

2. Performance Forecasts for the September 2017 period (April 1, 2017 to September 30, 2017) and the March 2018 period (October 1, 2017 to March 31, 2018)

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

Period ending	Operating Revenues		Operating Profit		Ordinary Profit		Profit		Dividend per Unit Excluding Excess of Accounting Profits	Dividend in Excess of Accounting Profits per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2017	31,590	2.5	12,840	2.2	11,550	3.1	11,540	3.2	8,810	0
March 31, 2018	31,490	(0.3)	12,880	0.3	11,610	0.5	11,600	0.5	8,860	0

Reference: Profit per unit forecast = Profit forecast / Number of total investment units forecast for the end of the period
(the September 2017 period): 8,810 yen; (the March 2018 period): 8,860 yen.

*Other

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

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

(2) Number of Units Outstanding

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

As of March 31, 2017 1,309,310 units

As of September 30, 2016 1,309,310 units

Number of Treasury Units at End of Period

As of March 31, 2017 0 units

As of September 30, 2016 0 units

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

* The Implementation Status of Statutory Audit

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

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

Estimates for the Company's future operating results contained in the financial results are forward-looking statements and are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ substantially from the projections depending on a number of factors. In addition, these forecasts do not guarantee the stated dividends. As for assumptions underlying performance forecasts, please refer to the table entitled "Assumptions Underlying Performance Forecasts for the September 2017 period (April 1, 2017 to September 30, 2017) and the March 2018 period (October 1, 2017 to March 31, 2018)" on pages 7 and 8.

1. Related Corporations

Due to the fact that there have been no important changes to the “Structure and Formation” section in the most recent securities report (released December 26, 2016), information concerning it has been omitted.

2. Business Policy and Operations

a. Business Policy

Due to the fact that there have been no important changes to investment policies, investment targets, or dividend policies in the most recent securities report (released December 26, 2016), information concerning them has been omitted.

b. Business Operations

(1) Results for the Period

Japan Real Estate Investment Corporation (“the Company”) was established on May 11, 2001, following the Act on Investment Trusts and Investment Corporations of Japan (“ITA”). The Company was listed on the real estate investment trust market of the Tokyo Stock Exchange (“TSE”) on September 10, 2001 (Securities Code: 8952). Since its IPO, the size of Company’s assets (total acquisition price) has grown steadily, expanding from 92.8 billion yen to 944.7 billion yen*, as of March 31, 2017. In the same period, the Company continued to grow steadily in the number of properties in its portfolio, from 20 to 69 properties.

During the March 2017 period (October 1, 2016 to March 31, 2017), the Japanese economy continued to follow a moderate yet steady recovery, backed by the improvement in the exchange rate after the US presidential election, as well as the sustained financial deregulation policies, prompting preferable business performance in the country.

In the market for leased office space, the demand for large, recently-built properties remains strong mainly in the Tokyo central areas, resulting, if moderate, in the trends of declining vacancies and increasing advertised rents.

In the investment market for real estate, the continuing favorable conditions for the financing environment prompted a growth in market players, such as those who took the advantages of J-REIT. The vigorous appetite for property acquisition keeps the capitalization rate at lower levels, thus acquisitions are not straightforward in the current environment.

Under such market conditions, the Company made sound investments under the Investment Guideline of providing stable dividends to unitholders, which was set forth at the time of the Company’s listing on the TSE and remains unchanged to this date. Accordingly, the Company has been able to provide a dividend at 8,544 yen, which is an increase by 183 yen from the previous period.

*Note: The part of the Jingumae Media Square Building site (acquisition price: 614 million yen) that was expropriated by the Tokyo Metropolitan Government on October 30, 2009, is included in the total acquisition price. The total acquisition price in the subsequent sections follows the same convention.

(2) Results of Operations

① Property Management and Acquisition

In the market for leased office space in the period under review, as a result of our efforts to improve occupancy rates through meticulous property leasing, the Company successfully maintained its record-breaking level of occupancy rate, from 98.7% as of September 30, 2016 to 98.8% as of March 31, 2017.

As for external growth, on October 3, 2016, the Company acquired the Kanazawa Kamitsutsumicho Building (Kanazawa, Ishikawa Prefecture) for 2,780 million yen. This is a recently-built property with a competitive edge, situated in Kanazawa, an administrative and economic center of the Hokuriku region. Elsewhere, the 31-year-old Genki Medical Plaza (Chiyoda-ku, Tokyo) was transferred on January 25, 2017 at 6,890 million yen, while the Company acquired shares of Shinjuku Eastside Square (Shinjuku-ku, Tokyo), a recently-built competitive property, to boost the existing property ownership by purchasing further 3.6% for 6,660 million yen through an exchange transaction. This property reorganization has enhanced the quality of the Company’s portfolio. As a result of the above, the Company’s current share of Shinjuku Eastside Square has increased from 14.0% to 17.6%.

The Company also acquired the Tamachi Front Building (Minato-ku, Tokyo), which is a recently-built, medium-sized property situated in the upcoming business district of Tamachi area, for 6,210 million yen. The existing ownership of the Shiodome Building (Minato-ku, Tokyo) was increased by purchasing an additional 5.0% quasi-co-ownership interest of the trust beneficiary right for 10,450 million yen. As a result, the Company’s current share of the said property has increased from 45.0% to 50.0%.

As a result of the above, the Company's portfolio at the end of the fiscal period under review, March 31, 2017, consisted of 69 properties, with a total acquisition price of 944,723 million yen. Total leasable floor area stood at 835,069 m² with 1,482 tenants in total.

*Note: Shinjuku South Gate Project (tentative name) (land with leasehold interest), whose building ownership was transferred on August 23, 2013, is included in the above number of properties and total acquisition price, but is not included in total leasable floor area or total number of tenants. Please note that Nippon Brunswick Building (land with leasehold interest) was renamed to Shinjuku South Gate Project (tentative name) (land with leasehold interest) on May 15, 2017.

② Finance Activities

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

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

During the March 2017 period, the Company issued private placement investment corporation bonds with DBJ Green Building Certification as a foray in the J-REIT scheme. This certification program is operated by the Development Bank of Japan Inc. ("DBJ"), with the aim to assess and certify properties for their environmental and social awareness. The proceeds partially contributed to fund the additional acquisition of interest on the trust beneficiary right of the Shiodome Building.

As a result of these financing activities, as of March 31, 2017, the Company's total interest-bearing debt was 369,000 million yen, 12,650 million yen increase from the end of previous period. This amount consists of long-term loans totaling 303,000 million yen (including the current portion of long-term loans totaling 46,500 million yen), short-term loans totaling 36,000 million yen, and investment corporation bonds totaling 30,000 million yen (there is no current portion of investment corporation bonds). The current LTV ratio stands at 41.1%.

The Company's credit ratings as of March 31, 2017 were as follows:

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

③ General Meeting of Unitholders

The Company held the 10th General Meeting of Unitholders on March 28, 2017. The meeting deliberated agenda items concerning partial amendments to the Articles of Incorporation, appointment of one executive director, appointment of two substitute executive directors, appointment of two supervisory directors, and appointment of one substitute supervisory director. All agenda items were approved and resolved in accordance with the original proposals.

Following the meeting resolutions, Mr. Hiroshi Nakajima was reappointed as the Executive Director, while Mr. Tomohiro Okanoya (reappointment) and Mr. Hiroaki Takano (new appointment) assumed the office of the Supervisory Director, as of May 11, 2017. Meanwhile, Mr. Naoki Umeda and Mr. Kazuo Nezu have been designated to be Substitute Executive Directors. Likewise, Mr. Yoshinori Kiya has been designated as Substitute Supervisory Director.

(3) Summary of Financial Results

As a result of the above operations, in the period under review, the Company's operating revenues increased by 0.1% on the previous period, to 30,818 million yen. On the earnings front, operating profit increased 1.6%, to 12,567 million yen. After deducting expenses for interest payments on loans and other costs, ordinary profit increased 2.2%, to 11,197 million yen, and profit had an increase of 2.2%, to 11,186 million yen.

Turning to dividends, the Company will make cash distributions using accounting profits based on the dividend policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of earnings available for dividends as required by Article 67-15 of the Special Taxation Measures Law of Japan. Based on this policy, keeping below the level of end-of-term unappropriated retained earnings and reserving the retained earnings brought forward, the total amount of dividends that the Company has determined to pay out is 11,186,744,640 yen for the period under review,

which is a multiple of 1,309,310—the number of units outstanding as of March 31, 2017. Accordingly, the per-unit cash dividend is 8,544 yen.

c. Outlook

(1) Operating Environment

The Japanese economy is expected to follow a course of moderate recovery as a result of improving conditions for employment and income, as well as various financial policies in force. However, international factors such as policies under the new administration in the US, the Brexit negotiations and instability in Europe, as well as the resulting fluctuations in the financial and capital markets, may lead to an economic downturn in Japan, and thus it is necessary to remain vigilant.

In the market for leased office space, the demand is anticipated to endure without a sharp fall, backed by business activities continuing to thrive. While it seems unlikely that the future increase of office space supply expected to materialize in the Tokyo central areas will bring a dramatic turn in the market, it merits close attention to discern changes, including indirect effects in surrounding areas.

Regarding the investment market for real estate, fierce competition in property acquisition and transactions carried out at higher valuation are anticipated to continue. Therefore, it is important to be highly selective in making investments while remaining proactive in search of new properties.

① Property Management

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

(i) Strengthen relationships of trust with existing tenants

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

(ii) Fill vacancies promptly

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

(iii) Stabilize revenues and earnings

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

(iv) Reduce management costs

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

② Property Acquisitions and Sales

The Company has adopted the following policies for acquiring properties.

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

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

- (iii) In accordance with its acquisition policies, the Company shall maintain its portfolio so that 70% or more of the portfolio properties are located within the Tokyo metropolitan area, with the remaining 30% or fewer located in other major cities.

Under these policies, the Company will continue to acquire highly competitive properties. At the same time, in order to further improve the quality of its portfolio, the Company will remain open to the replacement of portfolio properties with due consideration given on timing.

③ Financial Policies

The Company has adopted the following financial policies.

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

(2) Performance Forecasts

The Company's forecasts for the September 2017 period (April 1, 2017 to September 30, 2017) are as follows: operating revenues totaling 31,590 million yen, operating profit totaling 12,840 million yen, ordinary profit totaling 11,550 million yen, and profit totaling 11,540 million yen. The Company plans to declare a per-unit cash dividend to be 8,810 yen.

The Company's forecasts for the March 2018 period (October 1, 2017 to March 31, 2018) are as follows: operating revenues totaling 31,490 million yen, operating profit totaling 12,880 million yen, ordinary profit totaling 11,610 million yen, and profit totaling 11,600 million yen. The Company plans to declare a per-unit cash dividend to be 8,860 yen.

Regarding the assumptions underlying these forecasts, please see pages 7 and 8 entitled "Assumptions Underlying Performance Forecasts for the September 2017 period (April 1, 2017 to September 30, 2017) and the March 2018 period (October 1, 2017 to March 31, 2018)." Operating revenues, operating profit, ordinary profit, profit, and cash dividend per unit may vary depending on changes that may occur to the market situation.

**Assumptions Underlying Performance Forecasts for the September 2017 period (April 1, 2017 to September 30, 2017)
and the March 2018 period (October 1, 2017 to March 31, 2018)**

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • The September 2017 period: April 1, 2017 to September 30, 2017 (183 days) • The March 2018 period: October 1, 2017 to March 31, 2018 (182 days)
Number of properties held by the Company	<ul style="list-style-type: none"> • The Company's property portfolio consists of 69 properties at the end of the March 2017 period. The actual portfolio may differ from this assumption due to additional property acquisitions and dispositions. • As of May 16, 2017, the Company does not have any forward or other commitments as set forth in the Financial Services Agency's Guidelines for Supervision.
Number of units outstanding	<ul style="list-style-type: none"> • The total number of units outstanding as of May 16, 2017, is 1,309,310.
Interest-bearing debt	<ul style="list-style-type: none"> • The Company operates an LTV ratio within a range between 30% and 40% as an operational guideline. • The Company executed a short-term loan of 9 billion yen on April 3, 2017 to procure funds for the repayment of existing short-term loan, in addition to the execution of a long-term loan of 5 billion yen on April 4, 2017 for the repayment of existing long-term loan. <p>As a result, the balance for interest-bearing debt is 369,000 million yen as of May 16, 2017.</p> <ul style="list-style-type: none"> • In the September 2017 period, as of May 16, 2017, the Company prepares to refinance the long-term loans due for repayment during the period totaling 23.5 billion yen (repayment dates: June 1, 2017, June 15, 2017 and August 31, 2017) and the short-term loans due for repayment during the period totaling 4.0 billion yen (repayment dates: September 1, 2017). There are no investment corporation bonds to mature in the September 2017 period. • In the March 2018 period, as of May 16, 2017, the Company prepares to refinance the long-term loans due for repayment during the period totaling 18.0 billion yen (repayment dates: December 20, 2017, January 9, 2018, January 17, 2018, March 1, 2018, March 26, 2018 and March 30, 2018) and the short-term loans due for repayment during the period totaling 23.0 billion yen (repayment dates: December 26, 2017, January 10, 2018, March 1, 2018, March 2, 2018, March 27, 2018 and March 30, 2018). There are no investment corporation bonds to mature in the March 2018 period.
Operating revenues	<ul style="list-style-type: none"> • Revenues from portfolio properties held by the Company are calculated by taking into consideration new contract conclusions and existing contract cancellations fixed as of May 16, 2017, and by factoring in potential variables that reflect recent market conditions for leased office space, such as rent levels and occupancy rates.

