

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

May 17, 2021

Name of Issuer: Japan Real Estate Investment Corporation
 Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 8952
 URL: <https://www.j-re.co.jp/en/>
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Scheduled Date of Filing Securities Report: June 25, 2021
 Scheduled Date of Dividend Payment: June 14, 2021
 Supplementary Materials for Financial Results: Yes
 Holding of a Briefing on Financial Results: Yes (primarily for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the March 2021 period (October 1, 2020 –March 31, 2021)

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

Period ended	Operating Revenues		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	34,944	(0.1)	16,479	(0.1)	15,508	(0.6)	15,560	(0.2)
September 30, 2020	34,966	(2.9)	16,498	(4.9)	15,608	(4.4)	15,598	(1.0)

Period ended	Profit per Unit	ROE (Profit to Unitholders' Equity Ratio)	ROA (Ordinary Profit to Total Assets Ratio)	Ordinary Profit to Operating Revenues Ratio
	Yen	%	%	%
March 31, 2021	11,233	3.0	1.5	44.4
September 30, 2020	11,260	3.0	1.6	44.6

(2) Dividends

Period ended	Dividend per Unit Excluding Excess of Earnings	Total Cash Dividends Excluding Excess of Earnings	Dividend in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Payout Ratio	Ratio of Dividends to Net Assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
March 31, 2021	11,320	15,680	-	-	100.8	3.0
September 30, 2020	11,262	15,600	-	-	100.0	3.0

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

2: For the period ended March 31, 2021, the total dividends are calculated as profit, adding the reservation for a reduction entry (120 million yen).

3: For the period ended September 30, 2020, the total dividends are calculated as profit, adding the 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
March 31, 2021	1,001,734	515,262	51.4	371,974
September 30, 2020	1,000,254	515,302	51.5	372,002

Reference: Total unitholders' equity is 515,262 million yen for the March 31, 2021 period and 515,302 million yen for the September 30, 2020 period.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	22,508	(1,701)	(15,149)	34,353
September 30, 2020	21,479	(18,527)	2,304	28,695

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

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

Period ending	Operating Revenues		Operating Profit		Ordinary Profit		Profit		Dividend per Unit Excluding Excess of Earnings	Dividend in Excess of Earnings per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2021	36,950	5.7	18,080	9.7	17,140	10.5	16,640	6.9	11,350	-
March 31, 2022	34,580	(6.4)	16,080	(11.1)	15,140	(11.7)	15,210	(8.6)	11,100	-

Reference: Profit per unit forecast = Profit forecast / Number of total investment units forecast for the end of the period
(the September 2021 period): 12,010 yen; (the March 2022 period): 10,980 yen.

*Other

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

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

(2) Number of Units Outstanding

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

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

As of September 30, 2020 1,385,210 units

Number of Treasury Units at End of Period

As of March 31, 2021 0 units

As of September 30, 2020 0 units

Note: Please refer to the notes regarding per unit information on page 24 for the number of investment units on which the calculations of profit per unit are based.

* The Implementation Status of Statutory Audit

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

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

Estimates for the Company's future operating results contained in the financial results are forward-looking statements and are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ substantially from the projections depending on a number of factors. In addition, these forecasts do not guarantee the stated dividends. As for assumptions underlying performance forecasts, please refer to the table entitled "Assumptions Underlying Performance Forecasts for the September 2021 period (April 1, 2021 to September 30, 2021) and the March 2022 period (October 1, 2021 to March 31, 2022)" on pages 7 and 8.

1. Business Policy and Operations

(1) Business Operations

① Results for the Period

Japan Real Estate Investment Corporation (the “Company”) was established on May 11, 2001, following the Act on Investment Trusts and Investment Corporations of Japan (“ITA”). The Company was listed on the real estate investment trust market of the Tokyo Stock Exchange (“TSE”) on September 10, 2001 (Securities Code: 8952). Since its IPO, the size of the Company’s assets (total acquisition price) has grown steadily, expanding from 92.8 billion yen to 1.07 trillion yen*, as of March 31, 2021. 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 March 2021 period (October 1, 2020 to March 31, 2021), the Japanese economy, as a whole, is getting back on the recovery track, although the new coronavirus pandemic (“COVID-19”) has severely affected some industries such as non-manufacturing industries, which show signs of weakness in corporate income, etc. The Company considers it is necessary to continue to monitor the domestic and international development of the pandemic and the impact of fluctuations in financial and capital markets.

In the office leasing market, vacancy rates have been on an upward trend against the backdrop of the penetration of telework, which accelerated in the wake of COVID-19. Rents have turned to a downward trend, but slightly. Against the backdrop of such leasing market trends, the Company strived to secure stable income and occupancy rates for the entire portfolio, attracting new tenants through strategic leasing activities and further increasing the satisfaction level of existing tenants by improving the added value of the properties. While demand for office buildings in good locations and high quality continues to be high, the Company considers it is necessary to continue to pay close attention to the impact of changes in work styles and other factors in the office leasing market.

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

Under such market conditions, the Company made sound investments under the Investment Guideline of providing stable dividends to unitholders, which was set forth at the time of the Company’s listing on the TSE and remains unchanged to date. Accordingly, the Company was able to provide a dividend per investment unit at 11,320 yen, which is an increase by 58 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 of on October 30, 2009. The total acquisition price in the subsequent sections follows the same convention.

② Results of Operations

a. Property Management and Acquisition and Disposition

In the office leasing market in the fiscal period under review, the market was in the above-mentioned environment, and although some new contracts were concluded to improve the location and office environment, the occupancy rate at the end of the fiscal period under review decreased by 1.1 % from the end of the previous fiscal period to 97.9 % due to the impact of an increase in the number of terminations and extended downtime, but still remained high.

Although there were no property acquisitions or sales during the fiscal period under review, the Company made a contract on March 31, 2021 to dispose of the trust beneficiary interest in Otsuka Higashi-Ikebukuro Building (Toshima-ku, Tokyo) for 6,025 million yen. The transfer date is scheduled for August 31, 2021.

As a result of the above, the Company’s portfolio at the end of the fiscal period under review, March 31, 2021, consisted of 73 properties, with a total acquisition price of 1.07 trillion yen. Net rentable floor area stood at 873,873 m² with 1,497 tenants in total.

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

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.

During the March 2021 period, the Company issued Japan Real Estate Investment Corporation 13th Unsecured Bonds in order to increase the ratio of long-term loans and investment corporation bonds to interest-bearing debt, and borrowed funds through sustainability-linked loans, a first in the J-REIT industry, as well as borrowing to fund the repayment of existing loans. As a result of the above financing activities, as of March 31, 2021, the Company's total interest-bearing debt increased by 0.5 billion yen compared with the previous period, to 419.4 billion yen. This amount consists of long-term loans totaling 358.5 billion yen (including the current portion of long-term loans totaling 51.7 billion yen), short-term loans totaling 18.0 billion yen, and investment corporation bonds totaling 42.9 billion yen. The current LTV ratio stands at 41.9%.

The Company's credit ratings as of March 31, 2021 were as follows:

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

c. General Meeting of Unitholders

The Company held the 12th General Meeting of Unitholders on December 10, 2020. The meeting deliberated the proposals for partial amendments to the Articles of Incorporation, appointment of one executive director, appointment of two substitute executive directors, appointment of two supervisory directors, and appointment of one substitute supervisory director. All the proposals were approved and resolved as originally proposed. Following the meeting resolutions, Mr. Yutaka Yanagisawa, Mr. Tomohiro Okanoya and Mr. Hiroaki Takano were re-elected as Executive Director and Supervisory Directors respectively and assumed office as of December 10, 2020. Meanwhile, Mr. Naoki Umeda and Mr. Masaaki Fujino have been elected as Substitute Executive Directors and Mr. Yoshinori Kiya as Substitute Supervisory Director.

③ Summary of Financial Results and Dividends

As a result of the above operations, in the period under review, the Company's operating revenues decreased 0.1% compared with the previous period, to 34.9 billion yen. On the income front, operating profit decreased 0.1%, to 16.4 billion yen. After deducting expenses for interest payments on loans and other costs, ordinary profit decreased 0.6%, to 15.5 billion yen, and profit decreased 0.2%, to 15.5 billion yen.

Turning to dividends, the Company will make cash distributions using earnings based on the dividend policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of profit available for dividends as required by Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company decided that the total amount of dividends, which is calculated by adding the reversal of reserve for tax purpose reduction entry to the unappropriated retained earnings and also securing retained earnings brought forward, is 15,680,577,200 yen for the period under review, which is a multiple of 1,385,210—the number of units outstanding as of March 31, 2021. Accordingly, the dividend per investment unit is 11,320 yen.

(2) Outlook

① Operating Environment

Although the Japanese economy is expected to remain in a difficult situation for some time due to the prolonged COVID-19 pandemic, it is expected to continue to pick up due to the effect of various measures and overseas economic recovery as the level of the socio-economic activity has been raised in stages while preventive measures against COVID-19 have been in place. On the other hand, the Company considers it is necessary to pay close attention to the impact of the re-emergence of the infectious disease in Japan and abroad, the risk of a global economic downturn due to trade issues between the United States and China, and fluctuations in financial and capital markets.

In the office leasing market, the Company pays close attention to the impact of the penetration of telework, which has accelerated due to COVID-19, and other factors, and at the same time, the Company strives to secure stable income and

maintain and improve asset values over the medium to long term while carefully monitoring trends in the office leasing market and the business conditions of tenants managed by the Company.

Regarding the real estate investment market, it is important to continue to be proactive in searching for new properties in order to promote more strategic replacement of our portfolio while paying close attention to future market trends due to changes in social conditions.

a Property Management

Based on the conditions stated above, the Company will adhere to the following management policies in order to maintain and improve profitability.

(i) Strengthen relationships of trust with existing tenants

The Company has contracts with numerous property management companies. Each property management company has developed relationships of trust with their tenants through their daily diligence in managing their respective properties over the years. The Company will work to further solidify these relationships by anticipating tenants' needs and providing tailored services to bolster tenant satisfaction, thereby maintaining and improving occupancy rates and raising the rent levels.

(ii) Fill vacancies promptly

In cooperation with the property management companies mentioned above and their leasing brokers, the Company will actively seek the most appropriate tenants for each property, based on location and features, in order to fill current and anticipated vacancies without delay. Furthermore, the Company will work to identify additional needs for floor area among the existing tenants.

(iii) Stabilize revenues and income

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

(iv) Reduce management costs

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

b Property Acquisitions and Dispositions

The Company has adopted the following policies for acquiring properties.

(i) To access property information quickly, the Company continues to enhance its property information channels while working to develop new channels.

(ii) In its acquisition activities, the Company continues to meticulously monitor and examine economic, physical, and legal factors, including rights-related issues, when selecting properties. In particular, with regard to the structure of buildings, the Company requires buildings to meet or exceed new earthquake-resistant standards, verifies the need for renovations by capturing current conditions accurately based on engineering reports, and exclusively targets properties capable of maintaining a competitive edge in terms of the facilities they offer over the medium to long term.

