

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

May 15, 2023

Name of Issuer: Japan Real Estate Investment Corporation
 Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 8952
 URL: <https://www.j-re.co.jp/en/>
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Scheduled Date of Filing Securities Report: June 26, 2023
 Scheduled Date of Dividend Payment: June 14, 2023
 Supplementary Materials for Financial Results: Yes
 Holding of a Briefing on Financial Results: Yes (primarily for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the March 2023 period (October 1, 2022 to March 31, 2023)

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

Period ended	Operating Revenues		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	37,345	(0.8)	17,041	(5.5)	16,172	(6.3)	16,161	(3.7)
September 30, 2022	37,654	3.3	18,042	5.5	17,256	6.6	16,790	4.6

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	%	%	%
March 31, 2023	11,667	3.1	1.6	43.3
September 30, 2022	12,121	3.2	1.7	45.8

(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	%	%
March 31, 2023	11,667	16,161	-	-	100.0	3.1
September 30, 2022	11,500	15,929	-	-	94.9	3.1

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

2: For the period ended September 30, 2022, the total dividends are calculated as profit, subtracting the provision of reserve for reduction entry (860 million yen).

(3) Financial Standing

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Unit
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	1,047,158	517,993	49.5	373,945
September 30, 2022	1,008,970	517,761	51.3	373,778

Reference: Total unitholders' equity is 517,993 million yen for the March 31, 2023 period and 517,761 million yen for the September 30, 2022 period.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	26,195	(42,654)	21,172	31,506
September 30, 2022	46,785	(4,877)	(42,288)	26,793

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

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

Period ending	Operating Revenues		Operating Profit		Ordinary Profit		Profit		Dividend per Unit Excluding Excess of Earnings	Dividend in Excess of Earnings per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2023	38,610	3.4	17,390	2.0	16,380	1.3	16,370	1.3	11,500	-
March 31, 2024	41,050	6.3	19,320	11.1	18,260	11.5	17,620	7.6	11,550	-

Reference: Profit per unit forecast = Profit forecast / Number of total investment units forecast for the end of the period
(the September 2023 period): 11,500 yen; (the March 2024 period): 12,380 yen.

*Other

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

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

(2) Number of Units Outstanding

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

As of March 31, 2023 1,385,210 units

As of September 30, 2022 1,385,210 units

Number of Treasury Units at End of Period

As of March 31, 2023 0 units

As of September 30, 2022 0 units

Note: Please refer to the notes regarding per unit information on page 25 for the number of investment units on which the calculations of profit per unit are based.

* The Implementation Status of Statutory Audit

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

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

Estimates for the Company's future operating results contained in the financial results are forward-looking statements and are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ substantially from the projections depending on a number of factors. In addition, these forecasts do not guarantee the stated dividends. As for assumptions underlying performance forecasts, please refer to the table entitled "Assumptions Underlying Performance Forecasts for the September 2023 period (April 1, 2023 to September 30, 2023) and the March 2024 period (October 1, 2023 to March 31, 2024)" on pages 8 and 9.

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 1.12 trillion yen (Note), as of March 31, 2023. In the same period, the Company continued to grow steadily in the number of properties in its portfolio, from 20 to 76 properties.

During the March 2023 period (October 1, 2022 to March 31, 2023), the Japanese economy has been slowly picking up, particularly in personal consumption, as the movement restrictions as measures against the spread of COVID-19 has been increasingly eased and socio-economic activities continues to normalize. On the other hand, the outlook remains uncertain due to the prolonged Ukraine crisis, global monetary tightening, the Bank of Japan (“BOJ”)’s expansion of the allowable range of fluctuation in long-term interest rates, etc. The effects of rising prices, supply-side constraints, and fluctuations in financial and capital markets must continue to be closely monitored.

In the office leasing market, tenants’ needs to relocate for location improvement and for expansion caused by outgrowing are on the rise, and the vacancy rate, which had been rising against the background of the spread of teleworking due to changes in work styles, has now leveled off accordingly. Rent levels continue to trend slightly downward. Considering such leasing market trends, the Company strives to attract new tenants through strategic leasing activities and to further enhance the satisfaction level of existing tenants by adding value to the properties, with the aim of securing stable income and improving the occupancy rate for the entire portfolio.

In the real estate trading market, the appetite from investors at home and abroad are still strong due to factors such as BOJ’s continued monetary easing despite the tweak in its yield curve control policy, interest rate differentials with overseas markets, and the depreciation of the Japanese yen against the U.S. dollar; the acquisition environment for quality office buildings, which are in short supply, remains challenging accordingly.

Under such market conditions, the Company made sound investments based on the Investment Policy of providing stable dividends to unitholders, which has remained unchanged since its listing on the TSE, and the Company’s dividend per unit stands at 11,667 yen, up 167 yen from the previous period.

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

② Results of Operations

a. Property Management and Acquisition and Disposition

In the office leasing market in the fiscal period under review, the occupancy rate at the end of the period was 95.5%, increased by 1.6% from the end of the previous period. By capturing positive demand such as relocations to improve the location and work environment, and relocations for expansion due to business expansion, the Company was able to fill vacancies caused by large tenants moving out.

As for property acquisition and disposition, the Company disposed of a 25% quasi-co-ownership interest of the trust beneficiary right in Harumi Front (Chuo-ku, Tokyo) for 9,777 million yen as of December 1, 2022. The property will be disposed of in stages over the three fiscal periods, with a 30% to have been disposed of for 11,733 million yen on April 3, 2023, and the remaining 45% to be disposed of for 17,599 million yen on January 12, 2024. In addition, the Company acquired a 50% quasi-co-ownership interest of the trust beneficiary right in the ARGYLE aoyama (Minato-ku, Tokyo) for 23,900 million yen, and acquired a 9% co-ownership interest in Toyosu Foresia for 8,100 million yen on February 27, 2023. Furthermore, the Company acquired on March 30, 2023, CIRCLES Hirakawacho (Chiyoda-ku, Tokyo) for 1,780 million yen, and an additional 4% co-ownership interest in Shinjuku Eastside Square for 8,500 million yen, thereby its interest in the property increasing from 35.0% to 39.0%.

As a result of the above, the Company’s portfolio at the end of the fiscal period under review, March 31, 2023, consisted of 76 properties, with a total acquisition price of 1.12 trillion yen. Net rentable floor area stood at 886,439 m² with 1,582 tenants in total. (Note 1)

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 and total number of tenants.

b. Finance Activities

According to its financial policy, the Company aims to maintain the LTV ratio (ratio of interest-bearing debt to total assets) at 30% to 40%, and strives to maintain a sound and conservative financial profile by staggering maturities, extending durations, and diversifying stable lenders among other 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 short-term loan of 29,000 million yen were borrowed to partially fund the acquisitions of the ARGYLE aoyama and Toyosu Foresia, and the short-term loan of 8,300 million yen and the long-term loan of 3,000 million yen were borrowed to acquire Shinjuku Eastside Square, as an additional acquisition, and CIRCLES Hirakawacho. Furthermore, the Company repaid the short-term loan of 3,200 million yen with cash on hand, and borrowed to fund the repayment of existing loans.

As a result of the above financing activities, as of March 31, 2023, the Company's total interest-bearing debt was 460.4 billion yen, which was increased by 37.1 billion yen compared with the end of the previous fiscal period. This amount consists of long-term loans totaling 365.2 billion yen (including the current portion of long-term loans totaling 39.5 billion yen), short-term loans totaling 52.3 billion yen, and investment corporation bonds totaling 42.9 billion yen (including the current portion of investment corporation bonds totaling 10.0 billion yen). The current LTV ratio stands at 44.0%.

The Board of Directors of the Company resolved at its meetings held on March 28, 2023 and April 3, 2023 to issue new investment units (35,200 units by public offering and 2,454 units by third-party allotment). Through this issuance of new investment units, the Company raised approximately 18,224 million yen on April 7, 2023 by the public offering and approximately 1,270 million yen on May 1, 2023 by the third-party allotment. The funds raised through the public offering and the third-party allotment were used to partially repay a short-term loan, which is the refinancing of the aforementioned short-term loan of 29,000 million yen taken out for the acquisition of the ARGYLE aoyama and Toyosu Foresia. In addition, the aforementioned short-term loan of 8,300 million yen borrowed for the acquisition of Shinjuku Eastside Square (additional acquisition) and CIRCLES Hirakawacho were repaid with the proceeds from the second disposition of Harumi Front and cash on hand, thus the Company making efforts to maintain a sound and conservative financial structure.

The Company's credit ratings as of March 31, 2023 were as follows:

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

c. General Meeting of Unitholders

The Company held the 13th General Meeting of Unitholders on December 13, 2022. The meeting deliberated the proposals for partial amendments to the Articles of Incorporation, appointment of one executive director, appointment of two substitute executive directors, appointment of two supervisory directors, and appointment of one substitute supervisory director. All the proposals were approved and resolved as originally proposed. Following the meeting resolutions, Mr. Jo Kato was elected as Executive Director, and Mr. Hiroaki Takano and Ms. Miyuki Aodai were re-elected and elected, respectively, as Supervisory Directors. They all assumed office as of December 13, 2023. Meanwhile, Mr. Shojiro Kojima and Mr. Masaaki Fujino were appointed as Substitute Executive Directors, and Mr. Norio Suzuki as Substitute Supervisory Director.

③ Summary of Financial Results and Dividends

As a result of the above operations, in the fiscal period under review, the Company's operating revenues decreased 0.8% compared with the previous period, to 37.3 billion yen. On the income front, operating profit decreased 5.5%, to 17.0 billion yen. After deducting expenses for interest payments on loans and other costs, ordinary profit decreased 6.3%, to 16.1 billion yen, and profit decreased 3.7%, to 16.1 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 decided, not exceeding unappropriated retained earnings for the fiscal period under review and securing the retained earnings brought forward, that the total amount of dividends is 16,161,245,070 yen for the fiscal period under review, which is a multiple of 1,385,210—the number of units outstanding as of March 31, 2023. Accordingly, the dividend per investment unit is 11,667 yen.

(2) Outlook

① Operating Environment

The Japanese economy, under the New Normal, is expected to recover as domestic demand is expected to improve with the further normalization of socio-economic activities. On the other hand, the Company considers it necessary to closely monitor the impact of fluctuations in financial and capital markets, keeping in mind downside risks such as the prolonged Ukraine Crisis and the global price hike and rising interest rates against the background thereof.

In the office leasing market, while the market is gradually bottoming out following the downgrading of COVID-19 to class 5, it is considered necessary to monitor the pace of recovery in office demand affected by the development of remote working as well as the impact of a massive supply of new office space in central Tokyo expected in 2023 and 2025. As tenants are becoming more selective about their office space in line with the review of work styles, the Company will secure stable earnings over the medium to long term and maintain and enhance the asset values by promoting strategic repairs and renovations and ESG investments.

Regarding the real estate investment market, it is important to continue to be proactive in searching for new properties, keeping collaboration with sponsors as our main focus, 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 September 2023 period (April 1, 2023 to September 30, 2023) are as follows: operating revenues totaling 38.6 billion yen, operating profit totaling 17.3 billion yen, ordinary profit totaling 16.3 billion yen, and profit totaling 16.3 billion yen. The Company plans to declare a per-unit cash dividend of 11,500 yen.

The Company's forecasts for the March 2024 period (October 1, 2023 to March 31, 2024) are as follows: operating revenues totaling 41.0 billion yen, operating profit totaling 19.3 billion yen, ordinary profit totaling 18.2 billion yen, and profit totaling 17.6 billion yen. The Company plans to declare a per-unit cash dividend of 11,550 yen.

Regarding the assumptions underlying these forecasts, please see the table entitled "Assumptions Underlying Performance Forecasts for the September 2023 period (April 1, 2023 to September 30, 2023) and the March 2024 period (October 1, 2023 to March 31, 2024)" on pages 8 and 9. Operating revenues, operating profit, ordinary profit, profit, and cash dividend per unit might vary depending on changes that could occur in the market situation.