Item	Assumption
Operating expenses	<ul style="list-style-type: none"> • Of the taxes applicable to the Company, property taxes, city planning taxes and depreciable property taxes corresponding to the relevant fiscal period have been recorded as property-related expenses. However, when a property is acquired at a point during the period used for the calculation of property tax, a property tax adjustment is levied that takes into account the date of the transfer of the new acquisition. The amount of the adjustment is factored into the acquisition price and therefore not recorded as an expense in the relevant fiscal period. In addition, the Company assumes the 2018 property taxes, city planning taxes, and depreciable property taxes for properties acquired in 2017 to be as follows: <ul style="list-style-type: none"> 25 million yen for the additional shares acquired for Shinjuku Eastside Square, 28 million yen for the acquisition of Tamachi Front Building, and 31 million yen for the additional shares acquired for Shiodome Building. • The property and other taxes will be 2,910 million yen in the September 2017 period and 2,910 million yen in the March 2018 period. • The depreciation will be 6,540 million yen in the September 2017 period and 6,530 million yen in the March 2018 period. • Property management expenses are assumed by taking past operational results into consideration. • Repair expenses may vastly differ from the projected amounts as such costs fluctuate significantly from one fiscal period to another, and because these costs are not recurring.
Non-operating expenses	<ul style="list-style-type: none"> • The non-operating expenses, such as interest expenses on loans and investment corporation bonds, will be 1,300 million yen in the September 2017 period and 1,270 million yen in the March 2018 period.
Dividend amounts	<ul style="list-style-type: none"> • The Company shall not distribute dividends in excess of accounting profits. Thus, based on its Articles of Incorporation, the Company shall make cash distributions of the amount that is higher than 90% of earnings available for dividends up to the accounting profits. • The Company assumes that dividend amounts in the September 2017 and the March 2018 periods will not be appropriated from internal reserves*. <p>*Internal reserves (projected for the March 2017 period) shall comprise the gain on sale of the Takanawadai Building as of April 1, 2011 (878 million yen), reserves for reduction entry made on the sales of Hirokoji Sakae Building (transferred on March 30, 2016) and Kyoto Shijo Kawaramachi Building (transferred on March 31, 2016, together amounting to 161 million yen) both under the application of the Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc., in 2009 and 2010, and the residual amount of 530 million yen, which is an apportioned revenue of the subsidies for work under Article 42 “Inclusion in Gross Expense of Advanced Depreciation of Fixed Assets, etc. Acquired with National Subsidy, etc.” of the Corporation Tax Act, after the deduction of 519 million yen to compensate the dividend paid out for the September 2012 and March 2013 periods consisting of reserve for reduction entry and associated deferred tax liabilities, together with the retained earnings brought forward.</p>
Other	<ul style="list-style-type: none"> • No revisions will be made in such areas as laws, tax systems, accounting standards, and listing rules as well as regulations of the Investment Trusts Association, Japan to the extent that impact the above-mentioned forecasts. • No unprecedented or significant changes will occur to the general market trends or real estate market conditions or other factors. • In addition to the income taxes deferred on the reserves for reduction entry, the corporate and other taxes are calculated by taking into consideration the taxes in relation to the amortization of term leasehold interest for buildings and asset retirement obligations.

3. Financial Statements

(1) Balance Sheets

Thousands of yen

	As of September 30, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	16,231,988	15,709,586
Cash and deposits in trust	6,314,725	5,605,731
Operating accounts receivable	279,659	248,403
Prepaid expenses	397,720	367,001
Deferred tax assets	943	914
Consumption taxes receivable	—	30,946
Other	38,508	25,716
Total current assets	23,263,545	21,988,301
Non-current assets		
Property, plant and equipment		
Buildings	267,181,629	265,124,117
Accumulated depreciation	(83,477,470)	(87,142,205)
Buildings, net	183,704,158	177,981,912
Structures	3,247,865	3,129,120
Accumulated depreciation	(754,986)	(786,272)
Structures, net	2,492,879	2,342,847
Machinery and equipment	2,992,615	3,074,681
Accumulated depreciation	(1,880,589)	(1,960,979)
Machinery and equipment, net	1,112,026	1,113,701
Tools, furniture and fixtures	396,617	426,995
Accumulated depreciation	(232,002)	(252,624)
Tools, furniture and fixtures, net	164,615	174,371
Land	450,384,924	434,837,910
Construction in progress	2,250	6,087
Buildings in trust	77,750,199	87,708,942
Accumulated depreciation	(18,994,417)	(21,031,700)
Buildings in trust, net	58,755,782	66,677,241
Structures in trust	651,869	836,762
Accumulated depreciation	(168,192)	(206,985)
Structures in trust, net	483,677	629,777
Machinery and equipment in trust	948,336	993,657
Accumulated depreciation	(665,333)	(691,097)
Machinery and equipment in trust, net	283,002	302,560
Tools, furniture and fixtures in trust	48,182	54,191
Accumulated depreciation	(19,071)	(22,677)
Tools, furniture and fixtures in trust, net	29,110	31,513
Land in trust	151,935,120	181,425,424
Construction in progress in trust	2,299	1,020
Total property, plant and equipment	849,349,846	865,524,368
Intangible assets		
Leasehold rights	6,035,634	5,738,365
Leasehold rights in trust	444,160	444,160
Easement	828,095	828,095
Other	14,280	12,750
Total intangible assets	7,322,170	7,023,371

Thousands of yen

	As of September 30, 2016	As of March 31, 2017
Investments and other assets		
Investment securities	577,168	577,168
Lease and guarantee deposits	1,573,421	1,573,634
Long-term prepaid expenses	600,787	613,924
Other	925,004	979,840
Total investments and other assets	3,676,381	3,744,567
Total non-current assets	860,348,399	876,292,308
Deferred assets		
Investment corporation bond issuance costs	21,160	26,150
Total deferred assets	21,160	26,150
Total assets	883,633,105	898,306,760
Liabilities		
Current liabilities		
Operating accounts payable	1,748,290	2,853,804
Short-term loans payable	45,700,000	36,000,000
Current portion of long-term loans payable	42,850,000	46,500,000
Accounts payable - other	1,290,343	1,481,266
Accrued expenses	578,332	564,649
Income taxes payable	9,740	10,997
Accrued consumption taxes	528,639	—
Advances received	3,500,462	3,329,302
Other	32,091	8,908
Total current liabilities	96,237,899	90,748,928
Non-current liabilities		
Investment corporation bonds	20,000,000	30,000,000
Long-term loans payable	247,800,000	256,500,000
Deposits received from tenants	49,727,428	50,950,892
Deferred tax liabilities	167,188	167,156
Asset retirement obligations	328,602	331,913
Other	12,659	8,952
Total non-current liabilities	318,035,880	337,958,915
Total liabilities	414,273,779	428,707,843
Net assets		
Unitholders' equity		
Unitholders' capital	458,016,096	458,016,096
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	363,469	363,400
Total voluntary retained earnings	363,469	363,400
Unappropriated retained earnings	10,979,760	11,219,420
Total surplus	11,343,229	11,582,820
Total unitholders' equity	469,359,325	469,598,916
Total net assets	469,359,325	469,598,916
Total liabilities and net assets	883,633,105	898,306,760

(2) Statements of Income

Thousands of yen

	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Operating revenues		
Rent revenues	30,565,884	30,726,244
Other lease business revenues	208,084	58,753
Gain on exchange of real estate properties	—	33,620
Total operating revenues	30,773,968	30,818,618
Operating expenses		
Expenses related to rent business	17,091,090	16,939,531
Asset management fee	964,815	960,233
Asset custody fee	59,880	60,214
Administrative service fees	154,031	126,883
Directors' compensations	7,800	7,800
Commission fee	64,875	70,356
Other operating expenses	62,639	86,353
Total operating expenses	18,405,132	18,251,373
Operating profit	12,368,836	12,567,245
Non-operating income		
Interest income	480	189
Dividend income	7,401	—
Reversal of distribution payable	2,855	4,210
Income on settlement of management association accounts	19,444	—
Other	0	—
Total non-operating income	30,181	4,399
Non-operating expenses		
Interest expenses	1,243,269	1,175,845
Interest expenses on investment corporation bonds	152,189	153,619
Amortization of investment corporation bond issuance costs	5,539	5,512
Other	39,212	38,927
Total non-operating expenses	1,440,211	1,373,904
Ordinary profit	10,958,806	11,197,739
Profit before income taxes	10,958,806	11,197,739
Income taxes - current	11,323	11,011
Income taxes - deferred	(2)	(3)
Total income taxes	11,321	11,008
Profit	10,947,485	11,186,731
Retained earnings brought forward	32,275	32,688
Unappropriated retained earnings	10,979,760	11,219,420

(3) Statements of Changes in Unitholders' Equity

For the period from April 1, 2016 to September 30, 2016

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	458,016,096	243,360	243,360	10,785,290	11,028,651	469,044,747	469,044,747
Changes of items during period							
Provision of reserve for reduction entry		120,108	120,108	(120,108)	—	—	—
Dividends of surplus				(10,632,906)	(10,632,906)	(10,632,906)	(10,632,906)
Profit				10,947,485	10,947,485	10,947,485	10,947,485
Total changes of items during period	—	120,108	120,108	194,469	314,578	314,578	314,578
Balance at end of current period	458,016,096	363,469	363,469	10,979,760	11,343,229	469,359,325	469,359,325

For the period from October 1, 2016 to March 31, 2017

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	458,016,096	363,469	363,469	10,979,760	11,343,229	469,359,325	469,359,325
Changes of items during period							
Reversal of reserve for reduction entry		(69)	(69)	69	—	—	—
Dividends of surplus				(10,947,140)	(10,947,140)	(10,947,140)	(10,947,140)
Profit				11,186,731	11,186,731	11,186,731	11,186,731
Total changes of items during period	—	(69)	(69)	239,660	239,590	239,590	239,590
Balance at end of current period	458,016,096	363,400	363,400	11,219,420	11,582,820	469,598,916	469,598,916

(4) Statements of Cash Distributions

Item	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
	Amount (Yen)	Amount (Yen)
I Retained earnings	10,979,760,350	11,219,420,612
II Voluntary retained earnings		
Reversal of reserve for reduction entry	69,530	69,182
III Cash distribution	10,947,140,910	11,186,744,640
(Dividend per investment unit)	(8,361)	(8,544)
IV Retained earnings brought forward	32,688,970	32,745,154

Computation Method for Determining Dividends	<p>The Company will make cash distributions using accounting profits based on the cash distribution policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company has decided that the total amount of dividends, which is set not to exceed the unappropriated retained earnings and also to secure retained earnings brought forward, is 10,947,140,910 yen for the period under review, which is a multiple of 1,309,310 — the number of units outstanding as of September 30, 2016. Furthermore, the Company does not pay out dividends that exceed accounting profits as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>	<p>The Company will make cash distributions using accounting profits based on the cash distribution policy outlined in Article 32-1(2) of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the Company has decided that the total amount of dividends, which is set not to exceed the unappropriated retained earnings and also to secure retained earnings brought forward, is 11,186,744,640 yen for the period under review, which is a multiple of 1,309,310 — the number of units outstanding as of March 31, 2017. Furthermore, the Company does not pay out dividends that exceed accounting profits as outlined in Article 32-1(3) of the Company's Articles of Incorporation.</p>
--	--	--

