

**SUMMARY OF FINANCIAL RESULTS (REIT) For the Fiscal Period Ended October 31, 2019**

December 16, 2019

Name of REIT Issuer: Invesco Office J-REIT, Inc. Stock exchange listing: TSE  
 Securities code: 3298 URL <http://www.invesco-reit.co.jp/>  
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Scheduled date to file securities report: January 29, 2020 Scheduled date to commence distribution payments: January 21, 2020  
 Supplementary materials for financial results: Yes  
 Holding of financial results briefing session: Yes (For institutional investors and analysts)

(Values are rounded down to the nearest million yen)

**1. Financial results for the fiscal period ended October 31, 2019 (May 1, 2019 to October 31, 2019)****(1) Operating results**

(Percentages indicate change from the previous period)

	Operating revenues		Operating income		Ordinary income		Net income	
Period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
October 31, 2019	8,634	3.5	3,987	(1.7)	3,471	(2.0)	3,470	(1.9)
April 30, 2019	8,341	(3.3)	4,056	(6.5)	3,541	(6.8)	3,538	(6.8)

  

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
Period ended	Yen	%	%	%
October 31, 2019	391	3.1	1.4	40.2
April 30, 2019	409	3.2	1.4	42.5

(Note 1) Net income per unit for the period is calculated by dividing the net income by the day-weighted average number of investment units.

(Note 2) Return on unitholders' equity was calculated using the following formula and rounded to one decimal place.

Return on unitholders' equity = Net income / [(total net assets at the beginning of the period + total net assets at the end of the period) / 2] × 100.

(Note 3) The ratio of ordinary income to total assets was calculated using the following formula and rounded to one decimal place.

The ratio of ordinary income to total assets = Ordinary income / [(total assets in the beginning of the period + total assets in the end of the period) / 2] × 100.

(Note 4) Percentages for operating revenues, operating income, ordinary income and net income indicate period-on-period changes.

**(2) Distributions**

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Distributions per unit (including distributions in excess of earnings)	Total distributions (including distributions in excess of earnings)	Payout ratio	Ratio of distributions to net assets
Period ended	Yen	Millions of yen	Yen	Millions of yen	Yen	Millions of yen	%	%
October 31, 2019	386	3,435	4	35	390	3,470	99.0	3.0
April 30, 2019	399	3,448	10	86	409	3,535	97.6	3.1

(Note 1) Distributions in excess of earnings per unit amounted 10 yen for the fiscal period ended April 30, 2019 and it derives from the allowance for temporary different adjustment. There are no distributions by decreasing unitholders' capital on taxation. Distributions in excess of earnings per unit amounted 4 yen for the fiscal period ended October 31, 2019 and it derives from the allowance for temporary different adjustment. There are no distributions by decreasing unitholders' capital on taxation.

(Note 2) Due to the issuance of new investment units during the fiscal period ended October 31, 2019, the payout ratio for the fiscal period ended October 31, 2019 was calculated using the following formula and rounded to one decimal place.

Payout ratio = Total distributions (excluding distributions in excess of earnings) ÷ Net income × 100.

(Note 3) The ratio of distributions to net assets was calculated using the following formula and rounded to one decimal place.

Distributions per unit (excluding distributions in excess of earnings) / [(Net assets per unit at beginning of period + Net assets per unit at end of period) / 2] × 100.

## (3) Financial position

	Total assets	Net assets	Ratio of unitholders' equity to total assets	Net asset per unit
Period ended	Millions of yen	Millions of yen	%	Yen
October 31, 2019	254,423	113,903	44.8	12,799
April 30, 2019	245,768	109,974	44.7	12,723

## (4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal period
Period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
October 31, 2019	4,436	(8,947)	4,771	9,205
April 30, 2019	5,804	(789)	(3,825)	8,944

## 2. Earnings forecast for the fiscal period ending April 30, 2020 (November 1, 2019 to April 30, 2020) and October 31, 2020 (May 1, 2020 to October 31, 2020)

(Percentages indicate change from the previous period)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Period ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
April 30, 2020	8,660	0.3	4,008	0.5	3,495	0.7	3,492	0.6	393	-
October 31, 2020	8,803	1.6	4,012	0.1	3,511	0.4	3,508	0.4	394	-

(Reference) Forecasted net income per unit = Forecasted net income / Number of total investment units forecasted for the end of the period

Forecasted net income per unit for the fiscal period ending April 30, 2020: 392 yen

Forecasted net income per unit for the fiscal period ending October 31, 2020: 394 yen

## \* Other

## (1) Changes in accounting policies, accounting estimates or restatements

- (a) Changes in accounting policies due to revisions to accounting standards and/or other regulations: None
- (b) Changes in accounting policies due to other reasons: None
- (c) Changes in accounting estimates: None
- (d) Restatements: None

## (2) Number of investment units issued and outstanding

- (i) Number of investment units issued and outstanding at the end of the period (including own investment units):
- (ii) Number of own investment units at the end of the period:

As of October 31, 2019	8,899,256 units	As of April 30, 2019	8,643,356 units
As of October 31, 2019	Nil units	As of April 30, 2019	Nil units

(Note) Please refer to "Notes to Per Unit Information" on page 30 for the number of investment units used as the basis for calculating net income per unit.

\* Summary of financial results is not inside the scope of audit procedure by certified public accountants or audit corporations.

## \* Other matters of special consideration

The forward-looking statements in this material are based on information currently available to us and certain assumptions that we believe to be reasonable. Actual operating performance may differ substantially from the forward-looking statements due to various factors. Furthermore, the forward-looking statements shall not be deemed as a guarantee or a commitment of the amount of future distributions. Please refer to "Assumptions for the forecast of investment management performance for the fiscal period ending April 30, 2020 (from November 1, 2019 to April 30, 2020) and October 31, 2020 (from May 1, 2020 to October 31, 2020)" on page 11 and page 12 for assumptions relating to the forward-looking statements.

## Table of contents

I. Operating conditions.....	2
A. Operating results.....	2
1. Summary of operating results for the fiscal period under review.....	2
a) Historical background of the Investment Corporation .....	2
b) Investment environment and business performance .....	2
c) Overview of financing activities .....	3
d) Overview of financial results and cash distribution .....	4
2. Outlook for the next fiscal period.....	4
a) Future management policy and other issues.....	4
b) Significant events after the balance sheet date.....	7
c) Investment management performance outlook .....	10
B. Investment risks .....	12
II. Financial statements .....	13
A. Balance sheets.....	13
B. Statements of income.....	15
C. Statements of changes in net assets.....	16
D. Statements of cash distributions .....	18
E. Statements of cash flows .....	19
F. Notes on assumption of going concern .....	20
G. Notes on significant accounting policies .....	20
H. Notes to financial statements .....	21
I. Changes in numbers of issued and outstanding investment units .....	31
III. Reference information.....	32
A. Status of investment.....	32
B. Investment assets .....	32
1. Major investment in securities.....	32
2. Investment properties .....	32
3. Other major investment assets .....	33
a) Price and investment percentage .....	33
b) Overview of buildings and leases .....	34
c) Summary of trust beneficiary interests in real estate.....	36
d) Summary of real estate appraisal report.....	37
e) Overview of engineering reports.....	38
f) Summary of earthquake risk analysis .....	39
g) Major real estate properties.....	39
h) Leasing to major tenants .....	39
i) Information concerning top 10 tenants based on leased area.....	40
j) Capital expenditure .....	41
i) Future for capital expenditure .....	41
ii) Capital expenditure incurred .....	43
k) Reserved amount for long-term repairs plan.....	44
l) Income and expenditure of individual entrusted real estate.....	45
m) Security .....	50

## I. Operating conditions

### A. Operating results

#### 1. Summary of operating results for the fiscal period under review

##### a) Historical background of the Investment Corporation

The Investment Corporation was established on February 27, 2014 by Invesco Global Real Estate Asia Pacific, Inc. as the organizer under the Act on Investment Trusts and Investment Corporations of Japan (hereinafter referred to as the “Investment Trust Act”). The Investment Corporation was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange (Securities code: 3298) on June 5, 2014.

The Investment Corporation is managed by Invesco Global Real Estate Asia Pacific, Inc. (hereinafter referred to as the “Asset Management Company”). The Asset Management Company belongs to the Invesco Group, one of the world’s leading independent asset management companies. The Investment Corporation aims to provide investors with opportunities to invest in office buildings in Japan with a strong focus on large-scale office buildings (see Note 1) located in Japan’s major metropolitan areas (see Note 2). These assets will be selected by experienced investment management specialists belonging to the Asset Management Company with the view to maximize investor value.

(Note 1) “Large-scale office buildings” refers to real estate related assets (real estate related assets which are defined in Article 28, Paragraph 1 of the Investment Corporation’s Articles of Incorporation (hereinafter referred to as the “Articles of Incorporation”)) are buildings or mortgage-backed securities for which the underlying assets are buildings which have scale that meets the following standards and therefore regarded as “large-scale” and are used primarily as office space.

Tokyo Metropolitan Area: Total floor area of 10,000 m<sup>2</sup> or greater with a standard exclusive floor area on one floor covering at least 600 m<sup>2</sup>.

Other regions: Total floor area of 7,000 m<sup>2</sup> or greater with a standard exclusive floor area on one floor covering at least 400 m<sup>2</sup>.

(Note 2) The Investment Corporation defines “major metropolitan areas” as the Tokyo Metropolitan Area (Tokyo, Yokohama-shi, Kawasaki-shi, Saitama-shi, and Chiba-shi), Osaka-shi, Nagoya-shi and Fukuoka-shi; and sets this as its focused investment target area.

##### b) Investment environment and business performance

During the fiscal period under review, due to the US-China trade war, mainly manufactures and export has been weakening, however, strong corporate investment and employment situation supported to maintain corporate revenue and resulted in domestic demand-driven economic growth.

As for the domestic office leasing market, there remains high demand due to the growth in co-working spaces or shared offices as well as new leases and expansions of existing tenants, supported by start-ups, improvement in productivity and work-style reform promotion. In the Tokyo area, the tenant recruitment rate for newly supplied properties has been high, and impact of the vacancy spaces resulting from the new supply on the market has been lower than expected, which resulted in the maintenance of low vacancy rate and rent growth. In regional areas where new supply is relatively small, there are no changes to the cycle of high occupancy rates and steady rent increases.

With regards to real estate transactions, in an environment where the low-interest policy of Bank of Japan remains in place, the investment demand remains strong. However, transaction volume and yield rates have been decreasing due to a lack of large-scale star properties for sale.

In such environment, on May 22, 2019, the Investment Corporation acquired the trust beneficiary interests of two (2) properties: “Techno Wave 100” (Yokohama-shi, Kanagawa; acquisition price of 1,310 million yen) and “Otowa Prime Building” (Bunkyo-ku, Tokyo; acquisition price of 6,830 million yen) based on the judgment that they would contribute to “improvement of the quality of portfolio” through improving the profitability of the portfolio and progressing the diversification of the portfolio. With regards to the “Techno Wave 100”, the Investment Corporation acquired an additional portion of which the Investment Corporation already acquired on May 1, 2018.

The fiscal period under review ended with the ownership of real estate trust beneficiary interests relating to the nineteen (19) properties (total acquisition price: 228,299 million yen) that have a total leasable area of 287,959.29 sqm.

Regarding property management, the occupancy rate of the entire portfolio was 99.0% as of the end of the fiscal period under review through the steady leasing of vacant space in assets of the Investment Corporation. Along with improvement in occupancy rate, the Investment Corporation pursued to improve earnings of the entire portfolio by seeking the possibility to increase rent on lease renewals.

c) Overview of financing activities

The fundamental policy of the Investment Corporation is to conduct stable and sound financial management to secure stable income over the medium to long term together with steady growth in asset value. Financing activities in the fiscal period under review were as follows.

The Investment Corporation issued 243,700 new investment units on May 22, 2019 through a public offering to raise part of the funds, as well as the related expenses, for acquiring the trust beneficiary interests in real estate pertaining to the properties described in “b) Investment environment and business performance” above. Also, the Investment Corporation issued 12,200 investment units on June 14, 2019 through a third-party allocation for part of the future acquisition of specified assets or part of the repayment of borrowings.

In addition, the Investment Corporation borrowed 4,480 million yen on May 22, 2019 to procure part of the funds as well as part of the related expenses to acquire the trust beneficiary interests in real estate pertaining to the properties described in “b) Investment environment and business performance” above.

Furthermore, the Investment Corporation borrowed 20,980 million yen on June 6, 2019 to repay the existing borrowing which came due on the same day.

As a result, the outstanding amount of interest-bearing debt as of the end of the fiscal period under review totaled 125,780 million yen; 6,980 million yen for short-term borrowings, 104,400 million yen for long-term borrowings (including borrowings which will be repaid within one (1) year for 23,950 million yen) and 14,400 million yen for investment corporation bonds (no investment corporation bonds to be repaid within one (1) year). The ratio of total interest-bearing debt (the total amount of borrowings, investment corporation bonds and short-term investment corporation bonds) to total assets (i.e., the loan-to-value or “LTV”) was at 49.4% at the end of the fiscal period under review.

(Credit rating)

As the date of this document, credit ratings of the Investment Corporation are as follows.

Rating agency	Rating	Rating outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating: A+	Positive
	Bonds: A+ (Note)	-

(Note) Mentioned herein is the rating for the 1st series Unsecured Investment Corporation Bonds, the 2nd series Unsecured Investment Corporation Bonds, the 3rd series Unsecured Investment Corporation Bonds and the 4th series Unsecured Investment Corporation Bonds.

(Shelf registration statement regarding investment corporation bonds)

The Investment Corporation filed a shelf registration statement regarding investment corporation bonds (excluding short-term investment corporation bonds) on February 22, 2019. The details of the statement are as follows.

Amount to be issued	50,000 million yen
Planned period of issuance	From March 7, 2019 to March 6, 2021
Use of proceeds	Acquisition of specific assets (as defined under Article 2, Paragraph 1 of the Investment Trust Act), debt repayment, redemption of investment corporation bonds (including short-term investment corporation bonds), refund of tenant security deposit, payment of repairs and maintenance expenses, working capital, etc.

(Reference)

The Investment Corporation executed borrowings for the purpose of refinancing the existing loan of 13,350 million yen which came due on November 29, 2019. For further details, please refer to “2. Outlook for the next fiscal period / b) Significant events after the balance sheet date / (Reference) / (1) Refinancing” below.

d) Overview of financial results and cash distribution

As a result of the above, operating revenue amounted to 8,634 million yen, operating income amounted to 3,987 million yen, ordinary income amounted to 3,471 million yen, and net income amounted to 3,470 million yen for the fiscal period under review.

