

FINANCIAL RESULTS FOR THE FISCAL PERIOD ENDED SEPTEMBER 2019 (REIT)

November 15, 2019

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, 2019
 Scheduled date of dividend payment: December 13, 2019
 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 2019 period (April 1, 2019 –September 30, 2019)

(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, 2019	35,164	6.5	16,494	13.4	15,390	14.5	14,945	11.3
March 31, 2019	33,022	(0.1)	14,548	(0.2)	13,441	0.7	13,431	1.2

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, 2019	10,789	2.9	1.6	43.8
March 31, 2019	9,696	2.6	1.4	40.7

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

2: Regarding ROE, 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, 2019	10,197	14,124	0	0	94.5	2.8
March 31, 2019	9,697	13,432	0	0	100.0	2.6

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

2: For the period ended September 30, 2019, the total dividends are calculated as profit, adding the reservation for a reduction entry (2 million yen) and deducting the reserve for reduction entry (822 million yen).

3: For the period ended March 31, 2019, the total dividends are calculated as profit, adding reservation for a reduction entry (2 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, 2019	966,390	512,770	53.1	370,174
March 31, 2019	963,676	511,256	53.1	369,082

Reference: Total unitholders' equity is 512,770 million yen for the September 2019 period and 511,256 million yen for the March 2019 period.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2019	23,864	(1,213)	(13,429)	33,604
March 31, 2019	19,665	(12,148)	(7,701)	24,382

2. Performance Forecasts for the March 2020 period (October 1, 2019 to March 31, 2020) and the September 2020 period (April 1, 2020 to September 30, 2020)

(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, 2020	35,240	0.2	16,580	0.5	15,540	1.0	15,090	1.0	10,300	0
September 30, 2020	34,130	(3.1)	15,410	(7.1)	14,420	(7.2)	14,410	(4.5)	10,400	0

Reference: Profit per unit forecast = Profit forecast / Number of total investment units forecast for the end of the period
(the March 2020 period): 10,890 yen; (the September 2020 period): 10,400 yen.

Note: For the period ending March 2020, expected dividends per unit are calculated as unappropriated retained earnings, deducting the reserve for reduction entry (822 million 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, 2019	1,385,210 units
As of March 31, 2019	1,385,210 units

Number of Treasury Units at End of Period

As of September 30, 2019	0 units
As of March 31, 2019	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 2020 period (October 1, 2019 to March 31, 2020) and the September 2020 period (April 1, 2020 to September 30, 2020)" on pages 7 and 8.

1. Business Policy and Operations

(1) Business Operations

① Results for the Period

Japan Real Estate Investment Corporation (the “Company”) was established on May 11, 2001, following the Act on Investment Trusts and Investment Corporations of Japan (“ITA”). The Company was listed on the real estate investment trust market of the Tokyo Stock Exchange (“TSE”) on September 10, 2001 (Securities Code: 8952). Since its IPO, the size of the Company’s assets (total acquisition price) has grown steadily, expanding from 92.8 billion yen to 1.023 trillion yen*, as of September 30, 2019. In the same period, the Company continued to grow steadily in the number of properties in its portfolio, from 20 to 73 properties.

During the September 2019 period (April 1, 2019 to September 30, 2019), the Japanese economy implied the weakness of the export, due to the influence of the overseas commerce issues, however, the recovery of employment and income environment was continued, and corporate revenue showed a steady change.

In the market for leased office space, the tendency of lowering vacancy rates was continued, and the attraction of tenants for newly built buildings was favorably developed due to the high demand for office space. In addition, the gentle increase of the rent level was continued not only in the Tokyo metropolitan areas but also nation-wide. The Company steadily accumulated the increasing income and earnings, as a result of the more proactive rent revisions and the realization of the higher rents upon tenant replacements due to the favorable rent market

In the investment market for real estate, favorable conditions for the financing environment continued, and transaction yields were still at a low level against the backdrop of domestic and overseas investors’ desire to actively invest with the challenging 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 10,197 yen, which is an increase by 500 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 improve occupancy rates through meticulous property leasing, the Company successfully maintained and achieved an occupancy rate of 99.3% as of September 30, 2019.

As for property acquisitions and dispositions, on September 30, 2019, the Company disposed of a 50.0% quasi-co-ownership interest of the trust beneficiary right of Kawasaki Isago Building (Kawasaki-shi, Kanagawa) for 3.078 billion yen. The disposition of the interest will take place in two steps, and an additional 50.0% quasi-co-ownership interest of the trust beneficiary right of Kawasaki Isago Building will be disposed of for 3.078 billion yen on December 20, 2019.

As a result of the above, the Company’s portfolio at the end of the fiscal period under review, September 30, 2019, consisted of 73 properties, with a total acquisition price of 1.023 trillion yen. Net rentable floor area stood at 852,509 m² with 1,500 tenants in total.

Note: LINK SQUARE SHINJUKU (land with leasehold interest), whose building ownership was disposed of on August 23, 2013, and Shibuya Cross Tower (land with leasehold interest), whose building ownership was disposed of on January 18, 2018, are included in the above number of properties and total acquisition price, but are not included in net rentable floor area or total number of tenants.

The name of LINK SQUARE SHINJUKU (land with leasehold interest) was changed from Shinjuku South Gate Project (tentative name) (land with leasehold interest) on August 26, 2019.

b. Finance Activities

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

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

As a result of the above financing activities, as of September 30, 2019, the Company's total interest-bearing debt was 389.9 billion yen at the same level as that of the end of the previous period. This amount consists of long-term loans totaling 343.5 billion yen (including the current portion of long-term loans totaling 46.5 billion yen), short-term loans totaling 13.5 billion yen, and investment corporation bonds totaling 32.9 billion yen. The current LTV ratio stands at 40.4%.

The Company's credit ratings as of September 30, 2019 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 6.5% compared with the previous period, to 35.1 billion yen. On the earnings front, operating profit increased 13.4%, to 16.4 billion yen. After deducting expenses for interest payments on loans and other costs, ordinary profit increased 14.5%, to 15.3 billion yen, and profit increased 11.3%, to 14.9 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 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 to secure retained earnings brought forward, is 14,124,986,370 yen for the period under review, which is a multiple of 1,385,210—the number of units outstanding as of September 30, 2019. Accordingly, the dividend per investment unit is 10,197 yen.

(2) 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, due to the influence of the trend of trade issues on the world economy, the uncertainty of overseas economies, and the influence of changes in the financial capital market, the Company considers that it is necessary to give close attention to these downward risks.

In the market for leased office space, especially regarding the increase in office space supply in the Tokyo metropolitan areas, the demand of the new supply properties is still high, and business performance is expected to maintain a high level in the future. The Company expects that 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, low interest rates and positive investor confidence have still been prevailing 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 2020 period (October 1, 2019 to March 31, 2020) are as follows: operating revenues totaling 35.2 billion yen, operating profit totaling 16.5 billion yen, ordinary profit totaling 15.5 billion yen, and profit totaling 15.0 billion yen. The Company plans to declare a per-unit cash dividend of 10,300 yen.

The Company's forecasts for the September 2020 period (April 1, 2020 to September 30, 2020) are as follows: operating

revenues totaling 34.1 billion yen, operating profit totaling 15.4 billion yen, ordinary profit totaling 14.4 billion yen, and profit totaling 14.4 billion yen. The Company plans to declare a per-unit cash dividend of 10,400 yen.

Regarding the assumptions underlying these forecasts, please see pages 7 and 8 entitled “Assumptions Underlying Performance Forecasts for the March 2020 period (October 1, 2019 to March 31, 2020) and the September 2020 period (April 1, 2020 to September 30, 2020).” Operating revenues, operating profit, ordinary profit, profit, and cash dividend per unit might vary depending on changes that could occur in the market situation.

