

FINANCIAL RESULTS FOR THE FISCAL PERIOD ENDED SEPTEMBER 2021 (REIT)

November 15, 2021

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/>
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Scheduled Date of Filing Securities Report: December 24, 2021
 Scheduled Date of Dividend Payment: December 14, 2021
 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 2021 period (April 1, 2021 –September 30, 2021)

(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, 2021	36,901	5.6	18,394	11.6	17,477	12.7	16,865	8.4
March 31, 2021	34,944	(0.1)	16,479	(0.1)	15,508	(0.6)	15,560	(0.2)

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, 2021	12,175	3.3	1.7	47.4
March 31, 2021	11,233	3.0	1.5	44.4

(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, 2021	11,356	15,730	-	-	93.3	3.0
March 31, 2021	11,320	15,680	-	-	100.8	3.0

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

2: For the period ended September 30, 2021, the total dividends are calculated as profit, subtracting the provision of reserve for reduction entry (1,135 million yen).

3: For the period ended March 31, 2021, the total dividends are calculated as profit, adding the reversal of reserve for reduction entry (120 million yen).

(3) Financial Standing

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Unit
	Millions of yen	Millions of yen	%	Yen
September 30, 2021	1,003,583	516,447	51.5	372,829
March 31, 2021	1,001,734	515,262	51.4	371,974

Reference: Total unitholders' equity is 516,447 million yen for the September 30, 2021 period and 515,262 million yen for the March 31, 2021 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, 2021	27,473	(1,713)	(15,676)	44,437
March 31, 2021	22,508	(1,701)	(15,149)	34,353

2. Performance Forecasts for the March 2022 period (October 1, 2021 to March 31, 2022) and the September 2022 period (April 1, 2022 to September 30, 2022)

(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, 2022	36,240	(1.8)	17,160	(6.7)	16,230	(7.1)	16,070	(4.7)	11,400	-
September 30, 2022	33,730	(6.9)	14,880	(13.3)	14,000	(13.7)	14,660	(8.8)	11,500	-

Reference: Profit per unit forecast = Profit forecast / Number of total investment units forecast for the end of the period
(the March 2022 period): 11,600 yen; (the September 2022 period): 10,580 yen.

*Other

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

Changes in accounting policy following revisions to accounting standards, etc.:	Yes
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, 2021 1,385,210 units

As of March 31, 2021 1,385,210 units

Number of Treasury Units at End of Period

As of September 30, 2021 0 units

As of March 31, 2021 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 2022 period (October 1, 2021 to March 31, 2022) and the September 2022 period (April 1, 2022 to September 30, 2022)" 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, following the Act on Investment Trusts and Investment Corporations of Japan (“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 1.06 trillion yen (Note 1), as of September 30, 2021. In the same period, the Company continued to grow steadily in the number of properties in its portfolio, from 20 to 72 properties.

During the September 2021 period (April 1, 2021 to September 30, 2021), the impact of the new coronavirus disease (“COVID-19”) significantly restricted economic activities in some industries as the previous period. However, the Japanese economy as a whole has continued to recover, although corporate income, etc. in some non-manufacturing industries remain weak. The Company considers it is necessary to continue to monitor the domestic and international development of the pandemic and the impact of fluctuations in financial and capital markets.

In the office leasing market, vacancy rates have continued to rise moderately against the backdrop of the penetration of telework, which accelerated in the wake of COVID-19. Rents have turned to a downward trend, but slightly. Against the backdrop of such leasing market trends, the Company strived to secure stable income and occupancy rates for the entire portfolio, attracting new tenants through strategic leasing activities and further increasing the satisfaction level of existing tenants by improving the added value of the properties.

In the real estate investment market, property prices remained in a high price range due to the continued favorable financing environment against the backdrop of continued monetary easing policy. While domestic and overseas investors are highly motivated to acquire properties, the number of prime office buildings for sale is limited, and the acquisition environment continues to be challenging.

Under such market conditions, the Company made sound investments under the Investment Guideline of providing stable dividends to unitholders, which was set forth at the time of the Company’s listing on the TSE and remains unchanged to date. Accordingly, the Company was able to provide a dividend per investment unit at 11,356 yen, which is an increase by 36 yen compared with the previous period.

* The acquisition price includes the selling price (614 million yen) of the part of Jingumae Media Square Building disposed on October 30, 2009. 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 market was in the above-mentioned environment, and although some new contracts were concluded to improve the location and office environment, the occupancy rate at the end of the fiscal period under review decreased by 1.4% from the end of the previous fiscal period to 96.5% due to the impact of an increase in the number of tenancy terminations and extended downtime, but still remained high.

As for property acquisitions and dispositions, on August 31, 2021, the Company disposed of the trust beneficiary interest in Otsuka Higashi-Ikebukuro Building (Toshima-ku, Tokyo) for 6,025 million yen.

As a result of the above, the Company’s portfolio at the end of the fiscal period under review, September 30, 2021, consisted of 72 properties, with a total acquisition price of 1.06 trillion yen. Net rentable floor area stood at 866,577 m² with 1,465 tenants in total.

On October 1, 2021, the Company acquired a 49% co-ownership interest in a trust beneficiary interest pertaining to a 10% co-ownership interest in GRAND FRONT OSAKA (Note 2) (Osaka-shi, Osaka), a large-scale complex consisting of offices, retail stores and a hotel located in the Umeda area which contains the largest terminal in western Japan for 21,000 million yen (a 4.9% co-ownership interest in the entire property). In addition, on November 30, 2021, the Company is going to acquire a trust beneficiary interest in a 12.5% co-ownership interest pertaining to sectional ownership interests of office and retail sections in Otemachi Financial City North Tower (Chiyoda-ku, Tokyo), a large-scale complex facility located in “Otemachi”, the central business district of Tokyo, for 6,380 million yen (additional acquisition of 1.42% share of ownership of building). Furthermore, the Company will dispose of Nagoya Misono Building (Nagoya-shi, Aichi Prefecture) for 2,629 million yen on March 1, 2022.

Note 1: Shibuya Cross Tower (land with leasehold interest), whose 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 or total number of tenants.

Note 2: "GRAND FRONT OSAKA" refers collectively to the properties to be acquired, namely "GRAND FRONT OSAKA (Umekita Plaza and South Building)" and "GRAND FRONT OSAKA (North Building)".

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, extension of durations and diversification of stable lenders among other possibilities, taking into consideration the borrowing costs and existing relationships with lenders.

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

In the fiscal period under review, the Company borrowed to fund the repayment of existing loans and also extended the contract term of commitment line totaling 60 billion yen for one year.

As a result of the above financing activities, as of September 30, 2021, the Company's total interest-bearing debt was 419.4 billion yen, the same level as the previous fiscal period. This amount consists of long-term loans totaling 358.5 billion yen (including the current portion of long-term loans totaling 51.0 billion yen), short-term loans totaling 18.0 billion yen, and investment corporation bonds totaling 42.9 billion yen. The current LTV ratio stands at 41.8%.

The Company's credit ratings as of September 30, 2021 were as follows:

Rating Agency	Credit Rating
S&P Global Ratings Japan Inc.	Long-term: A+; Short-term: A-1; Outlook: Stable
Moody's Japan K.K.	Rating: A2; Outlook: Stable
Rating and Investment Information, Inc.	Rating: AA; Outlook: Stable

③ Summary of Financial Results and Dividends

As a result of the above operations, in the period under review, the Company's operating revenues increased 5.6% compared with the previous period, to 36.9 billion yen. On the income front, operating profit increased 11.6%, to 18.3 billion yen. After deducting expenses for interest payments on loans and other costs, ordinary profit increased 12.7%, to 17.4 billion yen, and profit increased 8.4%, to 16.8 billion yen.

Turning to dividends, 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, in an amount that exceeds 90% of profit available for dividends as required by Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company made a reduction entry under the application of Article 65-7 "Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets" of the Special Taxation Measures Act, and secured retained earnings brought forward and decided that the total amount of dividends is 15,730,444,760 yen for the period under review, which is a multiple of 1,385,210—the number of units outstanding as of September 30, 2021. Accordingly, the dividend per investment unit is 11,356 yen.

(2) Outlook

① Operating Environment

Although some industries will continue to face severe conditions due to the impact of COVID-19, the Japanese economy is expected to recover in the future thanks to the effects of various policies and improvements in overseas economies, as Japan's vaccine rollout progressed. On the other hand, the Company considers it is necessary to pay close attention to the impact of the re-emergence of the infectious disease in Japan and abroad, the risk of a global economic downturn due to trade issues between the United States and China, and fluctuations in financial and capital markets.

In the office leasing market, the Company will pay close attention to the recovery of office demand that will be brought by the progress of vaccination and the containment of the pandemic, as well as to how office buildings of choice should be in line with the review of work styles, and at the same time, the Company strives to secure stable income and maintain and improve asset values over the medium to long term while carefully monitoring trends in the office leasing market and the business conditions of tenants managed by the Company.

Regarding the real estate investment market, it is important to continue to be proactive in searching for new properties in order to promote more strategic replacement of our portfolio while paying close attention to future market trends due to 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 the 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 with its large-scale tenants.

(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 at the right time.

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 Special Taxation Measures Act) before executing a loan agreement.

