

18th
Fiscal Period Report

February 1, 2019 - July 31, 2019

Advance Residence Investment Corporation

I. Fiscal Period Report

Management's Discussion and Analysis

1 Summary of Selected Financial Data

	Fiscal Period	units	14th FP From: Feb. 1, 2017 To: Jul. 31, 2017	15th FP From: Aug. 1, 2017 To: Jan. 31, 2018	16th FP From: Feb. 1, 2018 To: Jul. 31, 2018	17th FP From: Aug. 1, 2018 To: Jan. 31, 2019	18th FP From: Feb. 1, 2019 To: Jul. 31, 2019
Operating results	Operating revenues	million yen	15,918	15,903	16,302	16,196	16,465
	(Rental revenue) a	million yen	15,918	15,903	16,167	16,196	16,465
	(Gain on real estate sales) b	million yen	—	—	135	—	—
	Total operating expenses	million yen	7,949	7,883	8,030	8,078	8,263
	(Rental business expenses) c	million yen	6,275	6,176	6,345	6,333	6,519
	(Loss on real estate sales) d	million yen	—	—	—	—	—
	(Impairment loss) e	million yen	—	—	—	—	—
	Operating income	million yen	7,968	8,019	8,272	8,117	8,202
	Ordinary income f	million yen	6,642	6,798	7,088	6,984	7,094
Balance sheet figures	Net income g	million yen	6,642	6,798	7,087	6,983	7,094
	Total assets h	million yen	450,479	448,421	452,846	452,487	451,589
	Interest-bearing liabilities i	million yen	223,374	221,418	225,918	225,918	225,318
	Net assets j	million yen	220,754	220,574	220,524	220,069	219,837
Per unit figures	Paid-in Capital k	million yen	127,690	127,690	127,690	127,690	127,690
	Total dividends l	million yen	6,978	7,134	7,423	7,319	7,430
	Payout ratio l/g	%	105.1	105.0	104.7	104.8	104.7
	Total number of units issued and outstanding m	Units	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
	Net assets per unit j/m	yen	163,521	163,388	163,351	163,014	162,842
	Net income per unit Note 2	yen	4,920	5,035	5,250	5,173	5,254
	Dividend per unit l/m	yen	5,169	5,285	5,499	5,422	5,504
	Dividend from earnings per unit	yen	5,169	5,285	5,499	5,422	5,504
	Dividend in excess of earnings per unit	yen	0	0	0	0	0
	Annualized dividend yield Note 3	%	3.9	3.7	3.8	3.3	3.3
	Return on investment (Paid-in Capital) (g+q)/(k+i) Note 3	%	5.3	5.4	5.6	5.4	5.6
	Return on investment (market capitalization) (g+q)/(m+r+i) Note 3	%	3.2	3.1	3.2	2.9	2.9
Financial indicators	FFO per unit (g-b+d+e+q)/m	yen	6,869	6,999	7,136	7,177	7,277
	Annualized n Note 3	yen	13,853	13,885	14,392	14,237	14,676
	FFO per unit r/n	times	19.4	20.2	20.2	22.6	23.0
	Ratio of ordinary income to total assets f/h Note 4	%	1.5	1.5	1.6	1.5	1.6
	Annualized Note 3	%	3.0	3.0	3.2	3.1	3.2
	Equity ratio j/h	%	49.0	49.2	48.7	48.6	48.7
	Return on equity g/j Note 5	%	3.0	3.1	3.2	3.2	3.2
	Annualized Note 3	%	6.1	6.1	6.5	6.3	6.5
	Ratio of interest-bearing liabilities to total assets i/h	%	49.6	49.4	49.9	49.9	49.9
	DSCR o/p	times	9.5	10.2	10.9	11.4	12.0
	Net income before interest and depreciation o	million yen	10,367	10,472	10,755	10,624	10,721
	Interest expenses p	million yen	1,093	1,023	985	935	896
	NOI a-c+q Note 6	million yen	12,274	12,377	12,504	12,568	12,676
	Annualized NOI yield Note 3, 7	%	5.6	5.5	5.7	5.6	5.7
	Depreciation and amortization q Note 8	million yen	2,631	2,651	2,682	2,705	2,730
Reference information	Number of properties under management	—	260	261	263	264	265
	Number of leasable units at end of period	Units	20,842	20,888	21,246	21,286	21,322
	Leasable floor area at end of period Note 9	m ²	781,760.64	783,781.16	789,430.47	790,646.47	791,672.97
	Occupancy rate at end of period Note 10	%	96.9	97.2	96.9	97.0	97.0
	Unit price at end of period r	yen	269,400	280,000	290,900	322,000	337,500

- Notes 1. Figures for Operating results do not include consumption tax. Amounts are rounded down to the nearest specified unit. Percentage figures are rounded to the first decimal place. The same applies hereafter.
2. The net income per unit is calculated by dividing net income by the daily weighted average number of units issued and outstanding.
3. The annualized figures are calculated using periods of 181 days for the 14th FP, 184 days for the 15th FP, 181 days for the 16th FP, 184 days for the 17th FP, and 181 days for the 18th FP.
4. Ratio of ordinary income to total assets = Ordinary income ÷ {(Total assets at beginning of period + Total assets at end of period) ÷ 2} × 100
5. Return on equity = Net income ÷ {(Net assets at beginning of period + Net assets at end of period) ÷ 2} × 100
6. In the calculation of NOI, the depreciation and amortization is limited to what is included in rental business expenses.
7. Annualized NOI yield = Total annualized NOI ÷ Total property acquisition price
(The annualized NOI yield is calculated by taking into account the actual number of days of operation for each property.)
8. Depreciation and amortization include amortization of intangible assets in addition to depreciation of property, plant and equipment.
9. "Leasable floor area at end of period" refers to the leasable floor area for each building as stated on the lease agreement or indicated on its official floor plan. The leasable floor area of land such as parking lots is not included.
10. "Occupancy rate at end of period" is calculated by using the formula: "Leased floor area" ÷ "Leasable floor area" × 100.

2 Investment Environment and Operating Performance

With the aim of realizing a stable distribution of earnings over the long term, we carried out the following initiatives during the 18th Fiscal Period (FP).

1. Internal Growth

During the current FP, ADR achieved an all-time high average period occupancy rate of 97.1% owing in part that the period included the peak leasing period^(Note 1), and a substantially higher rate of gain in rent level increase upon tenant replacement.

2. External Growth

By utilizing the asset management company's extensive sourcing network ADR managed to acquire, while maintaining acquisition discipline, a property that is expected to generate consistent profit, at a price of approximately 600 million yen, which is equivalent to 92.3% of the appraisal value, amid a very challenging acquisition environment.

3. Finance

During the current FP, including the issuance of a green bond which was a first for a residential J-REIT^(Note 2), ADR procured 11.1 billion yen in interest-bearing liabilities at an average initial duration of 6.9 years and an average interest rate of 0.28%.

Notes 1. In Japan, the months of February to April is a busy season for leasing, during which time a relatively high number of lease contracts are normally concluded. In this report we call the FPs that include the busy season the peak leasing periods and other FPs as off-season periods. Therefore, at ADR the FPs ending January 31 are off-season periods and FPs ending July 31 are peak leasing periods.

2. We define residential J-REITs as investment corporations that are listed on the real estate investment trust section of the Tokyo Stock Exchange ("J-REIT") which have more than 50% of its portfolio in residential properties. The same applies hereafter.

By executing these initiatives, we were able to attain the following FP results.

(million yen)

Item	Previous FP Results	Initial Forecast ^{Note 3}	18th FP Results (July 2019)	Difference from the Initial Forecast	
				Difference from the Previous FP	
Operating revenues	16,196	16,237	16,465	+269	+228
Operating income	8,117	8,019	8,202	+84	+183
Ordinary income	6,984	6,926	7,094	+110	+168
Net income	6,983	6,925	7,094	+110	+168
Earnings Per Unit ^{Note 4}	5,173 yen	5,130 yen	5,254 yen	+81 yen	+124 yen
Dividend Per Unit	5,422 yen	5,379 yen	5,504 yen	+82 yen	+125 yen

Notes 3. The initial forecast refers to the earnings forecasts for the 18th FP disclosed in the "Brief Summary of Kessan Tanshin" for the 17th FP, dated March 12, 2019. The same applies hereafter.

4. Calculated by dividing net income by the total number of units issued, 1,350,000 units. Decimals are omitted from the EPU figures. The same applies hereafter.

ADR achieved record-high earnings per unit (EPU) of 5,254 yen, which was 81 yen higher than in the previous FP and 124 yen higher than the initial forecast. This was mostly due to improvements in rent income, which saw occupancy rates remain at all-time highs and rent increases accelerate.

Dividend per unit (DPU), including the 249 yen per unit drawdown in reserve for temporary difference adjustment (RTA), amounted to 5,504 yen, which is 82 yen higher than in the previous FP and 125 yen higher than the initial forecast. Whereas we had originally expected to reach the dividend target of 5,500 yen mostly through external growth by FY July 2020 at the earliest, we have reached the target mainly on the strength of internal growth and ahead of schedule.

1. Internal Growth

– Record-high Occupancy Rate and Accelerated Rent Increase –

For the current FP, the average period occupancy rate reached an all-time high of 97.1%. We think the main factor for the high occupancy is that, in most of the regions where ADR invests, we continue to see an inflow of population while the supply of rental housing remains limited, resulting in a very tight rental apartment market.