Concerning cash distribution, pursuant to the cash distribution policies provided in the Articles of Incorporation of the Investment Corporation, the intention is to have maximum amount of cash distribution of earnings included in deductible expenses by application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended; the “Act on Special Measures Concerning Taxation”). Accordingly, the decision was made to distribute 3,435,112,816 yen, which is the entire amount of the earnings provided in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations but excluding the portion where cash distribution of earnings per unit becomes a fractional amount of less than 1 yen. In addition, the Investment Corporation determined to make cash distribution in excess of earnings in an amount that it determines as the amount equivalent to the items of deduction from net assets (those provided in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations) with due consideration of the impact of the items of deduction from net assets on cash distribution. Accordingly, in the fiscal period under review, the decision was made to distribute 35,597,024 yen, which is calculated as the amount equivalent to changes in deferred losses on hedges during the period of 33,406,603 yen, as cash distribution attributable to allowance for temporary difference adjustment (those provided in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations). As a result of the above, cash distribution per unit declared for the fiscal period under review was 390 yen.

2. Outlook for the next fiscal period

a) Future management policy and other issues

The Japanese economy is expected to continue its trend of slow economic growth supported by stable employment and income environment, policy which eases burden of households due to consumption tax increase and expansion in public enterprise. However, it is expected that there remains concern over effects deriving from trade war between US and China and rapid change in resource prices and financial market.

In the office leasing market, the demand for newly-built offices and corporate expansion as well as the potential demand for co-working spaces remains high and it is expected that the cyclic expansion continues for a while.

As for the real estate transaction market, the strong price of real estate is expected to remain under the current high investment demand and stable environment for financing. However, it is necessary to be prepared for real estate prices to head downward caused of the decrease in transaction volume and temporary changes of liquidity in the capital market.

In view of the market environment described above, the Investment Corporation recognizes that it is crucial to pursue external growth through the acquisition of properties that will help enhance portfolio quality and profitability. This will be achieved by making maximum use of the investment expertise the Asset Management Company has accumulated since 1999 in Japan and the close relationships it has built with various market players as an independent asset manager. The Investment Corporation also needs to quickly achieve regional and tenant diversification in relation to the managed assets to secure stable earnings across its entire portfolio. Furthermore, the Investment Corporation considers it necessary to pursue internal growth through improvement in the profitability of managed properties, as rents in the office lease market are currently trending upward.

Based on the recognition of the issues described above, the Investment Corporation has been aiming to provide stable profit and to enhance the portfolio quality by investing mainly in large-scale office buildings in metropolitan areas such as the Tokyo area and steadily operating them, and it has been conducting its asset management for the purpose of improving both DPU amount and investors' value. However, as the current real estate investment market is fiercely competitive, and it is necessary to sustainably secure and increase opportunities to acquire assets in order to maximize investor value through external growth, the Investment Corporation has determined to broaden the type of investable assets which it may invest, into the assets other than office building subject to certain limitations. By broadening the type of investable assets and assessing appropriate investment timing to make rigorously selected investments in various assets, the Investment Corporation aims to realize sustainable external growth. As a result of expanding the size of the portfolio, diversification of both asset and tenants is expected to be furthered. Portfolio sustainability is also expected to be improved by combining assets having different cash flow characteristics.

(1) Investment policy / External growth strategy

Japan's economic activities are extremely concentrated in major urban areas, which serve as the base for business and consumption. Office buildings located in major urban areas offer a wealth of investment opportunities and relatively high rental demand can be expected. In addition, due to the concentration of economic activity, demand for office buildings as the site for economic activity and essential infrastructure is also likely to increase. Given the potential for growth driven by the scale of economic activity and population in these districts, office buildings located in major urban areas are likely to remain attractive investment targets.

Rents of office buildings in the Tokyo Metropolitan Area and other major urban areas show an upward trend, especially large office buildings. Rents in these areas can expect to rise ahead of other rents in a recovery phase, which may offer upside revenue potential through increased rents and higher occupancy rates. In addition, such office buildings are generally occupied by blue-chip companies with strong lease payment capacity. Depending on the equipment specifications, these office buildings can promise stable rents that are relatively high compared to other office buildings. Furthermore, relatively strong tenant demand can be expected in the areas in which such office buildings are located, and it may also be possible to maintain high occupancy rates through tenant diversification and flexibility when setting rents.

From this perspective, the Investment Corporation will continue to place its focus on large-scale office buildings (investment ratio of 70% or more) located in major metropolitan areas as its investment targets.

At the same time, in the current fiercely competitive real estate investment market, the Investment Corporation believes it is necessary to sustain and expand opportunities for acquiring assets. Therefore, the Investment Corporation plans to invest in investable assets other than large-scale office buildings, such as middle-scale offices, retail facilities, residential properties, hotels, logistics and others. The investment ratio of these assets is to be limited to less than 30% of the total portfolio. The Investment Corporation expects this investment policy to lead to an increase in opportunities to acquire assets worth improving the quality and profitability of the portfolio, and continuous external growth. Furthermore, it is expected that the diversification of both assets and tenants and the profitability of the portfolio improve by combining the assets with different types of profit characteristics.

Also, the Investment Corporation may selectively invest in Real Estate-Related Loan Assets within the range of less than 5% of total assets. However, in case of investing in Real Estate-Related Loan Assets, such investments are limited to the case where the principal and interests of Real Estate Related Loan and Other Monetary Claims (as defined in the amended Articles of Incorporation) are subject to low risk of default, and the properties which are pledged to such loans meet the investment standards of the Investment Corporation.

(2) Management policy / Internal growth strategy

The Investment Corporation will endeavor to (i) maintain and improve tenant satisfaction through meticulous property management services, (ii) maintain and improve rental income and occupancy rates, (iii) perform appropriate management and repairs, and (iv) promote rationalization and efficiency of management costs.

In its tenant leasing activities, the Investment Corporation will set appropriate rent conditions based upon its assessment and understanding of market trends and consideration of real estate characteristics for each managed asset. It will also fully utilize property management companies (hereinafter referred to as the “PM Companies”) to select high-quality tenants. Through leasing activities with consideration of tenant diversification, the Investment Corporation promotes early lease up and maintains and improves the occupancy rate and secures the stable income of not only each individual property but also the portfolio as a whole.

Since existing tenants are important clients, the Investment Corporation will make regular contact with them through the PM Companies to quickly identify tenant trends. Such trends include tenants that are considering increasing or decreasing leased space and tenants who are dissatisfied or are considering termination. At such time, the Investment Corporation will take appropriate and swift action.

The Investment Corporation will prepare a repair and maintenance plan along with a capital expenditure plan as part of the annual management review for each managed asset. The Investment Corporation will systematically carry out necessary repairs, maintenance and capital expenditures to improve the market competitiveness of the managed assets and to improve tenant satisfaction.

(3) Financing strategy

In line with the fundamental policy of conducting steady and sound financial management to ensure stable income over the medium-to-long term and to support continuous growth in asset value, the Investment Corporation, paying careful attention to financial market trends, raises funds as follows.

Decisions on equity financing will be made on a comprehensive basis taking into account such matters as (i) the timing of new real property-related asset acquisitions, (ii) the specific LTV on each asset, (iii) the repayment schedules, (iv) the terms of the interest-bearing debt, and (v) the market environment. This will all be viewed while giving consideration to the possible dilution of the interests of existing investors and any resulting decrease in the trading price of investment units.



In debt financing, the Investment Corporation aims to keep LTV levels within the range of 40% to 50% to maintain stable leverage control. However, there may be times when those LTV levels are temporarily exceeded. The Investment Corporation will seek stable financial management through repayment dates, diversification of lenders and the use of long-term fixed debt. At the same time, the Investment Corporation will take into account borrowing costs. In regard to lenders, the Investment Corporation will build a stable bank foundation centered on leading Japanese financial institutions.

Furthermore, for the purpose of improving capital efficiency and returning profit to unitholders, as a part of financial and capital policy, the Investment Corporation will examine acquisition and retirement of its own investment units. In such examination, improving investors' value in mid- to long-term is prioritized and the decision whether to conduct such acquisition is based on the prudent assessments of level of investment unit price, situation of cash in hand, financial situation, and market environment.

b) Significant events after the balance sheet date

Not applicable.

(Reference)

(1) Refinancing

The Investment Corporation executed borrowings as stated below for the purpose of refinancing the existing loan of 13,350 million yen which came due on November 29, 2019.

(Unit: Millions of yen)

Classification	Lender	Date of borrowing	Borrowing amount	Interest rate (Note 1)	Maturity date	Purpose of borrowing	Security
Long-term	Sumitomo Mitsui Banking Corporation	November 29, 2019	1,000	Base rate plus 0.20% (Note 2)	November 30, 2020	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.		600				
	Sumitomo Mitsui Trust Bank, Ltd.		600				
	Mizuho Bank, Ltd.		600				
	Resona Bank, Ltd.		600				
	Shinsei Bank, Limited		600				
	Sumitomo Mitsui Banking Corporation		1,900	Base rate plus 0.35% (Note 3) (Note 4)	November 30, 2023		
	MUFG Bank, Ltd.		100				
	Sumitomo Mitsui Trust Bank, Ltd.		800				
	Mizuho Bank, Ltd.		2,100				
	Resona Bank, Ltd.		800				
	Shinsei Bank, Limited		900				
	Aozora Bank, Ltd.		1,000				
	The Nishi-Nippon City Bank, Ltd.		750				
	The Bank of Fukuoka, Ltd.		1,000				
Total			13,350	-	-	-	-

(Note 1) Financing commissions to be paid to the lenders are not included in the "Interest rate".

(Note 2) The "Base rate" applicable to the period for the calculation of the interest payable on an interest payment date is the one-month Japanese yen Tokyo Interbank Offered Rate (TIBOR) published by the Japanese Bankers Association ("JBA") TIBOR Administration as of the date two business days prior to the most recent interest payment date of each interest payment date (for the first interest period, two business days prior to the borrowing date). The base rate will be revised on every payment date. However, if there is no base rate that corresponds to an interest calculation period, the base rate corresponding to the period as calculated by the formula set forth in the loan agreements will apply.

(Note 3) The "Base rate" applicable to the period for the calculation of the interest payable on an interest payment date is the three-month Japanese yen Tokyo Interbank Offered Rate (TIBOR) published by the Japanese Bankers Association ("JBA") TIBOR Administration as of the date two business days prior to the most recent interest payment date of each

interest payment date (for the first interest period, two business days prior to the borrowing date). The base rate will be revised on every payment date. However, if there is no base rate that corresponds to an interest calculation period, the base rate corresponding to the period as calculated by the formula set forth in the loan agreements will apply.

(Note 4) The interest rate of the borrowing mentioned above is floating. For the purpose of avoiding the interest-rate risk, the Investment Corporation concluded an interest rate swap agreement and the interest rate are effectively fixed at 0.381%.

(Note 5) “Purpose of borrowing” is to refinance the existing loan of 13,350 million yen which came due on November 29, 2019.

## (2) Amendments to the Articles of Incorporation

The Investment Corporation is planning to propose the following amendment of the Articles of Incorporation at the General Meeting of Unitholders scheduled on January 15, 2020 (hereinafter, referred to as the “General Meeting of Unitholders”). Outline of the amendment is described below.

- (i) Considering improvements in capabilities and conveniences regarding public notice, as well as cost reduction through the introduction of electronic public notice, the Investment Corporation changes its method of public notice to electronic public notice. In addition, necessary provisions are added in case the Investment Corporation fails to make electronic public notice in unavoidable circumstances.
- (ii) Once the Investment Corporation specifies certain date of convocation of the general unitholders meeting in the Articles of Incorporation, it is allowed to omit the public notice in the procedures for such convocation under the Investment Trust Act and the Articles of Incorporation. Currently, it is stated that certain date is December 25, 2019 and the Investment Corporation changes it to December 15, 2021 in accordance with the preparation process of holding a general unitholders meeting and the timing of sending a convocation notice.
- (iii) For the purpose of further strengthening the alignment of interests as between the investors and the Asset Management Company the Investment Corporation re-examined the balance between the Asset Management Fees (1) which is calculated based on the total assets and the Asset Management Fees (2) which is calculated based on dividend per unit (adjusted EPU) and net operating income derived from real estate rental business. Accordingly, the Investment Corporation reduces the maximum rate for the Asset Management Fee (1) from 0.45% to 0.30% and increases the maximum rate for the Asset Management Fee (2) from 0.0008% to 0.0017%.
- (iv) Necessary adjustments are made to calculation method for the Asset Management Fees (2) to neutralize the impact in the event that the Investment Corporation implements a rights offering (an issuance of investment units to existing unitholders who hold subscription rights that entitles them to allot newly issued investment units without contribution). In addition, methods of adjusting calculation methods for consolidation or split of investment units are transferred for clarification.
- (v) As the new calculation methods of the Asset Management Fees described in (iii) above will be introduced on May 1, 2020 which is the first date of the thirteenth fiscal period, supplementary provisions regarding the effective date for the revision described in (iii) are added.
- (vi) To avoid the impact from changes in the name of era commonly used in Japanese calendar, the Investment Corporation implements western calendar.
- (vii) Other than mentioned above, respective amendments will be made in line with necessary changes in expressions, clarification, and revision of wording.

(3) Election of directors

The term of the office of the Investment Corporation's executive director, Yugo Minemura, terminates as of the end of the General Meeting of Unitholders and therefore, the Investment Corporation proposes to elect one (1) executive director (candidate; Yugo Minemura) as of January 15, 2020. According to the Investment Trust Act and the Articles of Incorporation of the Investment Corporation, the term of office of newly elected executive director will be from January 15, 2020 as the date of election until the end of General Meeting of Unitholders, which will be held on the day within 30 days from the next day after 2 years from January 15, 2020, and on that General Meeting of Unitholders, the election of executive director will be proposed.

Along with electing a new executive director, the term of the office of the Investment Corporation's supervisory directors, Eiji Kawasaki, Yusuke Toda and Kohei Yoshida, terminates as of the end of the General Meeting of Unitholders and therefore, the Investment Corporation proposes to elect three (3) supervisory directors (candidate; Kohei Yoshida, Hiroko Nihei and Rina Sumino) as of January 15, 2020. According to Articles of Incorporation of the Investment Corporation, the term of office of newly elected executive director will be from January 15, 2020 as the date of election until the end of General Meeting of Unitholders, which will be held on the day within 30 days from the next day after 2 years from January 15, 2020, and on that General Meeting of Unitholders, the election of supervisory director will be proposed

The candidates for two (2) new supervisory directors (excluding those who are to be reelected) are as follows.

Name	Brief profile	
Hiroko Nihei	April 1999	Joined Fuji Bank, Limited (Presently, Mizuho Bank, Ltd.)
	October 2009	Joined O'Melveny & Myers Gaikokuho Kyodojigyo Horitsujimusho (current position)
	June 2019	External Corporate Auditor, SEED CO., LTD. (current position)
Rina Sumino	April 2003	Joined Chuo Aoyama Audit Corporation
	August 2007	Joined PwC Advisory Co., Ltd.
	July 2011	Joined KPMG FAS Co., Ltd.
	June 2013	Joined Recruit Holdings Co., Ltd.
	October 2018	Started Rina Sumino Certified Public Accountant Office (current position)

In addition, the election of one (1) substitute executive director (candidate; Ryukichi Nakata) will be proposed in preparation for any vacancy or an insufficient number of executive directors prescribed by laws and regulations.

c) Investment management performance outlook

The forecast for the fiscal period ending April 30, 2020 (from November 1, 2019 to April 30, 2020) and October 31, 2020 (from May 1, 2020 to October 31, 2020) is as follows. The figures below are calculated as of the date hereof based on the assumptions set forth in “Assumptions for the forecast of investment management performance for the fiscal period ending April 30, 2020 (from November 1, 2019 to April 30, 2020) and October 31, 2020 (from May 1, 2020 to October 31, 2020)” below.