③ Issuance of New Investment Units

As described in (1) Business Operations ②Results of Operations b. Finance Activities above, the Company issued new investment units and conducted a secondary offering of investment units, based on the resolutions passed at the Board of Directors meetings held on March 28, 2023 and April 3, 2023 as follows:

Issuance of New Investment Units through Public Offering

Number of investment units offered	35,200 units
Offered price	534,100 yen per unit
Total amount of offered price	18,800,320,000 yen
Amount paid in (subscription price)	517,750 yen per unit
Total amount paid in (total subscription price)	18,224,800,000 yen
Payment date	April 7, 2023

Secondary Offering of Investment Units through Over-Allotment

Number of investment units sold	2,464 units
Selling price	534,100 yen per unit
Total selling price	1,316,022,400 yen

Issuance of New Investment Units through Third-Party Allotment

Number of investment units offered	2,454 units
Amount paid in (subscription price)	517,750 yen per unit
Total amount paid in (total subscription price)	1,270,558,500 yen
Payment date	May 1, 2023
Allottee	SMBC Nikko Securities Inc.

The proceeds raised through the public offering and the third-party allotment were applied toward the repayments of a part of the short-term loan, which is the refinancing of the short-term loan of 29,000 million yen borrowed to partially fund the acquisitions of a 50% quasi-co-ownership interest in the ARGYLE aoyama for 23,900 million yen and a 9% co-ownership interest in Toyosu Foresia for 8,100 million.

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

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • The September 2023 period: April 1, 2023 to September 30, 2023 (183 days) • The March 2024 period: October 1, 2023 to March 31, 2024 (183 days)
Number of properties held by the Company	<ul style="list-style-type: none"> • In the September 2023 period, the number of properties is assumed to be 76, taking into account the disposition of the 30% interest in Harumi Front on April 3, 2023, based on 76 properties as of March 31, 2023. • In the March 2024 period, the Company assumes 75 properties, taking into account the disposition of the remaining 45% interest in Harumi Front scheduled for January 12, 2024. • The actual portfolio may differ from this assumption due to additional property acquisitions and dispositions.
Number of units outstanding	<ul style="list-style-type: none"> • The Company assumes the total number of investment units outstanding to be 1,422,864 units, which is determined by adding to 1,385,210 units, the total number of units outstanding as of the end of March 2023, the 35,200 units and the 2,454 units, the respective number of units newly issued by the public offering and the third-party allotment as resolved at the board of directors' meetings held on March 28, 2023 and April 3, 2023.
Interest-bearing debt	<ul style="list-style-type: none"> • The proceeds raised through the public offering and the third party allotment, which were resolved at the board of directors' meetings held on March 28, 2023 and April 3, 2023, were applied toward the repayment of a part of the short-term loan, which is the refinancing of the short-term loan borrowed to partially fund the acquisitions of the ARGYLE aoyama and Toyosu Foresia. In addition, Shinjuku Eastside Square (additional acquisition) and CIRCLES Hirakawacho were acquired through short-term and long-term loans, and this short-term loan was repaid with the proceeds from the Harumi Front 2nd Transfer and cash on hand. As a result, the balance of interest-bearing debt was 432,693 million yen as of May 15, 2023. • In the September 2023 period, as of May 15, 2023, the Company will refinance the long-term loans due for repayments during the period totaling 23.5 billion yen (repayment dates: May 29, 2023, June 1, 2023, and June 15, 2023) and the short-term loans due for repayments during the period totaling 13.0 billion yen (repayment dates: May 18, 2023, and July 10, 2023). There are no investment corporation bonds set to mature in the September 2023 period. • In the March 2024 period, as of May 15, 2023, the Company will refinance the long-term loans due for repayments during the period totaling 16.0 billion yen (repayment dates: December 19, 2023, and March 26, 2024). It is assumed that the entire amount of Investment Corporation 12th Bond of 10.0 billion yen maturing on November 1, 2023 will be redeemed with funds procured through the issuance of corporate bonds or borrowings, etc.
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 May 15, 2023, and by factoring in potential variables that reflect the recent office leasing market landscape, such as rent levels and occupancy rates.

Item	Assumption
Operating expenses	<ul style="list-style-type: none"> • Of the taxes 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. In the event, however, that a property tax adjustment is incurred by JRE regarding a property that is acquired within the calendar year that the first day of an accounting period belongs to, the said adjustment is included in the acquisition cost and therefore not reported as an expense for the accounting period. In addition, the Company assumes the 2024 property taxes, city planning taxes, and depreciable property taxes for properties acquired in 2023 to be as follows: <ul style="list-style-type: none"> • the ARGYLE aoyama: 117 million yen • Toyosu Foresia: 37 million yen • Shinjuku Eastside Square (additional acquisition): 28 million yen • CIRCLES Hirakawacho: 7 million yen • Property and other taxes will be 3,660 million yen in the September 2023 period and 3,660 million yen in the March 2024 period. • Depreciation will be 6,230 million yen in the September 2023 period and 6,050 million yen in the March 2024 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 940 million yen in the September 2023 period and 1,010 million yen in the March 2024 period.
Dividend amounts	<ul style="list-style-type: none"> • Gain on the split disposition of Harumi Front will be 4,120 million yen in the September 2023 period and 6,470 million yen in the March 2024 period. The Company will make a provision of reserve for reduction entry on part of the gain of 6,470 million yen for the March 2024 period 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 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. • In addition to the income taxes deferred related to reversal of reserve for reduction entry, etc., the corporate and other taxes are calculated by taking into consideration the taxes in relation to the amortization of term leasehold interest for buildings and asset retirement obligations.

2. Financial Statements

(1) Balance Sheets

Thousands of yen

	As of September 30, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	20,473,628	23,341,245
Cash and deposits in trust	6,319,372	8,165,242
Operating accounts receivable	466,371	488,615
Prepaid expenses	503,071	146,995
Consumption taxes refund receivable	—	599,680
Other	307,853	357,296
Total current assets	28,070,298	33,099,076
Non-current assets		
Property, plant and equipment		
Buildings	255,140,683	240,356,796
Accumulated depreciation	(116,706,330)	(113,694,559)
Buildings, net	138,434,352	126,662,236
Structures	3,112,295	2,967,724
Accumulated depreciation	(1,233,432)	(1,241,158)
Structures, net	1,878,863	1,726,565
Machinery and equipment	3,266,422	3,128,460
Accumulated depreciation	(2,592,318)	(2,478,149)
Machinery and equipment, net	674,103	650,311
Tools, furniture and fixtures	524,266	546,613
Accumulated depreciation	(356,945)	(371,686)
Tools, furniture and fixtures, net	167,321	174,927
Land	458,991,518	445,794,157
Construction in progress	54,256	50,129
Buildings in trust	116,752,139	139,109,974
Accumulated depreciation	(39,425,825)	(46,809,895)
Buildings in trust, net	77,326,313	92,300,079
Structures in trust	1,139,925	1,295,426
Accumulated depreciation	(477,306)	(542,798)
Structures in trust, net	662,619	752,628
Machinery and equipment in trust	904,598	1,032,422
Accumulated depreciation	(638,594)	(765,840)
Machinery and equipment in trust, net	266,003	266,581
Tools, furniture and fixtures in trust	79,252	84,067
Accumulated depreciation	(54,975)	(57,666)
Tools, furniture and fixtures in trust, net	24,277	26,401
Land in trust	292,105,411	335,232,845
Construction in progress in trust	87,072	53,410
Total property, plant and equipment	970,672,114	1,003,690,274
Intangible assets		
Land leasehold interests	5,564,235	5,548,405
Easement	826,648	826,648
Other	24,371	20,530
Total intangible assets	6,415,255	6,395,584

Thousands of yen

	As of September 30, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	660,468	660,468
Leasehold and guarantee deposits	1,580,934	1,580,944
Long-term prepaid expenses	48,744	120,406
Other	1,457,579	1,559,134
Total investments and other assets	3,747,726	3,920,953
Total non-current assets	980,835,096	1,014,006,812
Deferred assets		
Investment corporation bond issuance costs	64,885	52,525
Total deferred assets	64,885	52,525
Total assets	1,008,970,280	1,047,158,414
Liabilities		
Current liabilities		
Operating accounts payable	1,540,850	3,001,178
Short-term borrowings	21,700,000	52,300,000
Current portion of investment corporation bonds	—	10,000,000
Current portion of long-term borrowings	48,500,000	39,500,000
Accounts payable - other	2,138,389	2,343,077
Accrued expenses	289,834	303,043
Income taxes payable	9,208	11,181
Accrued consumption taxes	2,324,024	—
Advances received	2,821,313	2,901,407
Other	68,657	15,894
Total current liabilities	79,392,278	110,375,782
Non-current liabilities		
Investment corporation bonds	42,993,175	32,993,175
Long-term borrowings	310,200,000	325,700,000
Deposits received from tenants	55,831,455	57,305,180
Deferred tax liabilities	2,407,179	2,407,174
Asset retirement obligations	370,608	374,341
Other	13,695	9,479
Total non-current liabilities	411,816,113	418,789,351
Total liabilities	491,208,392	529,165,133
Net assets		
Unitholders' equity		
Unitholders' capital	497,241,216	497,241,216
Surplus		
Voluntary retained earnings		
Reserve for tax purpose reduction entry	3,693,378	4,553,749
Total voluntary retained earnings	3,693,378	4,553,749
Unappropriated retained earnings	16,827,292	16,198,315
Total surplus	20,520,671	20,752,064
Total unitholders' equity	517,761,887	517,993,280
Total net assets	517,761,887	517,993,280
Total liabilities and net assets	1,008,970,280	1,047,158,414

(2) Statements of Income and Retained Earnings

	Thousands of yen	
	For the period from April 1, 2022 to September 30, 2022	For the period from October 1, 2022 to March 31, 2023
Operating revenues		
Rent revenues	34,095,465	33,837,810
Other lease business revenues	193,855	119,726
Gain on sales of real estate properties	3,365,229	3,387,611
Total operating revenues	37,654,549	37,345,149
Operating expenses		
Expenses related to lease business	17,480,747	18,252,786
Asset management fees	1,718,962	1,621,876
Asset custody fees	64,634	55,900
Administrative service fees	136,484	134,852
Directors' compensations	7,800	7,800
Commission expenses	83,339	123,266
Other operating expenses	120,248	107,533
Total operating expenses	19,612,216	20,304,015
Operating profit	18,042,332	17,041,133
Non-operating income		
Interest income	122	137
Dividend income	9,378	—
Reversal of distributions payable	1,129	1,622
Refund of property taxes	80,376	—
Gain on receipt of donated non-current assets	—	3,870
Other	5,102	200
Total non-operating income	96,109	5,829
Non-operating expenses		
Interest expenses	661,923	648,917
Interest expenses on investment corporation bonds	172,615	174,319
Amortization of investment corporation bond issuance costs	12,427	12,360
Other	35,064	38,862
Total non-operating expenses	882,031	874,458
Ordinary profit	17,256,411	16,172,504
Profit before income taxes	17,256,411	16,172,504
Income taxes - current	11,142	11,201
Income taxes - deferred	454,983	(5)
Total income taxes	466,125	11,196
Profit	16,790,285	16,161,308
Retained earnings brought forward	37,007	37,007
Unappropriated retained earnings	16,827,292	16,198,315

(3) Statements of Changes in Unitholders' Equity

For the period from April 1, 2022 to September 30, 2022

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for tax purpose reduction entry	Total voluntary retained earnings				
Balance at beginning of the period	497,241,216	3,439,070	3,439,070	16,082,709	19,521,779	516,762,995	516,762,995
Changes during the period							
Provision of reserve for tax purpose reduction entry		254,308	254,308	(254,308)	—	—	—
Dividends of surplus				(15,791,394)	(15,791,394)	(15,791,394)	(15,791,394)
Profit				16,790,285	16,790,285	16,790,285	16,790,285
Total changes during the period	—	254,308	254,308	744,583	998,891	998,891	998,891
Balance at end of the period	497,241,216	3,693,378	3,693,378	16,827,292	20,520,671	517,761,887	517,761,887