- (iv) With the purpose of maintaining liquidity at an appropriate level, the Company may establish preliminary borrowing frameworks such as overdraft agreements and commitment line agreements 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 2022 period (October 1, 2021 to March 31, 2022) are as follows: operating revenues totaling 36.2 billion yen, operating profit totaling 17.1 billion yen, ordinary profit totaling 16.2 billion yen, and profit totaling 16.0 billion yen. The Company plans to declare a per-unit cash dividend of 11,400 yen.

The Company's forecasts for the September 2022 period (April 1, 2022 to September 30, 2022) are as follows: operating revenues totaling 33.7 billion yen, operating profit totaling 14.8 billion yen, ordinary profit totaling 14.0 billion yen, and profit totaling 14.6 billion yen. The Company plans to declare a per-unit cash dividend of 11,500 yen.

Regarding the assumptions underlying these forecasts, please see pages 7 and 8 entitled "Assumptions Underlying Performance Forecasts for the March 2022 period (October 1, 2021 to March 31, 2022) and the September 2022 period (April 1, 2022 to September 30, 2022)." 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 2022 period (October 1, 2021 to March 31, 2022) and the September 2022 period (April 1, 2022 to September 30, 2022)

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • The March 2022 period: October 1, 2021 to March 31, 2022 (182 days) • The September 2022 period: April 1, 2022 to September 30, 2022 (183 days)
Number of properties held by the Company	<ul style="list-style-type: none"> • In the March 2022 period, the number of properties takes into account GRAND FRONT OSAKA (Umekita Plaza and South Building) and GRAND FRONT OSAKA (North Building), which have been already acquired on October 1, 2021, Otemachi Financial City North Tower to be additionally acquired on November 30, 2021, and Nagoya Misono Building to be disposed of on March 1, 2022, based on 72 properties as of September 30, 2021. • In the September 2022 period, the number of properties is assumed to be 73, assuming the acquisition and disposition stated above is carried out. • 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 that the total number of units outstanding is 1,385,210 units, the number as of September 30, 2021.
Interest-bearing debt	<ul style="list-style-type: none"> • The Company executed a long-term loan of 1.0 billion yen to allocate the loan for the partial repayment of existing long-term loans of 2.0 billion yen on October 1, 2021. In addition, the Company executed long-term loans of 16.2 billion yen to allocate the loans for the repayment of an existing long-term loan of 13.0 billion yen and to expand cash reserves on November 15, 2021. As a result, the balance of interest-bearing debt is 421.6 billion yen as of November 15, 2021. • In the March 2022 period, the Company will take out a short-term loan of 3.2 billion yen on November 30, 2021 to apply it to part of the acquisition fund of Otemachi Financial City North Tower, and as of November 15, 2021, the Company will refinance the long-term loans due for repayments during the period totaling 12.5 billion yen (repayment dates: December 17, 2021, January 7, 2022, January 17, 2022, and January 31, 2022) and the short-term loans due for repayment during the period totaling 11.0 billion yen (repayment date: November 18, 2021). There are no investment corporation bonds set to mature in the March 2022 period. • In the September 2022 period, as of November 15, 2021, the Company will refinance the long-term loans due for repayments during the period totaling 23.5 billion yen (repayment dates: April 25, 2022, June 15, 2022, June 17, 2022, August 10, 2022, and September 1, 2022) and the short-term loans due for repayment during the period totaling 7.0 billion yen (repayment date: April 20, 2022). There are no investment corporation bonds set to mature in the September 2022 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, 2021, and by factoring in potential variables that reflect the recent office leasing market landscape, such as rent levels and occupancy rates. • In addition to the above, the revenue is calculated by incorporating, to a certain extent, the impact of the decrease in rent due to the spread of COVID-19, which is proved at this point in time.

Item	Assumption
Operating expenses	<ul style="list-style-type: none"> • Of the taxes applicable to the Company, property taxes, city planning taxes and depreciable property taxes corresponding to the relevant fiscal period have been recorded as property-related expenses. However, when a property is acquired at a point during the period used for the calculation of property tax, a property tax adjustment is levied that takes into account the date of the transfer of the new acquisition. The amount of the adjustment is factored into the acquisition price and therefore not recorded as an expense in the relevant fiscal period. In addition, the Company assumes the 2022 property taxes, city planning taxes, and depreciable property taxes for properties acquired in 2021 to be as follows: <ul style="list-style-type: none"> • GRAND FRONT OSAKA (Umekita Plaza and South Building): 61 million yen • GRAND FRONT OSAKA (North Building): 87 million yen • Otemachi Financial City North Tower (additional acquisition): 37 million yen • Property and other taxes will be 3,390 million yen in the March 2022 period and 3,660 million yen in the September 2022 period. • Depreciation will be 6,290 million yen in the March 2022 period and 6,160 million yen in the September 2022 period. • Repair 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"> • The non-operating expenses, such as interest expenses on loans and investment corporation bonds, will be 930 million yen in the March 2022 period and 890 million yen in the September 2022 period.
Dividend amounts	<ul style="list-style-type: none"> • In the March 2022 period, the Company will make a reduction entry on part of the gain of 1,300 million yen for the disposition of Nagoya Misono Building by applying “Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets” under Article 65-7 of the Special Taxation Measures Act. • The distribution as a return of internal reserves will be 1,940 million yen in the September 2022 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 up to the earnings 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. • Although the above is calculated by incorporating, to a certain extent, the impact of the decrease in rents due to the spread of COVID-19, which is proved at this point in time, it may fluctuate due to uncertainty in future changes in COVID-19. • 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.

3. Financial Statements

(1) Balance Sheets

Thousands of yen

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	27,205,981	37,566,086
Cash and deposits in trust	7,147,852	6,870,954
Operating accounts receivable	521,760	339,110
Prepaid expenses	135,511	245,256
Other	20,948	94,060
Total current assets	35,032,055	45,115,468
Non-current assets		
Property, plant and equipment		
Buildings	265,776,388	266,582,140
Accumulated depreciation	(111,950,847)	(116,042,747)
Buildings, net	153,825,541	150,539,392
Structures	3,232,451	3,232,451
Accumulated depreciation	(1,127,789)	(1,181,006)
Structures, net	2,104,661	2,051,445
Machinery and equipment	3,480,509	3,489,256
Accumulated depreciation	(2,683,808)	(2,730,756)
Machinery and equipment, net	796,701	758,499
Tools, furniture and fixtures	483,514	500,471
Accumulated depreciation	(320,897)	(334,218)
Tools, furniture and fixtures, net	162,617	166,252
Land	474,256,178	474,256,178
Construction in progress	60,380	67,259
Buildings in trust	107,362,525	104,744,019
Accumulated depreciation	(34,437,955)	(35,064,476)
Buildings in trust, net	72,924,570	69,679,542
Structures in trust	1,029,596	1,015,676
Accumulated depreciation	(396,294)	(415,707)
Structures in trust, net	633,302	599,968
Machinery and equipment in trust	814,862	847,147
Accumulated depreciation	(584,870)	(597,799)
Machinery and equipment in trust, net	229,991	249,348
Tools, furniture and fixtures in trust	72,983	72,866
Accumulated depreciation	(48,399)	(49,422)
Tools, furniture and fixtures in trust, net	24,584	23,444
Land in trust	251,658,301	250,042,009
Construction in progress in trust	11,316	15,760
Total property, plant and equipment	956,688,146	948,449,102
Intangible assets		
Land leasehold interests	5,611,725	5,595,895
Easement	828,095	828,095
Other	33,160	29,153
Total intangible assets	6,472,981	6,453,144

Thousands of yen

	As of March 31, 2021	As of September 30, 2021
Investments and other assets		
Investment securities	577,168	577,168
Leasehold and guarantee deposits	1,573,847	1,573,847
Long-term prepaid expenses	61,736	25,585
Other	1,226,601	1,299,141
Total investments and other assets	3,439,354	3,475,742
Total non-current assets	966,600,481	958,377,989
Deferred assets		
Investment corporation bond issuance costs	102,101	89,673
Total deferred assets	102,101	89,673
Total assets	1,001,734,637	1,003,583,130
Liabilities		
Current liabilities		
Operating accounts payable	1,424,904	1,325,773
Short-term borrowings	18,000,000	18,000,000
Current portion of long-term borrowings	51,700,000	51,000,000
Accounts payable - other	1,874,124	2,248,639
Accrued expenses	347,827	340,846
Income taxes payable	11,612	8,590
Accrued consumption taxes	1,145,093	1,133,236
Advances received	3,172,578	3,065,332
Other	14,142	14,103
Total current liabilities	77,690,282	77,136,522
Non-current liabilities		
Investment corporation bonds	42,993,175	42,993,175
Long-term borrowings	306,800,000	307,500,000
Deposits received from tenants	57,385,322	57,302,592
Deferred tax liabilities	1,217,307	1,817,721
Asset retirement obligations	359,628	363,251
Other	26,345	22,128
Total non-current liabilities	408,781,778	409,998,869
Total liabilities	486,472,061	487,135,392
Net assets		
Unitholders' equity		
Unitholders' capital	497,241,216	497,241,216
Surplus		
Voluntary retained earnings		
Reserve for tax purpose reduction entry	2,424,282	2,303,775
Total voluntary retained earnings	2,424,282	2,303,775
Unappropriated retained earnings	15,597,077	16,902,746
Total surplus	18,021,360	19,206,522
Total unitholders' equity	515,262,576	516,447,738
Total net assets	515,262,576	516,447,738
Total liabilities and net assets	1,001,734,637	1,003,583,130