Against the backdrop of this high occupancy rate, we have actively increased rents upon both tenant replacement and at the time of contract renewal in central Tokyo, where we are seeing especially strong performance, and in other regions, and have consequently managed to achieve higher rent hike rates compared to the previous FP. Particularly, the Kansai

I. Fiscal Period Report

region, which saw rebound rents, greatly contributed to the acceleration in the rate of rent increase. As a result, the rates of rent increase upon replacement and renewal both reached all-time highs of +5.0% and +0.8%, respectively and the overall portfolio rent level^(Note 5) increasing for the 10th consecutive FP, having gained by 0.7% over rent levels of the end of the previous FP.

– Strengthening Competitiveness of Our Properties by Carrying-out Value Enhancement Works –

ADR conducts large-scale repairs of its properties on a scheduled basis in order to maintain functionality and freshen-up their appearance. In addition, ADR carries out value enhancement works, which entail equipment upgrades, and floor plan changes of individual units are implemented at the time when tenants are being replaced. These works are implemented especially on units of properties that have recently been subjected to large-scale repairs, to maintain and enhance competitiveness in the leasing market.

During the FP, we executed large-scale repairs on 9 properties and value enhancement works on 30 residential units. Of the residential units that underwent the value enhancement works, new rental contracts had been signed for 20 units as of July 31, 2019. Those units saw robust increases in rent of approximately 23% on average in comparison with rents under previous contracts. Going forward, ADR will endeavor to further enhance the competitive strengths of its properties through such measures.

– Sustainability Measures –

ADR works together with the asset management company on contributing to realize a sustainable society and to increase its unit-holder value. To that end, we engage in the following ESG (environmental, social and governance) initiatives.

- ADR's initiatives on "environment" have involved installing LED lighting (78 properties as of July 31, 2019, constituting 29.4% of ADR's portfolio), placing green lease clauses in contracts (concluded for 44.2% of residential units out of the total number of rental units as of January 31, 2019), and acquiring DBJ Green Building Certification on eleven properties (constituting 22.0% of ADR's portfolio on the basis of floor area, as of July 31, 2019).
- ADR's initiatives on "society" have involved conducting satisfaction surveys regarding tenant services, administered to tenants of ADR's properties once every three years. In addition, in order to raise disaster-prevention awareness, we have completed posting emergency maps at all 265 properties owned as of July 31, 2019.
- ADR's initiatives related to governance have involved arranging ongoing training programs on a scheduled basis for employees of the asset management company, setting up a sustainability committee to systematically promote sustainability measures, introducing asset management fees linked to NOI and net income and becoming the first J-REIT asset management company to adopt an employee investment unit ownership program that invest in the investment units of the fund (ADR).

ADR has received recognitions from international sustainability assessment institutions for its ESG initiatives as follows:

- Since 2014, ADR has been continually participating in the Global Real Estate Sustainability Benchmark (GRESB) which was developed mainly by European pension funds to evaluate the ESG performance of real estate companies and funds. For the last three years, GRESB has awarded ADR, the "Green Star" rating and in 2018 selected ADR as a GRESB Sector Leader having the top rating among the Asia listed company residential sector.
- Mitsubishi UFJ Research and Consulting Co., Ltd. (MURC) awarded ADR the highest rating of "S Rank" in its rating, the "MUFG ESG Rating Certificate for J-REIT supported by Japan Credit Rating Agency (JCR)". ADR utilized the rating in the ESG assessment loan for J-REIT which it used for part of its financing. Japan Credit Rating Agency, Ltd. (JCR) awarded ADR its highest rating of "Green1 (F)," with respect to ADR's eligibility under the Green Finance Framework established upon issuance of the green bond, which was a first for a residential J-REIT.

Notes 5. Change in average per-unit rent between the start and end of the FP, for all properties held for the entire FP. The same applies hereafter.

2. External Growth

– Steadily Acquiring Prime Properties –

During the current FP, ADR has continued to adhere to its policy of taking a disciplined approach to acquiring quality properties that promise consistent revenues while avoiding excessive competition amid an acquisition environment that remains very challenging.

Amid this environment, we managed to acquire RESIDIA Shin-Osaka II, situated five minutes on foot from Shin-Osaka Station, for approximately 600 million yen (92.3% of appraisal value) by leveraging the extensive sourcing network of the asset management company (ADIM). We expect that the property will generate consistent revenues, in part because

its location in the vicinity of Shin-Osaka Station means that it is likely to generate strong rental demand from those who commute to Umeda and other key business districts via Shin-Osaka Station. We especially expect strong demands from corporate employees that are single and were transferred to the Osaka office given the 1K and 1LDK floor plans of the property's units.

3. Finance

– Reducing the Average Interest Rate and Maintaining Remaining Duration –

ADR's principal finance policy is to extend remaining duration, to fix interest rates and to diversify maturities of interest-bearing liabilities. Under this policy, ADR procured in total 11.1 billion yen (average initial duration of 6.9 years and average interest rate of 0.28%^(Note 6)) during this FP, including the issuance of a green bond, which was a first for a residential J-REIT. With the average remaining duration of debt at 4.82 years and the average interest rate at 0.75% as of the end of the current FP, we have managed to further strengthen our financial foundations by maintaining the remaining average duration and lowering the average interest rate.

Credit rating agency	Coverage	Rating
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating	AA (Outlook: Stable)
Rating and Investment Information, Inc. (R&I)	Issuer rating	AA- (Outlook: Stable)

Notes 6. The "average interest rate" is the weighted-average interest rate on loans and bonds as of their respective borrowing or issuance date, as of the end of the current FP (July 31, 2019). If the interest rates on the debts have been converted to fixed interest rates using swap agreements in order to hedge the risk of interest rate volatility, the fixed rates are used in calculating the average.

3 Management Policies and Challenges Going Forward

By diligently implementing the strategies outlined below, ADR aims to achieve solid EPU growth.

a) Internal Growth

While comprehensively taking into account property characteristics, terms of individual contracts and occupancy rates, ADR will continue working to raise rents at the time of tenant replacements, as well as at the time of contract renewals. Furthermore, we will aim to generate greater profitability from each property by improving leasing income through actively securing key money and controlling expenditures.

In addition, we will continue to enhance the competitive advantages of our properties by systematically conducting timely large-scale renovations, as well as implementing value enhancement work appropriate to the property's characteristic.

b) External Growth

Even though market conditions will continue to be difficult for acquiring properties, we will strive to minimize competition by acquiring properties from our sponsor or through third parties in negotiated deals utilizing market information supplied to ADR and acquire properties that will contribute in improving the quality and profitability of ADR's portfolio. Meanwhile, we will continue to seek opportunities arising from the buoyant property market to replace properties in order to improve the quality and profitability of ADR's portfolio.

Seizing on positive opportunities posed by strong markets for investment units and rental housing, ADR resolved to launch a follow-on offering on September 10, 2019. In conjunction to the offering, ADR announced that the proceeds from the offering will be used to acquire nine properties, mainly located within the 23 wards of Tokyo, together with the proceeds from a property disposition.

Moreover, given that the follow-on offering will lower loan-to value (LTV), ADR's acquisition capacity within the limit of LTV, 53% on total assets basis and 50% appraisal basis, will increase substantially from the approximately 29.8 billion yen as of the end of the current FP.

I. Fiscal Period Report

c) Finance Policy

Going forward, we will continue to focus on fixed rate long-term debt and diversifying maturities, while keeping a close eye on interest-rate trends. In so doing, we will endeavor to establish financial foundations that can weather the changing business environment.

d) Dividend Payout Policy

ADR will continue to draw down the reserves for temporary difference adjustments (RTA), in accordance with partial amendments of the “Regulations Concerning Accounting of Investment Corporations” and the Investment Trusts Association of Japan’s “Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations.” This means that ADR will fully draw down the RTA in equal amounts or more every FP^(Note 7), within 50 years, starting from the FP ended January 2017.

It has been ADR’s policy in principle to maintain a dividend of at least 4,500 yen by additionally drawing down the reserve if the total amount of EPU and the fixed drawdown of RTA for the given FP do not reach 4,500 yen. Going forward, however, ADR will raise the level to 5,000 yen, to which the dividend level will in principle be maintained^(Note 8).

Notes 7. The RTA drawdown amount per FP is calculated by dividing by 100, the outstanding amount of the RTA that has been transferred from the reserve for dividends as of the end of the FP ended January 31, 2017 (50 year × 2 FPs = 100 periods). As of the date of this document, the RTA drawdown amount per FP is approximately 335 million yen. However, ADR may increase the amount of the drawdown indicated above in order to stabilize dividend levels.

8. However, this does not constitute a guarantee of actual amount of dividend payment. The actual amount of dividend payment will need to be decided ultimately by ADR’s Board of Directors.

4 Equity Finances

The following are changes in paid-in capital and total number of units issued and outstanding over the last 5 years.

Date	Remarks	Total number of units issued and outstanding		Paid-in Capital (million yen)		Notes
		Increase	Balance	Increase	Balance	
September 23, 2016	Follow-on offering	47,500	1,347,500	12,115	127,052	1
October 19, 2016	Third-party allotment	2,500	1,350,000	637	127,690	2

Notes 1. ADR issued new units through public offering at an offer price of 263,445 yen (paid-in amount: 255,068 yen) per unit to procure funds for new property acquisitions and for other purposes.
2. ADR issued new units by way of third-party allotment with Mizuho Securities Co., Ltd. as the allottee at paid-in amount of 255,068 yen per unit to procure funds for new property acquisitions and for other purposes.