(5) Statements of Cash Flows

Thousands of yen

	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Cash flows from operating activities		
Profit before income taxes	10,958,806	11,197,739
Depreciation	6,501,082	6,528,096
Difference resulting from exchange of real estate properties	—	127,789
Amortization of investment corporation bond issuance costs	5,539	5,512
Dividend income	(7,401)	—
Interest income	(480)	(189)
Interest expenses	1,395,458	1,329,464
Decrease (increase) in operating accounts receivable	(78,017)	31,256
Decrease (increase) in consumption taxes refund receivable	—	(30,946)
Decrease (increase) in prepaid expenses	(72,832)	30,718
Increase (decrease) in operating accounts payable	228,507	90,746
Increase (decrease) in accounts payable - other	(55,105)	31,138
Increase (decrease) in accrued consumption taxes	(599,970)	(528,471)
Increase (decrease) in accrued expenses	(136)	136
Increase (decrease) in advances received	412,299	(171,159)
Decrease (increase) in long-term prepaid expenses	105,294	(13,137)
Other, net	(22,326)	(85,145)
Subtotal	18,770,716	18,543,549
Interest and dividend income received	7,867	93
Interest expenses paid	(1,486,087)	(1,343,284)
Income taxes paid	(12,418)	(9,754)
Net cash provided by (used in) operating activities	17,280,078	17,190,603
Cash flows from investing activities		
Payments into time deposits	(3,347,000)	—
Proceeds from withdrawal of time deposits	3,347,000	—
Purchase of property, plant and equipment	(1,803,437)	(10,375,364)
Purchase of property, plant and equipment in trust	(673,099)	(10,975,199)
Purchase of intangible assets	(17,762)	—
Payments for lease and guarantee deposits	—	(213)
Proceeds from collection of lease and guarantee deposits	220	—
Repayments of tenant leasehold and security deposits	(828,495)	(1,110,899)
Proceeds from tenant leasehold and security deposits	1,358,111	2,346,460
Net cash provided by (used in) investing activities	(1,964,462)	(20,115,215)
Cash flows from financing activities		
Proceeds from short-term loans payable	36,000,000	23,000,000
Repayments of short-term loans payable	(13,000,000)	(32,700,000)
Proceeds from long-term loans payable	—	26,700,000
Repayments of long-term loans payable	(30,050,000)	(14,350,000)
Proceeds from issuance of investment corporation bonds	—	10,000,000
Payments of investment corporation bond issuance costs	—	(10,503)
Dividends paid	(10,623,685)	(10,946,280)
Net cash provided by (used in) financing activities	(17,673,685)	1,693,216
Net increase (decrease) in cash and cash equivalents	(2,358,069)	(1,231,395)
Cash and cash equivalents at beginning of period	24,904,784	22,546,714
Cash and cash equivalents at end of period	22,546,714	21,315,318

(6) Notes Concerning Going Concerns Assumption

“Not applicable”

(7) Summary of Significant Accounting Policies

Investment securities

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

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

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

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

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

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

Intangible assets

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

Leased assets

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

Deferred charges

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

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

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

Revenue recognition

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

Taxes on property and equipment

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

Consumption taxes

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

Cash and cash equivalents

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

Hedge accounting

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

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

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

In addition, for interest-rate and currency swap transactions that meet certain criteria provided under Japanese GAAP, the Integrated Treatment is applied. Under such Integrated Treatment, the interest-rate and currency swaps that hedge foreign currency-denominated floating rate payments into yen-denominated fixed rate payments are treated as an integral part of the hedged foreign currency borrowing, and the loan is accounted for as a yen-denominated fixed-rate borrowing.

(8) Notes to Financial Statements

(Notes to Balance Sheets)

- a. Reduction amount of tangible assets with government grants

	Thousands of yen	
	As of September 30, 2016	As of March 31, 2017
Buildings	50,086	50,086

- b. Reduction amount of fixed assets acquired through exchange

	Thousands of yen	
	As of September 30, 2016	As of March 31, 2017
Land in trust	—	2,008,155

- c. Commitment line agreement

The Company has signed commitment line agreements with four banks.

	Thousands of yen	
	As of September 30, 2016	As of March 31, 2017
Total amount of commitment line agreement	50,000,000	50,000,000
Debt financing balance	—	—
Balance	50,000,000	50,000,000

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

	Thousands of yen	
	As of September 30, 2016	As of March 31, 2017
	50,000	50,000

(Notes to Statements of Income)

- a. Breakdown of property-related revenues and expenses

	Thousands of yen	
	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Property-Related Revenues	30,773,968	30,784,997
Rent revenues	30,565,884	30,726,244
Rental revenues	23,994,977	24,352,065
Common service charges	3,598,719	3,545,126
Parking revenues	786,817	802,247
Other rental revenues	2,185,369	2,026,805
Other lease business revenues	208,084	58,753
Cancellation charges	10,883	11,438
Other miscellaneous revenues	197,200	47,315
Property-Related Expenses	17,091,090	16,939,531
Property management expenses	3,519,734	3,737,491
Utilities expenses	2,708,649	2,383,645
Property and other taxes	2,936,241	2,925,627
Casualty insurance	57,814	58,945
Repairing expenses	1,181,022	1,113,418
Depreciation	6,500,062	6,526,566
Other rental expenses	187,565	193,836
Property-Related Profits	13,682,878	13,845,466

b. Breakdown of gain on exchange of real estate properties

For the period from April 1, 2016 to September 30, 2016

“Not applicable”

For the period from October 1, 2016 to March 31, 2017

		Thousands of yen
Genki Medical Plaza		
	Revenue from transfer of real estate property	6,890,000
	Cost of real estate property transferred	4,776,921
	Other transfer expenses incurred	71,302
	Compressed amount of fixed assets	2,008,155
	Gain on exchange of real estate property	33,620

(Changes in Unitholders' Equity)

Total number of investment units issuable and number of units outstanding	As of September 30, 2016	As of March 31, 2017
Total number of investment units issuable	4,000,000 units	4,000,000 units
Number of units outstanding	1,309,310 units	1,309,310 units

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

The following table represents a reconciliation of cash and cash equivalents at September 30, 2016 and March 31, 2017:

	Thousands of yen	
	As of September 30, 2016	As of March 31, 2017
Cash and deposits	16,231,988	15,709,586
Cash and deposits in trust	6,314,725	5,605,731
Time deposits with maturities of more than three months	—	—
Cash and cash equivalents	22,546,714	21,315,318

(Financial Instruments)

For the six months ended September 30, 2016 and March 31, 2017

a. Status of financial instruments

(i) Policies for dealing financial instruments

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

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

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

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

The Company regularly re-evaluates the appropriateness and effectiveness of its risk management system in order to improve on it.

The characteristics and risk profile of financial instruments and the system in place to manage such risks are as follows:

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

The funding proceeds from borrowings and issues of investment corporation bonds are applied mainly to acquire real estate properties and repay outstanding loans and bonds. While floating-rate short-term and long-term loans are exposed to the risk of interest-rate hikes, such risk is mitigated by the Company’s low LTV and relatively high percentage of long-term fixed-rate debts within the total borrowing. The Company may also exercise hedging by means of derivative transactions (interest-rate swap transactions) in order to mitigate the risk of fluctuation concerning the floating-rate long-term loans, thereby effectively stabilizing

the overall interest rates on the loans. Foreign currency-denominated loans are also exposed to currency exchange and interest-rate fluctuation risk. However, the Company uses derivative transactions as a method of hedging against these risks (interest-rate and currency swap transactions). For more detailed information on the hedge accounting method, hedging instruments, hedged items, hedge policies and the evaluation method of hedge effectiveness, please refer to the previous section (7) Summary of Significant Accounting Policies: Hedge accounting.

Loans and investment corporation bonds involve liquidity risk at the time of maturity. To manage such liquidity risk, the Company implements measures such as ① maintaining and strengthening its ability to access equity markets to secure funds, ② maintaining commitment lines with major financial institutions (There is no amount outstanding under the facility as of September 30, 2016 and March 31, 2017) and ③ preparing monthly financial plans.

(iii) Supplementary note regarding fair value of financial instruments

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

b. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheet and the differences between them as of September 30, 2016 and March 31, 2017 are as follows.

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

	Thousands of yen		
	As of September 30, 2016		
	Book value (*)	Fair value (*)	Difference (*)
(1) Cash and deposits	16,231,988	16,231,988	—
(2) Cash and deposits in trust	6,314,725	6,314,725	—
(3) Short-term loans	(45,700,000)	(45,700,000)	—
(4) Current portion of long-term loans	(42,850,000)	(43,090,739)	(240,739)
(5) Investment corporation bonds	(20,000,000)	(21,946,300)	(1,946,300)
(6) Long-term loans	(247,800,000)	(254,805,571)	(7,005,571)
(7) Derivative transactions	—	—	—

(*) Liabilities are shown in parentheses.

	Thousands of yen		
	As of March 31, 2017		
	Book value (*)	Fair value (*)	Difference (*)
(1) Cash and deposits	15,709,586	15,709,586	—
(2) Cash and deposits in trust	5,605,731	5,605,731	—
(3) Short-term loans	(36,000,000)	(36,000,000)	—
(4) Current portion of long-term loans	(46,500,000)	(46,684,630)	(184,630)
(5) Investment corporation bonds	(30,000,000)	(31,654,880)	(1,654,880)
(6) Long-term loans	(256,500,000)	(261,031,032)	(4,531,032)
(7) Derivative transactions	—	—	—

(*) Liabilities are shown in parentheses.

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

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

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

(3) Short-term loans

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

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

For loans with floating interest rates, since the interest rates on such loans reflect market rates reasonably well over the short term and their book values are good approximations of their fair values, the book values are presented as their fair values. (However, the fair values of floating-rate long-term loans hedged by an interest-rate and currency swap subject to integrated treatment or by an interest-rate swap subject to special accounting treatment are calculated by discounting the aggregated principal and interest on such loans, after taking into account the effect of said interest-rate and currency swaps or interest-rate swaps, using reasonable estimates of the rates that would be applicable if the Company were to refinance the existing loans for the remaining period to maturity under the prevailing market conditions as of September 30, 2016 and March 31, 2017. Such floating-rate long-term loans are presented in the following section entitled Derivative Transactions.) The fair values of the liabilities with fixed interest rates are calculated by discounting the aggregated amounts of the principal and the interest of the loans by the rates that are reasonably estimated to be applicable if the Company were to refinance the existing loans for the remaining period to maturity under the prevailing market conditions as of September 30, 2016 and March 31, 2017.

(5) Investment corporation bonds

Their fair values are based on reference prices published by a financial data provider where available. When reference prices are not available, their fair values are calculated by discounting the aggregate of the principal and interest by nominal rates assumed applicable if the loans were refinanced for the duration of the current maturity.

(7) Derivative transactions

Please refer to the following section entitled Derivative Transactions.

2. Financial instruments whose fair values cannot be reliably measured

	Thousands of yen	
	As of September 30, 2016	As of March 31, 2017
(1) Non-listed stock (*1)	577,168	577,168
(2) Deposits received from tenants (*2)	49,727,428	50,950,892

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

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

3. Redemption schedule for monetary claims after the closing date

	Thousands of yen					
	As of September 30, 2016					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	16,231,988	—	—	—	—	—
Cash and deposits in trust	6,314,725	—	—	—	—	—
Total	22,546,714	—	—	—	—	—

	Thousands of yen					
	As of March 31, 2017					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and deposits	15,709,586	—	—	—	—	—
Cash and deposits in trust	5,605,731	—	—	—	—	—
Total	21,315,318	—	—	—	—	—

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

	Thousands of yen					
	As of September 30, 2016					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	45,700,000	—	—	—	—	—
Investment corporation bonds	—	10,000,000	—	—	—	10,000,000
Long-term loans	42,850,000	36,000,000	25,000,000	44,500,000	37,000,000	105,300,000
Total	88,550,000	46,000,000	25,000,000	44,500,000	37,000,000	115,300,000

	Thousands of yen					
	As of March 31, 2017					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	36,000,000	—	—	—	—	—
Investment corporation bonds	—	10,000,000	—	—	—	20,000,000
Long-term loans	46,500,000	27,500,000	49,000,000	39,000,000	40,200,000	100,800,000
Total	82,500,000	37,500,000	49,000,000	39,000,000	40,200,000	120,800,000

(Derivative Transactions)

a. Derivatives not designated as hedging instruments

For the period from April 1, 2016 to September 30, 2016

“Not applicable”

For the period from October 1, 2016 to March 31, 2017

“Not applicable”

b. Derivatives designated as hedging instruments

For the period from April 1, 2016 to September 30, 2016

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

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				Over one year		
Hedge accounting	Receive floating, pay fixed interest-rate swap transactions	Long-term loans	64,300,000	64,300,000	*	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap transactions	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term loans	10,000,000	10,000,000	*	—

For the period from October 1, 2016 to March 31, 2017

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

(Thousands of yen)

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				Over one year		
Hedge accounting	Receive floating, pay fixed interest-rate swap transactions	Long-term loans	64,300,000	64,300,000	*	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap transactions	Receive floating USD, pay fixed JPY, interest-rate and currency swap transactions (with initial and final exchange)	Long-term loans	10,000,000	10,000,000	*	—

*Because the derivative transactions eligible for the Special Treatment of interest-rate swaps and Integrated Treatment (Special Treatment for interest-rate swaps and Allocation Treatment for currency swaps) are accounted for as integral parts of the hedged loans, the fair value of those derivative transactions is included in that of the underlying long-term loans as of September 30, 2016 and March 31, 2017. Please refer to the measurement of fair value of financial instruments in Note 1 of the section entitled “b. Fair value of financial instruments” under “Financial Instruments” as well as subheadings (4) and (6) of Note 1 concerning derivative transactions.