(2) Statements of Income and Retained Earnings

	Thousands of yen	
	For the period from October 1, 2020 to March 31, 2021	For the period from April 1, 2021 to September 30, 2021
Operating revenues		
Rent revenues	34,666,758	34,209,880
Other lease business revenues	277,319	145,110
Gain on sales of real estate properties	—	2,546,518
Total operating revenues	34,944,078	36,901,509
Operating expenses		
Expenses related to lease business	16,648,001	16,415,368
Asset management fees	1,433,297	1,719,993
Asset custody fees	64,705	64,717
Administrative service fees	134,140	134,827
Directors' compensations	7,800	7,800
Commission expenses	105,520	89,352
Other operating expenses	71,203	75,003
Total operating expenses	18,464,669	18,507,062
Operating profit	16,479,409	18,394,447
Non-operating income		
Interest income	140	156
Dividend income	—	12,149
Reversal of distributions payable	1,501	1,883
Income on settlement of management association accounts	—	9,346
Gain on receipt of donated non-current assets	9,166	—
Other	—	0
Total non-operating income	10,807	23,535
Non-operating expenses		
Interest expenses	754,704	717,408
Interest expenses on investment corporation bonds	172,899	172,681
Amortization of investment corporation bond issuance costs	11,642	12,427
Other	42,355	38,216
Total non-operating expenses	981,602	940,734
Ordinary profit	15,508,613	17,477,248
Profit before income taxes	15,508,613	17,477,248
Income taxes - current	11,633	11,095
Income taxes - deferred	(63,799)	600,413
Total income taxes	(52,165)	611,509
Profit	15,560,779	16,865,739
Retained earnings brought forward	36,297	37,007
Unappropriated retained earnings	15,597,077	16,902,746

(3) Statements of Changes in Unitholders' Equity

For the period from October 1, 2020 to March 31, 2021

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	2,426,375	2,426,375	15,634,440	18,060,815	515,302,031	515,302,031
Changes during the period							
Reversal of reserve for tax purpose reduction entry		(2,092)	(2,092)	2,092	—	—	—
Dividends of surplus				(15,600,235)	(15,600,235)	(15,600,235)	(15,600,235)
Profit				15,560,779	15,560,779	15,560,779	15,560,779
Total changes during the period	—	(2,092)	(2,092)	(37,363)	(39,455)	(39,455)	(39,455)
Balance at end of the period	497,241,216	2,424,282	2,424,282	15,597,077	18,021,360	515,262,576	515,262,576

For the period from April 1, 2021 to September 30, 2021

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	2,424,282	2,424,282	15,597,077	18,021,360	515,262,576	515,262,576
Changes during the period							
Reversal of reserve for tax purpose reduction entry		(120,506)	(120,506)	120,506	—	—	—
Dividends of surplus				(15,680,577)	(15,680,577)	(15,680,577)	(15,680,577)
Profit				16,865,739	16,865,739	16,865,739	16,865,739
Total changes during the period	—	(120,506)	(120,506)	1,305,668	1,185,162	1,185,162	1,185,162
Balance at end of the period	497,241,216	2,303,775	2,303,775	16,902,746	19,206,522	516,447,738	516,447,738

(4) Statements of Cash Distributions

	For the period from October 1, 2020 to March 31, 2021	For the period From April 1, 2021 to September 30, 2021
	Amount (Yen)	Amount (Yen)
I Retained earnings	15,597,077,487	16,902,746,371
II Reversal of voluntary retained earnings		
Reversal of reserve for tax purpose reduction entry	120,506,758	—
III Cash distribution	15,680,577,200	15,730,444,760
(Dividend per investment unit)	(11,320)	(11,356)
IV Voluntary retained earnings		
Provision of reserve for tax purpose reduction entry	—	1,135,294,566
V Retained earnings brought forward	37,007,045	37,007,045

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 calculated by adding the reversal of reserve for tax purpose reduction entry to the unappropriated retained earnings and also securing retained earnings brought forward, is ¥15,680,577,200 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of March 31, 2021. 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, under the application of Article 65-7 "Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets" of the Special Taxation Measures Act, making reduction entries, and securing retained earnings brought forward, is ¥15,730,444,760 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of September 30, 2021. 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>
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(5) Statements of Cash Flows

	Thousands of yen	
	For the period from October 1, 2020 to March 31, 2021	For the period from April 1, 2021 to September 30, 2021
Cash flows from operating activities		
Profit before income taxes	15,508,613	17,477,248
Depreciation	6,530,798	6,265,006
Gain on receipt of donated non-current assets	(9,166)	—
Amortization of investment corporation bond issuance costs	11,642	12,427
Dividend income	—	(12,149)
Interest income	(140)	(156)
Interest expenses	927,604	890,089
Decrease (increase) in operating accounts receivable	(91,109)	182,650
Decrease (increase) in supplies	(129)	191
Decrease (increase) in prepaid expenses	92,535	(109,744)
Decrease in property, plant and equipment in trust due to sale	—	3,245,381
Increase (decrease) in operating accounts payable	(94,763)	262,177
Increase (decrease) in accounts payable - other	(19,649)	372,241
Increase (decrease) in accrued consumption taxes	676,967	(11,857)
Increase (decrease) in accrued expenses	131	(131)
Increase (decrease) in advances received	1,771	(107,245)
Decrease (increase) in long-term prepaid expenses	33,291	36,151
Other, net	(104,128)	(130,155)
Subtotal	23,464,270	28,372,125
Interest and dividends received	140	12,306
Interest paid	(947,405)	(896,939)
Income taxes paid	(8,269)	(14,117)
Net cash provided by (used in) operating activities	22,508,736	27,473,375
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,431,157)	(1,168,607)
Purchase of property, plant and equipment in trust	(353,107)	(484,779)
Purchase of intangible assets	—	(550)
Payments of leasehold and guarantee deposits	—	(7,610)
Refund of leasehold and guarantee deposits received	(1,340,413)	(2,038,400)
Proceeds from leasehold and guarantee deposits received	1,423,621	1,986,200
Net cash provided by (used in) investing activities	(1,701,056)	(1,713,747)
Cash flows from financing activities		
Proceeds from short-term borrowings	27,500,000	29,000,000
Repayments of short-term borrowings	(40,500,000)	(29,000,000)
Proceeds from long-term borrowings	31,500,000	24,200,000
Repayments of long-term borrowings	(28,000,000)	(24,200,000)
Proceeds from issuance of investment corporation bonds	10,000,000	—
Payments of investment corporation bond issuance costs	(50,315)	—
Distributions paid	(15,599,398)	(15,676,421)
Net cash provided by (used in) financing activities	(15,149,713)	(15,676,421)
Net increase (decrease) in cash and cash equivalents	5,657,966	10,083,207
Cash and cash equivalents at beginning of the period	28,695,867	34,353,833
Cash and cash equivalents at end of the period	34,353,833	44,437,040

(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, 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

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

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.

Consumption taxes

Consumption taxes withheld and consumption taxes paid are not included in the statements of income. The consumption taxes paid are

generally offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld are included in current assets and the excess of amounts withheld over payments are included in current liabilities.

Cash and cash equivalents

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

Hedge accounting

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

Application of Accounting Standard for Fair Value Measurement

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) from the beginning of the fiscal period under review, and in accordance with the transitional treatments outlined in Paragraph 19 of Accounting Standard for Fair Value Measurement and Paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies outlined by Accounting Standard for Fair Value Measurement will be applied prospectively. The effect of this change on the financial statements is immaterial.

Application of Accounting Standard for Revenue Recognition

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018) from the beginning of the fiscal period under review, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. The effect of this change on the financial statements is immaterial. In accordance with the transitional treatment outlined in Paragraph 89-3 of Accounting Standard for Revenue Recognition, the note related to the Revenue Recognition for the previous fiscal period is not presented.

