

FINANCIAL RESULTS FOR THE FISCAL PERIOD ENDED MARCH 2022 (REIT)

May 16, 2022

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 24, 2022
 Scheduled Date of Dividend Payment: June 14, 2022
 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 2022 period (October 1, 2021 –March 31, 2022)

(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, 2022	36,453	(1.2)	17,107	(7.0)	16,191	(7.4)	16,045	(4.9)
September 30, 2021	36,901	5.6	18,394	11.6	17,477	12.7	16,865	8.4

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, 2022	11,583	3.1	1.6	44.4
September 30, 2021	12,175	3.3	1.7	47.4

(2) Dividends

Period ended	Dividend per Unit Excluding Excess of Earnings	Total Cash Dividends Excluding Excess of Earnings	Dividend in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Payout Ratio	Ratio of Dividends to Net Assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
March 31, 2022	11,400	15,791	-	-	98.4	3.1
September 30, 2021	11,356	15,730	-	-	93.3	3.0

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

2: For the period ended March 31, 2022, the total dividends are calculated as profit, subtracting the provision of reserve for reduction entry (254 million yen).

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

(3) Financial Standing

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Unit
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	1,035,072	516,762	49.9	373,057
September 30, 2021	1,003,583	516,447	51.5	372,829

Reference: Total unitholders' equity is 516,762 million yen for the March 31, 2022 period and 516,447 million yen for the September 30, 2021 period.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	21,801	(53,733)	14,669	27,173
September 30, 2021	27,473	(1,713)	(15,676)	44,437

2. Performance Forecasts for the September 2022 period (April 1, 2022 to September 30, 2022) and the March 2023 period (October 1, 2022 to March 31, 2023)

(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, 2022	37,420	2.7	17,520	2.4	16,700	3.1	16,420	2.3	11,500	-
March 31, 2023	33,730	(9.9)	14,220	(18.8)	13,320	(20.2)	13,980	(14.9)	11,000	-

Reference: Profit per unit forecast = Profit forecast / Number of total investment units forecast for the end of the period
(the September 2022 period): 11,850 yen; (the March 2023 period): 10,090 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, 2022 1,385,210 units

As of September 30, 2021 1,385,210 units

Number of Treasury Units at End of Period

As of March 31, 2022 0 units

As of September 30, 2021 0 units

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

* The Implementation Status of Statutory Audit

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

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

Estimates for the Company's future operating results contained in the financial results are forward-looking statements and are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ substantially from the projections depending on a number of factors. In addition, these forecasts do not guarantee the stated dividends. As for assumptions underlying performance forecasts, please refer to the table entitled "Assumptions Underlying Performance Forecasts for the September 2022 period (April 1, 2022 to September 30, 2022) and the March 2023 period (October 1, 2022 to March 31, 2023)" 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 1.11 trillion yen (Note), as of March 31, 2022. In the same period, the Company continued to grow steadily in the number of properties in its portfolio, from 20 to 74 properties.

During the March 2022 period (October 1, 2021 to March 31, 2022), the Japanese economy continued to recover with the resumption of socioeconomic activities along with the progress of COVID-19 vaccination and the lifting of the state of emergency declaration. On the other hand, the outlook remains uncertain due to concerns about the re-spread of COVID-19 caused by mutant strains, the situation in Ukraine, and other factors. The Company continues to monitor the impact of trends in the domestic and international development of the pandemic, the risk of rising raw material prices, and fluctuations in financial and capital markets.

In the office leasing market, the vacancy rate, that had been rising against the backdrop of the penetration of telework which accelerated in the wake of COVID-19 infection, appears to be slowing down, though the future remains uncertain, as a large supply of new office floors is expected in 2023. Rent levels continue to trend slightly downward. Against the backdrop of such leasing market trends, the Company strived to secure stable income and occupancy rates for the entire portfolio, attracting new tenants through strategic leasing activities and further increasing the satisfaction level of existing tenants by improving the added value of the properties.

In the real estate investment market, property prices remained in a high price range due to the continued favorable financing environment against the backdrop of continued monetary easing policy. The acquisition environment remains challenging, as domestic and overseas investors still highly motivated to acquire properties and competition for prime office buildings is intense.

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 11,400 yen, which is an increase by 44 yen compared with the previous period.

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

② Results of Operations

a. Property Management and Acquisition and Disposition

In the office leasing market in the fiscal period under review, the market was in the above-mentioned environment, despite the impact of an increase in the number of tenancy terminations and extended downtime, the occupancy rate at the end of the period under review remained high, increasing by 0.5% from the end of the previous period to 97.0% because of steady progress in new contracts for location and office environment improvement and in the expansion of floor space due to the enlargement of business capacity.

As for property acquisitions and dispositions, on October 1, 2021, the Company acquired a 49% co-ownership interest in a trust beneficiary interest pertaining to a 10% co-ownership interest in GRAND FRONT OSAKA (Note 1) (Osaka-shi, Osaka), a large-scale complex consisting of offices, retail stores and a hotel located in the Umeda area which contains the largest terminal in western Japan for 21,000 million yen (a 4.9% co-ownership interest in the entire property). In addition, on November 30, 2021, the Company acquired a trust beneficiary interest in a 12.5% co-ownership interest pertaining to sectional ownership interests of office and retail sections in Otemachi Financial City North Tower (Chiyoda-ku, Tokyo), a large-scale complex facility located in “Otemachi”, the central business district of Tokyo, for 6,380 million yen (additional acquisition of 1.42% share of ownership of building). Furthermore, on March 29, 2022, the Company acquired a trust beneficiary right pertaining to a 24% co-ownership interest in Toyosu Front, a large-scale office building near a station located in the Toyosu area, a bay area with excellent access to central Tokyo and a particularly diverse concentration of urban functions, for 25,500 million yen.

On the other hand, the Company disposed of Nagoya Misono Building (Nagoya-shi, Aichi Prefecture) for 2,629 million yen

on March 1, 2022.

As a result of the above, the Company's portfolio at the end of the fiscal period under review, March 31, 2022, consisted of 74 properties, with a total acquisition price of 1.11 trillion yen. Net rentable floor area stood at 896,530 m² with 1,498 tenants in total.(Note 2)

Furthermore, the Company will dispose of Harumi Center Building (Chuo-ku,Tokyo) for 24,330 million yen on May 31, 2022.

Note 1: "GRAND FRONT OSAKA" refers collectively to the properties to be acquired, namely "GRAND FRONT OSAKA (Umekita Plaza and South Building)" and "GRAND FRONT OSAKA (North Building)".

Note 2: 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.

In the fiscal period under review, the Company took out short- and long-term loans of 3,200 million yen each to fund the additional acquisition of Otemachi Financial City North Tower. In addition, short-term borrowings of 25,000 million yen were borrowed to partially fund the acquisition of Toyosu Front. Furthermore, 1,000 million yen in long-term debt was repaid with cash on hand, and borrowings were also made to fund the repayment of existing loans.

As a result of the above financing activities, as of March 31, 2022, the Company's total interest-bearing debt was 449.8 billion yen, which was increased by 30.4 billion yen compared to the end of the previous fiscal period. This amount consists of long-term loans totaling 365.7 billion yen (including the current portion of long-term loans totaling 48.5 billion yen), short-term loans totaling 41.2 billion yen, and investment corporation bonds totaling 42.9 billion yen. The current LTV ratio stands at 43.5%.

The Company's credit ratings as of March 31, 2022 were as follows:

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

③ Summary of Financial Results and Dividends

As a result of the above operations, in the period under review, the Company's operating revenues decreased 1.2% compared with the previous period, to 36.4 billion yen. On the income front, operating profit decreased 7.0%, to 17.1 billion yen. After deducting expenses for interest payments on loans and other costs, ordinary profit decreased 7.4%, to 16.1 billion yen, and profit decreased 4.9%, to 16.0 billion yen.

Turning to dividends, the Company will make cash distributions using earnings based on the dividend policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of profit available for dividends as required by Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company made a reduction entry under the application of Article 65-7 "Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets" of the Special Taxation Measures Act, and secured retained earnings brought forward and decided that the total amount of dividends is 15,791,394,000 yen for the period under review, which is a multiple of 1,385,210—the number of units outstanding as of March 31, 2022. Accordingly, the dividend per investment unit is 11,400 yen.

(2) Outlook

① Operating Environment

The Japanese economy is expected to recover in the future, partly due to the effects of various policies and improvements in overseas economies as the Company seeks to balance prevention of the spread of infection and socioeconomic activities. On the other hand, the Company believes it is necessary to pay close attention to the impact of the re-emergence of COVID variants in Japan and abroad, downside risks to the global economy due to the situation in Ukraine and other factors, and

fluctuations in financial and capital markets.

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

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

a Property Management

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

(i) Strengthen relationships of trust with existing tenants

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

(ii) Fill vacancies promptly

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

(iii) Stabilize revenues and income

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

(iv) Reduce management costs

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

b Property Acquisitions and Dispositions

The Company has adopted the following policies for acquiring properties.

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

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

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

c Financial Policies

The Company has adopted the following financial policies.

- (i) In principle, the Company shall maintain an LTV ratio (including investment corporation bonds) below 65%. To ensure an even lower interest-bearing debt ratio, the Company adopts the conservative target level of 30% to 40%.
- (ii) The Company shall set the ceiling for the combined total of loans and investment corporation bonds at 1 trillion yen.
- (iii) When obtaining a loan, the Company shall only negotiate with qualified institutional investors (limited to those defined under Article 67-15 of the Special Taxation Measures Act) before executing a loan agreement.
- (iv) With the purpose of maintaining liquidity at an appropriate level, the Company may establish preliminary borrowing frameworks such as overdraft agreements and commitment line agreements as needed.
- (v) In financial transactions, in order to realize low financing costs, the Company aims to achieve the best execution by making comprehensive judgments on borrowing terms and conditions, such as interest rate levels and borrowing periods.

② Performance Forecasts

The Company's forecasts for the September 2022 period (April 1, 2022 to September 30, 2022) are as follows: operating revenues totaling 37.4 billion yen, operating profit totaling 17.5 billion yen, ordinary profit totaling 16.7 billion yen, and profit totaling 16.4 billion yen. The Company plans to declare a per-unit cash dividend of 11,500 yen.

The Company's forecasts for the March 2023 period (October 1, 2022 to March 31, 2023) are as follows: operating revenues totaling 33.7 billion yen, operating profit totaling 14.2 billion yen, ordinary profit totaling 13.3 billion yen, and profit totaling 13.9 billion yen. The Company plans to declare a per-unit cash dividend of 11,000 yen.