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

Thousands of yen

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

(4) Statements of Cash Distributions

	For the period From April 1, 2022 to September 30, 2022	For the period From October 1, 2022 to March 31, 2023
	Amount (Yen)	Amount (Yen)
I Retained earnings	16,827,292,959	16,198,315,107
II Cash distribution	15,929,915,000	16,161,245,070
(Dividend per investment unit)	(11,500)	(11,667)
III Voluntary retained earnings		
Provision of reserve for tax purpose reduction entry	860,370,914	—
IV Retained earnings brought forward	37,007,045	37,070,037

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, 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 ¥15,929,915,000 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of September 30, 2022. Furthermore, the Company does not pay out dividends that exceed earnings as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>	<p>The Company will make cash distributions using earnings based on the cash distribution policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company has decided that the total amount of dividends, which is set not to exceed the unappropriated retained earnings and also to secure retained earnings brought forward, is ¥16,161,245,070 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of March 31, 2023. Furthermore, the Company does not pay out dividends that exceed earnings as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>
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(5) Statements of Cash Flows

Thousands of yen

	For the period from April 1, 2022 to September 30, 2022	For the period from October 1, 2022 to March 31, 2023
Cash flows from operating activities		
Profit before income taxes	17,256,411	16,172,504
Depreciation	6,275,709	6,196,502
Gain on receipt of donated non-current assets	—	(3,870)
Amortization of investment corporation bond issuance costs	12,427	12,360
Dividend income	(9,378)	—
Interest income	(122)	(137)
Interest expenses	834,539	823,236
Decrease (increase) in operating accounts receivable	142,497	(22,243)
Decrease (increase) in consumption taxes refund receivable	617,709	(599,680)
Decrease (increase) in supplies	3,338	—
Decrease (increase) in prepaid expenses	(406,801)	356,075
Decrease in property, plant and equipment due to sale	20,813,797	—
Decrease in property, plant and equipment in trust due to sale	—	6,280,101
Increase (decrease) in operating accounts payable	119,543	355,603
Increase (decrease) in accounts payable - other	110,645	(18,966)
Increase (decrease) in accrued consumption taxes	2,324,024	(2,324,024)
Increase (decrease) in accrued expenses	(131)	131
Increase (decrease) in advances received	(271,115)	80,093
Decrease (increase) in long-term prepaid expenses	(22,280)	(71,662)
Other, net	(139,181)	(221,386)
Subtotal	47,661,633	27,014,637
Interest and dividends received	9,500	137
Interest paid	(872,229)	(810,158)
Income taxes paid	(13,091)	(9,229)
Net cash provided by (used in) operating activities	46,785,812	26,195,387
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,469,824)	(2,800,484)
Purchase of property, plant and equipment in trust	(715,579)	(41,332,501)
Purchase of intangible assets	(1,698)	(116)
Refund of leasehold and guarantee deposits received	(4,302,561)	(1,696,708)
Proceeds from leasehold and guarantee deposits received	1,611,838	3,175,417
Net cash provided by (used in) investing activities	(4,877,825)	(42,654,393)
Cash flows from financing activities		
Proceeds from short-term borrowings	41,500,000	94,500,000
Repayments of short-term borrowings	(61,000,000)	(63,900,000)
Proceeds from long-term borrowings	16,500,000	31,500,000
Repayments of long-term borrowings	(23,500,000)	(25,000,000)
Distributions paid	(15,788,907)	(15,927,507)
Net cash provided by (used in) financing activities	(42,288,907)	21,172,492
Net increase (decrease) in cash and cash equivalents	(380,920)	4,713,486
Cash and cash equivalents at beginning of the period	27,173,922	26,793,001
Cash and cash equivalents at end of the period	26,793,001	31,506,487

(6) Notes Concerning Going Concerns Assumption

“Not applicable”

(7) Summary of Significant Accounting Policies

Investment securities

Non-marketable securities, which have no market prices, classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

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

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

Buildings.....	2-61 years
Structures.....	2-75 years
Machinery and equipment.....	2-18 years
Tools, furniture and fixtures.....	2-29 years

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

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

Intangible assets

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

Leased assets

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

Deferred charges

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

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

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

Revenue recognition

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

① Sales of real estate properties

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

② Utilities income

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

Taxes on property and equipment

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

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 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 September 30, 2022	As of March 31, 2023
Total amount of commitment line agreement	60,000,000	60,000,000
Debt financing balance	—	—
Balance	60,000,000	60,000,000

b. Reserve for tax purpose reduction entry

	Thousands of yen	
	As of September 30, 2022	As of March 31, 2023
Reserve for tax purpose reduction entry	3,693,378	4,553,749
Deferred tax liability for the reserve for tax purpose reduction entry	2,408,105	2,408,105
Total	6,101,484	6,961,855

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

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

	Thousands of yen	
	As of September 30, 2022	As of March 31, 2023
	50,000	50,000

(Notes to Statements of Income and Retained Earnings)

a. Breakdown of property-related revenues and expenses

	Thousands of yen	
	For the period from April 1, 2022 to September 30, 2022	For the period from October 1, 2022 to March 31, 2023
Property-Related Revenues	34,289,320	33,957,537
Rent revenues	34,095,465	33,837,810
Rental revenues	28,564,156	28,157,752
Common service charges	2,290,265	2,187,867
Parking revenues	694,110	700,821
Other rental revenues	2,546,932	2,791,369
Other lease business revenues	193,855	119,726
Cancellation charges	82,652	5,846
Other miscellaneous revenues	111,202	113,880
Property-Related Expenses	17,480,747	18,252,786
Expenses related to lease business	17,480,747	18,252,786
Property management expenses	3,836,799	3,877,085
Utilities expenses	2,760,966	3,178,061
Property and other taxes	3,521,321	3,479,452
Casualty insurance	48,583	43,871
Repairing expenses	849,752	1,271,791
Depreciation	6,275,535	6,196,329
Other rental expenses	187,788	206,195
Property-Related Profits	16,808,573	15,704,750

b. Breakdown of gain on sales of real estate properties

For the period from April 1, 2022 to September 30, 2022

		Thousands of yen
Harumi Center Building		
	Revenue from sale of real estate property	24,330,000
	Cost of real estate property sold	20,813,797
	Other sales expenses	150,973
	Gain on sales of real estate properties	3,365,229

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

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

(Changes in Unitholders' Equity)

Total number of investment units issuable and number of units outstanding	As of September 30, 2022	As of March 31, 2023
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 September 30, 2022 and March 31, 2023:

	Thousands of yen	
	As of September 30, 2022	As of March 31, 2023
Cash and deposits	20,473,628	23,341,245
Cash and deposits in trust	6,319,372	8,165,242
Time deposits with maturities of more than three months	—	—
Cash and cash equivalents	26,793,001	31,506,487

(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 September 30, 2022 and March 31, 2023) and ③ preparing monthly financial plans.

(iii) Supplementary note regarding fair value of financial instruments

Since the fair value of financial instruments is calculated based on certain assumptions, the fair value could differ depending on the assumptions used. In addition, the contract value of derivative transactions, which is presented in the following section entitled "Derivative Transactions", is not an exact representation of market risk attributable to derivative transactions.

b. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheets and the differences between them as of September 30, 2022 and March 31, 2023 are as follows. Since "Cash and deposits", "Cash and deposits in trust", and "Short-term borrowings" are cash and due to be settled in a short period, and their fair values approximate their book values, the notes are omitted.

	Thousands of yen		
	As of September 30, 2022		
	Book value	Fair value	Difference
(1) Current portion of investment corporation bonds	—	—	—
(2) Current portion of long-term borrowings	48,500,000	48,556,944	56,944
(3) Investment corporation bonds	42,993,175	43,561,203	568,028
(4) Long-term borrowings	310,200,000	307,817,490	(2,382,509)
(5) Deposits received from tenants	55,831,455	54,654,518	(1,176,936)
(6) Derivative transactions	—	—	—

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

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

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

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

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

For loans with floating interest rates, since the interest rates on such loans reflect market rates reasonably well over the short term and their book values are good approximations of their fair values, the book values are presented as their fair values. (However, the fair values of floating-rate long-term loans (please refer to the following "Derivative Transactions, b. Derivatives designated as hedging instruments") hedged by an interest-rate and currency swap subject to integrated treatment or by an interest-rate swap subject to special accounting treatment are calculated by discounting the aggregated principal and interest on such loans using reasonable estimates of the rates that would be applicable if the Company were to refinance the existing loans for the remaining period to maturity under the prevailing market condition.) The fair values of long-term loans with fixed interest rates are calculated by discounting the aggregated amounts of the principal and the interest of the loans by the rates that are reasonably estimated to be applicable if the Company were to refinance the existing loans for the remaining period to maturity.

(5) Deposits received from tenants

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

(6) Derivative transactions

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

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

	Thousands of yen					
	As of September 30, 2022					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Investment corporation bonds	—	10,000,000	10,000,000	10,000,000	10,000,000	2,993,175
Long-term borrowings	48,500,000	42,300,000	57,000,000	36,700,000	21,000,000	153,200,000
Total	48,500,000	52,300,000	67,000,000	46,700,000	31,000,000	156,193,175

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

(Derivative Transactions)

a. Derivatives not designated as hedging instruments

As of September 30, 2022

“Not applicable”

As of March 31, 2023

“Not applicable”

b. Derivatives designated as hedging instruments

As of September 30, 2022

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	16,800,000	6,800,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term borrowings	10,000,000	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 March 31, 2023

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

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				Over one year		
Special Treatment for interest-rate swap	Receive floating, pay fixed interest-rate swap transactions	Long-term borrowings	9,800,000	6,800,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term borrowings	10,000,000	—	*1	—
Allocation Treatment for currency swap	Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange)	Investment corporation bonds	2,993,175	2,993,175	*2	—

*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 September 30, 2022 and March 31, 2023. Please refer to page 20, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheadings (2) and (4) concerning derivative transactions.

*2. Currency swap transactions eligible for allocation treatment are accounted for as integrated parts of the hedged investment corporation bonds, and the fair value of the currency swap transactions is included in that of the underlying investment bonds as of September 30, 2022 and March 31, 2023. Please refer to page 20, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheading (3) concerning derivative transactions.

(Income Taxes)

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Act, an investment corporation is allowed to deduct dividends of earnings or dividend distributions, paid to unitholders from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its profit available for dividends for the fiscal period as stipulated by Article 67-15 of the Special Taxation Measures Act. The significant components of deferred tax assets and liabilities as of September 30, 2022 and March 31, 2023 were as follows:

	Thousands of yen	
	As of September 30, 2022	As of March 31, 2023
Deferred tax assets:		
Accrued enterprise tax	926	931
Amortization of a term leasehold interest	127,763	133,239
Asset retirement obligations	128,193	129,484
	256,883	263,655
Valuation allowance	(154,501)	(161,268)
Total deferred tax assets	102,381	102,387
Deferred tax liabilities:		
Asset retirement obligations	101,455	101,455
Reserve for advanced depreciation of non-current assets	2,408,105	2,408,105
Total deferred tax liabilities	2,509,561	2,509,561
Net deferred tax liabilities	2,407,179	2,407,174

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate as of September 30, 2022 and March 31, 2023 was as follows:

	As of September 30, 2022	As of March 31, 2023
Statutory tax rate	34.59%	34.59%
Deductible dividend distribution	(31.93%)	(34.57%)
Change in valuation allowance	0.04%	0.04%
Others	0.00%	0.00%
Effective tax rate	2.70%	0.07%

(Asset Retirement Obligations)

For the six months September 30, 2022 and March 31, 2023

Asset retirement obligations reported on balance sheets

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

Change in the asset retirement obligations for the six months ended September 30, 2022 and March 31, 2023 consisted of the following:

	Thousands of yen	
	For the period from April 1, 2022 to September 30, 2022	For the period from October 1, 2022 to March 31, 2023
Balance at the beginning of the period	366,911	370,608
Increase in tangible fixed assets	—	—
Accretion expense	3,696	3,733
Balance at the end of the period	370,608	374,341

(Investment and Rental Property)

For the six months ended September 30, 2022 and March 31, 2023

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

The book values on balance sheets as of September 30, 2022 and March 31, 2023 and the fair values as of September 30, 2022 and March 31, 2023 are as follows:

Thousands of yen			
Book value		Fair value	
As of March 31, 2022	Change during the period *1	As of September 30, 2022	As of September 30, 2022
1,002,620,463	(25,534,367)	977,086,095	1,303,560,000

Thousands of yen			
Book value		Fair value	
As of September 30, 2022	Change during the period *2	As of March 31, 2023	As of March 31, 2023
977,086,095	32,998,662	1,010,084,757	1,336,442,500

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 reasons for the decreases were the disposition of Harumi Center Building (¥20,813,797 thousand) and by depreciation.