The forecast for the fiscal period ending April 30, 2020 (from November 1, 2019 to April 30, 2020) (Twelfth fiscal period):

Operating revenues	8,660	million yen
Operating income	4,008	million yen
Ordinary income	3,495	million yen
Net income	3,492	million yen
Distributions per unit	393	yen
Distributions in excess of earnings per unit	-	yen

The forecast for the fiscal period ending October 31, 2020 (from May 1, 2020 to October 31, 2020) (Thirteenth fiscal period):

Operating revenues	8,803	million yen
Operating income	4,012	million yen
Ordinary income	3,511	million yen
Net income	3,508	million yen
Distributions per unit	394	yen
Distributions in excess of earnings per unit	-	yen

(Note) The forecast above was calculated based on assumptions as of the date hereof. Accordingly, actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may differ from the forecasted figures. In addition, the forecast above does not guarantee the amount of the distributions.

Assumptions for the forecast of investment management performance  
for the fiscal period ending April 30, 2020 (from November 1, 2019 to April 30, 2020) and  
October 31, 2020 (from May 1, 2020 to October 31, 2020)

Items	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>- Fiscal Period Ending April 30, 2020 (Twelfth fiscal period) (from November 1, 2019 to April 30, 2020) (182 days)</li> <li>- Fiscal Period Ending October 31, 2020 (Thirteenth fiscal period) (from May 1, 2020 to October 31, 2020) (184 days)</li> </ul>
Assets managed	<ul style="list-style-type: none"> <li>- Based on the assumption of nineteen properties (hereinafter, the “owned assets”) and there will be no change to the number of assets until the end of the fiscal period ending October 31, 2020 (Thirteenth fiscal period).</li> <li>- In fact, however, there is the possibility of fluctuations depending on changes in managed assets.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>- Based on the operating revenues from owned assets. The revenues from the leasing business for the owned assets are calculated, considering the lease agreements that are effective as of the date of this document, tenant circumstances, market circumstances, etc., and based on the assumption that no tenants will fail to pay or default on rents.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>- Among the expenses for the leasing business, which is a major operating expense, the expenses other than the depreciation expenses are calculated reflecting variable factors of expenses based on the past actual figures for owned assets.</li> <li>- The depreciation expenses are calculated including any incidental expenses, etc. according to the straight-line method. The estimates are 991 million yen for the fiscal period ending April 30, 2020 (Twelfth fiscal period) and 1,013 million yen for the fiscal period ending October 31, 2020 (Thirteenth fiscal period).</li> <li>- The estimated fixed asset tax and city planning tax are expected to be 690 million yen for the fiscal period ending April 30, 2020 (Twelfth fiscal period) and 711 million yen for the fiscal period ending October 31, 2020 (Thirteenth fiscal period). Generally, in sales and purchases of real estate, etc., the fixed asset tax and the city planning tax, among others, are adjusted with the previous owners etc. by calculation on a pro-rata basis for the relevant period upon the acquisition of the relevant real estate, etc. However, the Investment Corporation will not record the relevant adjusted amounts for the fixed asset tax, the city planning tax and other taxes under the expenses for the fiscal period during which the acquisition occurs because the said adjusted amounts will be included in the acquisition cost. Accordingly, with regards to the fixed asset tax, the city planning tax and other taxes for the additional portion of “Techno Wave 100” and “Otowa Prime Building” which the Investment Corporation acquired during the fiscal period ending October 31, 2019 (Eleventh fiscal period), (hereinafter referred to as the “Newly Acquired Assets in Eleventh fiscal period”), such taxes which corresponds to “Otowa Prime Building”, located in Tokyo, will be wholly recorded as expenses from the fiscal period ending October 31, 2020 (Thirteenth fiscal period) and for the additional portion of “Techno Wave 100”, located in outside of Tokyo, such taxes will be recorded partially from the fiscal period ending April 30, 2020 (Twelfth fiscal period) and wholly from the fiscal period ending October 31, 2020 (Thirteenth fiscal period). In case that the amount of fixed asset tax, city planning tax and other taxes regarding the Newly Acquired Assets in Eleventh Fiscal Period are to be recorded as expenses for a whole fiscal period, it is estimated to be 15 million yen.</li> <li>- In terms of repair costs, the asset management company records the estimated cost amounts for each property as expenses. However, an increase in repair costs or additional repair costs may arise due to unpredictable causes, and thus the actual costs may differ substantially from the estimated costs.</li> </ul>

Items	Assumptions
Non-operating expenses	- The estimated interest expenses and other loan-related costs are expected to be 496 million yen for the fiscal period ending April 30, 2020 (Twelfth fiscal period) and 500 million yen for the fiscal period ending October 31, 2020 (Thirteenth fiscal period).
Loans	<ul style="list-style-type: none"> <li>- The Investment Corporation has a balance of borrowings amounting to 125,780 million yen as of the date of this document and the amount will not change until the end of the fiscal period ending October 31, 2020 (Thirteenth fiscal period).</li> <li>- LTV is estimated at approximately 49.4% as of the end of the fiscal period ending April 30, 2020 (Twelfth fiscal period) and the end of the fiscal period ending October 31, 2020 (Thirteenth fiscal period). The LTV ratio is calculated according to the following formula:  <math display="block">\text{LTV} = \frac{\text{total amount of interest-bearing debt (as of the end of the fiscal period ending April 30, 2020 (Twelfth fiscal period) or the end of the fiscal period ending October 31, 2020 (Thirteenth fiscal period))}}{\text{total amount of assets (as of the end of the fiscal period ending April 30, 2020 (Twelfth fiscal period) or the end of the fiscal period ending October 31, 2020 (Thirteenth fiscal period))}} \times 100</math> </li> </ul>
Investment units	- Based on the assumption of 8,899,256 units which are issued as of today, and it is assumed that there will be no additional issue or acquisition and retirement of investment units until October 31, 2020 (Thirteenth fiscal period).
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>- The distributions per unit (excluding distributions in excess of earnings) are calculated based on the monetary distribution policy provided for under the Articles of Incorporation of the Investment Corporation.</li> <li>- The distributions per unit may change due to various reasons, including a change in managed assets, a change in rent revenues arising from a change in tenants or unexpected repairs.</li> <li>- It is assumed that the Investment Corporation continues the derivative transactions (interest rate swaps) during the fiscal period ending April 30, 2020 and the fiscal period ending October 31, 2020, and deferred losses on hedges among the deductions from net assets (those provided in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations) are expected to be 124 million yen for each fiscal period. The calculation assumes that there is no impact from the changes in the deductions from net assets to distribution per unit (excluding in excess of earnings).</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>- As described above, it is assumed that there are no changes in the amount of deferred losses on hedges as deduction from net assets in the fiscal period ending April 30, 2020 and the fiscal period ending October 31, 2020, and distributions in excess of earning related to the allowance for temporary difference adjustment are not scheduled at present.</li> <li>- Distributions in excess of earnings by decreasing unitholders' capital on taxation are not scheduled at present.</li> </ul>
Other	<ul style="list-style-type: none"> <li>- Based on the assumption that there will be no revisions to laws, regulations, the tax system, accounting standards, listing rules, rules of the Investment Trusts Association, Japan, etc. that will affect the estimated figures described above.</li> <li>- Based on the assumption that there will be no unexpected material changes in general economic trends, real estate market circumstances, etc.</li> </ul>

#### B. Investment risks

Disclosure is omitted since there are no significant changes from the investment risks described in the most recent Securities Report (submitted on July 29, 2019).

II. Financial statements

A. Balance sheets

(Unit: Thousands of yen)

	Previous fiscal period as of April 30, 2019	Current fiscal period as of October 31, 2019
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and bank deposits	4,858,537	4,575,660
Entrusted cash and entrusted bank deposits	15,656,011	16,818,424
Accounts receivables - operating	548,863	519,736
Accounts receivables	98	-
Short-term prepaid expenses	340,851	370,999
Derivative assets	8,669	3,422
Other current assets	24,522	26,373
<b>Total current assets</b>	<b>21,437,554</b>	<b>22,314,617</b>
<b>Non-current assets:</b>		
<b>Property and equipment</b>		
Entrusted buildings	49,982,139	52,113,628
Accumulated depreciation	(6,105,533)	(7,052,856)
Entrusted buildings, net	43,876,606	45,060,772
Entrusted building improvements	350,465	354,140
Accumulated depreciation	(152,819)	(172,116)
Entrusted building improvements, net	197,646	182,024
Entrusted machineries	60,708	64,050
Accumulated depreciation	(10,668)	(13,720)
Entrusted machineries, net	50,039	50,330
Entrusted furniture and equipment	191,141	215,682
Accumulated depreciation	(65,884)	(82,687)
Entrusted furniture and equipment, net	125,257	132,994
Entrusted land	178,650,756	185,237,792
Entrusted construction in progress	7,169	7,169
<b>Total property and equipment</b>	<b>222,907,475</b>	<b>230,671,084</b>
<b>Intangible assets:</b>		
Other intangible assets	1,530	1,024
<b>Total intangible assets</b>	<b>1,530</b>	<b>1,024</b>
<b>Investment and other assets:</b>		
Security deposits and guarantee deposits	10,088	10,088
Long-term prepaid expenses	474,127	480,908
Derivative assets	22,789	5,037
Deferred tax assets	41,768	56,954
Others	801,878	820,626
<b>Total investment and other assets</b>	<b>1,350,651</b>	<b>1,373,615</b>
<b>Total non-current assets</b>	<b>224,259,657</b>	<b>232,045,724</b>
<b>Deferred assets:</b>		
Investment corporation bonds issuance expenses	71,537	62,719
<b>Total deferred assets</b>	<b>71,537</b>	<b>62,719</b>
<b>TOTAL ASSETS</b>	<b>245,768,749</b>	<b>254,423,061</b>

	(Unit: Thousands of yen)	
	Previous fiscal period as of April 30, 2019	Current fiscal period as of October 31, 2019
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable - operating	865,325	787,862
Short-term borrowings	4,500,000	6,980,000
Current portion of long-term borrowings	25,350,000	23,950,000
Accounts payable - other	502,702	522,384
Accrued expenses	85,499	69,615
Income taxes payable	2,787	609
Consumption tax payable	402,667	16,206
Rent received in advance	870,369	917,132
Other current liabilities	30,907	47,351
<b>Total current liabilities</b>	<b>32,610,258</b>	<b>33,291,163</b>
<b>Non-current liabilities:</b>		
Investment corporation bonds	14,400,000	14,400,000
Long-term borrowings	77,050,000	80,450,000
Entrusted tenant leasehold and security deposits	11,570,096	12,188,758
Derivative liabilities	163,753	189,495
<b>Total non-current liabilities</b>	<b>103,183,850</b>	<b>107,228,254</b>
<b>TOTAL LIABILITIES</b>	<b>135,794,108</b>	<b>140,519,417</b>
<b>NET ASSETS</b>		
<b>Unitholders' equity:</b>		
Unitholders' capital	107,320,361	111,347,459
Deduction from unitholders' capital		
Allowance for temporary difference adjustment	-	*2 (86,433)
Other deduction from unitholders' capital	(799,984)	(799,984)
Total deduction from unitholders' capital	(799,984)	(886,418)
Unitholders' capital, net	106,520,376	110,461,041
Surplus:		
Retained earnings	3,544,939	3,566,683
Total surplus	3,544,939	3,566,683
<b>Total Unitholders' equity</b>	<b>110,065,316</b>	<b>114,027,724</b>
<b>Valuation and translation adjustments:</b>		
Deferred gains or losses on hedges	(90,674)	(124,081)
<b>Total valuation and translation adjustments</b>	<b>(90,674)</b>	<b>(124,081)</b>
<b>TOTAL NET ASSETS</b>	*1 <b>109,974,641</b>	*1 <b>113,903,643</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>245,768,749</b>	<b>254,423,061</b>



B. Statements of income

	(Unit: Thousands of yen)	
	Previous fiscal period from November 1, 2018 to April 30, 2019	Current fiscal period from May 1, 2019 to October 31, 2019
<b>Operating revenues</b>		
Rental revenues	*1 7,448,727	*1 7,813,870
Other rental revenues	*1 743,165	*1 820,932
Gain on sales of real estate properties	*2 149,470	-
<b>Total operating revenues</b>	<b>8,341,363</b>	<b>8,634,803</b>
<b>Operating expenses</b>		
Property-related expenses	*1 3,489,079	*1 3,835,089
Asset management fees	701,925	717,560
General administration and custodian fees	18,898	20,275
Compensation for directors	3,600	3,600
Other operating expenses	70,912	70,552
<b>Total operating expenses</b>	<b>4,284,415</b>	<b>4,647,077</b>
<b>Operating income</b>	<b>4,056,947</b>	<b>3,987,726</b>
<b>Non-operating revenues</b>		
Interest income	70	70
Refund of unpaid distributions	868	525
Interest income on tax refund	2,308	-
<b>Total non-operating revenues</b>	<b>3,247</b>	<b>596</b>
<b>Non-operating expenses</b>		
Interest expense	304,627	285,521
Interest expense on investment corporation bonds	31,654	35,769
Amortization of investment corporation bonds issuance costs	8,331	8,818
Public offering costs	8,162	16,670
Financing costs	164,267	168,750
Other non-operating expenses	1,580	1,580
<b>Total non-operating expenses</b>	<b>518,622</b>	<b>517,110</b>
<b>Ordinary income</b>	<b>3,541,572</b>	<b>3,471,211</b>
<b>Net income before income taxes</b>	<b>3,541,572</b>	<b>3,471,211</b>
Current income taxes	2,798	620
Deferred tax expenses	(50)	147
<b>Total income taxes</b>	<b>2,748</b>	<b>768</b>
<b>Net income</b>	<b>3,538,824</b>	<b>3,470,442</b>
Retained earnings at the beginning of the period	<b>6,114</b>	<b>96,240</b>
<b>Retained earnings at the end of the period</b>	<b>3,544,939</b>	<b>3,566,683</b>

C. Statements of changes in net assets

Previous fiscal period: from November 1, 2018 to April 30, 2019

(Unit: Thousands of yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Total unitholders' equity
	Unitholders' Capital	Deduction from unitholders' capital		Unitholders' capital, net	Retained earnings	Total surplus	
		Other deduction from unitholders' capital	Total deduction from unitholders' capital				
Balance at the beginning of the period	107,320,361	(799,984)	(799,984)	106,520,376	3,800,547	3,800,547	110,320,924
Changes during the period:							
Cash distribution declared	-	-	-	-	(3,794,433)	(3,794,433)	(3,794,433)
Net income	-	-	-	-	3,538,824	3,538,824	3,538,824
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-
Total changes during the period	-	-	-	-	(255,608)	(255,608)	(255,608)
Balance at the end of the period	*1 107,320,361	(799,984)	(799,984)	106,520,376	3,544,939	3,544,939	110,065,316