Regarding the assumptions underlying these forecasts, please see pages 7 and 8 entitled "Assumptions Underlying Performance Forecasts for the September 2022 period (April 1, 2022 to September 30, 2022) and the March 2023 period (October 1, 2022 to March 31, 2023)." 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 2022 period (April 1, 2022 to September 30, 2022) and the March 2023 period (October 1, 2022 to March 31, 2023)

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • The September 2022 period: April 1, 2022 to September 30, 2022 (183 days) • The March 2023 period: October 1, 2022 to March 31, 2023 (182 days)
Number of properties held by the Company	<ul style="list-style-type: none"> • In the September 2022 period, the number of properties takes into account Harumi Center Building to be disposed of on May 31, 2022, based on 74 properties as of March 31, 2022. • In the March 2023 period, the number of properties is assumed to be 73, assuming the acquisition and disposition stated above is carried out. • The actual portfolio may differ from this assumption due to additional property acquisitions and dispositions.
Number of units outstanding	<ul style="list-style-type: none"> • The Company assumes that the total number of units outstanding is 1,385,210 units, the number as of March 31, 2022.
Interest-bearing debt	<ul style="list-style-type: none"> • The Company executed a short-term loan of 2.0 billion yen to allocate the loan for the repayment of existing short-term loans of 2.0 billion yen on April 20, 2022. In addition, the Company executed a short-term loan of 3.0 billion yen to allocate the loans for the repayment of existing long-term loans of 3.0 billion yen on April 25, 2022. As a result, the balance of interest-bearing debt is 449.8 billion yen as of May 16, 2022. • In the September 2022 period, the Company will repay the short-term loan of 25 billion yen before maturity from the proceeds from the sale of Harumi Center Building and some cash on hand as of May 31, 2022. In addition, as of May 16, 2022, the Company will refinance the long-term loans due for repayments during the period totaling 20.5 billion yen (repayment dates: June 15, 2022, June 17, 2022, August 10, 2022, and September 1, 2022) and the short-term loan due for repayment during the period of 11.0 billion yen (repayment date: May 18, 2022). There are no investment corporation bonds set to mature in the September 2022 period. • In the March 2023 period, as of May 16, 2022, the Company will refinance the long-term loans due for repayments during the period totaling 25.0 billion yen (repayment dates: December 20, 2022, January 6, 2023, January 10, 2023, January 16, 2023, January 17, 2023, January 31, 2023, March 24, 2023, and March 27, 2023) and the short-term loans due for repayment during the period totaling 3.2 billion yen (repayment date: November 30, 2022). There are no investment corporation bonds set to mature in the March 2023 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 16, 2022, and by factoring in potential variables that reflect the recent office leasing market landscape, such as rent levels and occupancy rates.

Item	Assumption
Operating expenses	<ul style="list-style-type: none"> • Of the taxes applicable to the Company, property taxes, city planning taxes and depreciable property taxes corresponding to the relevant fiscal period have been recorded as property-related expenses. However, when a property is acquired at a point during the period used for the calculation of property tax, a property tax adjustment is levied that takes into account the date of the transfer of the new acquisition. The amount of the adjustment is factored into the acquisition price and therefore not recorded as an expense in the relevant fiscal period. In addition, the Company assumes the 2023 property taxes, city planning taxes, and depreciable property taxes for properties acquired in 2022 to be as follows: <ul style="list-style-type: none"> • Toyosu Front: 88 million yen • Property and other taxes will be 3,540 million yen in the September 2022 period and 3,490 million yen in the March 2023 period. • Depreciation will be 6,270 million yen in the September 2022 period and 6,170 million yen in the March 2023 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 910 million yen in the September 2022 period and 900 million yen in the March 2023 period.
Dividend amounts	<ul style="list-style-type: none"> • In the September 2022 period, the Company will make a reduction entry on part of the gain of 3,340 million yen for the disposition of Harumi Center Building by applying “Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets” under Article 65-7 of the Special Taxation Measures Act. • The distribution as a reversal of internal reserves will be 1,920 million yen in the March 2023 period. • The Company shall not distribute dividends in excess of earnings. Thus, based on its Articles of Incorporation, the Company shall make cash distributions of the amount that is higher than 90% of profit available for dividends up to the earnings including the reserve for reduction entry.
Other	<ul style="list-style-type: none"> • No revisions will be made in such areas as laws, tax systems, accounting standards, and listing rules as well as regulations of the Investment Trusts Association, Japan to the extent that impact the above-mentioned forecasts. • No unprecedented or significant changes will occur to the general market trends or real estate market conditions or other factors. • In addition to the income taxes deferred related to reversal of reserve for reduction entry, etc., the corporate and other taxes are calculated by taking into consideration the taxes in relation to the amortization of term leasehold interest for buildings and asset retirement obligations.

2. Financial Statements

(1) Balance Sheets

Thousands of yen

	As of September 30, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	37,566,086	21,150,064
Cash and deposits in trust	6,870,954	6,023,858
Operating accounts receivable	339,110	608,869
Prepaid expenses	245,256	96,270
Consumption taxes refund receivable	—	617,709
Other	94,060	208,981
Total current assets	45,115,468	28,705,752
Non-current assets		
Property, plant and equipment		
Buildings	266,582,140	266,395,817
Accumulated depreciation	(116,042,747)	(119,112,797)
Buildings, net	150,539,392	147,283,020
Structures	3,232,451	3,237,811
Accumulated depreciation	(1,181,006)	(1,228,447)
Structures, net	2,051,445	2,009,363
Machinery and equipment	3,489,256	3,437,918
Accumulated depreciation	(2,730,756)	(2,723,473)
Machinery and equipment, net	758,499	714,444
Tools, furniture and fixtures	500,471	508,728
Accumulated depreciation	(334,218)	(344,652)
Tools, furniture and fixtures, net	166,252	164,075
Land	474,256,178	473,737,244
Construction in progress	67,259	32,712
Buildings in trust	104,744,019	116,270,016
Accumulated depreciation	(35,064,476)	(37,173,354)
Buildings in trust, net	69,679,542	79,096,662
Structures in trust	1,015,676	1,135,217
Accumulated depreciation	(415,707)	(444,958)
Structures in trust, net	599,968	690,258
Machinery and equipment in trust	847,147	893,580
Accumulated depreciation	(597,799)	(617,387)
Machinery and equipment in trust, net	249,348	276,192
Tools, furniture and fixtures in trust	72,866	76,983
Accumulated depreciation	(49,422)	(52,189)
Tools, furniture and fixtures in trust, net	23,444	24,794
Land in trust	250,042,009	292,084,985
Construction in progress in trust	15,760	71,215
Total property, plant and equipment	948,449,102	996,184,970
Intangible assets		
Land leasehold interests	5,595,895	5,580,065
Easement	828,095	828,095
Other	29,153	27,782
Total intangible assets	6,453,144	6,435,942

Thousands of yen

	As of September 30, 2021	As of March 31, 2022
Investments and other assets		
Investment securities	577,168	660,468
Leasehold and guarantee deposits	1,573,847	1,580,934
Long-term prepaid expenses	25,585	26,463
Other	1,299,141	1,400,696
Total investments and other assets	3,475,742	3,668,562
Total non-current assets	958,377,989	1,006,289,476
Deferred assets		
Investment corporation bond issuance costs	89,673	77,313
Total deferred assets	89,673	77,313
Total assets	1,003,583,130	1,035,072,541
Liabilities		
Current liabilities		
Operating accounts payable	1,325,773	1,936,919
Short-term borrowings	18,000,000	41,200,000
Current portion of long-term borrowings	51,000,000	48,500,000
Accounts payable - other	2,248,639	2,164,967
Accrued expenses	340,846	327,656
Income taxes payable	8,590	11,158
Accrued consumption taxes	1,133,236	—
Advances received	3,065,332	3,092,429
Other	14,103	211,312
Total current liabilities	77,136,522	97,444,443
Non-current liabilities		
Investment corporation bonds	42,993,175	42,993,175
Long-term borrowings	307,500,000	317,200,000
Deposits received from tenants	57,302,592	58,334,907
Deferred tax liabilities	1,817,721	1,952,196
Asset retirement obligations	363,251	366,911
Other	22,128	17,912
Total non-current liabilities	409,998,869	420,865,102
Total liabilities	487,135,392	518,309,545
Net assets		
Unitholders' equity		
Unitholders' capital	497,241,216	497,241,216
Surplus		
Voluntary retained earnings		
Reserve for tax purpose reduction entry	2,303,775	3,439,070
Total voluntary retained earnings	2,303,775	3,439,070
Unappropriated retained earnings	16,902,746	16,082,709
Total surplus	19,206,522	19,521,779
Total unitholders' equity	516,447,738	516,762,995
Total net assets	516,447,738	516,762,995
Total liabilities and net assets	1,003,583,130	1,035,072,541

(2) Statements of Income and Retained Earnings

	Thousands of yen	
	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2021 to March 31, 2022
Operating revenues		
Rent revenues	34,209,880	34,739,020
Other lease business revenues	145,110	396,245
Gain on sales of real estate properties	2,546,518	1,318,376
Total operating revenues	36,901,509	36,453,643
Operating expenses		
Expenses related to lease business	16,415,368	17,391,031
Asset management fees	1,719,993	1,541,945
Asset custody fees	64,717	64,774
Administrative service fees	134,827	134,403
Directors' compensations	7,800	7,800
Commission expenses	89,352	122,766
Other operating expenses	75,003	83,716
Total operating expenses	18,507,062	19,346,437
Operating profit	18,394,447	17,107,205
Non-operating income		
Interest income	156	134
Dividend income	12,149	—
Reversal of distributions payable	1,883	1,583
Refund of property taxes	—	781
Income on settlement of management association accounts	9,346	—
Other	0	8
Total non-operating income	23,535	2,507
Non-operating expenses		
Interest expenses	717,408	695,591
Interest expenses on investment corporation bonds	172,681	174,500
Amortization of investment corporation bond issuance costs	12,427	12,360
Other	38,216	35,904
Total non-operating expenses	940,734	918,356
Ordinary profit	17,477,248	16,191,356
Profit before income taxes	17,477,248	16,191,356
Income taxes - current	11,095	11,178
Income taxes - deferred	600,413	134,475
Total income taxes	611,509	145,653
Profit	16,865,739	16,045,702
Retained earnings brought forward	37,007	37,007
Unappropriated retained earnings	16,902,746	16,082,709

(3) Statements of Changes in Unitholders' Equity

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

Thousands of yen

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

For the period from October 1, 2021 to March 31, 2022

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for tax purpose reduction entry	Total voluntary retained earnings				
Balance at beginning of the period	497,241,216	2,303,775	2,303,775	16,902,746	19,206,522	516,447,738	516,447,738
Changes during the period							
Provision of reserve for tax purpose reduction entry		1,135,294	1,135,294	(1,135,294)	—	—	—
Dividends of surplus				(15,730,444)	(15,730,444)	(15,730,444)	(15,730,444)
Profit				16,045,702	16,045,702	16,045,702	16,045,702
Total changes during the period	—	1,135,294	1,135,294	(820,037)	315,257	315,257	315,257
Balance at end of the period	497,241,216	3,439,070	3,439,070	16,082,709	19,521,779	516,762,995	516,762,995

(4) Statements of Cash Distributions

	For the period from April 1, 2021 to September 30, 2021	For the period From October 1, 2021 to March 31, 2022
	Amount (Yen)	Amount (Yen)
I Retained earnings	16,902,746,371	16,082,709,191
II Cash distribution	15,730,444,760	15,791,394,000
(Dividend per investment unit)	(11,356)	(11,400)
III Voluntary retained earnings		
Provision of reserve for tax purpose reduction entry	1,135,294,566	254,308,146
IV Retained earnings brought forward	37,007,045	37,007,045