*2. As for the increases/decreases for the period, the major reasons for the increases were the acquisitions of the ARGYLE aoyama (¥24,148,537 thousand), Toyosu Foresia (¥8,186,934 thousand), CIRCLES Hirakawacho (¥1,798,838 thousand), and the additional acquisition of Shinjuku Eastside Square (¥8,553,143 thousand), and the major reasons for the decreases were the disposition of Harumi Front (25% quasi-co-ownership interest) (¥6,280,101 thousand) and by depreciation.

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

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

(Revenue Recognition)

Breakdown information on revenue from contracts with customers

For the period from April 1, 2022 to September 30, 2022

Thousands of yen			
	Revenue from contracts with customers	*1	Revenue from external customers
Sales of real estate properties	—		3,365,229 *2
Utilities income	1,699,920	*3	1,699,920
Others	—		32,589,399
Total	1,699,920		37,654,549

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

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

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

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

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

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

*2 Sales of real estate properties are recorded as gains or losses on sales of real estate properties in the statements of income in accordance

with Article 48-2 of the Regulations on Accounting of Investment Corporation (Cabinet Office Ordinance No. 47 of 2006), and therefore the amount is the proceeds from sales of real estate properties, less the cost of real estate properties sold and other sales expenses.

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

(Segment Information)

For the six months ended September 30, 2022 and March 31, 2023

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

Information on products and services

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

Information on geographic area

a. Revenue

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

b. Property and equipment

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

Information on major clients

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

(Per Unit Information)

The following table summarizes information about net assets per unit and profit per unit as of September 30, 2022 and March 31, 2023 and for the periods then ended, respectively:

	Yen	
	For the period from April 1, 2022 to September 30, 2022	For the period from October 1, 2022 to March 31, 2023
Net assets per unit	373,778	373,945
Profit per unit	12,121	11,667

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

	Thousands of yen	
	For the period from April 1, 2022 to September 30, 2022	For the period from October 1, 2022 to March 31, 2023
Profit	16,790,285	16,161,308
Amount not attributable to normal unitholders	—	—
Profit applicable to normal investment units	16,790,285	16,161,308
Average number of units	1,385,210 units	1,385,210 units

(Subsequent Events)

For the six months ended March 31, 2023

Issuance of New Investment Units

As approved by the Board of Directors' meetings on March 28, 2023 and April 3, 2023, the Company decided to issue new investment units and secondary offering of investment units, completing the public offering on April 7, 2023 and the third-party allocation on May 1, 2023. As a result of the issuance of additional units, the unitholders' capital increased to ¥516,736,574 thousand and the units issued and outstanding increased to 1,422,864 units as of May 1, 2023.

Summary of the issuance of units**(i) Public offering of new investment units**

1. Subscription method: Public offering (subscription by book-building and spread method*)
2. Number of units newly issued: 35,200 units
3. Offer price (subscription price): ¥534,100 per unit
4. Aggregate amount of offer price (subscription price): ¥18,800,320,000
5. Issue price (paid-in price): ¥517,750 per unit
6. Aggregate amount of issue price (paid-in price): ¥18,224,800,000
7. Payment date: April 7, 2023
8. Initial date subject to distribution: April 1, 2023

* Under the so-called "spread method", the price difference between the aggregate amount of the offer price and the aggregate amount of the issue price shall be the proceeds for each underwriter, and the Company will not pay an underwriting fee to the underwriters. The underwriting fee is not recognized as investment unit issuance expenses in the financial statements.

(ii) Secondary offering of investment units (over-allotment)

1. Number of units offered: 2,464 units
2. Offer price: ¥534,100 per unit
3. Aggregate amount of offer price: ¥1,316,022,400

(iii) Issuance of new investment units by third-party allocation

1. Subscription method: Third-party allocation
2. Number of units newly issued: 2,454 units
3. Issue price (paid-in price): ¥517,750 per unit
4. Aggregate amount of issue price (paid-in price): ¥1,270,558,500
5. Payment date: May 1, 2023
6. Initial date subject to distribution: April 1, 2023
7. Allottee: SMBC Nikko Securities Inc.

(iv) Use of proceeds

The proceeds raised through the public offering and the third-party allotment were applied toward the repayments of a part of the short-term loan, which is the refinancing of the short-term loan of 29,000 million yen borrowed to partially fund the acquisitions of a 50% quasi-co-ownership interest in the ARGYLE aoyama for 23,900 million yen and a 9% co-ownership interest in Toyosu Foresia for 8,100 million which acquired on February 27, 2023.

(9) 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.

3. Reference Data

a. Composition of the Company's Assets

Asset type	Region	As of September 30, 2022		As of March 31, 2023	
		Total of net book value* ¹ (¥ million)	Ratio to total assets (%)	Total of net book value* ¹ (¥ million)	Ratio to total assets (%)
Real property	Tokyo 23 wards	489,486	48.5	464,683	44.4
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	40,316	4.0	40,109	3.8
	Other major cities	76,810	7.6	76,658	7.3
	Total	606,612	60.1	581,451	55.5
Real property in trust	Tokyo 23 wards	263,060	26.1	321,649	30.7
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	15,584	1.5	15,471	1.5
	Other major cities	91,828	9.1	91,511	8.7
	Total	370,473	36.7	428,633	40.9
Savings and other assets		31,884	3.2	37,073	3.5
		(-)	(-)	(-)	(-)
Total amount of assets		1,008,970	100.0	1,047,158	100.0
		(977,086)	(96.8)	(1,010,084)	(96.5)

*1. Totals of net book value as of September 30, 2022 and March 31, 2023 are based on the total amounts from the balance sheets as of September 30, 2022 and March 31, 2023, respectively. Real property and real property in trust present the net book values after depreciation and amortization.

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

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

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

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

The table below is a quick reference guide outlining the real estate and other assets included in the Company's holdings as of, March 31, 2023.

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Kitanomaru Square	Real property	8 *5	25,678 *5	100.0% *5	88,400	68,904	81,555,500	7.2%	77.4%
		JRE Kanda-Ogawamachi Building	Real property	8	6,269	93.5%	9,250	8,586	9,520,000	0.8%	
		Kandabashi Park Building	Real property	10	3,687	94.8%	5,270	4,370	4,810,000	0.4%	
		Otemachi Financial City North Tower	Real property /Trust	11	7,420	87.4%	28,800	20,619	15,462,900 6,380,000 Total: 21,842,900	1.9%	
		Otemachi Park Building	Trust	22	2,372	100.0%	11,000	10,057	10,175,000	0.9%	
		Nibancho Garden	Real property	1 *5	9,316 *5	100.0% *5	18,300	11,867	14,700,000	1.3%	
		Mitsubishi UFJ Trust and Banking Building	Real property	10	11,904	100.0%	57,300	28,470	44,700,000	4.0%	
		Burex Kojimachi Building	Real property	1	4,495	100.0%	7,580	5,258	7,000,000	0.6%	
		CIRCLES Hirakawacho	Real property	10	979	90.4%	1,810	1,796	1,780,000	0.2%	
		Sanno Grand Building	Real property	43	20,589	80.8%	25,300	20,744	10,200,000 10,700,000 Total: 20,900,000	1.9%	
		Yurakucho Denki Building	Real property	9	4,697	93.2%	9,470	7,672	7,200,000	0.6%	
		Front Place Nihonbashi	Real property	2	8,468	100.0%	21,200 *6	17,228	17,560,000	1.6%	
		JRE Kayabacho 2Chome Building	Trust	9	4,419	95.5%	5,050	4,027	4,410,000	0.4%	
		Burex Kyobashi Building	Real property	1	4,279	100.0%	7,660	4,223	5,250,000	0.5%	
		JRE Ginza 1Chome East Building	Trust	8	4,513	100.0%	8,170	5,898	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%	19,600	17,054	16,830,000	1.5%	77.4%
		JRE Ginza 3Chome Building	Real property	9	4,255	100.0%	6,490	7,101	5,353,500 2,645,922 *7 Total: 7,999,422	0.7%	
		Harumi Front	Trust	7	25,027	99.7%	28,700 *8	18,702	31,300,000 (7,825,000) *9 Total: 23,475,000	2.1%	
		Akasaka Park Building	Real property	35 *5	44,999 *5	97.6% *5	83,000	56,914	60,800,000	5.4%	
		the ARGYLE aoyama	Trust	12	7,478	100.0%	24,100	24,119	23,900,000	2.1%	
		JRE Aoyama Crystal Building	Real property	8	4,898	90.2%	9,800	6,963	7,680,000	0.7%	
		Clover Shiba-koen	Trust	8	2,550	100.0%	5,030 *6	4,350	4,500,000	0.4%	
		Shiodome Building	Trust	41	44,213	73.1%	123,000	98,913	21,250,000 54,600,000 10,100,000 10,450,000 10,530,000 Total: 106,930,000	9.5%	
		JER Shiba 2Chome Daimon Building	Trust	23	9,549	95.8%	9,040	5,882	4,859,000	0.4%	
		JRE Cosmo Kanasugibashi Building	Trust	6	4,062	87.0%	3,790	2,433	2,808,000	0.2%	
		Seavans S Building	Real property	14	6,080	92.3%	7,330	5,626	5,400,000	0.5%	
		Tamachi Front Building	Real property	10	3,792	100.0%	7,930 *6	5,935	6,210,000	0.6%	
		Shinjuku Eastside Square	Trust	42	45,619	98.9%	83,000 *6	67,179	23,100,000 6,660,000 25,460,000 8,460,000 8,500,000 Total: 72,180,000	6.4%	
		Shinjuku Front Tower	Trust	41	21,416	80.0%	36,900 *6	34,007	25,025,000 10,100,000 Total: 35,125,000	3.1%	
		JRE Nishi-Shinjuku Terrace	Real property	12	6,036	100.0%	9,340	7,639	7,830,000	0.7%	
		Tokyo Opera City Building*10	Real property	98	34,963	94.2%	35,900	27,639	9,350,000 22,426,831 Total: 31,776,831	2.8%	
		Front Place Minami-Shinjuku	Real property	2	4,095	100.0%	10,400 *6	9,186	9,250,000	0.8%	

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Link Square Shinjuku	17	9,786	100.0%	25,400	22,278	6,670,000 (1,170,000) *11 17,300,000 Total: 22,800,000	2.0%	77.4%	
		JRE Yoyogi 1 Chome Building	8	7,745	100.0%	13,900	6,556	8,700,000	0.8%		
		JRE Jingumae Terrace	5	3,147	100.0%	7,410	4,752	4,885,000	0.4%		
		JRE Jingumae Media Square Building	6	5,558	100.0%	10,300	10,644	12,200,000 *12	1.1%		
		Shibuya Cross Tower (Land)	*13	*13	*13	44,400	27,186	34,600,000 (8,076,000) *14 Total: 26,524,000	2.4%		
		Ebisu Neonato	4	8,659	100.0%	20,200	13,663	3,740,000 360,000 10,512,000 Total: 14,612,000	1.3%		
		TIXTOWER UENO	16	15,016	100.0%	26,400	17,644	22,000,000	2.0%		
		Toyosu Foresia	Trust	31	6,032	97.9%	8,180	8,167	8,100,000		0.7%
		Toyosu Front	Trust	21	17,407	98.9%	26,100	25,352	25,500,000		2.3%
		JRE Higashi Gotanda 1Chome Building	Real property	4	5,205	100.0%	7,150	4,146	5,500,000		0.5%
		Osaki Front Tower*15	Real property	1	16,856	100.0%	17,900 *8	7,033	12,300,000		1.1%
		JRE Omori-Eki Higashiguchi Building	Trust	26	7,706	100.0%	6,020	4,660	5,123,000		0.5%
		Harmony Tower	Real property	23	14,340	100.0%	15,300	9,440	8,500,000 520,000 2,100,000 Total: 11,120,000		1.0%
		JRE Ikebukuro 2Chome Building	Trust	9	2,186	100.0%	1,990	1,539	1,728,000		0.2%
		JRE Minami-Ikebukuro Building	Real property	10	5,932	93.4%	6,260	3,887	4,500,000		0.4%