	Valuation and translation adjustments		Total net assets
	Deferred income on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	57,774	57,774	110,378,698
Changes during the period:			
Cash distribution declared	-	-	(3,794,433)
Net income	-	-	3,538,824
Net changes of items other than unitholders' equity	(148,448)	(148,448)	(148,448)
Total changes during the period	(148,448)	(148,448)	(404,057)
Balance at the end of the period	(90,674)	(90,674)	109,974,641

Current fiscal period: from May 1, 2019 to October 31, 2019

(Unit: Thousands of yen)

	Unitholders' equity							
	Unitholders' capital					Surplus		Total unitholders' equity
	Unitholders' capital	Deduction from unitholders' capital			Unitholders' capital, net	Retained earnings	Total surplus	
		Allowance for temporary difference adjustment	Other deduction from unitholders' capital	Total deduction from unitholders' capital				
Balance at the beginning of the period	107,320,361	-	(799,984)	(799,984)	106,520,376	3,544,939	3,544,939	110,065,316
Changes during the period:								
Issuance of new investment units	4,027,098	-	-	-	4,027,098	-	-	4,027,098
Cash distribution declared	-	-	-	-	-	(3,448,699)	(3,448,699)	(3,448,699)
Distribution in excess of net earnings from allowance for temporary difference adjustment	-	(86,433)	-	(86,433)	(86,433)	-	-	(86,433)
Net income	-	-	-	-	-	3,470,442	3,470,442	3,470,442
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-
Total changes during the period	4,027,098	(86,433)	-	(86,433)	3,940,664	21,743	21,743	3,962,408
Balance at the end of the period	*1 111,347,459	(86,433)	(799,984)	(886,418)	110,461,041	3,566,683	3,566,683	114,027,724

	Valuation and translation adjustments		Total net assets
	Deferred income on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	(90,674)	(90,674)	109,974,641
Changes during the period:			
Issuance of new investment units	-	-	4,027,098
Cash distribution declared	-	-	(3,448,699)
Distribution in excess of net earnings from allowance for temporary difference adjustment	-	-	(86,433)
Net income	-	-	3,470,442
Net changes of items other than unitholders' equity	(33,406)	(33,406)	(33,406)
Total changes during the period	(33,406)	(33,406)	3,929,001
Balance at the end of the period	(124,081)	(124,081)	113,903,643

D. Statements of cash distributions

	Previous fiscal period from November 1, 2018 to April 30, 2019	Current fiscal period from May 1, 2019 to October 31, 2019
I. Unappropriated retained earnings	3,544,939,513 yen	3,566,683,350 yen
II. Addition of distribution in excess of earnings	86,433,560 yen	35,597,024 yen
Allowance for temporary difference adjustments	86,433,560 yen	35,597,024 yen
III. Distributions	3,535,132,604 yen	3,470,709,840 yen
[Distributions per unit]	[409 yen]	[390 yen]
Distribution of earnings	3,448,699,044 yen	3,435,112,816 yen
[Distributions of earnings per unit]	[399 yen]	[386 yen]
Allowance for temporary difference adjustments	86,433,560 yen	35,597,024 yen
[Distribution in excess of earnings per unit (attributable to allowance for temporary difference adjustments)]	[10 yen]	[4 yen]
IV. Retained earnings carried forward	96,240,469 yen	131,570,534 yen
Calculation method of distribution amount	<p>Pursuant to the cash distribution policy defined in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, it shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of the Investment Corporation as defined in Article 67-15 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 3,448,699,044 yen, which is the entire amount of the earnings provided in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations but excluding the portion where cash distribution of earnings per unit becomes a fractional amount of less than 1 yen, as cash distribution of earnings.</p> <p>In addition, pursuant to the policy on cash distribution in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, it shall make cash distribution in excess of earnings in an amount that it determines as the amount equivalent to the items of deduction from net assets (those provided in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations) with due consideration of the impact of the items of deduction from net assets on cash distribution. Accordingly, in the fiscal period, the decision was made to distribute 86,433,560 yen, which is calculated as the amount equivalent to deferred losses on hedges of 90,674,540 yen but excluding the portion where cash distribution in excess of earnings per unit becomes a fractional amount of less than 1 yen, as cash distribution attributable to allowance for temporary difference adjustment (those provided in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations). As a result of the above, the amount of cash distribution declared for the fiscal period was 3,535,132,604 yen.</p>	<p>Pursuant to the cash distribution policy defined in Article 35, Paragraph 1 of the Articles of Incorporation of the Investment Corporation, it shall distribute in excess of the amount equivalent to 90% of the amount of distributable earnings of the Investment Corporation as defined in Article 67-15 of the Act on Special Measures Concerning Taxation. In accordance with such policy, concerning cash distribution of earnings (not including cash distribution in excess of earnings), the decision was made to distribute 3,435,112,816 yen, which is the entire amount of the earnings provided in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations but excluding the portion where cash distribution of earnings per unit becomes a fractional amount of less than 1 yen, as cash distribution of earnings.</p> <p>In addition, pursuant to the policy on cash distribution in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of the Investment Corporation, it shall make cash distribution in excess of earnings in an amount that it determines as the amount equivalent to the items of deduction from net assets (those provided in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations) with due consideration of the impact of the items of deduction from net assets on cash distribution. Accordingly, in the fiscal period, the decision was made to distribute 35,597,024 yen, which is calculated as the amount equivalent to changes in deferred losses on hedges during the period of 33,406,603 yen, as cash distribution attributable to allowance for temporary difference adjustment (those provided in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations). As a result of the above, the amount of cash distribution declared for the fiscal period was 3,470,709,840 yen.</p>

E. Statements of cash flows

(Unit: Thousands of yen)

	Previous fiscal period from November 1, 2018 to April 30, 2019	Current fiscal period from May 1, 2019 to October 31, 2019
<b>Cash flows from operating activities:</b>		
Net income before income taxes	3,541,572	3,471,211
Depreciation expenses	926,996	986,981
Amortization of investment corporation bonds issuance costs	8,331	8,818
Public offering costs	8,162	16,670
Financing costs	164,267	168,750
Interest income	(70)	(70)
Interest expense	336,281	321,291
(Increase) decrease in accounts receivables - operating	11,544	29,126
(Increase) decrease in accounts receivables	(98)	98
(Increase) decrease in consumption tax receivable	537,457	-
(Increase) decrease in short-term prepaid expenses	(6,493)	(27,667)
(Increase) decrease in long-term prepaid expenses	(40,086)	(521)
(Increase) decrease in other current assets	23,789	(20,599)
Increase (decrease) in accounts payable - operating	(54,692)	120,156
Increase (decrease) in accounts payable - other	(14,040)	26,397
Increase (decrease) in consumption tax payable	402,667	(386,460)
Increase (decrease) in rental received in advance	29,118	46,762
Decrease in entrusted property and equipment held due to sale	349,004	-
Increase (decrease) in other current liabilities	(95,139)	15,925
Subtotal	6,128,573	4,776,870
Interest received	70	70
Interest expenses paid	(321,755)	(337,181)
Income taxes paid	(2,199)	(2,798)
<b>Net cash provided by (used in) operating activities</b>	<b>5,804,688</b>	<b>4,436,962</b>
<b>Cash flows from Investing activities:</b>		
Purchase of entrusted property and equipment	(789,478)	(8,947,704)
<b>Net cash provided by (used in) investing activities</b>	<b>(789,478)</b>	<b>(8,947,704)</b>
<b>Cash flows from Financing activities:</b>		
Proceeds from short-term borrowings	10,000,000	11,460,000
Repayments of short-term borrowings	(10,000,000)	(8,980,000)
Proceeds from long-term borrowings	-	14,000,000
Repayments of long-term borrowings	(5,500,000)	(12,000,000)
Payment of financing costs	(2,207)	(177,490)
Proceeds from issuance of investment units	-	4,002,911
Payment of investment units issuance costs	(334)	-
Proceeds from issuance of investment corporation bonds	5,500,000	-
Payment of investment corporation bonds issuance costs	(29,706)	-
Distribution to unitholders	(3,793,338)	(3,533,805)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,825,587)</b>	<b>4,771,615</b>
<b>Net change in cash and cash equivalents</b>	<b>1,189,622</b>	<b>260,873</b>
Cash and cash equivalents at the beginning of period	7,754,829	8,944,452
<b>Cash and cash equivalents at the end of period</b>	<b>*1 8,944,452</b>	<b>*1 9,205,325</b>

F. Notes on assumption of going concern

Not applicable.

G. Notes on significant accounting policies

1. Method of depreciation of fixed assets	<p>(1) Property and equipment The straight-line method is used. The useful lives of property and equipment are listed below.</p> <table> <tr> <td>Entrusted buildings</td><td>4 to 46 years</td></tr> <tr> <td>Entrusted building improvements</td><td>6 to 20 years</td></tr> <tr> <td>Entrusted machineries</td><td>8 to 17 years</td></tr> <tr> <td>Entrusted furniture and equipment</td><td>4 to 15 years</td></tr> </table> <p>(2) Intangible fixed assets The straight-line method is used.</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Entrusted buildings	4 to 46 years	Entrusted building improvements	6 to 20 years	Entrusted machineries	8 to 17 years	Entrusted furniture and equipment	4 to 15 years
Entrusted buildings	4 to 46 years								
Entrusted building improvements	6 to 20 years								
Entrusted machineries	8 to 17 years								
Entrusted furniture and equipment	4 to 15 years								
2. Accounting method for deferred assets	<p>(1) Public offering costs: All public offering costs are expensed when incurred.</p> <p>(2) Investment corporation bonds issuance costs: Bond issuance costs are amortized by applying the straight-line method for the entire redemption period.</p>								
3. Recognition of revenue and expenses	<p>Accounting treatment of fixed asset tax and other property-related taxes: For fixed asset tax, city planning tax, depreciable asset tax, etc., the amount of tax levied on real properties held corresponds to the accounting period and is recorded as property-related expenses. The amount equivalent to the fixed asset tax to be paid by the Investment Corporation in the first year of acquisition relating to the real estate properties or trust beneficiary interests in real estate is not recorded as an expense but included in the acquisition costs for the related properties. There was no fixed asset tax included in acquisition costs for properties in the previous fiscal period. For the fiscal period under review, the fixed asset tax included in acquisition costs for properties was 19,263 thousand yen.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting: Deferred hedge accounting is generally used for interest rate swaps. Special treatment is applied for interest rate swaps which satisfy the requirements for special treatment.</p> <p>(2) Hedge instruments and hedged items: Hedge instruments: Interest rate swap transactions Hedged items: Interest on borrowings</p> <p>(3) Hedging policy: The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the regulations that stipulate the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness: The effectiveness of hedging is measured by comparing the cumulative total cash flow fluctuation of the hedged items and that of the hedging instruments and verifying the ratio of differences in the amount of changes from both the hedged items and the hedging instruments. The assessment of hedge effectiveness is omitted for the interest rate swaps which satisfy the requirements for special treatment.</p>								
5. Scope of cash and cash equivalents in the statements of cash flows	<p>Cash and cash equivalents in the statements of cash flows include cash on hand, entrusted cash, demand deposits, entrusted bank deposits, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months from the date of acquisition.</p>								
6. Other significant information for preparation of financial statements	<p>(1) Accounting policy for trust beneficiary interests in real estate: With regard to trust beneficiary interests in real estate, all assets and liabilities as well as all revenue and expense items associated with all entrusted assets are accounted for under the respective account item of the balance sheet and statements of income and retained earnings. Of the entrusted assets accounted for under the respective account item, the following significant items are separately indicated on the balance sheet:</p> <ol style="list-style-type: none"> <li>Entrusted cash and entrusted bank deposits;</li> <li>Entrusted buildings, entrusted building improvements, entrusted machineries, entrusted furniture and equipment, entrusted land and entrusted construction in progress; and</li> <li>Entrusted tenant leasehold and security deposits.</li> </ol> <p>(2) Accounting policy for consumption tax: All amounts in the accompanying financial statements exclude consumption tax.</p>								

(Additional information)

## Notes to Allowance for Temporary Difference Adjustments

Previous fiscal period (from November 1, 2018 to April 30, 2019)

### 1. Reason, related assets and amounts

(Unit: Thousands of yen)		
Related assets, etc	Reason	Allowance for temporary difference adjustment
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	86,433

### 2. Method of reversal

Deferred gains or losses on hedges:

Based on changes in the fair value of the hedging instruments, the corresponding amount is scheduled to be reversed.

Current fiscal period (from May 1, 2019 to October 31, 2019)

### 1. Reason, related assets and amounts

(Unit: Thousands of yen)		
Related assets, etc	Reason	Allowance for temporary difference adjustment
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	35,597

### 2. Method of reversal

Deferred gains or losses on hedges:

Based on changes in the fair value of the hedging instruments, the corresponding amount is scheduled to be reversed.

## H. Notes to financial statements

Disclosure of notes to operating lease transactions, securities, retirement benefits, transactions with related parties and asset retirement obligations are omitted in the “Notes to financial statements”, as their disclosure in this report is not material.

## Notes to Balance Sheets

### \*1. Minimum net assets as provided in Article 67, paragraph 4, of the Act on Investment Trusts and Investment Corporations

(Unit: Thousands of yen)		
	Previous fiscal period as of April 30, 2019	Current fiscal period as of October 31, 2019
Statutory minimum net assets under Article 67	50,000	50,000

### \*2. Allowance for temporary difference adjustment

Previous fiscal period (from November 1, 2018 to April 30, 2019)

Not applicable

Current fiscal period (from May 1, 2019 to October 31, 2019)

1. Reason, related assets and amounts

(Unit: Thousands of yen)

Related assets, etc	Reason	Initial amount	Balance at the beginning of the fiscal period	Allowance during the fiscal period	Reversal during the fiscal period	Balance at the end of the fiscal period	Reason for reversal
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	86,433	-	86,433	-	86,433	-
Total		86,433	-	86,433	-	86,433	-

2. Method of reversal

(a) Deferred gains or losses on hedges:

Based on changes in the fair value of the hedging instruments, the corresponding amount is scheduled to be reversed.