(iii) In accordance with its acquisition policies, the Company shall maintain its portfolio so that 70% or more of the portfolio properties are located within the Tokyo metropolitan area, with the remaining 30% or fewer located in other major cities. Under these policies, the Company will continue to acquire highly competitive properties. At the same time, in order to further improve the quality of its portfolio, the Company will remain open to the replacement of portfolio properties with due consideration at the right time.

c Financial Policies

The Company has adopted the following financial policies.

(i) In principle, the Company shall maintain an LTV ratio (including investment corporation bonds) below 65%. To ensure an even lower interest-bearing debt ratio, the Company adopts the conservative target level of 30% to 40%.

- (ii) The Company shall set the ceiling for the combined total of loans and investment corporation bonds at 1 trillion yen.
- (iii) When obtaining a loan, the Company shall only negotiate with qualified institutional investors (limited to those defined under Article 67-15 of the Special Taxation Measures Act) before executing a loan agreement.
- (iv) With the purpose of maintaining liquidity at an appropriate level, the Company may establish preliminary borrowing frameworks such as overdraft agreements and commitment line agreements as needed.
- (v) In financial transactions, in order to realize low financing costs, the Company aims to achieve the best execution by making comprehensive judgments on borrowing terms and conditions, such as interest rate levels and borrowing periods.

② Performance Forecasts

The Company's forecasts for the September 2021 period (April 1, 2021 to September 30, 2021) are as follows: operating revenues totaling 36.9 billion yen, operating profit totaling 18.0 billion yen, ordinary profit totaling 17.1 billion yen, and profit totaling 16.6 billion yen. The Company plans to declare a per-unit cash dividend of 11,350 yen.

The Company's forecasts for the March 2022 period (October 1, 2021 to March 31, 2022) are as follows: operating revenues totaling 34.5 billion yen, operating profit totaling 16.0 billion yen, ordinary profit totaling 15.1 billion yen, and profit totaling 15.2 billion yen. The Company plans to declare a per-unit cash dividend of 11,100 yen.

Regarding the assumptions underlying these forecasts, please see pages 7 and 8 entitled "Assumptions Underlying Performance Forecasts for the September 2021 period (April 1, 2021 to September 30, 2021) and the March 2022 period (October 1, 2021 to March 31, 2022)." Operating revenues, operating profit, ordinary profit, profit, and cash dividend per unit might vary depending on changes that could occur in the market situation.

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

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • The September 2021 period: April 1, 2021 to September 30, 2021 (183 days) • The March 2022 period: October 1, 2021 to March 31, 2022 (182 days)
Number of properties held by the Company	<ul style="list-style-type: none"> • In the September 2021 period, the Company's portfolio consists of 73 properties as of March 31, 2021, and 72 properties at the end of the September 2021 period, assuming the trust beneficiary interest in Otsuka Higashi-Ikebukuro Building is disposed of on August 31, 2021. • In the March 2022 period, the Company's property portfolio consists of 72 properties at the end of the March 2022 period, assuming the disposition stated above is carried out. • The actual portfolio may differ from this assumption due to additional property acquisitions and dispositions.
Number of units outstanding	<ul style="list-style-type: none"> • The Company assumes that the total number of units outstanding is 1,385,210 units, the number as of March 31, 2021.
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 executed a long-term loan of 5.0 billion yen to allocate the loan for the repayment of existing long-term loans of 5.0 billion yen on April 5, 2021. Moreover, the Company executed a short-term loan of 7.0 billion yen to allocate the loan for the repayment of existing short-term loans of 7.0 billion yen on April 20, 2021. In addition, the Company executed a long-term loan of 5.0 billion yen to allocate the loan for the repayment of existing long-term loans of 5.0 billion yen on April 26, 2021. As a result, the balance of interest-bearing debt is 419.4 billion yen as of May 17, 2021. • In September 2021 period, as of May 17, 2021, the Company will refinance the long-term loans due for repayments during the period totaling 14.2 billion yen (repayment dates: June 15, 2021, June 28, 2021, July 20, 2021, and August 31, 2021) and the short-term loans due for repayment during the period totaling 11.0 billion yen (repayment date: May 18, 2021). There are no investment corporation bonds set to mature in the September 2021 period. • In the March 2022 period, as of May 17, 2021, the Company will refinance the long-term loans due for repayments during the period totaling 27.5 billion yen (repayment dates: October 1, 2021, November 15, 2021, December 17, 2021, January 7, 2022, January 17, 2022, and January 31, 2022). There are no investment corporation bonds set to mature in the March 2022 period.
Operating revenues	<ul style="list-style-type: none"> • Revenues from portfolio properties held by the Company are calculated by taking into consideration the new leases and the tenancy terminations confirmed as of May 17, 2021, and by factoring in potential variables that reflect the recent office leasing market landscape, such as rent levels and occupancy rates. • In addition to the above, the revenue is calculated by incorporating, to a certain extent, the impact of the decrease in rent due to the spread of COVID-19, which is proved at this point in time.

Item	Assumption
Operating expenses	<ul style="list-style-type: none"> • Of the taxes applicable to the Company, property taxes, city planning taxes and depreciable property taxes corresponding to the relevant fiscal period have been recorded as property-related expenses. However, when a property is acquired at a point during the period used for the calculation of property tax, a property tax adjustment is levied that takes into account the date of the transfer of the new acquisition. The amount of the adjustment is factored into the acquisition price and therefore not recorded as an expense in the relevant fiscal period. • Property and other taxes will be 3,410 million yen in the September 2021 period and 3,400 million yen in the March 2022 period. • Depreciation will be 6,240 million yen in the September 2021 period and 6,160 million yen in the March 2022 period. • Repair expenses may vastly differ from the projected amounts as such costs fluctuate significantly from one fiscal period to another, and because these costs are not recurring.
Non-operating expenses	<ul style="list-style-type: none"> • The non-operating expenses, such as interest expenses on loans and investment corporation bonds, will be 950 million yen in the September 2021 period and 940 million yen in the March 2022 period.
Dividend amounts	<ul style="list-style-type: none"> • In the September 2021 period, the Company will make a reduction entry on part of the gain of 2,530 million yen for the disposition of the trust beneficiary interest in Otsuka Higashi-Ikebukuro Building, applying “Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets” under Article 65-7 of the Special Taxation Measures Act. • In the March 2022 period, the Company will distribute dividends of 160 million yen as a return of internal reserves. • The Company shall not distribute dividends in excess of earnings. Thus, based on its Articles of Incorporation, the Company shall make cash distributions of the amount that is higher than 90% of profit available for dividends up to the earnings.
Other	<ul style="list-style-type: none"> • No revisions will be made in such areas as laws, tax systems, accounting standards, and listing rules as well as regulations of the Investment Trusts Association, Japan to the extent that impact the above-mentioned forecasts. • No unprecedented or significant changes will occur to the general market trends or real estate market conditions or other factors. • Although the above is calculated by incorporating, to a certain extent, the impact of the decrease in rents due to the spread of COVID-19, which is proved at this point in time, it may fluctuate due to uncertainty in future changes in COVID-19. • In addition to the income taxes deferred related to reversal of reserve for reduction entry, etc., the corporate and other taxes are calculated by taking into consideration the taxes in relation to the amortization of term leasehold interest for buildings and asset retirement obligations.

3. Financial Statements

(1) Balance Sheets

Thousands of yen

	As of September 30, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	21,499,934	27,205,981
Cash and deposits in trust	7,195,933	7,147,852
Operating accounts receivable	430,651	521,760
Prepaid expenses	228,047	135,511
Other	20,818	20,948
Total current assets	29,375,384	35,032,055
Non-current assets		
Property, plant and equipment		
Buildings	263,978,877	265,776,388
Accumulated depreciation	(107,639,942)	(111,950,847)
Buildings, net	156,338,934	153,825,541
Structures	3,231,736	3,232,451
Accumulated depreciation	(1,074,576)	(1,127,789)
Structures, net	2,157,160	2,104,661
Machinery and equipment	3,478,769	3,480,509
Accumulated depreciation	(2,616,025)	(2,683,808)
Machinery and equipment, net	862,743	796,701
Tools, furniture and fixtures	461,525	483,514
Accumulated depreciation	(307,996)	(320,897)
Tools, furniture and fixtures, net	153,528	162,617
Land	474,256,178	474,256,178
Construction in progress	26,968	60,380
Buildings in trust	107,000,367	107,362,525
Accumulated depreciation	(32,423,749)	(34,437,955)
Buildings in trust, net	74,576,617	72,924,570
Structures in trust	1,022,645	1,029,596
Accumulated depreciation	(368,876)	(396,294)
Structures in trust, net	653,769	633,302
Machinery and equipment in trust	802,094	814,862
Accumulated depreciation	(568,526)	(584,870)
Machinery and equipment in trust, net	233,568	229,991
Tools, furniture and fixtures in trust	72,089	72,983
Accumulated depreciation	(45,355)	(48,399)
Tools, furniture and fixtures in trust, net	26,733	24,584
Land in trust	251,658,301	251,658,301
Construction in progress in trust	5,689	11,316
Total property, plant and equipment	960,950,193	956,688,146
Intangible assets		
Land leasehold interests	5,627,555	5,611,725
Easement	828,095	828,095
Other	38,728	33,160
Total intangible assets	6,494,378	6,472,981

Thousands of yen

	As of September 30, 2020	As of March 31, 2021
Investments and other assets		
Investment securities	577,168	577,168
Leasehold and guarantee deposits	1,573,847	1,573,847
Long-term prepaid expenses	95,028	61,736
Other	1,125,046	1,226,601
Total investments and other assets	3,371,090	3,439,354
Total non-current assets	970,815,663	966,600,481
Deferred assets		
Investment corporation bond issuance costs	63,428	102,101
Total deferred assets	63,428	102,101
Total assets	1,000,254,476	1,001,734,637
Liabilities		
Current liabilities		
Operating accounts payable	1,079,870	1,424,904
Short-term borrowings	31,000,000	18,000,000
Current portion of long-term borrowings	52,200,000	51,700,000
Accounts payable - other	1,880,176	1,874,124
Accrued expenses	367,496	347,827
Income taxes payable	8,247	11,612
Accrued consumption taxes	468,126	1,145,093
Advances received	3,170,806	3,172,578
Other	14,713	14,142
Total current liabilities	90,189,438	77,690,282
Non-current liabilities		
Investment corporation bonds	32,993,175	42,993,175
Long-term borrowings	302,800,000	306,800,000
Deposits received from tenants	57,302,113	57,385,322
Deferred tax liabilities	1,281,107	1,217,307
Asset retirement obligations	356,041	359,628
Other	30,569	26,345
Total non-current liabilities	394,763,006	408,781,778
Total liabilities	484,952,444	486,472,061
Net assets		
Unitholders' equity		
Unitholders' capital	497,241,216	497,241,216
Surplus		
Voluntary retained earnings		
Reserve for tax purpose reduction entry	2,426,375	2,424,282
Total voluntary retained earnings	2,426,375	2,424,282
Unappropriated retained earnings	15,634,440	15,597,077
Total surplus	18,060,815	18,021,360
Total unitholders' equity	515,302,031	515,262,576
Total net assets	515,302,031	515,262,576
Total liabilities and net assets	1,000,254,476	1,001,734,637