Computation Method for Determining Dividends	<p>The Company will make cash distributions using earnings based on the cash distribution policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company has decided that the total amount of dividends, under the application of Article 65-7 "Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets" of the Special Taxation Measures Act, making reduction entries, and securing retained earnings brought forward, is ¥15,730,444,760 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of September 30, 2021. Furthermore, the Company does not pay out dividends that exceed earnings as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>	<p>The Company will make cash distributions using earnings based on the cash distribution policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company has decided that the total amount of dividends, under the application of Article 65-7 "Exceptions of the Taxation in case of the Replacement by Purchase of Specific Assets" of the Special Taxation Measures Act, making reduction entries, and securing retained earnings brought forward, is ¥15,791,394,000 for the period under review, which is a multiple of 1,385,210 — the number of units outstanding as of March 31, 2022. Furthermore, the Company does not pay out dividends that exceed earnings as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>
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(5) Statements of Cash Flows

Thousands of yen

	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2021 to March 31, 2022
Cash flows from operating activities		
Profit before income taxes	17,477,248	16,191,356
Depreciation	6,265,006	6,326,332
Amortization of investment corporation bond issuance costs	12,427	12,360
Dividend income	(12,149)	—
Interest income	(156)	(134)
Interest expenses	890,089	870,092
Decrease (increase) in operating accounts receivable	182,650	(269,758)
Decrease (increase) in consumption taxes refund receivable	—	(617,709)
Decrease (increase) in supplies	191	1,697
Decrease (increase) in prepaid expenses	(109,744)	148,985
Decrease in property, plant and equipment due to sale	—	1,293,228
Decrease in property, plant and equipment in trust due to sale	3,245,381	—
Increase (decrease) in operating accounts payable	262,177	84,010
Increase (decrease) in accounts payable - other	372,241	(213,925)
Increase (decrease) in accrued consumption taxes	(11,857)	(1,133,236)
Increase (decrease) in accrued expenses	(131)	131
Increase (decrease) in advances received	(107,245)	27,096
Decrease (increase) in long-term prepaid expenses	36,151	(878)
Other, net	(130,155)	(26,418)
Subtotal	28,372,125	22,693,229
Interest and dividends received	12,306	134
Interest paid	(896,939)	(883,413)
Income taxes paid	(14,117)	(8,611)
Net cash provided by (used in) operating activities	27,473,375	21,801,339
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,168,607)	(1,071,951)
Purchase of property, plant and equipment in trust	(484,779)	(53,601,404)
Purchase of intangible assets	(550)	(2,179)
Purchase of investment securities	—	(83,300)
Payments of leasehold and guarantee deposits	(7,610)	(7,086)
Refund of leasehold and guarantee deposits received	(2,038,400)	(2,257,627)
Proceeds from leasehold and guarantee deposits received	1,986,200	3,289,597
Net cash provided by (used in) investing activities	(1,713,747)	(53,733,952)
Cash flows from financing activities		
Proceeds from short-term borrowings	29,000,000	50,200,000
Repayments of short-term borrowings	(29,000,000)	(27,000,000)
Proceeds from long-term borrowings	24,200,000	34,700,000
Repayments of long-term borrowings	(24,200,000)	(27,500,000)
Distributions paid	(15,676,421)	(15,730,505)
Net cash provided by (used in) financing activities	(15,676,421)	14,669,494
Net increase (decrease) in cash and cash equivalents	10,083,207	(17,263,118)
Cash and cash equivalents at beginning of the period	34,353,833	44,437,040
Cash and cash equivalents at end of the period	44,437,040	27,173,922

(6) Notes Concerning Going Concerns Assumption

“Not applicable”

(7) Summary of Significant Accounting Policies

Investment securities

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

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

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

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

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

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

Intangible assets

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

Leased assets

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

Deferred charges

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

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

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

Revenue recognition

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

① Sales of real estate properties

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

② Utilities income

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

Taxes on property and equipment

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

Consumption taxes

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

Cash and cash equivalents

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

Hedge accounting

The Company enters into derivative transactions to hedge against interest-rate risk and other forms of risk based on the risk management policies outlined in the Company's Articles of Incorporation. The Company uses interest-rate swap transactions for hedging fluctuations in interest rates on floating-rate loans. The Company has also executed currency swap transactions as a method of hedging against currency exchange fluctuation risks. Deferred hedge accounting is generally used for such interest-rate swaps and currency swap transactions, and the effectiveness of hedging is measured by comparing the total cash flow fluctuation of the hedged item and that of the hedging instrument since the inception of the hedge.

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

(8) Notes to Financial Statements

(Notes to Balance Sheets)

a. Commitment line agreement

The Company has signed commitment line agreements with three banks.

	Thousands of yen	
	As of September 30, 2021	As of March 31, 2022
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, 2021	As of March 31, 2022
Reserve for tax purpose reduction entry	2,303,775	3,439,070
Deferred tax liability for the reserve for tax purpose reduction entry	1,818,643	1,953,125
Total	4,122,419	5,392,196

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, 2021	As of March 31, 2022
	50,000	50,000

(Notes to Statements of Income and Retained Earnings)

a. Breakdown of property-related revenues and expenses

	Thousands of yen	
	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2021 to March 31, 2022
Property-Related Revenues	34,354,991	35,135,266
Rent revenues	34,209,880	34,739,020
Rental revenues	28,798,594	29,251,345
Common service charges	2,404,480	2,364,432
Parking revenues	702,272	713,093
Other rental revenues	2,304,533	2,410,148
Other lease business revenues	145,110	396,245
Cancellation charges	22,883	271,572
Other miscellaneous revenues	122,226	124,673
Property-Related Expenses	16,415,368	17,391,031
Expenses related to lease business	16,415,368	17,391,031
Property management expenses	3,653,419	3,986,885
Utilities expenses	2,106,626	2,249,197
Property and other taxes	3,384,587	3,371,900
Casualty insurance	46,624	46,686
Repairing expenses	776,505	1,217,236
Depreciation	6,264,424	6,326,242
Other rental expenses	183,179	192,881
Property-Related Profits	17,939,622	17,744,235

b. Breakdown of gain on sales of real estate properties

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

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

For the period from October 1, 2021 to March 31, 2022

		Thousands of yen
Nagoya Misono Building		
Revenue from sale of real estate property		2,629,000
Cost of real estate property sold		1,293,228
Other sales expenses		17,394
Gain on sales of real estate properties		1,318,376

(Changes in Unitholders' Equity)

Total number of investment units issuable and number of units outstanding	As of September 30, 2021	As of March 31, 2022
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, 2021 and March 31, 2022:

	Thousands of yen	
	As of September 30, 2021	As of March 31, 2022
Cash and deposits	37,566,086	21,150,064
Cash and deposits in trust	6,870,954	6,023,858
Time deposits with maturities of more than three months	—	—
Cash and cash equivalents	44,437,040	27,173,922

(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, 2021 and March 31, 2022) and ③ preparing monthly financial plans.

(iii) Supplementary note regarding fair value of financial instruments

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

b. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheets and the differences between them as of September 30, 2021 and March 31, 2022 are as follows. Since "Cash and deposits", "Cash and deposits in trust", and "Short-term borrowings" are cash and due to be settled in a short period, and their fair values approximate their book values, the notes are omitted.

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

* Liabilities are shown in parentheses.

	Thousands of yen		
	As of March 31, 2022		
	Book value *	Fair value *	Difference *
(1) Current portion of long-term borrowings	(48,500,000)	(48,606,802)	(106,802)
(2) Investment corporation bonds	(42,993,175)	(43,624,512)	(631,337)
(3) Long-term borrowings	(317,200,000)	(315,353,094)	(-1,846,905)
(4) Deposits received from tenants	(58,334,907)	(57,105,428)	(-1,229,478)
(5) Derivative transactions	—	—	—

* Liabilities are shown in parentheses.

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

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

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

(2) Investment corporation bonds

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

(4) Deposits received from tenants

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

(5) Derivative transactions

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

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

	Thousands of yen					
	As of September 30, 2021					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Investment corporation bonds	—	—	10,000,000	10,000,000	10,000,000	12,993,175
Long-term borrowings	51,000,000	48,500,000	42,300,000	57,000,000	36,700,000	123,000,000
Total	51,000,000	48,500,000	52,300,000	67,000,000	46,700,000	135,993,175

	Thousands of yen					
	As of March 31, 2022					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Investment corporation bonds	—	10,000,000	—	20,000,000	10,000,000	2,993,175
Long-term borrowings	48,500,000	39,500,000	54,800,000	52,500,000	25,700,000	144,700,000
Total	48,500,000	49,500,000	54,800,000	72,500,000	35,700,000	147,693,175

(Derivative Transactions)

a. Derivatives not designated as hedging instruments

As of September 30, 2021

“Not applicable”

As of March 31, 2022

“Not applicable”

b. Derivatives designated as hedging instruments

As of September 30, 2021

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

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				Over one year		
Special Treatment for interest-rate swap	Receive floating, pay fixed interest-rate swap transactions	Long-term borrowings	46,800,000	16,800,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term borrowings	10,000,000	10,000,000	*1	—
Allocation Treatment for currency swap	Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange)	Investment corporation bonds	2,993,175	2,993,175	*2	—

As of March 31, 2022

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

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				Over one year		
Special Treatment for interest-rate swap	Receive floating, pay fixed interest-rate swap transactions	Long-term borrowings	26,300,000	9,800,000	*1	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term borrowings	10,000,000	10,000,000	*1	—
Allocation Treatment for currency swap	Receive fixed USD, pay fixed JPY, currency swap transactions (with initial and final exchange)	Investment corporation bonds	2,993,175	2,993,175	*2	—

*1. The derivative transactions eligible for Special Treatment for interest-rate swap and Integrated Treatment (Special Treatment for interest-rate swap and Allocation Treatment for currency swap) are accounted for as integral parts of the hedged loans, and the fair value of those derivative transactions is included in that of the underlying long-term borrowings as of September 30, 2021 and March 31, 2022. Please refer to page 19, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheadings (1) and (3) concerning derivative transactions.

*2. Currency swap transactions eligible for allocation treatment are accounted for as integrated parts of the hedged investment corporation bonds, and the fair value of the currency swap transactions is included in that of the underlying investment bonds as of September 30, 2021 and March 31, 2022. Please refer to page 19, Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments”, as well as subheading (2) concerning derivative transactions.