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2
								(¥ thousand)	Ratio *2	
Tokyo metropolitan area, excluding Tokyo 23 wards	Hachioji First Square	Real property	49	10,125	100.0%	5,190	4,673	3,300,000 2,379,112 Total: 5,679,112	0.5%	5.9%
	JRE Saitama Urawa Building	Real property	19	4,510	100.0%	3,190	2,396	1,232,000 1,342,000 Total: 2,574,000	0.2%	
	MM Park Building	Real property	33	38,415	93.9%	42,100	29,408	37,400,000	3.3%	
	Queen's Tower A	Trust	52	26,669	95.2%	25,700*6	15,471	17,200,000	1.5%	
	Musashi Kosugi STM Building	Real property	28	5,378	99.4%	4,520	3,631	4,000,000	0.4%	
Other major cities	8・3 Square Kita Building	Real property	8	12,265	100.0%	11,400	5,404	7,100,000	0.6%	16.7%
	Jozenji Park Building	Real property	21	2,518	100.0%	1,120	928	1,000,000	0.1%	
	JRE Higashi Nibancho Square	Real property	22	20,526	100.0%	15,500*8	8,003	9,950,000	0.9%	
	JRE Sendai Honcho Honma Building	Trust	27	6,234	98.8%	2,780	2,761	2,924,000 250,000 Total: 3,174,000	0.3%	
	AER	Real property	65	23,612	98.1%	19,300	17,656	18,640,000	1.7%	
	Daido Seimei Niigata Building	Real property	10	3,928	100.0%	1,860	1,650	1,770,000	0.2%	
	Kanazawa Park Building	Real property	74	20,891	92.9%	7,240	4,614	2,880,000 1,700,000 Total: 4,580,000	0.4%	
	JRE Kanazawa Kamitsutsumicho Building	Real property	26	7,213	98.1%	3,000	2,266	2,780,000	0.2%	
	Nishiki Park Building*16	Real property	63*5	10,338*5	92.2%*5	5,450	4,794	3,850,000 1,300,000 650,000 175,000 Total: 5,975,000	0.5%	
	JRE Nagoya Hirokoji Place	Trust	35	13,200	96.7%	14,300*6	7,515	8,567,000	0.8%	
	Nagoya Hirokoji Building	Real property	43	21,375	98.7%	13,100	14,184	14,533,000	1.3%	
JRE Shijo Karasuma Center Building	Real property	16	6,634	100.0%	7,640*6	3,515	4,400,000	0.4%		

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2
								(¥ thousand)	Ratio *2	
Other major cities	GRAND FRONT OSAKA(North Building) *17	Trust	5	8,462	98.8%	10,400*8	9,749	9,750,000	0.9%	16.7 %
	GRAND FRONT OSAKA(Umekita Plaza and South Building) *17	Trust	2	5,178	93.5%	11,800*8	11,196	11,250,000	1.0%	
	JRE Umeda Square Building*18	Trust	37	10,375	100.0%	16,800	15,469	15,523,520	1.4%	
	JRE Dojima Tower	Trust	47	28,403	98.0%	20,000	20,372	24,000,000	2.1%	
	JRE Sakaisujihonmachi Building	Real property	22	11,520	90.2%	4,230	3,465	2,264,000 1,900,000 Total: 4,164,000	0.4%	
	JRE Midotsuji Daiwa Building	Trust	39	20,450	100.0%	14,900	13,264	6,934,000 7,380,000 Total: 14,314,000	1.3%	
	JRE Amagasaki Front Building	Trust	33	15,498	96.4%	10,500	7,899	9,300,000	0.8%	
	Lit City Building	Real property	28	8,885	91.8%	5,110	2,287	4,650,000 (555,131) *19 Total: 4,094,868	0.4%	
	NHK Hiroshima Broadcasting Center Building	Real property	12	9,881	94.8%	3,460	3,127	1,320,000 1,450,000 Total: 2,770,000	0.2%	
	JRE Tenjin 3Chome Building	Real property	19	3,995	100.0%	2,040	1,321	1,550,000	0.1%	
	JRE Tenjin Crystal Building	Real property	30	5,964	100.0%	3,290	3,437	5,000,000	0.4%	
	Hinode Tenjin Building	Trust	4	5,944	100.0%	5,070	3,282	3,657,000	0.3%	
	Total		1,582	886,439	95.5%	1,335,810	1,010,084	1,125,703,154	100.0%	

*1. The total number of tenants is based on the gross number of tenants in each building. Each instance of occupancy of a single tenant leasing space is considered separately on a per property basis even if said tenant leases floor area in multiple properties. Moreover, a portion of GRAND FRONT OSAKA (North Building) and GRAND FRONT OSAKA (Umekita Plaza and South Building) are leased in bulk through a pass-through master lease system, the number of bulk lessees is defined as the number of tenants. For the portion of GRAND FRONT OSAKA (North Building) leased in part under a fixed master lease or direct lease, the bulk lessees or end tenants of the said portion are added to the total number of tenants of the same property.

*2. Occupancy rate, ratio of acquisition price and ratio by region are rounded to the nearest first decimal place.

*3. Appraisal value at the end of period is, as a rule, the value assessed by real estate appraisers based on the Company's Articles of Incorporation and the Cabinet Office Ordinance on Accountings of Investment Corporations. The book closing date is used as the appraisal date and the appraisal value is calculated by Daiwa Real Estate Appraisal Co., Ltd.

*4. Incidental expenses arising from acquisitions are not included in the acquisition price.

- *5. Residential portions are not included in the total number of tenants, the occupancy rate or the leasable floor area for Kitanomaru Square, Nibancho Garden, Akasaka Park Building or Nishiki Park Building. The residential portions for these properties are as follows: Kitanomaru Square, leasable floor area: 11,694m², occupancy rate: 94.5%; Nibancho Garden, leasable floor area: 1,686m², occupancy rate: 100.0%; Akasaka Park Building, leasable floor area: 10,780m², occupancy rate: 88.8%; Nishiki Park Building, leasable floor area: 954m², occupancy rate: 100.0%.
- *6. Appraisal values by Japan Real Estate Institute.
- *7. This includes the acquisition price of the land and building adjacent to JRE Ginza 3Chome East Building dated July 4, 2008, the cost of the adjacent building's demolition and the total expense of the construction and expansion of the Ryoshin Ginza East Mirror Building (excluding brokerage fees and other acquisition-related expenses) after its completion on May 24, 2010.
- *8. Appraisal values by Chuo Real Estate Appraisal Co., Ltd.
- *9. Because a 25% quasi-co-ownership interest in Harumi Front was disposed of on December 1, 2022 after entering into a real estate management and disposition trust agreement and establishing the trust, the acquisition price represents the amount excluding 25% of the acquisition price as of January 7, 2013.
- *10. Accompanying the acquisition of Tokyo Opera City Building on September 13, 2005, the Company acquired 33 shares of Tokyo Opera City Building Co., Ltd. (the business that maintains, services and operates the building) at a total acquisition price of 2,797 thousand yen and inherited the 874 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller. In an additional acquisition, on March 24, 2010, the Company acquired 91 shares of Tokyo Opera City Building Co., Ltd. at a total acquisition price of 7,539 thousand yen. Concurrently, the Company acquired 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. (the supplier of heat to the building) at a total acquisition price of 566,831 thousand yen, inheriting the 2,360 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller.
Regarding the appraisal value at the end of the fiscal period of the above-mentioned shares, the 124 shares of Tokyo Opera City Building Co., Ltd. are valued at 10,336 thousand yen and the 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. are valued at 566,831 thousand yen.
- *11. Because the building was disposed on August 23, 2013, the acquisition price of the former building, 1,170 million yen, at the time of the land and building purchase dated March 24, 2004, has been deducted.
- *12. This is the acquisition price dated October 9, 2003, and includes a portion of the site disposed of and a portion of the extinguished easement related to the site (liquidation cost, 615 million yen) thereafter.
- *13. Because the building portion of Shibuya Cross Tower (land with leasehold interest) was disposed on January 18, 2018, no total number of tenants, leasable floor area or occupancy rate are provided. Furthermore, the 5,153 m² portion of land still held is being rented to the transferee of the building, Mitsubishi Estate Co., Ltd.
- *14. Because the building was disposed on January 18, 2018, the acquisition price of the building at the time of the land and building purchase dated November 30, 2001, has been deducted.
- *15. On acquiring Osaki Front Tower, the Company inherited the land renter's lease deposit of 1,040,000 thousand yen held by the seller of the building. The value of the lease deposit was appraised at the end of the fiscal period and remained unchanged.
- *16. On acquiring Nishiki Park Building on October 2, 2006, the Company inherited the 9,000 thousand yen lease deposit made by the land renters held by the seller of the building.
- *17. Accompanying the acquisitions of GRAND FRONT OSAKA (North Building) and GRAND FRONT OSAKA (Umekita Plaza and South Building) on October 1, 2021, the Company acquired 1,666 shares of KMO Corporation (planning and management business related to the "Knowledge Capital" facility) at a total acquisition price of 83,300 thousand yen, a right to claim a refund of funds related to Knowledge Capital Association (planning and management business related to the "Knowledge Capital" facility) at a total acquisition price of 4,900 thousand yen, and a right to claim a refund of funds related to GRAND FRONT OSAKA TMO General Incorporated Association (business related to regional revitalization, etc.) at an acquisition price of 490 thousand yen.
Regarding the appraisal values at the end of the fiscal period for the above-mentioned shares and the rights to claim a refund of funds, the 1,666 shares of KMO Corporation were valued at 83,300 thousand yen, the right to claim a refund of funds related to Knowledge Capital Association was valued at 4,900 thousand yen, and the right to claim a refund of funds related to GRAND FRONT OSAKA TMO General Incorporated Association was valued at 490 thousand yen. On acquiring the property, the Company inherited the land renter's lease deposit of 1,696 thousand yen held by the seller of the building.
- *18. Trust assets of the trust beneficiary right acquired by the Company include a claim for 500,000 thousand yen of deposit for construction to connect to underground shopping centers given to Osaka Shigaichi Kaihatsu Co., Ltd., which was held by the previous owner.
- *19. Because the retail units were disposed on September 28, 2018, the acquisition price of the retail units at the time of the land and building purchase dated February 1, 2006, has been deducted.
- *20. In the above quick reference guide, if the real estate or other assets are classified as shared ownership or compartmental ownership, only the real estate or other assets owned by the Company are presented and the portions owned by the other shared owners or compartmental owners are excluded.

ii) Breakdown of property-related revenues and expenses for real estate and other assets included in the Company's holdings

The table below is a quick reference guide outlining the revenues and expenses on each real estate and other assets for the March 2023 period (October 1, 2022 – March 31, 2023). Furthermore, the income summary is presented based on the previously mentioned “Summary of Significant Accounting Policies”.