(2) Statements of Income

	Thousands of yen	
	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2020 to March 31, 2021
Operating revenues		
Rent revenues	34,778,422	34,666,758
Other lease business revenues	187,969	277,319
Total operating revenues	34,966,391	34,944,078
Operating expenses		
Expenses related to lease business	16,649,118	16,648,001
Asset management fees	1,456,400	1,433,297
Asset custody fees	64,692	64,705
Administrative service fees	133,043	134,140
Directors' compensations	7,800	7,800
Commission expenses	89,743	105,520
Other operating expenses	67,293	71,203
Total operating expenses	18,468,092	18,464,669
Operating profit	16,498,298	16,479,409
Non-operating income		
Interest income	122	140
Dividend income	12,574	—
Reversal of distributions payable	1,384	1,501
Gain on receipt of donated non-current assets	100,456	9,166
Other	897	—
Total non-operating income	115,434	10,807
Non-operating expenses		
Interest expenses	798,168	754,704
Interest expenses on investment corporation bonds	161,468	172,899
Amortization of investment corporation bond issuance costs	7,379	11,642
Other	38,133	42,355
Total non-operating expenses	1,005,149	981,602
Ordinary profit	15,608,583	15,508,613
Profit before income taxes	15,608,583	15,508,613
Income taxes - current	10,834	11,633
Income taxes - deferred	(1,046)	(63,799)
Total income taxes	9,788	(52,165)
Profit	15,598,795	15,560,779
Retained earnings brought forward	35,645	36,297
Unappropriated retained earnings	15,634,440	15,597,077

(3) Statements of Changes in Unitholders' Equity

For the period from April 1, 2020 to September 30, 2020

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	1,368,194	1,368,194	15,790,904	17,159,098	514,400,314	514,400,314
Changes during the period							
Provision of reserve for tax purpose reduction entry		1,060,273	1,060,273	(1,060,273)	—	—	—
Reversal of reserve for tax purpose reduction entry		(2,092)	(2,092)	2,092	—	—	—
Dividends of surplus				(14,697,078)	(14,697,078)	(14,697,078)	(14,697,078)
Profit				15,598,795	15,598,795	15,598,795	15,598,795
Total changes during the period	—	1,058,181	1,058,181	(156,463)	901,717	901,717	901,717
Balance at end of the period	497,241,216	2,426,375	2,426,375	15,634,440	18,060,815	515,302,031	515,302,031

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

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for tax purpose reduction entry	Total voluntary retained earnings				
Balance at beginning of the period	497,241,216	2,426,375	2,426,375	15,634,440	18,060,815	515,302,031	515,302,031
Changes during the period							
Reversal of reserve for tax purpose reduction entry		(2,092)	(2,092)	2,092	—	—	—
Dividends of surplus				(15,600,235)	(15,600,235)	(15,600,235)	(15,600,235)
Profit				15,560,779	15,560,779	15,560,779	15,560,779
Total changes during the period	—	(2,092)	(2,092)	(37,363)	(39,455)	(39,455)	(39,455)
Balance at end of the period	497,241,216	2,424,282	2,424,282	15,597,077	18,021,360	515,262,576	515,262,576

(4) Statements of Cash Distributions

	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2020 to March 31, 2021
	Amount (Yen)	Amount (Yen)
I Retained earnings	15,634,440,510	15,597,077,487
II Reversal of voluntary retained earnings		
Reversal of reserve for tax purpose reduction entry	2,092,431	120,506,758
III Cash distribution	15,600,235,020	15,680,577,200
(Dividend per investment unit)	(11,262)	(11,320)
IV Retained earnings brought forward	36,297,921	37,007,045

Computation Method for Determining Dividends	<p>The Company will make cash distributions using earnings based on the cash distribution policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company has decided that the total amount of dividends, which is set not to exceed the unappropriated retained earnings and also to secure retained earnings brought forward, is ¥15,600,235,020 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of September 30, 2020. Furthermore, the Company does not pay out dividends that exceed earnings as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>	<p>The Company will make cash distributions using earnings based on the cash distribution policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company has decided that the total amount of dividends, which is calculated by adding the reversal of reserve for tax purpose reduction entry to the unappropriated retained earnings and also securing retained earnings brought forward, is ¥15,680,577,200 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of March 31, 2021. Furthermore, the Company does not pay out dividends that exceed earnings as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>
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(5) Statements of Cash Flows

Thousands of yen

	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2020 to March 31, 2021
Cash flows from operating activities		
Profit before income taxes	15,608,583	15,508,613
Depreciation	6,628,009	6,530,798
Gain on receipt of donated non-current assets	(100,456)	(9,166)
Amortization of investment corporation bond issuance costs	7,379	11,642
Dividend income	(12,574)	—
Interest income	(122)	(140)
Interest expenses	959,636	927,604
Decrease (increase) in operating accounts receivable	(159,133)	(91,109)
Decrease (increase) in supplies	425	(129)
Decrease (increase) in prepaid expenses	(48,282)	92,535
Increase (decrease) in operating accounts payable	(77,877)	(94,763)
Increase (decrease) in accounts payable - other	(23,243)	(19,649)
Increase (decrease) in accrued consumption taxes	(105,996)	676,967
Increase (decrease) in accrued expenses	(131)	131
Increase (decrease) in advances received	(193,103)	1,771
Decrease (increase) in long-term prepaid expenses	37,888	33,291
Other, net	(78,517)	(104,128)
Subtotal	22,442,485	23,464,270
Interest and dividends received	12,696	140
Interest paid	(961,191)	(947,405)
Income taxes paid	(14,059)	(8,269)
Net cash provided by (used in) operating activities	21,479,931	22,508,736
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,345,844)	(1,431,157)
Purchase of property, plant and equipment in trust	(1,577,074)	(353,107)
Refund of leasehold and guarantee deposits received	(888,636)	(1,340,413)
Proceeds from leasehold and guarantee deposits received	2,284,029	1,423,621
Net cash provided by (used in) investing activities	(18,527,526)	(1,701,056)
Cash flows from financing activities		
Proceeds from short-term borrowings	39,000,000	27,500,000
Repayments of short-term borrowings	(37,000,000)	(40,500,000)
Proceeds from long-term borrowings	28,000,000	31,500,000
Repayments of long-term borrowings	(13,000,000)	(28,000,000)
Proceeds from issuance of investment corporation bonds	—	10,000,000
Payments of investment corporation bond issuance costs	—	(50,315)
Distributions paid	(14,695,378)	(15,599,398)
Net cash provided by (used in) financing activities	2,304,621	(15,149,713)
Net increase (decrease) in cash and cash equivalents	5,257,026	5,657,966
Cash and cash equivalents at beginning of the period	23,438,840	28,695,867
Cash and cash equivalents at end of the period	28,695,867	34,353,833

(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.....	2-75 years
Machinery and equipment.....	2-18 years
Tools, furniture and fixtures.....	2-29 years

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

The Company reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of its fixed assets may not be recoverable. According to the standard set by the Accounting Standards Board of Japan, companies are required to recognize an impairment loss in their 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 September 30, 2020	As of March 31, 2021
Total amount of commitment line agreement	60,000,000	60,000,000
Debt financing balance	—	—
Balance	60,000,000	60,000,000

b. Reserve for tax purpose reduction entry

	Thousands of yen	
	As of September 30, 2020	As of March 31, 2021
Reserve for tax purpose reduction entry	2,426,375	2,424,282
Deferred tax liability for the reserve for tax purpose reduction entry	1,282,004	1,218,278
Total	3,708,380	3,642,561

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

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

	Thousands of yen	
	As of September 30, 2020	As of March 31, 2021
	50,000	50,000

(Notes to Statements of Income)

Breakdown of property-related revenues and expenses

	Thousands of yen	
	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2020 to March 31, 2021
Property-Related Revenues	34,966,391	34,944,078
Rent revenues	34,778,422	34,666,758
Rental revenues	29,118,151	29,084,031
Common service charges	2,585,443	2,501,546
Parking revenues	711,241	722,895
Other rental revenues	2,363,586	2,358,284
Other lease business revenues	187,969	277,319
Cancellation charges	102,624	98,600
Other miscellaneous revenues	85,344	178,719
Property-Related Expenses	16,649,118	16,648,001
Expenses related to lease business	16,649,118	16,648,001
Property management expenses	3,657,166	3,792,045
Utilities expenses	2,228,640	1,959,967
Property and other taxes	3,295,586	3,295,526
Casualty insurance	46,010	45,983
Repairing expenses	645,173	823,623
Depreciation	6,626,407	6,529,196
Other rental expenses	150,132	201,658
Property-Related Profits	18,317,272	18,296,076

(Changes in Unitholders' Equity)

Total number of investment units issuable and number of units outstanding	As of September 30, 2020	As of March 31, 2021
Total number of investment units issuable	4,000,000 units	4,000,000 units
Number of units outstanding	1,385,210 units	1,385,210 units

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

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

	Thousands of yen	
	As of September 30, 2020	As of March 31, 2021
Cash and deposits	21,499,934	27,205,981
Cash and deposits in trust	7,195,933	7,147,852
Time deposits with maturities of more than three months	—	—
Cash and cash equivalents	28,695,867	34,353,833

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

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

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

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

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

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

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

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

Loans and investment corporation bonds involve liquidity risk at the time of maturity. To manage such liquidity risk, the Company implements measures such as ① maintaining and strengthening its ability to access equity markets to secure funds, ② maintaining commitment lines with major financial institutions (There is no amount outstanding under the facility as of September 30, 2020 and March 31, 2021) 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 September 30, 2020 and March 31, 2021 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 September 30, 2020		
	Book value *	Fair value *	Difference *
(1) Cash and deposits	21,499,934	21,499,934	—
(2) Cash and deposits in trust	7,195,933	7,195,933	—
(3) Short-term borrowings	(31,000,000)	(31,000,000)	—
(4) Current portion of long-term borrowings	(52,200,000)	(52,285,340)	(85,340)
(5) Investment corporation bonds	(32,993,175)	(34,107,600)	(1,114,425)
(6) Long-term borrowings	(302,800,000)	(305,188,746)	(2,388,746)
(7) Derivative transactions	—	—	—

* Liabilities are shown in parentheses.