Assumptions Underlying Performance Forecasts for the March 2020 period (October 1, 2019 to March 31, 2020) and the September 2020 period (April 1, 2020 to September 30, 2020)

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • The March 2020 period: October 1, 2019 to March 31, 2020 (183 days) • The September 2020 period: April 1, 2020 to September 30, 2020 (183 days)
Number of properties held by the Company	<ul style="list-style-type: none"> • The Company's property portfolio consists of 73 properties at the end of the September 2019 period, and will dispose of a 50.0% quasi-co-ownership interest of the trust beneficiary right of Kawasaki Isago Building on December 20, 2019. • The Company's property portfolio consists of 72 properties at the end of the March 2020 and the September 2020, assuming the property is disposed of as noted above. • The actual portfolio might differ from this assumption due to additional property acquisitions and dispositions.
Number of units outstanding	<ul style="list-style-type: none"> • The Company assumes that the total number of units outstanding is 1,385,210 at the end of September 30, 2019.
Interest-bearing debt	<ul style="list-style-type: none"> • The Company maintains an LTV ratio within a range between 30% and 40% as an operational guideline. • The Company repaid the long-term loan of 3.0 billion yen with cash reserves on October 1, 2019. And, the Company executed a loan of 6.0 billion yen due for repayment of the existing long-term loan of 6.0 billion yen on November 1, 2019, and also the Company executed a loan of 8.5 billion yen on November 15, 2019 due for repayments of the existing long-term loan of 3.0 billion yen and of the existing short-term loan of 5.5 billion yen. In addition, the Company executed a long-term loan of 11.0 billion yen on November 15, 2019 to procure funds for repayments of the existing long-term loan of 3.0 billion yen, the existing long-term loan of 3.0 billion yen, and the existing short-term loan of 5.0 billion yen. As a result, the balance of interest-bearing debt is 386.9 billion yen as of November 15, 2019. • In the March 2020 period, as of November 15, 2019, the Company will execute a long-term loan of 1.0 billion yen due for repayment of the existing long-term loan of 1.0 billion yen. After the execution of this loan, the Company will refinance the long-term loans due for repayments during the period totaling 14.5 billion yen (repayment dates: December 16, 2019, January 7, 2020, and January 15, 2020) and the short-term loans due for repayments during the period totaling 14.0 billion yen (repayment dates: December 26, 2019, February 17, 2020, and March 30, 2020). There are no investment corporation bonds set to mature in the March 2020 period. • In the September 2020 period, as of November 15, 2019, the Company will refinance the long-term loans due for repayments during the period totaling 13.0 billion yen (repayment dates: June 15, 2020, and July 3, 2020). There are no investment corporation bonds set to mature in the September 2020 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, 2019, and by factoring in potential variables that reflect recent market conditions for leased office space, such as rent levels and occupancy rates. • In the March 2020 period, the company expects a gain on the disposition of 50% quasi-co-ownership interest of the trust beneficiary right of Kawasaki Isago building, 1,596 million yen.

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 2020 property taxes, city planning taxes, and depreciable property taxes for properties acquired in 2019 to be as follows: 50 million yen for Front Place Minami-Shinjuku, and 12 million yen for Daido Seimei Niigata Building • The property and other taxes will 3,240 million yen in the March 2020 period and 3,300 million yen in the September 2020 period. • The depreciation will be 6,370 million yen in the March 2020 period and 6,320 million yen in the September 2020 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 1,030 million yen in the March 2020 period and 1,000 million yen in the September 2020 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 1,256 million yen out of the gain of 1,583 million yen on the disposition of a 50.0% quasi-co-ownership interest of the trust beneficiary right of Kawasaki Isago Building for the September 2019 period. The balance of the internal reserves after making the reduction entry as above was 2,127 million yen. In addition, the Company will make a reduction entry amounting 1,266 million yen for the disposition of a 50.0% quasi-co-ownership interest on December 20, 2019. • In the March 2020 and the September 2020 periods, the gains 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, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	18,333,626	26,723,523
Cash and deposits in trust	6,049,324	6,881,014
Operating accounts receivable	403,661	324,798
Prepaid expenses	303,936	310,203
Other	27,349	42,664
Total current assets	25,117,897	34,282,203
Non-current assets		
Property, plant and equipment		
Buildings	254,165,807	254,826,921
Accumulated depreciation	(94,674,805)	(98,967,794)
Buildings, net	159,491,001	155,859,126
Structures	2,986,067	2,987,203
Accumulated depreciation	(925,182)	(973,424)
Structures, net	2,060,884	2,013,779
Machinery and equipment	3,353,312	3,358,886
Accumulated depreciation	(2,342,903)	(2,437,315)
Machinery and equipment, net	1,010,408	921,570
Tools, furniture and fixtures	457,745	468,865
Accumulated depreciation	(313,936)	(326,598)
Tools, furniture and fixtures, net	143,808	142,266
Land	458,625,391	458,682,518
Construction in progress	3,317	6,527
Buildings in trust	103,203,658	102,939,399
Accumulated depreciation	(27,987,992)	(29,445,798)
Buildings in trust, net	75,215,666	73,493,601
Structures in trust	998,400	991,213
Accumulated depreciation	(297,385)	(319,524)
Structures in trust, net	701,015	671,688
Machinery and equipment in trust	1,071,048	1,041,321
Accumulated depreciation	(787,277)	(772,373)
Machinery and equipment in trust, net	283,770	268,947
Tools, furniture and fixtures in trust	72,883	72,594
Accumulated depreciation	(38,496)	(41,559)
Tools, furniture and fixtures in trust, net	34,386	31,035
Land in trust	230,532,021	229,768,734
Construction in progress in trust	7,979	28,540
Total property, plant and equipment	928,109,652	921,888,337
Intangible assets		
Land leasehold interests	5,675,045	5,659,215
Land leasehold interests in trust	444,160	444,160
Easement	828,095	828,095
Other	7,938	6,221
Total intangible assets	6,955,239	6,937,692

Thousands of yen

	As of March 31, 2019	As of September 30, 2019
Investments and other assets		
Investment securities	577,168	577,168
Leasehold and guarantee deposits	1,573,847	1,573,847
Long-term prepaid expenses	118,528	61,263
Other	1,138,615	991,603
Total investments and other assets	3,408,160	3,203,883
Total non-current assets	938,473,052	932,029,913
Deferred assets		
Investment corporation bond issuance costs	85,568	78,188
Total deferred assets	85,568	78,188
Total assets	963,676,518	966,390,305
Liabilities		
Current liabilities		
Operating accounts payable	1,834,640	1,600,860
Short-term borrowings	8,500,000	13,500,000
Current portion of long-term borrowings	49,000,000	46,500,000
Accounts payable - other	1,705,853	1,801,587
Accrued expenses	429,796	429,676
Income taxes payable	11,401	8,895
Accrued consumption taxes	598,810	991,141
Advances received	3,338,764	3,295,905
Other	8,920	7,924
Total current liabilities	65,428,189	68,135,991
Non-current liabilities		
Investment corporation bonds	32,993,175	32,993,175
Long-term borrowings	299,500,000	297,000,000
Deposits received from tenants	53,863,645	54,419,220
Deferred tax liabilities	289,105	722,903
Asset retirement obligations	345,493	348,974
Total non-current liabilities	386,991,419	385,484,272
Total liabilities	452,419,608	453,620,264
Net assets		
Unitholders' equity		
Unitholders' capital	497,241,216	497,241,216
Surplus		
Voluntary retained earnings		
Reserve for tax purpose reduction entry	550,359	548,259
Total voluntary retained earnings	550,359	548,259
Unappropriated retained earnings	13,465,334	14,980,566
Total surplus	14,015,693	15,528,825
Total unitholders' equity	511,256,909	512,770,041
Total net assets	511,256,909	512,770,041
Total liabilities and net assets	963,676,518	966,390,305

(2) Statements of Income

	Thousands of yen	
	For the period from October 1, 2018 to March 31, 2019	For the period from April 1, 2019 to September 30, 2019
Operating revenues		
Rent revenues	32,783,783	33,522,024
Other lease business revenues	238,662	58,189
Gain on sales of real estate properties	—	1,583,993
Total operating revenues	33,022,445	35,164,207
Operating expenses		
Expenses related to lease business	16,819,683	16,909,983
Asset management fee	1,296,545	1,409,620
Asset custody fee	62,191	63,120
Administrative service fees	132,759	132,329
Directors' compensations	7,800	7,800
Commission expenses	90,962	83,212
Other operating expenses	64,004	63,900
Total operating expenses	18,473,946	18,669,967
Operating profit	14,548,499	16,494,240
Non-operating income		
Interest income	152	134
Dividend income	—	11,681
Reversal of distributions payable	2,581	1,347
Other	2,676	0
Total non-operating income	5,410	13,163
Non-operating expenses		
Interest expenses	906,390	907,457
Interest expenses on investment corporation bonds	161,833	163,799
Amortization of investment corporation bond issuance costs	6,457	7,379
Other	37,875	38,147
Total non-operating expenses	1,112,557	1,116,783
Ordinary profit	13,441,352	15,390,620
Profit before income taxes	13,441,352	15,390,620
Income taxes - current	11,423	11,309
Income taxes - deferred	(1,128)	433,798
Total income taxes	10,294	445,107
Profit	13,431,058	14,945,513
Retained earnings brought forward	34,276	35,053
Unappropriated retained earnings	13,465,334	14,980,566

(3) Statements of Changes in Unitholders' Equity

For the period from October 1, 2018 to March 31, 2019

Thousands of yen

	Unitholders' equity						
	Unitholders' capital	Surplus					Total unitholders' equity
		Voluntary retained earnings			Unappropriated retained earnings	Total surplus	
		Reserve for tax purpose reduction entry	Reserve for special account for tax purpose reduction entry	Total voluntary retained earnings			
Balance at beginning of the period	497,241,216	413,528	16,307	429,835	13,307,368	13,737,204	510,978,420
Changes in items during the period							
Provision of reserve for tax purpose reduction entry		138,488		138,488	(138,488)	—	—
Reversal of reserve for tax purpose reduction entry		(1,657)		(1,657)	1,657	—	—
Reversal of reserve for special account for tax purpose reduction entry			(16,307)	(16,307)	16,307	—	—
Dividends of surplus					(13,152,568)	(13,152,568)	(13,152,568)
Profit					13,431,058	13,431,058	13,431,058
Total changes in items during the period	—	136,831	(16,307)	120,523	157,965	278,489	278,489
Balance at end of the period	497,241,216	550,359	—	550,359	13,465,334	14,015,693	511,256,909