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2022 – March 31, 2023)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*1	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
Kitanomaru Square	1,562	630	136	92	98	1	38	260	1	931	1,192	83	1,108
JRE Kanda-Ogawamachi Building	220	92	15	19	22	0	3	30	-	127	158	49	108
Kandabashi Park Building	108	49	1	-	18	0	9	19	-	58	78	13	65
Otemachi Financial City North Tower	419	293	59	61	69	0	0	101	0	126	227	9	218
Otemachi Park Building	186	96	8	14	34	0	0	37	0	89	127	-	127
Nibancho Garden	494	235	61	34	58	0	21	57	1	259	316	38	278
Mitsubishi UFJ Trust and Banking Building	990	397	56	60	166	0	27	84	1	592	677	68	609
Burex Kojimachi Building	162	51	-	-	15	0	2	33	-	110	144	6	137
CIRCLES Hirakawacho	0	1	0	-	-	0	-	1	-	(1)	0	-	0
Sanno Grand Building	815	422	100	66	128	0	61	61	3	392	454	11	442
Yurakucho Denki Building	254	137	29	21	51	0	15	20	-	116	136	57	79
Front Place Nihonbashi	407	150	22	28	41	0	3	53	-	256	310	-	310
JRE Kayabacho 2Chome Building	133	70	12	12	12	0	13	19	-	62	82	17	64
Burex Kyobashi Building	158	38	-	-	12	0	2	23	-	119	142	-	142
JRE Ginza 1Chome East Building	188	114	23	12	11	0	18	47	-	73	121	5	116
Ginza Sanwa Building	425	249	25	16	93	0	89	24	0	175	200	26	173
JRE Ginza 3Chome Building	167	90	13	13	17	0	3	41	-	77	118	14	104
Harumi Front*2	943	454	78	37	69	1	21	247	-	488	736	-	736
Akasaka Park Building	2,224	1,274	245	272	276	2	77	395	3	949	1,345	238	1,106
the ARGYLE aoyama	81	34	4	0	-	0	-	28	-	47	76	-	76
JRE Aoyama Crystal Building	211	92	14	15	34	0	3	23	-	118	142	-	142
Clover Shiba-koen	113	48	10	8	7	0	8	12	-	65	78	11	66

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2022 – March 31, 2023)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*1	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
Shiodome Building	1,628	967	182	147	201	1	37	389	7	661	1,051	116	934
JRE Shiba 2Chome Daimon Building	309	181	36	29	42	0	11	61	0	127	188	102	86
JRE Cosmo Kanasugibashi Building	113	51	13	8	14	0	1	14	-	61	76	8	67
Seavans S Building	220	163	37	35	20	0	33	36	0	56	93	44	48
Tamachi Front Building	177	70	11	9	14	0	4	29	0	107	136	-	136
Shinjuku Eastside Square	1,805	706	101	172	123	1	14	292	-	1,099	1,391	3	1,387
Shinjuku Front Tower	690	413	77	59	86	0	17	172	-	276	449	9	439
JRE Nishi-Shinjuku Terrace	246	107	20	20	21	0	6	39	-	138	177	42	134
Tokyo Opera City Building*3	1,501	1,215	*3	*3	*3	*3	*3	*3	*3	285	*3	270	*3
Front Place Minami-Shinjuku	201	90	15	12	26	0	5	30	-	110	141	2	138
Link Square Shinjuku	603	266	43	37	51	0	0	132	-	336	469	-	469
JRE Yoyogi 1Chome Building	351	115	24	22	26	0	0	40	-	235	276	0	276
JRE Jingumae Terrace	183	60	11	11	21	0	1	15	-	122	137	-	137
JRE Jingumae Media Square Building	265	184	24	34	63	0	12	49	0	80	129	55	73
Shibuya Cross Tower(Land)	542	90	-	-	90	-	-	-	-	452	452	-	452
Ebisu Neonato	483	226	50	26	38	1	3	106	-	256	362	20	341
TIXTOWER UENO	682	348	61	48	38	1	5	193	-	333	526	-	526
Toyosu Foresia	38	22	2	0	-	0	-	18	-	16	35	-	35
Toyosu Front	726	307	55	58	-	0	15	176	-	418	595	26	569
JRE Higashi Gotanda 1Chome Building	202	87	14	28	15	0	4	24	0	114	139	5	133
Osaki Front Tower	732	410	65	55	25	0	7	159	95	321	481	13	468
JRE Omori-Eki Higashiguchi Building	245	136	29	24	26	0	13	42	0	108	150	68	82
Harmony Tower	512	269	148	-	57	0	12	50	-	243	293	-	293
JRE Ikebukuro 2Chome Building	73	32	8	6	5	0	2	9	-	40	49	-	49
JRE Minami-Ikebukuro Building	188	80	17	19	16	0	0	25	-	108	134	0	134

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2022 – March 31, 2023)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*1	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation	Other expenses					
Hachioji First Square	241	120	50	3	26	1	3	35	-	121	157	16	140
JRE Saitama Urawa Building	135	57	15	12	9	0	1	18	-	77	96	1	94
MM Park Building	1,269	637	133	233	81	1	8	178	1	631	810	4	806
Queen's Tower A	987	745	206	122	116	2	38	251	7	241	492	159	333
Musashi Kosugi STM Building	169	76	22	3	12	0	10	28	0	92	120	31	89
8・3 Square Kita Building	377	174	31	66	23	0	12	39	-	203	242	23	219
Jozenji Park Building	71	50	9	11	7	0	9	12	-	20	33	25	7
JRE Higashi Nibancho Square	620	303	71	61	42	0	25	101	-	317	419	2	416
JRE Sendai Honcho Honma Building	148	102	20	25	17	0	19	19	-	45	64	13	51
AER	724	350	87	70	66	0	1	123	0	373	497	-	497
Daido Seimei Niigata Building	80	55	12	8	5	0	1	26	-	25	51	32	19
Kanazawa Park Building	475	415	103	56	67	0	100	86	-	60	146	273	(126)
JRE Kanazawa Kamitsutsumicho Building	141	95	18	18	9	0	8	40	0	45	86	-	86
Nishiki Park Building	287	218	55	31	25	0	36	61	6	69	130	42	88
JRE Nagoya Hirokoji Place	385	173	39	42	36	0	4	48	1	212	261	27	233
Nagoya Hirokoji Building	598	406	91	70	68	0	23	152	0	191	344	2	341
JRE Shijo Karasuma Center Building	221	111	33	16	11	0	3	45	0	109	155	15	140
GRAND FRONT OSAKA(North Building)*4	*4	*4	*4	*4	*4	*4	*4	*4	*4	82	141	2	139
GRAND FRONT OSAKA(Umekita Plaza and South Building)*4	*4	*4	*4	*4	*4	*4	*4	*4	*4	104	161	10	150
JRE Umeda Square Building	499	237	56	38	53	0	4	83	-	261	345	15	330
JRE Dojima Tower	780	576	101	89	77	1	52	253	-	203	457	207	249
JRE Sakaisujihonmachi Building	259	138	41	30	36	0	2	26	-	121	148	8	139
JRE Midosuji Daiwa Building	576	321	72	57	78	0	21	90	-	255	346	2	343

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2022 – March 31, 2023)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*1	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
JRE Amagasaki Front Building	420	245	67	36	26	0	6	106	0	175	282	141	140
Lit City Building	244	118	28	26	16	1	13	31	-	126	158	-	158
NHK Hiroshima Broadcasting Center Building	259	223	49	32	24	0	24	65	26	35	101	283	(182)
JRE Tenjin 3Chome Building	102	46	14	7	7	0	3	13	-	56	69	2	66
JRE Tenjin Crystal Building	173	134	23	19	19	0	5	64	-	39	103	30	73
Hinode Tenjin Building	144	97	22	16	15	0	24	18	-	47	65	1	64
Total	33,957	18,252	3,877	3,178	3,479	43	1,271	6,196	206	15,704	21,901	2,821	19,079

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

*2. The Company disposed of a 25% interest in Harumi Front on December 1, 2022.

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

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

c. Condition of Other Assets

(i) Shares/Investment Securities

(Thousands of Yen)

Securities	Number of shares	Acquisition price		Appraisal value		Valuation gain/loss	Notes
		Unit price	Amount	Unit price	Amount		
Tokyo Opera City Building Co., Ltd.	124	83	10,336	83	10,336	—	*
Tokyo Opera City Heat Supply Co., Ltd.	4,931	114	566,831	114	566,831	—	*
KMO Corporation	1,666	50	83,300	50	83,300	—	*
Total	—	—	660,468	—	660,468	—	—

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

(ii) Securities Other Than Shares/Investment Securities

(Thousands of Yen)

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

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

(iii) Other Specified Assets

(Thousands of Yen)

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

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

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

d. Capital Expenditures

(i) Schedule for Capital Expenditures

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

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

Name of property (Location)	Purpose	Scheduled period	Estimated cost (¥ million)		
			Total amount	Payment amount for the fiscal under review period	Total amount already paid
Burex Kyobashi Building (Chuo-ku, Tokyo)	Upgrade of air conditioning facilities	From September 2022 To May 2023	196	—	—
JRE Umeda Square Building (Osaka, Osaka Prefecture)	Upgrade of electrical equipment	From June 2022 To September 2023	194	—	—
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of air conditioning facilities	From June 2022 To November 2023	80	—	—
Daido Seimei Niigata Building (Niigata, Niigata Prefecture)	Elevator renewal construction	From April 2023 To December 2023	19	—	—

(ii) Capital expenditures during the period under review

For acquired real estate and other assets, capital expenditures incurred in the period under review totaled ¥2,821 million and repair, maintenance and renovation expenses classified as expenses in the period under review totaled ¥1,271 million, for a total of ¥4,093 million worth of construction that has been carried out.

The major item in the capital expenditure was the elevator renewal construction of NHK Hiroshima Broadcasting Center Building.

Name of property (Location)	Purpose	Period	Expenditures for construction (¥ million)
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Elevator renewal construction	From June 2022 To March 2023	146
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Upgrade of air conditioning facilities	From April 2022 To March 2023	117
JRE Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Sanitary facility renewal construction	From January 2023 To March 2023	88
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of air conditioning facilities	From June 2021 To November 2022	71
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Construction work	From October 2022 To March 2023	65
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Elevator renewal construction	From April 2022 To December 2022	54
Daido Seimei Niigata Building (Niigata, Niigata Prefecture)	Elevator renewal construction	From February 2023 To March 2023	18
Jozenji Park Building (Sendai, Miyagi Prefecture)	Elevator renewal construction	From November 2022 To March 2023	16

Other real estate			2,242
Total			2,821

(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 April 1, 2022 to September 30, 2022	For the period from October 1, 2022 to March 31, 2023
(a) Asset management fees *1	¥1,718,962 thousand	¥1,621,876 thousand
(breakdown) NOI-linked fee	¥923,364 thousand	¥876,043 thousand
Distribution-linked fee I *2	¥374,944 thousand	¥322,381 thousand
Distribution-linked fee II*2	¥420,653 thousand	¥423,451 thousand
(b) Asset custody fees	¥64,634 thousand	¥55,900 thousand
(c) Administrative service fees	¥136,484 thousand	¥134,852 thousand
(d) Directors' compensations	¥7,800 thousand	¥7,800 thousand
(e) Commission expenses	¥83,339 thousand	¥123,266 thousand
(f) Other operating expenses	¥120,248 thousand	¥107,533 thousand
Total	¥2,131,469 thousand	¥2,051,228 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 September 30, 2022, the disposition fee amounted to ¥103,737 thousand, and in the period ended March 31, 2023, the acquisition fee amounted to ¥211,400 thousand, and the disposition fee amounted to ¥48,887 thousand.

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

(ii) Borrowings

The condition of loans by financial institutions as of March 31, 2023 is as follows.

