
| Cost of real estate property sold | | 7,461,916 |
| Other sales expenses | | 140,246 |
| Gain on sales of real estate properties | | 4,130,837 |

(Changes in Unitholders' Equity)

| Total number of investment units issuable and number of units outstanding | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Total number of investment units issuable | 4,000,000 units | 4,000,000 units |
| Number of units outstanding | 1,385,210 units | 1,422,864 units |

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

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2023 and September 30, 2023:

| | Thousands of yen | |
|---|----------------------|--------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| Cash and deposits | 23,341,245 | 29,088,626 |
| Cash and deposits in trust | 8,165,242 | 7,031,681 |
| Time deposits with maturities of more than three months | - | - |
| Cash and cash equivalents | 31,506,487 | 36,120,308 |

(Financial Instruments)**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, the issuance of investment corporation bonds and the 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 may also exercise hedging by means of derivative transactions (interest-rate swap transactions) in order to mitigate the risk of fluctuation concerning the floating-rate long-term loans, thereby effectively stabilizing the overall interest rates on the loans. 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). Foreign currency investment corporation bonds are also exposed to currency exchange risk. However, the Company uses derivative transactions as a method of hedging against the risks (currency swap transactions). For more detailed information on the hedge accounting method, 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 March 31, 2023 and September 30, 2023) and ③ preparing monthly financial plans.

(iii) Supplementary note regarding fair value of financial instruments

Since the fair value of financial instruments is calculated 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 sheets and the differences between them as of March 31, 2023 and September 30, 2023 are as follows. Since "Cash and deposits," "Cash and deposits in trust," and "Short-term borrowings" are cash and due to be settled in a short period, and their fair values approximate their book values, the notes are omitted.

| | Thousands of yen | | |
|---|----------------------|-------------|-------------|
| | As of March 31, 2023 | | |
| | Book value | Fair value | Difference |
| (1) Current portion of investment corporation bonds | 10,000,000 | 9,993,600 | (6,400) |
| (2) Current portion of long-term borrowings | 39,500,000 | 39,528,745 | 28,745 |
| (3) Investment corporation bonds | 32,993,175 | 33,497,882 | 504,707 |
| (4) Long-term borrowings | 325,700,000 | 323,299,927 | (2,400,072) |
| (5) Deposits received from tenants | 57,305,180 | 55,962,507 | (1,342,673) |
| (6) Derivative transactions | — | — | — |

| | Thousands of yen | | |
|---|--------------------------|-------------|-------------|
| | As of September 30, 2023 | | |
| | Book value | Fair value | Difference |
| (1) Current portion of investment corporation bonds | 10,000,000 | 9,999,200 | (800) |
| (2) Current portion of long-term borrowings | 42,300,000 | 42,348,471 | 48,471 |
| (3) Investment corporation bonds | 32,993,175 | 33,253,995 | 260,820 |
| (4) Long-term borrowings | 321,900,000 | 315,204,422 | (6,695,577) |
| (5) Deposits received from tenants | 55,656,092 | 53,648,467 | (2,007,625) |
| (6) Derivative transactions | — | — | — |

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

(1) Current portion of investment corporation bonds and (3) Investment corporation bonds

Their fair values are based on reference prices published by a financial data provider where available. When reference prices are not available, their fair values are calculated by discounting the aggregate of the principal and interest by nominal rates assumed applicable if the loans were refinanced for the duration of the current maturity. (However, the fair values of investment corporation bonds (please refer to the following "Derivative Transactions, b. Derivatives designated as hedging instruments") hedged by a currency swap subject to allocation treatment are calculated by discounting the aggregate of the principal and interest integrated with the currency swap by nominal rates assumed applicable if the loans were refinanced for the duration of the current maturity.)

(2) Current portion of long-term borrowings and (4) Long-term borrowings

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 (please refer to the following "Derivative Transactions, b. Derivatives designated as hedging instruments") 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 interest on such loans 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 condition.) The fair values of long-term loans 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.

(5) Deposits received from tenants

These fair values of these deposits are the discounted present values by estimated periods until the deposits are returned and discount rates reflected credit risks of the Company.

(6) Derivative transactions

Please refer to the following section entitled "Derivative Transactions."

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

| | Thousands of yen | | | | | |
|------------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|
| | As of March 31, 2023 | | | | | |
| | 1 year or less | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | Over 5 years |
| Investment corporation bonds | 10,000,000 | — | 20,000,000 | 10,000,000 | 2,993,175 | — |
| Long-term borrowings | 39,500,000 | 54,800,000 | 52,500,000 | 28,700,000 | 23,500,000 | 166,200,000 |
| Total | 49,500,000 | 54,800,000 | 72,500,000 | 38,700,000 | 26,493,175 | 166,200,000 |

| | Thousands of yen | | | | | |
|------------------------------|--------------------------|--------------|--------------|--------------|--------------|--------------|
| | As of September 30, 2023 | | | | | |
| | 1 year or less | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | Over 5 years |
| Investment corporation bonds | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 2,993,175 | — |
| Long-term borrowings | 42,300,000 | 57,000,000 | 36,700,000 | 24,000,000 | 18,000,000 | 186,200,000 |
| Total | 52,300,000 | 67,000,000 | 46,700,000 | 34,000,000 | 20,993,175 | 186,200,000 |

(Derivative Transactions)

a. Derivatives not designated as hedging instruments

As of March 31, 2023

“Not applicable”

As of September 30, 2023

“Not applicable”

b. Derivatives designated as hedging instruments

As of March 31, 2023

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 | | |
| Special Treatment for interest-rate swap | Receive floating, pay fixed interest-rate swap transactions | Long-term borrowings | 9,800,000 | 6,800,000 | *1 | — |
| Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap | Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange) | Long-term borrowings | 10,000,000 | — | *1 | — |
| Allocation Treatment for currency swap | Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange) | Investment corporation bonds | 2,993,175 | 2,993,175 | *2 | — |

As of September 30, 2023

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 | | |
| Special Treatment for interest-rate swap | Receive floating, pay fixed interest-rate swap transactions | Long-term borrowings | 6,800,000 | 3,000,000 | *1 | — |
| Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap | Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange) | Long-term borrowings | 10,000,000 | — | *1 | — |
| Allocation Treatment for currency swap | Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange) | Investment corporation bonds | 2,993,175 | 2,993,175 | *2 | — |

*1. The derivative transactions eligible for Special Treatment for interest-rate swap and Integrated Treatment (Special Treatment for interest-rate swap and Allocation Treatment for currency swap) are accounted for as integral parts of the hedged loans, and the fair value of those derivative transactions is included in that of the underlying long-term borrowings as of March 31, 2023 and September 30, 2023. Please refer to page 19, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments,” as well as subheadings (2) and (4) concerning derivative transactions.

*2. Currency swap transactions eligible for allocation treatment are accounted for as integrated parts of the hedged investment corporation bonds, and the fair value of the currency swap transactions is included in that of the underlying investment bonds as of March 31, 2023 and September 30, 2023. Please refer to page 19, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments,” as well as subheading (3) 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 earnings 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 profit 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 March 31, 2023 and September 30, 2023 were as follows:

| | Thousands of yen | |
|---|----------------------|--------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| Deferred tax assets: | | |
| Accrued enterprise tax | 931 | 973 |
| Amortization of a term leasehold interest | 133,239 | 138,715 |
| Asset retirement obligations | 129,484 | 130,789 |
| | 263,655 | 270,478 |
| Valuation allowance | (161,268) | (168,048) |
| Total deferred tax assets | 102,387 | 102,429 |
| Deferred tax liabilities: | | |
| Asset retirement obligations | 101,455 | 101,455 |
| Reserve for advanced depreciation of non-current assets | 2,408,105 | 2,408,105 |
| Total deferred tax liabilities | 2,509,561 | 2,509,561 |
| Net deferred tax liabilities | 2,407,174 | 2,407,132 |

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate as of March 31, 2023 and September 30, 2023 was as follows:

| | As of March 31, 2023 | As of September 30, 2023 |
|----------------------------------|----------------------|--------------------------|
| Statutory tax rate | 34.59% | 34.59% |
| Deductible dividend distribution | (34.57%) | (34.56%) |
| Change in valuation allowance | 0.04% | 0.04% |
| Others | 0.00% | 0.00% |
| Effective tax rate | 0.07% | 0.07% |

(Asset Retirement Obligations)

For the six months ended March 31, 2023 and September 30, 2023

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 asset retirement obligations for the six months ended March 31, 2023 and September 30, 2023 consisted of the following:

| | Thousands of yen | |
|---|--|--|
| | For the period from October 1, 2022 to March 31, 2023 | For the period from April 1, 2023 to September 30, 2023 |
| Balance at the beginning of the period | 370,608 | 374,341 |
| Increase in tangible fixed assets | - | - |
| Accretion expense | 3,733 | 3,771 |
| Balance at the end of the period | 374,341 | 378,113 |

(Investment and Rental Property)

For the six months ended March 31, 2023 and September 30, 2023

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 March 31, 2023 and September 30, 2023 and the fair values as of March 31, 2023 and September 30, 2023 are as follows:

| Thousands of yen | | | |
|--------------------------|--------------------------|----------------------|----------------------|
| Book value | | Fair value | |
| As of September 30, 2022 | Change during the period | As of March 31, 2023 | As of March 31, 2023 |
| 977,086,095 | 32,998,662 | 1,010,084,757 | 1,336,442,500 |

| Thousands of yen | | | |
|----------------------|--------------------------|--------------------------|--------------------------|
| Book value | | Fair value | |
| As of March 31, 2023 | Change during the period | As of September 30, 2023 | As of September 30, 2023 |
| 1,010,084,757 | 6,185,328 | 1,016,270,085 | 1,341,209,500 |

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

2. As for the change during the period ended September 30, 2023, the major reason for the increase was the acquisition of Forecast Sakaisujihonmachi (¥17,878,357 thousand), and the major reasons for the decrease were the disposition of Harumi Front (30% quasi-co-ownership interest) (¥7,461,916 thousand) and by depreciation.

3. Fair values as of March 31, 2023 and September 30, 2023 are defined as the appraised values provided by an external qualified professional appraiser. As of March 31, 2023 and September 30, 2023, Harumi Front, for which the disposition agreement was made dated November 15, 2022, was valued at the disposition price.

Profits and losses related to investment and rental property are listed in the “Breakdown of property-related revenues and expenses” under “Notes to Statements of Income and Retained Earnings.”

(Revenue Recognition)

Breakdown information on revenue from contracts with customers

For the period from October 1, 2022 to March 31, 2023

| Thousands of yen | | |
|---------------------------------|--|---------------------------------|
| | Revenue from contracts with customers *1 | Revenue from external customers |
| Sales of real estate properties | – | 3,387,611 *2 |
| Utilities income | 1,945,490 *3 | 1,945,490 |
| Others | – | 32,012,046 |
| Total | 1,945,490 | 37,345,149 |

*1 Rent revenues subject to “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and revenue from sales of real estate properties subject to “Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special Purpose Companies” (the Accounting System Committee Statement No. 15 of the Japanese Institute of Certified Public Accountants (JICPA)) are excluded from “Revenue from contracts with customers” as they are not subject to Accounting Standard for Revenue Recognition. The revenue from contracts with customers is mainly revenues from utilities income.