(Income Taxes)

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Act, an investment corporation is allowed to deduct dividends of earnings or dividend distributions, paid to unitholders from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its profit available for dividends for the fiscal period as stipulated by Article 67-15 of the Special Taxation Measures Act. The significant components of deferred tax assets and liabilities as of September 30, 2021 and March 31, 2022 were as follows:

	Thousands of yen	
	As of September 30, 2021	As of March 31, 2022
Deferred tax assets:		
Accrued enterprise tax	921	929
Amortization of a term leasehold interest	116,812	122,288
Asset retirement obligations	125,648	126,914
	243,383	250,132
Valuation allowance	(141,005)	(147,747)
Total deferred tax assets	102,377	102,385
Deferred tax liabilities:		
Asset retirement obligations	101,455	101,455
Reserve for advanced depreciation of non-current assets	1,818,643	1,953,125
Total deferred tax liabilities	1,920,098	2,054,581
Net deferred tax liabilities	1,817,721	1,952,196

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate as of September 30, 2021 and March 31, 2022 was as follows:

	As of September 30, 2021	As of March 31, 2022
Statutory tax rate	34.59%	34.59%
Deductible dividend distribution	(31.13%)	(33.74%)
Change in valuation allowance	0.04%	0.04%
Others	0.00%	0.00%
Effective tax rate	3.50%	0.90%

(Asset Retirement Obligations)

For the six months September 30, 2021 and March 31, 2022

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, 2021 and March 31, 2022 consisted of the following:

	Thousands of yen	
	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2021 to March 31, 2022
Balance at the beginning of the period	359,628	363,251
Increase in tangible fixed assets	—	—
Accretion expense	3,623	3,659
Balance at the end of the period	363,251	366,911

(Investment and Rental Property)

For the six months ended September 30, 2021 and March 31, 2022

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, 2021 and March 31, 2022 and the fair values as of September 30, 2021 and March 31, 2022 are as follows:

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

Thousands of yen			
Book value		Fair value	
As of September 30, 2021	Change during the period *2	As of March 31, 2022	As of March 31, 2022
954,902,065	47,718,397	1,002,620,463	1,322,980,000

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 reasons for the decreases were the disposition of Otsuka Higashi-Ikebukuro Building (¥3,245,381 thousand) and by depreciation.

*2. As for the increases/decreases for the period, the major reasons for the increases were the acquisitions of GRAND FRONT OSAKA (North Building) (¥9,869,891 thousand), GRAND FRONT OSAKA (Umekita Plaza and South Building) (¥11,347,537 thousand), Toyosu Front (¥25,643,143 thousand) and the additional acquisition of Otemachi Financial City North Tower (¥6,429,989 thousand), and the major reasons for the decreases were the disposition of Nagoya Misono Building (¥1,293,228 thousand) and by depreciation.

3. Fair values as of September 30, 2021 and March 31, 2022 are defined as the appraised values provided by an external qualified professional appraiser. As of September 30, 2021, Nagoya Misono Building, for which the disposition agreement was made dated November 15, 2021, was valued at the disposition price, and as of March 31, 2022, Harumi Center Building, for which the disposition agreement was made dated May 16, 2022, was valued at the disposition price.

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

(Revenue Recognition)

Breakdown information on revenue from contracts with customers

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

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

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

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

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

For the period from October 1, 2021 to March 31, 2022

Thousands of yen			
	Revenue from contracts with customers	*1	Revenue from external customers
Sales of real estate properties	—		1,318,376 *2
Utilities income	1,567,099	*3	1,567,099
Others	—		33,568,167
Total	1,567,099		36,453,643

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

*2 Sales of real estate properties are recorded as gains or losses on sales of real estate properties in the statements of income in accordance with Article 48-2 of the Regulations on Accounting of Investment Corporation (Cabinet Office Ordinance No. 47 of 2006), and

- therefore the amount is the proceeds from sales of real estate properties, less the cost of real estate properties sold and other sales expenses.
- *3 Utilities income is the amount of income recognized in proportion to the supply of electricity, water, etc. to the lessee as the customer, in accordance with the terms of the real estate lease contract and related agreements.

(Segment Information)

For the six months ended September 30, 2021 and March 31, 2022

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, 2021 and March 31, 2022 and for the periods then ended, respectively:

	Yen	
	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2021 to March 31, 2022
Net assets per unit	372,829	373,057
Profit per unit	12,175	11,583

- 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, 2021 to September 30, 2021	For the period from October 1, 2021 to March 31, 2022
Profit	16,865,739	16,045,702
Amount not attributable to normal unitholders	—	—
Profit applicable to normal investment units	16,865,739	16,045,702
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.

3. Reference Data

a. Composition of the Company's Assets

Asset type	Region	As of September 30, 2021		As of March 31, 2022	
		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	514,246	51.2	512,411	49.5
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	40,692	4.1	40,506	3.9
	Other major cities	79,353	7.9	77,456	7.5
	Total	634,291	63.2	630,374	60.9
Real property in trust	Tokyo 23 wards	232,940	23.2	264,067	25.5
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	15,850	1.6	15,731	1.5
	Other major cities	71,819	7.2	92,446	8.9
	Total	320,610	31.9	372,245	36.0
Savings and other assets		48,681	4.9	32,452	3.1
		(-)	(-)	(-)	(-)
Total amount of assets		1,003,583	100.0	1,035,072	100.0
		(954,902)	(95.1)	(1,002,620)	(96.9)

*1. Totals of net book value as of September 30, 2021 and March 31, 2022 are based on the total amounts from the balance sheets as of September 30, 2021 and March 31, 2022, 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, 2022.

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	88,400	69,284	81,555,500	7.3%	77.2%
	JRE Kanda-Ogawamachi Building	Real property	9	6,269	93.5%	9,310	8,530	9,520,000	0.9%	
	Kandabashi Park Building	Real property	9	3,687	100.0%	5,380	4,380	4,810,000	0.4%	
	Otemachi Financial City North Tower	Real property /Trust	11	7,420	74.0%	28,900	20,812	15,462,900 6,380,000 Total: 21,842,900	2.0%	
	Otemachi Park Building	Trust	22	2,372	100.0%	11,000	10,132	10,175,000	0.9%	
	Nibancho Garden	Real property	1*5	9,316*5	100.0%*5	18,400	11,935	14,700,000	1.3%	
	Mitsubishi UFJ Trust and Banking Building	Real property	10	11,904	100.0%	57,100	28,568	44,700,000	4.0%	
	Burex Kojimachi Building	Real property	1	4,495	100.0%	7,590	5,319	7,000,000	0.6%	
	Sanno Grand Building	Real property	44	20,589	91.6%	28,000	20,855	10,200,000 10,700,000 Total: 20,900,000	1.9%	
	Yurakucho Denki Building	Real property	10	4,697	100.0%	9,400	7,656	7,200,000	0.6%	
	Front Place Nihonbashi	Real property	2	8,468	100.0%	21,400*6	17,329	17,560,000	1.6%	
	JRE Kayabacho 2Chome Building	Trust	9	4,464	86.6%	5,180	4,050	4,410,000	0.4%	
	Burex Kyobashi Building	Real property	1	4,279	100.0%	7,670	4,263	5,250,000	0.5%	
	JRE Ginza 1Chome East Building	Trust	8	4,513	100.0%	8,150	5,988	6,459,000	0.6%	
Ginza Sanwa Building	Real property	11	4,326	100.0%	19,600	17,075	16,830,000	1.5%		

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2
								(¥ thousand)	Ratio *2	
Tokyo metropolitan area	Tokyo 23 wards	JRE Ginza 3Chome Building	9	4,255	86.5%	6,460	7,133	5,353,500 2,645,922 Total: 7,999,422	*7 0.7%	77.2%
		Harumi Front	8	33,369	100.0%	38,000 *8	25,502	31,300,000	2.8%	
		Harumi Center Building	12	20,812	100.0%	21,000	20,854	26,800,000	2.4%	
		Akasaka Park Building	30 *5	44,999 *5	91.8% *5	83,000	57,407	60,800,000	5.4%	
		JRE Aoyama Crystal Building	8	4,898	90.2%	9,790	7,010	7,680,000	0.7%	
		Clover Shiba-koen	9	2,550	100.0%	4,900 *6	4,364	4,500,000	0.4%	
		Shiodome Building	36	44,213	99.5%	124,000	99,550	21,250,000 54,600,000 10,100,000 10,450,000 10,530,000 Total: 106,930,000	9.6%	
		JER Shiba 2Chome Daimon Building	23	9,525	99.1%	9,010	5,878	4,859,000	0.4%	
		JRE Cosmo Kanasugibashi Building	6	4,062	95.3%	3,790	2,454	2,808,000	0.3%	
		Seavans S Building	13	6,082	100.0%	7,320	5,617	5,400,000	0.5%	
		Tamachi Front Building	10	3,792	100.0%	7,670 *6	5,989	6,210,000	0.6%	
		Shinjuku Eastside Square	40	40,940	98.7%	74,500 *6	59,188	23,100,000 6,660,000 25,460,000 8,460,000 Total: 63,680,000	5.7%	
		Shinjuku Front Tower	37	21,416	92.7%	38,600 *6	34,274	25,025,000 10,100,000 Total: 35,125,000	3.1%	
		JRE Nishi-Shinjuku Terrace	12	6,036	100.0%	9,340	7,668	7,830,000	0.7%	
		Tokyo Opera City Building*9	92	34,971	96.9%	36,300	27,951	9,350,000 22,426,831 Total: 31,776,831	2.8%	
		Front Place Minami-Shinjuku	2	4,095	100.0%	10,200 *6	9,244	9,250,000	0.8%	
Link Square Shinjuku	17	9,786	100.0%	24,900	22,504	6,670,000 (1,170,000) *10 17,300,000 Total: 22,800,000	2.0%			

