

FINANCIAL RESULTS FOR THE FISCAL PERIOD ENDED SEPTEMBER 2018 (REIT)

November 15, 2018

Name of Issuer: Japan Real Estate Investment Corporation
 Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 8952
 URL: <https://www.j-re.co.jp/en/>
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Scheduled Date of Filing Securities Report: December 25, 2018
 Scheduled date of dividend payment: December 14, 2018
 Supplementary materials for financial results: Yes
 Holding of a briefing on financial results: Yes (primarily for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the September 2018 period (April 1, 2018 –September 30, 2018)

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

Period ended	Operating Revenues		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2018	33,066	3.5	14,578	7.2	13,348	8.0	13,273	8.0
March 31, 2018	31,955	0.7	13,596	3.2	12,362	3.7	12,291	3.2

Period ended	Profit per Unit	ROE (Profit to Unitholders' Equity Ratio)	ROA (Ordinary Profit to Total Assets Ratio)	Ordinary Profit to Operating Revenues Ratio
	Yen	%	%	%
September 30, 2018	9,631	2.6	1.4	40.4
March 31, 2018	9,387	2.6	1.3	38.7

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

2: Regarding ROE, for the period ended September 30, 2018, as new investment units were issued, the average amount of the unitholders' equity considering the number of days, and for the period ended March 31, 2018, the average amount of the unitholders' equity as of the beginning and the end of the period.

(2) Dividends

Period ended	Dividend per Unit Excluding Excess of Accounting Profits	Total Cash Dividends Excluding Excess of Accounting Profits	Dividend in Excess of Accounting Profits per Unit	Total Dividends in Excess of Accounting Profits	Payout Ratio	Ratio of Dividends to Net Assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
September 30, 2018	9,495	13,152	0	0	99.1	2.6
March 31, 2018	9,336	12,223	0	0	99.5	2.6

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

2: The payout ratio for the period ended September 30, 2018, as new investment units were issued, is calculated by the following formula.
The payout ratio = Total dividends / Profit × 100

3: For the period ended September 30, 2018, the total dividends are calculated as profit, adding the reversal of reserve for special account for reduction entry (17 million yen) and deducting the reserve for reduction entry (138 million yen).

4: For the period ended March 31, 2018, the total dividends are calculated as profit and deducting the reservation for a reduction entry (66 million yen).

(3) Financial Standing

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Unit
	Millions of yen	Millions of yen	%	Yen
September 30, 2018	956,645	510,978	53.4	368,881
March 31, 2018	935,560	470,703	50.3	359,505

Reference: Total unitholders' equity is 510,978 million yen for the September 2018 period and 470,703 million yen for the March 2018 period.

Note: From the period ended September 30, 2018, the manner of presentation was changed, and the reclassified amount due to the change was reflected to the total assets for the period ended March 31, 2018. For more detailed information on changes in the manner of presentation, please refer to the section "(8) Notes to changes in the presentation" on page 17.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2018	20,143	(26,658)	7,440	24,567
March 31, 2018	28,120	(45,382)	16,548	23,641

2. Performance Forecasts for the March 2019 period (October 1, 2018 to March 31, 2019) and the September 2019 period (April 1, 2019 to September 30, 2019)

(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 Accounting Profits	Dividend in Excess of Accounting Profits per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2019	32,830	(0.7)	14,350	(1.6)	13,240	(0.8)	13,230	(0.3)	9,550	0
September 30, 2019	33,190	1.1	14,450	0.7	13,330	0.7	13,320	0.7	9,620	0

Reference: Profit per unit forecast = Profit forecast / Number of total investment units forecast for the end of the period
(the March 2019 period): 9,550 yen; (the September 2019 period): 9,620 yen.

*Other

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

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

(2) Number of Units Outstanding

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

As of September 30, 2018	1,385,210 units
As of March 31, 2018	1,309,310 units

Number of Treasury Units at End of Period

As of September 30, 2018	0 units
As of March 31, 2018	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

1. Estimates for the Company's future operating results contained in the financial results are forward-looking statements and are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ substantially from the projections depending on a number of factors. In addition, these forecasts do not guarantee the stated dividends. As for assumptions underlying performance forecasts, please refer to the table entitled "Assumptions Underlying Performance Forecasts for the March 2019 period (October 1, 2018 to March 31, 2019) and the September 2019 period (April 1, 2019 to September 30, 2019)" on pages 7 and 8.

1. Related Corporations

Due to the fact that there have been no material changes to the “Structure and Formation” section in the most recent securities report (released on June 26, 2018), information concerning it has been omitted.

2. Business Policy and Operations

(1) Business Policy

Due to the fact that there have been no material changes to “investment policies”, “investment targets”, or “dividend policies” section in the most recent securities report (released on June 26, 2018), information concerning them has been omitted.

(2) 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 1.014 trillion yen*, as of September 30, 2018. In the same period, the Company continued to grow steadily in the number of properties in its portfolio, from 20 to 71 properties.

During the September 2018 period (April 1, 2018 to September 30, 2018), the Japanese economy continued to follow a moderate yet steady recovery, following the previous period, with the upward trend of corporate revenue and employment, capital investments, and income environment.

In the market for leased office space, high occupancy rates were maintained due to the continuous demands of new tenants and expansion for office space based on the improvement of corporate earnings. Additionally, rent increases steadily accumulated as a result of the proactive negotiations of rents in not only the Tokyo metropolitan areas but also the urban and rural areas.

In the investment market for real estate, favorable conditions for the financing environment continued, based on the continuous monetary easing policy. Transaction yields were still at a low level against the backdrop of domestic and overseas investors’ desire to actively invest with the strict acquisition environment.

Under such market conditions, the Company made sound investments under the Investment Guideline of providing stable dividends to unitholders, which was set forth at the time of the Company’s listing on the TSE and remains unchanged to this date. Accordingly, the Company was able to provide a dividend at 9,495 yen, which is an increase by 159 yen compared with the previous period.

* The acquisition price includes the selling price (614 million yen) of the part of Jingumae Media Square Building disposed on October 30, 2009. The total acquisition price in the subsequent sections follows the same convention.

② Results of Operations

a. Property Management and Acquisition and Disposition

In the market for leased office space in the fiscal period under review, as a result of our efforts to maintain and improve occupancy rates through meticulous property leasing, the Company successfully maintained and achieved the same level of occupancy rate of 99.2% as of September 30, 2018 and March 31, 2018 which achieved the record breaking in the previous period.

As for external growth, on April 17, 2018, the Company acquired Shinjuku Front Tower (Shinjuku-ku, Tokyo) with 27.24798% of share of ownership of the building at 25.0 billion yen. In addition, the Company disposed the retail units of Lit City Building (Okayama-city, Okayama) with 3.15% of share of ownership of the building at 650 million yen and thus, the Company’s current share of ownership of the building has become 24.60% from 27.75%.

As a result of the above, the Company’s portfolio at the end of the fiscal period under review, September 30, 2018, consisted of 71 properties, with a total acquisition price of 1.014 trillion yen. Total leasable floor area stood at 847,905 m² with 1,480 tenants in total.

Note: Shinjuku South Gate Project (tentative name) (land with leasehold interest), whose building ownership was disposed on August 23, 2013, and Shibuya Cross Tower (land with leasehold interest), whose building ownership was disposed on January 18, 2018, are included in the above number of properties and total acquisition price, but are not included in total leasable floor area or total number of tenants.

b. Finance Activities

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

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

During the September 2018 period, the Company decided on the issuance of new investment units (69,000 issued by public offering, and 6,900 issued by third-party allocation) at the Board of Directors' meetings held on March 28 and April 9, 2018. By issuing the new investment units, the Company procured the funds, 35.6 billion yen by public offering on April 16, 2018, and 3.5 billion yen by third-party allocation on May 9, 2018.

With the funds procured from the above public offerings of new investment units, the Company acquired Shinjuku Front Tower, and made a prepayment of short-term loans (13.0 billion yen). In addition, with the funds procured from the above third-party allocation, the Company made a prepayment of short-term loans (3.0 billion yen).

As well, the Company made loans in order to fund redemptions of the Japan Real Estate Investment Corporation Ninth Unsecured Bond of 10 billion yen, and made repayments of short-term loans of 3.5 billion yen. As a result of the above financing activities, as of September 30, 2018, the Company's total interest-bearing debt was 384.4 billion yen, a 19.5 billion yen decrease from the end of the previous period. This amount consists of long-term loans totaling 340.0 billion yen (including the current portion of long-term loans totaling 25.0 billion yen), short-term loans totaling 21.5 billion yen, and investment corporation bonds totaling 22.9 billion yen. The current LTV ratio stands at 40.2 %.

In order to secure flexible and stable financing for the purposes of acquiring specific properties and repayments of existing loans, the amount for commitment line agreements was increased from 50.0 billion yen to 60.0 billion yen effective on September 20, 2018.

The Company's credit ratings as of September 30, 2018 were as follows:

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

③ Summary of Financial Results and Dividends

As a result of the above operations, in the period under review, the Company's operating revenues increased 3.5% compared with the previous period, to 33.0 billion yen. On the earnings front, operating profit increased 7.2%, to 14.5 billion yen. After deducting expenses for interest payments on loans and other costs, ordinary profit increased 8.0%, to 13.3 billion yen, and profit increased 8.0%, to 13.2 billion yen.

Turning to dividends, the Company will make cash distributions using accounting profits 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 earnings available for dividends as required by Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company made a reduction entry 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 and reserving the retained earnings brought forward, the total amount of dividends that the Company has determined to pay out is 13,152,568,950 yen for the period under review, which is a multiple of 1,385,210—the number of units outstanding as of September 30, 2018. Accordingly, the dividend per investment unit is 9,495 yen.

(3) Outlook

① Operating Environment

The Japanese economy in the future is expected to follow a course of moderate recovery as a result of further improving conditions for employment and income, as well as various financial policies in force. However, as to the downward risks due to the uncertainty of the overseas economy and the influence of changes in the financial capital market, the Company considers that it is necessary to pay enough attention to them. In the market for leased office space, especially regarding the increase in office space supply in the Tokyo metropolitan areas, to pay a close attention in the future including indirect effects on the surrounding areas is required. However, the tenant leasing of the new supply properties has progressed

steadily, and business performance is expected to be steady in the future. The Company expects that the occupancy rates will maintain a high level for the time being, and the gentle upward trend in rents will continue.

Regarding the investment market for real estate, fierce competition in property acquisitions and transactions carried out at stronger valuation are anticipated to continue. Therefore, it is important to continue to be proactive in searching for new properties while paying close attention to market trends.

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 earnings

With the aim of stabilizing revenues and earnings, 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, or may conclude preliminary contracts for loans, as needed.
- (v) The Company aims for the best possible execution of financial transactions by negotiating with numerous financial institutions.

② Performance Forecasts

The Company's forecasts for the March 2019 period (October 1, 2018 to March 31, 2019) are as follows: operating revenues totaling 32.8 billion yen, operating profit totaling 14.3 billion yen, ordinary profit totaling 13.2 billion yen, and profit totaling 13.2 billion yen. The Company plans to declare a per-unit cash dividend of 9,550 yen.

The Company's forecasts for the September 2019 period (April 1, 2019 to September 30, 2019) are as follows: operating revenues totaling 33.1 billion yen, operating profit totaling 14.4 billion yen, ordinary profit totaling 13.3 billion yen, and profit totaling 13.3 billion yen. The Company plans to declare a per-unit cash dividend of 9,620 yen.