	Classification	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	Lender								
Short-term borrowings	MUFG Bank, Ltd. *3	August 18, 2022	11,000,000	—	0.10364	November 18, 2022	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	MUFG Bank, Ltd.	November 30, 2021	3,200,000	—	0.10318	November 30, 2022			
	MUFG Bank, Ltd.	November 30, 2022	—	—	0.000 *4	December 1, 2022			
	MUFG Bank, Ltd. *5	November 18, 2022	—	—	0.09364	February 20, 2023			
	Mizuho Bank, Ltd.	March 24, 2023	—	—	0.0164	March 31, 2023			
	Mizuho Bank, Ltd.	March 30, 2023	—	8,300,000	0.0173	April 6, 2023			
	Sumitomo Mitsui Trust Bank, Limited	April 20, 2022	2,000,000	2,000,000	0.10008	April 20, 2023			
	MUFG Bank, Ltd. *6	February 20, 2023	—	11,000,000	0.11455	May 18, 2023			
	SBI Shinsei Bank, Limited (Formerly Shinsei Bank, Limited) *7	June 15, 2022	2,500,000	—	0.10343	June 15, 2023 *8			
	Mizuho Bank, Ltd.	July 25, 2022	3,000,000	2,000,000 *9	0.10143	July 10, 2023			
	MUFG Bank, Ltd.	February 27, 2023	—	—	0.09182	February 27, 2024 *10			
	MUFG Bank, Ltd.	March 27, 2023	—	29,000,000	0.10273	March 7, 2024			
	Subtotal		21,700,000	52,300,000					
Long-term borrowings	The Hachijuni Bank, Ltd.	December 20, 2017	1,000,000	—	0.1863	December 20, 2022	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Development Bank of Japan Inc.	January 7, 2013	3,000,000	—	1.115	January 6, 2023			
	Daishi Hokuetsu Bank, Ltd.	January 7, 2016	1,500,000	—	0.2802	January 10, 2023			
	The 77 Bank, Ltd.	January 10, 2018	1,000,000	—	0.205	January 10, 2023			
	The Hachijuni Bank, Ltd.	January 15, 2016	1,000,000	—	0.265	January 16, 2023			
	The Iyo Bank, Ltd.	January 15, 2016	1,000,000	—	0.265	January 16, 2023			
	Sumitomo Mitsui Trust Bank, Limited	January 17, 2018	3,000,000	—	0.210	January 17, 2023			
	Development Bank of Japan Inc.	January 31, 2014	5,000,000	—	0.9325	January 31, 2023			
	The Yamaguchi Bank, Ltd.	March 25, 2013	1,000,000	—	0.945	March 24, 2023			
	The Bank of Fukuoka, Ltd.	March 24, 2015	2,000,000	—	0.5125	March 24, 2023			
	The Norinchukin Bank	March 25, 2015	3,500,000	—	0.46825	March 27, 2023			

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 Banking Corporation	November 29, 2018	3,000,000	3,000,000	0.1694	May 29, 2023 *11				
Sumitomo Mitsui Trust Bank, Limited	November 29, 2018	3,000,000	3,000,000	0.1694	May 29, 2023 *11				
MUFG Bank, Ltd.	June 1, 2017	12,000,000	12,000,000	0.01966 *12 *13	June 1, 2023 *11				
The Chugoku Bank, Limited	June 15, 2015	3,000,000	3,000,000	0.61175	June 15, 2023 *11				
The Bank of Fukuoka, Ltd.	June 15, 2017	2,500,000	2,500,000	0.2388	June 15, 2023 *11				
MUFG Bank, Ltd.	December 19, 2014	10,000,000	10,000,000	0.42375 *14	December 19, 2023 *11				
MUFG Bank, Ltd.	March 26, 2018	5,000,000	5,000,000	0.05603 *12 *15	March 26, 2024 *11				
The Hachijuni Bank, Ltd.	March 26, 2018	1,000,000	1,000,000	0.2338	March 26, 2024 *11				
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				
Sumitomo Mitsui Trust Bank, Limited	September 26, 2019	5,500,000	5,500,000	0.105	September 26, 2024				
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	0.11081 *12	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				

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
Development Bank of Japan Inc.	March 30, 2017	5,000,000	5,000,000	0.315	March 31, 2025				
Taiyo Life Insurance Company	May 29, 2015	1,500,000	1,500,000	0.7375	May 29, 2025				
Sumitomo Mitsui Trust Bank, Limited	June 15, 2020	7,000,000	7,000,000	0.2075	June 16, 2025				
Sumitomo Mitsui Banking Corporation	July 20, 2021	5,000,000	5,000,000	0.15375	July 22, 2025				
Sumitomo Mitsui Trust Bank, Limited	August 31, 2018	3,000,000	3,000,000	0.320	August 29, 2025				
Development Bank of Japan Inc.	September 1, 2015	7,000,000	7,000,000	0.7175	September 1, 2025				
Sumitomo Mitsui Trust Bank, Limited	September 23, 2020	5,000,000	5,000,000	0.1475	September 24, 2025				
Mizuho Bank, Ltd.	December 26, 2016	5,000,000	5,000,000	0.3625	December 26, 2025				
Sumitomo Mitsui Trust Bank, Limited	January 29, 2021	2,000,000	2,000,000	0.1625	January 29, 2026				
MUFG Bank, Ltd.	February 26, 2018	6,500,000	6,500,000	0.3413	February 26, 2026				
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				
Sumitomo Mitsui Trust Bank, Limited	June 28, 2021	3,700,000	3,700,000	0.17875	June 29, 2026				
The Norinchukin Bank	January 23, 2019	4,000,000	4,000,000	0.1988	July 23, 2026				
Shinkin Central Bank	September 1, 2017	5,000,000	5,000,000	0.3188	September 1, 2026				
MUFG Bank, Ltd.	October 31, 2016	3,000,000	3,000,000	0.240	October 30, 2026				
Mizuho Bank, Ltd.	December 21, 2016	5,000,000	5,000,000	0.415	December 21, 2026				
Shinkin Central Bank	January 23, 2019	5,000,000	5,000,000	0.2213	January 25, 2027				
Sumitomo Mitsui Banking Corporation *16	March 30, 2023	—	3,000,000	0.2475	March 30, 2027				
Shinkin Central Bank	April 24, 2018	6,000,000	6,000,000	0.3675	April 26, 2027				
The Norinchukin Bank	July 3, 2020	2,000,000	2,000,000	0.24375	July 5, 2027				
The Joyo Bank, Ltd.	January 9, 2018	1,000,000	1,000,000	0.4188	January 11, 2028				

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 Fukuoka, Ltd.	January 29, 2021	2,500,000	2,500,000	0.21875	January 31, 2028				
Mizuho Bank, Ltd.	March 30, 2018	4,000,000	4,000,000	0.3963	March 30, 2028				
MUFG Bank, Ltd.	March 30, 2018	4,000,000	4,000,000	0.3963	March 30, 2028				
Taiyo Life Insurance Company	March 30, 2018	1,000,000	1,000,000	0.3963	March 30, 2028				
The Bank of Fukuoka, Ltd.	August 31, 2021	1,500,000	1,500,000	0.20625	August 31, 2028				
Mizuho Bank, Ltd.	November 15, 2019	8,500,000	8,500,000	0.34875	November 15, 2028				
The Nishi-Nippon City Bank, Ltd.	December 17, 2021	1,000,000	1,000,000	0.27875	December 18, 2028				
Shinkin Central Bank	January 15, 2020	5,000,000	5,000,000	0.325	January 15, 2029				
Mizuho Bank, Ltd.	November 1, 2019	6,000,000	6,000,000	0.35125	November 1, 2029				
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				
MUFG Bank, Ltd.	December 21, 2020	10,000,000	10,000,000	0.2825	December 20, 2030				
The Iyo Bank, Ltd.	March 24, 2021	2,000,000	2,000,000	0.16406 *12	March 24, 2031				
The Yamanashi Chuo Bank, Ltd.	March 26, 2019	2,000,000	2,000,000	0.3688	March 26, 2031				
MUFG Bank, Ltd.	April 5, 2021	5,000,000	5,000,000	0.41875	April 4, 2031				
MUFG Bank, Ltd.	April 26, 2021	5,000,000	5,000,000	0.35625	April 25, 2031				
Mizuho Bank, Ltd.	June 15, 2021	4,000,000	4,000,000	0.28875	June 16, 2031				
The Norinchukin Bank *17	January 29, 2021	5,000,000	5,000,000	0.34625	July 31, 2031				
The Chugoku Bank, Limited	October 1, 2021	1,000,000	1,000,000	0.345	October 1, 2031				

	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 Norinchukin Bank *18	November 15, 2021	5,000,000	5,000,000	0.395	November 17, 2031	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Shinkin Central Bank	November 15, 2021	5,000,000	5,000,000	0.405	November 17, 2031			
	Daishi Hokuetsu Bank, Ltd.	November 15, 2021	3,200,000	3,200,000	0.395	November 17, 2031			
	The Chugoku Bank, Limited	November 15, 2021	1,000,000	1,000,000	0.405	November 17, 2031			
	The 77 Bank, Ltd.	November 15, 2021	1,000,000	1,000,000	0.395	November 17, 2031			
	The Hachijuni Bank, Ltd.	November 15, 2021	1,000,000	1,000,000	0.16122 *12	November 17, 2031			
	The Nishi-Nippon City Bank, Ltd.	December 17, 2021	1,000,000	1,000,000	0.37375	December 17, 2031			
	Sumitomo Mitsui Banking Corporation	January 7, 2022	2,000,000	2,000,000	0.415	January 7, 2032			
	Mizuho Bank, Ltd.	January 17, 2022	5,000,000	5,000,000	0.4475	January 19, 2032			
	The Norinchukin Bank *19	January 29, 2021	5,000,000	5,000,000	0.3675	January 30, 2032			
	The Norinchukin Bank	January 31, 2022	3,500,000	3,500,000	0.4725	January 30, 2032			
	The Shiga Bank, Ltd.	February 21, 2022	3,000,000	3,000,000	0.440	February 24, 2032			
	The Chugoku Bank, Limited	February 21, 2022	1,000,000	1,000,000	0.440	February 24, 2032			
	The Gunma Bank, Ltd.	February 21, 2022	1,000,000	1,000,000	0.440	February 24, 2032			
	The Chugoku Bank, Limited	June 15, 2022	1,000,000	1,000,000	0.57375	June 15, 2032			
	The 77 Bank, Ltd.	June 15, 2022	1,000,000	1,000,000	0.57375	June 15, 2032			
	The Norinchukin Bank *20	June 17, 2022	3,000,000	3,000,000	0.60625	June 17, 2032			
	The Shinkumi Federation Bank	August 10, 2022	3,000,000	3,000,000	0.37875	August 10, 2032			
	The Toho Bank, Ltd		1,000,000	1,000,000					
	The Keiyo Bank, Ltd.		1,000,000	1,000,000					
The Tochigi Bank, Ltd.	500,000		500,000						
Daishi Hokuetsu Bank, Ltd.	August 10, 2022	2,000,000	2,000,000	0.39875	August 10, 2032				
The Chugoku Bank, Limited	August 10, 2022	1,000,000	1,000,000	0.39875	August 10, 2032				

	Classification	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	Lender								
Long-term borrowings	MUFG Bank, Ltd.	September 9, 2022	2,000,000	2,000,000	0.555	September 9, 2032	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	The Nishi-Nippon City Bank, Ltd.	September 12, 2022	1,000,000	1,000,000	0.5475	September 13, 2032			
	The Tochigi Bank, Ltd.	December 12, 2022	—	1,000,000	0.68875	December 13, 2032			
	The Hachijuni Bank, Ltd.	December 20, 2022	—	1,000,000	0.7225	December 20, 2032			
	Development Bank of Japan Inc.	January 6, 2023	—	3,000,000	1.0262	January 6, 2033			
	Daishi Hokuetsu Bank, Ltd.	January 10, 2023	—	1,500,000	0.9725	January 11, 2033			
	The 77 Bank, Ltd.	January 10, 2023	—	1,000,000	0.9725	January 11, 2033			
	The Iyo Bank, Ltd.	January 16, 2023	—	1,000,000	0.18364 *12	January 17, 2033			
	The Hachijuni Bank, Ltd.	January 16, 2023	—	1,000,000	1.00625	January 17, 2033			
	Asahi Shinkin Bank	January 17, 2023	—	3,000,000	1.125	January 17, 2033			
	Development Bank of Japan Inc.	January 31, 2023	—	5,000,000	0.9887	January 31, 2033			
	SBI Shinsei Bank, Limited (Formerly Shinsei Bank, Limited) *7*21	March 15, 2023	—	2,500,000	0.81875	March 15, 2033			
	The Chugoku Bank, Limited	March 27, 2023	—	2,000,000	0.68375	March 25, 2033			
	The Norinchukin Bank *22	March 27, 2023	—	3,500,000	0.73375	March 28, 2033			
	Sumitomo Mitsui Banking Corporation *23	March 30, 2023	—	3,000,000	0.7187	March 30, 2033			
	Sumitomo Life Insurance Company	March 26, 2019	1,000,000	1,000,000	0.505	March 27, 2034			
	Sumitomo Life Insurance Company	December 16, 2019	2,000,000	2,000,000	0.490	December 18, 2034			
Subtotal			358,700,000	365,200,000					
Total			380,400,000	417,500,000					

- *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 August 18, 2022, MUFG Bank, Ltd. transferred its loan receivable of ¥6,800 million to Mitsubishi UFJ Trust and Banking Corporation.
- *4. The rate is 0.000% because the base interest rate (1-week TIBOR published by Japanese Bankers Association) + 0.04% is below 0%.
- *5. As of November 18, 2022, MUFG Bank, Ltd. transferred its loan receivable of ¥9,400 million to Mitsubishi UFJ Trust and Banking Corporation.
- *6. As of February 20, 2023, MUFG Bank, Ltd. transferred its loan receivable of ¥5,900 million to Mitsubishi UFJ Trust and Banking Corporation.