	Total net assets
Balance at beginning of the period	510,978,420
Changes in items during the period	
Provision of reserve for tax purpose reduction entry	—
Reversal of reserve for tax purpose reduction entry	—
Reversal of reserve for special account for tax purpose reduction entry	—
Dividends of surplus	(13,152,568)
Profit	13,431,058
Total changes in items during the period	278,489
Balance at end of the period	511,256,909

For the period from April 1, 2019 to September 30, 2019

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for tax purpose reduction entry	Total voluntary retained earnings				
Balance at beginning of the period	497,241,216	550,359	550,359	13,465,334	14,015,693	511,256,909	511,256,909
Changes in items during the period							
Reversal of reserve for tax purpose reduction entry		(2,100)	(2,100)	2,100	—	—	—
Dividends of surplus				(13,432,381)	(13,432,381)	(13,432,381)	(13,432,381)
Profit				14,945,513	14,945,513	14,945,513	14,945,513
Total changes in items during the period	—	(2,100)	(2,100)	1,515,232	1,513,131	1,513,131	1,513,131
Balance at end of the period	497,241,216	548,259	548,259	14,980,566	15,528,825	512,770,041	512,770,041

(4) Statements of Cash Distributions

	For the period from October 1, 2018 to March 31, 2019	For the period from April 1, 2019 to September 30, 2019
	Amount (Yen)	Amount (Yen)
I Retained earnings	13,465,334,195	14,980,566,219
II Reversal of voluntary retained earnings		
Reversal of reserve for tax purpose reduction entry	2,100,289	2,099,020
III Cash distribution	13,432,381,370	14,124,986,370
(Dividend per investment unit)	(9,697)	(10,197)
IV Voluntary retained earnings		
Provision of reserve for tax purpose reduction entry	—	822,033,757
V Retained earnings brought forward	35,053,114	35,645,112

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, which is set not to exceed the unappropriated retained earnings and also to secure retained earnings brought forward, is ¥13,432,381,370 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of March 31, 2019. 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 ¥14,124,986,370 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of September 30, 2019. 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, 2018 to March 31, 2019	For the period from April 1, 2019 to September 30, 2019
Cash flows from operating activities		
Profit before income taxes	13,441,352	15,390,620
Depreciation	6,402,235	6,435,380
Amortization of investment corporation bond issuance costs	6,457	7,379
Dividend income	—	(11,681)
Interest income	(152)	(134)
Interest expenses	1,068,224	1,071,256
Decrease (increase) in operating accounts receivable	(34,563)	78,863
Decrease (increase) in supplies	—	(663)
Decrease (increase) in prepaid expenses	32,071	(6,267)
Decrease in property, plant and equipment in trust due to sale	—	1,423,739
Increase (decrease) in operating accounts payable	(662,311)	75,370
Increase (decrease) in accounts payable - other	(1,778)	153,831
Increase (decrease) in accrued consumption taxes	459,018	392,331
Increase (decrease) in accrued expenses	131	(131)
Increase (decrease) in advances received	138,635	(42,859)
Decrease (increase) in long-term prepaid expenses	106,250	57,265
Other, net	(202,162)	(86,664)
Subtotal	20,753,408	24,937,637
Interest and dividends received	116	11,871
Interest paid	(1,079,304)	(1,071,245)
Income taxes paid	(9,181)	(13,815)
Net cash provided by (used in) operating activities	19,665,038	23,864,447
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,197,475)	(757,328)
Purchase of property, plant and equipment in trust	(961,265)	(1,020,222)
Proceeds from refund of leasehold and guarantee deposits	—	2,680
Refund of leasehold and guarantee deposits received	(997,779)	(995,148)
Proceeds from leasehold and guarantee deposits received	2,007,931	1,556,781
Net cash provided by (used in) investing activities	(12,148,589)	(1,213,237)
Cash flows from financing activities		
Proceeds from short-term borrowings	3,000,000	10,500,000
Repayments of short-term borrowings	(16,000,000)	(5,500,000)
Proceeds from long-term borrowings	18,000,000	10,500,000
Repayments of long-term borrowings	(9,500,000)	(15,500,000)
Proceeds from issuance of investment corporation bonds	10,000,000	—
Payments of investment corporation bond issuance costs	(50,315)	—
Distributions paid	(13,150,767)	(13,429,623)
Net cash provided by (used in) financing activities	(7,701,082)	(13,429,623)
Net increase (decrease) in cash and cash equivalents	(184,632)	9,221,586
Cash and cash equivalents at beginning of the period	24,567,583	24,382,950
Cash and cash equivalents at end of the period	24,382,950	33,604,537

(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.

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

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

Revenue recognition

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

Taxes on property and equipment

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

Consumption taxes

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

Cash and cash equivalents

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

Hedge accounting

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

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

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

(8) Notes to Financial Statements

(Notes to Balance Sheets)

a. Commitment line agreement

The Company has signed commitment line agreements with three banks.

	Thousands of yen	
	As of March 31, 2019	As of September 30, 2019
Total amount of commitment line agreement	60,000,000	60,000,000
Debt financing balance	—	—
Balance	60,000,000	60,000,000

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

	Thousands of yen	
	As of March 31, 2019	As of September 30, 2019
	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, 2018 to March 31, 2019	For the period from April 1, 2019 to September 30, 2019
Property-Related Revenues	33,022,445	33,580,214
Rent revenues	32,783,783	33,522,024
Rental revenues	26,261,656	27,114,478
Common service charges	2,965,802	2,845,225
Parking revenues	768,945	774,730
Other rental revenues	2,787,379	2,787,590
Other lease business revenues	238,662	58,189
Cancellation charges	159,038	35,524
Other miscellaneous revenues	79,623	22,665
Property-Related Expenses	16,819,683	16,909,983
Expenses related to lease business	16,819,683	16,909,983
Property management expenses	3,691,389	3,637,328
Utilities expenses	2,493,875	2,570,022
Property and other taxes	3,021,982	3,256,368
Casualty insurance	50,421	50,398
Repairing expenses	979,805	767,963
Depreciation	6,400,633	6,433,778
Other rental expenses	181,576	194,123
Property-Related Profits	16,202,762	16,670,230

b. Breakdown of gain on sales of real estate properties

For the period from October 1, 2018 to March 31, 2019

“Not applicable”

For the period from April 1, 2019 to September 30, 2019

	Thousands of yen
Kawasaki Isago Building (50% quasi-co-ownership interest)	
Revenue from sale of real estate property	3,078,234
Cost of real estate property sold	1,423,739
Other sales expenses	70,500
Gain on sales of real estate properties	1,583,993

(Changes in Unitholders' Equity)

Total number of investment units issuable and number of units outstanding	As of March 31, 2019	As of September 30, 2019
Total number of investment units issuable	4,000,000 units	4,000,000 units
Number of units outstanding	1,385,210 units	1,385,210 units

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

The following table represents a reconciliation of cash and cash equivalents at March 31, 2019 and September 30, 2019:

	Thousands of yen	
	As of March 31, 2019	As of September 30, 2019
Cash and deposits	18,333,626	26,723,523
Cash and deposits in trust	6,049,324	6,881,014
Time deposits with maturities of more than three months	—	—
Cash and cash equivalents	24,382,950	33,604,537

(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, 2019 and September 30, 2019) 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, 2019 and September 30, 2019 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, 2019		
	Book value *	Fair value *	Difference *
(1) Cash and deposits	18,333,626	18,333,626	—
(2) Cash and deposits in trust	6,049,324	6,049,324	—
(3) Short-term borrowings	(8,500,000)	(8,500,000)	—
(4) Current portion of long-term borrowings	(49,000,000)	(49,196,138)	(196,138)
(5) Investment corporation bonds	(32,993,175)	(34,636,903)	(1,643,728)
(6) Long-term borrowings	(299,500,000)	(303,623,135)	(4,123,135)
(7) Derivative transactions	—	—	—

* Liabilities are shown in parentheses.

	Thousands of yen		
	As of September 30, 2019		
	Book value *	Fair value *	Difference *
(1) Cash and deposits	26,723,523	26,723,523	—
(2) Cash and deposits in trust	6,881,014	6,881,014	—
(3) Short-term borrowings	(13,500,000)	(13,500,000)	—
(4) Current portion of long-term borrowings	(46,500,000)	(46,590,431)	(90,431)
(5) Investment corporation bonds	(32,993,175)	(34,481,445)	(1,488,270)
(6) Long-term borrowings	(297,000,000)	(300,056,730)	(3,056,730)
(7) 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 borrowings

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

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

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

(5) 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.)