(Income Taxes)

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Act, an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to unitholders from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its earnings available for dividends for the fiscal period as stipulated by Article 67-15 of the Special Taxation Measures Act. The significant components of deferred tax assets and liabilities as of September 30, 2016 and March 31, 2017 were as follows:

	Thousands of yen	
	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Deferred tax assets:		
Accrued enterprise tax	943	914
Amortization of a term leasehold interest	56,530	61,519
Asset retirement obligations	103,542	104,585
	161,016	167,019
Valuation allowance	(67,652)	(73,683)
Total deferred tax assets	93,364	93,336
Deferred tax liabilities:		
Asset retirement obligations	92,421	92,421
Reserve for advanced depreciation of non-current assets	167,188	167,156
Total deferred tax liabilities	259,610	259,578
Net deferred tax liabilities	166,245	166,242

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate for the six months ended September 30, 2016 and March 31, 2017 was as follows:

	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Statutory tax rate	34.81%	34.81%
Deductible dividend distribution	(34.77%)	(34.78%)
Change in valuation allowance	0.06%	0.06%
Others	0.01%	0.01%
Effective tax rate	0.10%	0.10%

(Asset Retirement Obligations)

For the six months ended September 30, 2016 and March 31, 2017

a. Asset retirement obligations reported on balance sheets

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

Change in the amount of the asset retirement obligations as of September 30, 2016 and March 31, 2017 consisted of the following:

	Thousands of yen	
	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Balance at the beginning of the period	325,325	328,602
Increase in tangible fixed assets	—	—
Adjustment required over the period	3,277	3,310
Balance at the end of the period	328,602	331,913

b. Asset retirement obligations other than those reported on balance sheets

Under the Road Act of Japan, the Company is obligated to remove the cable lines and the accompanying equipment originally installed for preventing analog TV interference under the public roads close to Shibuya Cross Tower and to restore the public roads to their original states because analog TV broadcasting was discontinued.

Since the removal involves public roads currently in service and some of the locations of the underground structures are potentially affected by the ongoing redevelopment projects near Shibuya Station, it is difficult to initiate such removal unilaterally without involving other interested parties. Therefore, a reasonable estimate of the present value of asset retirement obligations cannot be made because the method, the cost and the timing of the removal remains uncertain.

In consideration of such uncertainty, the asset retirement obligation is not reported in the financial statements, and is instead noted herein.

(Investment and Rental Property)

For the six months ended September 30, 2016 and March 31, 2017

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

The book values on balance sheets as of September 30, 2016 and March 31, 2017 and the fair values as of September 30, 2016 and March 31, 2017 are as follows:

Thousands of yen			
Book value		Fair value	
As of March 31, 2016	Change during period(*1)	As of September 30, 2016	As of September 30, 2016
861,360,496	(4,702,758)	856,657,737	1,011,368,000

Thousands of yen			
Book value		Fair value	
As of September 30, 2016	Change during period(*2)	As of March 31, 2017	As of March 31, 2017
856,657,737	15,877,252	872,534,990	1,042,319,000

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

2. Significant changes

(*1) As for increases/decreases for the period, the major reason for the increase was the additional acquisition of the Nishiki Park Building (¥180,157 thousand), while the decrease was accounted for by depreciation.

(*2) As for increases/decreases for the period, the major reason for the increase was the acquisition of the Kanazawa Kamitsutsumicho Building (¥2,834,879 thousand) and the Tamachi Front Building (¥6,269,916 thousand), as well as the additional acquisition of the Shinjuku Eastside Square (¥4,719,469 thousand) and the Shiodome Building (¥10,505,287 thousand). The decrease was accounted for by the transfer of the Genki Medical Plaza (¥4,776,921 thousand) and by depreciation.

3. Fair values as of September 30, 2016 and March 31, 2017 are defined as the appraised values provided by an external qualified professional appraiser.

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

(Segment Information)

For the six months ended September 30, 2016 and March 31, 2017

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

Information on products and services

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

Information on geographic area

a. Revenue

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

b. Property and equipment

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

Information on major clients

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

(Per Unit Information)

The following table summarizes information about net assets per unit and profit per unit at September 30, 2016 and March 31, 2017 and for the periods then ended, respectively:

	Yen	
	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Net assets at period end per unit	358,478	358,661
Profit per unit	8,361	8,543

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

	Thousands of yen	
	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Profit	10,947,485	11,186,731
Amount not attributable to normal unitholders	—	—
Profit applicable to normal investment units	10,947,485	11,186,731
Average number of units	1,309,310 units	1,309,310 units

(Subsequent Events)

“Not applicable”

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

There have been no changes made during the period under review regarding the number of units outstanding and total unitholders' capital. Changes in the past five years are as follows.

Date	Remarks	Number of Units Outstanding		Total Unitholders' Capital (Millions of yen)		Notes
		Increase/Decrease	Balance	Increase/Decrease	Balance	
October 29, 2012	Issuance of new investment units (public offering)	41,000	590,040	29,678	393,050	*1
November 28, 2012	Issuance of new investment units (third-party allocation)	4,100	594,140	2,967	396,018	*2
January 1, 2014	Split of investment units	594,140	1,188,280	—	396,018	*3
April 15, 2014	Issuance of new investment units (public offering)	57,500	1,245,780	27,968	423,986	*4
May 14, 2014	Issuance of new investment units (third-party allocation)	5,750	1,251,530	2,796	426,783	*5
April 6, 2015	Issuance of new investment units (public offering)	54,000	1,305,530	29,189	455,972	*6
May 11, 2015	Issuance of new investment units (third-party allocation)	3,780	1,309,310	2,043	458,016	*7

- *1. New investment units were issued at 746,850 yen per unit (underwriting price of 723,870 yen) with the purpose of partially funding the repayment of loans and the acquisition of new specified assets.
- *2. New investment units were issued at 723,870 yen per unit with the purpose of partially funding the acquisition of new specified assets.
- *3. With December 31, 2013 as the date of record, and January 1, 2014 as the effective date, the Company implemented a 2-for-1 split of the investment units held by unitholders stated or recorded on the final unitholders registry for December 31, 2013.
- *4. New investment units were issued at 501,760 yen per unit (underwriting price of 486,400 yen), for the purpose of assigning funds to repayment of loans.
- *5. New investment units were issued at 486,400 yen per unit, for the purpose of compensating decreases in cash reserves assigned to repayment of loans.
- *6. New investment units were issued at 557,620 yen per unit (underwriting price of 540,550 yen) for the purpose of funding the partial repayment of short-term loans, the redemption of investment corporation bonds, the acquisition of specified assets, and, in the event there are any funds remaining, cash reserves.
- *7. New investment units were issued at 540,550 yen per unit for the purpose of funding the partial repayment of short-term loans and, in the event there are any funds remaining, cash reserves.

4. Changes in Officers

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

5. Reference Data

a. Composition of the Company's Assets

Asset type	Region, etc.	As of September 30, 2016		As of March 31, 2017	
		Total of net book value* ¹ (¥ million)	Ratio to total assets (%)	Total of net book value* ¹ (¥ million)	Ratio to total assets (%)
Real property	Tokyo 23 wards	519,590	58.8	495,911	55.2
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	43,957	5.0	43,628	4.9
	Regional cities	81,176	9.2	83,482	9.3
	Total	644,724	73.0	623,023	69.4
Trust	Tokyo 23 wards	117,840	13.3	155,363	17.3
	Tokyo metropolitan area (excluding Tokyo 23 wards)* ²	19,542	2.2	19,468	2.2
	Regional cities	74,549	8.4	74,678	8.3
	Total	211,933	24.0	249,511	27.8
Savings and other assets		26,975	3.1	25,771	2.9
		(—)	(—)	(—)	(—)
Total amount of assets		883,633	100.0	898,306	100.0
		(856,657)	(96.9)	(872,534)	(97.1)

*1. Total of net book value as of September 30, 2016 is based on total amounts from the balance sheets as of September 30, 2016, and total of net book value as of March 31, 2017 is based on total amounts from the balance sheets as of March 31, 2017. Real property and real property held in trust are the book values after depreciation and amortization.

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

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

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

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

The table below is a quick reference guide outlining the real estate and other assets included in the Company's holdings as of March 31, 2017.

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by *2 region	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Kitanomaru Square	Real property	5 *5	25,678 *5	100.0% *5	80,100	72,803	81,555,500	8.6%	74.8%
		MD Kanda Building	Real property	9	6,269	100.0%	8,460	8,756	9,520,000	1.0%	
		Kandabashi Park Building	Real property	10	3,687	100.0%	4,610	4,491	4,810,000	0.5%	
		Otemachi Financial City North Tower	Real property	2	5,121	100.0%	18,900	15,195	15,462,900	1.6%	
		Nibancho Garden	Real property	1 *5	9,316 *5	100.0% *5	17,900	12,570	14,700,000	1.6%	
		Mitsubishi UFJ Trust and Banking Building	Real property	10	11,904	100.0%	51,800	29,014	44,700,000	4.7%	
		Burex Kojimachi Building	Real property	1	4,495	100.0%	6,880	5,700	7,000,000	0.7%	
		Sanno Grand Building	Real property	40	20,665	99.5%	33,300	21,307	10,200,000 10,700,000 Total: 20,900,000	2.2%	
		Yurakucho Denki Building	Real property	13	4,697	100.0%	8,080	7,715	7,200,000	0.8%	
		Kodenmachi Shin Nihonbashi Building	Trust	11	3,897	100.0%	2,920	2,775	3,173,000	0.3%	
		Kyodo Building (Kayabacho 2Chome)	Trust	10	4,464	100.0%	4,990	4,207	4,410,000	0.5%	
		Burex Kyobashi Building	Real property	1	4,279	100.0%	7,660	4,489	5,250,000	0.6%	
		Ginza 1 Chome East Building	Trust	8	4,513	100.0%	7,360	6,471	6,459,000	0.7%	

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by *2 region	
								(¥ thousand)	Ratio *2		
Tokyo metropolitan area	Tokyo 23 wards	Ginza Sanwa Building	Real property	11	4,326	100.0%	18,400	17,190	16,830,000	1.8%	74.8%
		Ryoshin Ginza East Mirror Building	Real property	12	4,255	100.0%	6,260	7,492	5,353,500 2,645,922 *6 Total: 7,999,422	0.8%	
		Harumi Front	Real property	8	33,369	100.0%	40,900 *7	28,788	31,300,000	3.3%	
		Harumi Center Building	Real property	9	20,812	79.4%	19,600	22,603	26,800,000	2.8%	
		Akasaka Park Building	Real property	29 *5	45,013 *5	100.0% *5	71,300	60,332	60,800,000	6.4%	
		Aoyama Crystal Building	Real property	7	4,898	100.0%	8,120	7,112	7,680,000	0.8%	
		Clover Shiba-koen	Trust	8	2,550	100.0%	4,610 *14	4,576	4,500,000	0.5%	
		Shiodome Building	Trust	38	40,194	100.0%	108,000	92,543	21,250,000 54,600,000 10,100,000 10,450,000 Total: 96,400,000	10.2%	
		Shiba 2Chome Daimon Building	Trust	24	9,606	100.0%	6,670	5,021	4,859,000	0.5%	
		Cosmo Kanasugibashi Building	Trust	8	4,062	100.0%	3,170	2,527	2,808,000	0.3%	
		Tamachi Front Building	Real property	8	3,792	100.0%	6,330 *14	6,264	6,210,000	0.7%	
		Shinjuku Eastside Square	Trust	42	20,573	100.0%	32,800 *14	27,444	23,100,000 6,660,000 Total: 29,760,000	3.2%	
		Shinwa Building	Real property	13	5,997	100.0%	7,040	7,592	7,830,000	0.8%	
		Tokyo Opera City Building*8	Real property	101	35,025	99.4%	33,700	28,281	9,350,000 22,426,831 Total: 31,776,831	3.4%	
		TIXTOWER UENO	Real property	17	15,020	97.2%	25,000	20,014	22,000,000	2.3%	
		Higashi Gotanda 1Chome Building	Real property	4	5,205	100.0%	6,140	4,489	5,500,000	0.6%	
		Osaki Front Tower*9	Real property	1	16,856	100.0%	16,600 *7	9,612	12,300,000	1.3%	
Omori-Eki Higashiguchi Building	Trust	24	7,706	97.1%	5,700	4,779	5,123,000	0.5%			