	Thousands of yen		
	As of March 31, 2021		
	Book value *	Fair value *	Difference *
(1) Cash and deposits	27,205,981	27,205,981	—
(2) Cash and deposits in trust	7,147,852	7,147,852	—
(3) Short-term borrowings	(18,000,000)	(18,000,000)	—
(4) Current portion of long-term borrowings	(51,700,000)	(51,806,789)	(106,789)
(5) Investment corporation bonds	(42,993,175)	(44,094,756)	(1,101,581)
(6) Long-term borrowings	(306,800,000)	(307,182,235)	(382,235)
(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 September 30, 2020	As of March 31, 2021
	(1) Non-listed stock *1	577,168
(2) Deposits received from tenants *2	57,302,113	57,385,322

*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 September 30, 2020					
	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	21,499,934	—	—	—	—	—
Cash and deposits in trust	7,195,933	—	—	—	—	—
Total	28,695,867	—	—	—	—	—

	Thousands of yen					
	As of March 31, 2021					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	27,205,981	—	—	—	—	—
Cash and deposits in trust	7,147,852	—	—	—	—	—
Total	34,353,833	—	—	—	—	—

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

	Thousands of yen					
	As of September 30, 2020					
	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	31,000,000	—	—	—	—	—
Investment corporation bonds	—	—	—	10,000,000	10,000,000	12,993,175
Long-term borrowings	52,200,000	51,000,000	48,500,000	42,300,000	52,000,000	109,000,000
Total	83,200,000	51,000,000	48,500,000	52,300,000	62,000,000	121,993,175

	Thousands of yen					
	As of March 31, 2021					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term borrowings	18,000,000	—	—	—	—	—
Investment corporation bonds	—	—	10,000,000	—	20,000,000	12,993,175
Long-term borrowings	51,700,000	48,500,000	39,500,000	54,800,000	47,500,000	116,500,000
Total	69,700,000	48,500,000	49,500,000	54,800,000	67,500,000	129,493,175

(Derivative Transactions)

a. Derivatives not designated as hedging instruments

As of September 30, 2020

“Not applicable”

As of March 31, 2021

“Not applicable”

b. Derivatives designated as hedging instruments

As of September 30, 2020

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	57,300,000	46,800,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term borrowings	10,000,000	10,000,000	*1	—
Allocation Treatment for currency swap	Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange)	Investment corporation bonds	2,993,175	2,993,175	*2	—

As of March 31, 2021

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

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				Over one year		
Special Treatment for interest-rate swap	Receive floating, pay fixed interest-rate swap transactions	Long-term borrowings	46,800,000	26,300,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term borrowings	10,000,000	10,000,000	*1	—
Allocation Treatment for currency swap	Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange)	Investment corporation bonds	2,993,175	2,993,175	*2	—

*1. The derivative transactions eligible for Special Treatment for interest-rate swap and Integrated Treatment (Special Treatment for interest-rate swap and Allocation Treatment for currency swap) are accounted for as integral parts of the hedged loans, and the fair value of those derivative transactions is included in that of the underlying long-term borrowings as of September 30, 2020 and March 31, 2021. Please refer to page 19, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheadings (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 September 30, 2020 and March 31, 2021. Please refer to page 19, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheading (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 earnings or dividend distributions, paid to unitholders from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its profit available for dividends for the fiscal period as stipulated by Article 67-15 of the Special Taxation Measures Act. The significant components of deferred tax assets and liabilities as of September 30, 2020 and March 31, 2021 were as follows:

	Thousands of yen	
	As of September 30, 2020	As of March 31, 2021
Deferred tax assets:		
Accrued enterprise tax	897	971
Amortization of a term leasehold interest	105,861	111,337
Asset retirement obligations	123,154	124,395
	229,913	236,703
Valuation allowance	(127,560)	(134,276)
Total deferred tax assets	102,353	102,426
Deferred tax liabilities:		
Asset retirement obligations	101,455	101,455
Reserve for advanced depreciation of non-current assets	1,282,004	1,218,278
Total deferred tax liabilities	1,383,460	1,319,734
Net deferred tax liabilities	1,281,107	1,217,307

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate as of September 30, 2020 and March 31, 2021 was as follows:

	As of September 30, 2020	As of March 31, 2021
Statutory tax rate	34.59%	34.59%
Deductible dividend distribution	(34.57%)	(34.97%)
Change in valuation allowance	0.04%	0.04%
Others	0.00%	0.00%
Effective tax rate	0.06%	(0.34%)

(Asset Retirement Obligations)

For the six months ended September 30, 2020 and March 31, 2021

Asset retirement obligations reported on balance sheets

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

Change in the asset retirement obligations for the six months ended September 30, 2020 and March 31, 2021 consisted of the following:

	Thousands of yen	
	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2020 to March 31, 2021
Balance at the beginning of the period	352,489	356,041
Increase in tangible fixed assets	—	—
Accretion expense	3,551	3,587
Balance at the end of the period	356,041	359,628

(Investment and Rental Property)

For the six months ended September 30, 2020 and March 31, 2021

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

The book values on balance sheets as of September 30, 2020 and March 31, 2021 and the fair values as of September 30, 2020 and March 31, 2021 are as follows:

Thousands of yen			
Book value		Fair value	
As of March 31, 2020	Change during the period *1	As of September 30, 2020	As of September 30, 2020
955,228,960	12,213,246	967,442,207	1,253,980,000

Thousands of yen			
Book value		Fair value	
As of September 30, 2020	Change during the period *2	As of March 31, 2021	As of March 31, 2021
967,442,207	(4,281,843)	963,160,363	1,255,095,000

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

2. Significant changes

*1. As for the increases/decreases for the period, the major reason for the increases was the acquisition of Link Square Shinjuku (¥17,417,790 thousand). The major reason for the decreases was by depreciation.

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

3. Fair values as of September 30, 2020 and March 31, 2021 are defined as the appraised values provided by an external qualified professional appraiser. As of March 31, 2021, Otsuka Higashi-Ikebukuro Building, for which the disposition agreement was made dated March 31, 2021, was valued at the disposition price.

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

(Segment Information)

For the six months ended September 30, 2020 and March 31, 2021

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

Information on products and services

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

Information on geographic area

a. Revenue

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

b. Property and equipment

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

Information on major clients

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

(Per Unit Information)

The following table summarizes information about net assets per unit and profit per unit as of September 30, 2020 and March 31, 2021 and for the periods then ended, respectively:

	Yen	
	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2020 to March 31, 2021
Net assets per unit	372,002	371,974
Profit per unit	11,260	11,233

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

	Thousands of yen	
	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2020 to March 31, 2021
Profit	15,598,795	15,560,779
Amount not attributable to normal unitholders	—	—
Profit applicable to normal investment units	15,598,795	15,560,779
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

There is no change in the number of investment units outstanding and the amount of unitholders' capital during the period under review. Changes in the past five years are as follows.

Date	Remarks	Number of Units Outstanding		Total Unitholders' Capital (Millions of yen)		Notes
		Increase/Decrease	Balance	Increase/Decrease	Balance	
April 16, 2018	Issuance of new investment units (public offering)	69,000	1,378,310	35,659	493,675	*1
May 9, 2018	Issuance of new investment units (third-party allocation)	6,900	1,385,210	3,565	497,241	*2

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

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

4. Changes in Officers

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

5. Reference Data

a. Composition of the Company's Assets

Asset type	Region	As of September 30, 2020		As of March 31, 2021	
		Total of net book value*1 (¥ million)	Ratio to total assets (%)	Total of net book value*1 (¥ million)	Ratio to total assets (%)
Real property	Tokyo 23 wards	518,351	51.8	516,639	51.6
	Tokyo metropolitan area (excluding Tokyo 23 wards)*2	41,323	4.1	41,023	4.1
	Other major cities	80,612	8.1	80,015	8.0
	Total	640,287	64.0	637,677	63.7
Real property in trust	Tokyo 23 wards	238,275	23.8	237,210	23.7
	Tokyo metropolitan area (excluding Tokyo 23 wards)*2	16,056	1.6	15,969	1.6
	Other major cities	72,822	7.3	72,302	7.2
	Total	327,155	32.7	325,482	32.5
Savings and other assets		32,812	3.3	38,574	3.9
		(-)	(-)	(-)	(-)
Total amount of assets		1,000,254	100.0	1,001,734	100.0
		(967,442)	(96.7)	(963,160)	(96.1)

*1. Totals of net book value as of September 30, 2020 and March 31, 2021 are based on the total amounts from the balance sheets as of September 30, 2020 and March 31, 2021, respectively. Real property and real property in trust present the net book values after depreciation and amortization.

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

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

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

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

The table below is a quick reference guide outlining the real estate and other assets included in the Company's holdings as of March 31, 2021.

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Kitanomaru Square	Real property	5 *5	25,678 *5	100.0% *5	88,000	69,708	81,555,500	7.6%	78.0%
		MD Kanda Building	Real property	9	6,269	89.5%	9,010	8,571	9,520,000	0.9%	
		Kandabashi Park Building	Real property	10	3,687	100.0%	5,080	4,396	4,810,000	0.4%	
		Otemachi Financial City North Tower	Real property	2	5,112	62.3%	20,700	14,554	15,462,900	1.4%	
		Otemachi Park Building	Trust	22	2,372	100.0%	10,500	10,207	10,175,000	1.0%	
		Nibancho Garden	Real property	1 *5	9,316 *5	100.0% *5	18,500	12,021	14,700,000	1.4%	
		Mitsubishi UFJ Trust and Banking Building	Real property	10	11,904	100.0%	54,900	28,674	44,700,000	4.2%	
		Burex Kojimachi Building	Real property	1	4,495	100.0%	7,370	5,387	7,000,000	0.7%	
		Sanno Grand Building	Real property	46	20,545	98.9%	29,000	20,959	10,200,000 10,700,000 Total: 20,900,000	2.0%	
		Yurakucho Denki Building	Real property	9	4,697	97.7%	9,040	7,666	7,200,000	0.7%	
		Front Place Nihonbashi	Real property	2	8,468	100.0%	20,300 *6	17,450	17,560,000	1.6%	
		Kyodo Building (Kayabacho 2Chome)	Trust	10	4,464	100.0%	5,040	4,063	4,410,000	0.4%	
		Burex Kyobashi Building	Real property	1	4,279	100.0%	7,670	4,306	5,250,000	0.5%	
		Ginza 1Chome East Building	Trust	8	4,513	100.0%	7,930	6,060	6,459,000	0.6%	

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Ginza Sanwa Building	Real property	11	4,326	100.0%	18,900	17,099	16,830,000	1.6%	78.0%
		Ryoshin Ginza East Mirror Building	Real property	11	4,255	100.0%	6,340	7,207	5,353,500 2,645,922 *7 Total: 7,999,422	0.7%	
		Harumi Front	Real property	8	33,369	100.0%	40,800 *8	26,096	31,300,000	2.9%	
		Harumi Center Building	Real property	12	20,812	100.0%	21,000	21,092	26,800,000	2.5%	
		Akasaka Park Building	Real property	30 *5	44,999 *5	97.7% *5	80,700	58,032	60,800,000	5.7%	
		Aoyama Crystal Building	Real property	9	4,898	100.0%	9,390	7,012	7,680,000	0.7%	
		Clover Shiba-koen	Trust	9	2,550	100.0%	4,880 *6	4,404	4,500,000	0.4%	
		Shiodome Building	Trust	35	44,213	99.7%	125,000	100,219	21,250,000 54,600,000 10,100,000 10,450,000 10,530,000 Total: 106,930,000	10.0%	
		Shiba 2Chome Daimon Building	Trust	22	9,611	97.1%	7,870	5,970	4,859,000	0.5%	
		Cosmo Kanasugibashi Building	Trust	7	4,062	100.0%	3,710	2,483	2,808,000	0.3%	
		Seavans S Building	Real property	14	6,074	98.8%	7,160	5,645	5,400,000	0.5%	
		Tamachi Front Building	Real property	8	3,792	100.0%	7,930 *6	6,053	6,210,000	0.6%	
		Shinjuku Eastside Square	Trust	41	40,940	100.0%	74,500 *6	59,706	23,100,000 6,660,000 25,460,000 8,460,000 Total: 63,680,000	5.9%	
		Shinjuku Front Tower	Trust	39	21,416	96.9%	38,300 *6	34,574	25,025,000 10,100,000 Total: 35,125,000	3.3%	
		Shinwa Building	Real property	9	6,066	83.1%	9,080	7,704	7,830,000	0.7%	
		Tokyo Opera City Building*9	Real property	92	34,971	96.5%	35,600	27,936	9,350,000 22,426,831 Total: 31,776,831	3.0%	
		Front Place Minami-Shinjuku	Real property	2	4,095	100.0%	9,910 *6	9,302	9,250,000	0.9%	
Link Square Shinjuku	Real property	16	9,786	100.0%	23,300	22,767	6,670,000 (1,170,000) *10 17,300,000 Total: 22,800,000	2.1%			