(7) Derivative transactions

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

2. Financial instruments whose fair values cannot be reliably measured

	Thousands of yen	
	As of March 31, 2019	As of September 30, 2019
	(1) Non-listed stock *1	577,168
(2) Deposits received from tenants *2	53,863,645	54,419,220

*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, 2019					
	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	18,333,626	—	—	—	—	—
Cash and deposits in trust	6,049,324	—	—	—	—	—
Total	24,382,950	—	—	—	—	—

	Thousands of yen					
	As of September 30, 2019					
	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	26,723,523	—	—	—	—	—
Cash and deposits in trust	6,881,014	—	—	—	—	—
Total	33,604,537	—	—	—	—	—

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

	Thousands of yen					
	As of March 31, 2019					
	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 borrowings	8,500,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	10,000,000	22,993,175
Long-term borrowings	49,000,000	41,000,000	51,700,000	48,500,000	39,500,000	118,800,000
Total	57,500,000	41,000,000	51,700,000	48,500,000	49,500,000	141,793,175

	Thousands of yen					
	As of September 30, 2019					
	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 borrowings	13,500,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	10,000,000	22,993,175
Long-term borrowings	46,500,000	52,200,000	51,000,000	48,500,000	42,300,000	103,000,000
Total	60,000,000	52,200,000	51,000,000	48,500,000	52,300,000	125,993,175

(Derivative Transactions)

a. Derivatives not designated as hedging instruments

As of March 31, 2019

“Not applicable”

As of September 30, 2019

“Not applicable”

b. Derivatives designated as hedging instruments

As of March 31, 2019

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

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				Over one year		
Special Treatment for interest-rate swap	Receive floating, pay fixed interest-rate swap transactions	Long-term borrowings	63,300,000	57,300,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term borrowings	10,000,000	10,000,000	*1	—
Allocation Treatment for currency swap	Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange)	Investment corporation bonds	2,993,175	2,993,175	*2	—

As of September 30, 2019

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

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				Over one year		
Special Treatment for interest-rate swap	Receive floating, pay fixed interest-rate swap transactions	Long-term borrowings	63,300,000	57,300,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term borrowings	10,000,000	10,000,000	*1	—
Allocation Treatment for currency swap	Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange)	Investment corporation bonds	2,993,175	2,993,175	*2	—

*1. The derivative transactions eligible for Special Treatment for interest-rate swap and Integrated Treatment (Special Treatment for interest-rate swap and Allocation Treatment for currency swap) are accounted for as integral parts of the hedged loans, and the fair value of those derivative transactions is included in that of the underlying long-term borrowings as of March 31, 2019 and September 30, 2019. Please refer to page 20, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheadings (4) and (6) 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, 2019 and September 30, 2019. Please refer to page 20, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheading (5) 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, 2019 and September 30, 2019 were as follows:

	Thousands of yen	
	As of March 31, 2019	As of September 30, 2019
Deferred tax assets:		
Accrued enterprise tax	952	942
Amortization of a term leasehold interest	89,460	94,937
Asset retirement obligations	119,540	120,745
	209,953	216,624
Valuation allowance	(107,516)	(114,197)
Total deferred tax assets	102,437	102,427
Deferred tax liabilities:		
Asset retirement obligations	101,484	101,484
Reserve for advanced depreciation of non-current assets	290,057	723,845
Total deferred tax liabilities	391,542	825,330
Net deferred tax liabilities	289,105	722,903

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate as of March 31, 2019 and September 30, 2019 was as follows:

	As of March 31, 2019	As of September 30, 2019
Statutory tax rate	34.59%	34.59%
Deductible dividend distribution	(34.57%)	(31.75%)
Change in valuation allowance	0.05%	0.04%
Others	0.01%	0.00%
Effective tax rate	0.08%	2.89%

(Asset Retirement Obligations)

For the six months ended March 31, 2019 and September 30, 2019

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, 2019 and September 30, 2019 consisted of the following:

	Thousands of yen	
	For the period from October 1, 2018 to March 31, 2019	For the period from April 1, 2019 to September 30, 2019
Balance at the beginning of the period	342,047	345,493
Increase in tangible fixed assets	—	—
Accretion expense	3,446	3,480
Balance at the end of the period	345,493	348,974

(Investment and Rental Property)

For the six months ended March 31, 2019 and September 30, 2019

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, 2019 and September 30, 2019 and the fair values as of March 31, 2019 and September 30, 2019 are as follows:

Thousands of yen			
Book value		Fair value	
As of September 30, 2018	Change during the period *1	As of March 31, 2019	As of March 31, 2019
927,908,805	7,148,915	935,057,721	1,178,420,000

Thousands of yen			
Book value		Fair value	
As of March 31, 2019	Change during the period *2	As of September 30, 2019	As of September 30, 2019
935,057,721	(6,237,260)	928,820,461	1,204,238,234

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

2. Significant changes

*1. As for the increases/decreases for the period, the major reason for the increases was the acquisition of Front Place Minami-Shinjuku (¥9,358,058 thousand), and Daido Seimei Niigata Building (¥1,856,065 thousand). The major reason for decreases was by depreciation.

*2. As for the increases/decreases for the period, the major reasons for the decreases were the disposition of a 50% quasi-co-ownership interest of Kawasaki Isago Building (¥1,423,739 thousand) and by depreciation.

3. Fair values as of March 31, 2019 and September 30, 2019 are defined as the appraised values provided by an external qualified professional appraiser. As of September 30, 2019, Kawasaki Isago Building (50% quasi-co-ownership interest), for which the disposition agreement was made dated September 19, 2019, was valued at the disposition price.

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, 2019 and September 30, 2019

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, 2019 and September 30, 2019 and for the periods then ended, respectively:

	Yen	
	For the period from October 1, 2018 to March 31, 2019	For the period from April 1, 2019 to September 30, 2019
Net assets per unit	369,082	370,174
Profit per unit	9,696	10,789

- 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, 2018 to March 31, 2019	For the period from April 1, 2019 to September 30, 2019
Profit	13,431,058	14,945,513
Amount not attributable to normal unitholders	—	—
Profit applicable to normal investment units	13,431,058	14,945,513
Average number of units	1,385,210 units	1,385,210 units

(Subsequent Events)

“Not applicable”

(9) 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	
April 6, 2015	Issuance of new investment units (public offering)	54,000	1,305,530	29,189	455,972	*1
May 11, 2015	Issuance of new investment units (third-party allocation)	3,780	1,309,310	2,043	458,016	*2
April 16, 2018	Issuance of new investment units (public offering)	69,000	1,378,310	35,659	493,675	*3
May 9, 2018	Issuance of new investment units (third-party allocation)	6,900	1,385,210	3,565	497,241	*4

- *1. 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.
- *2. 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.
- *3. 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.
- *4. 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, 2019		As of September 30, 2019	
		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	502,915	52.2	500,211	51.8
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	42,230	4.4	41,916	4.3
	Other major cities	82,691	8.6	81,984	8.5
	Total	627,837	65.2	624,113	64.6
Real property in trust	Tokyo 23 wards	214,117	22.2	213,409	22.1
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	19,211	2.0	17,677	1.8
	Other major cities	73,890	7.7	73,620	7.6
	Total	307,219	31.9	304,707	31.5
Savings and other assets		28,618	3.0	37,569	3.9
		(—)	(—)	(—)	(—)
Total amount of assets		963,676	100.0	966,390	100.0
		(935,057)	(97.0)	(928,820)	(96.1)

*1. Totals of net book value as of March 31, 2019 and September 30, 2019 are based on the total amounts from the balance sheets as of March 31, 2019 and September 30, 2019, 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, 2019.

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 (¥/m ²)*3	Book value at the end of period (¥/m ²)	Acquisition price*4		Ratio by region*2	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Kitanomaru Square	Real property	5 *5	25,678 *5	100.0% *5	87,400	70,873	81,555,500	8.0%	76.8%
		MD Kanda Building	Real property	9	6,269	100.0%	8,900	8,631	9,520,000	0.9%	
		Kandabashi Park Building	Real property	10	3,687	100.0%	4,820	4,431	4,810,000	0.5%	
		Otemachi Financial City North Tower	Real property	2	5,121	100.0%	20,800	14,764	15,462,900	1.5%	
		Nibancho Garden	Real property	1 *5	9,316 *5	100.0% *5	19,100	12,178	14,700,000	1.4%	
		Mitsubishi UFJ Trust and Banking Building	Real property	10	11,904	100.0%	57,600	28,638	44,700,000	4.4%	
		Burex Kojimachi Building	Real property	1	4,495	100.0%	7,530	5,415	7,000,000	0.7%	
		Sanno Grand Building	Real property	48	20,535	100.0%	33,100	21,172	10,200,000 10,700,000 Total: 20,900,000	2.0%	
		Yurakucho Denki Building	Real property	10	4,697	100.0%	8,980	7,659	7,200,000	0.7%	
		Kodenmacho Shin Nihonbashi Building	Trust	10	3,897	100.0%	2,960	2,723	3,173,000	0.3%	
		Front Place Nihonbashi	Real property	2	8,468	100.0%	19,700 *6	17,641	17,560,000	1.7%	
		Kyodo Building (Kayabacho 2Chome)	Trust	10	4,464	100.0%	5,080	4,129	4,410,000	0.4%	
		Burex Kyobashi Building	Real property	1	4,279	100.0%	7,740	4,363	5,250,000	0.5%	
		Ginza 1Chome East Building	Trust	8	4,513	100.0%	7,920	6,196	6,459,000	0.6%	