(9) 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, 2021	As of September 30, 2021
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, 2021	As of September 30, 2021
Reserve for tax purpose reduction entry	2,424,282	2,303,775
Deferred tax liability for the reserve for tax purpose reduction entry	1,218,278	1,818,643
Total	3,642,561	4,122,419

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, 2021	As of September 30, 2021
	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, 2020 to March 31, 2021	For the period from April 1, 2021 to September 30, 2021
Property-Related Revenues	34,944,078	34,354,991
Rent revenues	34,666,758	34,209,880
Rental revenues	29,084,031	28,798,594
Common service charges	2,501,546	2,404,480
Parking revenues	722,895	702,272
Other rental revenues	2,358,284	2,304,533
Other lease business revenues	277,319	145,110
Cancellation charges	98,600	22,883
Other miscellaneous revenues	178,719	122,226
Property-Related Expenses	16,648,001	16,415,368
Expenses related to lease business	16,648,001	16,415,368
Property management expenses	3,792,045	3,653,419
Utilities expenses	1,959,967	2,106,626
Property and other taxes	3,295,526	3,384,587
Casualty insurance	45,983	46,624
Repairing expenses	823,623	776,505
Depreciation	6,529,196	6,264,424
Other rental expenses	201,658	183,179
Property-Related Profits	18,296,076	17,939,622

b. Breakdown of gain on sales of real estate properties

For the period from October 1, 2020 to March 31, 2021

“Not applicable”

For the period from April 1, 2021 to September 30, 2021

		Thousands of yen
Otsuka Higashi-Ikebukuro Building		
	Revenue from sale of real estate property	6,025,000
	Cost of real estate property sold	3,245,381
	Other sales expenses	233,100
	Gain on sales of real estate properties	2,546,518

(Changes in Unitholders' Equity)

Total number of investment units issuable and number of units outstanding	As of March 31, 2021	As of September 30, 2021
Total number of investment units issuable	4,000,000 units	4,000,000 units
Number of units outstanding	1,385,210 units	1,385,210 units

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

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2020 and September 30, 2021:

	Thousands of yen	
	As of March 31, 2021	As of September 30, 2021
Cash and deposits	27,205,981	37,566,086
Cash and deposits in trust	7,147,852	6,870,954
Time deposits with maturities of more than three months	—	—
Cash and cash equivalents	34,353,833	44,437,040

(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, 2021 and September 30, 2021) 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, 2021 and September 30, 2021 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, 2021		
	Book value *	Fair value *	Difference *
(1) Current portion of long-term borrowings	(51,700,000)	(51,806,789)	(106,789)
(2) Investment corporation bonds	(42,993,175)	(44,094,756)	(1,101,581)
(3) Long-term borrowings	(306,800,000)	(307,182,235)	(382,235)
(4) Deposits received from tenants	(57,385,322)	—	—
(5) Derivative transactions	—	—	—

* Liabilities are shown in parentheses.

	Thousands of yen		
	As of September 30, 2021		
	Book value *	Fair value *	Difference *
(1) Current portion of long-term borrowings	(51,000,000)	(51,136,724)	(136,724)
(2) Investment corporation bonds	(42,993,175)	(43,883,557)	(890,382)
(3) Long-term borrowings	(307,500,000)	(308,539,593)	(1,039,593)
(4) Deposits received from tenants	(57,302,592)	(56,544,390)	(-758,201)
(5) Derivative transactions	—	—	—

* Liabilities are shown in parentheses.

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

(1) Current portion of long-term borrowings and (3) 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.

(2) 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.)

(4) Deposits received from tenants

The fair value of these deposits as of September 30, 2021 is the discounted present value by estimated period until the deposits are returned and discount rate reflected credit risk of the Company.

(5) 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, 2021					
	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	12,993,175
Long-term borrowings	51,700,000	48,500,000	39,500,000	54,800,000	47,500,000	116,500,000
Total	51,700,000	48,500,000	49,500,000	54,800,000	67,500,000	129,493,175

	Thousands of yen					
	As of September 30, 2021					
	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	12,993,175
Long-term borrowings	51,000,000	48,500,000	42,300,000	57,000,000	36,700,000	123,000,000
Total	51,000,000	48,500,000	52,300,000	67,000,000	46,700,000	135,993,175

(Derivative Transactions)

a. Derivatives not designated as hedging instruments

As of March 31, 2021

“Not applicable”

As of September 30, 2021

“Not applicable”

b. Derivatives designated as hedging instruments

As of March 31, 2021

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	46,800,000	26,300,000	*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	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, 2021

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	46,800,000	16,800,000	*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	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, 2021 and September 30, 2021. Please refer to page 19, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheadings (1) and (3) 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, 2021 and September 30, 2021. Please refer to page 19, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheading (2) 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, 2021 and September 30, 2021 were as follows:

	Thousands of yen	
	As of March 31, 2021	As of September 30, 2021
Deferred tax assets:		
Accrued enterprise tax	971	921
Amortization of a term leasehold interest	111,337	116,812
Asset retirement obligations	124,395	125,648
	236,703	243,383
Valuation allowance	(134,276)	(141,005)
Total deferred tax assets	102,426	102,377
Deferred tax liabilities:		
Asset retirement obligations	101,455	101,455
Reserve for advanced depreciation of non-current assets	1,218,278	1,818,643
Total deferred tax liabilities	1,319,734	1,920,098
Net deferred tax liabilities	1,217,307	1,817,721

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate as of March 31, 2021 and September 30, 2021 was as follows:

	As of March 31, 2021	As of September 30, 2021
Statutory tax rate	34.59%	34.59%
Deductible dividend distribution	(34.97%)	(31.13%)
Change in valuation allowance	0.04%	0.04%
Others	0.00%	0.00%
Effective tax rate	(0.34%)	3.50%

(Asset Retirement Obligations)

For the six months ended March 31, 2021 and September 30, 2021

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, 2021 and September 30, 2021 consisted of the following:

	Thousands of yen	
	For the period from October 1, 2020 to March 31, 2021	For the period from April 1, 2021 to September 30, 2021
Balance at the beginning of the period	356,041	359,628
Increase in tangible fixed assets	—	—
Accretion expense	3,587	3,623
Balance at the end of the period	359,628	363,251

(Investment and Rental Property)

For the six months ended March 31, 2021 and September 30, 2021

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, 2021 and September 30, 2021 and the fair values as of March 31, 2021 and September 30, 2021 are as follows:

Thousands of yen			
Book value		Fair value	
As of September 30, 2020	Change during the period *1	As of March 31, 2021	As of March 31, 2021
967,442,207	(4,281,843)	963,160,363	1,255,095,000

Thousands of yen			
Book value		Fair value	
As of March 31, 2021	Change during the period *2	As of September 30, 2021	As of September 30, 2021
963,160,363	(8,258,298)	954,902,065	1,247,489,000

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

2. Significant changes

*1. As for the increases/decreases for the period, the major reason for the decreases was by depreciation.

*2. As for the increases/decreases for the period, the major reasons for the decreases were the disposition of Otsuka Higashi-Ikebukuro Building (¥3,245,381 thousand) and by depreciation.

3. Fair values as of March 31, 2021 and September 30, 2021 are defined as the appraised values provided by an external qualified professional appraiser. As of March 31, 2021, Otsuka Higashi-Ikebukuro Building, for which the disposition agreement was made dated March 31, 2021, was valued at the disposition price and as of September 30, 2021, Nagoya Misono Building, for which the disposition agreement was made dated November 15, 2021, 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 April 1, 2021 to September 30, 2021

Thousands of yen			
	Revenue from contracts with customers	*1	Revenue from external customers
Sales of real estate properties	6,025,000		*2 2,546,518
Utilities income	*3 1,484,652		1,484,652
Others	—		32,870,339
Total	7,509,652		36,901,509

*1 Rent revenues subject to Accounting Standard for Lease Transactions (ASBJ Statement No. 13) is excluded from “Revenue from contracts with customers” as it is not subject to Accounting Standard for Revenue Recognition. The revenue from contracts with customers is mainly revenues from the sale of real estate and utilities.

*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, 2021 and September 30, 2021

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, 2021 and September 30, 2021 and for the periods then ended, respectively:

	Yen	
	For the period from October 1, 2020 to March 31, 2021	For the period from April 1, 2021 to September 30, 2021
Net assets per unit	371,974	372,829
Profit per unit	11,233	12,175

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, 2020 to March 31, 2021	For the period from April 1, 2021 to September 30, 2021
Profit	15,560,779	16,865,739
Amount not attributable to normal unitholders	—	—
Profit applicable to normal investment units	15,560,779	16,865,739
Average number of units	1,385,210 units	1,385,210 units

(Subsequent Events)

“Not applicable”

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

There is no change in the number of investment units outstanding and the amount of unitholders' capital during the period under review. 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 16, 2018	Issuance of new investment units (public offering)	69,000	1,378,310	35,659	493,675	*1
May 9, 2018	Issuance of new investment units (third-party allocation)	6,900	1,385,210	3,565	497,241	*2

*1. New investment units were issued at 533,120 yen per unit (underwriting price of 516,800 yen) for the purpose of funding the acquisition of specified assets and the partial repayment of short-term loans, and in the event there are any funds remaining, cash reserves.

*2. New investment units were issued at 516,800 yen per unit for the purpose of funding the partial repayment of short-term loans and, in the event there are any funds remaining, cash reserves.

4. Changes in Officers

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

5. Reference Data

a. Composition of the Company's Assets

Asset type	Region	As of March 31, 2021		As of September 30, 2021	
		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	516,639	51.6	514,246	51.2
	Tokyo metropolitan area (excluding Tokyo 23 wards)*2	41,023	4.1	40,692	4.1
	Other major cities	80,015	8.0	79,353	7.9
	Total	637,677	63.7	634,291	63.2
Real property in trust	Tokyo 23 wards	237,210	23.7	232,940	23.2
	Tokyo metropolitan area (excluding Tokyo 23 wards)*2	15,969	1.6	15,850	1.6
	Other major cities	72,302	7.2	71,819	7.2
	Total	325,482	32.5	320,610	31.9
Savings and other assets		38,574	3.9	48,681	4.9
		(—)	(—)	(—)	(—)
Total amount of assets		1,001,734	100.0	1,003,583	100.0
		(963,160)	(96.1)	(954,902)	(95.1)

*1. Totals of net book value as of March 31, 2021 and September 30, 2021 are based on the total amounts from the balance sheets as of March 31, 2021 and September 30, 2021, 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, 2021.