*2 Sales of real estate properties are recorded as gains or losses on sales of real estate properties in the statements of income in accordance with Article 48-2 of the Regulations on Accounting of Investment Corporation (Cabinet Office Ordinance No. 47 of 2006), and therefore the amount is the proceeds from sales of real estate properties, less the cost of real estate properties sold and other sales expenses.

*3 Utilities income is the amount of income recognized in proportion to the supply of electricity, water, etc. to the lessee as the customer, in accordance with the terms of the real estate lease contract and related agreements.

For the period from April 1, 2023 to September 30, 2023

| Thousands of yen | | |
|---------------------------------|--|---------------------------------|
| | Revenue from contracts with customers *1 | Revenue from external customers |
| Sales of real estate properties | – | 4,130,837 *2 |
| Utilities income | 2,053,182 *3 | 2,053,182 |
| Others | – | 32,443,954 |
| Total | 2,053,182 | 38,627,974 |

*1 Rent revenues subject to “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and revenue from sales of real estate properties subject to “Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special Purpose Companies” (the Accounting System Committee Statement No. 15 of the Japanese Institute of Certified Public Accountants (JICPA)) are excluded from “Revenue from contracts with customers” as they are not subject to Accounting Standard for Revenue Recognition. The revenue from contracts with customers is mainly revenues from utilities income.

*2 Sales of real estate properties are recorded as gains or losses on sales of real estate properties in the statements of income in accordance with Article 48-2 of the Regulations on Accounting of Investment Corporation (Cabinet Office Ordinance No. 47 of 2006), and therefore the amount is the proceeds from sales of real estate properties, less the cost of real estate properties sold and other sales expenses.

*3 Utilities income is the amount of income recognized in proportion to the supply of electricity, water, etc. to the lessee as the customer, in accordance with the terms of the real estate lease contract and related agreements.

(Segment Information)

For the six months ended March 31, 2023 and September 30, 2023

Since the Company has been engaged in the 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 accounted for more than 90% of total operating revenues, segment 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 as of March 31, 2023 and September 30, 2023 and for the periods then ended, respectively:

| | Yen | |
|---------------------|--|--|
| | For the period from October 1, 2022 to March 31, 2023 | For the period from April 1, 2023 to September 30, 2023 |
| Net assets per unit | 373,945 | 378,393 |
| Profit per unit | 11,667 | 12,013 |

- 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 October 1, 2022 to March 31, 2023 | For the period from April 1, 2023 to September 30, 2023 |
| Profit | 16,161,308 | 17,075,110 |
| Amount not attributable to normal unitholders | - | - |
| Profit applicable to normal investment units | 16,161,308 | 17,075,110 |
| Average number of investment units during the period | 1,385,210 units | 1,421,308 units |

(Subsequent Events)

"Not applicable"

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

The Company raised proceeds of about 19,495 million yen by a capital increase through a public offering (35,200 units) and third-party allotment (2,454 units) in April and May 2023. Changes in the past five years are as follows.

| Date | Remarks | Number of Units Outstanding | | Total Unitholders' Capital (Millions of yen) | | Notes |
|---------------|---|-----------------------------|-----------|---|---------|-------|
| | | Increase/Decrease | Balance | Increase/Decrease | Balance | |
| April 7, 2023 | Issuance of new investment units (public offering) | 35,200 | 1,420,410 | 18,224 | 515,466 | *1 |
| May 1, 2023 | Issuance of new investment units (third-party allocation) | 2,454 | 1,422,864 | 1,270 | 516,736 | *2 |

*1. New investment units were issued at 534,100 yen (underwriting price of 517,750 yen) per unit for the purpose of funding the partial repayment of the short-term loan.

*2. New investment units were issued at 517,750 yen per unit for the purpose of funding the partial repayment of the short-term loan.

3. Reference Data

a. Composition of the Company's Assets

| Asset type | Region | As of March 31, 2023 | | As of September 30, 2023 | |
|---------------------------|---|--|---------------------------|--|---------------------------|
| | | 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 | 464,683 | 44.4 | 463,104 | 43.8 |
| | Tokyo metropolitan area (excluding Tokyo 23 wards)*2 | 40,109 | 3.8 | 39,954 | 3.8 |
| | Other major cities | 76,658 | 7.3 | 93,814 | 8.9 |
| | Total | 581,451 | 55.5 | 596,873 | 56.5 |
| Real property in trust | Tokyo 23 wards | 321,649 | 30.7 | 312,788 | 29.6 |
| | Tokyo metropolitan area (excluding Tokyo 23 wards)*2 | 15,471 | 1.5 | 15,429 | 1.5 |
| | Other major cities | 91,511 | 8.7 | 91,179 | 8.6 |
| | Total | 428,633 | 40.9 | 419,396 | 39.7 |
| Savings and other assets | | 37,073 | 3.5 | 41,021 | 3.9 |
| | | (-) | (-) | (-) | (-) |
| Total amount of assets | | 1,047,158 | 100.0 | 1,057,291 | 100.0 |
| | | (1,010,084) | (96.5) | (1,016,270) | (96.1) |

*1. Totals of net book value as of March 31, 2023 and September 30, 2023 are based on the total amounts from the balance sheets as of March 31, 2023 and September 30, 2023, respectively. Real property and real property in trust present the net book values after depreciation and amortization.

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

*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, September 30, 2023.

| Region | Name of property | Type of specified asset | Number of tenants*1 | Leasable floor area (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 | Kitanomaru Square | Real property | 8*5 | 25,678*5 | 100.0%*5 | 88,400 | 68,725 | 81,555,500 | 7.2% | 76.0% |
| | | JRE Kanda-Ogawamachi Building | Real property | 9 | 6,269 | 100.0% | 9,390 | 8,590 | 9,520,000 | 0.8% | |
| | | Kandabashi Park Building | Real property | 10 | 3,687 | 94.8% | 5,260 | 4,355 | 4,810,000 | 0.4% | |
| | | Otemachi Financial City North Tower | Real property /Trust | 11 | 7,420 | 87.4% | 28,800 | 20,518 | 15,462,900 6,380,000 Total: 21,842,900 | 1.9% | |
| | | Otemachi Park Building | Trust | 21 | 2,372 | 100.0% | 11,300 | 10,020 | 10,175,000 | 0.9% | |
| | | Nibancho Garden | Real property | 1*5 | 9,316*5 | 100.0%*5 | 18,000 | 11,809 | 14,700,000 | 1.3% | |
| | | Mitsubishi UFJ Trust and Banking Building | Real property | 10 | 11,904 | 100.0% | 57,300 | 28,385 | 44,700,000 | 3.9% | |
| | | Burex Kojimachi Building | Real property | 1 | 4,495 | 100.0% | 7,800 | 5,224 | 7,000,000 | 0.6% | |
| | | CIRCLES Hirakawacho | Real property | 11 | 979 | 100.0% | 1,870 | 1,790 | 1,780,000 | 0.2% | |
| | | Sanno Grand Building | Real property | 44 | 20,565 | 81.6% | 25,000 | 20,750 | 10,200,000 10,700,000 Total: 20,900,000 | 1.8% | |
| | | Yurakucho Denki Building | Real property | 7 | 4,697 | 63.7% | 9,480 | 7,654 | 7,200,000 | 0.6% | |
| | | Front Place Nihonbashi | Real property | 2 | 8,468 | 100.0% | 21,900*6 | 17,183 | 17,560,000 | 1.5% | |
| | | JRE Kayabacho 2Chome Building | Trust | 9 | 4,419 | 95.5% | 5,050 | 4,011 | 4,410,000 | 0.4% | |
| | | Burex Kyobashi Building | Real property | 1 | 4,279 | 100.0% | 7,870 | 4,379 | 5,250,000 | 0.5% | |
| | | JRE Ginza 1Chome East Building | Trust | 8 | 4,513 | 100.0% | 8,240 | 5,854 | 6,459,000 | 0.6% | |

| Region | Name of property | Type of specified asset | Number of tenants*1 | Leasable floor area (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 | Ginza Sanwa Building | Real property | 10 | 4,326 | 63.7% | 19,700 | 17,040 | 16,830,000 | 1.5% | 76.0% |
| | | JRE Ginza 3Chome Building | Real property | 9 | 4,255 | 100.0% | 6,630 | 7,082 | 5,353,500 2,645,922 *7 Total: 7,999,422 | 0.7% | |
| | | Harumi Front | Trust | 6 | 15,016 | 3.8% | 17,500 *8 | 11,082 | 31,300,000 (7,825,000) (9,390,000) *9 Total: 14,085,000 | 1.2% | |
| | | Akasaka Park Building | Real property | 35 *5 | 44,999 *5 | 97.6% *5 | 80,500 | 56,699 | 60,800,000 | 5.4% | |
| | | the ARGYLE aoyama | Trust | 11 | 7,478 | 100.0% | 24,800 | 24,038 | 23,900,000 | 2.1% | |
| | | JRE Aoyama Crystal Building | Real property | 8 | 4,898 | 90.2% | 9,600 | 6,940 | 7,680,000 | 0.7% | |
| | | Clover Shiba-koen | Trust | 8 | 2,550 | 100.0% | 4,910 *6 | 4,336 | 4,500,000 | 0.4% | |
| | | Shiodome Building | Trust | 46 | 44,213 | 96.6% | 121,000 | 98,585 | 21,250,000 54,600,000 10,100,000 10,450,000 10,530,000 Total: 106,930,000 | 9.4% | |
| | | JRE Shiba 2Chome Daimon Building | Trust | 24 | 9,549 | 96.1% | 9,100 | 5,833 | 4,859,000 | 0.4% | |
| | | JRE Cosmo Kanasugibashi Building | Trust | 6 | 4,062 | 87.0% | 3,800 | 2,423 | 2,808,000 | 0.2% | |
| | | Seavans S Building | Real property | 16 | 6,080 | 97.9% | 7,330 | 5,602 | 5,400,000 | 0.5% | |
| | | Tamachi Front Building | Real property | 10 | 3,792 | 100.0% | 7,930 *6 | 5,905 | 6,210,000 | 0.5% | |
| | | Shinjuku Eastside Square | Trust | 44 | 45,619 | 100.0% | 83,000 *6 | 66,911 | 23,100,000 6,660,000 25,460,000 8,460,000 8,500,000 Total: 72,180,000 | 6.4% | |
| | | Shinjuku Front Tower | Trust | 41 | 21,416 | 93.4% | 35,900 *6 | 33,862 | 25,025,000 10,100,000 Total: 35,125,000 | 3.1% | |
| | | JRE Nishi-Shinjuku Terrace | Real property | 12 | 6,036 | 100.0% | 9,430 | 7,620 | 7,830,000 | 0.7% | |
| Tokyo Opera City Building*10 | Real property | 103 | 34,963 | 93.9% | 35,300 | 27,415 | 9,350,000 22,426,831 Total: 31,776,831 | 2.8% | | | |