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Ginza Sanwa Building	Real property	11	4,326	100.0%	19,400	17,150	16,830,000	1.6%	76.8%
		Ryoshin Ginza East Mirror Building	Real property	11	4,255	100.0%	6,560	7,319	5,353,500 2,645,922 *7 Total: 7,999,422	0.8%	
		Harumi Front	Real property	8	33,369	100.0%	40,700 *8	27,032	31,300,000	3.1%	
		Harumi Center Building	Real property	13	20,812	100.0%	21,000	21,615	26,800,000	2.6%	
		Akasaka Park Building	Real property	30 *5	44,999 *5	100.0% *5	80,200	58,849	60,800,000	5.9%	
		Aoyama Crystal Building	Real property	8	4,898	100.0%	9,610	7,015	7,680,000	0.8%	
		Clover Shiba-koen	Trust	9	2,550	100.0%	4,740 *6	4,468	4,500,000	0.4%	
		Shiodome Building	Trust	36	44,213	99.9%	125,000	101,323	21,250,000 54,600,000 10,100,000 10,450,000 10,530,000 Total: 106,930,000	10.4%	
		Shiba 2Chome Daimon Building	Trust	22	9,606	98.9%	7,490	5,458	4,859,000	0.5%	
		Cosmo Kanasugibashi Building	Trust	8	4,062	100.0%	3,530	2,503	2,808,000	0.3%	
		Tamachi Front Building	Real property	8	3,792	100.0%	7,080 *6	6,147	6,210,000	0.6%	
		Shinjuku Eastside Square	Trust	40	36,262	94.9%	63,700 *6	52,039	23,100,000 6,660,000 25,460,000 Total: 55,220,000	5.4%	
		Shinjuku Front Tower	Trust	45	15,705	100.0%	26,600 *6	24,850	25,025,000	2.4%	
		Shinwa Building	Real property	13	5,997	100.0%	9,100	7,782	7,830,000	0.8%	
		Tokyo Opera City Building*9	Real property	98	34,971	99.8%	36,500	27,766	9,350,000 22,426,831 Total: 31,776,831	3.1%	
		Front Place Minami-Shinjuku	Real property	2	4,095	100.0%	9,500 *6	9,395	9,250,000	0.9%	
LINK SQUARE SHINJUKU (Land)	Real property	*10	*10	*10	5,500	5,572	6,670,000 (1,170,000) *11 Total: 5,500,000	0.5%			
Yoyogi 1 Chome Building	Real Property	8	7,745	100.0%	12,900	6,778	8,700,000	0.8%			

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2	
								(¥ thousand)	Ratio by Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Jingumae Terrace	Real property	6	3,147	100.0%	7,480	4,852	4,885,000	0.5%	76.8%
		Jingumae Media Square Building	Real property	5	5,558	100.0%	11,100	10,602	12,200,000*12	1.2%	
		Shibuya Cross Tower (Land)	Real property	*13	*13	*13	39,500	27,186	34,600,000 (8,076,000)*14 Total: 26,524,000	2.6%	
		Ebisu Neonato	Real property	5	8,659	100.0%	19,600	13,892	3,740,000 360,000 10,512,000 Total: 14,612,000	1.4%	
		TIXTOWER UENO	Real property	16	15,016	100.0%	25,900	18,953	22,000,000	2.1%	
		Higashi Gotanda 1Chome Building	Real property	5	5,205	100.0%	6,910	4,316	5,500,000	0.5%	
		Osaki Front Tower*15	Real property	1	16,856	100.0%	17,300*8	8,363	12,300,000	1.2%	
		Omori-Eki Higashiguchi Building	Trust	27	7,706	100.0%	6,160	4,758	5,123,000	0.5%	
		Harmony Tower	Real property	22	14,340	100.0%	14,900	9,789	8,500,000 520,000 2,100,000 Total: 11,120,000	1.1%	
		Otsuka Higashi Ikebukuro Building	Trust	5	7,253	100.0%	4,820	3,408	3,541,000	0.3%	
		Ikebukuro 2Chome Building	Trust	8	2,186	88.8%	1,870	1,547	1,728,000	0.2%	
	Ikebukuro YS Building	Real property	10	5,932	86.0%	5,840	4,058	4,500,000	0.4%		
	Tokyo metropolitan area, excluding Tokyo 23 wards	Hachioji First Square	Real property	48	10,068	100.0%	5,070	4,833	3,300,000 2,379,112 Total: 5,679,112	0.6%	6.7%
		Saitama Urawa Building	Real property	18	4,510	100.0%	2,840	2,443	1,232,000 1,342,000 Total: 2,574,000	0.3%	
		MM Park Building	Real property	35	38,415	99.5%	41,500	30,898	37,400,000	3.7%	
		Queen's Tower A	Trust	49	26,669	98.2%	22,300*6	16,253	17,200,000	1.7%	
		Kawasaki Isago Building	Trust	14	3,415	100.0%	1,590	1,423	3,375,000 (1,687,500)*16 Total: 1,687,500	0.2%	
		Musashi Kosugi STM Building	Real property	26	5,378	100.0%	4,740	3,741	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%	9,560	5,689	7,100,000	0.7%	16.5%
	Jozenji Park Building	Real property	17	2,518	93.4%	1,050	971	1,000,000	0.1%	
	Higashi Nibancho Square	Real property	22	20,526	98.1%	14,100*8	8,662	9,950,000	1.0%	
	Sendai Honcho Honma Building	Trust	28	6,234	100.0%	2,700	2,822	2,924,000 250,000 Total: 3,174,000	0.3%	
	AER	Real property	65	23,612	98.9%	20,800	18,291	18,640,000	1.8%	
	Daido Seimei Niigata Building	Real property	9	3,928	94.7%	1,860	1,822	1,770,000	0.2%	
	Kanazawa Park Building	Real property	82	20,946	98.8%	6,840	4,366	2,880,000 1,700,000 Total: 4,580,000	0.4%	
	Kanazawa Kamitsutsumicho Building	Real property	27	7,213	98.1%	3,210	2,544	2,780,000	0.3%	
	Nishiki Park Building*17	Real property	64*5	10,338*5	100.0%*5	5,380	5,016	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%	12,700*6	7,849	8,567,000	0.8%	
	Nagoya Hirokoji Building	Real property	42	21,404	100.0%	13,500	15,252	14,533,000	1.4%	
	Nagoya Misono Building	Real property	17	3,448	100.0%	1,500	1,424	1,865,000	0.2%	
	Shijo Karasuma Center Building	Real property	13	6,634	100.0%	6,180*6	3,794	4,400,000	0.4%	
	Umeda Square Building*18	Trust	42	10,374	100.0%	17,000	15,748	15,523,520	1.5%	
	Shin Fujita Building	Trust	48	28,403	99.3%	19,900	21,564	24,000,000	2.3%	
Sakaisujihonmachi Building	Real property	24	11,520	100.0%	3,730	3,604	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	41	20,450	100.0%	15,300	13,800	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	8,441	9,300,000	0.9%	
	Lit City Building	Real property	25	8,906	98.1%	4,450	2,533	4,650,000 (555,131) *19 Total: 4,094,868	0.4%	
	NHK Hiroshima Broadcasting Center Building	Real property	12	9,860	100.0%	3,450	2,887	1,320,000 1,450,000 Total: 2,770,000	0.3%	
	Tosei Tenjin Building	Real property	22	3,995	100.0%	1,610	1,342	1,550,000	0.2%	
	Tenjin Crystal Building	Real property	30	5,964	98.6%	3,110	3,781	5,000,000	0.5%	
	Hinode Tenjin Building	Trust	2	5,944	100.0%	4,560	3,394	3,657,000	0.4%	
	Total		1,500	852,509	99.3%	1,202,750	928,820	1,023,999,654	100.0%	