**Notes to Statements of Income**

\*1. Breakdown of net operating income (loss)

(Unit: Thousands of yen)

	Previous fiscal period from November 1, 2018 to April 30, 2019	Current fiscal period from May 1, 2019 to October 31, 2019
<b>A. Rental and other operating revenues:</b>		
Rental revenues		
Rental revenues	6,032,444	6,380,095
Common area service fee	1,071,979	1,083,215
Other rental revenues	344,303	350,560
Total rental revenues	7,448,727	7,813,870
Other rental-related revenues		
Other rental-related revenues	743,165	820,932
Total other rental-related revenues	743,165	820,932
Total rental and other related revenues	8,191,893	8,634,803
<b>B. Property-related expenses:</b>		
Property management fees	922,855	969,932
Utility expenses	753,119	849,650
Insurance	20,914	17,536
Repair and maintenance	224,662	222,854
Other taxes	565,593	708,757
Depreciation expenses	925,876	986,475
Other rental-related expenses	76,057	79,881
Total property-related expenses	3,489,079	3,835,089
<b>C. Net operating income (A-B)</b>	<b>4,702,813</b>	<b>4,799,714</b>



**\*2. Breakdown of gain on sales of real estate properties**

Previous fiscal period (from November 1, 2018 to April 30, 2019)

(Unit: Thousands of yen)

CS Tower Annex		
Revenue from sales of real estate properties	554,600	
Cost of property	349,004	
Other related expenses	56,124	
Gain on sales of real estate properties		149,470

Current fiscal period (from May 1, 2019 to October 31, 2019)

Not applicable

**Notes to Statement of Changes in Net Assets**

**\*1. Total number of authorized investment units and total number of investment units issued**

	Previous fiscal period from November 1, 2018 to April 30, 2019	Current fiscal period from May 1, 2019 to October 31, 2019
Total number of authorized investment units	80,000,000 units	80,000,000 units
Total number of investment units issued	8,643,356 units	8,899,256 units

**Notes to Statements of Cash Flows**

**\*1. Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheets**

(Units: Thousands of yen)

	Previous fiscal period from November 1, 2018 to April 30, 2019	Current fiscal period from May 1, 2019 to October 31, 2019
Cash and bank deposits	4,858,537	4,575,660
Entrusted cash and entrusted bank deposits	15,656,011	16,818,424
Entrusted bank deposits with restrictions (Note)	(11,570,096)	(12,188,758)
Cash and cash equivalents	8,944,452	9,205,325

(Note) Entrusted bank deposits with restrictions are retained for the refund of tenants' leasehold and security deposits.

**Notes to Financial Instruments**

**1. Qualitative information about financial instruments**

**(a) Policy for financial instruments**

The Investment Corporation's basic policy is to conduct stable and sound financial management to contribute to the continuous growth of assets under management and doing so in an efficient and appropriate management. The Investment Corporation procures funds by borrowing, issuing investment corporation bonds (including short-term investment corporation bonds; same shall apply hereinafter), and issuing investment units for the purpose of acquiring assets, paying repair, maintenance and other management expenses, making distributions, and funding the Investment Corporation's operations including necessary working capital and repayments of borrowings.

Temporary surpluses and entrusted tenant leasehold and security deposits are also invested in bank deposits considering the safety of the investment and convertibility into cash.

Derivative transactions are carried out only to hedge the risk of fluctuations in interest rates associated with borrowings and other risks.

(b) Content and risks of financial instruments and risk management system

Proceeds from borrowings and issuing investment corporation bonds are received mainly for the purpose of acquiring real estate and trust beneficiary interests in real estate.

Proceeds from borrowings and issuing investment corporation bonds are exposed to liquidity risk on due dates. However, the Investment Corporation manages this risk mainly by appropriately managing the LTV (loan-to-value) ratio to limit the impact of higher market interest rates on the Investment Corporation's operations and endeavoring to maintain and strengthen its ability to raise capital from capital markets through capital increases. Also, management constantly monitors on-hand liquidity by preparing monthly cash flow projections and formulates fund raising plans at an early stage to maintain required capital.

Floating-rate borrowings are exposed to the risk of fluctuations in interest rates. However, the Investment Corporation manages this risk mainly by adjusting the ratio of outstanding floating-rate borrowings to total borrowing depending on the finance environment.

Furthermore, these risks are managed through derivative transactions (interest rate swaps) as hedging instruments on certain floating-rate borrowings in order to fix interest rate payments and hedge the risk of fluctuations in interest rates. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative changes in the cash flows of the hedging instruments and the hedged items and based on the respective amount of changes; provided, however, that the assessment of hedge effectiveness is omitted for those interest rate swaps that satisfy the requirements for special treatment.

Derivative transactions are conducted and managed in accordance with the internal regulations that specify the basic policy of risk management.

The surplus funds deposited to the financial institutions are exposed to the financial institutions' credit risk. However, the risks are managed through our selection of financial institutions with certain creditworthiness and by limiting the term of the deposit to short term.

Entrusted tenant leasehold and security deposits are deposits provided by tenants under lease agreements. This is exposed to liquidity risk due to the cancellation of the lease agreement before the original term. The risks are managed by monitoring liquidity on hand.

(c) Supplementary remarks on fair value of financial instruments

The fair value of financial instruments is based on market prices or reasonably calculated value if there is no market price available. As certain assumptions are used in calculating these values, these values may vary in the event different assumptions are used.

## 2. Matters regarding fair value of financial instruments

Book values, fair values, and the difference between the two values are shown below. Financial instruments whose fair value cannot be reliably measured are not included in the table below (Note 2).

Previous fiscal period (as of April 30, 2019)

(Unit: Thousands of yen)

	Book value (Note1)	Fair value (Note1)	Difference
(1) Cash and bank deposits	4,858,537	4,858,537	-
(2) Entrusted cash and entrusted bank deposits	15,656,011	15,656,011	-
Total assets	20,514,549	20,514,549	-
(3) Short-term borrowings	4,500,000	4,500,000	-
(4) Current portion of long-term borrowings	25,350,000	25,358,891	8,891
(5) Investment corporation bonds	14,400,000	14,384,980	(15,020)
(6) Long-term borrowings	77,050,000	77,166,854	116,854
Total liabilities	121,300,000	121,410,725	110,725
(7) Derivative transactions	(132,294)	(132,294)	-

Current fiscal period (as of October 31, 2019)

(Unit: Thousands of yen)

	Book value (Note1)	Fair value (Note1)	Difference
(1) Cash and bank deposits	4,575,660	4,575,660	-
(2) Entrusted cash and entrusted bank deposits	16,818,424	16,818,424	-
Total assets	21,394,084	21,394,084	-
(3) Short-term borrowings	6,980,000	6,980,000	-
(4) Current portion of long-term borrowings	23,950,000	23,990,629	40,629
(5) Investment corporation bonds	14,400,000	14,415,240	15,240
(6) Long-term borrowings	80,450,000	80,588,253	138,253
Total liabilities	125,780,000	125,974,122	194,122
(7) Derivative transactions	(181,034)	(181,034)	-

(Note 1) Measurement of fair values of financial instruments:

(1) Cash and bank deposits, (2) Entrusted cash and entrusted bank deposits and (3) Short-term borrowings

The book value is used as the fair value of these assets, given that the fair value is equivalent to the amount of the book value, as it is settled in a short time.

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

Because the interest rates of the current portion of long-term borrowings and long-term borrowings carrying floating interest rates which are to be revised periodically, their fair value is essentially the same as the book value and therefore the book value is used as the fair value of these liabilities. The fair value of the current portion of long-term borrowings and long-term borrowings carrying fixed interest rates are calculated by discounting the total of principal and interest at the rate assumed when a new, similar borrowings corresponding to the remaining period is made. The fair values for interest rate swaps, to which special treatment is applied, are included in the fair value of the current portion of long-term borrowings and the long-term borrowings as the hedged item.

Some current portion of long-term borrowings and long-term borrowings are cancellable borrowings with a clause on early cancellation through exercise of early cancellation rights (i.e., compounded financial instruments), and these are included in the fair value of the current portion of long-term borrowings and long-term borrowings.

(5) Investment corporation bonds

The fair value of investment corporation bonds is based on market prices.

(7) Derivative transactions

Please refer to “Notes to Derivative Transactions” described below.

(Note 2) Book value of financial instruments whose fair value cannot be reliably measured:

Entrusted tenant leasehold and security deposits, which are deposited by lessees of rental properties, are not subject to fair value disclosure because there are no market prices to compare. It is not possible to reasonably estimate future cash flows because, even if a lease agreement period is specified, there is the possibility of midterm cancellation, renewal or re-contract and it is impossible to estimate the real deposit term, and therefore it is considered that these fair values cannot be reliably measured.

(Unit: Thousands of yen)

	Previous fiscal period as of April 30, 2019	Current fiscal period as of October 31, 2019
Entrusted tenant leasehold and security deposits	11,570,096	12,188,758

(Note 3) Redemption schedule for monetary claims after the balance sheet date

Previous fiscal period (as of April 30, 2019)

(Unit: Thousands of yen)

	Due within one (1) year
Cash and bank deposits	4,858,537
Entrusted cash and entrusted bank deposits	15,656,011
Total	20,514,549

Current fiscal period (as of October 31, 2019)

(Unit: Thousands of yen)

	Due within one (1) year
Cash and bank deposits	4,575,660
Entrusted cash and entrusted bank deposits	16,818,424
Total	21,394,084

(Note 4) Expected amount of repayments of borrowings and investment corporation bonds after the balance sheet date

Previous fiscal period (as of April 30, 2019)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term borrowings	4,500,000	-	-	-	-	-
Investment corporation bonds	-	-	1,800,000	5,500,000	7,100,000	-
Long-term borrowings	25,350,000	23,500,000	26,050,000	27,500,000	-	-

Current fiscal period (as of October 31, 2019)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term borrowings	6,980,000	-	-	-	-	-
Investment corporation bonds	-	-	1,800,000	5,500,000	7,100,000	-
Long-term borrowings	23,950,000	25,450,000	36,000,000	12,000,000	7,000,000	-

## Notes to Derivative Transactions

### 1. Derivative transactions not applying hedge accounting:

Previous fiscal period (as of April 30, 2019)

Not applicable.

Current fiscal period (as of October 31, 2019)

Not applicable.

### 2. Derivative transactions applying hedge fund accounting:

The following table shows the contracted amount or principal equivalent amount as set forth in the contract as of the balance sheet date for each hedge accounting method.

Previous fiscal period (as of April 30, 2019)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Standard method	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term borrowings	72,900,000	60,450,000	(132,294)	The fair value is based on the price presented by the correspondent financial institutions.
Special treatment for interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term borrowings	14,800,000	6,800,000	(Note)	-
Total			87,700,000	67,250,000	(132,294)	-

(Note) Fair value for interest rate swaps with this special treatment is included in the fair value of “(4) Current portion of long-term borrowings and (6) Long-term borrowings” in “Notes to Financial Instruments / 2. Matters regarding fair value of financial instruments” described above, as it is accounted for as a single unit with the hedged long-term borrowings.

Current fiscal period (as of October 31, 2019)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Standard method	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term borrowings	72,900,000	60,450,000	(181,034)	The fair value is based on the price presented by the correspondent financial institutions.
Special treatment for interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term borrowings	20,800,000	14,000,000	(Note)	-
Total			93,700,000	74,450,000	(181,034)	-

(Note) Fair value for interest rate swaps with this special treatment is included in the fair value of “(4) Current portion of long-term borrowings and (6) Long-term borrowings” in “Notes to Financial Instruments / 2. Matters regarding fair value of financial instruments” described above, as it is accounted for as a single unit with the hedged long-term borrowings.

## Notes to Deferred Tax Accounting

### 1. Significant components of deferred tax assets and liabilities

(Unit: Thousands of yen)

	Previous fiscal period as of April 30, 2019	Current fiscal period as of October 31, 2019
Deferred tax assets:		
Accrued business office taxes, currently not deductible	148	0
Deferred gains or losses on hedges	51,516	59,615
Total deferred tax assets	51,665	59,616
Deferred tax liabilities:		
Deferred gains or losses on hedges	9,896	2,661
Total deferred tax liabilities	9,896	2,661
Net deferred tax assets (liabilities)	41,768	56,954

### 2. Reconciliation of significant differences between the normal effective statutory tax rate and the effective tax rate

(Unit: %)

	Previous fiscal period as of April 30, 2019	Current fiscal period as of October 31, 2019
Normal effective statutory tax rate	31.51	31.51
Adjustments:		
Distributions paid included as tax deductible	(31.45)	(31.51)
Other	0.02	0.02
Effective tax rate after application of deferred tax accounting	0.08	0.02

## Notes to Investment and Rental Properties

The Investment Corporation holds large office buildings in major metropolitan areas. The book values, changes during the period, and fair values of these rental properties are as follows:

(Unit: Thousands of yen)

	Previous fiscal period from November 1, 2018 to April 30, 2019	Current fiscal period from May 1, 2019 to October 31, 2019
Book value (Note 1)		
Balance at beginning of period	223,261,344	222,907,475
Changes during the period (Note 2)	(353,869)	7,763,608
Balance at end of period	222,907,475	230,671,084
Fair value at end of period (Note 3)	258,920,000	274,385,000

(Note 1) The book value is the acquisition cost (including incidental expenses associated with acquisition) less accumulated depreciation. Intangible fixed assets (totaling 1,530 thousand yen at the end of the previous fiscal period and 1,024 thousand yen at the end of the current fiscal period) are not included.

(Note 2) Relating to the changes during the previous fiscal period, the increase is mainly due to capital expenditures (921,012 thousand yen), while the decrease is principally attributable to disposition of the asset (349,004 thousand yen) and depreciation (925,876 thousand yen). In the current fiscal period, the increase is mainly due to acquisition of the new assets (8,289,874 thousand yen) and capital expenditures (460,209 thousand yen), while the decrease is principally attributable to depreciation (986,475 thousand yen).

(Note 3) The fair value at the end of the period is the appraisal value provided by an independent real estate appraiser.

The profit or loss concerning investment and rental properties is indicated under “Notes to Statements of Income”.

## Notes to Segment Information

### 1. Segment information

Disclosure is omitted as the Investment Corporation is comprised of a single reportable segment engaged in the real estate rental business.

### 2. Related information

Previous fiscal period (from November 1, 2018 to April 30, 2019)

#### (a) Information about products and services

Disclosure is omitted as operating revenues from external customers of products and services within a single segment exceeds 90% of operating revenues on the Statements of Income.

#### (b) Information about geographical area

##### i) Operating revenues

Disclosure is omitted since operating revenues from external customers in Japan exceeds 90% of operating revenues on the Statements of Income.

##### ii) Property and equipment

Disclosure is omitted since the amount of property and equipment located in Japan exceeds 90% of property and equipment on the Balance Sheets.

#### (c) Information about major customers

Disclosure is omitted as there is no external customer whose operating income accounts for 10% or more of total operating revenues on the Statements of Income.

Current fiscal period (from May 1, 2019 to October 31, 2019)

#### (a) Information about products and services

Disclosure is omitted as operating revenues from external customers of products and services within a single segment exceeds 90% of operating revenues on the Statements of Income.

#### (b) Information about geographical area

##### i) Operating revenues

Disclosure is omitted since operating revenues from external customers in Japan exceeds 90% of operating revenues on the Statements of Income.

##### ii) Property and equipment

Disclosure is omitted since the amount of property and equipment located in Japan exceeds 90% of property and equipment on the Balance Sheets.

#### (c) Information about major customers

Disclosure is omitted as there is no external customer whose operating income accounts for 10% or more of total operating revenues on the Statements of Income.

**Notes to Per Unit Information**

	Previous fiscal period from November 1, 2018 to April 30, 2019	Current fiscal period from May 1, 2019 to October 31, 2019
Net assets per unit	12,723 yen	12,799 yen
Net income per unit	409 yen	391 yen

(Note 1) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period. Fully diluted net income per investment unit is not presented, as there is no potential dilutive investment unit.