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	JRE Yoyogi 1 Chome Building	8	7,745	100.0%	13,900	6,605	8,700,000	0.8%	77.2%	
		JRE Jingumae Terrace	6	3,147	100.0%	7,410	4,783	4,885,000	0.4%		
		JRE Jingumae Media Square Building	5	5,558	84.5%	10,100	10,685	12,200,000*11	1.1%		
		Shibuya Cross Tower (Land)	*12	*12	*12	41,900	27,186	34,600,000 (8,076,000)*13 Total: 26,524,000	2.4%		
		Ebisu Neonato	4	8,659	100.0%	20,200	13,676	3,740,000 360,000 10,512,000 Total: 14,612,000	1.3%		
		TIXTOWER UENO	15	15,016	96.4%	26,600	18,004	22,000,000	2.0%		
		Toyosu Front	Trust	21	17,407	98.9%	26,600	25,613	25,500,000		2.3%
		JRE Higashi Gotanda 1Chome Building	Real property	4	5,205	100.0%	7,140	4,187	5,500,000		0.5%
		Osaki Front Tower*14	Real property	1	16,856	100.0%	17,800*8	7,335	12,300,000		1.1%
		JRE Omori-Eki Higashiguchi Building	Trust	26	7,706	100.0%	6,020	4,604	5,123,000		0.5%
		Harmony Tower	Real property	23	14,340	100.0%	15,200	9,538	8,500,000 520,000 2,100,000 Total: 11,120,000		1.0%
		Ikebukuro 2Chome Building	Trust	9	2,186	100.0%	1,980	1,558	1,728,000		0.2%
		JRE Minami-Ikebukuro Building	Real property	11	5,932	100.0%	6,260	3,917	4,500,000		0.4%
		Tokyo metropolitan area, excluding Tokyo 23 wards		Hachioji First Square	48	10,125	98.9%	5,170	4,726		3,300,000 2,379,112 Total: 5,679,112
JRE Saitama Urawa Building	18			4,510	100.0%	3,130	2,413	1,232,000 1,342,000 Total: 2,574,000	0.2%		
MM Park Building	35			38,415	96.2%	41,600	29,715	37,400,000	3.3%		
Queen's Tower A	Trust			49	26,669	98.5%	24,500*6	15,731	17,200,000	1.5%	
Musashi Kosugi STM Building	Real property			27	5,378	100.0%	4,610	3,651	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%	10,300	5,427	7,100,000	0.6%	16.8%
	Jozenji Park Building	Real property	19	2,518	96.0%	1,090	926	1,000,000	0.1%	
	JRE Higashi Nibancho Square	Real property	22	20,526	100.0%	14,700*8	8,195	9,950,000	0.9%	
	JRE Sendai Honcho Honma Building	Trust	28	6,234	100.0%	2,830	2,769	2,924,000 250,000 Total: 3,174,000	0.3%	
	AER	Real property	61	23,612	95.8%	18,800	17,880	18,640,000	1.7%	
	Daido Seimei Niigata Building	Real property	10	3,928	100.0%	1,900	1,663	1,770,000	0.2%	
	Kanazawa Park Building	Real property	77	20,946	90.7%	6,760	4,424	2,880,000 1,700,000 Total: 4,580,000	0.4%	
	JRE Kanazawa Kamitsutsumicho Building	Real property	27	7,213	98.1%	3,050	2,347	2,780,000	0.2%	
	Nishiki Park Building*15	Real property	61*5	10,338*5	93.1%*5	5,460	4,860	3,850,000 1,300,000 650,000 175,000 Total: 5,975,000	0.5%	
	JRE Nagoya Hirokoji Place	Trust	34	13,200	98.4%	14,100*6	7,572	8,567,000	0.8%	
	Nagoya Hirokoji Building	Real property	39	21,380	94.6%	13,000	14,485	14,533,000	1.3%	
	JRE Shijo Karasuma Center Building	Real property	12	6,634	85.2%	7,070*6	3,589	4,400,000	0.4%	
	GRAND FRONT OSAKA(North Building)*16	Trust	5	8,462	98.5%	10,200*8	9,852	9,750,000	0.9%	
	GRAND FRONT OSAKA (Umekita Plaza and South Building)*16	Trust	2	5,190	95.3%	11,800*8	11,293	11,250,000	1.0%	
	JRE Umeda Square Building*17	Trust	36	10,375	97.8%	16,500	15,603	15,523,520	1.4%	
	JRE Dojima Tower	Trust	46	28,403	95.9%	20,600	20,647	24,000,000	2.1%	
	JRE Sakaisujihonmachi Building	Real property	23	11,520	98.7%	3,900	3,492	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	JRE Midosuji Daiwa Building	Trust	40	20,450	98.9%	14,500	13,437	6,934,000 7,380,000 Total: 14,314,000	1.3%	16.8 %
	JRE Amagasaki Front Building	Trust	29	15,500	93.7%	10,300	7,963	9,300,000	0.8%	
	Lit City Building	Real property	28	8,885	93.4%	5,090	2,351	4,650,000 (555,131) *18 Total: 4,094,868	0.4%	
	NHK Hiroshima Broadcasting Center Building	Real property	13	9,881	100.0 %	3,470	2,953	1,320,000 1,450,000 Total: 2,770,000	0.2%	
	JRE Tenjin 3Chome Building	Real property	19	3,995	100.0 %	1,980	1,345	1,550,000	0.1%	
	JRE Tenjin Crystal Building	Real property	30	5,964	100.0 %	3,190	3,513	5,000,000	0.4%	
	Hinode Tenjin Building	Trust	2	5,944	100.0 %	4,680	3,305	3,657,000	0.3%	
	Total		1,498	896,530	97.0%	1,319,650	1,002,620	1,118,048,154	100.0%	

- *1. The total number of tenants is based on the gross number of tenants in each building. Each instance of occupancy of a single tenant leasing space is considered separately on a per property basis even if said tenant leases floor area in multiple properties. Moreover, a portion of GRAND FRONT OSAKA (North Building) and GRAND FRONT OSAKA (Umekita Plaza and South Building) are leased in bulk through a pass-through master lease system, the number of bulk lessees is counted as the number of tenants. For the portion of GRAND FRONT OSAKA (North Building) leased in part under a fixed master lease or direct lease, the bulk lessees or end tenants of the said portion are added to the total number of tenants of the same property.
- *2. Occupancy rate, ratio of acquisition price and ratio by region are rounded to the nearest first decimal place.
- *3. Appraisal value at the end of period is, as a rule, the value assessed by real estate appraisers based on the Company's Articles of Incorporation and the Cabinet Office Ordinance on Accountings of Investment Corporations. The book closing date is used as the appraisal date and the appraisal value is calculated by Daiwa Real Estate Appraisal Co., Ltd.
- *4. Incidental expenses arising from acquisitions are not included in the acquisition price.
- *5. Residential portions are not included in the total number of tenants, the occupancy rate or the leasable floor area for Kitanomaru Square, Nibancho Garden, Akasaka Park Building or Nishiki Park Building. The residential portions for these properties are as follows: Kitanomaru Square, leasable floor area: 11,694m², occupancy rate: 96.4%; Nibancho Garden, leasable floor area: 1,686m², occupancy rate: 100.0%; Akasaka Park Building, leasable floor area: 10,780m², occupancy rate: 85.7%; Nishiki Park Building, leasable floor area: 954m², occupancy rate: 70.7%.
- *6. Appraisal values by Japan Real Estate Institute.
- *7. This includes the acquisition price of the land and building adjacent to JRE Ginza 3Chome East Building dated July 4, 2008, the cost of the adjacent building's demolition and the total expense of the construction and expansion of the Ryoshin Ginza East Mirror Building (excluding brokerage fees and other acquisition-related expenses) after its completion on May 24, 2010.
- *8. Appraisal values by Chuo Real Estate Appraisal Co., Ltd.
- *9. 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. Accompanying the acquisitions of GRAND FRONT OSAKA (North Building) and GRAND FRONT OSAKA (Umekita Plaza and South Building) on October 1, 2021, the Company acquired 1,666 shares of KMO Corporation (planning and management business related to the "Knowledge Capital" facility) at a total acquisition price of 83,300 thousand yen, a right to claim a refund of funds related to Knowledge Capital Association (planning and management business related to the "Knowledge Capital" facility) at a total acquisition price of 4,900 thousand yen, and a right to claim a refund of funds related to GRAND FRONT OSAKA TMO General Incorporated Association (business related to regional revitalization, etc.) at an acquisition price of 490 thousand yen. Regarding the appraisal values at the end of the fiscal period for the above-mentioned shares and the rights to claim a refund of funds, the 1,666 shares of KMO Corporation were valued at 83,300 thousand yen, the right to claim a refund of funds related to Knowledge Capital Association was valued at 4,900 thousand yen, and the right to claim a refund of funds related to GRAND FRONT OSAKA TMO General Incorporated Association was valued at 490 thousand yen.
- *17. Trust assets of the trust beneficiary right acquired by the Company include a claim for 500,000 thousand yen of deposit for construction to connect to underground shopping centers given to Osaka Shigaichi Kaihatsu Co., Ltd., which was held by the previous owner.
- *18. Because the retail units were disposed on September 28, 2018, the acquisition price of the retail units at the time of the land and building purchase dated February 1, 2006, has been deducted.
- *19. As of February 1, 2022, the Company changed the names of some of the properties under management as follows:

New name	Former name
JRE Kanda-Ogawamachi Building	MD Kanda Building
JRE Kayabacho 2Chome Building	Kyodo Building (Kayabacho 2Chome)
JRE Ginza 1Chome East Building	Ginza 1Chome East Building
JRE Ginza 3Chome Building	Ryoshin Ginza East Mirror Building
JRE Aoyama Crystal Building	Aoyama Crystal Building
JER Shiba 2Chome Daimon Building	Shiba 2Chome Daimon Building
JRE Cosmo Kanasugibashi Building	Cosmo Kanasugibashi Building
JRE Nishi-Shinjuku Terrace	Shinwa Building
JRE Yoyogi 1 Chome Building	Yoyogi 1 Chome Building
JRE JingumaeTerrace	JingumaeTerrace
JRE Jingumae Media Square Building	Jingumae Media Square Building
JRE Higashi Gotanda 1Chome Building	Higashi Gotanda 1Chome Building
JRE Omori-Eki Higashiguchi Building	Omori-Eki Higashiguchi Building
JRE Minami-Ikebukuro Building	Ikebukuro YS Building
JRE Saitama Urawa Building	Saitama Urawa Building
JRE Higashi Nibancho Square	Higashi Nibancho Square
JRE Sendai Honcho Honma Building	Sendai Honcho Honma Building
JRE Kanazawa Kamitsutsumicho Building	Kanazawa Kamitsutsumicho Building
JRE Nagoya Hirokoji Place	Nagoya Hirokoji Place
JRE Shijo Karasuma Center Building	Shijo Karasuma Center Building
JRE Umeda Square Building	Umeda Square Building
JRE Dojima Tower	Shin Fujita Building
JRE Sakaisujihonmachi Building	Sakaisujihonmachi Building
JRE Midosuji Daiwa Building	Midosuji Daiwa Building
JRE Amagasaki Front Building	Amagasaki Front Building
JRE Tenjin 3Chome Building	Tosei Tenjin Building
JRE Tenjin Crystal Building	Tenjin Crystal Building

- *20. In the above quick reference guide, if the real estate or other assets are classified as shared ownership or compartmental ownership, only the real estate or other assets owned by the Company are presented and the portions owned by the other shared owners or compartmental owners are excluded.

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

The table below is a quick reference guide outlining the revenues and expenses on each real estate and other asset for the March 2022 period (October 1, 2021 – March 31, 2022). 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, 2021 – March 31, 2022)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*1	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
Kitanomaru Square	1,754	577	132	60	96	1	28	257	0	1,176	1,434	74	1,359
JRE Kanda-Ogawamachi Building	221	87	15	13	22	0	5	29	0	134	163	15	148
Kandabashi Park Building	129	44	1	-	18	0	5	19	-	85	104	6	97
Otemachi Financial City North Tower	333	230	53	27	51	0	0	97	0	103	200	-	200
Otemachi Park Building	182	90	8	10	33	0	0	37	-	91	129	-	129
Nibancho Garden	489	225	61	23	56	0	25	56	-	264	321	27	293
Mitsubishi UFJ Trust and Banking Building	981	373	55	48	160	0	14	91	1	608	699	119	580
Burex Kojimachi Building	162	52	-	-	14	0	4	33	-	109	143	-	143
Sanno Grand Building	897	369	99	46	123	0	31	68	-	528	596	2	594
Yurakucho Denki Building	278	138	33	19	49	0	12	22	-	139	162	38	124
Front Place Nihonbashi	400	150	23	15	40	0	11	58	-	249	308	0	307
JRE Kayabacho 2Chome Building	137	57	10	8	12	0	4	22	-	80	102	28	74
Burex Kyobashi Building	158	37	-	-	12	0	2	23	-	120	143	-	143
JRE Ginza 1Chome East Building	191	90	14	8	11	0	8	47	-	100	148	22	125
Ginza Sanwa Building	393	159	26	12	85	0	7	24	2	234	258	11	247
JRE Ginza 3Chome Building	164	82	13	9	16	0	2	40	0	81	122	6	116
Harumi Front	1,178	571	127	55	81	1	6	299	0	606	906	1	904
Harumi Center Building	607	298	73	36	49	0	14	123	-	308	431	-	431
Akasaka Park Building	2,211	1,256	234	205	272	3	120	420	0	955	1,375	122	1,253
JRE Aoyama Crystal Building	202	93	16	9	33	0	10	23	-	109	132	40	91
Clover Shiba-koen	117	44	9	5	6	0	4	17	-	72	90	-	90
Shiodome Building	2,370	978	247	93	195	1	20	411	8	1,391	1,802	92	1,710
JRE Shiba 2Chome Daimon Building	317	172	34	21	40	0	13	61	0	145	206	6	200