Regarding the assumptions underlying these forecasts, please see page 7 and 8 entitled "Assumptions Underlying Performance Forecasts for the March 2019 period (October 1, 2018 to March 31, 2019) and the September 2019 period (April 1, 2019 to September 30, 2019)." 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 Investment Corporation Bonds (Green Bonds)

The Company issued Japan Real Estate Investment Corporation 12th Unsecured Bonds (Japan Real Estate Investment Green Bonds) on November 1, 2018. Using the cash in hand made available from the bonds, 1.0 billion yen is allocated toward the funds for the refurbishments of Shiba 2Chome Daimon Building and 6.0 billion yen is allocated toward the repayments of long-term loans, and any remaining amount to the funds to repay short-term loans.

■ Overview of Japan Real Estate Investment Corporation 12th Unsecured Bond

Name of the Investment Corporation Bond	Japan Real Estate Investment Corporation 12th Unsecured Bonds (Japan Real Estate Green Bonds)
Total Amount of the Bond Issued.	10.0 billion yen
Date of the Bond Issued	November 1, 2018
Final Redemption Date	November 1, 2023
Interest Rate	0.23% per annum
Use of Proceeds	9.95 billion yen, the approximate net proceeds (after deducting issuance related expenses of approximate 50 million from the issued amount of 10 billion yen) will be allocated to the Eligible Green Projects as follows: <ul style="list-style-type: none"> • 1 billion yen will be allocated toward the funds for the refurbishments of Shiba 2Chome Daimon Building. • 6 billion will be allocated toward the repayment of loan for acquiring Akasaka Park Building. • Any remaining proceeds will be allocated toward the prepayment of loan for acquiring Shijo Karasuma Center Building.

**Assumptions Underlying Performance Forecasts for the March 2019 period (October 1, 2018 to March 31, 2019)
and the September 2019 period (April 1, 2019 to September 30, 2019)**

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • The March 2019 period: October 1, 2018 to March 31, 2019 (182 days) • The September 2019 period: April 1, 2019 to September 30, 2019 (183 days)
Number of properties held by the Company	<ul style="list-style-type: none"> • The Company's property portfolio consists of 71 properties at the end of the September 2018 period. The actual portfolio might differ from this assumption due to additional property acquisitions and dispositions. • As of November 15, 2018, the Company does not have any forward or other commitments as set forth in the Financial Services Agency's Guidelines for Supervision.
Number of units outstanding	<ul style="list-style-type: none"> • The Company assumes that the total number of units outstanding is 1,385,210 at the end of September 30, 2018.
Interest-bearing debt	<ul style="list-style-type: none"> • The Company operates an LTV ratio within a range between 30% and 40% as an operational guideline. • The Company issued Japan Real Estate Investment Corporation 12th Unsecured Bonds (Japan Real Estate Investment Green Bonds) on November 1, 2018. Cash in hand made available from the bonds is allocated toward the repayments of long-term loans and short-term loans. As a result, the balance of interest-bearing debt is 385,493 million yen as of November 15, 2018. • In the March 2019 period, as of November 15, 2018, the Company will refinance the long-term loan due for repayment during the period totaling 3.5 billion yen (repayment date: March 1, 2019, and March 25, 2019) and the short-term loan due for repayment during the period totaling 6.0 billion yen (repayment date: December 26, 2018, March 26, 2019 and March 29, 2019). There are no investment corporation bonds set to mature in the March 2019 period. • In the September 2019 period, as of November 15, 2018, the Company will refinance the long-term loan due for repayment during the period totaling 15.5 billion yen (repayment date: May 29, 2019, September 2, 2019, and September 26, 2019) and the short-term loan due for repayment during the period totaling 12.5 billion yen (repayment date: April 3, 2019, and August 29, 2019). There are no investment corporation bonds set to mature in the September 2019 period.
Operating revenues	<ul style="list-style-type: none"> • Revenues from portfolio properties held by the Company are calculated by taking into consideration new contract conclusions and existing contract cancellations fixed as of November 15, 2018, and by factoring in potential variables that reflect recent market conditions for leased office space, 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. However, when a property is acquired at a point during the period used for the calculation of property tax, a property tax adjustment is levied that takes into account the date of the transfer of the new acquisition. The amount of the adjustment is factored into the acquisition price and therefore not recorded as an expense in the relevant fiscal period. In addition, the Company assumes the 2019 property taxes, city planning taxes, and depreciable property taxes for properties acquired in 2018 to be as follows: <ul style="list-style-type: none"> 83 million yen for Front Place Nihonbashi, 97 million yen for the additional shares acquired for Shinjuku Eastside Square, and 113 million yen for Shinjuku Front Tower • The property and other taxes will be 3,020 million yen in the March 2019 period and 3,250 million yen in the September 2019 period. • The depreciation will be 6,370 million yen in the March 2019 period and 6,330 million yen in the September 2019 period. • Property management expenses are assumed by taking past operational results into consideration. • 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 1,110 million yen in the March 2019 period and 1,120 million yen in the September 2019 period.
Dividend amounts	<ul style="list-style-type: none"> • The Company applies “Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets” under Article 65-7 of the Special Taxation Measures Act, and made a reduction entry amounting 180 million yen on the gain on sale of Lit City Building (retail units) of 270 million yen. The balance of the internal reserves after making the reduction entry as above will be 870 million yen, and, in the March 2019 and the September 2019 periods, the gain on the reversal of the reduction entry, corresponding to the depreciation of the replaced property, will be subject to cash distributions. • The Company shall not distribute dividends in excess of accounting profits. Thus, based on its Articles of Incorporation, the Company shall make cash distributions of the amount that is higher than 90% of earnings available for dividends up to the accounting profits.
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 on the reserves for reduction entry, the corporate and other taxes are calculated by taking into consideration the taxes in relation to the amortization of term leasehold interest for buildings and asset retirement obligations.

3. Financial Statements

(1) Balance Sheets

Thousands of yen

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	17,804,047	17,835,899
Cash and deposits in trust	5,837,847	6,731,684
Operating accounts receivable	341,439	369,098
Prepaid expenses	352,401	336,007
Other	89,865	32,310
Total current assets	24,425,601	25,304,999
Non-current assets		
Property, plant and equipment		
Buildings	250,111,909	250,703,183
Accumulated depreciation	(86,253,809)	(90,392,605)
Buildings, net	163,858,100	160,310,577
Structures	2,974,180	2,972,255
Accumulated depreciation	(828,367)	(877,184)
Structures, net	2,145,812	2,095,070
Machinery and equipment	3,227,707	3,241,271
Accumulated depreciation	(2,148,127)	(2,245,875)
Machinery and equipment, net	1,079,579	995,395
Tools, furniture and fixtures	440,338	446,611
Accumulated depreciation	(288,173)	(301,603)
Tools, furniture and fixtures, net	152,164	145,008
Land	449,950,825	449,920,389
Construction in progress	7,958	3,317
Buildings in trust	95,656,870	101,992,788
Accumulated depreciation	(24,227,651)	(26,099,836)
Buildings in trust, net	71,429,218	75,892,951
Structures in trust	956,849	998,400
Accumulated depreciation	(246,755)	(272,067)
Structures in trust, net	710,094	726,333
Machinery and equipment in trust	1,030,081	1,050,506
Accumulated depreciation	(737,361)	(763,039)
Machinery and equipment in trust, net	292,720	287,466
Tools, furniture and fixtures in trust	69,175	69,201
Accumulated depreciation	(30,373)	(34,525)
Tools, furniture and fixtures in trust, net	38,801	34,676
Land in trust	210,930,979	230,532,021
Construction in progress in trust	1,583	1,583
Total property, plant and equipment	900,597,839	920,944,791
Intangible assets		
Leasehold rights	5,706,705	5,690,875
Leasehold rights in trust	444,160	444,160
Easement	828,095	828,095
Other	11,372	9,655
Total intangible assets	6,990,333	6,972,786

Thousands of yen

	As of March 31, 2018	As of September 30, 2018
Investments and other assets		
Investment securities	577,168	577,168
Lease and guarantee deposits	1,573,847	1,573,847
Long-term prepaid expenses	350,381	224,778
Other	997,164	1,005,707
Total investments and other assets	3,498,562	3,381,501
Total non-current assets	911,086,735	931,299,080
Deferred assets		
Investment corporation bond issuance costs	48,649	41,710
Total deferred assets	48,649	41,710
Total assets	935,560,986	956,645,790
Liabilities		
Current liabilities		
Operating accounts payable	2,657,292	2,169,097
Short-term loans payable	32,000,000	21,500,000
Current portion of investment corporation bonds	10,000,000	—
Current portion of long-term loans payable	27,500,000	25,000,000
Accounts payable - other	1,871,072	1,648,904
Accrued expenses	480,090	440,744
Income taxes payable	11,478	9,159
Accrued consumption taxes	708,577	139,791
Advances received	3,248,413	3,200,129
Other	9,261	78,364
Total current liabilities	78,486,186	54,186,192
Non-current liabilities		
Investment corporation bonds	22,993,175	22,993,175
Long-term loans payable	311,500,000	315,000,000
Deposits received from tenants	51,308,538	52,853,494
Deferred tax liabilities	226,452	290,234
Asset retirement obligations	338,635	342,047
Other	4,453	2,226
Total non-current liabilities	386,371,255	391,481,177
Total liabilities	464,857,441	445,667,369
Net assets		
Unitholders' equity		
Unitholders' capital	458,016,096	497,241,216
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	363,261	413,528
Reserve for special account for reduction entry	—	16,307
Total voluntary retained earnings	363,261	429,835
Unappropriated retained earnings	12,324,186	13,307,368
Total surplus	12,687,448	13,737,204
Total unitholders' equity	470,703,544	510,978,420
Total net assets	470,703,544	510,978,420
Total liabilities and net assets	935,560,986	956,645,790

(2) Statements of Income

Thousands of yen

	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
Operating revenues		
Rent revenues	31,505,394	32,676,423
Other lease business revenues	311,111	119,158
Gain on sales of real estate properties	138,723	270,871
Total operating revenues	31,955,230	33,066,453
Operating expenses		
Expenses related to rent business	16,749,989	16,843,215
Asset management fee	1,238,158	1,294,322
Asset custody fee	60,728	61,769
Administrative service fees	128,617	131,335
Directors' compensations	7,800	7,800
Commission fee	103,505	82,685
Other operating expenses	69,784	66,365
Total operating expenses	18,358,583	18,487,493
Operating profit	13,596,647	14,578,960
Non-operating income		
Interest income	187	194
Dividend income	—	9,832
Reversal of distribution payable	2,745	3,002
Other	13	—
Total non-operating income	2,945	13,029
Non-operating expenses		
Interest expenses	1,013,270	957,594
Interest expenses on investment corporation bonds	176,960	172,816
Amortization of investment corporation bond issuance costs	7,576	6,938
Investment unit issuance expenses	—	61,685
Other	38,964	44,471
Total non-operating expenses	1,236,771	1,243,505
Ordinary profit	12,362,821	13,348,484
Profit before income taxes	12,362,821	13,348,484
Income taxes - current	11,496	11,228
Income taxes - deferred	60,265	63,781
Total income taxes	71,762	75,009
Profit	12,291,059	13,273,474
Retained earnings brought forward	33,127	33,894
Unappropriated retained earnings	12,324,186	13,307,368