| Region | Name of property | Type of specified asset | Number of tenants*1 | Leasable floor area (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 | Front Place Minami-Shinjuku | Real property | 2 | 4,095 | 100.0% | 10,100*6 | 9,155 | 9,250,000 | 0.8% |
| | | Link Square Shinjuku | Real property | 17 | 9,786 | 100.0% | 25,400 | 22,145 | 6,670,000 (1,170,000) *11 17,300,000 Total: 22,800,000 | 2.0% |
| | | JRE Yoyogi 1 Chome Building | Real Property | 8 | 7,745 | 100.0% | 13,900 | 6,534 | 8,700,000 | 0.8% |
| | | JRE Jingumae Terrace | Real property | 5 | 3,147 | 100.0% | 7,730 | 4,738 | 4,885,000 | 0.4% |
| | | JRE Jingumae Media Square Building | Real property | 6 | 5,558 | 100.0% | 10,300 | 10,594 | 12,200,000 *12 | 1.1% |
| | | Shibuya Cross Tower (Land) | Real property | *13 | *13 | *13 | 46,700 | 27,186 | 34,600,000 (8,076,000) *14 Total: 26,524,000 | 2.3% |
| | | Ebisu Neonato | Real property | 4 | 8,659 | 100.0% | 19,900 | 13,559 | 3,740,000 360,000 10,512,000 Total: 14,612,000 | 1.3% |
| | | TIXTOWER UENO | Real property | 16 | 15,016 | 100.0% | 26,600 | 17,451 | 22,000,000 | 1.9% |
| | | Toyosu Foresia | Trust | 32 | 6,032 | 97.1% | 8,180 | 8,112 | 8,100,000 | 0.7% |
| | | Toyosu Front | Trust | 21 | 17,407 | 98.9% | 26,100 | 25,180 | 25,500,000 | 2.2% |
| | | JRE Higashi Gotanda 1Chome Building | Real property | 4 | 5,205 | 100.0% | 7,150 | 4,220 | 5,500,000 | 0.5% |
| | | Osaki Front Tower*15 | Real property | 1 | 16,856 | 100.0% | 17,900*8 | 6,917 | 12,300,000 | 1.1% |
| | | JRE Omori-Eki Higashiguchi Building | Trust | 26 | 7,706 | 100.0% | 6,030 | 4,674 | 5,123,000 | 0.5% |
| | | Harmony Tower | Real property | 23 | 14,340 | 100.0% | 14,900 | 9,390 | 8,500,000 520,000 2,100,000 Total: 11,120,000 | 1.0% |
| | | JRE Ikebukuro 2Chome Building | Trust | 9 | 2,186 | 100.0% | 1,990 | 1,530 | 1,728,000 | 0.2% |
| JRE Minami-Ikebukuro Building | Real property | 10 | 5,932 | 100.0% | 6,270 | 3,861 | 4,500,000 | 0.4% | | |

| Region | Name of property | Type of specified asset | Number of tenants*1 | Leasable floor area (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 metropolitan area, excluding Tokyo 23 wards | Hachioji First Square | Real property | 47 | 10,125 | 93.1% | 5,110 | 4,637 | 3,300,000 2,379,112 Total: 5,679,112 | 0.5% | 5.9% |
| | | JRE Saitama Urawa Building | Real property | 19 | 4,510 | 100.0% | 3,290 | 2,447 | 1,232,000 1,342,000 Total: 2,574,000 | 0.2% | |
| | | MM Park Building | Real property | 33 | 38,415 | 92.6% | 42,100 | 29,265 | 37,400,000 | 3.3% | |
| | | Queen's Tower A | Trust | 54 | 26,696 | 95.3% | 24,900 *6 | 15,429 | 17,200,000 | 1.5% | |
| | | Musashi Kosugi STM Building | Real property | 28 | 5,378 | 100.0% | 4,570 | 3,604 | 4,000,000 | 0.4% | |
| Other major cities | 8·3 Square Kita Building | | Real property | 8 | 12,265 | 96.0% | 11,700 | 5,371 | 7,100,000 | 0.6% | 18.1% |
| | Jozenji Park Building | | Real property | 19 | 2,518 | 98.0% | 1,120 | 916 | 1,000,000 | 0.1% | |
| | JRE Higashi Nibancho Square | | Real property | 22 | 20,526 | 100.0% | 15,900 *8 | 7,903 | 9,950,000 | 0.9% | |
| | JRE Sendai Honcho Honma Building | | Trust | 28 | 6,234 | 100.0% | 2,780 | 2,742 | 2,924,000 250,000 Total: 3,174,000 | 0.3% | |
| | AER | | Real property | 64 | 23,612 | 97.2% | 18,900 | 17,562 | 18,640,000 | 1.6% | |
| | Daido Seimei Niigata Building | | Real property | 9 | 3,928 | 87.7% | 1,860 | 1,623 | 1,770,000 | 0.2% | |
| | Kanazawa Park Building | | Real property | 72 | 20,891 | 89.7% | 7,220 | 4,541 | 2,880,000 1,700,000 Total: 4,580,000 | 0.4% | |
| | JRE Kanazawa Kamitsutsumicho Building | | Real property | 26 | 7,213 | 98.1% | 3,000 | 2,257 | 2,780,000 | 0.2% | |
| | Nishiki Park Building*16 | | Real property | 63 *5 | 10,338 *5 | 92.2% *5 | 5,470 | 4,739 | 3,850,000 1,300,000 650,000 175,000 Total: 5,975,000 | 0.5% | |
| | JRE Nagoya Hirokoji Place | | Trust | 36 | 13,200 | 96.7% | 14,600 *6 | 7,480 | 8,567,000 | 0.8% | |
| | Nagoya Hirokoji Building | | Real property | 42 | 21,375 | 98.0% | 13,100 | 14,052 | 14,533,000 | 1.3% | |
| | JRE Shijo Karasuma Center Building | | Real property | 16 | 6,634 | 100.0% | 7,990 *6 | 3,480 | 4,400,000 | 0.4% | |

| Region | Name of property | Type of specified asset | Number of tenants*1 | Leasable floor area (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 | |
| Other major cities | GRAND FRONT OSAKA (North Building)*17 | Trust | 5 | 8,462 | 98.1% | 10,700*8 | 9,684 | 9,750,000 | 0.9% | |
| | GRAND FRONT OSAKA (Umekita Plaza and South Building)*17 | Trust | 2 | 5,186 | 93.3% | 12,200*8 | 11,242 | 11,250,000 | 1.0% | |
| | JRE Umeda Square Building*18 | Trust | 38 | 10,375 | 100.0% | 17,000 | 15,568 | 15,523,520 | 1.4% | |
| | JRE Dojima Tower | Trust | 47 | 28,403 | 98.0% | 20,000 | 20,155 | 24,000,000 | 2.1% | |
| | JRE Sakaisujihonmachi Building | Real property | 22 | 11,520 | 100.0% | 4,360 | 3,460 | 2,264,000 1,900,000 Total: 4,164,000 | 0.4% | |
| | Forecast Sakaisujihonmachi | Real property | 7 | 11,913 | 92.1% | 17,300*8 | 17,856 | 17,215,000 | 1.5% | |
| | JRE Midouji Daiwa Building | Trust | 39 | 20,450 | 96.7% | 15,000 | 13,224 | 6,934,000 7,380,000 Total: 14,314,000 | 1.3% | |
| | JRE Amagasaki Front Building | Trust | 35 | 15,498 | 100.0% | 10,500 | 7,805 | 9,300,000 | 0.8% | |
| | Lit City Building | Real property | 29 | 8,885 | 96.8% | 5,130 | 2,256 | 4,650,000 (555,131) *19 Total: 4,094,868 | 0.4% | |
| | NHK Hiroshima Broadcasting Center Building | Real property | 12 | 9,881 | 94.8% | 3,460 | 3,075 | 1,320,000 1,450,000 Total: 2,770,000 | 0.2% | |
| | JRE Tenjin 3Chome Building | Real property | 19 | 3,995 | 100.0% | 2,060 | 1,311 | 1,550,000 | 0.1% | |
| | JRE Tenjin Crystal Building | Real property | 29 | 5,964 | 98.4% | 3,420 | 3,406 | 5,000,000 | 0.4% | |
| | Hinode Tenjin Building | Trust | 4 | 5,944 | 100.0% | 5,130 | 3,274 | 3,657,000 | 0.3% | |
| | | Total | 1,600 | 888,354 | 95.0% | 1,341,110 | 1,016,270 | 1,133,528,154 | 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 floor area in multiple properties. Moreover, a portion of GRAND FRONT OSAKA (North Building) and GRAND FRONT OSAKA (Umekita Plaza and South Building) are leased in bulk through a pass-through master lease system, the number of bulk lessees is defined as the number of tenants. For the portion of GRAND FRONT OSAKA (North Building) leased in part under a fixed master lease or direct lease, the bulk lessees or end tenants of the said portion are added to the total number of tenants of the same property.

*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 floor area for Kitanomaru Square, Nibancho Garden, Akasaka Park Building or Nishiki Park Building. The residential portions for these properties are as follows: Kitanomaru Square, leasable floor area: 11,694m², occupancy rate: 91.2%; Nibancho Garden, leasable floor area: 1,686m², occupancy rate: 100.0%; Akasaka Park Building, leasable floor area: 10,780m², occupancy rate: 92.6%; Nishiki Park Building, leasable floor area: 954m², occupancy rate: 93.6%.
- *6. Appraisal values by Japan Real Estate Institute.
- *7. This includes the acquisition price of the land and building adjacent to JRE Ginza 3Chome East 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.
- *8. Appraisal values by Chuo Real Estate Appraisal Co., Ltd.
- *9. Because a 25% quasi-co-ownership interest in Harumi Front was disposed of on December 1, 2022 after entering into a real estate management and disposition trust agreement and establishing the trust and because a 30% quasi-co-ownership interest was disposed of on April 3, 2023, 25% and 30% of the acquisition price of the former real estate as of January 7, 2013 have each been deducted.
- *10. 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 124 shares of Tokyo Opera City Building Co., Ltd. are valued at 10,336 thousand yen and the 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. are valued at 566,831 thousand yen.
- *11. Because the building was disposed on August 23, 2013, the acquisition price of the former building, 1,170 million yen, 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 disposed of and a portion of the extinguished easement related to the site (liquidation cost, 615 million yen) thereafter.
- *13. Because the building portion of Shibuya Cross Tower (land with leasehold interest) was disposed on January 18, 2018, no total number of tenants, leasable floor area or occupancy rate are provided. Furthermore, the 5,153 m² portion of land still held is being rented to the transferee of the building, Mitsubishi Estate Co., Ltd.
- *14. Because the building was disposed on January 18, 2018, the acquisition price of the building at the time of the land and building purchase dated November 30, 2001, has been deducted.
- *15. On acquiring Osaki 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.
- *16. On acquiring Nishiki Park Building on October 2, 2006, the Company inherited the 9,000 thousand yen lease deposit made by the land renters held by the seller of the building.
- *17. Accompanying the acquisitions of GRAND FRONT OSAKA (North Building) and GRAND FRONT OSAKA (Umekita Plaza and South Building) on October 1, 2021, the Company acquired 1,666 shares of KMO Corporation (planning and management business related to the "Knowledge Capital" facility) at a total acquisition price of 83,300 thousand yen, a right to claim a refund of funds related to Knowledge Capital Association (planning and management business related to the "Knowledge Capital" facility) at a total acquisition price of 4,900 thousand yen, and a right to claim a refund of funds related to GRAND FRONT OSAKA TMO General Incorporated Association (business related to regional revitalization, etc.) at an acquisition price of 490 thousand yen.
Regarding the appraisal values at the end of the fiscal period for the above-mentioned shares and the rights to claim a refund of funds, the 1,666 shares of KMO Corporation were valued at 83,300 thousand yen, the right to claim a refund of funds related to Knowledge Capital Association was valued at 4,900 thousand yen, and the right to claim a refund of funds related to GRAND FRONT OSAKA TMO General Incorporated Association was valued at 490 thousand yen. On acquiring the property, the Company inherited the land renter's lease deposit of 1,696 thousand yen held by the seller of the building.
- *18. Trust assets of the trust beneficiary right acquired by the Company include a claim for 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 previous owner.
- *19. Because the retail units were disposed on September 28, 2018, the acquisition price of the retail units at the time of the land and building purchase dated February 1, 2006, has been deducted.
- *20. 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.