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region *2
								(¥ thousand)	Ratio *2	
Tokyo metropolitan area	Tokyo 23 wards	Shinjuku South Gate Project (tentative name) (Land) *10	*10	*10	*10	5,490	5,572	6,670,000 (1,170,000) *11 Total: 5,500,000	0.6%	74.8%
		Yoyogi 1 Chome Building	8	7,745	100.0%	11,600	7,006	8,700,000	0.9%	
		da Vinci Harajuku	4	3,147	100.0%	7,100	4,896	4,885,000	0.5%	
		Jingumae Media Square Building	5	5,558	100.0%	10,100	10,719	12,200,000 *12	1.3%	
		Shibuya Cross Tower	54	29,797	100.0%	52,700	37,508	34,600,000	3.7%	
		Ebisu Neonato	6	8,700	99.8%	16,900	14,205	3,740,000 360,000 10,512,000 Total: 14,612,000	1.5%	
		Harmony Tower	22	14,340	100.0%	14,000	10,046	8,500,000 520,000 2,100,000 Total: 11,120,000	1.2%	
		Otsuka Higashi Ikebukuro Building	7	7,224	100.0%	4,530	3,441	3,541,000	0.4%	
		Ikebukuro 2Chome Building	8	2,186	100.0%	1,700	1,574	1,728,000	0.2%	
		Ikebukuro YS Building	10	5,932	100.0%	5,100	4,134	4,500,000	0.5%	
Tokyo metropolitan area, excluding Tokyo 23 wards	Tokyo metropolitan area, excluding Tokyo 23 wards	Hachioji First Square	50	10,068	100.0%	4,900	4,953	3,300,000 2,379,112 Total: 5,679,112	0.6%	7.4%
		Saitama Urawa Building	18	4,510	100.0%	2,480	2,526	1,232,000 1,342,000 Total: 2,574,000	0.3%	
		MM Park Building	30	38,426	96.3%	39,800	32,287	37,400,000	4.0%	
		Queen's Tower A	50	26,669	97.3%	20,600 *14	16,519	17,200,000	1.8%	
		Kawasaki Isago Building	13	6,831	100.0%	2,680	2,949	3,375,000	0.4%	
		Musashi Kosugi STM Building	26	5,378	100.0%	4,260	3,861	4,000,000	0.4%	

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by *2 region
								(¥ thousand)	Ratio *2	
Other major cities	8·3 Square Kita Building	Real property	9	12,265	100.0%	7,940	6,024	7,100,000	0.8%	17.7%
	Jozenji Park Building	Real property	16	2,518	96.0%	999	1,009	1,000,000	0.1%	
	Higashi Nibancho Square	Real property	23	20,526	100.0%	13,500*7	9,155	9,950,000	1.1%	
	Sendai Honcho Honma Building	Trust	24	6,234	94.6%	2,430	2,888	2,924,000 250,000 Total: 3,174,000	0.3%	
	AER	Real property	65	23,612	99.6%	19,400	18,504	18,640,000	2.0%	
	Kanazawa Park Building	Real property	81	20,942	100.0%	4,880	4,336	2,880,000 1,700,000 Total: 4,580,000	0.5%	
	Kanazawa Kamitsutsumicho Building	Real property	25	7,206	97.7%	3,000	2,783	2,780,000	0.3%	
	Nishiki Park Building*13	Real property	60*5	10,338*5	98.6%*5	5,040	5,218	3,850,000 1,300,000 650,000 175,000 Total: 5,975,000	0.6%	
	Nagoya Hirokoji Place	Trust	27	13,200	100.0%	10,700*14	8,159	8,567,000	0.9%	
	Nagoya Hirokoji Building	Real property	36	21,427	95.4%	12,700	15,490	14,533,000	1.5%	
	Nagoya Misono Building	Real property	16	3,448	100.0%	1,280	1,529	1,865,000	0.2%	
	Shijo Karasuma Center Building	Real property	11	6,634	100.0%	5,080*14	4,053	4,400,000	0.5%	
	Umeda Square Building*16	Trust	42	10,370	100.0%	16,400	15,512	15,523,520	1.6%	
	Shin Fujita Building	Trust	51	28,403	99.5%	18,900	22,206	24,000,000	2.5%	
Sakaisujihonmachi Building	Real property	22	11,520	100.0%	3,390	3,724	2,264,000 1,900,000 Total: 4,164,000	0.4%		

Region	Name of property	Type of specified asset	Number of tenants*1	Leasable floor area (m ²)	Occupancy rate*2	Appraisal value at the end of period (¥ mil)*3	Book value at the end of period (¥ mil)	Acquisition price*4		Ratio by region*2
								(¥ thousand)	Ratio*2	
Other major cities	Midosuji Daiwa Building	Trust	42	20,450	100.0%	14,300	13,594	6,934,000 7,380,000 Total: 14,314,000	1.5%	17.7%
	Amagasaki Front Building	Trust	31	15,500	100.0%	9,890	8,900	9,300,000	1.0%	
	Lit City Building	Real property	39	9,965	100.0%	4,430	3,215	4,650,000	0.5%	
	NHK Hiroshima Broadcasting Center Building	Real property	12	9,860	100.0%	2,870	2,999	1,320,000 1,450,000 Total: 2,770,000	0.3%	
	Tosei Tenjin Building	Real property	22	3,995	96.0%	1,360	1,381	1,550,000	0.2%	
	Tenjin Crystal Building	Real property	30	5,964	100.0%	2,700	4,055	5,000,000	0.5%	
	Hinode Tenjin Building	Trust	2	5,903	98.7%	3,890	3,417	3,657,000	0.4%	
	Total		1,482	835,069	98.8%	1,042,319	872,534	944,723,286	100.0%	

- *1. The total number of tenants is based on the gross number of tenants in each building. Each instance of occupancy of a single tenant leasing space is considered separately on a per property basis even if said tenant leases floor area in multiple properties.
- *2. Occupancy rate, ratio of acquisition price and ratio by region are rounded to the nearest first decimal place.
- *3. Appraisal value at the end of period is, as a rule, the value assessed by real estate appraisers based on the Company's Articles of Incorporation and the Cabinet Office Ordinance on Accountings of Investment Corporations. The book closing date is used as the appraisal date and the appraisal value is calculated by Daiwa Real Estate Appraisal Co., Ltd.
- *4. Incidental expenses arising from acquisitions are not included in the acquisition price.
- *5. Residential portions are not included in the total number of tenants, the occupancy rate or the leasable floor area for Kitanomaru Square, Nibancho Garden, Akasaka Park Building or Nishiki Park Building. The residential portions for these properties are as follows: Kitanomaru Square, leasable floor area: 11,694m², occupancy rate: 99.4%; Nibancho Garden, leasable floor area: 1,686m², occupancy rate: 100.0%; Akasaka Park Building, leasable floor area: 10,780m², occupancy rate: 93.1%; Nishiki Park Building, leasable floor area: 954m², occupancy rate: 74.0%.
- *6. This includes the acquisition price of the land and building adjacent to Ryoshin Ginza East Mirror Building dated July 4, 2008, the cost of the adjacent building's demolition and the total expense of the construction and expansion of the Ryoshin Ginza East Mirror Building (excluding brokerage fees and other acquisition-related expenses) after its completion on May 24, 2010.
- *7. Appraisal values by Chuo Real Estate Appraisal Co., Ltd.
- *8. Accompanying the acquisition of Tokyo Opera City Building on September 13, 2005, the Company acquired 33 shares of Tokyo Opera City Building Co., Ltd. (the business that maintains, services and operates the building) at a total acquisition price of 2,797 thousand yen and inherited the 874 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller. In an additional acquisition, on March 24, 2010, the Company acquired 91 shares of Tokyo Opera City Building Co., Ltd. at a total acquisition price of 7,539 thousand yen. Concurrently, the Company acquired 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. (the supplier of heat to the building) at a total acquisition price of 566,831 thousand yen, inheriting the 2,360 thousand yen deposit made to Tokyo Opera City Building Co., Ltd. by the seller.
Regarding the appraisal value at the end of the fiscal period of the above-mentioned shares, the 124 shares of Tokyo Opera City Building Co., Ltd. are valued at 10,336 thousand yen and the 4,931 shares of Tokyo Opera City Heat Supply Co., Ltd. are valued at 566,831 thousand yen.
- *9. On acquiring Osaki Front Tower, the Company inherited the land renter's lease deposit of 1,040,000 thousand yen held by the seller of the building. The value of the lease deposit was appraised at the end of the fiscal period and remained unchanged.
- *10. Because the building portion of Shinjuku South Gate Project (tentative name) (land with leasehold interest) was transferred on August 23, 2013, no total number of tenants, leasable floor area or occupancy rate are provided. Furthermore, the 1,497m² portion of land still held is being rented to the transferee of the building, Mitsubishi Estate Co., Ltd. Please note that Nippon Brunswick Building (land with leasehold interest) was renamed to Shinjuku South Gate Project (tentative name) (land with leasehold interest) on May 15, 2017.
- *11. Because the building was transferred on August 23, 2013, the acquisition price of the building at the time of the land and building purchase dated March 24, 2004, has been deducted.

- *12. This is the acquisition price dated October 9, 2003, and includes a portion of the site transferred on October 30, 2009 (cost of investment sold, 614 million yen).
- *13. On acquiring Nishiki Park Building on October 2, 2006, the Company inherited the 9,000 thousand yen lease deposit made by the land renters held by the seller of the building.
- *14. Appraisal values by Japan Real Estate Institute.
- *15. In the above quick reference guide, if the real estate or other assets are classified as shared ownership or compartmental ownership, only the real estate or other assets owned by the Company are presented and the portions owned by the other shared owners or compartmental owners are excluded.
- *16. Trust assets of the trust beneficiary right acquired by the Company include a claim for 500,000 thousand yen of deposit for construction to connect to underground shopping centers given to Osaka Shigaichi Kaihatsu Co., Ltd., which was held by the previous owner.

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

The table below is a quick reference guide outlining the revenues and expenses on each real estate and other asset for the March 2017 period (October 1, 2016 – March 31, 2017). Furthermore, the income summary is presented based on the previously mentioned “Summary of Significant Accounting Policies.”

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2016 – March 31, 2017)												
	Property-related revenues	Property-related expenses	Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses	Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
Genki Medical Plaza *3	145	49	7	9	17	0	0	13	1	95	109	-	109
Kitanomaru Square	1,714	772	140	64	94	2	59	411	-	941	1,353	19	1,333
MD Kanda Building	225	86	17	19	20	0	1	28	-	138	166	4	162
Kandabashi Park Building	114	42	1	-	16	0	6	17	-	71	88	10	78
Otemachi Financial City North Tower	344	174	26	16	45	0	0	86	-	169	256	-	256
Nibancho Garden	477	244	60	21	53	0	18	90	-	232	322	6	316
Mitsubishi UFJ Trust and Banking Building	989	366	53	45	135	1	17	112	0	623	735	37	698
Burex Kojimachi Building	152	79	-	-	13	0	2	62	-	72	135	15	119
Sanno Grand Building	911	427	103	47	105	1	90	76	2	483	560	208	351
Yurakucho Denki Building	267	129	32	17	41	0	7	30	-	137	167	36	131
Kodenmachi Shin Nihonbashi Building	114	53	14	8	11	0	1	13	3	61	74	4	70
Kyodo Building (Kayabacho 2Chome)	142	54	9	10	11	0	0	21	-	87	109	2	106
Burex Kyobashi Building	157	56	-	-	11	0	4	39	-	101	141	10	131
Ginza 1Chome East Building	175	95	12	7	11	0	2	60	-	80	141	0	140
Ginza Sanwa Building	375	135	28	15	65	0	4	22	0	239	261	35	225
Ryoshin Ginza East Mirror Building	162	82	14	11	14	0	1	39	-	79	119	7	111
Harumi Front	1,220	638	105	96	75	1	0	358	-	581	940	-	940
Harumi Center Building	505	379	75	34	47	1	10	209	-	126	336	-	336
Akasaka Park Building	2,211	1,266	231	234	273	4	135	388	-	945	1,333	247	1,086
Aoyama Crystal Building	217	89	13	14	29	0	5	26	-	127	153	9	144
Clover Shiba-koen	93	49	8	5	6	0	5	22	-	43	66	0	65
Shiodome Building	1,899	792	150	118	142	2	37	333	7	1,107	1,440	10	1,430
Shiba 2Chome Daimon Building	276	204	40	22	38	0	65	35	0	72	107	25	82