(3) Statements of Changes in Unitholders' Equity

For the period from October 1, 2017 to March 31, 2018

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of the period	458,016,096	363,330	363,330	11,942,542	12,305,873	470,321,969	470,321,969
Changes of items during the period							
Reversal of reserve for reduction entry		(69)	(69)	69	—	—	—
Dividends of surplus				(11,909,483)	(11,909,483)	(11,909,483)	(11,909,483)
Profit				12,291,059	12,291,059	12,291,059	12,291,059
Total changes of items during the period	—	(69)	(69)	381,644	381,575	381,575	381,575
Balance at end of the period	458,016,096	363,261	363,261	12,324,186	12,687,448	470,703,544	470,703,544

For the period from April 1, 2018 to September 30, 2018

Thousands of yen

	Unitholders' equity						
	Unitholders' capital	Surplus					Total unitholders' equity
		Voluntary retained earnings			Unappropriated retained earnings	Total surplus	
		Reserve for reduction entry	Reserve for special account for reduction entry	Total voluntary retained earnings			
Balance at beginning of the period	458,016,096	363,261	—	363,261	12,324,186	12,687,448	470,703,544
Changes of items during the period							
Issuance of new investment units	39,225,120						39,225,120
Provision of reserve for reduction entry		50,335		50,335	(50,335)	—	—
Reversal of reserve for reduction entry		(69)		(69)	69	—	—
Provision of reserve for special account for reduction entry			16,307	16,307	(16,307)	—	—
Dividends of surplus					(12,223,718)	(12,223,718)	(12,223,718)
Profit					13,273,474	13,273,474	13,273,474
Total changes of items during the period	39,225,120	50,266	16,307	66,574	983,181	1,049,756	40,274,876
Balance at end of the period	497,241,216	413,528	16,307	429,835	13,307,368	13,737,204	510,978,420

	Total net assets
Balance at beginning of the period	470,703,544
Changes of items during the period	
Issuance of new investment units	39,225,120
Provision of reserve for reduction entry	—
Reversal of reserve for reduction entry	—
Provision of reserve for special account for reduction entry	—
Dividends of surplus	(12,223,718)
Profit	13,273,474
Total changes of items during the period	40,274,876
Balance at end of the period	510,978,420

(4) Statements of Cash Distributions

	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
	Amount (Yen)	Amount (Yen)
I Retained earnings	12,324,186,848	13,307,368,817
II Reversal of voluntary retained earnings		
Reversal of reserve for special account for reduction entry	—	16,307,490
Reversal of reserve for reduction entry	69,182	1,657,580
III Cash distribution	12,223,718,160	13,152,568,950
(Dividend per investment unit)	(9,336)	(9,495)
IV Voluntary retained earnings		
Reserve for special account for reduction entry	16,307,490	—
Reserve for reduction entry	50,335,883	138,488,759
V Retained earnings brought forward	33,894,497	34,276,178

Computation Method for Determining Dividends	<p>The Company will make cash distributions using accounting profits based on the cash distribution policy outlined in Article 32-1(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 applications of Article 65-7 "Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets" of the Special Taxation Measures Act, and of Article 47 "Inclusion in Deductible Expenses of Depreciated Amount of Fixed Assets, etc. Acquired with Insurance Money etc." of Corporation Taxation Act, making reduction entries, and also which is set not to exceed the unappropriated retained earnings and to secure retained earnings brought forward, is ¥12,223,718,160 for the period under review, which is a multiple of 1,309,310 — the number of units outstanding as of March 31, 2018. Furthermore, the Company does not pay out dividends that exceed accounting profits as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>	<p>The Company will make cash distributions using accounting profits based on the cash distribution policy outlined in Article 32-1(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 also which is set not to exceed the unappropriated retained earnings and to secure retained earnings brought forward, is ¥13,152,568,950 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of September 30, 2018. Furthermore, the Company does not pay out dividends that exceed accounting profits as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>
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(5) Statements of Cash Flows

Thousands of yen

	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
Cash flows from operating activities		
Profit before income taxes	12,362,821	13,348,484
Depreciation	6,501,329	6,450,870
Amortization of investment corporation bond issuance costs	7,576	6,938
Investment unit issuance expenses	—	61,685
Dividend income	—	(9,832)
Interest income	(187)	(194)
Interest expenses	1,190,230	1,130,410
Decrease (increase) in operating accounts receivable	(60,998)	(27,659)
Decrease (increase) in supplies	(352)	(544)
Decrease (increase) in prepaid expenses	17,465	16,394
Decrease due to sale of property, plant and equipment	9,761,574	370,182
Increase (decrease) in operating accounts payable	(658,275)	578,559
Increase (decrease) in accounts payable - other	536,322	16,811
Increase (decrease) in accrued consumption taxes	(155,427)	(568,786)
Increase (decrease) in accrued expenses	136	(197)
Increase (decrease) in advances received	(146,057)	(48,283)
Decrease (increase) in long-term prepaid expenses	160,525	125,602
Other, net	(192,334)	(133,760)
Subtotal	29,324,349	21,316,679
Interest and dividend income received	114	10,228
Interest expenses paid	(1,195,545)	(1,169,558)
Income taxes paid	(8,911)	(13,547)
Net cash provided by (used in) operating activities	28,120,007	20,143,802
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,627,767)	(1,738,652)
Purchase of property, plant and equipment in trust	(26,517,865)	(26,500,164)
Purchase of intangible assets	(719)	—
Payments for lease and guarantee deposits	—	(42,000)
Repayments of tenant leasehold and security deposits	(3,807,534)	(863,090)
Proceeds from tenant leasehold and security deposits	3,571,563	2,485,440
Net cash provided by (used in) investing activities	(45,382,322)	(26,658,466)
Cash flows from financing activities		
Proceeds from short-term loans payable	32,000,000	18,500,000
Repayments of short-term loans payable	(34,500,000)	(29,000,000)
Proceeds from long-term loans payable	46,000,000	19,000,000
Repayments of long-term loans payable	(18,000,000)	(18,000,000)
Proceeds from issuance of investment corporation bonds	2,993,175	—
Redemption of investment corporation bonds	—	(10,000,000)
Payments of investment corporation bond issuance costs	(36,141)	—
Proceeds from issuance of investment units	—	39,225,120
Payments for investment unit issuance expenses	—	(61,685)
Dividends paid	(11,908,419)	(12,223,082)
Net cash provided by (used in) financing activities	16,548,613	7,440,352
Net increase (decrease) in cash and cash equivalents	(713,701)	925,688
Cash and cash equivalents at beginning of the period	24,355,596	23,641,894
Cash and cash equivalents at end of the period	23,641,894	24,567,583

(6) Notes Concerning Going Concerns Assumption

“Not applicable”

(7) Summary of Significant Accounting Policies

Investment securities

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

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

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

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

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

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

Intangible assets

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

Leased assets

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

Deferred charges

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

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

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

Revenue recognition

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

Taxes on property and equipment

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

Consumption taxes

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

Cash and cash equivalents

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

Hedge accounting

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

(Change with the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The Company has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 on February 16, 2018) from the beginning of the September 2018 period, and the deferred tax assets are classified in the investment and other assets, the deferred tax liabilities are classified as non-current liabilities.

As a result, on the balance sheets as of March 31, 2018, “Deferred tax assets” of ¥952 thousand as “Current assets” was included and reclassified as “Deferred tax liabilities” of ¥226,452 thousand in “Non-current liabilities”.

(9) Notes to Financial Statements

(Notes to Balance Sheets)

a. Commitment line agreement

The Company has signed commitment line agreements with three banks.

	Thousands of yen	
	As of March 31, 2018	As of September 30, 2018
Total amount of commitment line agreement	50,000,000	60,000,000
Debt financing balance	—	—
Balance	50,000,000	60,000,000

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

	Thousands of yen	
	As of March 31, 2018	As of September 30, 2018
	50,000	50,000

(Notes to Statements of Income)

a. Breakdown of property-related revenues and expenses

	Thousands of yen	
	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
Property-Related Revenues	31,816,506	32,795,582
Rent revenues	31,505,394	32,676,423
Rental revenues	25,075,685	26,061,390
Common service charges	3,313,969	3,068,163
Parking revenues	797,712	774,438
Other rental revenues	2,318,026	2,772,431
Other lease business revenues	311,111	119,158
Cancellation charges	42,206	48,854
Other miscellaneous revenues	268,904	70,304
Property-Related Expenses	16,749,989	16,843,215
Expenses related to rent business	16,749,989	16,843,215
Property management expenses	3,623,270	3,518,291
Utilities expenses	2,388,245	2,676,997
Property and other taxes	2,916,777	3,026,949
Casualty insurance	55,489	53,645
Repairing expenses	1,093,855	933,693
Depreciation	6,499,765	6,449,268
Other rental expenses	172,584	184,369
Property-Related Profits	15,066,517	15,952,366

b. Breakdown of gain on sales of real estate properties

For the period from October 1, 2017 to March 31, 2018

		Thousands of yen
Shibuya Cross Tower		
	Revenue from sale of real estate property	10,000,000
	Cost of real estate property sold	9,763,596
	Other sales expenses	97,679
	Gain on sales of real estate properties	138,723

For the period from April 1, 2018 to September 30, 2018

		Thousands of yen
Lit City Building		
	Revenue from sale of real estate property	650,000
	Cost of real estate property sold	370,182
	Other sales expenses	8,945
	Gain on sales of real estate properties	270,871

(Changes in Unitholders' Equity)

Total number of investment units issuable and number of units outstanding	As of March 31, 2018	As of September 30, 2018
Total number of investment units issuable	4,000,000 units	4,000,000 units
Number of units outstanding	1,309,310 units	1,385,210 units

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

The following table represents a reconciliation of cash and cash equivalents at March 31, 2018 and September 30, 2018:

	Thousands of yen	
	As of March 31, 2018	As of September 30, 2018
Cash and deposits	17,804,047	17,835,899
Cash and deposits in trust	5,837,847	6,731,684
Time deposits with maturities of more than three months	—	—
Cash and cash equivalents	23,641,894	24,567,583

(Financial Instruments)**a. Status of financial instruments****(i) Policies for dealing financial instruments**

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

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

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

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

The Company regularly re-evaluates the appropriateness and effectiveness of its risk management system in order to improve on it. The characteristics and risk profile of financial instruments and the system in place to manage such risks are as follows:

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

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

Loans and investment corporation bonds involve liquidity risk at the time of maturity. To manage such liquidity risk, the Company implements measures such as ① maintaining and strengthening its ability to access equity markets to secure funds, ② maintaining commitment lines with major financial institutions (There is no amount outstanding under the facility as of March 31, 2018 and September 30, 2018) and ③ preparing monthly financial plans.

(iii) Supplementary note regarding fair value of financial instruments

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

b. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheets and the differences between them as of March 31, 2018 and September 30, 2018 are as follows.

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

	Thousands of yen		
	As of March 31, 2018		
	Book value *	Fair value *	Difference *
(1) Cash and deposits	17,804,047	17,804,047	—
(2) Cash and deposits in trust	5,837,847	5,837,847	—
(3) Short-term loans	(32,000,000)	(32,000,000)	—
(4) Current portion of investment corporation bonds	(10,000,000)	(10,015,100)	(15,100)
(5) Current portion of long-term loans	(27,500,000)	(27,572,338)	(72,338)
(6) Investment corporation bonds	(22,993,175)	(24,453,774)	(1,460,599)
(7) Long-term loans	(311,500,000)	(315,017,496)	(3,517,496)
(8) Derivative transactions	—	—	—

* Liabilities are shown in parentheses.