Market Price of Units

The following are the highs and lows of ADR’s unit closing prices on the Tokyo Stock Exchange.

FP	14th FP	15th FP	16th FP	17th FP	18th FP
Period-end	July 2017	January 2018	July 2018	January 2019	July 2019
High	307,500 yen	285,800 yen	291,500 yen	327,500 yen	349,500 yen
Low	261,600 yen	262,800 yen	264,700 yen	281,100 yen	304,000 yen

Overview of the Investment Corporation

1 Major Unit-holders

The following are the major unit-holders as of July 31, 2019.

Name	Address	Number of units held (units)	Percentage of issued units (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11 Harumi, Chuo-ku, Tokyo	302,596	22.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	220,453	16.32
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	56,030	4.15
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	39,017	2.89
ITOCHU Corporation	2-5-1 Kita-Aoyama, Minato-ku, Tokyo	34,800	2.57
Mizuho Securities Co., Ltd.	1-5-1, Otemachi, Chiyoda-ku, Tokyo	19,171	1.42
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2, Marunouchi, Chiyoda-ku, Tokyo	17,605	1.30
State Street Bank West Clients Treaty	1776 Heritage Drive, North Quincy, MA 02171 U.S.A	16,174	1.19
Trust & Custody Services Bank, Ltd. (Money Trust Taxation Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	14,214	1.05
State Street Bank and Trust Company	PO Box 351, Boston, Massachusetts, 02101 U.S.A	13,776	1.02
Total		733,836	54.35

Note "Percentage of issued units" (number of units held as a percentage of total number of units issued and outstanding) is rounded down to two decimal places.

I. Fiscal Period Report

2 Directors and Independent Auditor

1. The executive director, supervisory directors, and independent auditor as of July 31, 2019, are as follows.

Title	Name	Primary concurrent positions	Total amount of compensation during the FP (thousand yen)
Executive Director ^{Note 1}	Kenji Kousaka ^{Note 2}	President, AD Investment Management Co., Ltd.	— ^{Note 4}
	Takeshi Takano ^{Note 3}	President, AD Investment Management Co., Ltd.	— ^{Note 4}
Supervisory Director	Yoshiki Oshima	President, Akasaka Law Office L.P.C.	1,800
Supervisory Director	Yoshitsugu Oba	Audit & Supervisory Board Member, Mitsubishi Motors Corporation	1,800
Independent Auditor	Deloitte Touche Tohmatsu LLC		19,000 ^{Note 3}

Notes 1. On June 14, 2019, Kenji Kousaka resigned as executive director and Takeshi Takano has assumed that position.
2. Kenji Kousaka had concurrently served as president of ADR's asset management company, AD Investment Management Co., Ltd. (ADIM) and executive director of ADR. However, he resigned from the position of President on June 14, 2019.
3. On June 14, 2019, Takeshi Takano assumed the position of president of ADIM. As of July 31, 2019, he concurrently serves as President of ADIM and as executive director of ADR.
4. The executive director does not receive compensation from ADR.
5. The compensation paid to the independent auditor includes compensation (2,500 thousand yen) for services other than those prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act.

2. Policy for dismissal or refusal of reappointment of independent auditor

The board of directors of ADR shall consider the dismissal of independent auditors pursuant to the provisions of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; as amended), and consider refusal of reappointment by comprehensively taking into account the quality of the audit, audit compensation, and other factors.

3 Asset Management Company, Asset Custodian, and Administrative Agents

The following is the list of the asset management company, asset custodian, and administrative agents as of July 31, 2019.

	Delegation	Name
Asset management company		AD Investment Management Co., Ltd.
Asset custodian		Sumitomo Mitsui Trust Bank Limited
Administrative agent	Management of register of unit-holders	Mizuho Trust & Banking Co., Ltd.
	Management of special accounts	Mizuho Trust & Banking Co., Ltd.
	Accounting, taxation, institutional operations	Sumitomo Mitsui Trust Bank Limited
	Administration of investment corporation bonds	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
		Sumitomo Mitsui Trust Bank Limited
		Mizuho Bank, Ltd.
		DBJ Securities Co., Ltd.

Real Estate Portfolio

The following lists real estates held by ADR as of July 31, 2019.

Property no.	Name of real estate	Location	Type of ownership	Book value at end of period (million yen)	Appraisal value at end of period (million yen) Note 1	17th (Aug. 1, 2018 ~ Jan. 31, 2019)				18th (Feb. 1, 2019 ~ Jul. 31, 2019)			
						Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)	Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)
P-2	RESIDIA Shimazuyama	Shinagawa-ku, Tokyo	Beneficiary interests in trust	2,310	3,530	1	98.7	91,307	0.6	1	94.5	91,937	0.6
P-3	RESIDIA Nakameguro	Meguro-ku, Tokyo	Beneficiary interests in trust	1,375	2,270	1	100.0	47,256	0.3	1	100.0	47,283	0.3
P-4	RESIDIA Setagaya-Tsurumaki	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,154	1,330	1	95.5	36,998	0.2	1	85.5	35,588	0.2
P-7	RESIDIA Ikejiriohashi	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,137	1,500	1	100.0	38,798	0.2	1	90.7	38,051	0.2
P-9	RESIDIA Kudanshita	Chiyoda-ku, Tokyo	Beneficiary interests in trust	2,050	2,750	1	97.3	74,038	0.5	1	96.8	75,231	0.5
P-10	RESIDIA Hatagaya	Shibuya-ku, Tokyo	Beneficiary interests in trust	1,052	1,310	1	95.4	31,613	0.2	1	100.0	32,039	0.2
P-13	RESIDIA Sakurajosui	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,046	1,360	1	94.6	33,497	0.2	1	98.2	33,561	0.2
P-14	RESIDIA Kita-Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	2,492	3,170	1	100.0	75,453	0.5	1	100.0	75,978	0.5
P-15	RESIDIA Yoyoginomori	Shibuya-ku, Tokyo	Beneficiary interests in trust	699	763	1	91.2	20,259	0.1	1	100.0	20,171	0.1
P-16	RESIDIA Shinjuku-East III	Shinjuku-ku, Tokyo	Beneficiary interests in trust	708	972	1	100.0	26,481	0.2	1	97.5	26,359	0.2
P-19	Leopalace Udagawacho Mansion	Shibuya-ku, Tokyo	Beneficiary interests in trust	557	778	1	100.0	17,944	0.1	1	100.0	17,959	0.1
P-21	RESIDIA Shinjuku-East II	Shinjuku-ku, Tokyo	Beneficiary interests in trust	1,382	1,890	1	96.4	46,943	0.3	1	100.0	48,967	0.3
P-22	RESIDIA Shinjuku-East	Shinjuku-ku, Tokyo	Beneficiary interests in trust	917	1,260	1	91.7	31,605	0.2	1	100.0	31,799	0.2
P-23	RESIDIA Kanda-Iwamotocho	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,376	2,220	1	98.1	58,420	0.4	1	100.0	59,305	0.4
P-24	RESIDIA Azabujuban II	Minato-ku, Tokyo	Beneficiary interests in trust	887	1,160	1	92.6	28,065	0.2	1	91.7	29,065	0.2
P-25	RESIDIA Ebisu	Shibuya-ku, Tokyo	Beneficiary interests in trust	568	756	1	92.3	19,275	0.1	1	91.7	19,225	0.1
P-26	RESIDIA Meguro	Shinagawa-ku, Tokyo	Beneficiary interests in trust	730	777	1	92.1	20,754	0.1	1	95.2	19,810	0.1
P-29	RESIDIA Hiroo II	Shibuya-ku, Tokyo	Real estate	1,498	2,300	1	100.0	54,487	0.3	1	93.9	55,017	0.3
P-30	Pianetta Shiodome	Minato-ku, Tokyo	Beneficiary interests in trust	1,770	2,350	1	96.8	63,399	0.4	1	97.3	65,476	0.4
P-31	RESIDIA Komazawadaigaku	Setagaya-ku, Tokyo	Beneficiary interests in trust	305	402	1	100.0	10,626	0.1	1	100.0	11,121	0.1
P-32	RESIDIA Yoyogi	Shibuya-ku, Tokyo	Beneficiary interests in trust	305	409	1	87.3	10,846	0.1	1	100.0	10,686	0.1
P-33	RESIDIA Nishi-Shinjuku	Shinjuku-ku, Tokyo	Beneficiary interests in trust	340	452	1	91.3	10,100	0.1	1	100.0	11,987	0.1
P-34	RESIDIA Kyodo	Setagaya-ku, Tokyo	Beneficiary interests in trust	262	348	1	93.8	9,933	0.1	1	91.5	9,450	0.1
P-35	RESIDIA Oimachi	Shinagawa-ku, Tokyo	Real estate	854	1,200	1	93.8	33,053	0.2	1	98.0	33,154	0.2
P-36	RESIDIA Ebisu II	Shibuya-ku, Tokyo	Real estate	2,209	2,990	1	97.4	73,431	0.5	1	98.9	72,868	0.4
P-37	RESIDIA Kamiochiai	Shinjuku-ku, Tokyo	Real estate	1,079	1,550	1	92.9	41,912	0.3	1	98.8	44,649	0.3
P-38	RESIDIA Higashi-Shinagawa	Shinagawa-ku, Tokyo	Real estate	1,891	2,560	1	95.9	69,034	0.4	1	96.6	70,750	0.4
P-39	RESIDIA Meguro II	Meguro-ku, Tokyo	Real estate	1,134	1,460	1	97.1	37,528	0.2	1	97.7	38,187	0.2
P-40	RESIDIA Toranomon	Minato-ku, Tokyo	Real estate	1,225	1,770	1	98.4	42,188	0.3	1	98.4	43,368	0.3
P-41	RESIDIA Shin-Ochanomizu	Chiyoda-ku, Tokyo	Real estate	1,086	1,630	1	98.4	41,509	0.3	1	100.0	42,110	0.3
P-42	RESIDIA Kagurazaka	Shinjuku-ku, Tokyo	Real estate	855	1,150	1	100.0	30,837	0.2	1	98.2	31,303	0.2
P-43	RESIDIA Oimachi II	Shinagawa-ku, Tokyo	Real estate	979	1,370	1	97.5	36,121	0.2	1	100.0	35,666	0.2
P-45	RESIDIA Jiyugaoka	Meguro-ku, Tokyo	Beneficiary interests in trust	1,015	1,370	1	94.2	33,696	0.2	1	97.3	35,626	0.2
P-47	RESIDIA Suidobashi	Chiyoda-ku, Tokyo	Real estate	2,118	2,930	1	100.0	78,797	0.5	1	93.0	78,415	0.5