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	5 *5	25,678 *5	100.0% *5	88,000	69,466	81,555,500	7.6 %	77.9%
		MD Kanda Building	Real property	9	6,269	89.5%	9,040	8,544	9,520,000	0.9 %	
		Kandabashi Park Building	Real property	9	3,687	100.0%	5,200	4,392	4,810,000	0.5 %	
		Otemachi Financial City North Tower	Real property	2	5,112	62.3%	21,000	14,480	15,462,900	1.4 %	
		Otemachi Park Building	Trust	22	2,372	100.0%	10,500	10,169	10,175,000	1.0 %	
		Nibancho Garden	Real property	1 *5	9,316 *5	100.0% *5	18,200	11,964	14,700,000	1.4 %	
		Mitsubishi UFJ Trust and Banking Building	Real property	10	11,904	100.0%	55,100	28,586	44,700,000	4.2 %	
		Burex Kojimachi Building	Real property	1	4,495	100.0%	7,380	5,353	7,000,000	0.7 %	
		Sanno Grand Building	Real property	47	20,589	98.2%	28,700	20,921	10,200,000 10,700,000 Total: 20,900,000	2.0%	
		Yurakucho Denki Building	Real property	9	4,697	97.7%	9,110	7,641	7,200,000	0.7 %	
		Front Place Nihonbashi	Real property	2	8,468	100.0%	20,300 *6	17,387	17,560,000	1.6 %	
		Kyodo Building (Kayabacho 2Chome)	Trust	9	4,464	86.6%	5,040	4,044	4,410,000	0.4 %	
		Burex Kyobashi Building	Real property	1	4,279	100.0%	7,670	4,286	5,250,000	0.5 %	
		Ginza 1Chome East Building	Trust	8	4,513	100.0%	7,940	6,013	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	11	4,326	100.0%	18,900	17,088	16,830,000	1.6%	77.9%
		Ryoshin Ginza East Mirror Building	Real property	10	4,255	100.0%	6,380	7,167	5,353,500 2,645,922 *7 Total: 7,999,422	0.7%	
		Harumi Front	Real property	8	33,369	100.0%	39,800 *8	25,796	31,300,000	2.9%	
		Harumi Center Building	Real property	12	20,812	100.0%	21,000	20,978	26,800,000	2.5%	
		Akasaka Park Building	Real property	29 *5	44,999 *5	91.8% *5	81,000	57,705	60,800,000	5.7%	
		Aoyama Crystal Building	Real property	9	4,898	100.0%	9,530	6,992	7,680,000	0.7%	
		Clover Shiba-koen	Trust	9	2,550	100.0%	4,880 *6	4,382	4,500,000	0.4%	
		Shiodome Building	Trust	36	44,213	99.8%	124,000	99,869	21,250,000 54,600,000 10,100,000 10,450,000 10,530,000 Total: 106,930,000	10.0%	
		Shiba 2Chome Daimon Building	Trust	23	9,525	99.1%	8,100	5,933	4,859,000	0.5%	
		Cosmo Kanasugibashi Building	Trust	6	4,062	95.3%	3,710	2,469	2,808,000	0.3%	
		Seavans S Building	Real property	14	6,074	98.8%	7,160	5,621	5,400,000	0.5%	
		Tamachi Front Building	Real property	8	3,792	81.3%	7,590 *6	6,021	6,210,000	0.6%	
		Shinjuku Eastside Square	Trust	41	40,940	98.6%	74,500 *6	59,439	23,100,000 6,660,000 25,460,000 8,460,000 Total: 63,680,000	6.0%	
		Shinjuku Front Tower	Trust	39	21,416	99.5%	38,600 *6	34,416	25,025,000 10,100,000 Total: 35,125,000	3.3%	
		Shinwa Building	Real property	10	6,066	86.5%	9,110	7,693	7,830,000	0.7%	
		Tokyo Opera City Building*9	Real property	89	34,971	93.7%	35,700	27,850	9,350,000 22,426,831 Total: 31,776,831	3.0%	
		Front Place Minami-Shinjuku	Real property	2	4,095	100.0%	9,910 *6	9,272	9,250,000	0.9%	
Link Square Shinjuku	Real property	17	9,786	100.0%	23,500	22,636	6,670,000 (1,170,000) *10 17,300,000 Total: 22,800,000	2.1%			

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	Yoyogi 1 Chome Building	8	7,745	92.1%	13,300	6,636	8,700,000	0.8%	77.9%
		Jingumae Terrace	5	3,147	87.7%	7,400	4,797	4,885,000	0.5%	
		Jingumae Media Square Building	6	5,558	100.0%	10,000	10,703	12,200,000*11	1.1%	
		Shibuya Cross Tower (Land)	*12	*12	*12	40,500	27,186	34,600,000 (8,076,000)*13 Total: 26,524,000	2.5%	
		Ebisu Neonato	4	8,659	100.0%	19,700	13,634	3,740,000 360,000 10,512,000 Total: 14,612,000	1.4%	
		TIXTOWER UENO	15	15,016	96.4%	26,100	18,195	22,000,000	2.1%	
		Higashi Gotanda 1 Chome Building	4	5,205	100.0%	7,010	4,212	5,500,000	0.5%	
		Osaki Front Tower*14	1	16,856	100.0%	17,900*8	7,487	12,300,000	1.2%	
		Omori-Eki Higashiguchi Building	27	7,706	100.0%	5,910	4,635	5,123,000	0.5%	
		Harmony Tower	23	14,340	100.0%	14,800	9,588	8,500,000 520,000 2,100,000 Total: 11,120,000	1.0%	
		Ikebukuro 2 Chome Building	8	2,186	88.8%	1,940	1,566	1,728,000	0.2%	
	Ikebukuro YS Building	11	5,932	93.4%	6,150	3,950	4,500,000	0.4%		
	Tokyo metropolitan area, excluding Tokyo 23 wards	Hachioji First Square	46	10,068	100.0%	5,010	4,732	3,300,000 2,379,112 Total: 5,679,112	0.5%	6.3%
		Saitama Urawa Building	18	4,510	100.0%	3,070	2,431	1,232,000 1,342,000 Total: 2,574,000	0.2%	
		MM Park Building	33	38,415	88.2%	41,500	29,870	37,400,000	3.5%	
		Queen's Tower A	48	26,669	98.2%	23,900*6	15,850	17,200,000	1.6%	
		Musashi Kosugi STM Building	27	5,378	100.0%	4,580	3,657	4,000,000	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	8·3 Square Kita Building	Real property	8	12,265	99.0%	9,780	5,454	7,100,000	0.7%	15.8%
	Jozenji Park Building	Real property	19	2,518	96.0%	1,070	935	1,000,000	0.1%	
	Higashi Nibancho Square	Real property	23	20,526	100.0%	14,400*8	8,295	9,950,000	0.9%	
	Sendai Honcho Honma Building	Trust	28	6,234	100.0%	2,780	2,777	2,924,000 250,000 Total: 3,174,000	0.3%	
	AER	Real property	61	23,612	94.4%	18,300	18,005	18,640,000	1.7%	
	Daido Seimei Niigata Building	Real property	10	3,928	100.0%	1,860	1,692	1,770,000	0.2%	
	Kanazawa Park Building	Real property	75	20,946	92.8%	6,860	4,353	2,880,000 1,700,000 Total: 4,580,000	0.4%	
	Kanazawa Kamitsutsumicho Building	Real property	27	7,213	98.1%	2,980	2,375	2,780,000	0.3%	
	Nishiki Park Building*15	Real property	61*5	10,338*5	93.2%*5	5,340	4,870	3,850,000 1,300,000 650,000 175,000 Total: 5,975,000	0.6%	
	Nagoya Hirokoji Place	Trust	31	13,200	96.0%	14,000*6	7,603	8,567,000	0.8%	
	Nagoya Hirokoji Building	Real property	38	21,382	94.6%	12,800	14,636	14,533,000	1.4%	
	Nagoya Misono Building	Real property	17	3,448	100.0%	1,760	1,318	1,865,000	0.2%	
	Shijo Karasuma Center Building	Real property	13	6,634	91.2%	6,960*6	3,629	4,400,000	0.4%	
	Umeda Square Building*16	Trust	36	10,375	96.4%	16,000	15,668	15,523,520	1.5%	
	Shin Fujita Building	Trust	46	28,403	98.4%	20,100	20,852	24,000,000	2.2%	
Sakaisujihonmachi Building	Real property	23	11,520	98.7%	3,890	3,512	2,264,000 1,900,000 Total: 4,164,000	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	Midosuji Daiwa Building	Trust	40	20,450	99.7%	14,500	13,532	6,934,000 7,380,000 Total: 14,314,000	1.3%	15.8%
	Amagasaki Front Building	Trust	25	15,500	81.3%	10,100	8,057	9,300,000	0.9%	
	Lit City Building	Real property	27	8,885	97.9%	4,740	2,380	4,650,000 (555,131) *17 Total: 4,094,868	0.4%	
	NHK Hiroshima Broadcasting Center Building	Real property	14	9,881	94.7%	3,450	2,996	1,320,000 1,450,000 Total: 2,770,000	0.3%	
	Tosei Tenjin Building	Real property	19	3,995	100.0%	1,850	1,358	1,550,000	0.1%	
	Tenjin Crystal Building	Real property	30	5,964	100.0%	3,120	3,538	5,000,000	0.5%	
	Hinode Tenjin Building	Trust	2	5,944	100.0%	4,660	3,327	3,657,000	0.3%	
	Total		1,465	866,577	96.5%	1,246,620	954,902	1,067,033,154	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.
- *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: 96.9%; Nibancho Garden, leasable floor area: 1,686m², occupancy rate: 100.0%; Akasaka Park Building, leasable floor area: 10,780m², occupancy rate: 93.5%; Nishiki Park Building, leasable floor area: 954m², occupancy rate: 70.7%.
- *6. Appraisal values by Japan Real Estate Institute.
- *7. This includes the acquisition price of the land and building adjacent to Ryoshin Ginza East Mirror Building dated July 4, 2008, the cost of the adjacent building's demolition and the total expense of the construction and expansion of the Ryoshin Ginza East Mirror Building (excluding brokerage fees and other acquisition-related expenses) after its completion on May 24, 2010.
- *8. Appraisal values by Chuo Real Estate Appraisal Co., Ltd.
- *9. 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.
- *10. Because the building was disposed on August 23, 2013, the acquisition price of the building at the time of the land and building purchase dated March 24, 2004, has been deducted.
- *11. This is the acquisition price dated October 9, 2003, and includes a portion of the site disposed on October 30, 2009 (cost of investment sold, 614 million yen).
- *12. 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.