	Thousands of yen		
	As of September 30, 2018		
	Book value *	Fair value *	Difference *
(1) Cash and deposits	17,835,899	17,835,899	—
(2) Cash and deposits in trust	6,731,684	6,731,684	—
(3) Short-term loans	(21,500,000)	(21,500,000)	—
(4) Current portion of investment corporation bonds	—	—	—
(5) Current portion of long-term loans	(25,000,000)	(25,072,838)	(72,838)
(6) Investment corporation bonds	(22,993,175)	(24,282,380)	(1,289,205)
(7) Long-term loans	(315,000,000)	(317,364,017)	(2,364,017)
(8) Derivative transactions	—	—	—

* Liabilities are shown in parentheses.

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

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

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

(3) Short-term loans

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

(4) Current portion of investment corporation bonds and (6) 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.)

(5) Current portion of long-term loans and (7) Long-term loans

For loans with floating interest rates, since the interest rates on such loans reflect market rates reasonably well over the short term and their book values are good approximations of their fair values, the book values are presented as their fair values. (However, the fair values of floating-rate long-term loans (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.

(8) Derivative transactions

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

2. Financial instruments whose fair values cannot be reliably measured

	Thousands of yen	
	As of March 31, 2018	As of September 30, 2018
	(1) Non-listed stock *1	577,168
(2) Deposits received from tenants *2	51,308,538	52,853,494

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

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

3. Redemption schedule for monetary claims after the closing date

	Thousands of yen					
	As of March 31, 2018					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	17,804,047	—	—	—	—	—
Cash and deposits in trust	5,837,847	—	—	—	—	—
Total	23,641,894	—	—	—	—	—

	Thousands of yen					
	As of September 30, 2018					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	17,835,899	—	—	—	—	—
Cash and deposits in trust	6,731,684	—	—	—	—	—
Total	24,567,583	—	—	—	—	—

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

	Thousands of yen					
	As of March 31, 2018					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	32,000,000	—	—	—	—	—
Investment corporation bonds	10,000,000	—	—	—	—	22,993,175
Long-term loans	27,500,000	49,000,000	41,000,000	51,700,000	48,500,000	121,300,000
Total	69,500,000	49,000,000	41,000,000	51,700,000	48,500,000	144,293,175

	Thousands of yen					
	As of September 30, 2018					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	21,500,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	22,993,175
Long-term loans	25,000,000	46,500,000	52,200,000	51,000,000	42,500,000	122,800,000
Total	46,500,000	46,500,000	52,200,000	51,000,000	42,500,000	145,793,175

(Derivative Transactions)

a. Derivatives not designated as hedging instruments

As of March 31, 2018

“Not applicable”

As of September 30, 2018

“Not applicable”

b. Derivatives designated as hedging instruments

As of March 31, 2018

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 loans	64,300,000	63,300,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term loans	10,000,000	10,000,000	*1	—
Allocation Treatment for currency swap	Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange)	Investment corporation bonds	2,993,175	2,993,175	*2	—

As of September 30, 2018

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 loans	64,300,000	63,300,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term loans	10,000,000	10,000,000	*1	—
Allocation Treatment for currency swap	Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange)	Investment corporation bonds	2,993,175	2,993,175	*2	—

*1. The derivative transactions eligible for Special Treatment for interest-rate swap and Integrated Treatment (Special Treatment for interest-rate swap and Allocation Treatment for currency swap) are accounted for as integral parts of the hedged loans, and the fair value of those derivative transactions is included in that of the underlying long-term loans as of March 31, 2018 and September 30, 2018. Please refer to the measurement of fair value of financial instruments in Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments” as well as subheadings (5) and (7) of Note 1 concerning derivative transactions.

*2. Currency swap transactions eligible for allocation treatment are accounted for as integrated parts of the hedged investment corporation bonds, and the fair value of the currency swap transactions is included in that of the underlying investment bonds as of March 31, 2018 and September 30, 2018. Please refer to the measurement of fair value of financial instruments in Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments” as well as subheadings (4) and (6) of Note 1 concerning derivative transactions.

(Income Taxes)

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Act, an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to unitholders from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its earnings available for dividends for the fiscal period as stipulated by Article 67-15 of the Special Taxation Measures Act. The significant components of deferred tax assets and liabilities as of March 31, 2018 and September 30, 2018 were as follows:

	Thousands of yen	
	As of March 31, 2018	As of September 30, 2018
Deferred tax assets:		
Accrued enterprise tax	952	934
Amortization of a term leasehold interest	78,506	83,983
Asset retirement obligations	117,167	118,348
	196,626	203,266
Valuation allowance	(94,189)	(100,846)
Total deferred tax assets	102,437	102,419
Deferred tax liabilities:		
Asset retirement obligations	101,484	101,484
Reserve for advanced depreciation of non-current assets	227,405	291,168
Total deferred tax liabilities	328,890	392,653
Net deferred tax liabilities	226,452	290,234

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate as of March 31, 2018 and September 30, 2018 was as follows:

	As of March 31, 2018	As of September 30, 2018
Statutory tax rate	34.81%	34.59%
Deductible dividend distribution	(34.42%)	(34.08%)
Change in valuation allowance	0.05%	0.05%
Others	0.13%	0.00%
Effective tax rate	0.58%	0.56%

(Asset Retirement Obligations)

For the six months ended March 31, 2018 and September 30, 2018

Asset retirement obligations reported on balance sheets

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

Change in the asset retirement obligations for the six months ended March 31, 2018 and September 30, 2018 consisted of the following:

	Thousands of yen	
	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
Balance at the beginning of the period	335,257	338,635
Increase in tangible fixed assets	—	—
Accretion expense	3,377	3,411
Balance at the end of the period	338,635	342,047

(Investment and Rental Property)

For the six months ended March 31, 2018 and September 30, 2018

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

The book values on balance sheets as of March 31, 2018 and September 30, 2018 and the fair values as of March 31, 2018 and September 30, 2018 are as follows:

Thousands of yen			
Book value		Fair value	
As of September 30, 2017	Change during the period *1	As of March 31, 2018	As of March 31, 2018
877,837,957	29,739,840	907,577,798	1,122,210,000

Thousands of yen			
Book value		Fair value	
As of March 31, 2018	Change during the period *2	As of September 30, 2018	As of September 30, 2018
907,577,798	20,331,006	927,908,805	1,158,140,000

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

2. Significant changes

*1. As for increases/decreases for the period, the major reasons for the increases were the acquisition of Front Place Nihonbashi (¥17,728,795 thousand) and the additional acquisition of Shinjuku Eastside Square (¥25,614,798 thousand), and the decreases were accounted for by the disposition of the building section of Shibuya Cross Tower (¥9,763,596 thousand) and by depreciation.

*2. As for the increases/decreases for the period, the major reason for the increase was the acquisition of Shinjuku Front Tower (¥25,270,812 thousand), and the decreases were accounted for by disposition of Lit City Building (retail units) (¥370,182 thousand) and by depreciation.

3. Fair values as of March 31, 2018 and September 30, 2018 are defined as the appraised values provided by an external qualified professional appraiser.

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

(Segment Information)

For the six months ended March 31, 2018 and September 30, 2018

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 at March 31, 2018 and September 30, 2018 and for the periods then ended, respectively:

	Yen	
	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
Net assets at period end per unit	359,505	368,881
Profit per unit	9,387	9,631

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

	Thousands of yen	
	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
Profit	12,291,059	13,273,474
Amount not attributable to normal unitholders	—	—
Profit applicable to normal investment units	12,291,059	13,273,474
Average number of units	1,309,310 units	1,378,121 units

(Subsequent Events)

“Not applicable”

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

The Company procured the funds of approximately 39.2 billion yen by issuing the new investment units of public offering (69,000 units) and third-party allocation (6,900 units) in April and May 2018. 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	
January 1, 2014	Split of investment units	594,140	1,188,280	—	396,018	*1
April 15, 2014	Issuance of new investment units (public offering)	57,500	1,245,780	27,968	423,986	*2
May 14, 2014	Issuance of new investment units (third-party allocation)	5,750	1,251,530	2,796	426,783	*3
April 6, 2015	Issuance of new investment units (public offering)	54,000	1,305,530	29,189	455,972	*4
May 11, 2015	Issuance of new investment units (third-party allocation)	3,780	1,309,310	2,043	458,016	*5
April 16, 2018	Issuance of new investment units (public offering)	69,000	1,378,310	35,659	493,675	*6
May 9, 2018	Issuance of new investment units (third-party allocation)	6,900	1,385,210	3,565	497,241	*7

- *1. With December 31, 2013 as the date of record, and January 1, 2014 as the effective date, the Company implemented a 2-for-1 split of the investment units held by unitholders stated or recorded on the final unitholders registry for December 31, 2013.
- *2. New investment units were issued at 501,760 yen per unit (underwriting price of 486,400 yen), for the purpose of assigning funds to repayment of loans.
- *3. New investment units were issued at 486,400 yen per unit, for the purpose of compensating decreases in cash reserves assigned to repayment of loans.
- *4. New investment units were issued at 557,620 yen per unit (underwriting price of 540,550 yen) for the purpose of funding the partial repayment of short-term loans, the redemption of investment corporation bonds, the acquisition of specified assets, and, in the event there are any funds remaining, cash reserves.
- *5. New investment units were issued at 540,550 yen per unit for the purpose of funding the partial repayment of short-term loans and, in the event there are any funds remaining, cash reserves.
- *6. 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.
- *7. New investment units were issued at 516,800 yen per unit for the purpose of funding the partial repayment of short-term loans and, in the event there are any funds remaining, cash reserves.

4. Changes in Officers

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

5. Reference Data

a. Composition of the Company's Assets

Asset type	Region	As of March 31, 2018		As of September 30, 2018	
		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	498,536	53.3	496,027	51.9
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	42,939	4.6	42,584	4.5
	Other major cities	82,253	8.8	81,376	8.5
	Total	623,729	66.7	619,988	64.8
Real property in trust	Tokyo 23 wards	190,158	20.3	214,790	22.5
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	19,234	2.1	19,137	2.0
	Other major cities	74,456	8.0	73,992	7.7
	Total	283,848	30.3	307,920	32.2
Savings and other assets		27,984	3.0	28,736	3.0
		(—)	(—)	(—)	(—)
Total amount of assets		935,561	100.0	956,645	100.0
		(907,577)	(97.0)	(927,908)	(97.0)

*1. Totals of net book value as of March 31, 2018 and September 30, 2018 are based on the total amounts from the balance sheets as of March 31, 2018 and September 30, 2018, respectively. Real property and real property in trust present the net book values after depreciation and amortization.

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

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

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

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

The table below is a quick reference guide outlining the real estate and other assets included in the Company's holdings as of September 30, 2018.