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2016 – March 31, 2017)												
	Property-related revenues	Property-related expenses								Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
		Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses					
Cosmo Kanasugibashi Building	108	46	12	6	13	0	1	13	0	61	74	1	73
Tamachi Front Building	1	5	0	-	0	0	-	5	0	(3)	1	-	1
Shinjuku Eastside Square	743	296	48	45	49	1	2	148	-	447	596	-	596
Shinwa Building	217	100	18	19	19	0	15	26	-	117	144	144	0
Tokyo Opera City Building*1	1,505	1,133	*1	*1	*1	*1	*1	*1	*1	371	*1	113	*1
TIXTOWER UENO	627	379	62	38	38	1	3	234	-	247	481	1	480
Higashi Gotanda 1Chome Building	183	87	13	15	14	0	2	42	-	95	138	11	127
Osaki Front Tower	702	490	67	41	27	0	4	256	92	212	468	4	464
Omori-Eki Higashiguchi Building	234	134	27	21	25	0	25	34	0	99	134	83	50
Shinjuku South Gate Project (tentative name) (land) *4	60	20	-	-	20	-	-	-	-	39	39	-	39
Yoyogi 1Chome Building	302	154	23	18	23	0	20	68	-	148	216	-	216
da Vinci Harajuku	198	65	10	10	16	0	12	14	-	133	148	68	79
Jingumae Media Square Building	220	145	33	15	45	0	11	38	0	74	113	52	60
Shibuya Cross Tower	1,440	938	161	122	123	2	94	431	1	501	933	169	764
Ebisu Neonato	465	214	55	19	37	1	7	93	-	250	343	69	274
Harmony Tower	454	273	149	-	57	1	12	53	-	180	234	-	234
Otsuka Higashi Ikebukuro Building	189	97	20	21	12	0	2	39	-	91	131	26	105
Ikebukuro 2Chome Building	70	29	8	5	5	0	2	8	-	40	48	0	47
Ikebukuro YS Building	190	80	16	17	14	0	0	30	-	110	140	4	135
Hachioji First Square	239	129	50	4	26	1	13	33	-	109	143	10	133
Saitama Urawa Building	110	63	14	7	9	0	14	17	-	47	64	28	36
MM Park Building	1,291	720	138	159	78	1	48	293	0	570	864	0	863
Queen's Tower A	981	645	206	81	111	3	23	212	7	335	548	158	390
Kawasaki Isago Building	146	76	23	13	13	0	3	23	-	69	93	5	88
Musashi Kosugi STM Building	161	64	21	3	11	0	0	27	-	97	124	3	120
8・3 Square Kita Building	322	210	29	51	22	0	37	69	-	111	180	4	176

(Millions of Yen)

Name of property	Revenues / Expenses (October 1, 2016 – March 31, 2017)												
	Property-related revenues	Property-related expenses	Property management expenses	Utilities expenses	Property and other taxes	Casualty insurance	Repairing expenses	Depreciation ①	Other expenses	Property-related profits ②	NOI ③(①+②)	Capital expenditures ④*2	NCF ③-④
Jozenji Park Building	63	44	10	8	6	0	7	11	-	18	29	19	9
Higashi Nibancho Square	564	273	61	45	39	0	9	116	-	290	407	2	404
Sendai Honcho Honma Building	128	69	17	12	15	0	6	17	0	58	75	6	69
AER	628	361	88	44	62	0	2	161	0	267	429	0	428
Kanazawa Park Building	495	310	102	57	64	1	15	67	1	184	251	119	131
Kanazawa Kamitsutsumicho Building	124	80	17	9	0	0	1	51	0	44	95	-	95
Nishiki Park Building	267	179	56	22	23	0	15	54	6	87	141	61	80
Nagoya Hirokoji Place	387	178	39	31	33	0	0	72	0	208	280	4	276
Nagoya Hirokoji Building	539	368	90	42	60	1	20	152	0	170	323	20	302
Nagoya Misono Building	71	54	10	5	6	0	3	28	0	16	45	19	26
Shijo Karasuma Center Building	189	113	23	13	11	0	4	59	-	76	135	2	133
Umeda Square Building	457	253	47	35	46	0	40	82	-	203	286	134	151
Shin Fujita Building	699	535	90	92	75	1	46	227	0	164	391	168	222
Sakaisujihonmachi Building	220	164	42	26	35	0	35	23	-	56	79	104	(24)
Midosuji Daiwa Building	530	272	62	43	73	1	21	69	-	257	327	395	(67)
Amagasaki Front Building	437	239	64	27	25	0	1	118	-	198	316	2	314
Lit City Building	250	141	29	18	19	1	6	65	-	109	175	0	174
NHK Hiroshima Broadcasting Center Building	261	178	50	22	23	0	9	47	24	83	130	87	43
Tosei Tenjin Building	76	42	12	6	7	0	4	10	-	33	44	3	41
Tenjin Crystal Building	156	122	22	15	18	0	2	61	0	34	95	4	91
Hinode Tenjin Building	170	75	21	17	14	0	2	20	0	94	115	25	89
Total	30,784	16,939	3,737	2,383	2,925	58	1,113	6,526	193	13,845	20,372	2,842	17,529

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

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

*3. Genki Medical Plaza was transferred on January 25, 2017.

*4. Please note that Nippon Brunswick Building (land with leasehold interest) was renamed to Shinjuku South Gate Project (tentative name) (land with leasehold interest) on May 15, 2017.

c. Condition of Other Assets

(i) Shares/Investment Securities

Securities	Number of Shares	Acquisition Price (¥ thousand)		Appraisal Value (¥ thousand)		Valuation Gain/Loss (¥ thousand)	Notes
		Unit Price	Amount	Unit Price	Amount		
Tokyo Opera City Building Co., Ltd.	124	83	10,336	83	10,336	—	*
Tokyo Opera City Heat Supply Co., Ltd.	4,931	114	566,831	114	566,831	—	*
Total	—	—	577,168	—	577,168	—	—

* Unit prices for relevant non-listed stock are defined as acquisition costs.

(ii) Marketable Securities Other Than Shares

Asset Type	Quantity	Book Value (¥ thousand)		Appraisal Value (¥ thousand)		Valuation Gain/Loss (¥ thousand)	Notes
		Unit Price	Amount	Unit Price	Amount		
Trust beneficiary rights in deposits	1	595,624	595,624	595,624	595,624	—	—
Total	—	—	595,624	—	595,624	—	—

(iii) Other Specified Assets

Asset Type	Quantity	Book Value (¥ thousand)		Appraisal Value (¥ thousand)		Valuation Gain/Loss (¥ thousand)	Notes
		Unit Price	Amount	Unit Price	Amount		
Monetary claim	1	1,040,000	1,040,000	1,040,000	1,040,000	—	—
Total	—	—	1,040,000	—	1,040,000	—	—

* Trust beneficiary rights, the principal trust asset of real estate, are included in the previous section b. "Real Estate Investment Property and Trust Beneficiary Rights in Trust of Real Estate."

d. Capital Expenditures

(i) Schedule for Capital Expenditures

The significant scheduled capital expenditures, such as current plans for repair, maintenance and renovation work on existing properties, are listed below.

The following scheduled capital expenditures include those accounted for as expenses.

Name of Property (Location)	Purpose	Scheduled Period	Estimated Cost (¥ million)		
			Total Amount	Payment Amount for the fiscal under review period	Total Amount Already Paid
Midosuji Daiwa Building (Osaka, Osaka Prefecture)	Upgrade of air conditioning facilities	From May 2017 To March 2018	361	—	—
Umeda Square Building (Osaka, Osaka Prefecture)	Upgrade of air conditioning facilities	From October 2017 To March 2018	233	—	—
Nagoya Hirokoji Building (Nagoya, Aichi Prefecture)	Elevator renewal construction	From August 2016 To September 2017	166	—	—
Shinwa Building (Shinjuku-ku, Tokyo)	Upgrade of air conditioning facilities	From October 2017 To March 2018	158	—	—
Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Upgrade of air conditioning facilities	From September 2017 To March 2018	131	—	—
Shinwa Building (Shinjuku-ku, Tokyo)	Upgrade of air conditioning facilities	From April 2017 To September 2017	116	—	—
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Upgrade of electrical equipment	From May 2017 To February 2018	66	—	—
Sakaisujihonmachi Building (Osaka, Osaka Prefecture)	Construction work	From April 2017 To September 2017	60	—	—
Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Construction work	From April 2017 To September 2017	60	—	—
Kawasaki Isago Building (Kawasaki, Kanagawa Prefecture)	Construction work	From January 2017 To March 2018	50	—	—
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Elevator renewal construction	From September 2017 To February 2018	39	—	—
Jozenji Park Building (Sendai, Miyagi Prefecture)	Upgrade of electrical equipment	From August 2017 To January 2018	16	—	—

(ii) Capital expenditures during the period under review

For acquired real estate and other assets, capital expenditures incurred in the period under review totaled ¥2,842 million and repair, maintenance and renovation expenses classified as expenses in the period under review totaled ¥1,113 million, for a total of ¥3,956 million worth of construction that has been carried out.

The major item in the capital expenditure was the upgrade of air conditioning facilities of the Midosuji Daiwa Building.

Name of Property (Location)	Purpose	Period	Expenditures for Construction (¥ million)
Midosuji Daiwa Building (Osaka, Osaka Prefecture)	Upgrade of air conditioning facilities	From July 2016 To March 2017	353
Shinwa Building (Shinjuku-ku, Tokyo)	Upgrade of air conditioning facilities	From October 2016 To March 2017	139
Kanazawa Park Building (Kanazawa, Ishikawa Prefecture)	Upgrade of air conditioning facilities	From May 2016 To February 2017	80
Sakaisujihonmachi Building (Osaka, Osaka Prefecture)	Upgrade of disaster prevention facilities	From October 2016 To March 2017	77
da Vinci Harajuku (Shibuya-ku, Tokyo)	Construction work	From October 2016 To March 2017	67
NHK Hiroshima Broadcasting Center Building (Hiroshima, Hiroshima Prefecture)	Upgrade of electrical equipment	From June 2016 To January 2017	45
Other real estate			2,079
Total			2,842

(iii) Money Saved for Long-term Repair Plans

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

(Millions of yen)

	For the period from October 1, 2014 to March 31, 2015	For the period from April 1, 2015 to September 30, 2015	For the period from October 1, 2015 to March 31, 2016	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Balance of reserved funds at the start of period	2,463	2,519	2,762	3,304	—
Reserved funds for the period	2,531	2,804	3,304	—	—
Reversal of reserved funds for the period	2,475	2,561	2,762	3,304	—
Balance carried over to next period	2,519	2,762	3,304	—	—

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

e. Expenses and Liabilities

(i) Details on Operation-related Expenses

Item	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
(a) Asset management fee*	¥964,815 thousand	¥960,233 thousand
(breakdown) Term fee	¥707,929 thousand	¥715,130 thousand
Incentive fee	¥256,886 thousand	¥245,102 thousand
(b) Asset custody fee	¥59,880 thousand	¥60,214 thousand
(c) Administrative service fees	¥154,031 thousand	¥126,883 thousand
(d) Directors' compensations	¥7,800 thousand	¥7,800 thousand
(e) Commission fee	¥64,875 thousand	¥70,356 thousand
(f) Other operating expenses	¥62,639 thousand	¥86,353 thousand
Total	¥1,314,041 thousand	¥1,311,842 thousand

*In addition to the asset management fee listed above, in the case that a property is acquired, an “acquisition fee” is included in the acquisition cost of the property and paid to the asset management company.

In the case that a property is sold, a “disposition fee” is included in the loss on sale and paid to the asset management company. These fees are calculated by multiplying the buying/selling price of the property by a fee rate.

In the period ended September 30, 2016, acquisition fee amounted to ¥875 thousand, and in the period ended March 31, 2017, acquisition fee amounted to ¥130,500 thousand and disposition fee amounted to ¥34,450 thousand.

(ii) Loans

The condition of loans by financial institutions as of March 31, 2017, is as follows.