I. Fiscal Period Report

Property no.	Name of real estate	Location	Type of ownership	Book value at end of period (million yen)	Appraisal value at end of period (million yen) Note 1	17th (Aug. 1, 2018 ~ Jan. 31, 2019)				18th (Feb. 1, 2019 ~ Jul. 31, 2019)			
						Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)	Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)
P-48	RESIDIA TOWER Nogizaka	Minato-ku, Tokyo	Real estate	3,518	4,380	1	96.8	106,167	0.7	1	94.2	109,630	0.7
P-49	RESIDIA Akasaka	Minato-ku, Tokyo	Real estate	1,130	1,550	1	90.5	39,626	0.2	1	94.7	41,637	0.3
P-50	RESIDIA Nishi-Azabu	Minato-ku, Tokyo	Beneficiary interests in trust	6,493	8,750	1	94.6	216,806	1.3	1	97.2	215,131	1.3
P-51	RESIDIA Daikanyama	Shibuya-ku, Tokyo	Beneficiary interests in trust	2,021	2,300	1	95.7	58,496	0.4	1	94.3	55,964	0.3
P-52	RESIDIA Ichigaya	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,399	3,320	1	96.5	78,631	0.5	1	94.3	81,292	0.5
P-53	RESIDIA Roppongi-Hinokichokoen	Minato-ku, Tokyo	Beneficiary interests in trust	3,581	5,120	1	97.2	128,109	0.8	1	97.2	131,756	0.8
P-55	RESIDIA TOWER Meguro-Fudomae	Shinagawa-ku, Tokyo	Real estate	14,708	19,500	1	100.0	454,657	2.8	1	100.0	454,890	2.8
P-56	RESIDIA Sangenjaya	Setagaya-ku, Tokyo	Real estate	2,485	3,640	1	97.3	89,844	0.6	1	98.2	90,904	0.6
P-59	RESIDIA Kanda-Higashi	Chiyoda-ku, Tokyo	Real estate	1,531	2,280	1	96.2	59,888	0.4	1	93.5	57,124	0.3
P-60	RESIDIA Higashi-Azabu	Minato-ku, Tokyo	Real estate	1,350	1,600	1	100.0	42,283	0.3	1	90.7	41,222	0.3
P-61	RESIDIA Ebisu-Minami	Shibuya-ku, Tokyo	Real estate	1,922	2,350	1	97.6	56,202	0.3	1	97.3	59,664	0.4
P-62	RESIDIA TOWER Azabujuban	Minato-ku, Tokyo	Real estate	6,108	7,910	1	94.2	200,665	1.2	1	95.9	201,912	1.2
P-63	RESIDIA Shibuya	Shibuya-ku, Tokyo	Real estate	1,201	1,690	1	95.7	40,627	0.3	1	94.8	43,155	0.3
P-64	RESIDIA Nakanobu	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,739	2,520	1	94.2	64,687	0.4	1	96.8	65,831	0.4
P-65	RESIDIA Azabudai	Minato-ku, Tokyo	Beneficiary interests in trust	1,534	1,980	1	97.5	49,112	0.3	1	97.4	51,247	0.3
P-66	RESIDIA Shibadaimon II	Minato-ku, Tokyo	Beneficiary interests in trust	1,662	2,080	1	91.7	50,581	0.3	1	91.7	53,444	0.3
P-67	RESIDIA Kanda	Chiyoda-ku, Tokyo	Real estate	1,080	1,570	1	96.8	40,401	0.2	1	98.0	41,068	0.2
P-68	RESIDIA Sangenjaya II	Setagaya-ku, Tokyo	Real estate	1,207	1,590	1	100.0	41,895	0.3	1	96.9	40,459	0.2
P-69	RESIDIA Nishi-Shinjuku II	Shinjuku-ku, Tokyo	Real estate	1,688	2,270	1	97.0	59,701	0.4	1	90.4	58,244	0.4
P-70	RESIDIA Hiroo-Minami	Shibuya-ku, Tokyo	Real estate	863	1,140	1	100.0	28,439	0.2	1	92.5	28,173	0.2
P-72	RESIDIA Mejiro-Otomeyama	Shinjuku-ku, Tokyo	Beneficiary interests in trust	969	1,210	1	100.0	28,755	0.2	1	100.0	34,321	0.2
P-73	RESIDIA Shibaura	Minato-ku, Tokyo	Beneficiary interests in trust	4,347	6,260	1	93.0	170,407	1.1	1	95.4	173,582	1.1
P-74	RESIDIA Gotenyama	Shinagawa-ku, Tokyo	Real estate	873	1,040	1	93.9	27,644	0.2	1	100.0	29,761	0.2
P-75	RESIDIA Yutenji	Meguro-ku, Tokyo	Beneficiary interests in trust	5,008	6,420	1	97.5	157,368	1.0	1	94.6	155,955	0.9
P-76	Park Tower Shibaura Bayward Urban Wing	Minato-ku, Tokyo	Beneficiary interests in trust	8,813	12,200	1	98.0	325,452	2.0	1	94.4	322,557	2.0
P-79	RESIDIA Kamimeguro	Meguro-ku, Tokyo	Beneficiary interests in trust	840	1,140	1	87.9	29,594	0.2	1	94.6	32,622	0.2
P-84	RESIDIA Kita-Shinjuku	Shinjuku-ku, Tokyo	Real estate	1,355	1,720	1	92.3	45,929	0.3	1	100.0	46,843	0.3
P-85	RESIDIA Komazawa	Setagaya-ku, Tokyo	Beneficiary interests in trust	814	1,290	1	100.0	28,095	0.2	1	100.0	28,095	0.2
P-86	RESIDIA Shibaura KAIGAN	Minato-ku, Tokyo	Beneficiary interests in trust	2,293	3,220	1	95.1	81,952	0.5	1	93.7	86,050	0.5
P-87	RESIDIA Ichigaya-Yakuoji	Shinjuku-ku, Tokyo	Beneficiary interests in trust	1,960	2,750	1	97.4	66,153	0.4	1	95.7	67,288	0.4
P-88	RESIDIA Yoga	Setagaya-ku, Tokyo	Real estate	1,528	1,970	1	94.4	50,199	0.3	1	100.0	50,469	0.3
P-89	RESIDIA TOWER Nakameguro	Meguro-ku, Tokyo	Real estate	3,289	4,900	1	92.9	118,309	0.7	1	95.7	119,030	0.7
P-90	RESIDIA Sasazuka II	Shibuya-ku, Tokyo	Beneficiary interests in trust	3,656	4,890	1	97.0	120,943	0.7	1	97.5	123,307	0.7
P-91	RESIDIA Meguro III	Meguro-ku, Tokyo	Beneficiary interests in trust	947	1,450	1	100.0	34,155	0.2	1	96.7	33,965	0.2
P-92	RESIDIA Jiyugaoka II	Setagaya-ku, Tokyo	Beneficiary interests in trust	774	1,030	1	100.0	26,123	0.2	1	100.0	25,570	0.2
P-93	RESIDIA Kudanshita II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,216	1,840	1	98.4	43,980	0.3	1	98.4	44,508	0.3
P-94	RESIDIA Omori II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,583	2,310	1	99.0	56,138	0.3	1	100.0	58,000	0.4