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 assets for the September 2023 period (April 1, 2023 – September 30, 2023). Furthermore, the income summary is presented based on the previously mentioned "Summary of Significant Accounting Policies."

(Millions of Yen)

| Name of property | Revenues / Expenses (April 1, 2023 – September 30, 2023) | | | | | | | | | | | | |
|---|--|------------------------------|--------------------|--------------------------|--------------------|--------------------|-------------------|----------------|---|-------------------------------|---------------|-----------------------------|------------|
| | Property-related revenues | Property-related expenses | | | | | | | | Property-related profits ② | NOI ③(①+②) | Capital expenditures ④*1 | NCF ③-④ |
| | | Property management expenses | Utilities expenses | Property and other taxes | Casualty insurance | Repairing expenses | Depreciation ① | Other expenses | | | | | |
| Kitanomaru Square | 1,632 | 617 | 131 | 102 | 102 | 1 | 32 | 247 | 0 | 1,015 | 1,262 | 68 | 1,194 |
| JRE Kanda-Ogawamachi Building | 230 | 97 | 18 | 18 | 24 | 0 | 4 | 31 | - | 133 | 164 | 36 | 128 |
| Kandabashi Park Building | 120 | 43 | 1 | - | 19 | 0 | 2 | 20 | - | 76 | 96 | 4 | 92 |
| Otemachi Financial City North Tower | 367 | 281 | 43 | 65 | 69 | 0 | 0 | 101 | 0 | 85 | 187 | 1 | 186 |
| Otemachi Park Building | 182 | 97 | 9 | 16 | 34 | 0 | 0 | 37 | 0 | 85 | 122 | - | 122 |
| Nibancho Garden | 496 | 226 | 63 | 40 | 60 | 0 | 3 | 58 | - | 270 | 328 | 0 | 328 |
| Mitsubishi UFJ Trust and Banking Building | 985 | 381 | 58 | 59 | 168 | 0 | 5 | 85 | 3 | 604 | 689 | 0 | 689 |
| Burex Kojimachi Building | 162 | 52 | - | - | 15 | 0 | 2 | 34 | - | 109 | 144 | - | 144 |
| CIRCLES Hirakawacho | 26 | 15 | 2 | 1 | 0 | 0 | - | 11 | - | 11 | 23 | - | 23 |
| Sanno Grand Building | 797 | 383 | 101 | 71 | 130 | 0 | 14 | 61 | 2 | 413 | 475 | 67 | 407 |
| Yurakucho Denki Building | 232 | 124 | 26 | 22 | 52 | 0 | 0 | 20 | 0 | 108 | 129 | 2 | 126 |
| Front Place Nihonbashi | 403 | 147 | 23 | 23 | 44 | 0 | 1 | 53 | 0 | 256 | 310 | 8 | 301 |
| JRE Kayabacho 2Chome Building | 137 | 54 | 10 | 12 | 13 | 0 | 0 | 16 | - | 82 | 99 | - | 99 |
| Burex Kyobashi Building | 158 | 60 | - | - | 12 | 0 | 20 | 26 | - | 98 | 125 | 182 | (57) |
| JRE Ginza 1Chome East Building | 173 | 92 | 15 | 12 | 11 | 0 | 4 | 48 | - | 80 | 128 | 4 | 124 |
| Ginza Sanwa Building | 174 | 184 | 27 | 15 | 101 | 0 | 14 | 25 | 0 | (10) | 14 | 11 | 3 |
| JRE Ginza 3Chome Building | 169 | 94 | 12 | 12 | 18 | 0 | 8 | 41 | - | 74 | 116 | 22 | 93 |
| Harumi Front*2 | 441 | 290 | 32 | 34 | 38 | 0 | 34 | 148 | 1 | 150 | 298 | 0 | 297 |
| Akasaka Park Building | 2,147 | 1,271 | 238 | 282 | 286 | 2 | 61 | 396 | 2 | 876 | 1,272 | 181 | 1,090 |
| the ARGYLE aoyama | 482 | 156 | 34 | 35 | (0) | 0 | - | 86 | 0 | 325 | 412 | - | 412 |
| JRE Aoyama Crystal Building | 210 | 96 | 14 | 16 | 37 | 0 | 5 | 22 | 0 | 114 | 136 | - | 136 |
| Clover Shiba-koen | 119 | 41 | 11 | 7 | 7 | 0 | 1 | 13 | - | 78 | 91 | - | 91 |

(Millions of Yen)

| Name of property | Revenues / Expenses (April 1, 2023 – September 30, 2023) | | | | | | | | | | | | |
|-------------------------------------|--|------------------------------|--------------------|--------------------------|--------------------|--------------------|-------------------|----------------|----|-------------------------------|---------------|-----------------------------|------------|
| | Property-related revenues | Property-related expenses | | | | | | | | Property-related profits ② | NOI ③(①+②) | Capital expenditures ④*1 | NCF ③-④ |
| | | Property management expenses | Utilities expenses | Property and other taxes | Casualty insurance | Repairing expenses | Depreciation ① | Other expenses | | | | | |
| Shiodome Building | 1,703 | 999 | 210 | 161 | 212 | 1 | 23 | 389 | 1 | 704 | 1,093 | 61 | 1,032 |
| JRE Shiba 2Chome Daimon Building | 309 | 203 | 36 | 26 | 44 | 0 | 33 | 62 | - | 105 | 168 | 13 | 155 |
| JRE Cosmo Kanasugibashi Building | 111 | 49 | 12 | 6 | 15 | 0 | 0 | 14 | 0 | 61 | 75 | 4 | 71 |
| Seavans S Building | 228 | 133 | 36 | 32 | 21 | 0 | 8 | 34 | 0 | 94 | 129 | 42 | 86 |
| Tamachi Front Building | 164 | 67 | 10 | 9 | 14 | 0 | 2 | 29 | 0 | 96 | 126 | - | 126 |
| Shinjuku Eastside Square | 1,980 | 783 | 131 | 186 | 127 | 1 | 12 | 320 | 1 | 1,197 | 1,518 | 29 | 1,488 |
| Shinjuku Front Tower | 815 | 449 | 106 | 61 | 91 | 1 | 14 | 173 | 1 | 366 | 539 | 27 | 511 |
| JRE Nishi-Shinjuku Terrace | 254 | 111 | 21 | 16 | 22 | 0 | 11 | 39 | - | 143 | 183 | 21 | 161 |
| Tokyo Opera City Building*3 | 1,541 | 1,132 | *3 | *3 | *3 | *3 | *3 | *3 | *3 | 409 | *3 | 66 | *3 |
| Front Place Minami-Shinjuku | 198 | 86 | 15 | 11 | 28 | 0 | 0 | 31 | 0 | 112 | 143 | - | 143 |
| Link Square Shinjuku | 598 | 280 | 51 | 41 | 53 | 0 | 0 | 132 | 0 | 318 | 450 | - | 450 |
| JRE Yoyogi 1Chome Building | 350 | 125 | 25 | 23 | 27 | 0 | 7 | 40 | - | 225 | 266 | 18 | 247 |
| JRE Jingumae Terrace | 186 | 113 | 10 | 13 | 22 | 0 | 53 | 13 | - | 73 | 87 | - | 87 |
| JRE Jingumae Media Square Building | 332 | 203 | 29 | 31 | 68 | 0 | 22 | 50 | - | 128 | 178 | 0 | 178 |
| Shibuya Cross Tower (Land) | 542 | 99 | - | - | 99 | - | - | - | - | 443 | 443 | - | 443 |
| Ebisu Neonato | 488 | 238 | 50 | 35 | 40 | 2 | 2 | 105 | - | 250 | 356 | 1 | 354 |
| TIXTOWER UENO | 700 | 394 | 63 | 47 | 39 | 1 | 49 | 193 | - | 305 | 498 | - | 498 |
| Toyosu Foresia | 223 | 119 | 38 | 22 | (0) | 0 | 1 | 56 | 0 | 104 | 161 | 0 | 160 |
| Toyosu Front | 694 | 414 | 113 | 64 | 44 | 0 | 13 | 177 | 0 | 279 | 457 | 3 | 453 |
| JRE Higashi Gotanda 1Chome Building | 199 | 95 | 13 | 23 | 16 | 0 | 16 | 24 | 0 | 104 | 129 | 98 | 30 |
| Osaki Front Tower | 726 | 407 | 68 | 51 | 25 | 0 | 9 | 156 | 96 | 318 | 474 | 36 | 438 |
| JRE Omori-Eki Higashiguchi Building | 247 | 134 | 29 | 22 | 27 | 0 | 11 | 43 | - | 113 | 157 | 58 | 98 |
| Harmony Tower | 507 | 167 | 45 | - | 58 | 0 | 12 | 50 | - | 339 | 389 | - | 389 |
| JRE Ikebukuro 2Chome Building | 72 | 32 | 7 | 6 | 5 | 0 | 3 | 8 | 0 | 39 | 48 | - | 48 |
| JRE Minami-Ikebukuro Building | 204 | 81 | 16 | 18 | 17 | 0 | 3 | 25 | - | 122 | 147 | - | 147 |