	Segment	Drawdown Date	Balance at Beginning of Current Period (¥thousand)	Balance at End of Current Period (¥thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	Lender								
Short-term loans	Mizuho Bank, Ltd.	June 23, 2016	5,000,000	—	0.07048	December 26, 2016	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 23, 2016	5,000,000	—	0.07048	December 26, 2016			
	Sumitomo Mitsui Trust Bank, Limited	June 23, 2016	5,000,000	—	0.07048	December 26, 2016			
	Mitsubishi UFJ Trust and Banking Corporation	June 23, 2016	5,000,000	—	0.07048	December 26, 2016			
	The 77 Bank, Ltd.	January 7, 2016	1,000,000	—	0.07011	January 10, 2017			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 2, 2016	1,500,000	—	0.07002	March 2, 2017			
	Mizuho Bank, Ltd.	March 25, 2016	5,500,000	—	0.07024	March 27, 2017			
	Sumitomo Mitsui Trust Bank, Limited	March 31, 2016	1,700,000	—	0.07	March 31, 2017			
	Mizuho Bank, Ltd.	April 1, 2016	5,500,000	5,500,000	0.07002	April 3, 2017			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 1, 2016	3,500,000	3,500,000	0.07002	April 3, 2017			
	Mitsubishi UFJ Trust and Banking Corporation	April 4, 2016	3,000,000	—	0.07018	April 4, 2017 *3			
	Shinsei Bank, Limited	September 1, 2016	2,000,000	2,000,000	0.07002	September 1, 2017			
	Shinkin Central Bank	September 1, 2016	1,000,000	1,000,000	0.07002	September 1, 2017			
	Resona Bank, Limited	September 1, 2016	1,000,000	1,000,000	0.07002	September 1, 2017			
	Mitsubishi UFJ Trust and Banking Corporation	December 26, 2016	—	5,000,000	0.07	December 26, 2017			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 26, 2016	—	5,000,000	0.07	December 26, 2017			
	Sumitomo Mitsui Trust Bank, Limited	December 26, 2016	—	1,300,000	0.07	December 26, 2017			
	The 77 Bank, Ltd.	January 10, 2017	—	1,000,000	0.07	January 10, 2018			
	Resona Bank, Limited	March 1, 2017	—	2,000,000	0.07	March 1, 2018			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 2, 2017	—	1,500,000	0.07	March 2, 2018			
	Mizuho Bank, Ltd.	March 27, 2017	—	5,500,000	0.07	March 27, 2018			
Sumitomo Mitsui Trust Bank, Limited	March 31, 2017	—	1,700,000	0.07	March 30, 2018				
Subtotal			45,700,000	36,000,000					

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period (¥thousand)	Balance at End of Current Period (¥thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	Shinkin Central Bank	November 15, 2011	1,000,000	—	0.7525	November 15, 2016	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Mizuho Bank, Ltd.	December 21, 2010	5,000,000	—	1.30625	December 21, 2016			
	Resona Bank, Limited	March 1, 2011	2,000,000	—	1.255	March 1, 2017			
	Development Bank of Japan Inc.	March 24, 2010	1,350,000	—	1.665	March 24, 2017			
	The Dai-ichi Life Insurance Company, Limited	March 30, 2009	5,000,000	—	1.54375	March 30, 2017			
	Mitsubishi UFJ Trust and Banking Corporation	April 4, 2011	5,000,000	5,000,000	1.205	April 4, 2017 *4			
	Mitsubishi UFJ Trust and Banking Corporation	June 1, 2011	12,000,000	12,000,000	1.12625	June 1, 2017 *4			
	The Iyo Bank, Ltd.	June 15, 2012	2,500,000	2,500,000	0.66	June 15, 2017 *4			
	Shinsei Bank, Limited	June 15, 2012	2,500,000	2,500,000	0.66	June 15, 2017 *4			
	The Bank of Fukuoka, Ltd.	June 15, 2012	2,500,000	2,500,000	0.66	June 15, 2017 *4			
	The Hachijuni Bank, Ltd.	June 15, 2012	1,000,000	1,000,000	0.66	June 15, 2017 *4			
	The Bank of Fukuoka, Ltd.	August 31, 2011	2,000,000	2,000,000	0.9025	August 31, 2017 *4			
	The Bank of Fukuoka, Ltd.	August 31, 2012	1,000,000	1,000,000	0.57125	August 31, 2017 *4			
	The Hachijuni Bank, Ltd.	December 20, 2012	1,000,000	1,000,000	0.45625	December 20, 2017 *4			
	The Joyo Bank, Ltd.	January 7, 2013	1,000,000	1,000,000	0.49125	January 9, 2018 *4			
	The Ashikaga Bank, Ltd.	January 7, 2013	1,000,000	1,000,000	0.49125	January 9, 2018 *4			
	Sumitomo Mitsui Trust Bank, Limited	January 17, 2011	3,000,000	3,000,000	1.43375	January 17, 2018 *4			
	Nippon Life Insurance Company	March 1, 2011	2,000,000	2,000,000	1.465	March 1, 2018 *4			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 24, 2011	2,000,000	2,000,000	1.3975	March 26, 2018 *4			
	Resona Bank, Limited	March 25, 2013	3,000,000	3,000,000	0.45	March 26, 2018 *4			
	The Chugoku Bank, Limited	March 25, 2013	2,000,000	2,000,000	0.45	March 26, 2018 *4			
	The Hachijuni Bank, Ltd.	March 25, 2013	1,000,000	1,000,000	0.45	March 26, 2018 *4			
	Taiyo Life Insurance Company	March 30, 2011	2,000,000	2,000,000	1.39625	March 30, 2018 *4			
	Shinkin Central Bank	April 24, 2013	5,000,000	5,000,000	0.52775	April 24, 2018			

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period (¥thousand)	Balance at End of Current Period (¥thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	Mitsubishi UFJ Trust and Banking Corporation	June 1, 2011	10,000,000	10,000,000	1.31125	June 1, 2018	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	Shinsei Bank, Limited	August 31, 2011	3,000,000	3,000,000	1.0475	August 31, 2018			
	Sumitomo Mitsui Trust Bank, Limited	November 15, 2011	3,000,000	3,000,000	0.98375	November 15, 2018			
	Sumitomo Mitsui Banking Corporation	November 15, 2011	3,000,000	3,000,000	0.98375	November 15, 2018			
	Mizuho Bank, Ltd.	September 1, 2015	2,500,000	2,500,000	0.17	March 1, 2019			
	The Gunma Bank, Ltd.	March 24, 2014	1,000,000	1,000,000	0.4105	March 25, 2019			
	Sumitomo Mitsui Trust Bank, Limited	May 29, 2015	5,000,000	5,000,000	0.2075	May 29, 2019			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 1, 2015	5,000,000	5,000,000	0.2	September 2, 2019			
	Sumitomo Mitsui Trust Bank, Limited	September 26, 2011	5,500,000	5,500,000	1.16	September 26, 2019			
	The Hiroshima Bank, Ltd.	October 1, 2014	3,000,000	3,000,000	0.31575	October 1, 2019			
	Mizuho Bank, Ltd.	November 1, 2011	6,000,000	6,000,000	1.2075	November 1, 2019			
	Mizuho Bank, Ltd.	November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019			
	Mitsubishi UFJ Trust and Banking Corporation	November 15, 2011	3,000,000	3,000,000	1.13875	November 15, 2019			
	The Gunma Bank, Ltd.	November 17, 2014	1,000,000	1,000,000	0.316	November 18, 2019			
	The Yamanashi Chuo Bank, Ltd.	December 15, 2014	2,000,000	2,000,000	0.266	December 16, 2019			
	Shinkin Central Bank	January 7, 2013	2,000,000	2,000,000	0.71375	January 7, 2020			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	January 15, 2013	5,500,000	5,500,000	0.71	January 15, 2020			
	Shinkin Central Bank	January 15, 2013	5,000,000	5,000,000	0.71	January 15, 2020			
	Mitsubishi UFJ Trust and Banking Corporation	June 15, 2012	4,000,000	4,000,000	0.9525	June 15, 2020			
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2012	4,000,000	4,000,000	0.9525	June 15, 2020			
	Sumitomo Mitsui Trust Bank, Limited	June 15, 2015	3,000,000	3,000,000	0.3425	June 15, 2020			
	The Yamaguchi Bank, Ltd.	October 29, 2012	2,000,000	2,000,000	0.8	October 29, 2020			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2012	5,000,000	5,000,000	0.80125	December 21, 2020			

	Segment	Drawdown Date	Balance at Beginning of Current Period (¥thousand)	Balance at End of Current Period (¥thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	Lender								
Long-term loans	Mitsubishi UFJ Trust and Banking Corporation	December 21, 2012	5,000,000	5,000,000	0.80125	December 21, 2020	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	January 15, 2013	5,500,000	5,500,000	0.83625	January 15, 2021			
	Mitsubishi UFJ Trust and Banking Corporation	January 31, 2014	4,000,000	4,000,000	0.64225	January 29, 2021			
	The Bank of Fukuoka, Ltd.	January 31, 2014	2,500,000	2,500,000	0.63849	January 29, 2021			
	Sumitomo Mitsui Trust Bank, Limited	January 31, 2014	2,000,000	2,000,000	0.62575	January 29, 2021			
	The Iyo Bank, Ltd.	March 24, 2014	2,000,000	2,000,000	0.6035	March 24, 2021			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 24, 2013	5,000,000	5,000,000	0.775	April 26, 2021			
	Mizuho Bank, Ltd.	June 15, 2012	4,000,000	4,000,000	1.07375	June 15, 2021			
	Sumitomo Mitsui Trust Bank, Limited	December 26, 2016	—	3,700,000	0.1913	June 28, 2021			
	The Iyo Bank, Ltd.	October 1, 2014	1,000,000	1,000,000	0.46525	October 1, 2021			
	The Chugoku Bank, Limited	October 1, 2014	1,000,000	1,000,000	0.4725	October 1, 2021			
	The Daishi Bank, Ltd.	November 14, 2014	1,800,000	1,800,000	0.463	November 15, 2021			
	Sony Bank Incorporated		1,400,000	1,400,000					
	The Toho Bank, Ltd.		1,400,000	1,400,000					
	The Hokuetsu Bank, Ltd.		1,400,000	1,400,000					
	The Shinkumi Federation Bank		1,000,000	1,000,000					
	The Akita Bank, Ltd.		900,000	900,000					
	The Gunma Bank, Ltd.		900,000	900,000					
	The 77 Bank, Ltd.		900,000	900,000					
	The Tochigi Bank, Ltd.		900,000	900,000					
The Fukui Bank, Ltd.	900,000		900,000						
The Bank of Iwate, Ltd.	500,000		500,000						
The Higo Bank, Ltd.	500,000		500,000						
The Yamagata Bank, Ltd.	500,000		500,000						

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period (¥thousand)	Balance at End of Current Period (¥thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
Sumitomo Mitsui Banking Corporation	January 7, 2013	2,000,000	2,000,000	0.98	January 7, 2022				
Mizuho Bank, Ltd.	January 15, 2013	5,000,000	5,000,000	0.96625	January 17, 2022				
The Norinchukin Bank	January 31, 2014	3,500,000	3,500,000	0.757	January 31, 2022				
Mizuho Bank, Ltd.	April 24, 2013	3,000,000	3,000,000	0.87375	April 25, 2022				
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 15, 2012	4,000,000	4,000,000	1.1975	June 15, 2022				
Mitsubishi UFJ Trust and Banking Corporation	June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022				
Shinsei Bank, Limited	June 15, 2012	2,500,000	2,500,000	1.2725	June 15, 2022				
The Norinchukin Bank	June 17, 2014	3,000,000	3,000,000	0.6785	June 17, 2022				
The Gunma Bank, Ltd.	August 10, 2015	1,000,000	1,000,000	0.3925	August 10, 2022				
The Shinkumi Federation Bank		1,000,000	1,000,000						
The Daishi Bank, Ltd.		1,000,000	1,000,000						
The Chugoku Bank, Limited		1,000,000	1,000,000						
The Toho Bank, Ltd.		1,000,000	1,000,000						
The Fukui Bank, Ltd.		1,000,000	1,000,000						
The Tochigi Bank, Ltd.		500,000	500,000						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 1, 2015	2,000,000	2,000,000	0.47125	September 1, 2022				
Development Bank of Japan Inc.	January 7, 2013	3,000,000	3,000,000	1.115	January 6, 2023				
The Daishi Bank, Ltd.	January 7, 2016	1,500,000	1,500,000	0.2802	January 10, 2023				
The Hachijuni Bank, Ltd.	January 15, 2016	1,000,000	1,000,000	0.265	January 16, 2023				
The Iyo Bank, Ltd.	January 15, 2016	1,000,000	1,000,000	0.265	January 16, 2023				
Development Bank of Japan Inc.	January 31, 2014	5,000,000	5,000,000	0.9325	January 31, 2023				
The Yamaguchi Bank, Ltd.	March 25, 2013	1,000,000	1,000,000	0.945	March 24, 2023				

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period (¥thousand)	Balance at End of Current Period (¥thousand)	Average Interest Rate *1 (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	The Bank of Fukuoka, Ltd.	March 24, 2015	2,000,000	2,000,000	0.5125	March 24, 2023	Bullet	*2	Unsecured Unguaranteed Unsubordinated
	The Norinchukin Bank	March 25, 2015	3,500,000	3,500,000	0.46825	March 27, 2023			
	The Chugoku Bank, Limited	June 15, 2015	3,000,000	3,000,000	0.61175	June 15, 2023			
	Mitsubishi UFJ Trust and Banking Corporation	December 19, 2014	10,000,000	10,000,000	0.42375 *5	December 19, 2023			
	Mitsubishi UFJ Trust and Banking Corporation	September 1, 2015	3,500,000	3,500,000	0.63	September 2, 2024			
	Sumitomo Mitsui Trust Bank, Limited	September 2, 2015	3,800,000	3,800,000	0.536	September 2, 2024			
	Taiyo Life Insurance Company	October 1, 2014	2,000,000	2,000,000	0.7825	October 1, 2024			
	Mizuho Bank, Ltd.	October 1, 2015	2,500,000	2,500,000	0.5575	October 1, 2024			
	Mizuho Trust & Banking Co., Ltd.	March 2, 2015	3,000,000	3,000,000	0.5585	March 3, 2025			
	Development Bank of Japan Inc.	March 30, 2017	—	5,000,000	0.315	March 31, 2025			
	Taiyo Life Insurance Company	May 29, 2015	1,500,000	1,500,000	0.7375	May 29, 2025			
	Development Bank of Japan Inc.	September 1, 2015	7,000,000	7,000,000	0.7175	September 1, 2025			
	Mizuho Bank, Ltd.	December 26, 2016	—	5,000,000	0.3625	December 26, 2025			
	Shinkin Central Bank	March 30, 2017	—	5,000,000	0.36	March 30, 2026			
	Mitsubishi UFJ Trust and Banking Corporation	October 31, 2016	—	3,000,000	0.24	October 30, 2026			
	Mizuho Bank, Ltd.	December 21, 2016	—	5,000,000	0.415	December 21, 2026			
	Subtotal		290,650,000	303,000,000					
	Total		336,350,000	339,000,000					

*1. The average for floating interest rates is recorded as the weighted average during the period. The average is rounded off to the fifth decimal place. The weighted average for interest rates of loans for which floating interest rates were swapped to fixed rates in order to hedge the risk of interest rate fluctuations is calculated taking the effect of this swap into consideration

*2. The purposes of executing these loans are to purchase real properties or beneficiary right of real estate in trust, to repay existing loans, and to fund the redemption of investment corporation bonds.