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Yoyogi 1 Chome Building	Real Property	8	7,745	92.1%	13,300	6,674	8,700,000	0.8%	78.0%
		Jingumae Terrace	Real property	6	3,147	100.0%	7,400	4,805	4,885,000	0.5%	
		Jingumae Media Square Building	Real property	6	5,558	100.0%	10,000	10,748	12,200,000*11	1.1%	
		Shibuya Cross Tower (Land)	Real property	*12	*12	*12	40,200	27,186	34,600,000 (8,076,000)*13 Total: 26,524,000	2.5%	
		Ebisu Neonato	Real property	5	8,659	100.0%	19,600	13,706	3,740,000 360,000 10,512,000 Total: 14,612,000	1.4%	
		TIXTOWER UENO	Real property	16	15,016	100.0%	26,100	18,380	22,000,000	2.1%	
		Higashi Gotanda 1Chome Building	Real property	5	5,205	100.0%	6,970	4,237	5,500,000	0.5%	
		Osaki Front Tower*14	Real property	1	16,856	100.0%	18,500*8	7,644	12,300,000	1.1%	
		Omori-Eki Higashiguchi Building	Trust	27	7,706	100.0%	6,230	4,675	5,123,000	0.5%	
		Harmony Tower	Real property	23	14,340	95.4%	14,500	9,638	8,500,000 520,000 2,100,000 Total: 11,120,000	1.0%	
		Otsuka Higashi Ikebukuro Building	Trust	5	7,253	98.7%	4,850	3,280	3,541,000	0.3%	
		Ikebukuro 2Chome Building	Trust	9	2,186	100.0%	1,950	1,565	1,728,000	0.2%	
		Ikebukuro YS Building	Real property	11	5,932	100.0%	6,100	3,965	4,500,000	0.4%	
	Tokyo metropolitan area, excluding Tokyo 23 wards	Hachioji First Square	Real property	45	10,068	94.1%	5,010	4,754	3,300,000 2,379,112 Total: 5,679,112	0.5%	6.2%
		Saitama Urawa Building	Real property	18	4,510	100.0%	3,070	2,442	1,232,000 1,342,000 Total: 2,574,000	0.2%	
		MM Park Building	Real property	33	38,415	99.3%	41,500	30,142	37,400,000	3.5%	
		Queen's Tower A	Trust	50	26,669	99.3%	23,700*6	15,969	17,200,000	1.6%	
		Musashi Kosugi STM Building	Real property	26	5,378	97.8%	4,660	3,684	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%	9,640	5,491	7,100,000	0.7%	15.8%
	Jozenji Park Building	Real property	18	2,518	76.9%	1,050	946	1,000,000	0.1%	
	Higashi Nibancho Square	Real property	23	20,526	100.0%	14,400*8	8,394	9,950,000	0.9%	
	Sendai Honcho Honma Building	Trust	28	6,234	100.0%	2,770	2,785	2,924,000 250,000 Total: 3,174,000	0.3%	
	AER	Real property	62	23,612	94.8%	20,700	18,106	18,640,000	1.7%	
	Daido Seimei Niigata Building	Real property	10	3,928	100.0%	1,850	1,718	1,770,000	0.2%	
	Kanazawa Park Building	Real property	84	20,946	98.7%	6,860	4,424	2,880,000 1,700,000 Total: 4,580,000	0.4%	
	Kanazawa Kamitsutsumicho Building	Real property	27	7,213	98.1%	3,170	2,415	2,780,000	0.3%	
	Nishiki Park Building*15	Real property	63*5	10,338*5	99.2%*5	5,260	4,910	3,850,000 1,300,000 650,000 175,000 Total: 5,975,000	0.6%	
	Nagoya Hirokoji Place	Trust	31	13,200	87.9%	13,800*6	7,657	8,567,000	0.8%	
	Nagoya Hirokoji Building	Real property	42	21,382	99.5%	12,600	14,774	14,533,000	1.4%	
	Nagoya Misono Building	Real property	17	3,448	100.0%	1,550	1,349	1,865,000	0.2%	
	Shijo Karasuma Center Building	Real property	13	6,634	86.8%	6,950*6	3,667	4,400,000	0.4%	
	Umeda Square Building*16	Trust	38	10,375	97.8%	15,800	15,677	15,523,520	1.5%	
	Shin Fujita Building	Trust	47	28,403	99.1%	20,000	21,063	24,000,000	2.2%	
Sakaisujihonmachi Building	Real property	24	11,520	100.0%	3,890	3,527	2,264,000 1,900,000 Total: 4,164,000	0.4%		

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2
								(¥ thousand)	Ratio *2	
Other major cities	Midosuji Daiwa Building	Trust	40	20,450	99.2%	14,700	13,612	6,934,000 7,380,000 Total: 14,314,000	1.3%	15.8%
	Amagasaki Front Building	Trust	26	15,500	91.0%	10,100	8,158	9,300,000	0.9%	
	Lit City Building	Real property	28	8,885	100.0%	4,700	2,416	4,650,000 (555,131) *17 Total: 4,094,868	0.4%	
	NHK Hiroshima Broadcasting Center Building	Real property	13	9,881	89.6%	3,550	2,961	1,320,000 1,450,000 Total: 2,770,000	0.3%	
	Tosei Tenjin Building	Real property	18	3,995	94.3%	1,710	1,313	1,550,000	0.1%	
	Tenjin Crystal Building	Real property	30	5,964	100.0%	3,120	3,598	5,000,000	0.5%	
	Hinode Tenjin Building	Trust	2	5,944	100.0%	4,700	3,348	3,657,000	0.3%	
	Total		1,497	873,873	97.9%	1,253,920	963,160	1,070,574,154	100.0%	

- *1. The total number of tenants is based on the gross number of tenants in each building. Each instance of occupancy of a single tenant leasing space is considered separately on a per property basis even if said tenant leases floor area in multiple properties.
- *2. Occupancy rate, ratio of acquisition price and ratio by region are rounded to the nearest first decimal place.
- *3. Appraisal value at the end of period is, as a rule, the value assessed by real estate appraisers based on the Company's Articles of Incorporation and the Cabinet Office Ordinance on Accountings of Investment Corporations. The book closing date is used as the appraisal date and the appraisal value is calculated by Daiwa Real Estate Appraisal Co., Ltd.
- *4. Incidental expenses arising from acquisitions are not included in the acquisition price.
- *5. Residential portions are not included in the total number of tenants, the occupancy rate or the leasable floor area for Kitanomaru Square, Nibancho Garden, Akasaka Park Building or Nishiki Park Building. The residential portions for these properties are as follows: Kitanomaru Square, leasable floor area: 11,694m², occupancy rate: 98.9%; Nibancho Garden, leasable floor area: 1,686m², occupancy rate: 100.0%; Akasaka Park Building, leasable floor area: 10,780m², occupancy rate: 94.4%; Nishiki Park Building, leasable floor area: 954m², occupancy rate: 67.9%.
- *6. Appraisal values by Japan Real Estate Institute.
- *7. This includes the acquisition price of the land and building adjacent to Ryoshin Ginza East Mirror Building dated July 4, 2008, the cost of the adjacent building's demolition and the total expense of the construction and expansion of the Ryoshin Ginza East Mirror Building (excluding brokerage fees and other acquisition-related expenses) after its completion on May 24, 2010.
- *8. Appraisal values by Chuo Real Estate Appraisal Co., Ltd.
- *9. Accompanying the acquisition of Tokyo Opera City Building on September 13, 2005, the Company acquired 33 shares of Tokyo Opera City Building Co., Ltd. (the business that maintains, services and operates the building) at a total acquisition price of 2,797 thousand yen and inherited the 874 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller. In an additional acquisition, on March 24, 2010, the Company acquired 91 shares of Tokyo Opera City Building Co., Ltd. at a total acquisition price of 7,539 thousand yen. Concurrently, the Company acquired 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. (the supplier of heat to the building) at a total acquisition price of 566,831 thousand yen, inheriting the 2,360 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller.
Regarding the appraisal value at the end of the fiscal period of the above-mentioned shares, the 124 shares of Tokyo Opera City Building Co., Ltd. are valued at 10,336 thousand yen and the 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. are valued at 566,831 thousand yen.
- *10. Because the building was disposed on August 23, 2013, the acquisition price of the building at the time of the land and building purchase dated March 24, 2004, has been deducted.
- *11. This is the acquisition price dated October 9, 2003, and includes a portion of the site disposed on October 30, 2009 (cost of investment sold, 614 million yen).
- *12. Because the building portion of Shibuya Cross Tower (land with leasehold interest) was disposed on January 18, 2018, no total number of tenants, leasable floor area or occupancy rate are provided. Furthermore, the 5,153 m² portion of land still held is being

rented to the transferee of the building, Mitsubishi Estate Co., Ltd.

- *13. Because the building was disposed on January 18, 2018, the acquisition price of the building at the time of the land and building purchase dated November 30, 2001, has been deducted.
- *14. On acquiring Osaki Front Tower, the Company inherited the land renter's lease deposit of 1,040,000 thousand yen held by the seller of the building. The value of the lease deposit was appraised at the end of the fiscal period and remained unchanged.
- *15. On acquiring Nishiki Park Building on October 2, 2006, the Company inherited the 9,000 thousand yen lease deposit made by the land renters held by the seller of the building.
- *16. Trust assets of the trust beneficiary right acquired by the Company include a claim for 500,000 thousand yen of deposit for construction to connect to underground shopping centers given to Osaka Shigaichi Kaihatsu Co., Ltd., which was held by the previous owner.
- *17. Because the retail units were disposed on September 28, 2018, the acquisition price of the retail units at the time of the land and building purchase dated February 1, 2006, has been deducted.
- *18. In the above quick reference guide, if the real estate or other assets are classified as shared ownership or compartmental ownership, only the real estate or other assets owned by the Company are presented and the portions owned by the other shared owners or compartmental owners are excluded.

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

The table below is a quick reference guide outlining the revenues and expenses on each real estate and other asset for the March 2021 period (October 1, 2020 – March 31, 2021). Furthermore, the income summary is presented based on the previously mentioned “Summary of Significant Accounting Policies.”