(Millions of Yen)

| Name of property | Revenues / Expenses (April 1, 2023 – September 30, 2023) | | | | | | | | | | | | |
|--|--|------------------------------|--------------------|--------------------------|--------------------|--------------------|-------------------|----------------|----|-------------------------------|---------------|-----------------------------|------------|
| | Property-related revenues | Property-related expenses | | | | | | | | Property-related profits ② | NOI ③(①+②) | Capital expenditures ④*1 | NCF ③-④ |
| | | Property management expenses | Utilities expenses | Property and other taxes | Casualty insurance | Repairing expenses | Depreciation ① | Other expenses | | | | | |
| Hachioji First Square | 243 | 122 | 51 | 11 | 26 | 0 | (2) | 36 | 0 | 120 | 156 | - | 156 |
| JRE Saitama Urawa Building | 134 | 114 | 14 | 11 | 9 | 0 | 60 | 18 | - | 20 | 38 | 69 | (30) |
| MM Park Building | 1,272 | 632 | 134 | 207 | 84 | 1 | 24 | 178 | 1 | 640 | 818 | 36 | 782 |
| Queen's Tower A | 995 | 777 | 212 | 115 | 119 | 2 | 64 | 256 | 6 | 217 | 474 | 213 | 260 |
| Musashi Kosugi STM Building | 169 | 69 | 21 | 5 | 13 | 0 | 0 | 28 | 0 | 99 | 128 | 1 | 127 |
| 8・3 Square Kita Building | 383 | 163 | 35 | 57 | 24 | 0 | 8 | 37 | - | 219 | 257 | 4 | 253 |
| Jozenji Park Building | 68 | 40 | 9 | 9 | 7 | 0 | 1 | 12 | - | 28 | 40 | 0 | 40 |
| JRE Higashi Nibancho Square | 631 | 300 | 67 | 76 | 44 | 0 | 8 | 101 | - | 331 | 433 | 1 | 432 |
| JRE Sendai Honcho Honma Building | 149 | 79 | 19 | 17 | 18 | 0 | 5 | 19 | - | 69 | 89 | 0 | 88 |
| AER | 745 | 400 | 97 | 87 | 69 | 0 | 21 | 124 | 0 | 344 | 468 | 29 | 438 |
| Daido Seimei Niigata Building | 72 | 56 | 12 | 8 | 6 | 0 | 2 | 27 | - | 15 | 43 | - | 43 |
| Kanazawa Park Building | 522 | 340 | 100 | 56 | 68 | 0 | 21 | 92 | - | 181 | 274 | 19 | 255 |
| JRE Kanazawa Kamitsutsumicho Building | 143 | 95 | 18 | 18 | 10 | 0 | 7 | 40 | - | 48 | 89 | 31 | 57 |
| Nishiki Park Building | 295 | 201 | 53 | 27 | 26 | 0 | 24 | 62 | 6 | 94 | 156 | 7 | 149 |
| JRE Nagoya Hirokoji Place | 425 | 180 | 47 | 40 | 38 | 0 | 4 | 48 | - | 244 | 293 | 12 | 280 |
| Nagoya Hirokoji Building | 616 | 418 | 90 | 61 | 72 | 0 | 41 | 149 | 2 | 197 | 347 | 18 | 329 |
| JRE Shijo Karasuma Center Building | 246 | 119 | 29 | 17 | 12 | 0 | 14 | 46 | 0 | 127 | 173 | 11 | 161 |
| GRAND FRONT OSAKA (North Building)*4 | *4 | *4 | *4 | *4 | *4 | *4 | *4 | *4 | *4 | 73 | 134 | 38 | 96 |
| GRAND FRONT OSAKA (Umekita Plaza and South Building)*4 | *4 | *4 | *4 | *4 | *4 | *4 | *4 | *4 | *4 | 82 | 141 | 104 | 36 |
| JRE Umeda Square Building | 499 | 254 | 52 | 36 | 56 | 0 | 23 | 84 | - | 245 | 329 | 184 | 145 |
| JRE Dojima Tower | 793 | 560 | 104 | 104 | 79 | 1 | 13 | 256 | - | 232 | 488 | 39 | 449 |
| JRE Sakaisujihonmachi Building | 246 | 149 | 42 | 29 | 38 | 0 | 11 | 26 | - | 96 | 123 | 22 | 101 |
| Forecast Sakaisujihonmachi | 55 | 30 | 3 | 5 | 0 | 0 | - | 22 | 0 | 24 | 47 | - | 47 |
| JRE Midosuji Daiwa Building | 560 | 303 | 65 | 57 | 84 | 0 | 10 | 85 | 0 | 256 | 341 | 44 | 296 |

(Millions of Yen)

| Name of property | Revenues / Expenses (April 1, 2023 – September 30, 2023) | | | | | | | | | | | | |
|--|--|------------------------------|--------------------|--------------------------|--------------------|--------------------|-------------------|----------------|-----|-------------------------------|---------------|-----------------------------|------------|
| | Property-related revenues | Property-related expenses | | | | | | | | Property-related profits ② | NOI ③(①+②) | Capital expenditures ④*1 | NCF ③-④ |
| | | Property management expenses | Utilities expenses | Property and other taxes | Casualty insurance | Repairing expenses | Depreciation ① | Other expenses | | | | | |
| JRE Amagasaki Front Building | 418 | 246 | 64 | 34 | 26 | 0 | 10 | 109 | 0 | 171 | 280 | 15 | 265 |
| Lit City Building | 249 | 125 | 35 | 26 | 17 | 1 | 13 | 31 | - | 123 | 155 | - | 155 |
| NHK Hiroshima Broadcasting Center Building | 263 | 212 | 49 | 34 | 24 | 0 | 5 | 70 | 26 | 51 | 122 | 19 | 103 |
| JRE Tenjin 3Chome Building | 102 | 45 | 14 | 6 | 7 | 0 | 3 | 12 | 0 | 56 | 69 | 3 | 66 |
| JRE Tenjin Crystal Building | 168 | 164 | 23 | 17 | 20 | 0 | 38 | 64 | 0 | 3 | 68 | 33 | 35 |
| Hinode Tenjin Building | 201 | 73 | 21 | 16 | 16 | 0 | 0 | 18 | 0 | 127 | 146 | 10 | 135 |
| Total | 34,497 | 18,447 | 3,939 | 3,282 | 3,640 | 44 | 1,064 | 6,263 | 213 | 16,049 | 22,313 | 2,052 | 20,260 |

*1. 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.

*2. The Company disposed of a 30% interest in Harumi Front on April 3, 2023.

*3. 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 relevant real estate.

*4. The Property-related revenues and expenses (including breakdown) of Grand Front Osaka (North Building) and Grand Front Osaka (Umekita Plaza and South Building) have been refrained from disclosure as the consent of the co-owners, etc. has not been obtained.

c. Condition of Other Assets

(i) Shares/Investment Securities

(Thousands of Yen)

| Securities | Number of shares | Acquisition price | | Appraisal value | | Valuation gain/loss | 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 | — | * |
| KMO Corporation | 1,666 | 50 | 83,300 | 50 | 83,300 | — | * |
| Total | — | — | 660,468 | — | 660,468 | — | — |

* Appraisal value for relevant non-listed stock are defined as acquisition prices.

(ii) Securities Other Than Shares/Investment Securities

(Thousands of Yen)

| Type | Name | Total face value | Book value | Accrued interest income | Prepayment of accrued interest | Appraisal value | Valuation gain/loss | Notes |
|----------------------------------|------------------------------|------------------|------------|-------------------------|--------------------------------|-----------------|---------------------|-------|
| Right to claim a refund of funds | Knowledg Capital Association | — | 4,900 | — | — | 4,900 | — | *1 |
| Investment in capital | The Asahi Shinkin Bank *2 | — | 10 | — | — | 10 | — | *1 |
| Total | | — | 4,910 | — | — | 4,910 | — | — |

*1. Appraisal values for the right to claim a refund of funds and investment in capital are defined as book values.

*2. Investment in capital of The Asahi Shinkin Bank is presented in this row for purposes of convenience.

(iii) Other Specified Assets

(Thousands of Yen)

| Specified asset type | Quantity | Book value | | Appraisal value | | Valuation gain/loss | Notes |
|----------------------------------|----------|------------|-----------|-----------------|-----------|---------------------|-------|
| | | Unit price | Amount | Unit price | Amount | | |
| Monetary claim | 1 | 1,040,000 | 1,040,000 | 1,040,000 | 1,040,000 | — | — |
| Right to claim a refund of funds | 1 | — | 490 | — | 490 | — | * |
| Total | — | — | 1,040,490 | — | 1,040,490 | — | — |

* Appraisal value for the right to claim a refund of funds is defined as a book value.

Trust beneficiary rights, mainly consisted of the 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 property (Location) | Purpose | Scheduled period | Estimated cost (¥ million) | | |
|---|--|-------------------------------------|----------------------------|---|---------------------------|
| | | | Total amount | Payment amount for the fiscal under review period | Total amount already paid |
| Osaki Front Tower (Shinagawa-ku, Tokyo) | Upgrade of air conditioning facilities | From October 2023 To March 2024 | 391 | – | – |
| JRE Nagoya Hirokoji Place (Nagoya, Aichi Prefecture) | Upgrade of air conditioning facilities | From June 2023 To May 2024 | 287 | – | – |
| NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture) | Elevator renewal construction | From June 2023 To March 2024 | 149 | – | – |
| NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture) | Upgrade of air conditioning facilities | From June 2022 To November 2023 | 80 | – | – |
| NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture) | Upgrade of electrical equipment | From August 2023 To March 2024 | 33 | – | – |
| JRE Tenjin 3Chome Building (Fukuoka, Fukuoka Prefecture) | Elevator renewal construction | From August 2023 To March 2024 | 26 | – | – |
| Daido Seimei Niigata Building (Niigata, Niigata Prefecture) | Elevator renewal construction | From April 2023 To December 2023 | 19 | – | – |

(ii) Capital expenditures during the period under review

For acquired real estate and other assets, capital expenditures incurred in the period under review totaled ¥2,052 million and repair, maintenance and renovation expenses classified as expenses in the period under review totaled ¥1,064 million, for a total of ¥3,116 million worth of construction that has been carried out.

The major item in the capital expenditure was the upgrade of electrical equipment of JRE Umeda Square Building.

| Name of property (Location) | Purpose | Period | Expenditures for construction (¥ million) |
|---|---|-------------------------------------|--|
| JRE Umeda Square Building (Osaka, Osaka Prefecture) | Upgrade of electrical equipment | From June 2022 To September 2023 | 184 |
| Burex Kyobashi Building (Chuo-ku, Tokyo) | Upgrade of air conditioning facilities | From September 2022 To May 2023 | 182 |
| JRE Higashi Gotanda 1Chome Building (Shinagawa-ku, Tokyo) | Upgrade of air conditioning facilities | From June 2023 To September 2023 | 98 |
| JRE Saitama Urawa Building (Saitama, Saitama Prefecture) | Upgrade of electrical equipment | From July 2023 To September 2023 | 66 |
| Other real estate | | | 1,520 |
| Total | | | 2,052 |

(iii) Money Saved for Long-term Repair Plans

“Not applicable”

e. Expenses and Liabilities

(i) Details on Operation-related Expenses

| Item | For the period from October 1, 2022 to March 31, 2023 | For the period from April 1, 2023 to September 30, 2023 |
|---------------------------------|---|---|
| (a) Asset management fees *1 | ¥1,621,876 thousand | ¥1,745,491 thousand |
| (breakdown) NOI-linked fee | ¥876,043 thousand | ¥892,537 thousand |
| Distribution-linked fee I *2 | ¥322,381 thousand | ¥336,600 thousand |
| Distribution-linked fee II *2 | ¥423,451 thousand | ¥516,354 thousand |
| (b) Asset custody fees | ¥55,900 thousand | ¥47,229 thousand |
| (c) Administrative service fees | ¥134,852 thousand | ¥139,135 thousand |
| (d) Directors' compensations | ¥7,800 thousand | ¥7,800 thousand |
| (e) Commission expenses | ¥123,266 thousand | ¥85,475 thousand |
| (f) Other operating expenses | ¥107,533 thousand | ¥107,016 thousand |
| Total | ¥2,051,228 thousand | ¥2,132,148 thousand |

*1 In addition to the asset management fees 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 March 31, 2023, the acquisition fee amounted to ¥211,400 thousand, and the disposition fee amounted to ¥48,887 thousand, and in the period ended September 30, 2023, the acquisition fee amounted to ¥86,075 thousand, and the disposition fee amounted to ¥56,498 thousand.