*3. The Company made a full repayment (¥3,000 million) before maturity on October 31, 2016.

*4. At the end of the period under review, these loans are accounted for under current liabilities on the balance sheets as the current portion of long-term loans payable.

*5. In order to hedge the risk of exchange rate and interest rate fluctuations related to foreign currency-denominated loans, the Company conducted an interest-rate and currency swap transaction, which substantially secured exchange and interest rates. Accordingly, the weighted average for interest rates during the period is calculated taking the effect of this interest-rate and currency swap into consideration.

(iii) Investment Corporation Bonds

Outstanding investment corporation bonds as of March 31, 2017, are as follows.

Securities	Date of Issue	Balance at Beginning of Current Period (¥ thousand)	Balance at End of Current Period (¥ thousand)	Interest Rate (%)	Repayment Period	Repayment Method	Use of Proceeds	Notes
4th unsecured investment corporation bond	September 29, 2005	10,000,000	10,000,000	2.56	September 29, 2025	Bullet	*1	*2
9th unsecured investment corporation bond	August 30, 2013	10,000,000	10,000,000	0.497	August 30, 2018	Bullet	*1	*2
10th unsecured investment corporation bond	March 30, 2017	—	10,000,000	0.3975	March 30, 2027	Bullet	*1	*2 *3
Total		20,000,000	30,000,000					

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

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

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

(iv) New Unit Acquisition Rights

“Not applicable”

f. Examination of the Value of Specified Assets

(i) Real Estate, etc.

Acquisition or Disposition	Property Name	Date of Transaction	Acquisition/ Disposition Cost*1 (¥ million)	Real Estate Appraisal Value (¥ million)	Appraising Institution	Date of Appraisal
Acquisition	Kanazawa Kamitsutsumicho Building	October 3, 2016	2,780	2,960	Daiwa Real Estate Appraisal Co., Ltd.	September 1, 2016
Disposition	Genki Medical Plaza	January 25, 2017	6,890	6,890	Daiwa Real Estate Appraisal Co., Ltd.	November 1, 2016
Acquisition	Shinjuku Eastside Square	January 25, 2017	6,660	6,660	Japan Real Estate Institute	November 1, 2016
Acquisition	Tamachi Front Building	March 30, 2017	6,210	6,330	Japan Real Estate Institute	February 1, 2017
Acquisition	Shiodome Building	March 30, 2017	10,450	10,800	Daiwa Real Estate Appraisal Co., Ltd.	February 1, 2017

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

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

(ii) Other

Value inspections on transactions by the Company that are deemed necessary under Article 201 of the ITA, are entrusted to Ernst & Young ShinNihon LLC, excluding ones described in (i) Real Estate, etc. above.

During the period from October 1, 2016 to March 31, 2017, there was no transaction that was subjected to such inspections.

g. Transactions with Interested Parties (from October 1, 2016 to March 31, 2017)

(i) Transactions

Segment	Buying and Selling Amounts	
	Buying Amounts	Selling Amounts
Total Amount	¥26,100,000 thousand	¥ 6,890,000 thousand
Breakdown of Transactions with Interested Parties		
Mitsubishi Estate Co., Ltd.	¥ 6,660,000 thousand (25.5%)	¥ 6,890,000 thousand (100.0%)
Shiba Yon Development Specific Purpose Company(TMK)	¥ 6,210,000 thousand (23.8%)	¥ — thousand (— %)
Total	¥ 12,870,000 thousand (49.3%)	¥ 6,890,000 thousand (100.0%)

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

(ii) Amount of Commission Fees and Other Expenses

Segment	Total Amount of Commission Fees and Other Expenses A	Breakdown of Transactions with Interested Parties		Percentage of Total Amount B/A
		Payment Recipient	Amount Paid B	
Property management expenses	¥3,737,491 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥2,087,848 thousand	55.9%
		Mitsubishi Estate Co., Ltd.	¥176,562 thousand	4.7%
		Mitsubishi Real Estate Services Co., Ltd.	¥43,310 thousand	1.2%
		Yuden Building Kanri Co., Ltd.	¥32,435 thousand	0.9%
Utilities expenses	¥2,383,645 thousand	Minato Mirai 21 District Heating and Cooling Co., Ltd.	¥72,148 thousand	3.0%
Other operating expenses	¥153,071 thousand	Mitsubishi Jisho Property Management Co., Ltd.	¥16,347 thousand	10.7%
		Mitsubishi Estate Co., Ltd.	¥4,548 thousand	3.0%

*1. Interested parties refers to interested parties of the asset management company who has concluded consignment agreements with the Company, as stipulated in Article 123 of the enforcement order of the ITA, and Section 26, Paragraph 1, Item 27 of the Regulations for Management Reports Concerning Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan.

*2. In addition to the transactions and commission fees listed above, other amounts paid to interested parties, such as orders placed for repair work, are listed below.

Mitsubishi Jisho Property Management Co., Ltd.	¥889,471 thousand
Mitsubishi Estate Co., Ltd.	¥259,149 thousand
Yuden Building Kanri Co., Ltd.	¥42,625 thousand
Mitsubishi Real Estate Services Co., Ltd.	¥7,744 thousand

h. Other Announcements

(i) General Meeting of Unitholders

The Company's 10th General Meeting of Unitholders was held on March 28, 2017. Major items deliberated and results thereof are as follows:

Agendas	Overview
Item 1: Partial amendment to the Articles of Incorporation (1)	As per the original proposal, an amendment has been made to the Articles of Incorporation concerning the following point: - In tandem with the amendment to the asset management fee structure, provisions have been modified and bylaws have been added to align with the introduction of NOI-linked and distribution-linked fees in place of the term and incentive fees.
Item 2: Partial amendment to the Articles of Incorporation (2)	As per the original proposal, amendments have been made to the Articles of Incorporation concerning the following points: - The Company has adopted electronic publication as the default mode of publication, and amended the relevant provisions to this effect, as well as determined the rules for alternative modes of publication when the primary method is disabled due to unavoidable causes. - In tandem with the amendments to the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation, the requirements for the eligibility to the exceptional treatment for taxation that apply to the Company have changed. As a result, the provisions in the Articles of Incorporation that have become obsolete were deleted.
Item 3: Appointment of one executive director	Mr. Hiroshi Nakajima was appointed as Executive Director, as originally proposed. He assumes the position for the duration of 2 years starting from May 11, 2017.
Item 4: Appointment of two substitute executive directors	Mr. Naoki Umeda and Mr. Kazuo Nezu were appointed as Substitute Executive Directors, as originally proposed.
Item 5: Appointment of two supervisory directors	Mr. Tomohiro Okanoya and Mr. Hiroaki Takano were appointed as Supervisory Directors, as per the original proposal. They assume their positions for the duration of 2 years starting from May 11, 2017.
Item 6: Appointment of one substitute supervisory director	Mr. Yoshinori Kiya was appointed as Substitute Supervisory Director, as originally proposed.

(ii) Board of Directors

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

Date of Acceptance	Accepted Item	Overview
March 10, 2017	Consignment of general administrative work concerning the issuance of investment corporation bonds	In tandem with the comprehensive resolution adopted on the same date regarding the issuance of investment corporation bonds, approval was given to the candidate agent to whom administrative work for the said bonds was consigned. Other items necessary for its operation are entrusted to the board of directors to decide.
	Amendments to the asset management consignment agreement	Approval was given to the conclusion of amendment agreement dated March 28, 2017, pursuant to the asset management consignment agreement, with the conditions precedent that the agenda item 1 of the 10th general meeting of unitholders held on March 28, 2017 be approved, and that it be resolved by the asset management company at its board of directors' meeting on March 27, 2017.
March 27, 2017	Consignment of general administrative work concerning the issuance of investment corporation bonds	In tandem with the comprehensive resolution adopted on March 10, 2017 regarding the issuance of investment corporation bonds, some additions were made to the administrative work to be consigned, and approval was given to the candidate agent. Other items necessary for its operation are entrusted to the board of directors to decide.

(iii) Concerning the agent that has been ordered to suspend business operation during the last two-year period

Ernst & Young ShinNihon LLC, who acts as an auditor for Japan Real Estate Investment Corporation, was ordered by the Financial Services Agency of Japan on December 22, 2015, to suspend all business operations for concluding new contracts for the duration of three months (January 1 to March 31, 2016). The Company continues to employ the said auditor for its audit practices, provided that the Company shall verify and ensure the following: the said order does not concern the existing agreement between Ernst & Young ShinNihon LLC and Japan Real Estate Investment Corporation, all audits provided by the former to the latter have been conducted appropriately and accurately, and the Company shall continue to closely monitor the said auditor's diligent efforts in implementing preventive measures.

Selected Financial Data

	Millions of yen				
	For the period from	For the period from	For the period from	For the period from	For the period from
	October 1, 2016 to March 31, 2017	April 1, 2016 to September 30, 2016	October 1, 2015 to March 31, 2016	April 1, 2015 to September 30, 2015	October 1, 2014 to March 31, 2015
Operating revenues	30,818	30,773	30,589	29,980	28,314
Operating expenses	18,251	18,405	18,237	17,926	17,071
Operating profit	12,567	12,368	12,352	12,054	11,243
Ordinary profit	11,197	10,958	10,816	10,487	9,625
Profit before income taxes	11,197	10,958	10,816	10,487	9,625
Profit	11,186	10,947	10,753	10,476	9,619
Total assets	898,306	883,633	890,626	899,938	852,679
Interest-bearing debt	369,000	356,350	363,400	373,450	361,000
Net assets	469,598	469,359	469,044	468,767	436,671
Unitholders' capital	458,016	458,016	458,016	458,016	426,783
Number of units	1,309,310	1,309,310	1,309,310	1,309,310	1,251,530
Net assets per unit (Yen)	358,661	358,478	358,238	358,026	348,909
Cash distribution	11,186	10,947	10,632	10,475	9,613
Dividend payout ratio	100.0%	99.9%	98.8%	99.9%	99.9%
Dividend per unit (Yen)	8,544	8,361	8,121	8,001	7,681
Net operating income (NOI)	20,372	20,182	19,973	19,670	18,412
Funds from operations (FFO)	17,679	17,447	17,079	16,808	15,629
Return on assets (ROA) (Note 1)	1.3%	1.2%	1.2%	1.2%	1.2%
	(2.5% annualized)	(2.5% annualized)	(2.4% annualized)	(2.4% annualized)	(2.3% annualized)
Return on equity (ROE) (Note 2)	2.4%	2.3%	2.3%	2.2%	2.2%
	(4.8% annualized)	(4.7% annualized)	(4.6% annualized)	(4.5% annualized)	(4.4% annualized)
EOP equity ratio (Note 3)	52.3%	53.1%	52.7%	52.1%	51.2%
EOP interest-bearing debt ratio on total assets (Note 4)	41.1%	40.3%	40.8%	41.5%	42.3%
FFO multiple (Times)	21.8	22.8	25.0	21.5	22.6
Debt service coverage ratio (Times) (Note 5)	14.3	13.5	12.5	12.1	10.8

Notes:1. ROA = Ordinary profit ÷ Average of Total assets during the period

2. ROE = Profit ÷ Average of Net assets during the period

(Annualized portion of the calculation given in Note 1 and Note 2 assumes a fiscal period of 182 days for the period ended March 31, 2015, 183 days for the period ended September 30, 2015, 183 days for the period ended March 31, 2016, 183 days for the period ended September 30, 2016 and 182 days for the period ended March 31, 2017.)

3. EOP equity ratio = (Net assets at the end of period ÷ Total assets at the end of period) × 100

4. EOP interest-bearing debt ratio on total assets = (Interest-bearing debt at the end of period ÷ Total assets at the end of period) × 100

5. Debt service coverage ratio = Profit before Interest, Taxes, Depreciation and Amortization ÷ Interest expenses