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2020 – March 31, 2021)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
Kitanomaru Square	1,750	711	132	39	97	1	25	414	-	1,038	1,453	38	1,415
MD Kanda Building	230	80	15	11	22	0	2	28	-	149	178	18	160
Kandabashi Park Building	127	42	2	-	18	0	3	18	-	84	103	9	93
Otemachi Financial City North Tower	345	179	38	14	51	0	0	74	-	165	240	21	218
Otemachi Park Building	183	56	8	10	-	0	0	37	-	126	164	-	164
Nibancho Garden	481	223	61	20	56	0	23	60	-	257	318	8	310
Mitsubishi UFJ Trust and Banking Building	981	378	55	45	160	0	25	89	1	602	691	75	615
Burex Kojimachi Building	162	52	-	-	14	0	3	34	-	109	143	74	69
Sanno Grand Building	965	353	101	39	123	0	11	76	0	611	688	16	671
Yurakucho Denki Building	275	136	32	19	49	0	7	26	-	139	166	44	122
Front Place Nihonbashi	399	144	23	14	40	0	1	64	-	255	319	1	318
Kyodo Building (Kayabacho 2Chome)	157	52	10	6	12	0	1	22	-	104	126	-	126
Burex Kyobashi Building	158	37	-	-	12	0	2	22	-	120	143	1	141
Ginza 1Chome East Building	189	81	14	7	11	0	0	47	-	107	154	-	154
Ginza Sanwa Building	378	154	28	11	85	0	4	24	0	224	249	1	247
Ryoshin Ginza East Mirror Building	167	80	14	7	16	0	1	40	-	86	127	8	118
Harumi Front	1,189	589	132	63	81	1	5	304	-	599	904	0	903
Harumi Center Building	598	299	76	30	49	0	2	139	-	298	438	1	436
Akasaka Park Building	2,308	1,181	238	190	277	3	56	416	-	1,127	1,543	216	1,326
Aoyama Crystal Building	242	103	14	7	33	0	25	21	-	139	160	59	101
Clover Shiba-koen	117	48	9	4	6	0	4	22	-	68	91	1	90
Shiodome Building	2,362	917	179	83	195	1	42	409	4	1,445	1,855	55	1,799
Shiba 2Chome Daimon Building	301	156	33	16	40	0	3	61	0	145	206	4	202
Cosmo Kanasugibashi Building	124	48	11	5	13	0	1	14	-	76	91	-	91

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2020 – March 31, 2021)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
			Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses				
Seavans S Building	254	124	35	25	0	0	18	43	0	130	173	35	138
Tamachi Front Building	169	66	11	6	14	0	2	31	-	102	134	-	134
Shinjuku Eastside Square	1,819	599	103	80	108	1	4	300	0	1,219	1,520	2	1,517
Shinjuku Front Tower	941	358	72	37	61	0	15	171	-	583	754	9	744
Shinwa Building	220	108	27	9	20	0	12	38	0	112	150	15	135
Tokyo Opera City Building*1	1,582	1,127	*1	*1	*1	*1	*1	*1	*1	455	*1	485	*1
Front Place Minami- Shinjuku	198	85	15	9	25	0	2	30	-	112	143	-	143
Link Square Shinjuku	636	223	41	25	24	0	-	131	-	412	544	-	544
Yoyogi 1Chome Building	310	108	28	14	25	0	0	39	0	201	240	-	240
Jingumae Terrace	189	61	10	6	20	0	7	16	-	128	144	3	141
Jingumae Media Square Building	229	200	36	14	59	0	43	45	0	29	74	177	(102)
Shibuya Cross Tower(Land)	540	85	-	-	85	-	-	-	-	454	454	-	454
Ebisu Neonato	478	207	51	15	38	1	4	95	-	271	367	7	359
TIXTOWER UENO	666	323	64	25	37	1	3	191	-	343	534	12	522
Higashi Gotanda 1Chome Building	193	74	15	11	14	0	6	25	0	118	144	-	144
Osaki Front Tower	716	449	66	31	26	0	3	224	95	267	491	4	486
Omori-Eki Higashiguchi Building	240	116	28	13	25	0	10	39	0	123	162	24	138
Harmony Tower	469	269	149	-	56	0	12	50	-	199	249	-	249
Otsuka Higashi Ikebukuro Building	202	98	21	16	12	0	4	42	-	103	146	-	146
Ikebukuro 2Chome Building	71	39	8	4	5	0	12	8	-	32	40	13	27
Ikebukuro YS Building	209	79	17	11	15	0	2	32	-	130	162	-	162
Hachioji First Square	233	117	50	5	26	0	0	34	-	116	151	3	147
Saitama Urawa Building	127	58	14	8	8	0	8	17	-	68	86	22	63
MM Park Building	1,284	668	137	130	80	1	18	299	0	616	915	38	876
Queen's Tower A	990	698	203	80	116	2	50	238	6	292	530	145	385
Musashi Kosugi STM Building	170	101	22	3	12	0	35	27	0	68	96	14	81

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2020 – March 31, 2021)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
			Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses				
8・3 Square Kita Building	365	181	29	55	23	0	1	70	-	184	254	4	250
Jozenji Park Building	52	35	9	5	7	0	1	11	-	17	28	6	22
Higashi Nibancho Square	593	252	71	35	41	0	2	101	0	341	442	0	441
Sendai Honcho Honma Building	143	67	17	12	16	0	3	18	-	75	93	16	77
AER	660	324	88	45	65	0	0	124	-	335	459	-	459
Daido Seimei Niigata Building	77	63	13	5	6	0	0	36	-	13	50	7	42
Kanazawa Park Building	530	324	97	40	67	1	35	82	0	205	288	240	48
Kanazawa Kamitsutsumicho Building	141	83	18	13	9	0	1	40	-	57	97	0	97
Nishiki Park Building	294	168	54	18	25	0	4	58	6	125	184	23	161
Nagoya Hirokoji Place	372	177	41	22	35	0	2	74	-	195	269	20	248
Nagoya Hirokoji Building	592	354	87	35	66	0	6	157	0	237	395	1	394
Nagoya Misono Building	77	55	10	4	6	0	4	30	-	21	51	1	50
Shijo Karasuma Center Building	202	101	30	10	11	0	3	44	0	100	145	11	133
Umeda Square Building	464	216	58	21	52	0	5	78	0	248	326	30	295
Shin Fujita Building	776	487	91	51	78	1	15	249	-	289	539	48	490
Sakaisujihonmachi Building	253	139	42	24	36	0	9	26	-	114	140	0	139
Midosuji Daiwa Building	564	286	68	37	77	0	3	98	-	278	376	-	376
Amagasaki Front Building	529	224	65	19	26	0	6	104	1	305	409	9	400
Lit City Building	228	106	26	12	16	1	13	35	-	122	157	-	157
NHK Hiroshima Broadcasting Center Building	237	194	49	20	24	0	16	58	25	42	100	65	34
Tosei Tenjin Building	91	40	13	6	7	0	1	11	-	51	62	-	62
Tenjin Crystal Building	167	122	22	15	19	0	1	63	-	44	108	-	108
Hinode Tenjin Building	182	75	21	15	14	0	1	21	-	107	128	-	128
Total	34,944	16,648	3,792	1,959	3,295	45	823	6,529	201	18,296	24,825	2,163	22,661

*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) 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
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Upgrade of air conditioning facilities	From April 2021 To December 2021	144	—	—
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of air conditioning facilities	From June 2020 To June 2021	80	—	—
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Elevator renewal construction	From April 2021 To December 2021	56	—	—

(ii) Capital expenditures during the period under review

For acquired real estate and other assets, capital expenditures incurred in the period under review totaled ¥2,163 million and repair, maintenance and renovation expenses classified as expenses in the period under review totaled ¥823 million, for a total of ¥2,987 million worth of construction that has been carried out.

The major item in the capital expenditure was the upgrade of air conditioning facilities of Kanazawa Park Building.

Name of property (Location)	Purpose	Period	Expenditures for construction (¥ million)
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Upgrade of air conditioning facilities	From April 2020 To December 2020	220
Jingumae Media Square Building (Shibuya-ku, Tokyo)	Construction work	From September 2020 To January 2021	156
Burex Kojimachi Building (Chiyoda-ku, Tokyo)	Upgrade of electrical equipment	From October 2020 To March 2021	74
Other real estate			1,712
Total			2,163

(iii) Money Saved for Long-term Repair Plans

“Not applicable”

e. Expenses and Liabilities

(i) Details on Operation-related Expenses

Item	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2020 to March 31, 2021
(a) Asset management fees *	¥1,456,400 thousand	¥1,433,297 thousand
(breakdown) NOI-linked fee	¥997,747 thousand	¥993,010 thousand
Distribution-linked fee	¥458,653 thousand	¥440,286 thousand
(b) Asset custody fees	¥64,692 thousand	¥64,705 thousand
(c) Administrative service fees	¥133,043 thousand	¥134,140 thousand
(d) Directors' compensations	¥7,800 thousand	¥7,800 thousand
(e) Commission expenses	¥89,743 thousand	¥105,520 thousand
(f) Other operating expenses	¥67,293 thousand	¥71,203 thousand
Total	¥1,818,973 thousand	¥1,816,667 thousand

* In addition to the asset management fees listed above, in the case that a property is acquired, an "acquisition fee" is included in the acquisition cost of the property and paid to the asset management company. In the case that a property is sold, a "disposition fee" is included in the loss on sale and paid to the asset management company. These fees are calculated by multiplying the buying/selling price of the property by a fee rate. In the period ended September 30, 2020, the acquisition fee amounted to ¥86,500 thousand, and in the period ended March 31, 2021, these fees amounted to ¥0.

(ii) Borrowings

The condition of loans by financial institutions as of March 31, 2021 is as follows.