*2 The Company set up “Distribution-linked fee I,” which is mainly linked to leasing business profit, which is a distributable resource of a regular nature, and “Distribution-linked fee II,” which is linked to gains on the sale of real estate (the positive value after taking into account the gains and losses on the sale of real estate), which is a distributable resource of a transient nature.

(ii) Borrowings

The condition of loans by financial institutions as of September 30, 2023 is as follows.

| | Classification | 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 | | | | | | | | |
| Short-term borrowings | Mizuho Bank, Ltd. | March 30, 2023 | 8,300,000 | — | 0.0173 | April 6, 2023 | Bullet | *2 | Unsecured Unguaranteed Unsubordinated |
| | Sumitomo Mitsui Trust Bank, Limited | April 20, 2022 | 2,000,000 | — | 0.1027 | April 20, 2023 | | | |
| | MUFG Bank, Ltd. *3 | February 20, 2023 | 11,000,000 | — | 0.11455 | May 18, 2023 | | | |
| | MUFG Bank, Ltd. | May 29, 2023 | — | — | 0.08455 | June 29, 2023 | | | |
| | MUFG Bank, Ltd. | June 1, 2023 | — | — | 0.08455 | July 3, 2023 | | | |
| | Mizuho Bank, Ltd. | July 25, 2022 | 2,000,000 | — | 0.09426 | July 10, 2023 | | | |
| | MUFG Bank, Ltd. *4 | May 18, 2023 | — | — | 0.11455 | August 18, 2023 | | | |
| | MUFG Bank, Ltd. *5 | August 18, 2023 | — | 11,000,000 | 0.110 | November 20, 2023 | | | |
| | MUFG Bank, Ltd. | March 27, 2023 | 29,000,000 | 1,500,000 *6 | 0.09729 | March 7, 2024 | | | |
| | MUFG Bank, Ltd. | July 3, 2023 | — | 9,000,000 *7 | 0.0855 | March 29, 2024 | | | |
| | Sumitomo Mitsui Trust Bank, Limited | April 20, 2023 | — | 2,000,000 | 0.08984 | April 22, 2024 | | | |
| | Mizuho Bank, Ltd. | May 29, 2023 | — | — | 0.0845 | May 29, 2024 *8 | | | |
| | Mizuho Bank, Ltd. | July 10, 2023 | — | 2,000,000 | 0.0901 | July 10, 2024 | | | |
| | MUFG Bank, Ltd. | August 31, 2023 | — | 9,000,000 | 0.08674 | August 30, 2024 | | | |
| | Mizuho Bank, Ltd. | August 31, 2023 | — | 8,500,000 | 0.08669 | August 30, 2024 | | | |
| Subtotal | | | 52,300,000 | 43,000,000 | | | | | |
| Long-term borrowings | Sumitomo Mitsui Banking Corporation | November 29, 2018 | 3,000,000 | — | 0.1694 | May 29, 2023 | Bullet | *2 | Unsecured Unguaranteed Unsubordinated |
| | Sumitomo Mitsui Trust Bank, Limited | November 29, 2018 | 3,000,000 | — | 0.1694 | May 29, 2023 | | | |
| | MUFG Bank, Ltd. | June 1, 2017 | 12,000,000 | — | 0.0386 *9 *10 | June 1, 2023 | | | |
| | The Chugoku Bank, Limited | June 15, 2015 | 3,000,000 | — | 0.61175 | June 15, 2023 | | | |
| | The Bank of Fukuoka, Ltd. | June 15, 2017 | 2,500,000 | — | 0.2388 | June 15, 2023 | | | |
| | MUFG Bank, Ltd. | December 19, 2014 | 10,000,000 | 10,000,000 | 0.42375 *11 | December 19, 2023 *12 | | | |
| | MUFG Bank, Ltd. | March 26, 2018 | 5,000,000 | 5,000,000 | 0.05305 *9 *13 | March 26, 2024 *12 | | | |
| | The Hachijuni Bank, Ltd. | March 26, 2018 | 1,000,000 | 1,000,000 | 0.2338 | March 26, 2024 *12 | | | |
| | Sumitomo Mitsui Trust Bank, Limited | May 29, 2019 | 5,000,000 | 5,000,000 | 0.075 | May 29, 2024 *12 | | | |
| | The Iyo Bank, Ltd. | June 15, 2017 | 2,500,000 | 2,500,000 | 0.275 | June 17, 2024 *12 | | | |

| Classification | 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 |
|-------------------------------------|--------------------|---------------|--|--|------------------------------|----------------|------------------|-----------------|-------|
| | | | | | | | | | |
| MUFG Bank, Ltd. | September 1, 2015 | 3,500,000 | 3,500,000 | 0.630 | September 2, 2024 *12 | | | | |
| Sumitomo Mitsui Trust Bank, Limited | September 2, 2015 | 3,800,000 | 3,800,000 | 0.536 | September 2, 2024 *12 | | | | |
| The Norinchukin Bank | September 1, 2017 | 5,000,000 | 5,000,000 | 0.240 | September 2, 2024 *12 | | | | |
| Sumitomo Mitsui Trust Bank, Limited | September 26, 2019 | 5,500,000 | 5,500,000 | 0.105 | September 26, 2024 *12 | | | | |
| Taiyo Life Insurance Company | October 1, 2014 | 2,000,000 | 2,000,000 | 0.7825 | October 1, 2024 | | | | |
| Mizuho Bank, Ltd. | October 1, 2015 | 2,500,000 | 2,500,000 | 0.5575 | October 1, 2024 | | | | |
| The Gunma Bank, Ltd. | November 18, 2019 | 1,000,000 | 1,000,000 | 0.12348 *9 | November 18, 2024 | | | | |
| MUFG Bank, Ltd. | June 1, 2018 | 10,000,000 | 10,000,000 | 0.2544 | December 2, 2024 | | | | |
| Shinkin Central Bank | January 7, 2020 | 2,000,000 | 2,000,000 | 0.2075 | January 7, 2025 | | | | |
| The Ashikaga Bank, Ltd. | January 9, 2018 | 1,000,000 | 1,000,000 | 0.285 | January 9, 2025 | | | | |
| Mizuho Trust & Banking Co., Ltd. | March 2, 2015 | 3,000,000 | 3,000,000 | 0.5585 | March 3, 2025 | | | | |
| MUFG Bank, Ltd. | March 26, 2018 | 2,000,000 | 2,000,000 | 0.2725 | March 26, 2025 | | | | |
| Development Bank of Japan Inc. | March 30, 2017 | 5,000,000 | 5,000,000 | 0.315 | March 31, 2025 | | | | |
| Taiyo Life Insurance Company | May 29, 2015 | 1,500,000 | 1,500,000 | 0.7375 | May 29, 2025 | | | | |
| Sumitomo Mitsui Trust Bank, Limited | June 15, 2020 | 7,000,000 | 7,000,000 | 0.2075 | June 16, 2025 | | | | |
| Sumitomo Mitsui Banking Corporation | July 20, 2021 | 5,000,000 | 5,000,000 | 0.15375 | July 22, 2025 | | | | |
| Sumitomo Mitsui Trust Bank, Limited | August 31, 2018 | 3,000,000 | 3,000,000 | 0.320 | August 29, 2025 | | | | |
| Development Bank of Japan Inc. | September 1, 2015 | 7,000,000 | 7,000,000 | 0.7175 | September 1, 2025 | | | | |
| Sumitomo Mitsui Trust Bank, Limited | September 23, 2020 | 5,000,000 | 5,000,000 | 0.1475 | September 24, 2025 | | | | |
| Mizuho Bank, Ltd. | December 26, 2016 | 5,000,000 | 5,000,000 | 0.3625 | December 26, 2025 | | | | |
| Sumitomo Mitsui Trust Bank, Limited | January 29, 2021 | 2,000,000 | 2,000,000 | 0.1625 | January 29, 2026 | | | | |
| MUFG Bank, Ltd. | February 26, 2018 | 6,500,000 | 6,500,000 | 0.3413 | February 26, 2026 | | | | |

| Classification | 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 |
|---|--------------------|---------------|--|--|------------------------------|----------------|------------------|-----------------|-------|
| | | | | | | | | | |
| Shinkin Central Bank | March 30, 2017 | 5,000,000 | 5,000,000 | 0.360 | March 30, 2026 | | | | |
| Sumitomo Mitsui Trust Bank, Limited | June 28, 2021 | 3,700,000 | 3,700,000 | 0.17875 | June 29, 2026 | | | | |
| The Norinchukin Bank | January 23, 2019 | 4,000,000 | 4,000,000 | 0.1988 | July 23, 2026 | | | | |
| Shinkin Central Bank | September 1, 2017 | 5,000,000 | 5,000,000 | 0.3188 | September 1, 2026 | | | | |
| MUFG Bank, Ltd. | October 31, 2016 | 3,000,000 | 3,000,000 | 0.240 | October 30, 2026 | | | | |
| Mizuho Bank, Ltd. | December 21, 2016 | 5,000,000 | 5,000,000 | 0.415 | December 21, 2026 | | | | |
| Shinkin Central Bank | January 23, 2019 | 5,000,000 | 5,000,000 | 0.2213 | January 25, 2027 | | | | |
| Sumitomo Mitsui Banking Corporation *14 | March 30, 2023 | 3,000,000 | 3,000,000 | 0.2375 | March 30, 2027 | | | | |
| Shinkin Central Bank | April 24, 2018 | 6,000,000 | 6,000,000 | 0.3675 | April 26, 2027 | | | | |
| The Norinchukin Bank | July 3, 2020 | 2,000,000 | 2,000,000 | 0.24375 | July 5, 2027 | | | | |
| The Joyo Bank, Ltd. | January 9, 2018 | 1,000,000 | 1,000,000 | 0.4188 | January 11, 2028 | | | | |
| Sumitomo Mitsui Banking Corporation | January 19, 2018 | 3,000,000 | 3,000,000 | 0.4338 | January 19, 2028 | | | | |
| The Bank of Fukuoka, Ltd. | January 29, 2021 | 2,500,000 | 2,500,000 | 0.21875 | January 31, 2028 | | | | |
| Mizuho Bank, Ltd. | March 30, 2018 | 4,000,000 | 4,000,000 | 0.3963 | March 30, 2028 | | | | |
| MUFG Bank, Ltd. | March 30, 2018 | 4,000,000 | 4,000,000 | 0.3963 | March 30, 2028 | | | | |
| Taiyo Life Insurance Company | March 30, 2018 | 1,000,000 | 1,000,000 | 0.3963 | March 30, 2028 | | | | |
| The Bank of Fukuoka, Ltd. | August 31, 2021 | 1,500,000 | 1,500,000 | 0.20625 | August 31, 2028 | | | | |
| MUFG Bank, Ltd. | September 29, 2023 | — | 1,000,000 | 0.5625 | September 29, 2028 | | | | |
| Mizuho Bank, Ltd. | November 15, 2019 | 8,500,000 | 8,500,000 | 0.34875 | November 15, 2028 | | | | |
| The Nishi-Nippon City Bank, Ltd. | December 17, 2021 | 1,000,000 | 1,000,000 | 0.27875 | December 18, 2028 | | | | |
| Shinkin Central Bank | January 15, 2020 | 5,000,000 | 5,000,000 | 0.325 | January 15, 2029 | | | | |
| Mizuho Bank, Ltd. | November 1, 2019 | 6,000,000 | 6,000,000 | 0.35125 | November 1, 2029 | | | | |