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2021 – March 31, 2022)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*1	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
JRE Cosmo Kanasugibashi Building	121	91	11	6	13	0	45	14	-	30	45	-	45
Seavans S Building	252	145	35	27	19	0	18	42	-	107	149	29	120
Tamachi Front Building	146	74	15	6	14	0	6	31	-	71	103	-	103
Shinjuku Eastside Square	1,803	627	118	95	121	1	0	289	-	1,176	1,465	37	1,428
Shinjuku Front Tower	1,077	406	74	45	83	0	30	172	-	670	842	30	812
JRE Nishi-Shinjuku Terrace	222	100	23	14	20	0	2	38	-	122	161	13	148
Tokyo Opera City Building*2	1,574	1,131	*2	*2	*2	*2	*2	*2	*2	442	*2	394	*2
Front Place Minami-Shinjuku	197	80	15	7	25	0	0	30	-	116	147	2	144
Link Square Shinjuku	592	252	42	30	46	0	-	131	-	339	471	-	471
JRE Yoyogi 1Chome Building	321	125	25	15	25	0	19	39	-	195	234	7	226
JRE Jingumae Terrace	175	59	13	6	20	0	2	16	-	115	131	2	129
JRE Jingumae Media Square Building	318	167	23	17	59	0	17	49	-	151	200	31	168
Shibuya Cross Tower(Land)	542	85	-	-	85	-	-	-	-	457	457	-	457
Ebisu Neonato	479	232	50	15	38	1	28	97	-	247	344	142	201
TIXTOWER UENO	661	341	60	31	37	1	17	192	-	320	512	1	511
Toyosu Front	10	31	1	0	0	0	-	29	-	(20)	9	-	9
JRE Higashi Gotanda 1Chome Building	194	72	13	15	14	0	3	24	0	121	146	-	146
Osaki Front Tower	719	397	67	39	26	0	4	164	94	322	486	8	477
JRE Omori-Eki Higashiguchi Building	239	152	30	16	25	0	39	40	-	86	127	9	117
Harmony Tower	491	267	148	-	56	0	12	50	-	224	274	-	274
Otsuka Higashi Ikebukuro Building*3	1	0	0	-	-	-	-	-	-	1	1	-	1
Ikebukuro 2Chome Building	63	32	8	4	5	0	4	9	-	30	40	0	39
JRE Minami-Ikebukuro Building	201	83	18	12	15	0	3	32	0	118	151	-	151
Hachioji First Square	237	132	53	2	26	0	14	35	0	105	140	28	112

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2021 – March 31, 2022)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*1	NCF ③-④
			Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses				
JRE Saitama Urawa Building	128	54	14	9	9	0	3	18	-	73	91	-	91
MM Park Building	1,176	649	132	153	80	1	29	252	0	526	779	97	682
Queen's Tower A	1,015	715	206	91	114	2	48	245	7	299	545	111	433
Musashi Kosugi STM Building	171	70	21	0	12	0	6	27	0	101	129	22	107
8・3 Square Kita Building	369	155	30	54	23	0	9	37	-	214	251	11	240
Jozenji Park Building	67	41	9	7	7	0	5	12	-	26	38	3	34
JRE Higashi Nibancho Square	598	264	72	42	41	0	6	101	-	334	435	1	434
JRE Sendai Honcho Honma Building	145	73	17	14	16	0	6	18	-	71	90	11	79
AER	693	331	91	46	64	0	3	124	0	362	487	-	487
Daido Seimei Niigata Building	80	56	12	5	6	0	1	30	-	23	54	1	52
Kanazawa Park Building	495	350	102	45	67	1	47	87	-	144	232	160	71
JRE Kanazawa Kamitsutsumicho Building	141	89	17	13	9	0	7	40	-	52	92	12	80
Nishiki Park Building	284	200	57	22	24	0	28	59	6	83	143	49	93
JRE Nagoya Hirokoji Place	410	163	40	30	35	0	8	47	-	247	295	17	278
Nagoya Hirokoji Building	569	378	88	46	65	0	19	156	0	191	348	5	342
Nagoya Misono Building*4	67	50	9	6	5	0	4	25	0	16	42	-	42
JRE Shijo Karasuma Center Building	208	119	27	11	11	0	22	45	0	88	134	4	129
GRAND FRONT OSAKA(North Building)*5	*5	*5	*5	*5	*5	*5	*5	*5	*5	128	188	1	186
GRAND FRONT OSAKA(Umekita Plaza and South Building)*5	*5	*5	*5	*5	*5	*5	*5	*5	*5	176	232	2	230
JRE Umeda Square Building	473	260	55	26	51	0	41	82	0	213	295	18	277
JRE Dojima Tower	763	519	106	61	76	1	21	251	-	244	496	47	449
JRE Sakaisujihonmachi Building	252	144	42	27	35	0	12	25	0	108	134	5	129
JRE Midosuji Daiwa Building	566	282	67	37	76	0	3	97	-	283	381	2	379
JRE Amagasaki Front Building	367	287	74	21	26	0	59	104	0	79	184	10	173

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2021 – March 31, 2022)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*1	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
Lit City Building	240	111	27	15	16	1	15	35	-	128	164	6	157
NHK Hiroshima Broadcasting Center Building	260	204	51	22	24	0	18	62	25	55	118	19	99
JRE Tenjin 3Chome Building	101	48	12	6	7	0	7	13	-	53	66	-	66
JRE Tenjin Crystal Building	170	130	22	17	19	0	5	63	0	40	104	39	65
Hinode Tenjin Building	192	77	22	16	14	0	0	21	-	115	136	0	136
Total	35,135	17,391	3,986	2,249	3,371	46	1,217	6,326	192	17,744	24,070	2,022	22,048

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

*2. 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.

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

*4 Nagoya Misono Building has been disposed of as of March 1, 2022.

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

c. Condition of Other Assets

(i) Shares/Investment Securities

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	—	*
KMO Corporation	1,666	50	83,300	50	83,300	—	*
Total	—	—	660,468	—	660,468	—	—

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

(ii) Securities Other Than Shares/Investment Securities

Specified asset type	Quantity	Acquisition price (¥ thousand)		Appraisal value (¥ thousand)		Valuation gain/loss (¥ thousand)	Notes
		Unit price	Amount	Unit price	Amount		
Right to claim a refund of funds	1	—	4,900	—	4,900	—	*

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

(iii) Other Specified Assets

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

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

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
JRE Omori-Eki Higashiguchi Building (Ota-ku, Tokyo)	Upgrade of air conditioning facilities	From April 2022 To March 2023	123	—	—
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of air conditioning facilities	From June 2021 To November 2022	80	—	—
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Elevator renewal construction	From April 2022 To December 2022	55	—	—

(ii) Capital expenditures during the period under review

For acquired real estate and other assets, capital expenditures incurred in the period under review totaled ¥2,022 million and repair, maintenance and renovation expenses classified as expenses in the period under review totaled ¥1,217 million, for a total of ¥3,239 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 2021 To December 2021	95
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Elevator renewal construction	From April 2021 To December 2021	55
Other real estate			1,871
Total			2,022

(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, 2021 to September 30, 2021	For the period from October 1, 2021 to March 31, 2022
(a) Asset management fees *1	¥1,719,993 thousand	¥1,541,945 thousand
(breakdown) NOI-linked fee	¥968,161 thousand	¥962,819 thousand
Distribution-linked fee I *2	¥433,516 thousand	¥414,329 thousand
Distribution-linked fee II*2	¥318,314 thousand	¥164,797 thousand
(b) Asset custody fees	¥64,717 thousand	¥64,774 thousand
(c) Administrative service fees	¥134,827 thousand	¥134,403 thousand
(d) Directors' compensations	¥7,800 thousand	¥7,800 thousand
(e) Commission expenses	¥89,352 thousand	¥122,766 thousand
(f) Other operating expenses	¥75,003 thousand	¥83,716 thousand
Total	¥2,091,694 thousand	¥1,955,406 thousand

*1 In addition to the asset management fees listed above, in the case that a property is acquired, an “acquisition fee” is included in the acquisition cost of the property and paid to the asset management company. In the case that a property is sold, a “disposition fee” is included in the loss on sale and paid to the asset management company. These fees are calculated by multiplying the buying/selling price of the property by a fee rate. In the period ended March 31, 2022, the acquisition fee amounted to ¥264,400 thousand, and the disposition fee amounted to ¥13,145 thousand, and in the period September 30, 2021, the disposition fee amounted to ¥30,125 thousand.

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

(ii) Borrowings

The condition of loans by financial institutions as of March 31, 2022 is as follows.

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. *3	August 18, 2021	11,000,000	—	0.09727	November 18, 2021	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	MUFG Bank, Ltd. *4	November 18, 2021	—	—	0.09727	February 18, 2022			
	Mizuho Bank, Ltd.	April 20, 2021	5,000,000	—	0.1189	April 20, 2022 *5			
	Sumitomo Mitsui Trust Bank, Limited	April 20, 2021	2,000,000	2,000,000	0.1187	April 20, 2022			
	MUFG Bank, Ltd. *6	February 18, 2022	—	11,000,000	0.10727	May 18, 2022			
	MUFG Bank, Ltd.	November 30, 2021	—	3,200,000	0.11815	November 30, 2022			
	MUFG Bank, Ltd.	March 29, 2022	—	15,000,000	0.12545	March 29, 2023			
	Mizuho Bank, Ltd.	March 29, 2022	—	10,000,000	0.1254	March 29, 2023			
	Subtotal		18,000,000	41,200,000					
Long-term borrowings									
	The Iyo Bank, Ltd.	October 1, 2014	1,000,000	—	0.46525	October 1, 2021	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	The Chugoku Bank, Limited	October 1, 2014	1,000,000	—	0.4725	October 1, 2021			
	Daishi Hokuetsu Bank, Ltd.	November 14, 2014	3,200,000	—	0.463	November 15, 2021			
	Sony Bank Incorporated		1,400,000	—					
	The Toho Bank, Ltd.		1,400,000	—					
	The Shinkumi Federation Bank		1,000,000	—					
	The Akita Bank, Ltd.		900,000	—					
	The Gunma Bank, Ltd.		900,000	—					
	The 77 Bank, Ltd.		900,000	—					
	The Tochigi Bank, Ltd.		900,000	—					
	The Fukui Bank, Ltd.		900,000	—					
	The Bank of Iwate, Ltd.		500,000	—					
	The Higo Bank, Ltd.	500,000	—						
	The Yamagata Bank, Ltd.	500,000	—						
	The Nishi-Nippon City Bank, Ltd.	June 17, 2014	2,000,000	—	0.621	December 17, 2021			