(Note 2) The basis for calculating net income per unit is as follows:

	Previous fiscal period from November 1, 2018 to April 30, 2019	Current fiscal period from May 1, 2019 to October 31, 2019
Net income (Thousands of yen)	3,538,824	3,470,442
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income attributable to common investment units (Thousands of yen)	3,538,824	3,470,442
Average number of investment units for the period (Units)	8,643,356	8,868,525

**Notes to Significant Subsequent Events**

Not applicable



I. Changes in numbers of issued and outstanding investment units

Changes to the total unitholders' equity, net in last five (5) years are as follows:

Date	Event	Total number of investment units issued and outstanding (Units)		Total unitholders' equity, net (Note1) (Millions of yen)		Notes
		Change	Balance	Change	Balance	
May 26, 2015	Capital increase through public offering	104,300	536,980	10,364	53,371	(Note 2)
June 24, 2015	Capital increase through third-party allotment	5,230	542,210	519	53,891	(Note 3)
May 31, 2016	Capital increase through public offering	261,500	803,710	23,939	77,830	(Note 4)
June 29, 2016	Capital increase through third-party allotment	11,837	815,547	1,083	78,913	(Note 5)
August 10, 2017	Retirement	(7,640)	807,907	(799)	78,113	(Note 6)
March 1, 2018	Unit split	5,655,349	6,463,256	-	78,113	(Note 7)
May 1, 2018	Capital increase through public offering	2,128,200	8,591,456	27,730	105,844	(Note 8)
May 23, 2018	Capital increase through third-party allotment	51,900	8,643,356	676	106,520	(Note 9)
May 22, 2019	Capital increase through public offering	243,700	8,887,056	3,835	110,355	(Note 10)
June 14, 2019	Capital increase through third-party allotment	12,200	8,899,256	191	110,547	(Note 11)

(Note 1) "Unitholders' equity, net" represents the amount of the unitholders' equity after deduction of the deduction from unitholders' equity. The changes in "Total unitholders' equity, net" derived from the distributions in excess of earnings related to the allowance for temporary adjustments are not considered.

(Note 2) New investment units were issued through a public offering with an issue price per unit of 102,960 yen (issue value: 99,369 yen).

(Note 3) New investment units were issued through a third-party allotment accompanying a capital increase through a public offering with an issue price per unit of 99,369 yen.

(Note 4) New investment units were issued through a public offering with an issue price per unit of 94,672 yen (issue value: 91,545 yen).

(Note 5) New investment units were issued through a third-party allotment accompanying a capital increase through a public offering with an issue price per unit of 91,545 yen.

(Note 6) Based on the discretionary transaction contract with a security company, the Investment Corporation acquired own investment units from June 13, 2017 to July 10, 2017. The Investment Corporation resolved the retirement of all the acquired own investment units (7,640 units) at a meeting of the board of directors of the Investment Corporation which was held on July 27, 2017 and the acquired own investment units were retired on August 10, 2017.

(Note 7) The Investment Corporation implemented an eight-for-one unit split with February 28, 2018 as the record date and March 1, 2018 as the effective date.

(Note 8) New investment units were issued through a public offering with an issue price per unit of 13,473 yen (issue value: 13,030 yen).

(Note 9) New investment units were issued through a third-party allotment accompanying a capital increase through a public offering with an issue price per unit of 13,030 yen.

(Note 10) New investment units were issued through a public offering with an issue price per unit of 16,272 yen (issue value: 15,737 yen).

(Note 11) New investment units were issued through a third-party allotment accompanying a capital increase through a public offering with an issue price per unit of 15,737 yen.

### III. Reference information

#### A. Status of investment

A. Status of investment				Previous fiscal period as of April 30, 2019		Current fiscal period as of October 31, 2019	
Type of assets	Region			Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)	Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)
Entrusted real estate (Note 3)	Major metropolitan areas (Note 4)	Tokyo metropolitan area (Note 5)	Tokyo 23 wards	154,502	62.9	161,155	63.3
			Tokyo metropolitan area outside the 23 wards	35,943	14.6	37,164	14.6
		Other major metropolitan areas		20,385	8.3	20,242	8.0
	Other investment target regions			12,076	4.9	12,107	4.8
	Total entrusted real estate				222,907	90.7	230,671
Deposits and other assets				22,861	9.3	23,751	9.3
Total assets				245,768	100.0	254,423	100.0

(Note 1) Total amount held is based on the balance sheet carrying amount (book value less depreciation in the case of entrusted real estate).

(Note 2) Percentage to total assets is rounded to one decimal place.

(Note 3) All entrusted real estate is used primarily as offices.

(Note 4) “Major metropolitan areas” refer to Tokyo Metropolitan Area, Osaka-shi, Nagoya-shi, and Fukuoka-shi.

(Note 5) “Tokyo metropolitan area” refers to Tokyo, Yokohama-shi, Kawasaki-shi, Saitama-shi, and Chiba-shi.

	Previous fiscal period as of April 30, 2019		Current fiscal period as of October 31, 2019	
	Balance sheet carrying amount (Millions of yen)	Percentage to total assets (%) (Note)	Balance sheet carrying amount (Millions of yen)	Percentage to total assets (%) (Note)
Total liabilities	135,794	55.3	140,519	55.2
Total net assets	109,974	44.7	113,903	44.8
Total assets	245,768	100.0	254,423	100.0

(Note) “Percentage to total assets” is rounded to one decimal place.

#### B. Investment assets

##### 1. Major investment in securities

Not applicable.

##### 2. Investment properties

Not applicable.

### 3. Other major investment assets

The table below shows the Investment Corporation's entrusted real estate as of the end of the fiscal period under review.

#### a) Price and investment percentage

Region	Property name	Location	Acquisition price (Millions of yen) (Note 1)	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)	Investment percentage (%) (Note 3)	Acquisition date
Tokyo 23 Wards	Ebisu Prime Square	Shibuya-ku, Tokyo	25,014	25,300	30,135	11.0	June 6, 2014
	CS Tower	Taito-ku, Tokyo	13,397	13,564	19,200	5.9	June 6, 2014
	Tokyo Nissan Nishi-Gotanda Building	Shinagawa-ku, Tokyo	6,700	6,847	8,200	2.9	May 11, 2015
	Nishi-Shinjuku KF Building	Shinjuku-ku, Tokyo	6,600	6,831	8,020	2.9	June 30, 2015
	Shinagawa Seaside East Tower	Shinagawa-ku, Tokyo	25,066	24,901	29,100	11.0	June 1, 2016
	Akiba CO Building	Chiyoda-ku, Tokyo	8,078	8,267	9,640	3.5	June 1, 2016
	Sun Towers Center Building	Setagaya-ku, Tokyo	6,615	6,790	8,450	2.9	June 1, 2016
	Kinshicho Prime Tower	Koutou-ku, Tokyo	15,145	15,469	17,200	6.6	January 20, 2017
	Nishi-Shinjuku Prime Square	Shinjuku-ku, Tokyo	34,835	36,385	39,500	15.3	May 1, 2018
	Kojimachi Crystal City	Chiyoda-ku, Tokyo	6,405	6,354	7,260	2.8	May 1, 2018
	IBF Planning Building	Shibuya-ku, Tokyo	3,500	3,558	3,780	1.5	May 18, 2018
	Otowa Prime Building	Bunkyo-ku, Tokyo	6,830	6,885	7,230	3.0	May 22, 2019
Tokyo Metropolitan Area Outside Tokyo 23 Wards	Queen's Square Yokohama	Yokohama-shi, Kanagawa	16,034	15,840	19,700	7.0	September 30, 2014
	ORTO Yokohama	Yokohama-shi, Kanagawa	13,000	12,667	15,400	5.7	June 1, 2015
	Techno Wave 100 (Note 4)	Yokohama-shi, Kanagawa	6,900	8,656	9,240	3.6	May 1, 2018
			1,310				May 22, 2019
Other Major Metropolitan Areas	Nagoya Prime Central Tower	Nagoya-shi, Aichi	14,600	13,784	21,800	6.4	June 6, 2014
	Hakata Prime East	Fukuoka-shi, Fukuoka	4,500	4,513	5,280	2.0	June 1, 2016
	Aqua Dojima East	Osaka-shi, Osaka	1,910	1,944	2,250	0.8	March 31, 2017
Other Areas	Prime Tower Shin-Urayasu	Urayasu-shi, Chiba	11,860	12,107	13,000	5.2	May 1, 2018
Total			228,299	230,671	274,385	100.0	-

(Note 1) "Acquisition price" represents the purchase price shown on the sale and purchase agreement pertaining to each managed asset, rounded down to the nearest million yen. The purchase price does not include national and regional consumption tax and expenses incurred on the acquisition of each property. With regards to the "Acquisition price" for "CS Tower", as "CS Tower Annex" was disposed of on March 20, 2019, the purchase price for "CS Tower" mentioned above is calculated by deducting the purchase price of "CS Tower Annex" calculated based on the ratio of appraised value of "CS Tower Annex" prepared by the appraiser obtained at the time of disposal of "CS Tower Annex" from the purchase price of "CS Tower/CS Tower Annex".

(Note 2) "Assessed value at end of period" represents the appraisal value shown on the appraisal report of property as of the valuation date of the last day of the fiscal period under review rounded down to the nearest million yen. For the summary of appraisal, please refer to "d) Summary of real estate appraisal report" described below.

(Note 3) “Investment percentage” is calculated by dividing the acquisition price of each property by the total acquisition price of all managed assets and is rounded to one decimal place.

(Note 4) With regards to the “Acquisition price” and “Acquisition date” for “Techno Wave 100”, the upper row corresponds to the portion which the Investment Corporation acquired on May 1, 2018 and the lower row corresponds to the portion which the Investment Corporation acquired on May 22, 2019. For the “Book value end of period” and “Investment percentage”, the numbers described above corresponds to the total portion of such two portions related to “Techno Wave 100”. As for “Assessed value at end of period”, the number described above was evaluated by totaling the two portions as entire property acquired on May 1, 2018 and on May 22, 2019.

b) Overview of buildings and leases

Name of property	Completion date (Note 1)	Real estate rental revenues (Millions of yen) (Note 2) (Note 3)	Percentage to total real estate rental revenues (%) (Note 3)	Total number of tenants (Note 4)	Leased area (m <sup>2</sup> ) (Note 5)	Leasable area (m <sup>2</sup> ) (Note 6)	Occupancy rate (%) (Note 7)
Ebisu Prime Square	January 1997	817	9.5	98	16,999.07	17,354.67	98.0
CS Tower	August 1991	613	7.1	9	19,015.69	19,015.69	100.0
Queen’s Square Yokohama	June 1997	989	11.5	98	41,988.08	41,988.08	100.0
Nagoya Prime Central Tower (Note 8)	March 2009	631	7.3	53	17,117.10	17,117.10	100.0
Tokyo Nissan Nishi-Gotanda Building	April 1990	260	3.0	8	8,522.42	8,522.42	100.0
ORTO Yokohama	November 2000	530	6.1	23	23,582.05	23,593.92	99.9
Nishi-Shinjuku KF Building	January 1993	213	2.5	17	6,287.78	6,287.78	100.0
Shinagawa Seaside East Tower	August 2004	892	10.3	20	27,892.63	27,892.63	100.0
Akiba CO Building	May 2000	Not disclosed	Not disclosed	1	5,514.42	5,514.42	100.0
Sun Towers Center Building	June 1992	267	3.1	14	8,005.61	8,005.61	100.0
Hakata Prime East	April 1992	175	2.0	18	7,018.01	7,018.01	100.0
Kinshicho Prime Tower	August 1994	535	6.2	16	17,606.11	17,606.11	100.0
Aqua Dojima East	April 1993	87	1.0	20	3,189.68	3,189.68	100.0
Nishi-Shinjuku Prime Square	November 1988	925	10.7	27	23,591.23	23,591.23	100.0
Kojimachi Crystal City	September 1992	215	2.5	17	5,741.61	5,741.61	100.0
Prime Tower Shin-Urayasu	October 1990	509	5.9	58	21,199.85	22,326.68	95.0
Techno Wave 100 (Note 9)	July 1990	525	6.1	23	25,087.56	26,508.32	94.6
IBF Planning Building	January 2008	Not disclosed	Not disclosed	2	2,311.45	2,311.45	100.0
Otowa Prime Building	April 2008	Not disclosed	Not disclosed	2	4,373.90	4,373.90	100.0
Total		8,634	100.0	524	285,044.23	287,959.29	99.0

(Note 1) “Completion date” represents the construction date according to the register. With regards to Tokyo Nissan Nishi-Gotanda Building, date mentioned herein is the date of examined building certificate, as completion date is not stated in the register,

(Note 2) “Real estate rental revenues” represent real estate rental revenues (real estate rental revenues from the acquisition date) during the fiscal period under review.

(Note 3) Information is not disclosed for some properties because the tenant’s authorization has not been obtained.

(Note 4) Unless otherwise specified, “Total number of tenants” represents the number of tenants under the lease agreement indicated in the relevant lease agreement pertaining to each managed asset as of the end of the fiscal period under review. If pass-through-type master lease agreements under which rents from end tenants are received intact, in

principle, (hereinafter referred to as “pass-through-type master lease agreement(s)”) are concluded with respect to managed assets, “Total number of tenants” represents the total number of end tenants. “Total number of tenants” is calculated taking one tenant that leases multiple leased spaces as one tenant if the leased spaces are the same property and as multiple tenants if the leased spaces are spread across multiple properties.