Property no.	Name of real estate	Location	Type of ownership	Book value at end of period (million yen)	Appraisal value at end of period (million yen) Note 1	17th (Aug. 1, 2018 ~ Jan. 31, 2019)				18th (Feb. 1, 2019 ~ Jul. 31, 2019)			
						Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)	Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)
P-95	RESIDIA Shirokane-Takanawa	Minato-ku, Tokyo	Beneficiary interests in trust	1,455	2,130	1	94.6	50,297	0.3	1	98.6	52,120	0.3
P-96	RESIDIA Nakaochiai	Shinjuku-ku, Tokyo	Beneficiary interests in trust	3,758	4,580	1	91.4	115,669	0.7	1	96.4	117,990	0.7
P-97	RESIDIA Nakameguro II	Meguro-ku, Tokyo	Beneficiary interests in trust	1,108	1,570	1	89.9	36,044	0.2	1	96.0	36,716	0.2
P-98	Artis Court Minamiaoyama	Minato-ku, Tokyo	Beneficiary interests in trust	1,722	1,960	1	97.0	55,903	0.3	1	91.3	55,232	0.3
P-99	RESIDIA Yotsuya Sanhome	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,064	2,890	1	99.2	84,014	0.5	1	99.2	83,430	0.5
P-100	RESIDIA Takanawa Katsurazaka	Minato-ku, Tokyo	Beneficiary interests in trust	938	1,160	1	97.9	29,262	0.2	1	97.9	29,943	0.2
P-101	RESIDIA Ebisu III	Shibuya-ku, Tokyo	Real estate	648	858	1	94.0	19,905	0.1	1	95.9	21,443	0.1
P-102	RESIDIA Shinjukugyoen	Shinjuku-ku, Tokyo	Beneficiary interests in trust	717	998	1	97.5	25,746	0.2	1	100.0	26,601	0.2
P-103	RESIDIA Minami Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,190	1,530	1	95.7	36,175	0.2	1	95.5	37,468	0.2
P-104	Chester Court Ochanomizu	Chiyoda-ku, Tokyo	Beneficiary interests in trust	3,160	3,950	1	97.6	105,870	0.7	1	97.2	107,338	0.7
P-105	RESIDIA Kanda-Iwamotocho II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,293	1,710	1	100.0	44,668	0.3	1	95.7	44,124	0.3
P-106	RESIDIA Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	991	1,310	1	89.5	32,028	0.2	1	100.0	31,814	0.2
P-107	RESIDIA Yoyogi II	Shibuya-ku, Tokyo	Real estate	893	1,010	1	100.0	24,567	0.2	1	97.4	24,489	0.1
P-108	RESIDIA Nakanobu II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	934	1,140	1	98.0	26,694	0.2	1	100.0	28,441	0.2
P-109	RESIDIA Ochanomizu II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	838	1,040	1	96.8	25,097	0.2	1	100.0	26,419	0.2
P-110	RESIDIA Mishuku	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,182	1,390	1	86.6	36,570	0.2	1	100.0	34,028	0.2
C-1	RESIDIA Mitsukoshimae	Chuo-ku, Tokyo	Beneficiary interests in trust	1,523	2,760	1	95.9	68,105	0.4	1	96.1	70,762	0.4
C-2	RESIDIA Kamata	Ota-ku, Tokyo	Beneficiary interests in trust	2,038	3,760	1	98.4	99,616	0.6	1	96.3	109,421	0.7
C-3	RESIDIA Ikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	1,372	1,850	1	98.6	50,243	0.3	1	97.2	52,064	0.3
C-4	RESIDIA Bunkyo-Hongo	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,535	2,370	1	97.0	58,755	0.4	1	96.5	57,720	0.4
C-5	RESIDIA Asakusabashi	Taito-ku, Tokyo	Beneficiary interests in trust	917	1,520	1	96.1	39,942	0.2	1	97.5	41,197	0.3
C-6	Maison Clairee Ekoda	Nerima-ku, Tokyo	Beneficiary interests in trust	893	1,140	1	96.8	36,400	0.2	1	95.8	36,382	0.2
C-7	RESIDIA Ueno-Okachimachi	Taito-ku, Tokyo	Beneficiary interests in trust	2,800	3,980	1	99.3	103,596	0.6	1	96.7	104,693	0.6
C-8	RESIDIA Bunkyo-Hongo II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,512	2,110	1	100.0	52,305	0.3	1	98.9	52,559	0.3
C-9	RESIDIA Ryogoku	Sumida-ku, Tokyo	Beneficiary interests in trust	833	1,310	1	98.5	33,896	0.2	1	100.0	34,311	0.2
C-10	RESIDIA Higashi-Ginza	Chuo-ku, Tokyo	Beneficiary interests in trust	4,980	5,740	1	97.9	152,790	0.9	1	93.4	150,296	0.9
C-12	RESIDIA Nihonbashi-Ningyocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,913	4,180	1	98.7	100,319	0.6	1	99.4	110,263	0.7
C-13	RESIDIA Omori-Higashi	Ota-ku, Tokyo	Beneficiary interests in trust	1,799	2,190	1	95.8	56,129	0.3	1	100.0	58,079	0.4
C-15	RESIDIA Kinshicho	Sumida-ku, Tokyo	Beneficiary interests in trust	3,951	4,840	1	98.6	121,706	0.8	1	95.4	122,571	0.7
C-16	RESIDIA Negishi	Taito-ku, Tokyo	Beneficiary interests in trust	797	1,030	1	96.3	28,227	0.2	1	96.5	28,239	0.2
C-17	RESIDIA Shinkawa	Chuo-ku, Tokyo	Beneficiary interests in trust	1,792	2,570	1	93.6	63,991	0.4	1	95.8	67,017	0.4
C-18	RESIDIA Kamiikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	529	741	1	93.8	21,746	0.1	1	93.4	21,905	0.1
C-19	RESIDIA Shin-nakano	Nakano-ku, Tokyo	Beneficiary interests in trust	344	537	1	93.4	15,388	0.1	1	100.0	15,881	0.1
C-21	RESIDIA Bunkyo-Yushima II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	949	1,260	1	98.5	34,312	0.2	1	94.0	35,114	0.2
C-22	RESIDIA Tsukiji	Chuo-ku, Tokyo	Real estate	1,296	2,020	1	98.2	51,475	0.3	1	90.8	51,503	0.3
C-23	RESIDIA Sasazuka	Suginami-ku, Tokyo	Beneficiary interests in trust	1,776	2,270	1	95.8	62,095	0.4	1	95.0	64,381	0.4
C-24	RESIDIA Kyobashi	Chuo-ku, Tokyo	Real estate	1,097	1,560	1	100.0	38,847	0.2	1	100.0	38,847	0.2