- *1. The total number of tenants is based on the gross number of tenants in each building. Each instance of occupancy of a single tenant leasing space is considered separately on a per property basis even if said tenant leases floor area in multiple properties.
- *2. Occupancy rate, ratio of acquisition price and ratio by region are rounded to the nearest first decimal place.
- *3. Appraisal value at the end of period is, as a rule, the value assessed by real estate appraisers based on the Company's Articles of Incorporation and the Cabinet Office Ordinance on Accountings of Investment Corporations. The book closing date is used as the appraisal date and the appraisal value is calculated by Daiwa Real Estate Appraisal Co., Ltd.
- *4. Incidental expenses arising from acquisitions are not included in the acquisition price.
- *5. Residential portions are not included in the total number of tenants, the occupancy rate or the leasable floor area for Kitanomaru Square, Nibancho Garden, Akasaka Park Building or Nishiki Park Building. The residential portions for these properties are as follows: Kitanomaru Square, leasable floor area: 11,694m², occupancy rate: 96.6%; Nibancho Garden, leasable floor area: 1,686m², occupancy rate: 100.0%; Akasaka Park Building, leasable floor area: 10,780m², occupancy rate: 94.2%; Nishiki Park Building, leasable floor area: 954m², occupancy rate: 85.8%.
- *6. Appraisal values by Japan Real Estate Institute.
- *7. This includes the acquisition price of the land and building adjacent to Ryoshin Ginza East Mirror Building dated July 4, 2008, the cost of the adjacent building's demolition and the total expense of the construction and expansion of the Ryoshin Ginza East Mirror Building (excluding brokerage fees and other acquisition-related expenses) after its completion on May 24, 2010.
- *8. Appraisal values by Chuo Real Estate Appraisal Co., Ltd.
- *9. Accompanying the acquisition of Tokyo Opera City Building on September 13, 2005, the Company acquired 33 shares of Tokyo Opera City Building Co., Ltd. (the business that maintains, services and operates the building) at a total acquisition price of 2,797 thousand yen and inherited the 874 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller. In an additional acquisition, on March 24, 2010, the Company acquired 91 shares of Tokyo Opera City Building Co., Ltd. at a total acquisition price of 7,539 thousand yen. Concurrently, the Company acquired 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. (the supplier of heat to the building) at a total acquisition price of 566,831 thousand yen, inheriting the 2,360 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller.
Regarding the appraisal value at the end of the fiscal period of the above-mentioned shares, the 124 shares of Tokyo Opera City Building Co., Ltd. are valued at 10,336 thousand yen and the 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. are valued at 566,831 thousand yen.
- *10. Because the building portion of LINK SQUARE SHINJUKU (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.
- *11. 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.
- *12. 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).

- *13. Because the building portion of Shibuya Cross Tower (land with leasehold interest) was disposed on January 18, 2018, no total number of tenants, leasable floor area or occupancy rate are provided. Furthermore, the 5,153 m² portion of land still held is being rented to the transferee of the building, Mitsubishi Estate Co., Ltd.
- *14. Because the building was disposed on January 18, 2018, the acquisition price of the building at the time of the land and building purchase dated November 30, 2001, has been deducted.
- *15. On acquiring Osaki Front Tower, the Company inherited the land renter's lease deposit of 1,040,000 thousand yen held by the seller of the building. The value of the lease deposit was appraised at the end of the fiscal period and remained unchanged.
- *16. Because a 50% quasi-co-ownership interest of the trust beneficiary right was disposed on September 30, 2019, the 50% of the acquisition price of the trust beneficiary right purchase dated September 25, 2001, has been deducted.
- *17. 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.
- *18. Trust assets of the trust beneficiary right acquired by the Company include a claim for 500,000 thousand yen of deposit for construction to connect to underground shopping centers given to Osaka Shigaichi Kaihatsu Co., Ltd., which was held by the previous owner.
- *19. Because the retail units were disposed on September 28, 2018, the acquisition price of the retail units at the time of the land and building purchase dated February 1, 2006, has been deducted.
- *20. In the above quick reference guide, if the real estate or other assets are classified as shared ownership or compartmental ownership, only the real estate or other assets owned by the Company are presented and the portions owned by the other shared owners or compartmental owners are excluded.

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

The table below is a quick reference guide outlining the revenues and expenses on each real estate and other asset for the September 2019 period (April 1, 2019 – September 30, 2019). 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, 2019 – September 30, 2019)												
	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					
Kitanomaru Square	1,744	743	133	70	97	1	24	416	0	1,000	1,417	18	1,398
MD Kanda Building	228	86	16	14	22	0	4	28	-	142	170	3	166
Kandabashi Park Building	120	40	1	-	18	0	3	18	-	79	97	4	92
Otemachi Financial City North Tower	363	185	28	19	50	0	0	85	0	178	264	-	264
Nibancho Garden	480	208	59	27	56	0	4	60	-	271	331	0	331
Mitsubishi UFJ Trust and Banking Building	995	372	58	57	158	0	6	88	2	623	711	6	705
Burex Kojimachi Building	162	60	-	-	14	0	3	42	-	101	144	0	143
Sanno Grand Building	942	373	106	56	123	1	4	82	-	569	651	4	646
Yurakucho Denki Building	270	129	33	20	48	0	0	25	-	141	167	6	160
Kodenmachi Shin Nihonbashi Building	120	56	15	9	12	0	2	13	3	64	78	2	75
Front Place Nihonbashi	401	151	23	21	40	0	0	64	0	249	313	-	313
Kyodo Building (Kayabacho 2Chome)	151	59	11	11	12	0	1	22	-	92	114	-	114
Burex Kyobashi Building	158	38	-	-	12	0	2	23	-	119	143	-	143
Ginza 1Chome East Building	186	81	13	9	11	0	0	46	-	104	151	0	150
Ginza Sanwa Building	402	155	27	16	77	0	8	24	0	246	271	13	257
Ryoshin Ginza East Mirror Building	164	84	13	12	16	0	1	40	-	79	119	-	119
Harumi Front	1,228	700	130	115	79	1	14	358	0	528	887	12	874
Harumi Center Building	588	389	66	44	49	0	16	210	0	199	410	8	401
Akasaka Park Building	2,239	1,272	257	231	278	3	87	410	3	967	1,378	105	1,272
Aoyama Crystal Building	247	90	13	13	33	0	9	20	0	157	177	0	177
Clover Shiba-koen	115	47	10	6	6	0	0	22	-	68	90	-	90
Shiodome Building	2,525	946	184	132	190	1	22	406	7	1,579	1,986	52	1,934
Shiba 2Chome Daimon Building	277	223	36	25	40	0	76	44	0	53	97	170	(73)

(Millions of Yen)

Name of property	Revenues / Expenses (April 1, 2019 – September 30, 2019)												
	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	118	52	14	9	13	0	0	14	-	66	80	-	80
Tamachi Front Building	157	69	10	9	14	0	2	31	0	87	119	-	119
Shinjuku Eastside Square	1,397	620	110	106	108	2	5	285	2	776	1,062	43	1,018
Shinjuku Front Tower	668	306	61	37	58	0	2	144	0	362	506	3	503
Shinwa Building	236	100	23	15	20	0	2	37	-	136	173	20	152
Tokyo Opera City Building*1	1,602	1,046	*1	*1	*1	*1	*1	*1	*1	556	*1	38	*1
Front Place Minami- Shinjuku	198	59	15	12	0	0	-	30	0	139	170	-	170
LINK SQUARE SHINJUKU (land)	111	23	-	-	23	-	-	-	-	87	87	-	87
Yoyogi 1Chome Building	319	117	23	18	25	0	6	43	-	201	244	-	244
Jingumae Terrace	185	59	10	10	19	0	1	16	-	126	143	0	142
Jingumae Media Square Building	298	152	25	25	54	0	6	40	-	145	186	0	185
Shibuya Cross Tower(land)	540	85	-	-	85	-	-	-	-	454	454	-	454
Ebisu Neonato	486	209	49	23	38	1	3	92	-	277	369	12	337
TIXTOWER UENO	678	380	61	37	37	1	39	201	-	298	500	11	488
Higashi Gotanda 1Chome Building	191	77	12	18	14	0	3	27	0	114	141	1	140
Osaki Front Tower	708	497	67	46	26	0	7	255	94	211	466	1	464
Omori-Eki Higashiguchi Building	229	123	32	18	25	0	6	39	-	105	145	24	120
Harmony Tower	488	169	49	-	56	0	12	50	-	319	369	-	369
Otsuka Higashi Ikebukuro Building	202	109	19	25	12	0	9	42	-	92	135	62	72
Ikebukuro 2Chome Building	72	34	8	5	5	0	5	8	0	38	46	0	45
Ikebukuro YS Building	176	88	19	14	15	0	6	31	0	87	119	46	72
Hachioji First Square	240	114	50	2	26	0	(0)	34	0	125	159	13	146
Saitama Urawa Building	119	52	16	8	8	0	1	17	-	66	83	-	83
MM Park Building	1,280	745	137	178	80	1	51	294	-	534	829	41	788
Queen's Tower A	1,016	666	201	100	115	3	13	226	6	349	576	138	437
Kawasaki Isago Building	160	83	26	16	13	0	3	23	-	76	100	1	98

(Millions of Yen)