- *13. 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.
- *14. 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.
- *15. 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.
- *16. 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.
- *17. 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.
- *18. 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 asset for the September 2021 period (April 1, 2021 – September 30, 2021). 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, 2021 – September 30, 2021)												
	Property-related revenues	Property-related expenses	Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses	Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
Kitanomaru Square	1,751	540	127	46	96	1	10	257	0	1,210	1,468	16	1,452
MD Kanda Building	220	82	16	11	22	0	2	29	-	138	167	1	165
Kandabashi Park Building	128	42	1	-	18	0	3	18	-	86	105	14	90
Otemachi Financial City North Tower	206	174	33	15	51	0	0	74	0	32	106	-	106
Otemachi Park Building	192	90	8	10	33	0	0	37	0	102	139	-	139
Nibancho Garden	488	204	61	22	56	0	4	57	-	284	341	1	340
Mitsubishi UFJ Trust and Banking Building	975	362	55	47	160	0	4	90	2	613	703	2	701
Burex Kojimachi Building	162	55	-	-	14	0	5	35	-	106	141	2	139
Sanno Grand Building	1,018	368	101	43	123	0	28	70	-	649	719	31	688
Yurakucho Denki Building	275	126	32	19	49	0	-	24	-	149	173	-	173
Front Place Nihonbashi	399	146	23	16	40	0	0	64	0	252	317	1	315
Kyodo Building (Kayabacho 2Chome)	141	56	10	7	12	0	3	22	-	84	107	2	104
Burex Kyobashi Building	158	41	-	-	12	0	6	23	-	117	140	3	136
Ginza 1Chome East Building	190	88	14	8	11	0	6	47	-	102	149	-	149
Ginza Sanwa Building	387	154	26	11	85	0	6	24	0	232	256	13	243
Ryoshin Ginza East Mirror Building	164	79	13	8	16	0	0	40	-	85	125	-	125
Harumi Front	1,186	589	123	70	81	1	7	304	0	596	901	2	898
Harumi Center Building	601	313	73	33	49	0	32	123	0	287	410	8	402
Akasaka Park Building	2,232	1,262	222	203	272	3	136	421	1	970	1,391	94	1,296
Aoyama Crystal Building	230	83	14	8	33	0	4	22	0	146	168	2	166
Clover Shiba-koen	116	51	10	5	6	0	6	22	-	64	87	-	87
Shiodome Building	2,346	899	180	91	195	1	19	409	1	1,447	1,856	49	1,806
Shiba 2Chome Daimon Building	297	185	41	16	40	0	23	61	0	112	173	24	148
Cosmo Kanasugibashi Building	125	47	12	5	13	0	0	14	0	77	91	1	90

(Millions of Yen)

Name of property	Revenues / Expenses (April 1, 2021 – September 30, 2021)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
Seavans S Building	255	136	34	27	19	0	9	44	-	119	163	20	142
Tamachi Front Building	160	64	10	6	14	0	0	31	0	95	127	-	127
Shinjuku Eastside Square	1,825	623	107	93	121	1	5	289	3	1,201	1,491	28	1,462
Shinjuku Front Tower	928	401	89	39	83	1	14	171	1	527	699	14	685
Shinwa Building	205	97	22	10	20	0	3	38	0	108	147	28	118
Tokyo Opera City Building*1	1,497	1,034	*1	*1	*1	*1	*1	*1	*1	463	*1	213	*1
Front Place Minami- Shinjuku	198	86	15	10	25	0	3	30	0	112	143	-	143
Link Square Shinjuku	559	262	56	27	46	0	-	131	-	296	427	-	427
Yoyogi 1Chome Building	315	105	24	14	25	0	0	39	-	210	249	1	248
Jingumae Terrace	170	57	10	7	20	0	2	16	-	113	130	9	120
Jingumae Media Square Building	285	152	23	18	59	0	1	49	-	133	182	3	178
Shibuya Cross Tower(Land)	541	85	-	-	85	-	-	-	-	456	456	-	456
Ebisu Neonato	452	266	56	13	38	1	60	96	-	185	281	16	265
TIXTOWER UENO	661	339	62	29	37	1	15	192	0	321	513	7	506
Higashi Gotanda 1Chome Building	193	71	13	14	14	0	2	25	0	122	147	-	147
Osaki Front Tower	716	393	65	36	26	0	5	163	96	322	486	3	483
Omori-Eki Higashiguchi Building	242	111	29	15	25	0	0	40	-	130	171	-	171
Harmony Tower	476	155	35	-	56	0	12	50	-	321	371	-	371
Otsuka Higashi Ikebukuro Building*3	166	79	15	16	10	0	1	35	-	87	122	-	122
Ikebukuro 2Chome Building	66	29	7	4	5	0	2	8	0	37	46	10	35
Ikebukuro YS Building	199	82	18	10	15	0	4	32	-	116	148	17	131
Hachioji First Square	229	121	51	3	26	0	5	34	0	108	142	13	129
Saitama Urawa Building	123	52	15	8	9	0	1	18	0	71	89	6	82
MM Park Building	1,201	674	136	142	80	1	12	300	1	527	827	28	798
Queen's Tower A	1,014	672	207	85	114	2	12	243	5	342	585	124	460
Musashi Kosugi STM Building	169	69	22	2	12	0	5	27	0	99	127	0	127

(Millions of Yen)

Name of property	Revenues / Expenses (April 1, 2021 – September 30, 2021)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
			Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses				
8・3 Square Kita Building	366	152	30	52	23	0	4	41	-	214	255	4	251
Jozenji Park Building	57	38	9	5	7	0	4	11	-	19	31	0	30
Higashi Nibancho Square	596	263	71	38	41	0	9	101	-	332	433	2	431
Sendai Honcho Honma Building	141	66	17	12	16	0	1	18	-	74	93	10	82
AER	672	344	91	39	64	0	23	124	0	328	452	23	429
Daido Seimei Niigata Building	79	59	12	4	6	0	3	31	-	20	52	5	46
Kanazawa Park Building	511	306	100	40	67	1	10	86	0	204	291	15	275
Kanazawa Kamitsutsumicho Building	140	86	17	12	9	0	5	40	-	53	94	-	94
Nishiki Park Building	287	170	54	19	25	0	5	59	6	116	175	19	156
Nagoya Hirokoji Place	368	163	40	26	35	0	2	57	0	205	263	3	259
Nagoya Hirokoji Building	589	383	90	38	65	0	30	156	0	206	362	18	343
Nagoya Misono Building	78	59	10	4	6	0	6	30	0	19	49	-	49
Shijo Karasuma Center Building	236	106	30	12	11	0	5	45	0	130	175	7	168
Umeda Square Building	465	225	52	25	51	0	15	79	0	240	319	70	249
Shin Fujita Building	767	492	89	55	76	1	19	251	0	274	525	39	485
Sakaisujihonmachi Building	245	140	44	29	35	0	3	25	-	104	130	10	119
Midosuji Daiwa Building	563	291	64	41	76	0	10	98	0	272	370	18	352
Amagasaki Front Building	373	228	67	21	26	0	8	104	0	144	249	3	245
Lit City Building	245	108	27	14	16	1	13	35	-	136	172	-	172
NHK Hiroshima Broadcasting Center Building	249	198	50	20	24	0	15	60	25	51	112	96	15
Tosei Tenjin Building	99	48	13	7	7	0	8	11	0	50	62	56	5
Tenjin Crystal Building	169	124	22	17	19	0	1	63	0	44	107	3	104
Hinode Tenjin Building	192	80	23	17	15	0	2	21	0	111	133	1	132
Total	34,354	16,415	3,653	2,106	3,384	46	776	6,264	183	17,939	24,204	1,236	22,967