I. Fiscal Period Report

Property no.	Name of real estate	Location	Type of ownership	Book value at end of period (million yen)	Appraisal value at end of period (million yen) Note 1	17th (Aug. 1, 2018 ~ Jan. 31, 2019)				18th (Feb. 1, 2019 ~ Jul. 31, 2019)			
						Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)	Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)
C-25	RESIDIA Tamagawa	Ota-ku, Tokyo	Beneficiary interests in trust	1,149	1,730	1	99.0	48,517	0.3	1	98.0	47,712	0.3
C-26	RESIDIA Korakuen	Bunkyo-ku, Tokyo	Beneficiary interests in trust	537	797	1	100.0	21,605	0.1	1	93.9	21,209	0.1
C-27	RESIDIA Ginza-Higashi	Chuo-ku, Tokyo	Beneficiary interests in trust	1,867	2,770	1	92.6	65,704	0.4	1	98.3	69,522	0.4
C-28	RESIDIA Oji	Kita-ku, Tokyo	Beneficiary interests in trust	771	1,060	1	100.0	33,717	0.2	1	100.0	33,713	0.2
C-29	RESIDIA Mejiro II	Toshima-ku, Tokyo	Real estate	961	1,290	1	91.0	34,327	0.2	1	93.3	36,366	0.2
C-31	RESIDIA Tsukishima	Chuo-ku, Tokyo	Real estate	1,000	1,360	1	100.0	37,060	0.2	1	97.8	38,949	0.2
C-32	RESIDIA Kamata II	Ota-ku, Tokyo	Real estate	1,262	1,760	1	94.1	44,469	0.3	1	96.5	48,158	0.3
C-33	RESIDIA Tsukishima II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,304	3,160	1	93.7	81,342	0.5	1	94.7	83,372	0.5
C-34	RESIDIA Kinshicho II	Sumida-ku, Tokyo	Real estate	2,210	2,790	1	98.5	76,710	0.5	1	97.0	77,368	0.5
C-35	RESIDIA Bunkyo-Otowa	Bunkyo-ku, Tokyo	Beneficiary interests in trust	3,064	4,400	1	99.4	120,985	0.7	1	96.3	120,506	0.7
C-36	RESIDIA Bunkyo-Sengoku	Bunkyo-ku, Tokyo	Beneficiary interests in trust	655	960	1	90.9	25,612	0.2	1	94.2	26,064	0.2
C-37	RESIDIA Bunkyo-Yushima	Bunkyo-ku, Tokyo	Beneficiary interests in trust	990	1,450	1	98.1	37,614	0.2	1	95.3	38,856	0.2
C-38	RESIDIA Ikegami	Ota-ku, Tokyo	Beneficiary interests in trust	353	438	1	100.0	13,621	0.1	1	75.1	12,592	0.1
C-39	RESIDIA Nihonbashi-Ningyocho	Chuo-ku, Tokyo	Beneficiary interests in trust	513	850	1	89.1	19,800	0.1	1	93.3	22,223	0.1
C-40	RESIDIA Bunkyo-Sengoku II	Bunkyo-ku, Tokyo	Real estate	1,331	1,840	1	90.8	45,755	0.3	1	92.0	44,358	0.3
C-41	RESIDIA Iriya	Taito-ku, Tokyo	Beneficiary interests in trust	857	1,220	1	98.3	37,072	0.2	1	100.0	38,293	0.2
C-42	RESIDIA Nihonbashi-Hamacho	Chuo-ku, Tokyo	Real estate	1,237	1,670	1	97.9	44,528	0.3	1	97.9	43,357	0.3
C-43	RESIDIA Shin-Okachimachi	Taito-ku, Tokyo	Real estate	1,742	2,230	1	98.8	59,405	0.4	1	92.1	58,715	0.4
C-44	RESIDIA Chidoricho	Ota-ku, Tokyo	Real estate	1,189	1,490	1	96.8	41,472	0.3	1	95.2	42,467	0.3
C-45	RESIDIA Shinkawa II	Chuo-ku, Tokyo	Beneficiary interests in trust	1,256	1,730	1	96.9	42,988	0.3	1	92.5	44,521	0.3
C-46	RESIDIA Mejiro	Toshima-ku, Tokyo	Beneficiary interests in trust	6,009	8,290	1	97.6	235,777	1.5	1	97.0	234,096	1.4
C-47	RESIDIA Kasai	Edogawa-ku, Tokyo	Beneficiary interests in trust	646	811	1	89.5	26,644	0.2	1	100.0	27,816	0.2
C-48	RESIDIA Nihonbashi-Bakurocho	Chuo-ku, Tokyo	Real estate	5,021	7,630	1	97.4	195,119	1.2	1	99.5	202,387	1.2
C-49	RESIDIA Suginami-Honanchō	Suginami-ku, Tokyo	Beneficiary interests in trust	3,546	5,740	1	96.1	147,302	0.9	1	98.8	155,085	0.9
C-50	RESIDIA Shin-Itabashi	Itabashi-ku, Tokyo	Beneficiary interests in trust	833	1,270	1	100.0	29,739	0.2	1	100.0	29,739	0.2
C-51	RESIDIA Kiba	Koto-ku, Tokyo	Beneficiary interests in trust	1,853	3,260	1	99.4	79,490	0.5	1	100.0	82,314	0.5
C-52	RESIDIA Bunkyo-Yushima III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,075	1,650	1	100.0	38,945	0.2	1	100.0	44,190	0.3
C-53	RESIDIA Bunkyo- Honkomagome	Bunkyo-ku, Tokyo	Real estate	2,244	3,220	1	97.9	83,183	0.5	1	97.1	83,014	0.5
C-54	RESIDIA Tsukishima III	Chuo-ku, Tokyo	Beneficiary interests in trust	2,427	3,880	1	98.1	92,095	0.6	1	92.2	91,673	0.6
C-55	RESIDIA Minami-senju	Arakawa-ku, Tokyo	Beneficiary interests in trust	2,332	3,750	1	98.0	165,559	1.0	1	96.9	164,711	1.0
C-56	RESIDIA Ogikubo	Suginami-ku, Tokyo	Real estate	1,783	2,450	1	97.0	62,042	0.4	1	98.0	65,215	0.4
C-57	RESIDIA Monzennakacho	Koto-ku, Tokyo	Beneficiary interests in trust	948	1,430	1	100.0	36,694	0.2	1	97.1	38,763	0.2
C-58	RESIDIA Ochanomizu	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,001	3,080	1	96.5	77,282	0.5	1	93.3	77,865	0.5
C-59	RESIDIA Omori	Ota-ku, Tokyo	Beneficiary interests in trust	1,105	1,570	1	98.7	42,432	0.3	1	97.3	42,971	0.3
C-60	RESIDIA Nakamurabashi	Nerima-ku, Tokyo	Beneficiary interests in trust	1,021	1,460	1	98.7	38,303	0.2	1	97.2	38,893	0.2
C-61	RESIDIA Kachidoki	Chuo-ku, Tokyo	Beneficiary interests in trust	1,728	2,630	1	100.0	65,382	0.4	1	98.1	66,919	0.4
C-62	RESIDIA Bunkyo-Otowa II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,253	3,260	1	97.8	82,321	0.5	1	99.3	83,981	0.5

Property no.	Name of real estate	Location	Type of ownership	Book value at end of period (million yen)	Appraisal value at end of period (million yen) Note 1	17th (Aug. 1, 2018 ~ Jan. 31, 2019)				18th (Feb. 1, 2019 ~ Jul. 31, 2019)			
						Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)	Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)
C-63	RESIDIA Kinshicho III	Koto-ku, Tokyo	Beneficiary interests in trust	637	892	1	100.0	25,414	0.2	1	100.0	25,478	0.2
C-64	RESIDIA Kamata III	Ota-ku, Tokyo	Beneficiary interests in trust	920	1,320	1	95.2	33,566	0.2	1	100.0	35,041	0.2
C-65	RESIDIA TOWER Kamiikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	7,686	12,200	1	97.3	737,714	4.6	1	97.9	746,046	4.5
C-66	RESIDIA Takashimadaira	Itabashi-ku, Tokyo	Real estate	516	641	1	100.0	16,194	0.1	1	100.0	16,192	0.1
C-67	RESIDIA Shimura-Sakaue	Itabashi-ku, Tokyo	Real estate	602	738	1	100.0	18,084	0.1	1	100.0	18,084	0.1
C-68	RESIDIA Shimura-Sakaue II	Itabashi-ku, Tokyo	Beneficiary interests in trust	1,119	1,450	1	100.0	35,375	0.2	1	100.0	35,646	0.2
C-69	RESIDIA Shimura-Sakaue III	Itabashi-ku, Tokyo	Real estate	428	523	1	100.0	13,608	0.1	1	100.0	13,608	0.1
C-70	RESIDIA Ikebukuro West	Itabashi-ku, Tokyo	Beneficiary interests in trust	1,097	1,430	1	95.3	42,295	0.3	1	93.7	44,166	0.3
C-71	RESIDIA Ojima	Koto-ku, Tokyo	Beneficiary interests in trust	1,259	1,690	1	96.6	42,651	0.3	1	100.0	44,757	0.3
C-72	RESIDIA Machiya	Arakawa-ku, Tokyo	Beneficiary interests in trust	1,172	1,420	1	97.6	43,541	0.3	1	100.0	43,209	0.3
C-73	RESIDIA Ueno-Ikenohata	Taito-ku, Tokyo	Beneficiary interests in trust	1,811	2,170	1	98.8	56,196	0.3	1	98.8	54,917	0.3
C-74	RESIDIA Nerima	Nerima-ku, Tokyo	Beneficiary interests in trust	509	679	1	100.0	18,060	0.1	1	100.0	18,060	0.1
C-75	RESIDIA Higashi-Nihonbashi	Chuo-ku, Tokyo	Beneficiary interests in trust	394	521	1	100.0	14,803	0.1	1	100.0	15,352	0.1
C-76	RESIDIA Nakano	Nakano-ku, Tokyo	Real estate	688	832	1	95.0	21,847	0.1	1	100.0	22,022	0.1
C-77	RESIDIA Ogikubo II	Suginami-ku, Tokyo	Real estate	484	577	1	100.0	13,620	0.1	1	100.0	13,620	0.1
C-78	RESIDIA Minamiyukigaya	Ota-ku, Tokyo	Beneficiary interests in trust	1,345	1,570	1	98.8	42,593	0.3	1	97.9	44,650	0.3
C-79	RESIDIA Akihabara	Taito-ku, Tokyo	Beneficiary interests in trust	986	1,290	1	100.0	34,060	0.2	1	97.6	34,682	0.2
C-80	RESIDIA Asakusa-Azumabashi	Sumida-ku, Tokyo	Beneficiary interests in trust	882	1,200	1	100.0	32,591	0.2	1	98.3	33,254	0.2
C-81	RESIDIA Omori III	Ota-ku, Tokyo	Beneficiary interests in trust	1,408	1,770	1	93.5	40,954	0.3	1	98.7	44,445	0.3
C-82	RESIDIA Nihonbashi-Bakurocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,000	2,640	1	97.3	61,277	0.4	1	100.0	63,675	0.4
C-83	RESIDIA Nihonbashi-Bakurocho III	Chuo-ku, Tokyo	Beneficiary interests in trust	1,846	2,440	1	98.5	60,339	0.4	1	96.6	62,975	0.4
C-84	RESIDIA Bunkyo-Hongo III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,682	2,050	1	96.0	50,664	0.3	1	96.9	49,601	0.3
C-85	RESIDIA Shin-Okachimachi II	Taito-ku, Tokyo	Beneficiary interests in trust	4,729	5,780	1	99.1	143,566	0.9	1	100.0	147,149	0.9
C-86	RESIDIA Kameido	Koto-ku, Tokyo	Beneficiary interests in trust	3,056	3,520	1	98.5	84,331	0.5	1	99.2	86,465	0.5
C-87	RESIDIA Koenji	Suginami-ku, Tokyo	Beneficiary interests in trust	1,414	1,650	1	95.5	40,630	0.3	1	97.1	42,767	0.3
C-88	RESIDIA Kamata V	Ota-ku, Tokyo	Real estate	2,365	2,660	1	95.0	64,512	0.4	1	97.5	68,231	0.4
C-89	RESIDIA Kamata IV	Ota-ku, Tokyo	Real estate	3,367	3,770	1	99.4	91,814	0.6	1	99.4	93,238	0.6
S-2	Chester House Kawaguchi	Kawaguchi-shi, Saitama	Beneficiary interests in trust	687	756	1	97.4	29,043	0.2	1	100.0	28,831	0.2
S-4	RESIDIA Higashi-Matsudo	Matsudo-shi, Chiba	Beneficiary interests in trust	994	1,260	1	100.0	42,968	0.3	1	95.4	43,303	0.3
S-5	RESIDIA Shin-Yokohama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,732	2,120	1	100.0	61,298	0.4	1	100.0	61,366	0.4
S-7	RESIDIA Chofu	Chofu-shi, Tokyo	Beneficiary interests in trust	1,051	1,230	1	97.3	34,798	0.2	1	96.4	35,292	0.2
S-11	Tokyo Student-House WAKO	Wako-shi, Saitama	Beneficiary interests in trust	651	743	1	100.0	26,182	0.2	1	100.0	26,182	0.2
S-12	RESIDIA Kokubunji	Kokubunji-shi, Tokyo	Beneficiary interests in trust	491	678	1	97.0	18,700	0.1	1	100.0	20,987	0.1
S-14	RESIDIA Yokohama-Kannai	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,483	1,910	1	92.5	55,158	0.3	1	94.1	55,115	0.3
S-15	RESIDIA Okurayama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	702	964	1	100.0	26,676	0.2	1	100.0	27,717	0.2
S-16	RESIDIA Musashikosugi	Kawasaki-shi, Kanagawa	Real estate	1,468	2,040	1	98.0	57,544	0.4	1	98.8	58,460	0.4
S-17	RESIDIA Funabashi I RESIDIA Funabashi II	Funabashi-shi, Chiba	Beneficiary interests in trust	2,496	3,420	1	100.0	93,388	0.6	1	97.9	103,368	0.6