Name of property	Revenues / Expenses (April 1, 2019 – September 30, 2019)												
	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				
Musashi Kosugi STM Building	166	67	22	2	12	0	1	27	-	99	126	5	121
8・3 Square Kita Building	333	210	30	55	23	0	30	70	-	122	192	3	189
Jozenji Park Building	60	38	9	7	7	0	2	11	-	22	34	-	34
Higashi Nibancho Square	565	272	81	43	41	0	5	100	-	293	393	0	393
Sendai Honcho Honma Building	140	66	17	12	16	0	1	18	-	74	92	0	91
AER	683	359	84	56	65	0	38	113	0	323	437	207	229
Daido Seimei Niigata Building	76	60	12	5	0	0	4	37	-	16	54	-	54
Kanazawa Park Building	524	315	102	60	66	1	5	79	0	208	288	8	280
Kanazawa Kamitsutsumicho Building	132	95	18	14	10	0	6	45	-	36	82	5	77
Nishiki Park Building	290	179	55	23	25	0	11	56	6	111	168	1	166
Nagoya Hirokoji Place	403	190	41	35	35	0	3	73	-	213	286	32	254
Nagoya Hirokoji Building	565	380	92	45	65	1	9	166	0	184	351	12	338
Nagoya Misono Building	72	55	10	5	6	0	2	30	0	17	47	-	47
Shijo Karasuma Center Building	213	111	28	15	11	0	4	50	-	102	153	5	147
Umeda Square Building	444	218	53	28	51	0	13	71	-	225	296	36	259
Shin Fujita Building	731	506	90	72	77	1	20	243	-	225	469	128	341
Sakaisujihonmachi Building	237	149	42	32	36	0	10	26	0	88	115	9	105
Midosuji Daiwa Building	551	291	61	46	77	1	10	94	0	259	354	105	248
Amagasaki Front Building	446	234	67	27	26	0	9	103	0	212	315	17	298
Lit City Building	233	125	27	17	16	1	4	58	-	108	166	-	166
NHK Hiroshima Broadcasting Center Building	266	179	49	26	24	0	1	51	25	87	138	0	138
Tosei Tenjin Building	86	41	12	8	7	0	1	11	0	45	56	-	56
Tenjin Crystal Building	164	127	22	18	19	0	3	63	0	36	99	2	97
Hinode Tenjin Building	185	89	20	19	14	0	13	21	0	95	117	35	82
Total	33,580	16,909	3,637	2,570	3,256	50	767	6,433	194	16,670	23,104	1,495	21,608

*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	137,451	137,451	137,451	137,451	—	—
Total	—	—	137,451	—	137,451	—	—

(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)	Sanitary facility renewal construction	From October 2019 To March 2020	367	—	—
Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Upgrade of air conditioning facilities	From October 2019 To March 2020	213	—	—
Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Sanitary facility renewal construction	From April 2020 To June 2020	188	—	—
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of air conditioning facilities	From June 2019 To June 2020	80	—	—
Ikebukuro 2Chome Building (Toshima-ku, Tokyo)	Elevator renewal construction	From December 2019 To February 2020	17	—	—

(ii) Capital expenditures during the period under review

For acquired real estate and other assets, capital expenditures incurred in the period under review totaled ¥1,495 million and repair, maintenance and renovation expenses classified as expenses in the period under review totaled ¥767 million, for a total of ¥2,263 million worth of construction that has been carried out.

The major item in the capital expenditure was the upgrade of air conditioning facilities of Shiba 2Chome Daimon Building.

Name of property (Location)	Purpose	Period	Expenditures for construction (¥ million)
Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Upgrade of air conditioning facilities	From April 2019 To September 2019	137
Otsuka Higashi Ikebukuro Building (Toshima-ku, Tokyo)	Sanitary facility renewal construction	From April 2019 To August 2019	61
Other real estate			1,296
Total			1,495

(iii) Money Saved for Long-term Repair Plans

“Not applicable”

e. Expenses and Liabilities

(i) Details on Operation-related Expenses

Item	For the period from October 1, 2018 to March 31, 2019	For the period from April 1, 2019 to September 30, 2019
(a) Asset management fee *	¥1,296,545 thousand	¥1,409,620 thousand
(breakdown) NOI-linked fee	¥904,135 thousand	¥924,160 thousand
Distribution-linked fee	¥392,409 thousand	¥485,460 thousand
(b) Asset custody fee	¥62,191 thousand	¥63,120 thousand
(c) Administrative service fees	¥132,759 thousand	¥132,329 thousand
(d) Directors' compensations	¥7,800 thousand	¥7,800 thousand
(e) Commission expenses	¥90,962 thousand	¥83,212 thousand
(f) Other operating expenses	¥64,004 thousand	¥63,900 thousand
Total	¥1,654,263 thousand	¥1,759,984 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, 2019, the acquisition fee amounted to ¥55,100 thousand, and in the period ended September 30, 2019, the disposition fee amounted to ¥15,391 thousand.

(ii) Borrowings

The condition of loans by financial institutions as of September 30, 2019, is as follows.

	Classification	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	Lender								
Short-term borrowings	Mizuho Bank, Ltd.	April 3, 2018	5,500,000	—	0.1027	April 3, 2019	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Sumitomo Mitsui Trust Bank, Limited	December 26, 2018	1,300,000	1,300,000	0.10568	December 26, 2019			
	Sumitomo Mitsui Trust Bank, Limited	March 29, 2019	1,700,000	1,700,000	0.10545	March 30, 2020			
	Mizuho Bank, Ltd.	April 3, 2019	—	5,500,000	0.10631	April 3, 2020			
	MUFG Bank, Ltd.	September 2, 2019	—	5,000,000	0.1154	September 2, 2020			
	Subtotal		8,500,000	13,500,000					
Long-term borrowings	Sumitomo Mitsui Trust Bank, Limited	May 29, 2015	5,000,000	—	0.2075	May 29, 2019	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	MUFG Bank, Ltd.	September 1, 2015	5,000,000	—	0.200	September 2, 2019			
	Sumitomo Mitsui Trust Bank, Limited	September 26, 2011	5,500,000	—	1.160	September 26, 2019			
	The Hiroshima Bank, Ltd.	October 1, 2014	3,000,000	3,000,000	0.31575	October 1, 2019 *3			
	Mizuho Bank, Ltd.	November 1, 2011	6,000,000	6,000,000	1.2075	November 1, 2019 *3			
	Mizuho Bank, Ltd.	November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019 *3			
	MUFG Bank, Ltd.	November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019 *3			
	MUFG Bank, Ltd.	November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019 *3			
	The Gunma Bank, Ltd.	November 17, 2014	1,000,000	1,000,000	0.316	November 18, 2019 *3			
	The Yamanashi Chuo Bank, Ltd.	December 15, 2014	2,000,000	2,000,000	0.266	December 16, 2019 *3			
	Shinkin Central Bank	January 7, 2013	2,000,000	2,000,000	0.71375	January 7, 2020 *3			
	MUFG Bank, Ltd.	January 15, 2013	5,500,000	5,500,000	0.710	January 15, 2020 *3			
	Shinkin Central Bank	January 15, 2013	5,000,000	5,000,000	0.710	January 15, 2020 *3			
	MUFG Bank, Ltd.	June 15, 2012	4,000,000	4,000,000	0.9525	June 15, 2020 *3			
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2012	4,000,000	4,000,000	0.9525	June 15, 2020 *3			
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	3,000,000	3,000,000	0.3425	June 15, 2020 *3			
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	July 3, 2017	2,000,000	2,000,000	0.100	July 3, 2020 *3			

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	The Yamaguchi Bank, Ltd.	October 29, 2012	2,000,000	2,000,000	0.800	October 29, 2020	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	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			
	The Iyo Bank, Ltd.	March 24, 2014	2,000,000	2,000,000	0.6035	March 24, 2021			
	MUFG Bank, Ltd.	April 4, 2017	5,000,000	5,000,000	0.00646 *4	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					

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	The 77 Bank, Ltd.	November 14, 2014	900,000	900,000	0.463	November 15, 2021	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	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	0.980	January 7, 2022			
	Mizuho Bank, Ltd.	January 15, 2013	5,000,000	5,000,000	0.96625	January 17, 2022			
	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	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	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					

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
The 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	0.210	January 17, 2023				
Development Bank of Japan Inc.	January 31, 2014	5,000,000	5,000,000	0.9325	January 31, 2023				
The Yamaguchi Bank, Ltd.	March 25, 2013	1,000,000	1,000,000	0.945	March 24, 2023				
The Bank of Fukuoka, Ltd.	March 24, 2015	2,000,000	2,000,000	0.5125	March 24, 2023				
The Norinchukin Bank	March 25, 2015	3,500,000	3,500,000	0.46825	March 27, 2023				
The Chugoku Bank, Limited	March 26, 2018	2,000,000	2,000,000	0.1988	March 27, 2023				
Sumitomo Mitsui Banking Corporation	November 29, 2018	3,000,000	3,000,000	0.1694	May 29, 2023				
Sumitomo Mitsui Trust Bank, Limited	November 29, 2018	3,000,000	3,000,000	0.1694	May 29, 2023				
MUFG Bank, Ltd.	June 1, 2017	12,000,000	12,000,000	0.000 *4	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 *5	December 19, 2023				
MUFG Bank, Ltd.	March 26, 2018	5,000,000	5,000,000	0.02152 *4	March 26, 2024				
The Hachijuni Bank, Ltd.	March 26, 2018	1,000,000	1,000,000	0.2338	March 26, 2024				
Sumitomo Mitsui Trust Bank, Limited	May 29, 2019	—	5,000,000	0.075	May 29, 2024				