	Classification	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	Lender								
Short-term borrowings	MUFG Bank, Ltd. *3	August 18, 2020	11,000,000	—	0.109	November 18, 2020	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Sumitomo Mitsui Trust Bank, Limited	December 26, 2019	1,300,000	—	0.120	December 28, 2020 *4			
	MUFG Bank, Ltd.	January 15, 2021	—	—	0.11818	January 29, 2021			
	MUFG Bank, Ltd. *5	November 18, 2020	—	—	0.11909	February 18, 2021			
	Sumitomo Mitsui Banking Corporation	March 27, 2020	5,000,000	—	0.120	March 29, 2021 *6			
	Sumitomo Mitsui Trust Bank, Limited	March 30, 2020	1,700,000	—	0.120	March 30, 2021 *7			
	Sumitomo Mitsui Trust Bank, Limited	April 20, 2020	2,000,000	2,000,000	0.11308	April 20, 2021			
	MUFG Bank, Ltd.	April 20, 2020	5,000,000	—	0.120	April 20, 2021 *8			
	Mizuho Bank, Ltd.	April 20, 2020	5,000,000	5,000,000	0.11308	April 20, 2021			
	MUFG Bank, Ltd. *9	February 18, 2021	—	11,000,000 *9	0.11909	May 18, 2021			
	Subtotal		31,000,000	18,000,000					
Long-term borrowings	The Yamaguchi Bank, Ltd.	October 29, 2012	2,000,000	—	0.800	October 29, 2020	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	MUFG Bank, Ltd.	December 21, 2012	5,000,000	—	0.80125	December 21, 2020			
	MUFG Bank, Ltd.	December 21, 2012	5,000,000	—	0.80125	December 21, 2020			
	MUFG Bank, Ltd.	January 15, 2013	5,500,000	—	0.83625	January 15, 2021			
	MUFG Bank, Ltd.	January 31, 2014	4,000,000	—	0.64225	January 29, 2021			
	The Bank of Fukuoka, Ltd.	January 31, 2014	2,500,000	—	0.63849	January 29, 2021			
	Sumitomo Mitsui Trust Bank, Limited	January 31, 2014	2,000,000	—	0.62575	January 29, 2021			
	The Iyo Bank, Ltd.	March 24, 2014	2,000,000	—	0.6035	March 24, 2021			
	MUFG Bank, Ltd.	April 4, 2017	5,000,000	5,000,000	0.00064 *11	April 5, 2021 *10			
	MUFG Bank, Ltd.	April 24, 2013	5,000,000	5,000,000	0.775	April 26, 2021 *10			
	Mizuho Bank, Ltd.	June 15, 2012	4,000,000	4,000,000	1.07375	June 15, 2021 *10			
	Sumitomo Mitsui Trust Bank, Limited	December 26, 2016	3,700,000	3,700,000	0.1913	June 28, 2021 *10			
	Sumitomo Mitsui Banking Corporation	January 19, 2018	5,000,000	5,000,000	0.16255	July 20, 2021 *10			

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
The Iyo Bank, Ltd.	October 1, 2014	1,000,000	1,000,000	0.46525	October 1, 2021 *10				
The Chugoku Bank, Limited	October 1, 2014	1,000,000	1,000,000	0.4725	October 1, 2021 *10				
Daishi Hokuetsu Bank, Ltd. *12 (former The Daishi Bank, Ltd.)	November 14, 2014	1,800,000	1,800,000	0.463	November 15, 2021 *10				
Sony Bank Incorporated		1,400,000	1,400,000						
The Toho Bank, Ltd.		1,400,000	1,400,000						
Daishi Hokuetsu Bank, Ltd. *12 (former The Hokuetsu Bank, Ltd.)		1,400,000	1,400,000						
The Shinkumi Federation Bank		1,000,000	1,000,000						
The Akita Bank, Ltd.		900,000	900,000						
The Gunma Bank, Ltd.		900,000	900,000						
The 77 Bank, Ltd.		900,000	900,000						
The Tochigi Bank, Ltd.		900,000	900,000						
The Fukui Bank, Ltd.		900,000	900,000						
The Bank of Iwate, Ltd.		500,000	500,000						
The Higo Bank, Ltd.		500,000	500,000						
The Yamagata Bank, Ltd.		500,000	500,000						
The Nishi-Nippon City Bank, Ltd.	June 17, 2014	2,000,000	2,000,000	0.621	December 17, 2021 *10				
Sumitomo Mitsui Banking Corporation	January 7, 2013	2,000,000	2,000,000	0.980	January 7, 2022 *10				
Mizuho Bank, Ltd.	January 15, 2013	5,000,000	5,000,000	0.96625	January 17, 2022 *10				
The Norinchukin Bank	January 31, 2014	3,500,000	3,500,000	0.757	January 31, 2022 *10				
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				

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 Gunma Bank, Ltd.	August 10, 2015	1,000,000	1,000,000	0.3925	August 10, 2022				
The Shinkumi Federation Bank		1,000,000	1,000,000						
Daishi Hokuetsu Bank, Ltd. *12 (former The Daishi Bank, Ltd.)		1,000,000	1,000,000						
The Chugoku Bank, Limited		1,000,000	1,000,000						
The Toho Bank, Ltd.		1,000,000	1,000,000						
The Fukui Bank, Ltd.		1,000,000	1,000,000						
The Tochigi Bank, Ltd.		500,000	500,000						
MUFG Bank, Ltd.		September 1, 2015	2,000,000			2,000,000	0.47125	September 1, 2022	
The Hachijuni Bank, Ltd.	December 20, 2017	1,000,000	1,000,000	0.1863	December 20, 2022				
Development Bank of Japan Inc.	January 7, 2013	3,000,000	3,000,000	1.115	January 6, 2023				
Daishi Hokuetsu Bank, Ltd. *12 (former 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				

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	Sumitomo Mitsui Trust Bank, Limited	November 29, 2018	3,000,000	3,000,000	0.1694	May 29, 2023	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	MUFG Bank, Ltd.	June 1, 2017	12,000,000	12,000,000	0.01172 *11	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 *13	December 19, 2023			
	MUFG Bank, Ltd.	March 26, 2018	5,000,000	5,000,000	0.00045 *11	March 26, 2024			
	The Hachijuni Bank, Ltd.	March 26, 2018	1,000,000	1,000,000	0.2338	March 26, 2024			
	Sumitomo Mitsui Trust Bank, Limited	May 29, 2019	5,000,000	5,000,000	0.075	May 29, 2024			
	The Iyo Bank, Ltd.	June 15, 2017	2,500,000	2,500,000	0.275	June 17, 2024			
	The Hachijuni Bank, Ltd.	June 15, 2017	1,000,000	1,000,000	0.275	June 17, 2024			
	MUFG Bank, Ltd.	September 1, 2015	3,500,000	3,500,000	0.630	September 2, 2024			
	Sumitomo Mitsui Trust Bank, Limited	September 2, 2015	3,800,000	3,800,000	0.536	September 2, 2024			
	The Norinchukin Bank	September 1, 2017	5,000,000	5,000,000	0.240	September 2, 2024			
	Sumitomo Mitsui Trust Bank, Limited	September 26, 2019	5,500,000	5,500,000	0.105	September 26, 2024			
	Taiyo Life Insurance Company	October 1, 2014	2,000,000	2,000,000	0.7825	October 1, 2024			
	Mizuho Bank, Ltd.	October 1, 2015	2,500,000	2,500,000	0.5575	October 1, 2024			
	The Gunma Bank, Ltd.	November 18, 2019	1,000,000	1,000,000	0.1264 *11	November 18, 2024			
	MUFG Bank, Ltd.	June 1, 2018	10,000,000	10,000,000	0.2544	December 2, 2024			
	Shinkin Central Bank	January 7, 2020	2,000,000	2,000,000	0.2075	January 7, 2025			
	The Ashikaga Bank, Ltd.	January 9, 2018	1,000,000	1,000,000	0.285	January 9, 2025			
	Mizuho Trust & Banking Co., Ltd.	March 2, 2015	3,000,000	3,000,000	0.5585	March 3, 2025			

Classification	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes	
	Lender								
Long-term borrowings	MUFG Bank, Ltd.	March 26, 2018	2,000,000	2,000,000	0.2725	March 26, 2025	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Development Bank of Japan Inc.	March 30, 2017	5,000,000	5,000,000	0.315	March 31, 2025			
	Taiyo Life Insurance Company	May 29, 2015	1,500,000	1,500,000	0.7375	May 29, 2025			
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2020	7,000,000	7,000,000	0.2075	June 16, 2025			
	Sumitomo Mitsui Trust Bank, Limited	August 31, 2018	3,000,000	3,000,000	0.320	August 29, 2025			
	Development Bank of Japan Inc.	September 1, 2015	7,000,000	7,000,000	0.7175	September 1, 2025			
	Sumitomo Mitsui Trust Bank, Limited	September 23, 2020	5,000,000	5,000,000	0.1475	September 24, 2025			
	Mizuho Bank, Ltd.	December 26, 2016	5,000,000	5,000,000	0.3625	December 26, 2025			
	Sumitomo Mitsui Trust Bank, Limited	January 29, 2021	—	2,000,000	0.1625	January 29, 2026			
	MUFG Bank, Ltd.	February 26, 2018	6,500,000	6,500,000	0.3413	February 26, 2026			
	Mizuho Bank, Ltd.	March 27, 2018	5,500,000	5,500,000	0.300	March 27, 2026			
	Shinkin Central Bank	March 30, 2017	5,000,000	5,000,000	0.360	March 30, 2026			
	The Norinchukin Bank	January 23, 2019	4,000,000	4,000,000	0.1988	July 23, 2026			
	Shinkin Central Bank	September 1, 2017	5,000,000	5,000,000	0.3188	September 1, 2026			
	MUFG Bank, Ltd.	October 31, 2016	3,000,000	3,000,000	0.240	October 30, 2026			
	Mizuho Bank, Ltd.	December 21, 2016	5,000,000	5,000,000	0.415	December 21, 2026			
	Shinkin Central Bank	January 23, 2019	5,000,000	5,000,000	0.2213	January 25, 2027			
	Shinkin Central Bank	April 24, 2018	6,000,000	6,000,000	0.3675	April 26, 2027			
	The Norinchukin Bank	July 3, 2020	2,000,000	2,000,000	0.24375	July 5, 2027			
	The Joyo Bank, Ltd.	January 9, 2018	1,000,000	1,000,000	0.4188	January 11, 2028			
	Sumitomo Mitsui Banking Corporation	January 19, 2018	3,000,000	3,000,000	0.4338	January 19, 2028			
The Bank of Fukuoka, Ltd.	January 29, 2021	—	2,500,000	0.21875	January 31, 2028				
Mizuho Bank, Ltd.	March 30, 2018	4,000,000	4,000,000	0.3963	March 30, 2028				

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	MUFG Bank, Ltd.	March 30, 2018	4,000,000	4,000,000	0.3963	March 30, 2028	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Taiyo Life Insurance Company	March 30, 2018	1,000,000	1,000,000	0.3963	March 30, 2028			
	Mizuho Bank, Ltd.	November 15, 2019	8,500,000	8,500,000	0.34875	November 15, 2028			
	Shinkin Central Bank	January 15, 2020	5,000,000	5,000,000	0.325	January 15, 2029			
	Mizuho Bank, Ltd.	November 1, 2019	6,000,000	6,000,000	0.35125	November 1, 2029			
	MUFG Bank, Ltd.	January 15, 2020	5,500,000	5,500,000	0.3625	January 15, 2030			
	MUFG Bank, Ltd.	April 27, 2020	5,000,000	5,000,000	0.35875	April 26, 2030			
	Mizuho Bank, Ltd.	April 27, 2020	5,000,000	5,000,000	0.35875	April 26, 2030			
	MUFG Bank, Ltd.	June 15, 2020	4,000,000	4,000,000	0.36125	June 14, 2030			
	MUFG Bank, Ltd.	October 20, 2020	—	5,000,000	0.2925	October 18, 2030			
	MUFG Bank, Ltd.	December 21, 2020	—	10,000,000	0.2825	December 20, 2030			
	The Iyo Bank, Ltd.	March 24, 2021	—	2,000,000	0.17909 *11	March 24, 2031			
	The Yamanashi Chuo Bank, Ltd.	March 26, 2019	2,000,000	2,000,000	0.3688	March 26, 2031			
	The Norinchukin Bank *14	January 29, 2021	—	5,000,000	0.35625	July 31, 2031			
	The Norinchukin Bank *15	January 29, 2021	—	5,000,000	0.3775	January 30, 2032			
	Sumitomo Life Insurance Company	March 26, 2019	1,000,000	1,000,000	0.505	March 27, 2034			
	Sumitomo Life Insurance Company	December 16, 2019	2,000,000	2,000,000	0.490	December 18, 2034			
	Subtotal		355,000,000	358,500,000					
	Total		386,000,000	376,500,000					

- *1. The average for floating interest rates is recorded as the weighted average during the period. The average is rounded off to the fifth decimal place. The weighted average for interest rates of loans for which floating interest rates were swapped to fixed rates in order to hedge the risk of interest rate fluctuations is calculated taking the effect of this swap into consideration.
- *2. The purposes of executing these loans are to purchase real properties or beneficiary right of real estate in trust, to repay existing loans, and to fund the redemption of investment corporation bonds.
- *3. As of August 18, 2020, MUFG Bank, Ltd. transferred its loan receivable of ¥7,700 million to Mitsubishi UFJ Trust and Banking Corporation.
- *4. The Company made a full repayment (¥1,300 million) before maturity on October 26, 2020.
- *5. As of November 18, 2020, MUFG Bank, Ltd. transferred its loan receivable of ¥10,400 million to Mitsubishi UFJ Trust and Banking Corporation.
- *6. The Company made a full repayment (¥5,000 million) before maturity on October 27, 2020.
- *7. The Company made a full repayment (¥1,700 million) before maturity on October 30, 2020.
- *8. The Company made a full repayment (¥5,000 million) before maturity on October 20, 2020.