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	5 *5	25,678 *5	100.0% *5	85,200	71,627	81,555,500	8.0%	76.6%
		MD Kanda Building	9	6,269	100.0%	8,410	8,681	9,520,000	0.9%	
		Kandabashi Park Building	10	3,687	100.0%	4,700	4,453	4,810,000	0.5%	
		Otemachi Financial City North Tower	2	5,121	100.0%	20,300	14,936	15,462,900	1.5%	
		Nibancho Garden	1 *5	9,316 *5	100.0% *5	19,000	12,313	14,700,000	1.4%	
		Mitsubishi UFJ Trust and Banking Building	10	11,904	100.0%	55,600	28,771	44,700,000	4.4%	
		Burex Kojimachi Building	1	4,495	100.0%	7,520	5,520	7,000,000	0.7%	
		Sanno Grand Building	43	20,595	99.7%	33,200	21,251	10,200,000 10,700,000 Total: 20,900,000	2.1%	
		Yurakucho Denki Building	12	4,697	100.0%	8,670	7,667	7,200,000	0.7%	
		Kodenmachi Shin Nihonbashi Building	11	3,897	100.0%	2,940	2,739	3,173,000	0.3%	
		Front Place Nihonbashi	2	8,468	100.0%	18,600 *6	17,766	17,560,000	1.7%	
		Kyodo Building (Kayabacho 2Chome)	9	4,464	87.2%	5,030	4,168	4,410,000	0.4%	
		Burex Kyobashi Building	1	4,279	100.0%	7,740	4,409	5,250,000	0.5%	
Ginza 1Chome East Building	8	4,513	100.0%	7,780	6,299	6,459,000	0.6%			

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Ginza Sanwa Building	Real property	11	4,326	100.0%	18,700	17,182	16,830,000	1.7%	76.6%
		Ryoshin Ginza East Mirror Building	Real property	11	4,255	100.0%	6,530	7,386	5,353,500 2,645,922 *7 Total: 7,999,422	0.8%	
		Harumi Front	Real property	8	33,369	100.0%	40,500 *8	27,725	31,300,000	3.1%	
		Harumi Center Building	Real property	12	20,812	98.2%	20,300	22,019	26,800,000	2.6%	
		Akasaka Park Building	Real property	29 *5	44,999 *5	100.0% *5	76,000	59,493	60,800,000	6.0%	
		Aoyama Crystal Building	Real property	7	4,898	90.2%	9,230	7,056	7,680,000	0.8%	
		Clover Shiba-koen	Trust	9	2,550	100.0%	4,740 *6	4,513	4,500,000	0.4%	
		Shiodome Building	Trust	37	44,213	100.0%	122,000	102,037	21,250,000 54,600,000 10,100,000 10,450,000 10,530,000 Total: 106,930,000	10.5%	
		Shiba 2Chome Daimon Building	Trust	23	9,606	100.0%	7,080	5,155	4,859,000	0.5%	
		Cosmo Kanasugibashi Building	Trust	8	4,062	100.0%	3,340	2,532	2,808,000	0.3%	
		Tamachi Front Building	Real property	8	3,792	100.0%	6,720 *6	6,210	6,210,000	0.6%	
		Shinjuku Eastside Square	Trust	41	36,237	100.0%	60,500 *6	52,545	23,100,000 6,660,000 25,460,000 Total: 55,220,000	5.4%	
		Shinjuku Front Tower	Trust	43	15,705	97.0%	25,800 *6	25,132	25,025,000	2.5%	
		Shinwa Building	Real property	13	5,997	100.0%	8,080	7,772	7,830,000	0.8%	
		Tokyo Opera City Building*9	Real property	99	34,951	99.5%	36,100	28,027	9,350,000 22,426,831 Total: 31,776,831	3.1%	
		TIXTOWER UENO	Real property	17	15,016	100.0%	25,700	19,343	22,000,000	2.2%	
		Higashi Gotanda 1Chome Building	Real property	5	5,205	100.0%	6,700	4,369	5,500,000	0.5%	
Osaki Front Tower*10	Real property	1	16,856	100.0%	17,100 *8	8,864	12,300,000	1.2%			
Omori-Eki Higashiguchi Building	Trust	26	7,706	100.0%	5,990	4,737	5,123,000	0.5%			

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	Shinjuku South Gate Project (tentative name) (Land)	*11	*11	*11	5,500	5,572	6,670,000 (1,170,000) Total: 5,500,000	0.5%	76.6%
		Yoyogi 1 Chome Building	7	7,745	100.0%	12,300	6,856	8,700,000	0.9%	
		Jingumae Terrace *12	6	3,147	100.0%	7,300	4,882	4,885,000	0.5%	
		Jingumae Media Square Building	5	5,558	100.0%	10,600	10,679	12,200,000 *13	1.2%	
		Shibuya Cross Tower (Land)	*14	*14	*14	39,000	27,186	34,600,000 (8,076,000) *15 Total: 26,524,000	2.6%	
		Ebisu Neonato	5	8,659	100.0%	18,800	14,043	3,740,000 360,000 10,512,000 Total: 14,612,000	1.4%	
		Harmony Tower	22	14,340	100.0%	14,500	9,889	8,500,000 520,000 2,100,000 Total: 11,120,000	1.1%	
		Otsuka Higashi Ikebukuro Building	5	7,224	100.0%	4,590	3,374	3,541,000	0.3%	
		Ikebukuro 2Chome Building	9	2,186	100.0%	1,830	1,554	1,728,000	0.2%	
		Ikebukuro YS Building	9	5,932	100.0%	5,500	4,064	4,500,000	0.4%	
Tokyo metropolitan area, excluding Tokyo 23 wards		Hachioji First Square	48	10,068	100.0%	5,050	4,881	3,300,000 2,379,112 Total: 5,679,112	0.6%	6.9%
		Saitama Urawa Building	18	4,510	100.0%	2,480	2,474	1,232,000 1,342,000 Total: 2,574,000	0.3%	
		MM Park Building	34	38,426	95.2%	40,400	31,438	37,400,000	3.7%	
		Queen's Tower A	51	26,669	99.0%	22,500 *6	16,251	17,200,000	1.7%	
		Kawasaki Isago Building	14	6,831	100.0%	3,170	2,885	3,375,000	0.3%	
		Musashi Kosugi STM Building	27	5,378	100.0%	4,580	3,791	4,000,000	0.4%	

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2
								(¥ thousand)	Ratio *2	
Other major cities	8·3 Square Kita Building	Real property	8	12,265	100.0%	9,160	5,826	7,100,000	0.7%	16.5%
	Jozenji Park Building	Real property	17	2,518	100.0%	1,030	992	1,000,000	0.1%	
	Higashi Nibancho Square	Real property	21	20,526	97.4%	14,000*8	8,863	9,950,000	1.0%	
	Sendai Honcho Honma Building	Trust	26	6,234	94.4%	2,620	2,855	2,924,000 250,000 Total: 3,174,000	0.3%	
	AER	Real property	65	23,612	100.0%	20,000	18,309	18,640,000	1.8%	
	Kanazawa Park Building	Real property	81	20,942	99.5%	6,000	4,322	2,880,000 1,700,000 Total: 4,580,000	0.5%	
	Kanazawa Kamitsutsumicho Building	Real property	27	7,206	100.0%	3,110	2,629	2,780,000	0.3%	
	Nishiki Park Building*16	Real property	62*5	10,338*5	99.0%*5	5,300	5,075	3,850,000 1,300,000 650,000 175,000 Total: 5,975,000	0.6%	
	Nagoya Hirokoji Place	Trust	34	13,200	100.0%	11,500*6	7,961	8,567,000	0.8%	
	Nagoya Hirokoji Building	Real property	38	21,425	99.7%	13,000	15,533	14,533,000	1.4%	
	Nagoya Misono Building	Real property	16	3,448	100.0%	1,460	1,476	1,865,000	0.2%	
	Shijo Karasuma Center Building	Real property	13	6,634	100.0%	5,630*6	3,884	4,400,000	0.4%	
	Umeda Square Building*17	Trust	41	10,370	92.4%	16,900	15,677	15,523,520	1.5%	
	Shin Fujita Building	Trust	49	28,403	98.7%	19,700	21,813	24,000,000	2.4%	
Sakaisujihonmachi Building	Real property	23	11,520	100.0%	3,470	3,646	2,264,000 1,900,000 Total: 4,164,000	0.4%		

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2
								(¥ thousand)	Ratio *2	
Other major cities	Midosuji Daiwa Building	Trust	42	20,450	100.0%	14,900	13,694	6,934,000 7,380,000 Total: 14,314,000	1.4%	16.5%
	Amagasaki Front Building	Trust	29	15,500	100.0%	10,100	8,613	9,300,000	0.9%	
	Lit City Building	Real property	27	8,906	100.0%	4,160	2,649	4,650,000 (555,131) *18 Total: 4,094,868	0.4%	
	NHK Hiroshima Broadcasting Center Building	Real property	12	9,860	100.0%	3,210	2,901	1,320,000 1,450,000 Total: 2,770,000	0.3%	
	Tosei Tenjin Building	Real property	24	3,995	100.0%	1,460	1,361	1,550,000	0.2%	
	Tenjin Crystal Building	Real property	31	5,964	100.0%	3,050	3,905	5,000,000	0.5%	
	Hinode Tenjin Building	Trust	2	5,944	100.0%	4,480	3,376	3,657,000	0.4%	
	Total		1,480	847,905	99.2%	1,158,140	927,908	1,014,667,154	100.0%	

- *1. The total number of tenants is based on the gross number of tenants in each building. Each instance of occupancy of a single tenant leasing space is considered separately on a per property basis even if said tenant leases floor area in multiple properties.
- *2. Occupancy rate, ratio of acquisition price and ratio by region are rounded to the nearest first decimal place.
- *3. Appraisal value at the end of period is, as a rule, the value assessed by real estate appraisers based on the Company's Articles of Incorporation and the Cabinet Office Ordinance on Accountings of Investment Corporations. The book closing date is used as the appraisal date and the appraisal value is calculated by Daiwa Real Estate Appraisal Co., Ltd.
- *4. Incidental expenses arising from acquisitions are not included in the acquisition price.
- *5. Residential portions are not included in the total number of tenants, the occupancy rate or the leasable floor area for Kitanomaru Square, Nibancho Garden, Akasaka Park Building or Nishiki Park Building. The residential portions for these properties are as follows: Kitanomaru Square, leasable floor area: 11,694m², occupancy rate: 97.1%; Nibancho Garden, leasable floor area: 1,686m², occupancy rate: 100.0%; Akasaka Park Building, leasable floor area: 10,780m², occupancy rate: 91.9%; Nishiki Park Building, leasable floor area: 954m², occupancy rate: 92.4%.
- *6. Appraisal values by Japan Real Estate Institute.
- *7. This includes the acquisition price of the land and building adjacent to Ryoshin Ginza East Mirror Building dated July 4, 2008, the cost of the adjacent building's demolition and the total expense of the construction and expansion of the Ryoshin Ginza East Mirror Building (excluding brokerage fees and other acquisition-related expenses) after its completion on May 24, 2010.
- *8. Appraisal values by Chuo Real Estate Appraisal Co., Ltd.
- *9. Accompanying the acquisition of Tokyo Opera City Building on September 13, 2005, the Company acquired 33 shares of Tokyo Opera City Building Co., Ltd. (the business that maintains, services and operates the building) at a total acquisition price of 2,797 thousand yen and inherited the 874 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller. In an additional acquisition, on March 24, 2010, the Company acquired 91 shares of Tokyo Opera City Building Co., Ltd. at a total acquisition price of 7,539 thousand yen. Concurrently, the Company acquired 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. (the supplier of heat to the building) at a total acquisition price of 566,831 thousand yen, inheriting the 2,360 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller.
Regarding the appraisal value at the end of the fiscal period of the above-mentioned shares, the 124 shares of Tokyo Opera City Building Co., Ltd. are valued at 10,336 thousand yen and the 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. are valued at 566,831 thousand yen.
- *10. 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.
- *11. Because the building portion of Shinjuku South Gate Project (tentative name) (land with leasehold interest) was disposed on August 23, 2013, no total number of tenants, leasable floor area or occupancy rate are provided. Furthermore, the 1,497m² portion of land still held is being rented to the transferee of the building, Mitsubishi Estate Co., Ltd.
- *12. Because the building was disposed on August 23, 2013, the acquisition price of the building at the time of the land and building

purchase dated March 24, 2004, has been deducted.