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

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

*3 Otsuka Higashi-Ikebukuro Building has been disposed of as of August 31, 2021.

c. Condition of Other Assets

(i) Shares/Investment Securities

Securities	Number of shares	Acquisition price (¥ thousand)		Appraisal value (¥ thousand)		Valuation gain/loss (¥ thousand)	Notes
		Unit price	Amount	Unit price	Amount		
Tokyo Opera City Building Co., Ltd.	124	83	10,336	83	10,336	—	*
Tokyo Opera City Heat Supply Co., Ltd.	4,931	114	566,831	114	566,831	—	*
Total	—	—	577,168	—	577,168	—	—

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

(ii) Other Specified Assets

Specified asset type	Quantity	Book value (¥ thousand)		Appraisal value (¥ thousand)		Valuation gain/loss (¥ thousand)	Notes
		Unit price	Amount	Unit price	Amount		
Monetary claim	1	1,040,000	1,040,000	1,040,000	1,040,000	—	—
Total	—	—	1,040,000	—	1,040,000	—	—

Trust beneficiary rights, 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
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Upgrade of air conditioning facilities	From April 2021 To December 2021	123	—	—
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of air conditioning facilities	From June 2021 To June 2022	80	—	—
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Elevator renewal construction	From April 2021 To December 2021	56	—	—
Cosmo Kanasugibashi Building (Minato-ku, Tokyo)	Construction work	From October 2021 To February 2022	44	—	—

(ii) Capital expenditures during the period under review

For acquired real estate and other assets, capital expenditures incurred in the period under review totaled ¥1,236 million and repair, maintenance and renovation expenses classified as expenses in the period under review totaled ¥776 million, for a total of ¥2,013 million worth of construction that has been carried out.

The major item in the capital expenditure was the upgrade of air conditioning facilities of NHK Hiroshima Broadcasting Center Building.

Name of property (Location)	Purpose	Period	Expenditures for construction (¥ million)
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of air conditioning facilities	From June 2020 To June 2021	72
Tosei Tenjin Building (Fukuoka, Fukuoka Prefecture)	Upgrade of electrical equipment	From August 2021 To September 2021	35
Other real estate			1,128
Total			1,236

(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, 2020 to March 31, 2021	For the period from April 1, 2021 to September 30, 2021
(a) Asset management fees *1	¥1,433,297 thousand	¥1,719,993 thousand
(breakdown) NOI-linked fee	¥993,010 thousand	¥968,161 thousand
Distribution-linked fee I *2	¥440,286 thousand	¥433,516 thousand
Distribution-linked fee II*2	— thousand	¥318,314 thousand
(b) Asset custody fees	¥64,705 thousand	¥64,717 thousand
(c) Administrative service fees	¥134,140 thousand	¥134,827 thousand
(d) Directors' compensations	¥7,800 thousand	¥7,800 thousand
(e) Commission expenses	¥105,520 thousand	¥89,352 thousand
(f) Other operating expenses	¥71,203 thousand	¥75,003 thousand
Total	¥1,816,667 thousand	¥2,091,694 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 September 30, 2021, the disposition fee amounted to ¥30,125 thousand, and in the period ended March 31, 2021, these fees amounted to ¥0.

*2 In the period ended September 30, 2021 and thereafter, 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. In the period ended March 31, 2021, “Distribution-linked fee I” was replaced with “Distribution-linked fee”.

(ii) Borrowings

The condition of loans by financial institutions as of September 30, 2021 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	Sumitomo Mitsui Trust Bank, Limited	April 20, 2020	2,000,000	—	0.1172	April 20, 2021	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Mizuho Bank, Ltd.	April 20, 2020	5,000,000	—	0.1172	April 20, 2021			
	MUFG Bank, Ltd. *3	February 18, 2021	11,000,000 *3	—	0.11909	May 18, 2021			
	MUFG Bank, Ltd. *4	May 18, 2021	—	—	0.10909	August 18, 2021			
	MUFG Bank, Ltd. *5	August 18, 2021	—	11,000,000 *5	0.09727	November 18, 2021			
	Mizuho Bank, Ltd.	April 20, 2021	—	5,000,000	0.12524	April 20, 2022			
	Sumitomo Mitsui Trust Bank, Limited	April 20, 2021	—	2,000,000	0.12524	April 20, 2022			
	Subtotal		18,000,000	18,000,000					
Long-term borrowings	MUFG Bank, Ltd.	April 4, 2017	5,000,000	—	0.000 *6	April 5, 2021	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	MUFG Bank, Ltd.	April 24, 2013	5,000,000	—	0.775	April 26, 2021			
	Mizuho Bank, Ltd.	June 15, 2012	4,000,000	—	1.07375	June 15, 2021			
	Sumitomo Mitsui Trust Bank, Limited	December 26, 2016	3,700,000	—	0.1913	June 28, 2021			
	Sumitomo Mitsui Banking Corporation	January 19, 2018	5,000,000	—	0.16255	July 20, 2021			
	The Bank of Fukuoka, Ltd.	August 31, 2017	1,500,000	—	0.1325	August 31, 2021			
	The Iyo Bank, Ltd.	October 1, 2014	1,000,000	1,000,000	0.46525	October 1, 2021 *7			
	The Chugoku Bank, Limited	October 1, 2014	1,000,000	1,000,000	0.4725	October 1, 2021 *7			
	Daishi Hokuetsu Bank, Ltd.	November 14, 2014	3,200,000	3,200,000	0.463	November 15, 2021 *7			
	Sony Bank Incorporated		1,400,000	1,400,000					
	The Toho Bank, Ltd.		1,400,000	1,400,000					
	The Shinkumi Federation Bank		1,000,000	1,000,000					
	The Akita Bank, Ltd.		900,000	900,000					
	The Gunma Bank, Ltd.		900,000	900,000					
	The 77 Bank, Ltd.		900,000	900,000					
The Tochigi Bank, Ltd.	900,000		900,000						

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
The Bank of Iwate, Ltd.	500,000	500,000							
The Higo Bank, Ltd.	500,000	500,000							
The Yamagata Bank, Ltd.	500,000	500,000							
The Nishi-Nippon City Bank, Ltd.	June 17, 2014	2,000,000	2,000,000	0.621	December 17, 2021 *7				
Sumitomo Mitsui Banking Corporation	January 7, 2013	2,000,000	2,000,000	0.980	January 7, 2022 *7				
Mizuho Bank, Ltd.	January 15, 2013	5,000,000	5,000,000	0.96625	January 17, 2022 *7				
The Norinchukin Bank	January 31, 2014	3,500,000	3,500,000	0.757	January 31, 2022 *7				
Mizuho Bank, Ltd.	April 24, 2013	3,000,000	3,000,000	0.87375	April 25, 2022 *7				
MUFG Bank, Ltd.	June 15, 2012	4,000,000	4,000,000	1.1975	June 15, 2022 *7				
MUFG Bank, Ltd.	June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022 *7				
Shinsei Bank, Limited	June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022 *7				
The Norinchukin Bank	June 17, 2014	3,000,000	3,000,000	0.6785	June 17, 2022 *7				
The Gunma Bank, Ltd.	August 10, 2015	1,000,000	1,000,000	0.3925	August 10, 2022 *7				
The Shinkumi Federation Bank		1,000,000	1,000,000						
DaishiHokuetsu Bank, Ltd		1,000,000	1,000,000						
The Chugoku Bank, Limited		1,000,000	1,000,000						
The Toho Bank, Ltd.		1,000,000	1,000,000						
The Fukui Bank, Ltd.		1,000,000	1,000,000						
The Tochigi Bank, Ltd.		500,000	500,000						
MUFG Bank, Ltd.	September 1, 2015	2,000,000	2,000,000	0.47125	September 1, 2022 *7				
The Hachijuni Bank, Ltd.	December 20, 2017	1,000,000	1,000,000	0.1863	December 20, 2022				
Development Bank of Japan Inc.	January 7, 2013	3,000,000	3,000,000	1.115	January 6, 2023				
DaishiHokuetsu Bank, Ltd.	January 7, 2016	1,500,000	1,500,000	0.2802	January 10, 2023				
The 77 Bank, Ltd.	January 10, 2018	1,000,000	1,000,000	0.205	January 10, 2023				