| | Classification | 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 borrowings | MUFG Bank, Ltd. | January 15, 2020 | 5,500,000 | 5,500,000 | 0.3625 | January 15, 2030 | Bullet | *2 | Unsecured Unguaranteed Unsubordinated |
| | MUFG Bank, Ltd. | April 27, 2020 | 5,000,000 | 5,000,000 | 0.35875 | April 26, 2030 | | | |
| | Mizuho Bank, Ltd. | April 27, 2020 | 5,000,000 | 5,000,000 | 0.35875 | April 26, 2030 | | | |
| | MUFG Bank, Ltd. | June 15, 2020 | 4,000,000 | 4,000,000 | 0.36125 | June 14, 2030 | | | |
| | The Keiyo Bank, Ltd. | June 29, 2023 | — | 1,000,000 | 0.39875 | June 28, 2030 | | | |
| | MUFG Bank, Ltd. | September 29, 2023 | — | 1,000,000 | 0.755 | September 30, 2030 | | | |
| | MUFG Bank, Ltd. | October 20, 2020 | 5,000,000 | 5,000,000 | 0.2925 | October 18, 2030 | | | |
| | MUFG Bank, Ltd. | December 21, 2020 | 10,000,000 | 10,000,000 | 0.2825 | December 20, 2030 | | | |
| | The Iyo Bank, Ltd. | March 24, 2021 | 2,000,000 | 2,000,000 | 0.17443 *9 | March 24, 2031 | | | |
| | The Yamanashi Chuo Bank, Ltd. | March 26, 2019 | 2,000,000 | 2,000,000 | 0.3688 | March 26, 2031 | | | |
| | MUFG Bank, Ltd. | April 5, 2021 | 5,000,000 | 5,000,000 | 0.41875 | April 4, 2031 | | | |
| | MUFG Bank, Ltd. | April 26, 2021 | 5,000,000 | 5,000,000 | 0.35625 | April 25, 2031 | | | |
| | Mizuho Bank, Ltd. | June 15, 2021 | 4,000,000 | 4,000,000 | 0.28875 | June 16, 2031 | | | |
| | The Norinchukin Bank *15 | January 29, 2021 | 5,000,000 | 5,000,000 | 0.34625 | July 31, 2031 | | | |
| | The Chugoku Bank, Limited | October 1, 2021 | 1,000,000 | 1,000,000 | 0.345 | October 1, 2031 | | | |
| | The Norinchukin Bank *16 | November 15, 2021 | 5,000,000 | 5,000,000 | 0.395 | November 17, 2031 | | | |
| | Shinkin Central Bank | November 15, 2021 | 5,000,000 | 5,000,000 | 0.405 | November 17, 2031 | | | |
| | Daishi Hokuetsu Bank, Ltd. | November 15, 2021 | 3,200,000 | 3,200,000 | 0.395 | November 17, 2031 | | | |
| | The Chugoku Bank, Limited | November 15, 2021 | 1,000,000 | 1,000,000 | 0.405 | November 17, 2031 | | | |
| | The 77 Bank, Ltd. | November 15, 2021 | 1,000,000 | 1,000,000 | 0.395 | November 17, 2031 | | | |
| The Hachijuni Bank, Ltd. | November 15, 2021 | 1,000,000 | 1,000,000 | 0.17341 *9 | November 17, 2031 | | | | |
| The Nishi-Nippon City Bank, Ltd. | December 17, 2021 | 1,000,000 | 1,000,000 | 0.37375 | December 17, 2031 | | | | |
| Sumitomo Mitsui Banking Corporation | January 7, 2022 | 2,000,000 | 2,000,000 | 0.415 | January 7, 2032 | | | | |

| Classification | 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. | January 17, 2022 | 5,000,000 | 5,000,000 | 0.4475 | January 19, 2032 | Bullet | *2 | Unsecured Unguaranteed Unsubordinated |
| | The Norinchukin Bank *17 | January 29, 2021 | 5,000,000 | 5,000,000 | 0.3675 | January 30, 2032 | | | |
| | The Norinchukin Bank | January 31, 2022 | 3,500,000 | 3,500,000 | 0.4725 | January 30, 2032 | | | |
| | The Shiga Bank, Ltd. | February 21, 2022 | 3,000,000 | 3,000,000 | 0.440 | February 24, 2032 | | | |
| | The Chugoku Bank, Limited | February 21, 2022 | 1,000,000 | 1,000,000 | 0.440 | February 24, 2032 | | | |
| | The Gunma Bank, Ltd. | February 21, 2022 | 1,000,000 | 1,000,000 | 0.440 | February 24, 2032 | | | |
| | The Chugoku Bank, Limited | June 15, 2022 | 1,000,000 | 1,000,000 | 0.57375 | June 15, 2032 | | | |
| | The 77 Bank, Ltd. | June 15, 2022 | 1,000,000 | 1,000,000 | 0.57375 | June 15, 2032 | | | |
| | The Norinchukin Bank *18 | June 17, 2022 | 3,000,000 | 3,000,000 | 0.60625 | June 17, 2032 | | | |
| | The Shinkumi Federation Bank | August 10, 2022 | 3,000,000 | 3,000,000 | 0.37875 | August 10, 2032 | | | |
| | The Toho Bank, Ltd. | | 1,000,000 | 1,000,000 | | | | | |
| | The Keiyo Bank, Ltd. | | 1,000,000 | 1,000,000 | | | | | |
| | The Tochigi Bank, Ltd. | | 500,000 | 500,000 | | | | | |
| | Daishi Hokuetsu Bank, Ltd. | August 10, 2022 | 2,000,000 | 2,000,000 | 0.39875 | August 10, 2032 | | | |
| | The Chugoku Bank, Limited | August 10, 2022 | 1,000,000 | 1,000,000 | 0.39875 | August 10, 2032 | | | |
| | MUFG Bank, Ltd. | September 9, 2022 | 2,000,000 | 2,000,000 | 0.555 | September 9, 2032 | | | |
| | The Nishi-Nippon City Bank, Ltd. | September 12, 2022 | 1,000,000 | 1,000,000 | 0.5475 | September 13, 2032 | | | |
| | The Tochigi Bank, Ltd. | December 12, 2022 | 1,000,000 | 1,000,000 | 0.68875 | December 13, 2032 | | | |
| | The Hachijuni Bank, Ltd. | December 20, 2022 | 1,000,000 | 1,000,000 | 0.7225 | December 20, 2032 | | | |
| | Development Bank of Japan Inc. | January 6, 2023 | 3,000,000 | 3,000,000 | 1.0262 | January 6, 2033 | | | |
| | Daishi Hokuetsu Bank, Ltd. | January 10, 2023 | 1,500,000 | 1,500,000 | 0.9725 | January 11, 2033 | | | |
| | The 77 Bank, Ltd. | January 10, 2023 | 1,000,000 | 1,000,000 | 0.9725 | January 11, 2033 | | | |
| | The Iyo Bank, Ltd. | January 16, 2023 | 1,000,000 | 1,000,000 | 0.17355 *9 | January 17, 2033 | | | |

| | Classification | 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 borrowings | The Hachijuni Bank, Ltd. | January 16, 2023 | 1,000,000 | 1,000,000 | 1.00625 | January 17, 2033 | Bullet | *2 | Unsecured Unguaranteed Unsubordinated |
| | The Asahi Shinkin Bank | January 17, 2023 | 3,000,000 | 3,000,000 | 1.125 | January 17, 2033 | | | |
| | Development Bank of Japan Inc. | January 31, 2023 | 5,000,000 | 5,000,000 | 0.9887 | January 31, 2033 | | | |
| | SBI Shinsei Bank, Limited *19 | March 15, 2023 | 2,500,000 | 2,500,000 | 0.80875 | March 15, 2033 | | | |
| | The Chugoku Bank, Limited | March 27, 2023 | 2,000,000 | 2,000,000 | 0.68375 | March 25, 2033 | | | |
| | The Norinchukin Bank *20 | March 27, 2023 | 3,500,000 | 3,500,000 | 0.72375 | March 28, 2033 | | | |
| | Sumitomo Mitsui Banking Corporation *21 | March 30, 2023 | 3,000,000 | 3,000,000 | 0.7087 | March 30, 2033 | | | |
| | Sumitomo Mitsui Banking Corporation | April 7, 2023 | — | 5,000,000 | 0.750 | April 7, 2033 | | | |
| | The Kiyo Bank, Ltd. | May 8, 2023 | — | 1,000,000 | 0.66625 | May 9, 2033 | | | |
| | Saitama Resona Bank, Limited | June 7, 2023 | — | 2,000,000 | 0.700 | June 7, 2033 | | | |
| | The Bank of Fukuoka, Ltd. | June 15, 2023 | — | 4,500,000 | 0.17391 *9 | June 15, 2033 | | | |
| | The Chugoku Bank, Limited | June 15, 2023 | — | 3,000,000 | 0.68125 | June 15, 2033 | | | |
| | Mizuho Bank, Ltd. | June 29, 2023 | — | 3,000,000 | 0.15950 *9 | June 29, 2033 | | | |
| | The Gunma Bank, Ltd. | July 3, 2023 | — | 1,000,000 | 0.17455 *9 | July 4, 2033 | | | |
| | Sumitomo Life Insurance Company | March 26, 2019 | 1,000,000 | 1,000,000 | 0.505 | March 27, 2034 | | | |
| Sumitomo Life Insurance Company | December 16, 2019 | 2,000,000 | 2,000,000 | 0.490 | December 18, 2034 | | | | |
| Subtotal | | 365,200,000 | 364,200,000 | | | | | | |
| Total | | 417,500,000 | 407,200,000 | | | | | | |

- *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. The weighted average for interest rates of loans for which floating interest rates were swapped to fixed rates in order to hedge the risk of interest rate fluctuations is calculated taking the effect of this swap into consideration.
- *2. The purposes of executing these loans are to purchase real properties or beneficiary right of real estate in trust, to repay existing loans, and to fund the redemption of investment corporation bonds.
- *3. As of February 20, 2023, MUFG Bank, Ltd. transferred its loan receivable of ¥5,900 million to Mitsubishi UFJ Trust and Banking Corporation.
- *4. As of May 18, 2023, MUFG Bank, Ltd. transferred its loan receivable of ¥10,200 million to Mitsubishi UFJ Trust and Banking Corporation.
- *5. As of August 18, 2023, MUFG Bank, Ltd. transferred its loan receivable of ¥10,300 million to Mitsubishi UFJ Trust and Banking Corporation.
- *6. The Company made repayments (¥23,200 million, ¥2,300 million and ¥2,000 million) before maturity on April 7, May 8 and June 7, 2023.
- *7. The Company made a repayment (¥2,000 million) before maturity on September 29, 2023.
- *8. The Company made a full repayment (¥3,000 million) before maturity on June 29, 2023.
- *9. These are floating rate borrowings which are not swapped into fixed rates.
- *10. The loan was based on floating rate (Base rate (Risk free rate (TONA) compounded in arrears over rate observation period (1 month)

according to the lookback method + spread adjustment (-0.02923%) + 0.09%).