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
	Sumitomo Mitsui Banking Corporation	January 7, 2013	2,000,000	—	0.980	January 7, 2022	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Mizuho Bank, Ltd.	January 15, 2013	5,000,000	—	0.96625	January 17, 2022			
	The Norinchukin Bank	January 31, 2014	3,500,000	—	0.757	January 31, 2022			
	Mizuho Bank, Ltd.	April 24, 2013	3,000,000	3,000,000	0.87375	April 25, 2022 *7			
	MUFG Bank, Ltd.	June 15, 2012	4,000,000	4,000,000	1.1975	June 15, 2022 *7			
	MUFG Bank, Ltd.	June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022 *7			
	Shinsei Bank, Limited	June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022 *7			
	The Norinchukin Bank	June 17, 2014	3,000,000	3,000,000	0.6785	June 17, 2022 *7			
	The Gunma Bank, Ltd.	August 10, 2015	1,000,000	1,000,000	0.3925	August 10, 2022 *7			
	The Shinkumi Federation Bank		1,000,000	1,000,000					
	Daishi Hokuetsu Bank, Ltd		1,000,000	1,000,000					
	The Chugoku Bank, Limited		1,000,000	1,000,000					
	The Toho Bank, Ltd.		1,000,000	1,000,000					
	The Fukui Bank, Ltd.		1,000,000	1,000,000					
	The Tochigi Bank, Ltd.		500,000	500,000					
	MUFG Bank, Ltd.	September 1, 2015	2,000,000	2,000,000	0.47125	September 1, 2022 *7			
	The Hachijuni Bank, Ltd.	December 20, 2017	1,000,000	1,000,000	0.1863	December 20, 2022 *7			
	Development Bank of Japan Inc.	January 7, 2013	3,000,000	3,000,000	1.115	January 6, 2023 *7			
	Daishi Hokuetsu Bank, Ltd.	January 7, 2016	1,500,000	1,500,000	0.2802	January 10, 2023 *7			
	The 77 Bank, Ltd.	January 10, 2018	1,000,000	1,000,000	0.205	January 10, 2023 *7			
	The Hachijuni Bank, Ltd.	January 15, 2016	1,000,000	1,000,000	0.265	January 16, 2023 *7			
	The Iyo Bank, Ltd.	January 15, 2016	1,000,000	1,000,000	0.265	January 16, 2023 *7			
	Sumitomo Mitsui Trust Bank, Limited	January 17, 2018	3,000,000	3,000,000	0.210	January 17, 2023 *7			
	Development Bank of Japan Inc.	January 31, 2014	5,000,000	5,000,000	0.9325	January 31, 2023 *7			
	The Yamaguchi Bank, Ltd.	March 25, 2013	1,000,000	1,000,000	0.945	March 24, 2023 *7			

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 Norinchukin Bank	March 25, 2015	3,500,000	3,500,000	0.46825	March 27, 2023 *7				
The Chugoku Bank, Limited	March 26, 2018	2,000,000	2,000,000	0.1988	March 27, 2023 *7				
Sumitomo Mitsui Banking Corporation	November 29, 2018	3,000,000	3,000,000	0.1694	May 29, 2023				
Sumitomo Mitsui Trust Bank, Limited	November 29, 2018	3,000,000	3,000,000	0.1694	May 29, 2023				
MUFG Bank, Ltd.	June 1, 2017	12,000,000	12,000,000	0.03238 *8 *9	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 *10	December 19, 2023				
MUFG Bank, Ltd.	March 26, 2018	5,000,000	5,000,000	0.015 *8 *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	0.10952 *8	November 18, 2024				
MUFG Bank, Ltd.	June 1, 2018	10,000,000	10,000,000	0.2544	December 2, 2024				

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
The Ashikaga Bank, Ltd.	January 9, 2018	1,000,000	1,000,000	0.285	January 9, 2025				
Mizuho Trust & Banking Co., Ltd.	March 2, 2015	3,000,000	3,000,000	0.5585	March 3, 2025				
MUFG Bank, Ltd.	March 26, 2018	2,000,000	2,000,000	0.2725	March 26, 2025				
Development Bank of Japan Inc.	March 30, 2017	5,000,000	5,000,000	0.315	March 31, 2025				
Taiyo Life Insurance Company	May 29, 2015	1,500,000	1,500,000	0.7375	May 29, 2025				
Sumitomo Mitsui Trust Bank, Limited	June 15, 2020	7,000,000	7,000,000	0.2075	June 16, 2025				
Sumitomo Mitsui Banking Corporation	July 20, 2021	5,000,000	5,000,000	0.15375	July 22, 2025				
Sumitomo Mitsui Trust Bank, Limited	August 31, 2018	3,000,000	3,000,000	0.320	August 29, 2025				
Development Bank of Japan Inc.	September 1, 2015	7,000,000	7,000,000	0.7175	September 1, 2025				
Sumitomo Mitsui Trust Bank, Limited	September 23, 2020	5,000,000	5,000,000	0.1475	September 24, 2025				
Mizuho Bank, Ltd.	December 26, 2016	5,000,000	5,000,000	0.3625	December 26, 2025				
Sumitomo Mitsui Trust Bank, Limited	January 29, 2021	2,000,000	2,000,000	0.1625	January 29, 2026				
MUFG Bank, Ltd.	February 26, 2018	6,500,000	6,500,000	0.3413	February 26, 2026				
Mizuho Bank, Ltd.	March 27, 2018	5,500,000	5,500,000	0.300	March 27, 2026				
Shinkin Central Bank	March 30, 2017	5,000,000	5,000,000	0.360	March 30, 2026				
Sumitomo Mitsui Trust Bank, Limited	June 28, 2021	3,700,000	3,700,000	0.17875	June 29, 2026				
The Norinchukin Bank	January 23, 2019	4,000,000	4,000,000	0.1988	July 23, 2026				
Shinkin Central Bank	September 1, 2017	5,000,000	5,000,000	0.3188	September 1, 2026				
MUFG Bank, Ltd.	October 31, 2016	3,000,000	3,000,000	0.240	October 30, 2026				
Mizuho Bank, Ltd.	December 21, 2016	5,000,000	5,000,000	0.415	December 21, 2026				

Classification	Lender	Drawdown date	Balance at beginning of current period (¥thousand)	Balance at end of current period (¥thousand)	Average interest rate *1 (%)	Repayment date	Repayment method	Use of proceeds	Notes
Shinkin Central Bank	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	2,500,000	0.21875	January 31, 2028				
Mizuho Bank, Ltd.	March 30, 2018	4,000,000	4,000,000	0.3963	March 30, 2028				
MUFG Bank, Ltd.	March 30, 2018	4,000,000	4,000,000	0.3963	March 30, 2028				
Taiyo Life Insurance Company	March 30, 2018	1,000,000	1,000,000	0.3963	March 30, 2028				
The Bank of Fukuoka, Ltd.	August 31, 2021	1,500,000	1,500,000	0.20625	August 31, 2028				
Mizuho Bank, Ltd.	November 15, 2019	8,500,000	8,500,000	0.34875	November 15, 2028				
The Nishi-Nippon City Bank, Ltd.	December 17, 2021	—	1,000,000	0.27875	December 18, 2028				
Shinkin Central Bank	January 15, 2020	5,000,000	5,000,000	0.325	January 15, 2029				
Mizuho Bank, Ltd.	November 1, 2019	6,000,000	6,000,000	0.35125	November 1, 2029				
MUFG Bank, Ltd.	January 15, 2020	5,500,000	5,500,000	0.3625	January 15, 2030				
MUFG Bank, Ltd.	April 27, 2020	5,000,000	5,000,000	0.35875	April 26, 2030				
Mizuho Bank, Ltd.	April 27, 2020	5,000,000	5,000,000	0.35875	April 26, 2030				
MUFG Bank, Ltd.	June 15, 2020	4,000,000	4,000,000	0.36125	June 14, 2030				
MUFG Bank, Ltd.	October 20, 2020	5,000,000	5,000,000	0.2925	October 18, 2030				
MUFG Bank, Ltd.	December 21, 2020	10,000,000	10,000,000	0.2825	December 20, 2030				
The Iyo Bank, Ltd.	March 24, 2021	2,000,000	2,000,000	0.15765 *8	March 24, 2031				
The Yamanashi Chuo Bank, Ltd.	March 26, 2019	2,000,000	2,000,000	0.3688	March 26, 2031				
MUFG Bank, Ltd.	April 5, 2021	5,000,000	5,000,000	0.41875	April 4, 2031				

	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.	April 26, 2021	5,000,000	5,000,000	0.35625	April 25, 2031	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Mizuho Bank, Ltd.	June 15, 2021	4,000,000	4,000,000	0.28875	June 16, 2031			
	The Norinchukin Bank *12	January 29, 2021	5,000,000	5,000,000	0.34625	July 31, 2031			
	The Chugoku Bank, Limited	October 1, 2021	—	1,000,000	0.345	October 1, 2031			
	The Norinchukin Bank *13	November 15, 2021	—	5,000,000	0.405	November 17, 2031			
	Shinkin Central Bank	November 15, 2021	—	5,000,000	0.405	November 17, 2031			
	Daishi Hokuetsu Bank, Ltd.	November 15, 2021	—	3,200,000	0.395	November 17, 2031			
	The Chugoku Bank, Limited	November 15, 2021	—	1,000,000	0.405	November 17, 2031			
	The 77 Bank, Ltd.	November 15, 2021	—	1,000,000	0.395	November 17, 2031			
	The Hachijuni Bank, Ltd.	November 15, 2021	—	1,000,000	0.16051 *8	November 17, 2031			
	The Nishi-Nippon City Bank, Ltd.	December 17, 2021	—	1,000,000	0.37375	December 17, 2031			
	Sumitomo Mitsui Banking Corporation	January 7, 2022	—	2,000,000	0.415	January 7, 2032			
	Mizuho Bank, Ltd.	January 17, 2022	—	5,000,000	0.4475	January 19, 2032			
	The Norinchukin Bank *14	January 29, 2021	5,000,000	5,000,000	0.3675	January 30, 2032			
	The Norinchukin Bank	January 31, 2022	—	3,500,000	0.4725	January 30, 2032			
	The Shiga Bank, Ltd.	February 21, 2022	—	3,000,000	0.440	February 24, 2032			
	The Chugoku Bank, Limited	February 21, 2022	—	1,000,000	0.440	February 24, 2032			
	The Gunma Bank, Ltd.	February 21, 2022	—	1,000,000	0.440	February 24, 2032			
	Sumitomo Life Insurance Company	March 26, 2019	1,000,000	1,000,000	0.505	March 27, 2034			
	Sumitomo Life Insurance Company	December 16, 2019	2,000,000	2,000,000	0.490	December 18, 2034			
Subtotal			358,500,000	365,700,000					
Total			376,500,000	406,900,000					