- (Note 5) Unless otherwise specified, “Leased area” represents the part of the total leased area stated in the relevant lease agreement pertaining to each managed asset as of the end of the fiscal period under review, which is the area equal to the Investment Corporation’s interest. If a pass-through-type contract is concluded with respect to the managed asset, “Leased area” represents the part of the total leased area according to the lease agreement with the end tenant which is the area equal to the Investment Corporation’s interest, and if a fixed-type master lease agreement under which the Investment Corporation receives constant rent regardless of fluctuations in end tenant’s rent, “Leased area” represents the part of the leased area according to the master lease agreement that is the area equal to the Investment Corporation’s interest.
- (Note 6) Unless otherwise specified, “Leasable area” is part of the total area that is available for lease in accordance with the relevant lease agreement or architectural drawing pertaining to each managed asset as of the end of the fiscal period under review that is the area equal to the Investment Corporation’s interest.
- (Note 7) “Occupancy rate” represents the ratio of leased area to leasable area pertaining to each managed asset as of the last day of the fiscal period under review unless otherwise specified, rounded to one decimal place. Total section shows the ratio of total leased area to total leasable area pertaining to each managed asset, rounded to one decimal place.
- (Note 8) Regarding “Nagoya Prime Central Tower”, the Investment Corporation holds sectional ownership as well as an interest of bylaw common elements and housing complex common elements, but the master lease agreement stipulates that the master lease company shall add together the rents for the entire office building and parking lot building (office building common areas) so that distributions can be received based exclusively on owned area percentage. Consequently, Leased Area and Leasable Area represent the part of each area of the entire building that is the area equal to the Investment Corporation’s exclusively owned area percentage, and Total Number of Tenants and Occupancy Rate represent the total number of tenants and occupancy rate for the entire building.
- (Note 9) The Investment Corporation acquired a portion of “Techno Wave 100” on May 1, 2018 and it additionally acquired another portion on May 22, 2019. The numbers described herein corresponds to the total portion which the Investment Corporation acquired on May 1, 2018 and on May 22, 2019.
- (Note 10) “Leased area” and “Occupancy rate” represent the leased area and occupancy rate pursuant to the lease agreement that is in effect as of the end of the fiscal period under review, and does not take into account situations where the lease agreement pertaining to an end tenant is to be cancelled, to be terminated or in the event of non-payment of rents.

c) Summary of trust beneficiary interests in real estate

Property name	Trustee	Trust maturity date
Ebisu Prime Square	Mizuho Trust & Banking Co., Ltd.	End of April, 2024
CS Tower	Mitsubishi UFJ Trust and Banking Corporation	End of June, 2024
Queen's Square Yokohama	Sumitomo Mitsui Trust Bank, Limited	End of February, 2024
Nagoya Prime Central Tower	Sumitomo Mitsui Trust Bank, Limited	End of June, 2024
Tokyo Nissan Nishi-Gotanda Building	Mitsubishi UFJ Trust and Banking Corporation	End of May, 2025
ORTO Yokohama	Sumitomo Mitsui Trust Bank, Limited	End of June, 2025
Nishi-Shinjuku KF Building	Sumitomo Mitsui Trust Bank, Limited	End of June, 2025
Shinagawa Seaside East Tower	Mitsubishi UFJ Trust and Banking Corporation	End of June, 2026
Akiba CO Building	Mitsubishi UFJ Trust and Banking Corporation	End of June, 2026
Sun Towers Center Building	Mitsubishi UFJ Trust and Banking Corporation	End of June, 2026
Hakata Prime East	Mitsubishi UFJ Trust and Banking Corporation	End of June, 2026
Kinshicho Prime Tower	Mitsubishi UFJ Trust and Banking Corporation	End of January, 2027
Aqua Dojima East	Sumitomo Mitsui Trust Bank, Limited	End of March, 2027
Nishi-Shinjuku Prime Square	SMBC Trust Bank Ltd.	End of May, 2028
Kojimachi Crystal City	Mitsubishi UFJ Trust and Banking Corporation	End of May, 2028
Prime Tower Shin-Urayasu	Sumitomo Mitsui Trust Bank, Limited	End of May, 2028
Techno Wave 100 (Note)	Sumitomo Mitsui Trust Bank, Limited	End of May, 2028
		End of May, 2029
IBF Planning Building	SMBC Trust Bank Ltd.	End of May, 2028
Otowa Prime Building	Mitsubishi UFJ Trust and Banking Corporation	End of May, 2029

(Note) With regards to the "Trust maturity date" for "Techno Wave 100", the upper row corresponds to the portion which the Investment Corporation acquired on May 1, 2018 and the lower row corresponds to the portion which the Investment Corporation acquired on May 22, 2019.

d) Summary of real estate appraisal report

The Investment Corporation has obtained a real estate appraisal report for each entrusted real estate from Japan Real Estate Institute, JLL Morii Valuation & Advisory K.K., The Tanizawa Sōgō Appraisal Co., Ltd and DAIWA REAL ESTATE APPRAISAL CO., LTD. The appraisal value for each asset represents the appraisal value as of the valuation date at the end of the fiscal period under review. In addition, there is no conflict of interest between the appraisal agency and the Investment Corporation or the Asset Management Company. A summary of the real estate appraisal report for each entrusted real estate is shown as follows.

Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Summary of real estate appraisal report						
			Income approach value (Millions of yen)					Integrated value (Millions of yen) (Note 1)	NOI (Millions of yen) (Note 2)
			Direct capitalization method		DCF method				
			Value (Note 1)	Capitalization rate (%)	Value (Note 1)	Discount rate (%)	Terminal capitalization rate (%)		
Ebisu Prime Square	Japan Real Estate Institute	30,135	30,772	3.2	29,498	3.0	3.4	27,342	1,052
CS Tower		19,200	19,400	4.1	18,900	3.8	4.3	12,700	867
Queen’s Square Yokohama		19,700	19,900	4.3	19,400	4.0	4.6	19,300	958
Nagoya Prime Central Tower		21,800	22,000	4.1	21,500	3.8	4.3	18,100	912
Tokyo Nissan Nishi-Gotanda Building		8,200	8,270	3.8	8,120	3.5	4.0	8,130	350
Sun Towers Center Building		8,450	8,540	3.9	8,350	3.6	4.1	8,420	357
ORTO Yokohama	JLL Morii Valuation & Advisory K.K.	15,400	15,700	4.5	15,000	4.3	4.7	13,700	756
Shinagawa Seaside East Tower		29,100	29,500	3.6	28,600	3.4	3.8	29,700	1,123
Hakata Prime East		5,280	5,360	4.4	5,190	4.2	4.6	3,570	250
Aqua Dojima East		2,250	2,290	3.9	2,210	3.7	4.1	3,310	101
Nishi-Shinjuku KF Building	The Tanizawa Sōgō Appraisal Co., Ltd.	8,020	7,890	3.6	8,080	3.7	3.8	7,880	297
Akiba CO Building		9,640	9,910	3.5	9,530	3.6	3.7	13,500	353
Kinshicho Prime Tower		17,200	17,200	4.0	17,200	4.0	4.2	21,200	732
Kojimachi Crystal City		7,260	7,430	3.5	7,190	3.6	3.7	9,460	269
Prime Tower Shin-Urayasu		13,000	13,100	4.2	12,900	4.3	4.4	25,400	625
Otowa Prime Building		7,230	7,370	3.8	7,170	3.9	4.0	6,380	283
Nishi-Shinjuku Prime Square	DAIWA REAL ESTATE APPRAISAL CO., LTD.	39,500	40,700	3.5	39,000	3.3	3.7	38,100	1,513
Techno Wave 100 (Note 3)		9,240	9,340	4.9	9,190	4.7	5.1	9,740	601
IBF Planning Building		3,780	3,840	3.6	3,750	3.4	3.8	3,680	137
Total		274,385	278,512	-	270,778	-	-	279,612	11,536

(Note 1) Unless otherwise specified, "Appraisal value", "Value based on direct capitalization method", "Value based on DCF method" and "Integrated value" are amounts equal to the Investment Corporation's interest out of the total appraisal value described in the real estate appraisal report, rounded down to the nearest million yen.

(Note 2) "NOI" (Net Operating Income) is defined as Net Operating Income based on the direct capitalization method stated in the real estate appraisal report and the NOI above shows the amounts equal to the Investment Corporation's interest, rounded down to the nearest million yen.

(Note 3) The Investment Corporation acquired a portion of "Techno Wave 100" on May 1, 2018 and it additionally acquired another portion on May 22, 2019. The number described above was based on the real estate appraisal report evaluating the two portions as entire property.

e) Overview of engineering reports

The Investment Corporation engages engineering companies below to investigate the status of the building (hereinafter referred to as the “Engineering Report”) and obtains an Engineering Report from the company for each entrusted real estate. The Engineering Report provides a mere opinion of the engineering company with no guarantee provided as to the accuracy of the opinion. An overview of the Engineering Report for each entrusted real estate is shown as follows.

Property name	Date of research	Engineering company	Urgent/ Short-term repair costs (Thousands of yen) (Note 1)	Long-term repair costs (Annual average) (Thousands of yen) (Note 2)
Ebisu Prime Square	September 2019	Hai Kokusai Consultant Ltd.	42,483	95,908
CS Tower	October 2019	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	153,850	116,365
Queen’s Square Yokohama	March 2014	Nikken Sekkei Construction Management, Inc.	153,903	163,858
Nagoya Prime Central Tower	October 2019	ERI SOLUTION CO., LTD.	6,465	26,066
Tokyo Nissan Nishi-Gotanda Building	April 2015	Earth-Appraisal Co., Ltd.	52,068	56,120
ORTO Yokohama	March 2015	Earth-Appraisal Co., Ltd.	113,665	77,421
Nishi-Shinjuku KF Building	June 2015	ERI SOLUTION CO., LTD.	2,180	23,485
Shinagawa Seaside East Tower	February 2016	Hai Kokusai Consultant Ltd.	4,440	100,596
Akiba CO Building	February 2016	ERI SOLUTION CO., LTD.	40	13,148
Sun Towers Center Building	February 2016	Hai Kokusai Consultant Ltd.	2,520	38,821
Hakata Prime East	October 2015	Tokio Marine & Nichido Risk Consulting Co, Ltd.	-	23,558
Kinshicho Prime Tower	May 2016	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	-	74,891
Aqua Dojima East	February 2017	Hai Kokusai Consultant Ltd.	1,085	18,842
Nishi-Shinjuku Prime Square	November 2017	Hai Kokusai Consultant Ltd.	13,220	127,336
Kojimachi Crystal City	March 2016	ERI SOLUTION CO., LTD.	2,120	21,528
Prime Tower Shin-Urayasu	October 2017	Hai Kokusai Consultant Ltd.	8,100	138,077
Techno Wave 100 (Note 3)	October 2017	Hai Kokusai Consultant Ltd.	3,924	121,669
	November 2018		574	27,368
IBF Planning Building	March 2018	DAIWA REAL ESTATE APPRAISAL CO., LTD.	-	4,815
Otowa Prime Building	November 2018	Rubicon Realty Inc.	-	7,943
Total			560,637	1,277,815

(Note 1) “Urgent/Short-term repair costs” states the amount of the Investment Corporation’s costs in proportion to its equity interests for repair and replacements that are necessary immediately or within approximately one (1) year and as indicated in the report on research on the conditions of buildings, rounded down to the nearest thousand yen.

(Note 2) “Long-term repair costs” states the amount of the Investment Corporation’s costs in proportion to its equity interest in an annual average amount of the estimated costs for repair and replacements for the following twelve (12) years as indicated in the report on research on the conditions of the buildings, rounded down to the nearest thousand yen.

(Note 3) With regards to the “Date of research”, “Urgent/Short-term repair costs” and “Long-term repair costs” for “Techno Wave 100”, the upper row corresponds to the portion which the Investment Corporation acquired on May 1, 2018 and the lower row corresponds to the portion which the Investment Corporation acquired on May 22, 2019.



f) Summary of earthquake risk analysis

The Investment Corporation engages Sompo Risk Management, Inc. to assess the probable maximum loss (“PML”) of each entrusted real estate and that of the portfolio and obtains an Engineering Report from the company. The Engineering Report provides a mere opinion of the assessment company with no guarantee provided as to the accuracy of the opinion. The PML of each entrusted real estate and that of the portfolio are shown as follows.

Property name	PML (%) (Note 1)
Ebisu Prime Square	2.35
CS Tower (Note 2)	3.21
Queen’s Square Yokohama	2.96
Nagoya Prime Central Tower	3.61
Tokyo Nissan Nishi-Gotanda Building	7.14
ORTO Yokohama	4.94
Nishi-Shinjuku KF Building	5.03
Shinagawa Seaside East Tower	4.94
Akiba CO Building	6.18
Sun Towers Center Building	0.96
Hakata Prime East	1.56
Kinshicho Prime Tower	2.79
Aqua Dojima East	7.37
Nishi-Shinjuku Prime Square	4.88
Kojimachi Crystal City	3.63
Prime Tower Shin-Urayasu	4.56
Techno Wave 100	6.80
IBF Planning Building	4.82
Otowa Prime Building	4.07
Total	2.71

(Note 1) The “PML” means the extent of the damage that would be incurred due to the largest earthquake (a great earthquake with the likelihood of occurring once in 475 years = a great earthquake with a 10% likelihood of occurring once in 50 years) foreseen during the assumed useful life (50 years being the usual useful life of a building) as a ratio (%) of the replacement value for the foreseeable restoration costs of the damage. The figure stated in the section “Total” is the PML (portfolio PML) for the entire Investment Corporation’s entrusted real estate in the “Report on evaluation of seismic PML for portfolio” dated April 2019 by Sompo Risk Management, Inc.

(Note 2) The Investment Corporation disposed of “CS Tower Annex” on March 20, 2019, however the PML mentioned above was calculated based on the case that “CS Tower Annex” is included in the property.

g) Major real estate properties

Queens Square Yokohama, Shinagawa Seaside East Tower and Nishi-Shinjuku Prime Square are the real estate and entrusted real estate held by the Investment Corporation as of the end of the fiscal period under review which correspond to major real estate (refers to buildings and facilities pertaining to land considered to be used as a single unit and whose real estate rental revenues account for 10 percent or more of total real estate rental revenues). Please refer to “b) Overview of buildings and leases” above for details of the real estate rental revenues, total number of tenants, leased area and leasable area of each managed real estate and entrusted real estate.

h) Leasing to major tenants

In relation to the real estate and entrusted real estate held by the Investment Corporation as of the end of the fiscal period under review, there are no tenants whose leased area accounts for 10 percent or more of the total leased area. (In case one tenant leases area in several different assets then the leased area is aggregated.)

i) Information concerning top 10 tenants based on leased area

The following table shows the top 10 tenants ranked based on leased area of real estate and entrusted real estate held by the Investment Corporation as of the end of the fiscal period under review.

	Name of tenant	Name of property	Leased area (m <sup>2</sup> ) (Note 1)	Percentage to total leased area (%) (Note 2)
1	Tokyu Hotels Co., Ltd.	Queens Square Yokohama	13,506.72	4.7
2	FUJITSU LIMITED	ORTO Yokohama	12,847.62	4.5
3	Sotetsu Hotel Development Co., Ltd.	Shinagawa Seaside East Tower	9,237.18	3.2
4	Yachiyo Engineering Co., Ltd.	CS Tower	8,508.28	3.0
5	INTEC Inc.	Techno Wave 100	7,320.73	2.6
6	Minatomirai Tokyu Square Corporation	Queens Square Yokohama	6,395.39	2.2
7	Marvelous Inc.	Shinagawa Seaside East Tower	6,225.70	2.2
8	Good Smile Company, Inc.	Akiba CO Building	5,514.42	1.9
9	TOKYU CORPORATION	Queens Square Yokohama	5,512.59	1.9
10	Not disclosed (Note 3)	Otowa Prime Building	4,200.08	1.5
Top 10 tenants total			79,268.71	27.8

(Note 1) Unless otherwise stated, “Leased area” represents the part of the total leased area stated in the relevant lease agreement pertaining to each managed real estate and entrusted real estate as of the end of the fiscal period under review that is the part equal to the Investment Corporation’s interest.

(Note 2) “Percentage to total leased area” represents the percentage of each tenant’s leased area to the total leased area of all managed real estate and entrusted real estate, rounded to one decimal place.

(Note 3) Information is not disclosed as the tenant’s authorization has not been obtained.

j) Capital expenditure

i) Future for capital expenditure

The following table summarizes the major capital expenditure plan associated with renovation scheduled as of the end of the fiscal period under review for real estate and entrusted real estate held by the Investment Corporation as of the said date. Estimated construction cost includes the amounts to be expensed for accounting purpose.