- *13. This is the acquisition price dated October 9, 2003, and includes a portion of the site disposed on October 30, 2009 (cost of investment sold, 614 million yen).
- *14. 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.
- *15. 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.
- *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. 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.
- *18. 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.
- *19. In the above quick reference guide, if the real estate or other assets are classified as shared ownership or compartmental ownership, only the real estate or other assets owned by the Company are presented and the portions owned by the other shared owners or compartmental owners are excluded.

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

The table below is a quick reference guide outlining the revenues and expenses on each real estate and other asset for the September 2018 period (April 1, 2018 – September 30, 2018). Furthermore, the income summary is presented based on the previously mentioned “Summary of Significant Accounting Policies.”

(Millions of Yen)

Name of property	Revenues / Expenses (April 1, 2018 – September 30, 2018)												
	Property-related revenues	Property-related expenses	Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses	Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
Kitanomaru Square	1,732	737	132	77	96	2	15	413	-	995	1,409	13	1,395
MD Kanda Building	231	122	17	18	22	0	35	28	-	108	137	4	133
Kandabashi Park Building	119	43	1	-	17	0	6	17	-	76	94	2	92
Otemachi Financial City North Tower	350	184	31	19	47	0	0	85	0	166	251	-	251
Nibancho Garden	478	236	59	26	55	0	3	90	-	241	332	-	332
Mitsubishi UFJ Trust and Banking Building	994	359	55	58	146	1	8	88	1	634	723	27	695
Burex Kojimachi Building	153	80	-	-	14	0	3	62	-	72	135	4	130
Sanno Grand Building	953	404	100	60	114	1	45	82	-	549	631	50	581
Yurakucho Denki Building	265	131	33	20	44	0	0	31	-	134	165	4	161
Kodenmachi Shin Nihonbashi Building	118	55	14	9	12	0	3	13	3	63	76	-	76
Front Place Nihonbashi	389	113	26	22	0	0	0	64	0	276	340	-	340
Kyodo Building (Kayabacho 2Chome)	141	72	10	12	12	0	15	21	-	69	90	13	77
Burex Kyobashi Building	158	39	-	-	12	0	3	23	-	119	142	-	142
Ginza 1Chome East Building	180	95	14	9	11	0	1	58	-	85	144	0	143
Ginza Sanwa Building	401	143	26	18	71	0	3	23	0	257	281	13	268
Ryoshin Ginza East Mirror Building	158	82	13	12	15	0	0	39	-	75	115	0	114
Harumi Front	1,228	705	126	110	77	1	31	357	0	522	880	5	874
Harumi Center Building	570	392	67	43	48	0	21	210	0	177	388	16	371
Akasaka Park Building	2,230	1,283	236	263	275	3	93	408	2	947	1,355	117	1,238
Aoyama Crystal Building	191	128	17	11	31	0	47	20	0	62	83	4	79
Clover Shiba-koen	109	47	9	6	6	0	2	22	-	61	83	2	81
Shiodome Building	2,437	948	184	147	181	1	20	406	6	1,489	1,895	22	1,873
Shiba 2Chome Daimon Building	272	184	38	29	40	0	36	37	0	88	125	186	-61

(Millions of Yen)

Name of property	Revenues / Expenses (April 1, 2018 – September 30, 2018)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
			Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses				
Cosmo Kanasugibashi Building	115	93	12	8	13	0	44	13	-	22	36	39	-3
Tamachi Front Building	156	67	11	8	14	0	0	31	0	89	121	-	121
Shinjuku Eastside Square	1,502	575	104	110	62	2	10	284	1	926	1,210	15	1,194
Shinjuku Front Tower	585	231	53	29	0	0	3	144	0	353	497	6	491
Shinwa Building	217	111	24	15	20	0	14	35	-	105	141	19	122
Tokyo Opera City Building*1	1,584	1,062	*1	*1	*1	*1	*1	*1	*1	521	*1	177	*1
TIXTOWER UENO	654	366	68	38	38	1	9	210	-	287	498	2	495
Higashi Gotanda 1Chome Building	189	104	13	21	14	0	11	42	0	85	127	1	126
Osaki Front Tower	710	499	68	43	26	0	11	254	94	210	465	5	459
Omori-Eki Higashiguchi Building	234	115	27	20	25	0	5	36	-	118	154	56	97
Shinjuku South Gate Project (tentative name) (land)	85	21	-	-	21	-	-	-	-	64	64	-	64
Yoyogi 1Chome Building	316	119	23	21	24	0	4	44	-	196	241	17	223
Jingumae Terrace	180	57	11	10	17	0	0	16	-	122	139	3	136
Jingumae Media Square Building	293	148	21	24	50	0	10	40	-	145	185	19	166
Shibuya Cross Tower(land)	540	82	-	-	82	-	-	-	-	457	457	-	457
Ebisu Neonato	486	207	49	23	37	1	2	91	-	278	370	10	360
Harmony Tower	480	156	35	-	56	1	12	50	-	323	373	-	373
Otsuka Higashi Ikebukuro Building	195	106	20	26	12	0	5	40	-	89	129	30	99
Ikebukuro 2Chome Building	69	34	8	5	5	0	6	7	0	34	42	-	42
Ikebukuro YS Building	193	83	17	17	15	0	1	30	-	110	141	4	136
Hachioji First Square	240	140	51	2	26	0	26	33	-	99	133	9	123
Saitama Urawa Building	113	52	13	9	9	0	2	17	0	61	78	-	78
MM Park Building	1,180	738	139	182	79	1	40	294	-	442	737	4	732
Queen's Tower A	1,025	649	204	106	112	3	6	209	6	375	584	131	453
Kawasaki Isago Building	154	81	25	16	13	0	2	23	-	73	96	5	91
Musashi Kosugi STM Building	163	65	22	1	12	0	1	27	-	98	125	4	121

(Millions of Yen)

Name of property	Revenues / Expenses (April 1, 2018 – September 30, 2018)												
	Property-related revenues	Property-related expenses	Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses	Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
8・3 Square Kita Building	330	206	30	56	22	0	26	69	-	124	193	3	190
Jozenji Park Building	64	39	11	7	6	0	2	11	-	24	36	0	36
Higashi Nibancho Square	558	278	66	54	40	0	9	106	-	280	387	9	378
Sendai Honcho Honma Building	128	76	16	12	16	0	13	18	-	52	70	2	68
AER	671	394	82	59	63	0	44	143	0	276	420	203	216
Kanazawa Park Building	507	313	98	67	65	1	6	74	0	194	268	22	246
Kanazawa Kamitsutsumicho Building	132	96	17	14	10	0	2	51	-	35	86	1	85
Nishiki Park Building	288	167	53	23	25	0	2	55	6	120	176	1	175
Nagoya Hirokoji Place	376	193	39	33	34	0	12	72	-	183	256	11	244
Nagoya Hirokoji Building	563	408	89	44	62	1	48	161	0	154	316	213	103
Nagoya Misono Building	72	53	9	5	6	0	1	30	0	18	49	5	43
Shijo Karasuma Center Building	208	115	26	15	11	0	4	57	-	93	151	1	150
Umeda Square Building	469	212	51	32	48	0	13	64	-	257	321	86	235
Shin Fujita Building	709	502	89	77	75	1	18	239	-	206	446	40	406
Sakaisujihonmachi Building	233	140	40	33	35	0	3	27	-	92	119	0	119
Midosuji Daiwa Building	542	277	61	47	76	1	1	89	0	265	354	-	354
Amagasaki Front Building	442	227	65	28	26	0	3	102	0	214	317	3	313
Lit City Building	260	149	28	23	20	1	10	65	0	111	177	-	177
NHK Hiroshima Broadcasting Center Building	267	176	50	26	23	0	1	49	24	90	139	1	138
Tosei Tenjin Building	84	41	12	8	7	0	1	11	0	42	54	3	50
Tenjin Crystal Building	160	125	22	18	19	0	1	63	0	34	98	7	90
Hinode Tenjin Building	183	78	22	19	14	0	1	21	0	104	126	-	126
Total	32,795	16,843	3,518	2,676	3,026	53	933	6,449	184	15,952	22,401	1,674	20,726

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

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

c. Condition of Other Assets

(i) Shares/Investment Securities

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

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

(ii) Marketable Securities Other Than Shares

Asset type	Quantity	Book value (¥ thousand)		Appraisal value (¥ thousand)		Valuation gain/loss (¥ thousand)	Notes
		Unit price	Amount	Unit price	Amount		
Trust beneficiary rights in deposits	1	320,720	320,720	320,720	320,720	—	—
Total	—	—	320,720	—	320,720	—	—

(iii) Other Specified Assets

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

* Trust beneficiary rights, 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
Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Upgrade of air conditioning facilities	From October 2018 To March 2019	171	—	—
Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Upgrade of air conditioning facilities	From April 2019 To September 2019	171	—	—
Omori-Eki Higashiguchi Building (Ota-ku, Tokyo)	Elevator renewal construction	From October 2018 To March 2019	66	—	—
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Upgrade of electrical equipment	From May 2018 To February 2019	57	—	—
Otsuka Higashi Ikebukuro Building (Toshima-ku, Tokyo)	Construction work	From April 2019 To July 2019	56	—	—
Hinode Tenjin Building (Fukuoka, Fukuoka Prefecture)	Construction work	From April 2019 To September 2019	46	—	—
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Parking facility renewal construction	From July 2018 To December 2018	38	—	—
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of electrical equipment	From July 2018 To January 2019	32	—	—

(ii) Capital expenditures during the period under review

For acquired real estate and other assets, capital expenditures incurred in the period under review totaled ¥1,674 million and repair, maintenance and renovation expenses classified as expenses in the period under review totaled ¥933 million, for a total of ¥2,608 million worth of construction that has been carried out.

The major item in the capital expenditure was the elevator renewal construction of Nagoya Hirokoji Building.