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
The Hachijuni Bank, Ltd.	June 15, 2017	1,000,000	1,000,000	0.275	June 17, 2024				
MUFG Bank, Ltd.	September 1, 2015	3,500,000	3,500,000	0.630	September 2, 2024				
Sumitomo Mitsui Trust Bank, Limited	September 2, 2015	3,800,000	3,800,000	0.536	September 2, 2024				
The Norinchukin Bank	September 1, 2017	5,000,000	5,000,000	0.240	September 2, 2024				
Sumitomo Mitsui Trust Bank, Limited	September 26, 2019	—	5,500,000	0.105	September 26, 2024				
Taiyo Life Insurance Company	October 1, 2014	2,000,000	2,000,000	0.7825	October 1, 2024				
Mizuho Bank, Ltd.	October 1, 2015	2,500,000	2,500,000	0.5575	October 1, 2024				
MUFG Bank, Ltd.	June 1, 2018	10,000,000	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				
Taiyo Life Insurance Company	May 29, 2015	1,500,000	1,500,000	0.7375	May 29, 2025				
Sumitomo Mitsui Trust Bank, Limited	August 31, 2018	3,000,000	3,000,000	0.320	August 29, 2025				
Development Bank of Japan Inc.	September 1, 2015	7,000,000	7,000,000	0.7175	September 1, 2025				
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	0.300	March 27, 2026				
Shinkin Central Bank	March 30, 2017	5,000,000	5,000,000	0.360	March 30, 2026				
The Norinchukin Bank	January 23, 2019	4,000,000	4,000,000	0.1988	July 23, 2026				
Shinkin Central Bank	September 1, 2017	5,000,000	5,000,000	0.3188	September 1, 2026				
MUFG Bank, Ltd.	October 31, 2016	3,000,000	3,000,000	0.240	October 30, 2026				

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
Shinkin Central Bank	January 23, 2019	5,000,000	5,000,000	0.2213	January 25, 2027				
Shinkin Central Bank	April 24, 2018	6,000,000	6,000,000	0.3675	April 26, 2027				
The 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				
The Yamanashi Chuo Bank, Ltd.	March 26, 2019	2,000,000	2,000,000	0.3688	March 26, 2031				
Sumitomo Life Insurance Company	March 26, 2019	1,000,000	1,000,000	0.505	March 27, 2034				
Subtotal		348,500,000	343,500,000						
Total		357,000,000	357,000,000						

- *1. The average for floating interest rates is recorded as the weighted average during the period. The average is rounded off to the fifth decimal place. The weighted average for interest rates of loans for which floating interest rates were swapped to fixed rates in order to hedge the risk of interest rate fluctuations is calculated taking the effect of this swap into consideration.
- *2. The purposes of executing these loans are to purchase real properties or beneficiary right of real estate in trust, to repay existing loans, and to fund the redemption of investment corporation bonds.
- *3. At the end of the period under review, these loans are accounted for under current liabilities on the balance sheets as the current portion of long-term borrowings.
- *4. These are floating rate borrowings which are not swapped into fixed rates.
- *5. 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, 2019, are as follows.

Securities	Date of issue	Balance at beginning of current period (¥ thousand)	Balance at end of current period (¥ thousand)	Interest rate (%)	Repayment period	Repayment method	Use of proceeds	Notes
4th unsecured investment corporation bond	September 29, 2005	10,000,000	10,000,000	2.56	September 29, 2025	Bullet	*1	*2
10th unsecured investment corporation bond	March 30, 2017	10,000,000	10,000,000	0.3975	March 30, 2027	Bullet	*1	*2 *3
11th unsecured investment corporation bond	October 26, 2017	2,993,175	2,993,175	0.2788	October 26, 2027	Bullet	*1	*2 *3 *4
12th unsecured investment corporation bond (Japan Real Estate Investment Green Bonds)	November 1, 2018	10,000,000	10,000,000	0.23	November 1, 2023	Bullet	*1	*2
Total		32,993,175	32,993,175					

*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*3 (¥ million)	Appraising institution	Date of appraisal
Disposition	Kawasaki Isago Building (50% quasi-co-ownership interest)	September 30, 2019	3,078	1,590	Daiwa Real Estate Appraisal Co., Ltd.	September 1, 2019

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

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

*3. The real estate appraisal value of Kawasaki Isago Building (50% quasi-co-ownership interest) is calculated as the real estate appraisal value of the entire property multiplied by a 50% quasi-co-ownership interest of the trust beneficiary right.

(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, 2019 to September 30, 2019, there was no transaction that was subject to such inspections.

g. Transactions with Interested Parties (from April 1, 2019 to September 30, 2019)

(i) Transactions

Segment	Buying and selling amounts	
	Buying amounts	Selling amounts
Total Amount	¥ — thousand	¥ 3,078,234 thousand
Breakdown of Transactions with Interested Parties		
Total	¥ — thousand (—%)	¥ — thousand (—%)

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

(ii) Amount of Commission Fees and Other Expenses

Segment	Total amount of commission fees and other expenses A	Breakdown of transactions with interested parties		Percentage of total amount B/A
		Payment recipient	Amount paid B	
Property management expenses	¥3,637,328 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥2,331,533 thousand	64.1 %
		Mitsubishi Estate Co., Ltd.	¥174,791 thousand	4.8 %
		Mitsubishi Real Estate Services Co., Ltd.	¥41,296 thousand	1.1 %
		Yuden Building Kanri Co., Ltd.	¥30,041 thousand	0.8 %
Utilities expenses	¥2,570,022 thousand	Minato Mirai 21 District Heating and Cooling Co., Ltd.	¥95,104 thousand	3.7 %
Other operating expenses	¥165,277 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥25,990 thousand	15.7 %
		Mitsubishi Estate Co., Ltd.	¥330 thousand	0.2 %
		Mitsubishi Real Estate Services Co., Ltd.	¥800 thousand	0.5 %
		Mitsubishi Jisho Sekkei Inc.	¥7,280 thousand	4.4 %

*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.	¥527,493 thousand
Mitsubishi Estate Co., Ltd.	¥16,281 thousand
Yuden Building Kanri Co., Ltd.	¥1,486 thousand
Mitsubishi Jisho Sekkei Inc.	¥7,344 thousand
Mitsubishi Real Estate Services Co., Ltd.	¥10,876 thousand

h. Other Announcements

Board of Directors

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

Date of acceptance	Accepted item	Overview
May 16, 2019	Consignment of a general administrative work concerning the issuance of investment corporation bonds	In connection with the comprehensive resolution adopted on the same date on the issuance of investment corporate bonds, the approval was given to the candidate agents to whom an administrative work for the said bonds was consigned. Other items necessary for its operation are entrusted to the executive directors to decide.

Selected Financial Data

	Millions of yen				
	For the period from April 1, 2019 to September 30, 2019	For the period from October 1, 2018 to March 31, 2019	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
Operating revenues	35,164	33,022	33,066	31,955	31,718
Operating expenses	18,669	18,473	18,487	18,358	18,539
Operating profit	16,494	14,548	14,578	13,596	13,178
Ordinary profit	15,390	13,441	13,348	12,362	11,921
Profit before income taxes	15,390	13,441	13,348	12,362	11,921
Profit	14,945	13,431	13,273	12,291	11,909
Total assets	966,390	963,676	956,645	935,560	906,507
Interest-bearing debt	389,993	389,993	384,493	403,993	375,500
Net assets	512,770	511,256	510,978	470,703	470,321
Unitholders' capital	497,241	497,241	497,241	458,016	458,016
Number of units	1,385,210	1,385,210	1,385,210	1,309,310	1,309,310
Net assets per unit (Yen)	370,174	369,082	368,881	359,505	359,213
Cash distribution	14,124	13,432	13,152	12,223	11,909
Dividend payout ratio (Note 1)	94.5%	100.0%	99.1%	99.5%	100.0%
Dividend per unit (Yen)	10,197	9,697	9,495	9,336	9,096
Net operating income (NOI)	23,104	22,603	22,401	21,566	21,275
Funds from operations (FFO)	19,795	19,831	19,451	18,652	18,466
Return on assets (ROA) (Note 2)	1.6%	1.4%	1.4%	1.3%	1.3%
	(3.2% annualized)	(2.8% annualized)	(2.8% annualized)	(2.7% annualized)	(2.6% annualized)
Return on equity (ROE) (Note 3)	2.9%	2.6%	2.6%	2.6%	2.5%
	(5.8% annualized)	(5.3% annualized)	(5.2% annualized)	(5.2% annualized)	(5.1% annualized)
EOP equity ratio (Note 4)	53.1%	53.1%	53.4%	50.3%	51.9%
EOP interest-bearing debt ratio on total assets (Note 5)	40.4%	40.5%	40.2%	43.2%	41.4%
FFO multiple (Times)	25.4	22.7	21.3	19.3	19.2
Debt service coverage ratio (Times) (Note 6)	21.4	19.6	18.5	16.9	16.1

- 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, 2017, 182 days for the period ended March 31, 2018, 183 days for the period ended September 30, 2018, 182 days for the period ended March 31, 2019 and 183 days for the period ended September 30, 2019.)
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 period ended September 30, 2018, and the reclassified amount due to the change was reflected to the total assets for the period ended March 31, 2018.