- *9. As of February 18, 2021, MUFG Bank, Ltd. transferred its loan receivable of ¥10,400 million to Mitsubishi UFJ Trust and Banking Corporation.
- *10. 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.
- *11. These are floating rate borrowings which are not swapped into fixed rates.
- *12. As of January 1, 2021, The Daishi Bank, Ltd. and The Hokuetsu Bank, Ltd. merged and changed their corporate names to Daishi Hokuetsu Bank, Ltd.
- *13. 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.
- *14. The applicable interest rate will be lowered by 0.01% from the original rate of 0.35625% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO2 emissions reduction and the number of ZEB-certified buildings the Company owns, respectively, is achieved.
- *15. The applicable interest rate will be lowered by 0.01% from the original rate of 0.3775% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO2 emissions reduction and the number of ZEB-certified buildings the Company owns, respectively, is achieved.

(iii) Investment Corporation Bonds

Outstanding investment corporation bonds as of March 31, 2021 are as follows.

Securities	Date of issue	Balance at beginning of current period (¥ thousand)	Balance at end of current period (¥ thousand)	Interest rate (%)	Repayment period	Repayment method	Use of proceeds	Notes
4th unsecured investment corporation bond	September 29, 2005	10,000,000	10,000,000	2.56	September 29, 2025	Bullet	*1	*2
10th unsecured investment corporation bond	March 30, 2017	10,000,000	10,000,000	0.3975	March 30, 2027	Bullet	*1	*2 *3
11th unsecured investment corporation bond	October 26, 2017	2,993,175	2,993,175	0.2788	October 26, 2027	Bullet	*1	*2 *3 *4
12th unsecured investment corporation bond (Japan Real Estate Investment Green Bonds)	November 1, 2018	10,000,000	10,000,000	0.23	November 1, 2023	Bullet	*1	*2
13th unsecured investment corporation bond	October 26, 2020	—	10,000,000	0.20	October 24, 2025	Bullet	*1	*2
Total		32,993,175	42,993,175					

- *1. The investment corporation bonds are primarily used to fund the acquisition of real properties or beneficiary right of real estate in trust, and to repay existing loans.
- *2. Financial covenants, such as a negative pledge, are not included in these bonds.
- *3. Bond issuance was limited to qualified institutional investors by a private placement.
- *4. For the purpose of avoiding foreign currency risk with respect to foreign currency investment corporation bonds, the Company engages in currency swap transactions to fix the exchange rates. Considering the effects of the currency swap transactions, the balances and interest rates are reflected in the schedule.

(iv) New Unit Acquisition Rights

“Not applicable”

f. Examination of the Value of Specified Assets

(i) Real Estate, etc.
“Not applicable”

(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 October 1, 2020 to March 31, 2021, there was no transaction that was subject to such inspections.

g. Transactions with Interested Parties (from October 1, 2020 to March 31, 2021)

(i) Transactions
“Not applicable”

(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	¥3,792,045 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥2,431,521 thousand	64.1 %
		Mitsubishi Estate Co., Ltd.	¥169,694 thousand	4.5 %
		Mitsubishi Real Estate Services Co., Ltd.	¥39,027 thousand	1.0 %
		Yuden Building Kanri Co., Ltd.	¥30,041 thousand	0.8 %
		Mitsubishi Estate Parks Co., Ltd.	¥1,087 thousand	0.0 %
Utilities expenses	¥1,959,967 thousand	Minato Mirai 21 District Heating and Cooling Co., Ltd.	¥69,586 thousand	3.6 %
Other operating expenses	¥200,940 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥14,350 thousand	7.1 %
		Mitsubishi Estate Co., Ltd.	¥419 thousand	0.2 %
		Mitsubishi Jisho Sekkei Inc..	¥15,990 thousand	8.0 %

*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.	¥729,146 thousand
Mitsubishi Estate Co., Ltd.	¥283,266 thousand
Yuden Building Kanri Co., Ltd.	¥51,910 thousand
Mitsubishi Real Estate Services Co., Ltd.	¥16,227 thousand
Izumi Parktown Service Ltd.	¥103 thousand

h. Other Announcements

(i) General Meeting of Unitholders

The Company's 12th General Meeting of Unitholders was held on December 10, 2020. The major items deliberated and results thereof are as follows:

Agenda	Overview
Item 1: Partial amendments to the Articles of Incorporation (No.1)	As per the original proposal, the amendments were made to the Articles of Incorporation concerning the following points: - The establishment and change on the provision to convene the General Meeting of Unitholders of the Company on a certain date and to partially revise the public notice procedure, respectively - The establishment of the provision to the effect that the provision of deemed affirmative voting rights of unitholders shall not apply to some of important proposals - The change on the provision concerning the basic date for determining unitholders who can exercise their rights at the general meeting of unitholders - The change on the provision so that the terms of executive directors and supervisory directors may be extended or shortened within the limits stipulated by laws and regulations by resolution of the general meeting of unitholders - The change on the provision concerning the timing of payment of audit fees to the external auditors
Item 2: Partial amendment to the Articles of Incorporation (No.2)	As per the original proposal, the amendments were made to the Articles of Incorporation concerning the following point: - The change on the provision concerning the asset management fees is made in accordance with the establishment of a fee linked to gains on the dispositions of properties (the positive value after taking into account the gains and losses on the dispositions of properties), which is the transient source of distributions. The gains on the dispositions of properties would be excluded from the calculation of the existing distribution linked fee, of the asset management fees.
Item 3: Appointment of one executive director	Mr. Yutaka Yanagisawa was appointed as Executive Director as originally proposed. He assumes the position for the duration starting from December 10, 2020 to the conclusion of the general meeting of unitholders to be held by December 31, 2022, at which the election of an executive director will be proposed.
Item 4: Appointment of two substitute executive directors	Mr. Naoki Umeda and Mr. Masaaki Fujino were appointed as Substitute Executive Directors as originally proposed.
Item 5: Appointment of two supervisory directors	Mr. Tomohiro Okanoya and Mr. Hiroaki Takano were appointed as Supervisory Directors as originally proposed. They assume the position for the duration starting from December 10, 2020 to the conclusion of the general meeting of unitholders to be held by December 31, 2022, at which the election of supervisory directors will be proposed.
Item 6: Appointment of one substitute supervisory director	Mr. Yoshinori Kiya was appointed as Substitute Supervisory Director as originally proposed.

(ii) Board of Directors

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

Date of acceptance	Accepted item	Overview
November 16, 2020	Consignment of a general administrative work concerning the issuance of investment corporation bonds	In connection with the comprehensive resolution adopted on the same date on the issuance of investment corporate bonds, the approval was given to the candidate agents to whom an administrative work for the said bonds was consigned. Other items necessary for its operation are entrusted to the executive directors to decide.

Selected Financial Data

	Millions of yen				
	For the period from October 1, 2020 to March 31, 2021	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2019 to March 31, 2020	For the period from April 1, 2019 to September 30, 2019	For the period from October 1, 2018 to March 31, 2019
Operating revenues	34,944	34,966	35,996	35,164	33,022
Operating expenses	18,464	18,468	18,641	18,669	18,473
Operating profit	16,479	16,498	17,354	16,494	14,548
Ordinary profit	15,508	15,608	16,326	15,390	13,441
Profit before income taxes	15,508	15,608	16,326	15,390	13,441
Profit	15,560	15,598	15,755	14,945	13,431
Total assets	1,001,734	1,000,254	982,607	966,390	963,676
Interest-bearing debt	419,493	418,993	401,993	389,993	389,993
Net assets	515,262	515,302	514,400	512,770	511,256
Unitholders' capital	497,241	497,241	497,241	497,241	497,241
Number of units	1,385,210	1,385,210	1,385,210	1,385,210	1,385,210
Net assets per unit (Yen)	371,974	372,002	371,351	370,174	369,082
Cash distribution	15,680	15,600	14,697	14,124	13,432
Dividend payout ratio (Note 1)	100.8%	100.0%	93.3%	94.5%	100.0%
Dividend per unit (Yen)	11,320	11,262	10,610	10,197	9,697
Net operating income (NOI)	24,825	24,943	23,413	23,104	22,603
Funds from operations (FFO)	22,089	22,225	19,986	19,795	19,831
Return on assets (ROA) (Note 2)	1.5%	1.6%	1.7%	1.6%	1.4%
	(3.1% annualized)	(3.1% annualized)	(3.3% annualized)	(3.2% annualized)	(2.8% annualized)
Return on equity (ROE) (Note 3)	3.0%	3.0%	3.1%	2.9%	2.6%
	(6.1% annualized)	(6.0% annualized)	(6.1% annualized)	(5.8% annualized)	(5.3% annualized)
EOP equity ratio (Note 4)	51.4%	51.5%	52.4%	53.1%	53.1%
EOP interest-bearing debt ratio on total assets (Note 5)	41.9%	41.9%	40.9%	40.4%	40.5%
FFO multiple (Times)	20.4	16.8	22.0	25.4	22.7
Debt service coverage ratio (Times) (Note 6)	24.8	24.2	24.3	21.4	19.6

- Notes: 1. Dividend payout ratio = Dividend per unit / Profit per unit × 100
2. ROA = Ordinary profit / Average of Total assets during the period × 100
3. ROE = Profit / Average of Net assets during the period × 100
(Annualized portion of the calculation given in Note 2 and Note 3 assumes a fiscal period of 182 days for the period ended March 31, 2019, 183 days for the period ended September 30, 2019, 183 days for the period ended March 31, 2020, 183 days for the period ended September 30, 2020 and 182 days for the period ended March 31, 2021.)
4. EOP equity ratio = (Net assets at the end of period / Total assets at the end of period) × 100
5. EOP interest-bearing debt ratio on total assets = (Interest-bearing debt at the end of period / Total assets at the end of period) × 100
6. Debt service coverage ratio = Profit before Interest, Taxes, Depreciation and Amortization / Interest expenses