Name of property (Location)	Purpose	Period	Expenditures for construction (¥ million)
Nagoya Hirokoji Building (Nagoya, Aichi Prefecture)	Elevator renewal construction	From August 2016 To August 2018	170
Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Upgrade of air conditioning facilities	From April 2018 To September 2018	148
Cosmo Kanasugibashi Building (Minato-ku, Tokyo)	Elevator renewal construction	From June 2018 To September 2018	39
Other real estate			1,316
Total			1,674

(iii) Money Saved for Long-term Repair Plans

Based on mid-to-long-term repair plans, the Company records a repair/maintenance reserve every term for the expenditures that may be incurred in preserving the property value in the future and upgrading equipment. The present status of the reserve is as follows:

(Millions of yen)

	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017	For the period from April 1, 2017 to September 30, 2017	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
Balance of reserved funds at the start of period	3,304	—	—	—	—
Reserved funds for the period	—	—	—	—	—
Reversal of reserved funds for the period	3,304	—	—	—	—
Balance carried over to next period	—	—	—	—	—

Note: The Company has decided not to record a reserve for repair expenses, starting from the September 2016 period, if a per-term average of the estimate of repair, maintenance and renovation expenses for 15 years is lower than the expected depreciation cost for the subsequent term.

e. Expenses and Liabilities

(i) Details on Operation-related Expenses

Item	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
(a) Asset management fee *	¥1,238,158 thousand	¥1,294,322 thousand
(breakdown) NOI-linked fee	¥862,651 thousand	¥896,065 thousand
Distribution-linked fee	¥375,507 thousand	¥398,257 thousand
(b) Asset custody fee	¥60,728 thousand	¥61,769 thousand
(c) Administrative service fees	¥128,617 thousand	¥131,335 thousand
(d) Directors' compensations	¥7,800 thousand	¥7,800 thousand
(e) Commission fee	¥103,505 thousand	¥82,685 thousand
(f) Other operating expenses	¥69,784 thousand	¥66,365 thousand
Total	¥1,608,593 thousand	¥1,644,278 thousand

- * In addition to the asset management fee listed above, in the case that a property is acquired, an “acquisition fee” is included in the acquisition cost of the property and paid to the asset management company.
In the case that a property is sold, a “disposition fee” is included in the loss on sale and paid to the asset management company. These fees are calculated by multiplying the buying/selling price of the property by a fee rate.
In the period ended March 31, 2018, the acquisition fee amounted to ¥215,100 thousand and the disposition fee amounted to ¥50,000 thousand, and in the period ended September 30, 2018, the acquisition fee amounted to ¥125,125 thousand and the disposition fee amounted to ¥3,250 thousand.

(ii) Loans

The condition of loans by financial institutions as of September 30, 2018, is as follows.

	Classification	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *2 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	Lender *1								
Short-term loans	Mizuho Bank, Ltd.	April 3, 2017	5,500,000	—	0.0954	April 3, 2018	Bullet	*3	Unsecured Unguaranteed Unsubordinated
	MUFG Bank, Ltd.	March 30, 2018	8,000,000	—	0.0754	April 27, 2018 *4			
	Mizuho Bank, Ltd.	March 30, 2018	5,000,000	—	0.0754	April 27, 2018 *5			
	Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	3,000,000	—	0.0754	April 27, 2018			
	Sumitomo Mitsui Trust Bank, Limited	April 27, 2018	—	—	0.0736	May 28, 2018 *6			
	Shinsei Bank, Limited	June 15, 2017	2,500,000	—	0.09396	June 15, 2018			
	Shinkin Central Bank	September 1, 2017	1,000,000	—	0.0954	September 3, 2018 *7			
	Resona Bank, Limited	September 1, 2017	1,000,000	—	0.09395	September 3, 2018			
	Sumitomo Mitsui Trust Bank, Limited	December 26, 2017	1,300,000	1,300,000	0.09446	December 26, 2018			
	Resona Bank, Limited	March 26, 2018	3,000,000	3,000,000	0.09446	March 26, 2019			
	Sumitomo Mitsui Trust Bank, Limited	March 30, 2018	1,700,000	1,700,000	0.09578	March 29, 2019			
	Mizuho Bank, Ltd.	April 3, 2018	—	5,500,000	0.09562	April 3, 2019			
	Mizuho Bank, Ltd.	August 29, 2018	—	7,000,000	0.09631	August 29, 2019			
	Sumitomo Mitsui Trust Bank, Limited	August 29, 2018	—	3,000,000	0.09631	August 29, 2019			
Subtotal		32,000,000	21,500,000						
Long-term loans	Shinkin Central Bank	April 24, 2013	5,000,000	—	0.52775	April 24, 2018	Bullet	*3	Unsecured Unguaranteed Unsubordinated
	MUFG Bank, Ltd.	June 1, 2011	10,000,000	—	1.31125	June 1, 2018			
	Shinsei Bank, Limited	August 31, 2011	3,000,000	—	1.0475	August 31, 2018			
	Sumitomo Mitsui Trust Bank, Limited	November 15, 2011	3,000,000	3,000,000	0.98375	November 15, 2018 *8			
	Sumitomo Mitsui Banking Corporation	November 15, 2011	3,000,000	3,000,000	0.98375	November 15, 2018 *8			
	Mizuho Bank, Ltd.	September 1, 2015	2,500,000	2,500,000	0.17	March 1, 2019 *8			
	The Gunma Bank, Ltd.	March 24, 2014	1,000,000	1,000,000	0.4105	March 25, 2019 *8			
	Sumitomo Mitsui Trust Bank, Limited	May 29, 2015	5,000,000	5,000,000	0.2075	May 29, 2019 *8			

Classification	Lender *1	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *2 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	MUFG Bank, Ltd.	September 1, 2015	5,000,000	5,000,000	0.2	September 2, 2019 *8	Bullet	*3	Unsecured Unguaranteed Unsubordinated
	Sumitomo Mitsui Trust Bank, Limited	September 26, 2011	5,500,000	5,500,000	1.16	September 26, 2019 *8			
	The Hiroshima Bank, Ltd.	October 1, 2014	3,000,000	3,000,000	0.31575	October 1, 2019			
	Mizuho Bank, Ltd.	November 1, 2011	6,000,000	6,000,000	1.2075	November 1, 2019			
	Mizuho Bank, Ltd.	November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019			
	MUFG Bank, Ltd.	November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019			
	MUFG Bank, Ltd.	November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019			
	The Gunma Bank, Ltd.	November 17, 2014	1,000,000	1,000,000	0.316	November 18, 2019			
	The Yamanashi Chuo Bank, Ltd.	December 15, 2014	2,000,000	2,000,000	0.266	December 16, 2019			
	Shinkin Central Bank	January 7, 2013	2,000,000	2,000,000	0.71375	January 7, 2020			
	MUFG Bank, Ltd.	January 15, 2013	5,500,000	5,500,000	0.71	January 15, 2020			
	Shinkin Central Bank	January 15, 2013	5,000,000	5,000,000	0.71	January 15, 2020			
	MUFG Bank, Ltd.	June 15, 2012	4,000,000	4,000,000	0.9525	June 15, 2020			
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2012	4,000,000	4,000,000	0.9525	June 15, 2020			
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	3,000,000	3,000,000	0.3425	June 15, 2020			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	July 3, 2017	2,000,000	2,000,000	0.1	July 3, 2020			
	The Yamaguchi Bank, Ltd.	October 29, 2012	2,000,000	2,000,000	0.8	October 29, 2020			
	MUFG Bank, Ltd.	December 21, 2012	5,000,000	5,000,000	0.80125	December 21, 2020			
	MUFG Bank, Ltd.	December 21, 2012	5,000,000	5,000,000	0.80125	December 21, 2020			
	MUFG Bank, Ltd.	January 15, 2013	5,500,000	5,500,000	0.83625	January 15, 2021			
	MUFG Bank, Ltd.	January 31, 2014	4,000,000	4,000,000	0.64225	January 29, 2021			
	The Bank of Fukuoka, Ltd.	January 31, 2014	2,500,000	2,500,000	0.63849	January 29, 2021			
	Sumitomo Mitsui Trust Bank, Limited	January 31, 2014	2,000,000	2,000,000	0.62575	January 29, 2021			

Classification	Lender *1	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *2 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	The Iyo Bank, Ltd.	March 24, 2014	2,000,000	2,000,000	0.6035	March 24, 2021	Bullet	*3	Unsecured Unguaranteed Unsubordinated
	MUFG Bank, Ltd.	April 4, 2017	5,000,000	5,000,000	0.03342	April 5, 2021			
	MUFG Bank, Ltd.	April 24, 2013	5,000,000	5,000,000	0.775	April 26, 2021			
	Mizuho Bank, Ltd.	June 15, 2012	4,000,000	4,000,000	1.07375	June 15, 2021			
	Sumitomo Mitsui Trust Bank, Limited	December 26, 2016	3,700,000	3,700,000	0.1913	June 28, 2021			
	Sumitomo Mitsui Banking Corporation	January 19, 2018	5,000,000	5,000,000	0.16255	July 20, 2021			
	The Bank of Fukuoka, Ltd.	August 31, 2017	1,500,000	1,500,000	0.1325	August 31, 2021			
	The Iyo Bank, Ltd.	October 1, 2014	1,000,000	1,000,000	0.46525	October 1, 2021			
	The Chugoku Bank, Limited	October 1, 2014	1,000,000	1,000,000	0.4725	October 1, 2021			
	The Daishi Bank, Ltd.	November 14, 2014	1,800,000	1,800,000	0.463	November 15, 2021			
	Sony Bank Incorporated		1,400,000	1,400,000					
	The Toho Bank, Ltd.		1,400,000	1,400,000					
	The Hokuetsu Bank, Ltd.		1,400,000	1,400,000					
	The Shinkumi Federation Bank		1,000,000	1,000,000					
	The Akita Bank, Ltd.		900,000	900,000					
	The Gunma Bank, Ltd.		900,000	900,000					
	The 77 Bank, Ltd.		900,000	900,000					
	The Tochigi Bank, Ltd.		900,000	900,000					
	The Fukui Bank, Ltd.		900,000	900,000					
	The Bank of Iwate, Ltd.		500,000	500,000					
	The Higo Bank, Ltd.		500,000	500,000					
	The Yamagata Bank, Ltd.	500,000	500,000						
	The Nishi-Nippon City Bank, Ltd.	June 17, 2014	2,000,000	2,000,000	0.621	December 17, 2021			
	Sumitomo Mitsui Banking Corporation	January 7, 2013	2,000,000	2,000,000	0.98	January 7, 2022			

Classification	Lender *1	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *2 (%)	Repayment date	Repayment method	Use of proceeds	Notes
The Norinchukin Bank	January 31, 2014	3,500,000	3,500,000	0.757	January 31, 2022				
Mizuho Bank, Ltd.	April 24, 2013	3,000,000	3,000,000	0.87375	April 25, 2022				
MUFG Bank, Ltd.	June 15, 2012	4,000,000	4,000,000	1.1975	June 15, 2022				
MUFG Bank, Ltd.	June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022				
Shinsei Bank, Limited	June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022				
The Norinchukin Bank	June 17, 2014	3,000,000	3,000,000	0.6785	June 17, 2022				
The Gunma Bank, Ltd.	August 10, 2015	1,000,000	1,000,000	0.3925	August 10, 2022				
The Shinkumi Federation Bank		1,000,000	1,000,000						
The Daishi Bank, Ltd.		1,000,000	1,000,000						
The Chugoku Bank, Limited		1,000,000	1,000,000						
The Toho Bank, Ltd.		1,000,000	1,000,000						
The Fukui Bank, Ltd.		1,000,000	1,000,000						
The Tochigi Bank, Ltd.		500,000	500,000						
MUFG Bank, Ltd.	September 1, 2015	2,000,000	2,000,000	0.47125	September 1, 2022				
The Hachijuni Bank, Ltd.	December 20, 2017	1,000,000	1,000,000	0.1863	December 20, 2022				
Development Bank of Japan Inc.	January 7, 2013	3,000,000	3,000,000	1.115	January 6, 2023				
The Daishi Bank, Ltd.	January 7, 2016	1,500,000	1,500,000	0.2802	January 10, 2023				
The 77 Bank, Ltd.	January 10, 2018	1,000,000	1,000,000	0.205	January 10, 2023				
The Hachijuni Bank, Ltd.	January 15, 2016	1,000,000	1,000,000	0.265	January 16, 2023				
The Iyo Bank, Ltd.	January 15, 2016	1,000,000	1,000,000	0.265	January 16, 2023				
Sumitomo Mitsui Trust Bank, Limited	January 17, 2018	3,000,000	3,000,000	0.21	January 17, 2023				