I. Fiscal Period Report

Property no.	Name of real estate	Location	Type of ownership	Book value at end of period (million yen)	Appraisal value at end of period (million yen) Note 1	17th (Aug. 1, 2018 ~ Jan. 31, 2019)				18th (Feb. 1, 2019 ~ Jul. 31, 2019)			
						Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)	Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)
S-19	RESIDIA Kichijoji	Musashino-shi, Tokyo	Beneficiary interests in trust	1,429	1,830	1	91.9	48,899	0.3	1	95.9	49,718	0.3
S-20	Pacific Royal Court Minatomirai Ocean Tower	Yokohama-shi, Kanagawa	Real estate and leasehold rights to real estate	11,250	15,700	1	100.0	572,327	3.5	1	100.0	572,720	3.5
S-22	Life & Senior House Kohoku II	Yokohama-shi, Kanagawa	Real estate	1,649	2,330	1	100.0	70,969	0.4	1	100.0	70,894	0.4
S-23	College Court Tanashi	Nishi-Tokyo-shi, Tokyo	Beneficiary interests in trust	747	1,160	1	100.0	32,760	0.2	1	100.0	32,760	0.2
S-24	RESIDIA Urayasu	Urayasu-shi, Chiba	Beneficiary interests in trust	2,030	3,050	1	97.7	84,672	0.5	1	97.2	87,055	0.5
S-25	RESIDIA Minami-Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	800	1,110	1	98.8	34,120	0.2	1	98.8	36,188	0.2
S-26	RESIDIA Urayasu II	Urayasu-shi, Chiba	Beneficiary interests in trust	781	1,090	1	100.0	33,035	0.2	1	97.3	33,193	0.2
S-27	RESIDIA Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	738	1,020	1	93.3	32,756	0.2	1	100.0	37,073	0.2
S-28	RESIDIA Kawasaki	Kawasaki-shi, Kanagawa	Beneficiary interests in trust	1,586	2,330	1	98.1	62,955	0.4	1	97.0	64,065	0.4
S-29	Cocofump Hiyoshi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	969	1,170	1	100.0	45,000	0.3	1	100.0	45,000	0.3
S-30	RESIDIA Sagamihara	Sagamihara-shi, Kanagawa	Beneficiary interests in trust	1,032	1,320	1	100.0	43,211	0.3	1	100.0	43,127	0.3
S-31	RESIDIA Yokohama-Bashamichi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	767	1,020	1	100.0	31,055	0.2	1	100.0	35,610	0.2
S-32	RESIDIA Hon-Atsugi	Atsugi-shi, Kanagawa	Real estate	630	744	1	90.6	23,320	0.1	1	98.1	24,166	0.1
S-33	RESIDIA Funabashi III	Funabashi-shi, Chiba	Real estate	660	737	1	100.0	23,277	0.1	1	100.0	20,332	0.1
S-34	RESIDIA Funabashi IV	Funabashi-shi, Chiba	Beneficiary interests in trust	606	612	1	93.0	17,391	0.1	1	95.3	18,114	0.1
R-2	RESIDIA Imadegawa	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,504	1,730	1	100.0	60,646	0.4	1	100.0	60,737	0.4
R-4	RESIDIA Higashizakura	Nagoya-shi, Aichi	Beneficiary interests in trust	986	1,460	1	90.3	42,994	0.3	1	93.1	44,468	0.3
R-5	RESIDIA Kameyama	Kameyama-shi, Mie	Beneficiary interests in trust	1,491	1,180	1	98.3	58,701	0.4	1	98.3	58,686	0.4
R-6	RESIDIA Ryokuchikoen	Toyonaka-shi, Osaka	Beneficiary interests in trust	866	957	1	100.0	31,985	0.2	1	88.0	30,599	0.2
R-8	RESIDIA Kobe Port Island	Kobe-shi, Hyogo	Beneficiary interests in trust	3,342	4,310	1	100.0	125,325	0.8	1	100.0	125,321	0.8
R-10	RESIDIA Hakata	Fukuoka-shi, Fukuoka	Real estate	1,235	1,540	1	97.5	51,435	0.3	1	98.7	53,509	0.3
R-11	RESIDIA Tenjinbashi	Osaka-shi, Osaka	Beneficiary interests in trust	821	1,190	1	98.4	35,557	0.2	1	89.8	35,583	0.2
R-12	RESIDIA Sannomiya-Higashi	Kobe-shi, Hyogo	Real estate	1,902	2,970	1	99.0	90,612	0.6	1	96.3	89,576	0.5
R-13	KC21 Building	Sendai-shi, Miyagi	Real estate	847	984	1	98.1	36,622	0.2	1	98.1	38,086	0.2
R-14	RESIDIA Utsubokoen	Osaka-shi, Osaka	Real estate	1,021	1,610	1	98.0	47,675	0.3	1	98.8	48,740	0.3
R-15	RESIDIA Kyoto-ekimae	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,740	2,660	1	95.6	77,347	0.5	1	98.7	80,746	0.5
R-16	RESIDIA Takaoka	Nagoya-shi, Aichi	Real estate	2,104	3,350	1	91.4	94,846	0.6	1	95.9	97,525	0.6
R-17	RESIDIA Hibino	Nagoya-shi, Aichi	Beneficiary interests in trust	1,100	1,530	1	97.6	67,011	0.4	1	97.6	66,423	0.4
R-19	RESIDIA Tenjin-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	901	1,190	1	94.6	39,248	0.2	1	96.4	39,519	0.2
R-20	RESIDIA Hakataeki-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	307	422	1	97.4	15,857	0.1	1	97.4	16,121	0.1
R-21	RESIDIA Hisaya-Oodori II	Nagoya-shi, Aichi	Real estate	588	825	1	97.4	26,784	0.2	1	84.8	26,701	0.2
R-24	RESIDIA Minami-Ichijo	Sapporo-shi, Hokkaido	Real estate	1,426	2,030	1	99.7	74,809	0.5	1	96.7	74,818	0.5
R-25	RESIDIA Odori-Nishi	Sapporo-shi, Hokkaido	Real estate	1,172	1,440	1	97.2	57,792	0.4	1	98.6	58,451	0.4
R-26	RESIDIA Kita-Sanjo	Sapporo-shi, Hokkaido	Real estate	975	1,460	1	98.0	49,013	0.3	1	96.4	49,071	0.3
R-27	RESIDIA Shirakabe-Higashi	Nagoya-shi, Aichi	Real estate	737	958	1	91.8	32,058	0.2	1	93.7	31,915	0.2
R-29	RESIDIA Uzumasa	Kyoto-shi, Kyoto	Real estate	724	785	1	98.1	32,248	0.2	1	100.0	33,417	0.2