- *11. 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 balance and the weighted average for interest rates during the period are calculated taking the effect of this interest-rate and currency swap into consideration.
- *12. At the end of the period under review, these loans are accounted for under current liabilities on the balance sheets as the current portion of long-term borrowings.
- *13. The loan was based on floating rate (Base rate (Risk free rate (TONA) compounded in arrears over rate observation period (3 months) according to the lookback method + spread adjustment (0.00835%)) + 0.09%).
- *14. The applicable interest rate will be lowered by 0.01% from the original rate of 0.2475% for a corresponding period pursuant to the loan agreement on the condition that the target set for CO₂ emissions reduction is achieved. Since the target was achieved at the time of confirmation at the end of September 2023, the interest rate for the period until the next confirmation was 0.2375%.
- *15. The applicable interest rate will be lowered by 0.01% from the original rate of 0.35625% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation at the end of July 2021, the interest rate for the period until the next confirmation was 0.34625%.
- *16. The applicable interest rate will be lowered by 0.01% from the original rate of 0.405% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation on May 16, 2022, the interest rate for the period until the next confirmation was 0.395%.
- *17. The applicable interest rate will be lowered by 0.01% from the original rate of 0.3775% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation at the end of July 2021, the interest rate for the period until the next confirmation was 0.3675%.
- *18. The applicable interest rate will be lowered by 0.01% from the original rate of 0.61625% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation on December 19, 2022, the interest rate for the period until the next confirmation was 0.60625%.
- *19. The applicable interest rate will be lowered by 0.01% from the original rate of 0.81875% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation on September 16, 2023, the interest rate for the period until the next confirmation was 0.80875%.
- *20. The applicable interest rate will be lowered by 0.01% from the original rate of 0.73375% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation on September 28, 2023, the interest rate for the period until the next confirmation was 0.72375%.
- *21. The applicable interest rate will be lowered by 0.01% from the original rate of 0.7187% for a corresponding period pursuant to the loan agreement on the condition that the target set for CO₂ emissions reduction is achieved. Since the target was achieved at the time of confirmation at the end of September 2023, the interest rate for the period until the next confirmation was 0.7087%.

(iii) Investment Corporation Bonds

Outstanding investment corporation bonds as of September 30, 2023 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 |
| 10th unsecured investment corporation bond | March 30, 2017 | 10,000,000 | 10,000,000 | 0.3975 | March 30, 2027 | Bullet | *1 | *2 *3 |
| 11th unsecured investment corporation bond | October 26, 2017 | 2,993,175 | 2,993,175 | 0.2788 | October 26, 2027 | Bullet | *1 | *2 *3 *4 |
| 12th unsecured investment corporation bond (Japan Real Estate Investment Green Bonds) | November 1, 2018 | 10,000,000 | 10,000,000 | 0.23 | November 1, 2023 | Bullet | *1 | *2 |
| 13th unsecured investment corporation bond | October 26, 2020 | 10,000,000 | 10,000,000 | 0.2 | October 24, 2025 | Bullet | *1 | *2 |
| Total | | 42,993,175 | 42,993,175 | | | | | |

*1. The investment corporation bonds are primarily used to fund the acquisition of real properties or beneficiary right of real estate in trust, and to repay existing loans.

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

*3. Bond issuance was limited to qualified institutional investors by a private placement.

*4. For the purpose of avoiding foreign currency risk with respect to foreign currency investment corporation bonds, the Company engages in currency swap transactions to fix the exchange rates. Considering the effects of the currency swap transactions, the balances and interest rates are reflected in the schedule.

(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 |
|----------------------------|--|---------------------|--|---|--------------------------------------|-------------------|
| Acquisition | Forecast Sakaisujihonmachi | August 31, 2023 | 17,215 | 17,300 | Chuo Real Estate Appraisal Co., Ltd. | July 1, 2023 |
| Disposition | Harumi Front (30% quasi-co-ownership interest) | April 3, 2023 | 11,733 | 11,400 | Chuo Real Estate Appraisal Co., Ltd. | November 1, 2022 |

*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.

*3. The “real estate appraisal value” of Harumi Front (30% quasi-co-ownership interest) is the amount obtained by multiplying the real estate appraisal value of the entire property by the quasi-co-ownership interest (30%) of the real estate trust beneficiary right to be disposed of.

(ii) Other assets

Value inspections on transactions by the Company that are deemed necessary under Article 201 of the ITA, are entrusted to Yoshihiro Tanaka CPA Office, excluding ones described in (i) Real Estate, etc. above. During the period from April 1, 2023 to September 30, 2023, there was no transaction that was subject to such inspections.

g. Transactions with Interested Parties (from April 1, 2023 to September 30, 2023)

(i) Transactions

| Segment | Buying and selling amounts | |
|---|----------------------------|----------------------|
| | Buying amounts | Selling amounts |
| Total Amount | ¥ 17,215,000 thousand | ¥11,733,000 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 | ¥3,939,312 thousand | Mitsubishi Jisho Property Management Co., Ltd. | ¥2,585,242 thousand | 65.6% |
| | | Mitsubishi Estate Co., Ltd. | ¥163,571 thousand | 4.2% |
| | | Mitsubishi Real Estate Services Co., Ltd. | ¥45,576 thousand | 1.2% |
| | | Mitsubishi Estate Parks Co., Ltd. | ¥1,087 thousand | 0.0% |
| Utilities expenses | ¥3,282,000 thousand | Minato Mirai 21 District Heating and Cooling Co., Ltd. | ¥102,955 thousand | 3.1% |
| Other operating expenses | ¥187,815 thousand | Mitsubishi Jisho Property Management Co., Ltd. | ¥24,783 thousand | 13.2% |
| | | Mitsubishi Estate Co., Ltd. | ¥366 thousand | 0.2% |
| | | Mitsubishi Jisho Design Inc. | ¥1,200 thousand | 0.6% |

*1. Interested parties refer 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. | ¥932,130 thousand |
| Mitsubishi Estate Co., Ltd. | ¥6,807 thousand |
| Mitsubishi Jisho Design Inc. | ¥1,290 thousand |
| Mitsubishi Real Estate Services Co., Ltd. | ¥30,055 thousand |

h. Other Announcements

Board of Directors

Below is an overview of the important changes and the conclusions of major contracts that were accepted by the Company's Board of Directors.

| Date of acceptance | Accepted item | Overview |
|--------------------|--|---|
| April 3, 2023 | Conclusion of a new investment unit underwriting agreement | For the issuance of new investment units through a public offering (public offering), issuance of new investment units and offering of investment units through third-party allotment (offering by over-allotment), which were approved at the Company's Board of Directors' meeting held on March 28, 2023, it was approved to conclude a new investment unit underwriting agreement with underwriting companies (Note), in order to make underwriting companies purchase and underwrite all the investment units for a public offering, to entrust SMBC Nikko Securities Inc. (hereinafter referred to as the "Administrative Lead Manager") with administration of soliciting those to underwrite investment units to be issued, and grant a green-shoe option for third-party allotment to the Administrative Lead Manager. |
| May 15, 2023 | Consignment of a general administrative work concerning the issuance of investment corporation bonds | In connection with the comprehensive resolution adopted on the same date on the issuance of investment corporate bonds, the approval was given to the candidate agents to whom an administrative work for the said bonds was consigned. Other items necessary for its operation are entrusted to the executive directors to decide. |

(Note) Underwriting companies are co-lead managers SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Mizuho Securities Co., Ltd. in addition to Nomura Securities Co., Ltd. and Daiwa Securities Co. Ltd.

Selected Financial Data

| | Millions of yen | | | | |
|--|---|---|---|---|---|
| | For the period from April 1, 2023 to September 30, 2023 | For the period from October 1, 2022 to March 31, 2023 | For the period from April 1, 2022 to September 30, 2022 | For the period from October 1, 2021 to March 31, 2022 | For the period from April 1, 2021 to September 30, 2021 |
| Operating revenues | 38,627 | 37,345 | 37,654 | 36,453 | 36,901 |
| Operating expenses | 20,579 | 20,304 | 19,612 | 19,346 | 18,507 |
| Operating profit | 18,048 | 17,041 | 18,042 | 17,107 | 18,394 |
| Ordinary profit | 17,086 | 16,172 | 17,256 | 16,191 | 17,477 |
| Profit before income taxes | 17,086 | 16,172 | 17,256 | 16,191 | 17,477 |
| Profit | 17,075 | 16,161 | 16,790 | 16,045 | 16,865 |
| Total assets | 1,057,291 | 1,047,158 | 1,008,970 | 1,035,072 | 1,003,583 |
| Interest-bearing debt | 450,193 | 460,493 | 423,393 | 449,893 | 419,493 |
| Net assets | 538,402 | 517,993 | 517,761 | 516,762 | 516,447 |
| Unitholders' capital | 516,736 | 497,241 | 497,241 | 497,241 | 497,241 |
| Number of units (Units) | 1,422,864 | 1,385,210 | 1,385,210 | 1,385,210 | 1,385,210 |
| Net assets per unit (Yen) | 378,393 | 373,945 | 373,778 | 373,057 | 372,829 |
| Cash distribution | 17,074 | 16,161 | 15,929 | 15,791 | 15,730 |
| Dividend payout ratio (Note 1) | 100.0% | 100.0% | 94.9% | 98.4% | 93.3% |
| Dividend per unit (Yen) | 12,000 | 11,667 | 11,500 | 11,400 | 11,356 |
| Net operating income (NOI) | 22,313 | 21,901 | 23,084 | 24,070 | 24,204 |
| Funds from operations (FFO) | 19,207 | 18,970 | 19,700 | 21,053 | 20,583 |
| Return on assets (ROA) (Note 2) | 1.6% | 1.6% | 1.7% | 1.6% | 1.7% |
| | (3.2% annualized) | (3.2% annualized) | (3.4% annualized) | (3.2% annualized) | (3.5% annualized) |
| Return on equity (ROE) (Note 3) | 3.2% | 3.1% | 3.2% | 3.1% | 3.3% |
| | (6.3% annualized) | (6.3% annualized) | (6.5% annualized) | (6.2% annualized) | (6.5% annualized) |
| EOP equity ratio (Note 4) | 50.9% | 49.5% | 51.3% | 49.9% | 51.5% |
| EOP interest-bearing debt ratio on total assets (Note 5) | 42.6% | 44.0% | 42.0% | 43.5% | 41.8% |
| FFO multiple (Times) | 21.7 | 19.2 | 21.0 | 21.0 | 22.5 |
| Debt service coverage ratio (Times) (Note 6) | 27.1 | 28.2 | 29.2 | 26.9 | 27.7 |

- Notes: 1. Dividend payout ratio = Dividend per unit / Profit per unit × 100
For the September 2023 period, calculations are made using the following formula, as new investment units were issued.
Dividend payout ratio = Cash distribution / Profit × 100
2. ROA = Ordinary profit / Average of Total assets during the period × 100
3. ROE = Profit / Average of Net assets during the period × 100
The number of days for the asset management period is taken into consideration for net assets, as new investment units were issued in the September 2023 period.
(Annualized portion of the calculation given in Note 2 and Note 3 assumes a fiscal period of 183 days for the period ended September 30, 2021, 182 days for the period ended March 31, 2022, 183 days for the period ended September 30, 2022, 182 days for the period ended March 31, 2023 and 183 days for the period ended September 30, 2023.)
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