*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, 2021, MUFG Bank, Ltd. transferred its loan receivable of ¥11,000 million to Mitsubishi UFJ Trust and Banking Corporation.
- *4. As of November 18, 2021, MUFG Bank, Ltd. transferred its loan receivable of ¥11,000 million to Mitsubishi UFJ Trust and Banking Corporation.
- *5. The Company made a full repayment (¥5,000 million) before maturity on February 21, 2022.
- *6. As of February 18, 2022, MUFG Bank, Ltd. transferred its loan receivable of ¥10,600 million to Mitsubishi UFJ Trust and Banking Corporation.
- *7. At the end of the period under review, these loans are accounted for under current liabilities on the balance sheets as the current portion of long-term borrowings.
- *8. These are floating rate borrowings which are not swapped into fixed rates.
- *9. The loan was based on floating rate (Base rate (Risk free rate (TONA) compounded in arrears over rate observation period (1 month) according to the lookback method + spread adjustment (-0.02923%) + 0.09%).
- *10. 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.
- *11. The loan was based on floating rate (Base rate (Risk free rate (TONA) compounded in arrears over rate observation period (3 months) according to the lookback method + spread adjustment (0.00835%) + 0.09%).
- *12. The applicable interest rate will be lowered by 0.01% from the original rate of 0.35625% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation at the end of July 2021, the interest rate for the period until the next confirmation was 0.34625%.
- *13. The applicable interest rate will be lowered by 0.01% from the original rate of 0.405% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved.
- *14. The applicable interest rate will be lowered by 0.01% from the original rate of 0.3775% for a corresponding period pursuant to the loan agreement on the condition that either one of the targets set for CO₂ emissions reduction or the number of ZEB-certified buildings the Company owns, respectively, is achieved. Since the target was achieved at the time of confirmation at the end of July 2021, the interest rate for the period until the next confirmation was 0.3675%.

(iii) Investment Corporation Bonds

Outstanding investment corporation bonds as of March 31, 2022 are as follows.

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

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

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

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

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

(iv) New Unit Acquisition Rights

“Not applicable”

f. Examination of the Value of Specified Assets

(i) Real Estate, etc.

Acquisition or Disposition	Property name	Date of transaction	Acquisition/disposition cost*1 (¥ million)	Real estate appraisal value (¥ million)	Appraising institution	Date of appraisal
Acquisition	GRAND FRONT OSAKA (North Building)	October 1, 2021	9,750	10,100	Chuo Real Estate Appraisal Co., Ltd.	September 1, 2021
Acquisition	GRAND FRONT OSAKA (Umekita Plaza and South Building)	October 1, 2021	11,250	11,700	Chuo Real Estate Appraisal Co., Ltd.	September 1, 2021
Acquisition	Otemachi Financial City North Tower (ratio of ownership interest: 1.42%)	November 30, 2021	6,380	7,070	Daiwa Real Estate Appraisal Co., Ltd.	November 1, 2021
Disposition	Nagoya Misono Building	March 1, 2022	2,629	1,760	Daiwa Real Estate Appraisal Co., Ltd.	November 1, 2021
Acquisition	Toyosu Front	March 29, 2022	25,500	26,600	Daiwa Real Estate Appraisal Co., Ltd.	March 1, 2022

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

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

(ii) Securities

Acquisition or Disposition	Date of transaction	Type	Issuer	Quantity (shares)	Transaction price (¥ million)	Investigated price of specified assets (¥ million)
Acquisition	October 1, 2021	Stock	KMO Corporation	1,666	83	83
Acquisition	October 1, 2021	Right to claim a refund of funds	Knowledge Capital Association	—	4	4

- * For transactions which require investigations into the value of securities related to specified assets pursuant to Paragraph 2, Article 201 of the Investment Trusts Act, the Company has outsourced Yoshihiro Tanaka CPA Office to conduct the investigations pursuant to Practical Guidelines for Specialized Operations 4400 “Practical Guidelines for Agreed-Upon Procedures Engagements” and Practical Guidelines for Specialized Operations 4460 “Practical Guidelines for Agreed-Upon Procedures Engagements Pertaining to Investigation into the Value, etc. of Specified Assets of Investment Trusts and Investment Corporations” published by The Japanese Institute of Certified Public Accountants, and the Company has been notified of the results of the investigations.

(iii) Other assets

Acquisition or Disposition	Date of transaction	Type	Issuer	Transaction price (¥ million)	Investigated price specified assets (¥ million)
Acquisition	October 1, 2021	Right to claim a refund of funds	GRAND FRONT OSAKA TMO General Incorporated Association	0	0

- * For transactions which require investigations into the value of right to claim a refund of funds related to specified assets pursuant to Paragraph 2, Article 201 of the Investment Trusts Act, the Company has outsourced Yoshihiro Tanaka CPA Office to conduct the investigations pursuant to Practical Guidelines for Specialized Operations 4400 “Practical Guidelines for Agreed-Upon Procedures Engagements” and Practical Guidelines for Specialized Operations 4460 “Practical Guidelines for Agreed-Upon Procedures Engagements Pertaining to Investigation into the Value, etc. of Specified Assets of Investment Trusts and Investment Corporations” published by The Japanese Institute of Certified Public Accountants, and the Company has been notified of the results of the investigations.

g. Transactions with Interested Parties (from October 1, 2021 to March 31, 2022)

(i) Transactions

Segment	Buying and selling amounts	
	Buying amounts	Selling amounts
Total Amount	¥ 52,880,000 thousand	¥ 2,629,000 thousand
Breakdown of Transactions with Interested Parties		
Mitsubishi Estate Co., Ltd.	¥ 46,500,000 thousand (87.9%)	¥ – thousand (–%)
Total	¥ 46,500,000 thousand (87.9%)	¥ – thousand (–%)

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

(ii) Amount of Commission Fees and Other Expenses

Segment	Total amount of commission fees and other expenses A	Breakdown of transactions with interested parties		Percentage of total amount B/A
		Payment recipient	Amount paid B	
Property management expenses	¥3,986,885 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥2,526,476 thousand	63.4 %
		Mitsubishi Estate Co., Ltd.	¥185,223 thousand	4.6 %
		Mitsubishi Real Estate Services Co., Ltd.	¥39,083 thousand	1.0 %
		Yuden Building Kanri Co., Ltd.	¥30,047 thousand	0.8 %
		Mitsubishi Estate Parks Co., Ltd.	¥1,087 thousand	0.0 %
Utilities expenses	¥2,249,197 thousand	Minato Mirai 21 District Heating and Cooling Co., Ltd.	¥79,211 thousand	3.5 %
Other operating expenses	¥207,067 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥19,627 thousand	9.5 %
		Mitsubishi Estate Co., Ltd.	¥401 thousand	0.2 %
		Mitsubishi Jisho Design Inc.	¥23,148 thousand	11.2 %

*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.	¥825,571 thousand
Mitsubishi Estate Co., Ltd.	¥217,300 thousand
Yuden Building Kanri Co., Ltd.	¥50,843 thousand
Mitsubishi Jisho Design Inc.	¥3,600 thousand
Mitsubishi Real Estate Services Co., Ltd.	¥37,726 thousand

h. Other Announcements

Board of Directors

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

Date of acceptance	Accepted item	Overview
November 15, 2021	Consignment of a general administrative work concerning the issuance of investment corporation bonds	In connection with the comprehensive resolution adopted on the same date on the issuance of investment corporate bonds, the approval was given to the candidate agents to whom an administrative work for the said bonds was consigned. Other items necessary for its operation are entrusted to the executive directors to decide.
December 9, 2021	Change of asset custody company	The Company resolved to change our asset custody company to Mitsubishi UFJ Trust and Banking Corporation, and to notify Sumitomo Mitsui Trust Bank, Limited, our current asset custody company, in writing of the termination of the asset custody service agreement as of June 17, 2022.
February 10, 2022	Conclusion of agreement on termination of asset custody service agreement	On February 10, 2022, the Company entered into an agreement with Sumitomo Mitsui Trust Bank, Limited to terminate the asset custody service agreement as of June 17, 2022.
	Conclusion of asset custody service agreement	An asset custody service agreement was closed with Mitsubishi UFJ Trust and Banking Corporation, the new asset custody company, on February 10, 2022, with a commencement date of June 18, 2022.
March 19, 2022	Concerning amendment to asset management agreement and execution of memorandum	The Company approved the execution of a memorandum for the asset management agreement to partially change the scope of cost-bearing responsibilities.

Selected Financial Data

	Millions of yen				
	For the period from October 1, 2021 to March 31, 2022	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2020 to March 31, 2021	For the period from April 1, 2020 to September 30, 2020	For the period from October 1, 2019 to March 31, 2020
Operating revenues	36,453	36,901	34,944	34,966	35,996
Operating expenses	19,346	18,507	18,464	18,468	18,641
Operating profit	17,107	18,394	16,479	16,498	17,354
Ordinary profit	16,191	17,477	15,508	15,608	16,326
Profit before income taxes	16,191	17,477	15,508	15,608	16,326
Profit	16,045	16,865	15,560	15,598	15,755
Total assets	1,035,072	1,003,583	1,001,734	1,000,254	982,607
Interest-bearing debt	449,893	419,493	419,493	418,993	401,993
Net assets	516,762	516,447	515,262	515,302	514,400
Unitholders' capital	497,241	497,241	497,241	497,241	497,241
Number of units (Units)	1,385,210	1,385,210	1,385,210	1,385,210	1,385,210
Net assets per unit (Yen)	373,057	372,829	371,974	372,002	371,351
Cash distribution	15,791	15,730	15,680	15,600	14,697
Dividend payout ratio (Note 1)	98.4%	93.3%	100.8%	100.0%	93.3%
Dividend per unit (Yen)	11,400	11,356	11,320	11,262	10,610
Net operating income (NOI)	24,070	24,204	24,825	24,943	23,413
Funds from operations (FFO)	21,053	20,583	22,089	22,225	19,986
Return on assets (ROA) (Note 2)	1.6%	1.7%	1.5%	1.6%	1.7%
	(3.2% annualized)	(3.5% annualized)	(3.1% annualized)	(3.1% annualized)	(3.3% annualized)
Return on equity (ROE) (Note 3)	3.1%	3.3%	3.0%	3.0%	3.1%
	(6.2% annualized)	(6.5% annualized)	(6.1% annualized)	(6.0% annualized)	(6.1% annualized)
EOP equity ratio (Note 4)	49.9%	51.5%	51.4%	51.5%	52.4%
EOP interest-bearing debt ratio on total assets (Note 5)	43.5%	41.8%	41.9%	41.9%	40.9%
FFO multiple (Times)	21.0	22.5	20.4	16.8	22.0
Debt service coverage ratio (Times) (Note 6)	26.9	27.7	24.8	24.2	24.3

- Notes: 1. Dividend payout ratio = Dividend per unit / Profit per unit × 100
2. ROA = Ordinary profit / Average of Total assets during the period × 100
3. ROE = Profit / Average of Net assets during the period × 100
(Annualized portion of the calculation given in Note 2 and Note 3 assumes a fiscal period of 183 days for the period ended March 31, 2020, 183 days for the period ended September 30, 2020, 182 days for the period ended March 31, 2021, 183 days for the period ended September 30, 2021 and 182 days for the period ended March 31, 2022.)
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