Name of property	Location	Purpose	Planned period	Estimated construction cost (Thousands of yen) (Note)		
				Total amount	Paid curing the period	Total amount paid
Ebisu Prime Square	Shibuya-ku, Tokyo	Tower portion Renewal of air conditioner and direct digital controller	From January 2020 to March 2020	27,244	-	-
		LED lamp instalment in tenant area	From January 2020 to April 2020	13,634	-	-
CS Tower	Taito-ku, Tokyo	Renovation of common spaces (1 floor)	From February 2020 to April 2020	15,200	-	-
		LED lamp instalment in common area	From February 2020 to April 2020	18,331	-	-
		Renewal of roof top waterproof work	From January 2020 to April 2020	20,250	-	-
		Additional installment of transformer for hot and cold water pumping system	From December 2019 to April 2020	16,210	-	-
Queen's Square Yokohama	Yokohama-shi, Kanagawa	Office tower LED lamp instalment in tenant area	From November 2019 to April 2020	16,125	-	-
		Office tower Renewal of illuminating system on crowning part	From November 2019 to April 2020	15,136	-	-
		Hotel tower Renewal of prefabricated bath	From November 2019 to April 2020	15,050	-	-
		Hotel tower Renewal of automatic fire alarm	From November 2019 to April 2020	37,625	-	-
		Parking tower Renewal of automatic fire alarm	From November 2019 to April 2020	15,638	-	-
		Partial renewal of special high-pressure electronic facility	From November 2019 to April 2020	18,559	-	-
ORTO Yokohama	Yokohama-shi, Kanagawa	Renewal of electricity meter	From November 2019 to April 2020	12,223	-	-
Shinagawa Seaside East Tower	Shinagawa-ku, Tokyo	Renewal of security equipment	From December 2019 to April 2020	42,470	-	-
Kinshicho Prime Tower	Koto-ku, Tokyo	Renewal of air conditioning system	From November 2019 to April 2020	147,964	-	-
		Renewal of fire alarming system	From November 2019 to April 2020	43,480	-	-
Nishi-Shinjuku Prime Square	Shinjuku-ku, Tokyo	Maintenance work on gas burning absorption water cooling and heating unit	From December 2019 to April 2020	10,796	-	-
Kojimachi Crystal City	Chiyda-ku, Tokyo	Renewal of the power receiving and transforming equipment (first period)	From May 2019 to March 2020	18,049	-	-

Invesco Office J-REIT, Inc. (3298)

Summary of Financial Results (REIT) for the Fiscal Period Ended October 31, 2019

Name of property	Location	Purpose	Planned period	Estimated construction cost (Thousands of yen) (Note)		
				Total amount	Paid during the period	Total amount paid
Prime Tower Shin-Urayasu	Urayasu-shi, Chiba	Repair of external wall of parking tower (south west and south side)	From November 2019 to April 2020	21,208	-	-
		Office tower Repair of storage pump	From November 2019 to April 2020	16,412	-	-
		Office tower Repair of air-exhaust ventilator and air blower	From November 2019 to April 2020	12,675	-	-
Techno Wave 100	Yokohama-shi, Kanagawa	Renewal of pumps for heat source unit	From November 2019 to April 2020	30,402	-	-
		Renovation of common spaces (1 floor)	From November 2019 to April 2020	20,000	-	-
		Installment of OA raised floor	From November 2019 to April 2020	12,600	-	-

(Note) “Estimated construction cost” represents the amount equal to the Investment Corporation’s interest and it is expected to be borne by the Investment Corporation.

ii) Capital expenditure incurred

The following table summarizes the major construction to real estate and entrusted real estate held as of the end of the fiscal period under review by the Investment Corporation that resulted in capital expenditures for the current period. Capital expenditures for the current period amounted to 460,209 thousand yen. The total construction costs amounted to 683,063 thousand yen; including repair and maintenance of 224,854 thousand yen that was accounted for as an expense in the current period.

Name of property	Location	Purpose	Period	Construction costs (Thousands of yen) (Note)
Ebisu Prime Square	Shibuya-ku, Tokyo	Tower portion Renewal of air conditioning steam pipe	From June 2019 to August 2019	10,417
CS Tower	Taito-ku, Tokyo	Renovation of common spaces (1 floor)	From August 2019 to October 2019	13,483
		Repair of external walls of penthouse etc.	From June 2019 to October 2019	23,179
Queen's Square Yokohama	Yokohama-shi, Kanagawa	Office tower LED lamp instalment in tenant area	From May 2019 to October 2019	30,472
Tokyo Nissan Nishi-Gotanda Building	Shinagawa-ku, Tokyo	Improvement of fire shutter (Period II)	From August 2019 to October 2019	13,019
Nishi-Shinjuku KF Building	Shinjuku-ku, Tokyo	Renewal of emergency power generating system on the rooftop	From September 2019 to October 2019	16,715
Shinagawa Seaside East Tower	Shinagawa-ku, Tokyo	Repair of external wall tiles and replacement of seals	From May 2019 to October 2019	19,745
		Parts exchange of high /low pressure switchboard for transforming equipment	From May 2019 to May 2019	21,260
Sun Towers Center Building	Setagaya-ku, Tokyo	Renovation work on rest rooms and elevator hall	From August 2019 to September 2019	13,685
Kinshicho Prime Tower	Koto-ku, Tokyo	Renewal of automatic surveillance system	From May 2019 to October 2019	19,735
Prime Tower Shin-Urayasu	Urayasu-shi, Chiba	Repair of external wall of parking tower (north and east side)	From May 2019 to October 2019	27,052
		Replacement of air conditioning system in special high electricity room, special high-pressure electricity room and central surveillance room	From May 2019 to October 2019	32,545
Techno Wave 100	Yokohama-shi, Kanagawa	Installation of hot water supplying apparatus on every floor	From May 2019 to October 2019	11,463
		Renovation of atrium	From May 2019 to October 2019	23,526
		Renovation of common areas in upper floors (2 floors)	From May 2019 to October 2019	30,000

(Note) "Construction costs" represents the amount equal to the Investment Corporation's interest that was actually borne by the Investment Corporation.

k) Reserved amount for long-term repairs plan

The Investment Corporation formulates long-term repair plans for each real estate and entrusted real estate and allocates a portion of its cash flows generated during the period to a reserve for repairs to meet large-scale repair projects over the medium-to-long terms. The following amount has been transferred to the reserve from period cash flows.

(Unit: Millions of yen)

	Seventh fiscal period from May 1, 2017 to October 31, 2017	Eighth fiscal period from November 1, 2017 to April 30, 2018	Ninth fiscal period from May 1, 2018 to October 31, 2018	Tenth fiscal period from November 1, 2018 to April 30, 2019	Eleventh fiscal period from May 1, 2019 to October 31, 2019
Reserve at the beginning of the period	129	41	24	24	24
Reserve for the fiscal period under review	-	21	-	-	-
Reversal of reserve for the fiscal period under review	87	38	-	-	-
Reserve brought forward to the next period	41	24	24	24	24

1) Income and expenditure of individual entrusted real estate

(Unit: Millions of yen)

Property number	1		3	
Property name	Ebisu Prime Square		CS Tower (Note)	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	181 days	184 days	181 days	184 days
Rental revenues	715	719	536	554
Other rental revenues	113	98	44	58
(i) Total real estate rental revenues	828	817	581	613
Expenses for management and operation	65	64	51	45
Utility expenses	107	120	44	48
Insurance expenses	1	0	0	0
Repair and maintenance	27	17	20	29
Taxes and dues	66	70	37	40
Depreciation	76	76	80	84
Other property-related expenses	11	8	1	3
(ii) Total property-related expenses	355	358	236	253
(iii) Income (loss) from real estate rental business ((i)-(ii))	473	458	344	360
NOI ((iii)+Depreciation)	549	535	425	445

(Note) The Investment Corporation disposed of “CS Tower Annex”, the residential portion of “CS Tower”, on March 20, 2019.

(Unit: Millions of yen)

Property number	4		5	
Property name	Queen's Square Yokohama		Nagoya Prime Central Tower	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	181 days	184 days	181 days	184 days
Rental revenues	822	832	Not disclosed (Note)	590
Other rental revenues	141	156		40
(i) Total real estate rental revenues	964	989		631
Expenses for management and operation	132	128		72
Utility expenses	148	160		48
Insurance expenses	3	3		0
Repair and maintenance	22	21		17
Taxes and dues	121	123		36
Depreciation	151	157		133
Other property-related expenses	23	22		16
(ii) Total property-related expenses	604	618		324
(iii) Income (loss) from real estate rental business ((i)-(ii))	359	370	288	306
NOI ((iii)+Depreciation)	510	528	421	439

(Note) Information is not disclosed as the tenant's authorization has not been obtained.

(Unit: Millions of yen)

Property number	6		7	
Property name	Tokyo Nissan Nishi-Gotanda Building		ORTO Yokohama	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	181 days	184 days	181 days	184 days
Rental revenues	241	244	518	530
Other rental revenues	14	16	2	-
(i) Total real estate rental revenues	255	260	520	530
Expenses for management and operation	21	22	67	98
Utility expenses	20	6	-	-
Insurance expenses	1	1	1	1
Repair and maintenance	5	11	2	18
Taxes and dues	25	26	42	50
Depreciation	27	27	80	80
Other property-related expenses	0	2	0	0
(ii) Total property-related expenses	101	98	196	250
(iii) Income (loss) from real estate rental business ((i)-(ii))	153	161	324	279
NOI ((iii)+Depreciation)	181	189	405	360

(Unit: Millions of yen)

Property number	8		9	
Property name	Nishi-Shinjuku KF Building		Shinagawa Seaside East Tower	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	181 days	184 days	181 days	184 days
Rental revenues	183	198	773	771
Other rental revenues	15	15	113	120
(i) Total real estate rental revenues	198	213	887	892
Expenses for management and operation	19	15	82	83
Utility expenses	14	13	107	128
Insurance expenses	0	0	1	0
Repair and maintenance	7	9	6	8
Taxes and dues	17	16	73	76
Depreciation	15	15	107	108
Other property-related expenses	1	0	2	2
(ii) Total property-related expenses	76	70	380	408
(iii) Income (loss) from real estate rental business ((i)-(ii))	121	143	506	484
NOI ((iii)+Depreciation)	137	159	613	592



(Unit: Millions of yen)

Property number	10		11	
Property name	Akiba CO Building		Sun Towers Center Building	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	181 days	184 days	181 days	184 days
Rental revenues	Not disclosed (Note)	Not disclosed (Note)	231	245
Other rental revenues			18	21
(i) Total real estate rental revenues			250	267
Expenses for management and operation			30	30
Utility expenses			22	24
Insurance expenses			0	0
Repair and maintenance			7	8
Taxes and dues			19	19
Depreciation			23	25
Other property-related expenses			0	0
(ii) Total property-related expenses			103	109
(iii) Income (loss) from real estate rental business ((i)-(ii))	141	149	146	158
NOI ((iii)+Depreciation)	152	160	169	183

(Note) Information is not disclosed as the tenant's authorization has not been obtained.

(Unit: Millions of yen)

Property number	13		14	
Property name	Hakata Prime East		Kinshicho Prime Tower	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	181 days	184 days	181 days	184 days
Rental revenues	153	160	477	481
Other rental revenues	10	14	41	54
(i) Total real estate rental revenues	163	175	519	535
Expenses for management and operation	20	22	48	49
Utility expenses	11	12	41	50
Insurance expenses	0	0	1	0
Repair and maintenance	7	6	9	4
Taxes and dues	10	10	41	43
Depreciation	22	22	41	43
Other property-related expenses	0	0	2	0
(ii) Total property-related expenses	73	75	185	194
(iii) Income (loss) from real estate rental business ((i)-(ii))	90	99	333	341
NOI ((iii)+Depreciation)	112	122	374	384

(Unit: Millions of yen)

Property number	15		16	
Property name	Aqua Dojima East		Nishi-Shinjuku Prime Square	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	181 days	184 days	181 days	184 days
Rental revenues	74	75	862	873
Other rental revenues	13	11	39	51
(i) Total real estate rental revenues	87	87	902	925
Expenses for management and operation	14	14	76	75
Utility expenses	9	10	55	55
Insurance expenses	0	0	1	0
Repair and maintenance	4	1	10	6
Taxes and dues	10	10	-	60
Depreciation	6	6	60	61
Other property-related expenses	1	1	6	6
(ii) Total property-related expenses	46	45	210	266
(iii) Income (loss) from real estate rental business ((i)-(ii))	41	41	692	658
NOI ((iii)+Depreciation)	47	48	753	720

(Unit: Millions of yen)

Property number	17		18	
Property name	Kojimachi Crystal City		Prime Tower Shin-Urayasu	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	181 days	184 days	181 days	184 days
Rental revenues	196	199	434	444
Other rental revenues	15	16	66	65
(i) Total real estate rental revenues	211	215	500	509
Expenses for management and operation	32	35	81	77
Utility expenses	13	14	72	77
Insurance expenses	0	0	2	1
Repair and maintenance	1	0	21	34
Taxes and dues	1	18	21	42
Depreciation	6	7	29	31
Other property-related expenses	0	0	4	7
(ii) Total property-related expenses	54	75	233	272
(iii) Income (loss) from real estate rental business ((i)-(ii))	157	139	267	237
NOI ((iii)+Depreciation)	163	147	297	269

(Unit: Millions of yen)

Property number	19		20	
Property name	Techno Wave 100 (Note 1)		IBF Planning Building	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	181 days	184 days	181 days	184 days
Rental revenues	394	466	Not disclosed (Note 2)	Not disclosed (Note 2)
Other rental revenues	41	59		
(i) Total real estate rental revenues	435	525		
Expenses for management and operation	95	116		
Utility expenses	47	58		
Insurance expenses	2	2		
Repair and maintenance	32	22		
Taxes and dues	16	32		
Depreciation	41	51		
Other property-related expenses	5	6		
(ii) Total property-related expenses	241	291		
(iii) Income (loss) from real estate rental business ((i)-(ii))	194	233	65	60
NOI ((iii)+Depreciation)	236	285	75	70

(Note 1) As the Investment Corporation acquired another portion of “Techno Wave 100” on May 22, 2019, the numbers generated during the period from May 1, 2019 to May 21, 2019 corresponds to the portion the Investment Corporation acquired on May 1, 2018 and the numbers generated during the period from May 22, 2019 to October 31, 2019 corresponds to the total portion which the Investment Corporation acquired on May 1, 2018 and on May 22, 2019.

(Note 2) Information is not disclosed as the tenant’s authorization has not been obtained.

(Unit: Millions of yen)

Property number	21	
Property name	Otoya Prime Building	
Fiscal period	Previous fiscal period ended April 30, 2019	Current fiscal period ended October 31, 2019
Number of days	-	163 days
Rental revenues	-	Not disclosed (Note)
Other rental revenues	-	
(i) Total real estate rental revenues	-	
Expenses for management and operation	-	
Utility expenses	-	
Insurance expenses	-	
Repair and maintenance	-	
Taxes and dues	-	
Depreciation	-	
Other property-related expenses	-	
(ii) Total property-related expenses	-	
(iii) Income (loss) from real estate rental business ((i)-(ii))	-	113
NOI ((iii)+Depreciation)	-	143

(Note) Information is not disclosed as the tenant's authorization has not been obtained.

m) Security  
Not applicable.