	Classification	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *2 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	Lender *1								
Long-term loans	Development Bank of Japan Inc.	January 31, 2014	5,000,000	5,000,000	0.9325	January 31, 2023	Bullet	*3	Unsecured Unguaranteed Unsubordinated
	The Yamaguchi Bank, Ltd.	March 25, 2013	1,000,000	1,000,000	0.945	March 24, 2023			
	The Bank of Fukuoka, Ltd.	March 24, 2015	2,000,000	2,000,000	0.5125	March 24, 2023			
	The Norinchukin Bank	March 25, 2015	3,500,000	3,500,000	0.46825	March 27, 2023			
	The Chugoku Bank, Limited	March 26, 2018	2,000,000	2,000,000	0.1988	March 27, 2023			
	MUFG Bank, Ltd.	June 1, 2017	12,000,000	12,000,000	0.03263	June 1, 2023			
	The Chugoku Bank, Limited	June 15, 2015	3,000,000	3,000,000	0.61175	June 15, 2023			
	The Bank of Fukuoka, Ltd.	June 15, 2017	2,500,000	2,500,000	0.2388	June 15, 2023			
	MUFG Bank, Ltd.	December 19, 2014	10,000,000	10,000,000	0.42375 *9	December 19, 2023			
	MUFG Bank, Ltd.	March 26, 2018	5,000,000	5,000,000	0.04335	March 26, 2024			
	The Hachijuni Bank, Ltd.	March 26, 2018	1,000,000	1,000,000	0.2338	March 26, 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	0.63	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	0.24	September 2, 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			
	MUFG Bank, Ltd.	June 1, 2018	—	10,000,000	0.2544	December 2, 2024			
	The Ashikaga Bank, Ltd.	January 9, 2018	1,000,000	1,000,000	0.285	January 9, 2025			
	Mizuho Trust & Banking Co., Ltd.	March 2, 2015	3,000,000	3,000,000	0.5585	March 3, 2025			
	MUFG Bank, Ltd.	March 26, 2018	2,000,000	2,000,000	0.2725	March 26, 2025			
Development Bank of Japan Inc.	March 30, 2017	5,000,000	5,000,000	0.315	March 31, 2025				

	Classification	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *2 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	Lender *1								
Long-term loans	Taiyo Life Insurance Company	May 29, 2015	1,500,000	1,500,000	0.7375	May 29, 2025	Bullet	*3	Unsecured Unguaranteed Unsubordinated
	Sumitomo Mitsui Trust Bank, Limited	August 31, 2018	—	3,000,000	0.32	August 29, 2025			
	Development Bank of Japan Inc.	September 1, 2015	7,000,000	7,000,000	0.7175	September 1, 2025			
	Mizuho Bank, Ltd.	December 26, 2016	5,000,000	5,000,000	0.3625	December 26, 2025			
	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	0.3	March 27, 2026			
	Shinkin Central Bank	March 30, 2017	5,000,000	5,000,000	0.36	March 30, 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	0.24	October 30, 2026			
	Mizuho Bank, Ltd.	December 21, 2016	5,000,000	5,000,000	0.415	December 21, 2026			
	Shinkin Central Bank	April 24, 2018	—	6,000,000	0.3675	April 26, 2027			
	The Joyo Bank, Ltd.	January 9, 2018	1,000,000	1,000,000	0.4188	January 11, 2028			
	Sumitomo Mitsui Banking Corporation	January 19, 2018	3,000,000	3,000,000	0.4338	January 19, 2028			
	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			
	Subtotal		339,000,000	340,000,000					
	Total		371,000,000	361,500,000					

- *1. On April 1, 2018, the commercial name of The Bank of Tokyo-Mitsubishi UFJ, Ltd. was changed to MUFG Bank, Ltd. In addition, on April 16, 2018, Mitsubishi UFJ Trust and Banking Corporation transferred the corporation lending division and its lending balances to MUFG Bank, Ltd.
- *2. 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.
- *3. 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.
- *4. The Company made a full repayment (¥8,000 million) before maturity on April 17, 2018.
- *5. The Company made a full repayment (¥5,000 million) before maturity on April 17, 2018.
- *6. The Company made a full repayment (¥3,000 million) before maturity on May 9, 2018.
- *7. The Company made a full repayment (¥1,000 million) before maturity on April 24, 2018.
- *8. 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 loans payable.
- *9. 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.

(iii) Investment Corporation Bonds

Outstanding investment corporation bonds as of September 30, 2018, are as follows.

Securities	Date of issue	Balance at beginning of current period (¥ thousand)	Balance at end of current period (¥ thousand)	Interest rate (%)	Repayment period	Repayment method	Use of proceeds	Notes
4th unsecured investment corporation bond	September 29, 2005	10,000,000	10,000,000	2.56	September 29, 2025	Bullet	*1	*2
9th unsecured investment corporation bond	August 30, 2013	10,000,000	—	0.497	August 30, 2018	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
Total		32,993,175	22,993,175					

*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	Shinjuku Front Tower	April 17, 2018	25,025	25,300	Japan Real Estate Institute	March 1, 2018
Disposition	Lit City Building (retail units)	September 28, 2018	650	514	Daiwa Real Estate Appraisal Co., Ltd.	September 1, 2018

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

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

(ii) Other

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

During the period from April 1, 2018 to September 30, 2018, there was no transaction that was subject to such inspections.

g. Transactions with Interested Parties (from April 1, 2018 to September 30, 2018)

(i) Transactions

Segment	Buying and selling amounts	
	Buying amounts	Selling amounts
Total Amount	¥ 25,025,000 thousand	¥ 650,000 thousand
Breakdown of Transactions with Interested Parties		
Mitsubishi Estate Co., Ltd.	¥ 25,025,000 thousand (100.0 %)	¥ — thousand (—%)
Total	¥ 25,025,000 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	¥3,518,291 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥2,125,700 thousand	60.4%
		Mitsubishi Estate Co., Ltd.	¥173,888 thousand	4.9%
		Mitsubishi Real Estate Services Co., Ltd.	¥44,270 thousand	1.3%
		Yuden Building Kanri Co., Ltd.	¥33,016 thousand	0.9%
Utilities expenses	¥2,676,997 thousand	Minato Mirai 21 District Heating and Cooling Co., Ltd.	¥93,510 thousand	3.5%
Other operating expenses	¥155,296 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥22,102 thousand	14.2%
		Mitsubishi Estate Co., Ltd.	¥44 thousand	0.0%
		Mitsubishi Jisho Sekkei Inc.	¥8,270 thousand	5.3%

*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.	¥545,872 thousand
Mitsubishi Estate Co., Ltd.	¥34,799 thousand
Yuden Building Kanri Co., Ltd.	¥1,595 thousand
Mitsubishi Real Estate Services Co., Ltd.	¥11,349 thousand

h. Other Announcements

Board of Directors

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

Date of acceptance	Accepted item	Overview
April 9, 2018	Underwriting agreements of new investment units in connection with the public offering	In connection with the public offering of new investment units which was approved by the Board of Directors of the Company on March 28, the Board approved entering into the underwriting agreements with SMBC Nikko Securities Inc. as the lead-manager and book-runner and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Mizuho Securities Co., Ltd. as co-lead-managers*. The board also granted greenshoe option to the book-runner.
May 15, 2018	Consignment of general administrative work concerning the issuance of investment corporation bonds	In tandem with the comprehensive resolution adopted on the same date regarding the issuance of investment corporation bonds, the approval was given to the candidate agents as to the consignment of general administrative work. Other items necessary for its operation are entrusted to the executive director to decide.
June 26, 2018	Signing of memorandum concerning amendments to the asset management consignment agreement	Regarding the consignment agreement for asset management, the approval was given to the signing of memorandum to make partial amendments concerning the scope of cost-bearing responsibilities.

*Note: In addition to the lead-managers, Nomura Securities Co., Ltd. and Daiwa Securities Co. Ltd. were appointed as underwriters.

Selected Financial Data

	Millions of yen				
	For the period from April 1, 2018 to September 30, 2018	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2017 to September 30, 2017	For the period from October 1, 2016 to March 31, 2017	For the period from April 1, 2016 to September 30, 2016
Operating revenues	33,066	31,955	31,718	30,818	30,773
Operating expenses	18,487	18,358	18,539	18,251	18,405
Operating profit	14,578	13,596	13,178	12,567	12,368
Ordinary profit	13,348	12,362	11,921	11,197	10,958
Profit before income taxes	13,348	12,362	11,921	11,197	10,958
Profit	13,273	12,291	11,909	11,186	10,947
Total assets	956,645	935,560	906,507	898,306	883,633
Interest-bearing debt	384,493	403,993	375,500	369,000	356,350
Net assets	510,978	470,703	470,321	469,598	469,359
Unitholders' capital	497,241	458,016	458,016	458,016	458,016
Number of units	1,385,210	1,309,310	1,309,310	1,309,310	1,309,310
Net assets per unit (Yen)	368,881	359,505	359,213	358,661	358,478
Cash distribution	13,152	12,223	11,909	11,186	10,947
Dividend payout ratio (Note 1)	99.1%	99.5%	100.0%	100.0%	99.9%
Dividend per unit (Yen)	9,495	9,336	9,096	8,544	8,361
Net operating income (NOI)	22,401	21,566	21,275	20,372	20,182
Funds from operations (FFO)	19,451	18,652	18,466	17,679	17,447
Return on assets (ROA) (Note 2)	1.4% (2.8% annualized)	1.3%	1.3%	1.3%	1.2%
Return on equity (ROE) (Note 3)	2.6% (5.2% annualized)	2.6%	2.5%	2.4%	2.3%
EOP equity ratio (Note 4)	53.4%	50.3%	51.9%	52.3%	53.1%
EOP interest-bearing debt ratio on total assets (Note 5)	40.2%	43.2%	41.4%	41.1%	40.3%
FFO multiple (Times)	21.3	19.3	19.2	21.8	22.8
Debt service coverage ratio (Times) (Note 6)	18.5	16.9	16.1	14.3	13.5

Notes: 1. Dividend payout ratio = Dividend per unit / Profit per unit × 100

For the period ended September 30, 2018, as new investment units were issued, the ratio was calculated as follows:

Cash distribution / Profit × 100

2. ROA = Ordinary profit / Average of Total assets during the period × 100

3. ROE = Profit / Average of Net assets during the period × 100

(Annualized portion of the calculation given in Note 2 and Note 3 assumes a fiscal period of 183 days for the period ended September 30, 2016, 182 days for the period ended March 31, 2017, 183 days for the period ended September 30, 2017, 182 days for the period ended March 31, 2018 and 183 days for the period ended September 30, 2018.)

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

7. The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018) from the beginning of the September 2018 period, and the reclassified amount due to the change was reflected to the total assets for the period ended March 31, 2018.