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 15, 2016	1,000,000	1,000,000	0.265	January 16, 2023	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	The Iyo Bank, Ltd.	January 15, 2016	1,000,000	1,000,000	0.265	January 16, 2023			
	Sumitomo Mitsui Trust Bank, Limited	January 17, 2018	3,000,000	3,000,000	0.210	January 17, 2023			
	Development Bank of Japan Inc.	January 31, 2014	5,000,000	5,000,000	0.9325	January 31, 2023			
	The Yamaguchi Bank, Ltd.	March 25, 2013	1,000,000	1,000,000	0.945	March 24, 2023			
	The Bank of Fukuoka, Ltd.	March 24, 2015	2,000,000	2,000,000	0.5125	March 24, 2023			
	The Norinchukin Bank	March 25, 2015	3,500,000	3,500,000	0.46825	March 27, 2023			
	The Chugoku Bank, Limited	March 26, 2018	2,000,000	2,000,000	0.1988	March 27, 2023			
	Sumitomo Mitsui Banking Corporation	November 29, 2018	3,000,000	3,000,000	0.1694	May 29, 2023			
	Sumitomo Mitsui Trust Bank, Limited	November 29, 2018	3,000,000	3,000,000	0.1694	May 29, 2023			
	MUFG Bank, Ltd.	June 1, 2017	12,000,000	12,000,000	0.02035 *6	June 1, 2023			
	The Chugoku Bank, Limited	June 15, 2015	3,000,000	3,000,000	0.61175	June 15, 2023			
	The Bank of Fukuoka, Ltd.	June 15, 2017	2,500,000	2,500,000	0.2388	June 15, 2023			
	MUFG Bank, Ltd.	December 19, 2014	10,000,000	10,000,000	0.42375 *8	December 19, 2023			
	MUFG Bank, Ltd.	March 26, 2018	5,000,000	5,000,000	0.01374 *6	March 26, 2024			
	The Hachijuni Bank, Ltd.	March 26, 2018	1,000,000	1,000,000	0.2338	March 26, 2024			
	Sumitomo Mitsui Trust Bank, Limited	May 29, 2019	5,000,000	5,000,000	0.075	May 29, 2024			
	The Iyo Bank, Ltd.	June 15, 2017	2,500,000	2,500,000	0.275	June 17, 2024			
	The Hachijuni Bank, Ltd.	June 15, 2017	1,000,000	1,000,000	0.275	June 17, 2024			
	MUFG Bank, Ltd.	September 1, 2015	3,500,000	3,500,000	0.630	September 2, 2024			
Sumitomo Mitsui Trust Bank, Limited	September 2, 2015	3,800,000	3,800,000	0.536	September 2, 2024				
The Norinchukin Bank	September 1, 2017	5,000,000	5,000,000	0.240	September 2, 2024				

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
	Sumitomo Mitsui Trust Bank, Limited	September 26, 2019	5,500,000	5,500,000	0.105	September 26, 2024	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	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	0.11894 *6	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	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			
	Mizuho Bank, Ltd.	March 27, 2018	5,500,000	5,500,000	0.300	March 27, 2026			
	Shinkin Central Bank	March 30, 2017	5,000,000	5,000,000	0.360	March 30, 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
Long-term borrowings	Sumitomo Mitsui Trust Bank, Limited	June 28, 2021	—	3,700,000	0.17875	June 29, 2026	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	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			
	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 Jyo 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	0.20625	August 31, 2028			
	Mizuho Bank, Ltd.	November 15, 2019	8,500,000	8,500,000	0.34875	November 15, 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			
	MUFG Bank, Ltd.	January 15, 2020	5,500,000	5,500,000	0.3625	January 15, 2030			
	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				
MUFG Bank, Ltd.	October 20, 2020	5,000,000	5,000,000	0.2925	October 18, 2030				

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
The Iyo Bank, Ltd.	March 24, 2021	2,000,000	2,000,000	0.17335 *6	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	0.41875	April 4, 2031				
MUFG Bank, Ltd.	April 26, 2021	—	5,000,000	0.35625	April 25, 2031				
Mizuho Bank, Ltd.	June 15, 2021	—	4,000,000	0.28875	June 16, 2031				
The Norinchukin Bank *9	January 29, 2021	5,000,000	5,000,000	0.34625	July 31, 2031				
The Norinchukin Bank *10	January 29, 2021	5,000,000	5,000,000	0.3675	January 30, 2032				
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		358,500,000	358,500,000						
Total		376,500,000	376,500,000						

- *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 18, 2021, MUFG Bank, Ltd. transferred its loan receivable of ¥10,400 million to Mitsubishi UFJ Trust and Banking Corporation.
- *4. As of May 18, 2021, MUFG Bank, Ltd. transferred its loan receivable of ¥9,800 million to Mitsubishi UFJ Trust and Banking Corporation.
- *5. As of August 18, 2021, MUFG Bank, Ltd. transferred its loan receivable of ¥11,000 million to Mitsubishi UFJ Trust and Banking Corporation.
- *6. These are floating rate borrowings which are not swapped into fixed rates.
- *7. 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.
- *8. 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.
- *9. 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%.
- *10. 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%.

(iii) Investment Corporation Bonds

Outstanding investment corporation bonds as of September 30, 2021 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
Disposition	Otsuka Higashi-Ikebukuro Building	August 31, 2021	6,025	4,850	Daiwa Real Estate Appraisal Co., Ltd.	March 1, 2021

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

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

(ii) Other

Value inspections on transactions by the Company that are deemed necessary under Article 201 of the ITA, are entrusted to Yoshihiro Tanaka CPA Office, excluding ones described in (i) Real Estate, etc. above.

During the period from April 1, 2021 to September 30, 2021, there was no transaction that was subject to such inspections.

g. Transactions with Interested Parties (from April 1, 2021 to September 30, 2021)

(i) Transactions

Segment	Buying and selling amounts	
	Buying amounts	Selling amounts
Total Amount	¥ — thousand	¥ 6,025,000 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	¥3,653,419 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥2,421,279 thousand	66.3 %
		Mitsubishi Estate Co., Ltd.	¥174,404 thousand	4.8 %
		Mitsubishi Real Estate Services Co., Ltd.	¥39,877 thousand	1.1 %
		Yuden Building Kanri Co., Ltd.	¥30,041 thousand	0.8 %
		Mitsubishi Estate Parks Co., Ltd.	¥1,087 thousand	0.0 %
Utilities expenses	¥2,106,626 thousand	Minato Mirai 21 District Heating and Cooling Co., Ltd.	¥82,724 thousand	3.9 %
Other operating expenses	¥161,984 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥20,778 thousand	12.8 %
		Mitsubishi Estate Co., Ltd.	¥1,979 thousand	1.2 %
		Mitsubishi Jisho Sekkei Inc.	¥4,500 thousand	2.8 %

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

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

Mitsubishi Jisho Property Management Co., Ltd.	¥655,156 thousand
Mitsubishi Estate Co., Ltd.	¥31,099 thousand
Mitsubishi Jisho Sekkei Inc.	¥2,000 thousand
Mitsubishi Real Estate Services Co., Ltd.	¥18,578 thousand

h. Other Announcements

Board of Directors

Below is an overview of the important change and the conclusion of major contracts that were accepted by the Company's Board of Directors

Date of acceptance	Accepted item	Overview
May 17, 2021	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.

Selected Financial Data

	Millions of yen				
	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2020 to March 31, 2021	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2019 to March 31, 2020	For the period from April 1, 2019 to September 30, 2019
Operating revenues	36,901	34,944	34,966	35,996	35,164
Operating expenses	18,507	18,464	18,468	18,641	18,669
Operating profit	18,394	16,479	16,498	17,354	16,494
Ordinary profit	17,477	15,508	15,608	16,326	15,390
Profit before income taxes	17,477	15,508	15,608	16,326	15,390
Profit	16,865	15,560	15,598	15,755	14,945
Total assets	1,003,583	1,001,734	1,000,254	982,607	966,390
Interest-bearing debt	419,493	419,493	418,993	401,993	389,993
Net assets	516,447	515,262	515,302	514,400	512,770
Unitholders' capital	497,241	497,241	497,241	497,241	497,241
Number of units (Units)	1,385,210	1,385,210	1,385,210	1,385,210	1,385,210
Net assets per unit (Yen)	372,829	371,974	372,002	371,351	370,174
Cash distribution	15,730	15,680	15,600	14,697	14,124
Dividend payout ratio (Note 1)	93.3%	100.8%	100.0%	93.3%	94.5%
Dividend per unit (Yen)	11,356	11,320	11,262	10,610	10,197
Net operating income (NOI)	24,204	24,825	24,943	23,413	23,104
Funds from operations (FFO)	20,583	22,089	22,225	19,986	19,795
Return on assets (ROA) (Note 2)	1.7%	1.5%	1.6%	1.7%	1.6%
	(3.5% annualized)	(3.1% annualized)	(3.1% annualized)	(3.3% annualized)	(3.2% annualized)
Return on equity (ROE) (Note 3)	3.3%	3.0%	3.0%	3.1%	2.9%
	(6.5% annualized)	(6.1% annualized)	(6.0% annualized)	(6.1% annualized)	(5.8% annualized)
EOP equity ratio (Note 4)	51.5%	51.4%	51.5%	52.4%	53.1%
EOP interest-bearing debt ratio on total assets (Note 5)	41.8%	41.9%	41.9%	40.9%	40.4%
FFO multiple (Times)	22.5	20.4	16.8	22.0	25.4
Debt service coverage ratio (Times) (Note 6)	27.7	24.8	24.2	24.3	21.4

- Notes: 1. Dividend payout ratio = Dividend per unit / Profit per unit × 100
2. ROA = Ordinary profit / Average of Total assets during the period × 100
3. ROE = Profit / Average of Net assets during the period × 100
(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, 2019, 183 days for the period ended March 31, 2020, 183 days for the period ended September 30, 2020, 182 days for the period ended March 31, 2021 and 183 days for the period ended September 30, 2021.)
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