- *7. As of January 4, 2023, the company name was changed to SBI Shinsei Bank, Limited.
- *8. The Company made a full repayment (¥2,500 million) before maturity on March 15, 2023.
- *9. The Company made a repayment (¥1,000 million) before maturity on December 12, 2022.
- *10. The Company made a full repayment (¥29,000 million) before maturity on March 27, 2023.
- *11. 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.
- *12. These are floating rate borrowings which are not swapped into fixed rates.
- *13. The loan was based on floating rate (Base rate (Risk free rate (TONA) compounded in arrears over rate observation period (1 month) according to the lookback method + spread adjustment (-0.02923%) + 0.09%).
- *14. 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.
- *15. The loan was based on floating rate (Base rate (Risk free rate (TONA) compounded in arrears over rate observation period (3 months) according to the lookback method + spread adjustment (0.00835%) + 0.09%).
- *16. The applicable interest rate will be lowered by 0.01% from the original rate of 0.2475% for a corresponding period pursuant to the loan agreement on the condition that the target set for CO₂ emissions reduction is achieved.
- *17. 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%.
- *18. The applicable interest rate will be lowered by 0.01% from the original rate of 0.405% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation on May 16, 2022, the interest rate for the period until the next confirmation was 0.395%.
- *19. 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%.
- *20. The applicable interest rate will be lowered by 0.01% from the original rate of 0.61625% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation on December 19, 2022, the interest rate for the period until the next confirmation was 0.60625%.
- *21. The applicable interest rate will be lowered by 0.01% from the original rate of 0.81875% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved.
- *22. The applicable interest rate will be lowered by 0.01% from the original rate of 0.73375% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved.
- *23. The applicable interest rate will be lowered by 0.01% from the original rate of 0.7187% for a corresponding period pursuant to the loan agreement on the condition that the target set for CO₂ emissions reduction is achieved.

(iii) Investment Corporation Bonds

Outstanding investment corporation bonds as of March 31, 2023 are as follows.

Securities	Date of issue	Balance at beginning of current period (¥ thousand)	Balance at end of current period (¥ thousand)	Interest rate (%)	Repayment period	Repayment method	Use of proceeds	Notes
4th unsecured investment corporation bond	September 29, 2005	10,000,000	10,000,000	2.56	September 29, 2025	Bullet	*1	*2
10th unsecured investment corporation bond	March 30, 2017	10,000,000	10,000,000	0.3975	March 30, 2027	Bullet	*1	*2 *3
11th unsecured investment corporation bond	October 26, 2017	2,993,175	2,993,175	0.2788	October 26, 2027	Bullet	*1	*2 *3 *4
12th unsecured investment corporation bond (Japan Real Estate Investment Green Bonds)	November 1, 2018	10,000,000	10,000,000	0.23	November 1, 2023	Bullet	*1	*2
13th unsecured investment corporation bond	October 26, 2020	10,000,000	10,000,000	0.2	October 24, 2025	Bullet	*1	*2
Total		42,993,175	42,993,175					

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

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

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

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

(iv) New Unit Acquisition Rights

“Not applicable”

f. Examination of the Value of Specified Assets

(i) Real Estate, etc.

Acquisition or Disposition	Property name	Date of transaction	Acquisition/disposition cost*1 (¥ million)	Real estate appraisal value (¥ million)	Appraising institution	Date of appraisal
Acquisition	the ARGYLE aoyama	February 27, 2023	23,900	24,100	Daiwa Real Estate Appraisal Co., Ltd.	January 1, 2023
Acquisition	Toyosu Foresia	February 27, 2023	8,100	8,180	Daiwa Real Estate Appraisal Co., Ltd.	February 1, 2023
Acquisition	Shinjuku Eastside Square	March 30, 2023	8,500	8,510	Japan Real Estate Institute	March 1, 2023
Acquisition	CIRCLES Hirakawacho	March 30, 2023	1,780	1,810	Daiwa Real Estate Appraisal Co., Ltd.	March 1, 2023
Disposition	Harumi Front (25% quasi-co-ownership interest)	December 1, 2022	9,777	9,500	Chuo Real Estate Appraisal Co., Ltd.	November 1, 2022

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

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

*3. The “real estate appraisal value” of Harumi Front (25% quasi-co-ownership interest) is the amount obtained by multiplying the real estate appraisal value of the entire property by the quasi-co-ownership interest (25%) of the real estate trust beneficiary right to be disposed of.

(ii) Other assets

Value inspections on transactions by the Company that are deemed necessary under Article 201 of the ITA, are entrusted to Yoshihiro Tanaka CPA Office, excluding ones described in (i) Real Estate, etc. above. During the period from October 1, 2022 to March 31, 2023, there was no transaction that was subject to such inspections

g. Transactions with Interested Parties (from October 1, 2022 to March 31, 2023)

(i) Transactions

Segment	Buying and selling amounts	
	Buying amounts	Selling amounts
Total Amount	¥ 42,280,000 thousand	¥ 9,777,500 thousand
Breakdown of Transactions with Interested Parties		
Dairoku Mec Toshikaihatsu TMK	¥ 23,900,000 thousand (56.5%)	¥ – thousand (–%)
Toyosu 3 Chome Kaihatsu TMK	¥ 8,100,000 thousand (19.2%)	¥ – thousand (–%)
Mitsubishi Estate Co., Ltd.	¥ 10,280,000 thousand (24.3%)	¥ – thousand (–%)
Total	¥ 42,280,000 thousand (100.0%)	¥ – 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	¥3,877,085 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥2,408,854 thousand	62.1 %
		Mitsubishi Estate Co., Ltd.	¥183,602 thousand	4.7 %
		Mitsubishi Real Estate Services Co., Ltd.	¥41,471 thousand	1.1 %
		Yuden Building Kanri Co., Ltd.	¥25,034 thousand	0.6 %
		Mitsubishi Estate Parks Co., Ltd.	¥1,087 thousand	0.0 %
Utilities expenses	¥3,178,061 thousand	Minato Mirai 21 District Heating and Cooling Co., Ltd.	¥86,969 thousand	2.7 %
Other operating expenses	¥222,393 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥21,539 thousand	9.7 %
		Mitsubishi Estate Co., Ltd.	¥404 thousand	0.2 %
		Mitsubishi Jisho Design Inc.	¥34,575 thousand	15.5 %

*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.	¥757,443 thousand
Mitsubishi Estate Co., Ltd.	¥619,736 thousand
Mitsubishi Jisho Design Inc.	¥2,682 thousand
Yuden Building Kanri Co., Ltd.	¥56,303 thousand
Mitsubishi Real Estate Services Co., Ltd.	¥51,722 thousand
Izumi Parktown Service Ltd.	¥62 thousand

h. Other Announcements

(i) General Meeting of Unitholders

The Company's 13th General Meeting of Unitholders was held on December 13, 2022. The major items deliberated and results thereof are as follows:

Agenda	Overview
Item 1: Partial amendments to the Articles of Incorporation	As per the original proposal, the amendments were made to the Articles of Incorporation concerning the following points: - The change on the provision to partial amendments concerning the convocation of General Meetings of Unitholders of the Company. - The establishment and change on the provision to take measures to provide reference materials, etc. electronically for the General Meeting of Unitholders at the time of convening the General Meeting of Unitholders - The change on the provision to partially amend the provisions regarding asset valuation methods, standards, and reference dates.
Item 2: Appointment of one executive director	Jo Kato was appointed as Executive Director as originally proposed. He assumes the position for the duration starting from December 13, 2022 and ending at the conclusion of the general meeting of unitholders, which will be held within 30 days after the duration following the day on which two years have elapsed since the appointment, at which the election of an executive director is proposed.
Item 3: Appointment of two substitute executive directors	Shojiro Kojima and Masaaki Fujino were appointed as Substitute Executive Directors as originally proposed.
Item 4: Appointment of two supervisory directors	Hiroaki Takano and Miyuki Aodai were appointed as Supervisory Directors as originally proposed. They assume the position for the duration starting from December 13, 2022 and ending at the conclusion of the general meeting of unitholders, which will be held within 30 days after the duration following the day on which two years have elapsed since the appointment, at which the election of supervisory directors are proposed.
Item 5: Appointment of one substitute supervisory director	Norio Suzuki was appointed as Substitute Supervisory Director as originally proposed.

(ii) Board of Directors

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

Date of acceptance	Accepted item	Overview
November 15, 2022	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 October 1, 2022 to March 31, 2023	For the period from April 1, 2022 to September 30, 2022	For the period from October 1, 2021 to March 31, 2022	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2020 to March 31, 2021
Operating revenues	37,345	37,654	36,453	36,901	34,944
Operating expenses	20,304	19,612	19,346	18,507	18,464
Operating profit	17,041	18,042	17,107	18,394	16,479
Ordinary profit	16,172	17,256	16,191	17,477	15,508
Profit before income taxes	16,172	17,256	16,191	17,477	15,508
Profit	16,161	16,790	16,045	16,865	15,560
Total assets	1,047,158	1,008,970	1,035,072	1,003,583	1,001,734
Interest-bearing debt	460,493	423,393	449,893	419,493	419,493
Net assets	517,993	517,761	516,762	516,447	515,262
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)	373,945	373,778	373,057	372,829	371,974
Cash distribution	16,161	15,929	15,791	15,730	15,680
Dividend payout ratio (Note 1)	100.0%	94.9%	98.4%	93.3%	100.8%
Dividend per unit (Yen)	11,667	11,500	11,400	11,356	11,320
Net operating income (NOI)	21,901	23,084	24,070	24,204	24,825
Funds from operations (FFO)	18,970	19,700	21,053	20,583	22,089
Return on assets (ROA) (Note 2)	1.6%	1.7%	1.6%	1.7%	1.5%
	(3.2% annualized)	(3.4% annualized)	(3.2% annualized)	(3.5% annualized)	(3.1% annualized)
Return on equity (ROE) (Note 3)	3.1%	3.2%	3.1%	3.3%	3.0%
	(6.3% annualized)	(6.5% annualized)	(6.2% annualized)	(6.5% annualized)	(6.1% annualized)
EOP equity ratio (Note 4)	49.5%	51.3%	49.9%	51.5%	51.4%
EOP interest-bearing debt ratio on total assets (Note 5)	44.0%	42.0%	43.5%	41.8%	41.9%
FFO multiple (Times)	19.2	21.0	21.0	22.5	20.4
Debt service coverage ratio (Times) (Note 6)	28.2	29.2	26.9	27.7	24.8

- 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 182 days for the period ended March 31, 2021, 183 days for the period ended September 30, 2021, 182 days for the period ended March 31, 2022, 183 days for the period ended September 30, 2022 and 182 days for the period ended March 31, 2023.)
4. EOP equity ratio = (Net assets at the end of period / Total assets at the end of period) × 100
5. EOP interest-bearing debt ratio on total assets = (Interest-bearing debt at the end of period / Total assets at the end of period) × 100
6. Debt service coverage ratio = Profit before Interest, Taxes, Depreciation and Amortization / Interest expenses