Property no.	Name of real estate	Location	Type of ownership	Book value at end of period (million yen)	Appraisal value at end of period (million yen) Note 1	17th (Aug. 1, 2018 ~ Jan. 31, 2019)				18th (Feb. 1, 2019 ~ Jul. 31, 2019)			
						Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)	Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)
R-30	RESIDIA Izumi	Nagoya-shi, Aichi	Real estate	3,248	4,510	1	97.5	148,284	0.9	1	93.7	147,321	0.9
R-31	RESIDIA Maruyama Kita-Gojo	Sapporo-shi, Hokkaido	Real estate	929	1,270	1	92.9	44,244	0.3	1	92.5	44,513	0.3
R-32	RESIDIA Tokugawa	Nagoya-shi, Aichi	Real estate	705	915	1	96.3	30,070	0.2	1	92.6	28,964	0.2
R-34	RESIDIA Odori-Koen	Sapporo-shi, Hokkaido	Real estate	1,809	2,610	1	96.0	92,814	0.6	1	96.3	94,099	0.6
R-35	RESIDIA Tanimachi	Osaka-shi, Osaka	Real estate	1,068	1,690	1	91.1	44,985	0.3	1	95.8	46,952	0.3
R-36	RESIDIA Hisaya-Oodori	Nagoya-shi, Aichi	Beneficiary interests in trust	623	985	1	88.7	27,006	0.2	1	96.3	28,396	0.2
R-37	RESIDIA Sendai-Miyamachi	Sendai-shi, Miyagi	Beneficiary interests in trust	495	784	1	100.0	24,046	0.1	1	100.0	26,306	0.2
R-38	RESIDIA Hirosedori	Sendai-shi, Miyagi	Beneficiary interests in trust	462	695	1	100.0	21,847	0.1	1	100.0	21,839	0.1
R-39	RESIDIA Edobori	Osaka-shi, Osaka	Real estate	1,367	1,900	1	96.9	57,889	0.4	1	95.5	58,884	0.4
R-40	RESIDIA Kyomachibori	Osaka-shi, Osaka	Real estate	982	1,420	1	94.5	41,625	0.3	1	95.0	43,022	0.3
R-41	RESIDIA Esaka	Suita-shi, Osaka	Beneficiary interests in trust	997	1,300	1	98.7	38,527	0.2	1	100.0	39,012	0.2
R-42	RESIDIA Nishijin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	2,205	3,300	1	98.7	106,202	0.7	1	98.4	106,878	0.6
R-43	RESIDIA Tsurumai	Nagoya-shi, Aichi	Beneficiary interests in trust	1,130	1,720	1	92.2	52,897	0.3	1	93.0	54,263	0.3
R-44	RESIDIA Kobe-Isogami	Kobe-shi, Hyogo	Beneficiary interests in trust	2,548	3,880	1	95.5	113,146	0.7	1	96.4	116,811	0.7
R-45	RESIDIA Kita-Nijyo-East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	853	1,130	1	91.6	41,634	0.3	1	96.5	42,636	0.3
R-46	RESIDIA Shinsaibashi West	Osaka-shi, Osaka	Beneficiary interests in trust	1,853	2,580	1	93.8	70,539	0.4	1	93.6	73,023	0.4
R-47	RESIDIA Marunouchi	Nagoya-shi, Aichi	Beneficiary interests in trust	930	1,240	1	84.9	38,485	0.2	1	97.8	38,379	0.2
R-48	RESIDIA Sapporo-Ekimae	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,397	2,220	1	95.5	74,719	0.5	1	93.7	73,886	0.4
R-49	RESIDIA Goshō-Higashi	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,183	1,650	1	95.5	47,390	0.3	1	90.5	47,301	0.3
R-50	RESIDIA Rakuoku	Kyoto-shi, Kyoto	Beneficiary interests in trust	846	1,090	1	98.7	34,521	0.2	1	97.5	36,254	0.2
R-51	RESIDIA Miyakojima I & II	Osaka-shi, Osaka	Real estate	3,180	5,130	1	99.5	155,410	1.0	1	94.5	155,164	0.9
R-52	RESIDIA TOWER Sendai	Sendai-shi, Miyagi	Beneficiary interests in trust	1,707	2,030	1	91.8	66,577	0.4	1	94.9	70,952	0.4
R-53	RESIDIA Higashizakura II	Nagoya-shi, Aichi	Beneficiary interests in trust	2,915	3,710	1	92.1	111,559	0.7	1	92.9	118,111	0.7
R-54	RESIDIA Tsutsujigaoka	Sendai-shi, Miyagi	Beneficiary interests in trust	1,720	2,460	1	98.9	82,915	0.5	1	95.9	82,966	0.5
R-55	RESIDIA Kobe-Motomachi	Kobe-shi, Hyogo	Beneficiary interests in trust	1,022	1,380	1	96.6	43,487	0.3	1	96.6	44,055	0.3
R-56	RESIDIA Sendai-Honcho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,077	1,670	1	95.8	52,881	0.3	1	98.3	54,375	0.3
R-57	RESIDIA Sendai-Haranomachi	Sendai-shi, Miyagi	Beneficiary interests in trust	563	878	1	97.2	29,648	0.2	1	93.7	30,523	0.2
R-58	RESIDIA Minami-Ichijo East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,025	1,410	1	89.5	46,385	0.3	1	91.7	48,142	0.3
R-59	RESIDIA Shin-Osaka	Osaka-shi, Osaka	Beneficiary interests in trust	2,725	3,760	1	99.1	105,791	0.7	1	97.3	107,412	0.7
R-60	RESIDIA Okayama-Ekimae	Okayama-shi, Okayama	Beneficiary interests in trust	823	1,040	1	100.0	35,094	0.2	1	100.0	35,129	0.2
R-61	RESIDIA Kyoto Okazaki	Kyoto-shi, Kyoto	Beneficiary interests in trust	232	318	1	100.0	9,629	0.1	1	100.0	9,631	0.1
R-62	RESIDIA Sendai-Ichibancho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,075	1,350	1	100.0	42,624	0.3	1	100.0	42,324	0.3
R-63	RESIDIA Kita-Nijyo-East II	Sapporo-shi, Hokkaido	Beneficiary interests in trust	539	741	1	91.6	26,405	0.2	1	95.4	25,848	0.2
R-64	RESIDIA Takamiya	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	491	587	1	100.0	19,846	0.1	1	100.0	19,761	0.1
R-65	RESIDIA Soen	Sapporo-shi, Hokkaido	Beneficiary interests in trust	382	538	1	96.7	20,730	0.1	1	98.3	20,968	0.1
R-66	RESIDIA Tenjin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,122	1,320	1	97.7	40,487	0.2	1	98.9	42,090	0.3

I. Fiscal Period Report

Property no.	Name of real estate	Location	Type of ownership	Book value at end of period (million yen)	Appraisal value at end of period (million yen) Note 1	17th (Aug. 1, 2018 ~ Jan. 31, 2019)				18th (Feb. 1, 2019 ~ Jul. 31, 2019)			
						Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)	Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)
R-67	RESIDIA Yakuin-Oodori	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,127	1,340	1	98.9	42,638	0.3	1	97.8	42,470	0.3
R-68	RESIDIA Hakata II	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,357	1,630	1	97.4	50,505	0.3	1	96.2	51,397	0.3
R-69	RESIDIA Kego	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	831	1,170	1	94.3	34,254	0.2	1	100.0	37,476	0.2
R-70	RESIDIA Shirakabe	Nagoya-shi, Aichi	Beneficiary interests in trust	934	1,110	1	88.6	33,573	0.2	1	96.4	33,939	0.2
R-71	RESIDIA Sakae	Nagoya-shi, Aichi	Real estate	927	965	1	89.6	27,672	0.2	1	94.8	28,770	0.2
R-72	RESIDIA Senri-Fujishirodai	Suita-shi, Osaka	Beneficiary interests in trust	1,523	1,720	1	100.0	46,104	0.3	1	100.0	45,929	0.3
R-73	RESIDIA Senri-Banpakukoen	Suita-shi, Osaka	Beneficiary interests in trust	2,229	2,420	1	100.0	64,529	0.4	1	100.0	64,145	0.4
R-74	RESIDIA Sapporo-eki North	Sapporo, Hokkaido	Real estate	742	706	1	91.3	23,161	0.1	1	97.6	24,013	0.1
R-75	RESIDIA Hijiyama-Koen	Hiroshima-shi, Hiroshima	Beneficiary interests in trust	690	737	1	94.2	24,872	0.2	1	97.7	25,789	0.2
R-76	RESIDIA Kita-Nijyo-East III	Sapporo, Hokkaido	Beneficiary interests in trust	447	439	1	94.9	14,685	0.1	1	97.5	15,055	0.1
R-77	RESIDIA Shin-Osaka II	Osaka-shi, Osaka	Real estate	696	701	—	—	—	—	1	100.0	6,929	0.0
Total				423,943	577,054	264	97.0	16,196,049	100.0	265	97.0	16,465,789	100.0

- Notes 1 “Appraisal value at end of period” is the appraisal value or survey-based value, pursuant to ADR’s Articles of Incorporation and the “Regulations Concerning Accounting of Investment Corporations” issued by the Cabinet Office, provided by a real estate appraiser as of July 31, 2019.
2. “Total number of tenants,” is counted as “1” if the property is leased under a master lease agreement to a master lessee. Because all properties held by ADR as of July 31, 2019 are leased under a master lease agreement, the “Total” for the “Total number of tenants” column indicates the total number of master lease agreements, which were concluded with 12 master lessees.
3. “Occupancy rate” is calculated using the formula: “Leased floor area” ÷ “Leasable floor area” × 100.
4. “Rental revenue” is the rental revenue of respective real estate for the FP under review.
- Assets scheduled to be acquired related to forward commitments (Note 5)

Property no.	Name of real estate	Location	Type of ownership	As of May 1, 2019 Real estate appraisal value (million yen)
P-111	RESIDIA Ichigaya II (Note 6)	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,120
P-112	RESIDIA Ichigaya-Sadohara (Note 7)	Shinjuku-ku, Tokyo	Beneficiary interests in trust	4,880

5. This is a forward-dated sales contract in which settlement and delivery of property will be made at least one month after the date of contract or other similar contracts.
6. ADR concluded a transfer of beneficial interest agreement to acquire RESIDIA Ichigaya II on July 11, 2019. The acquisition price is 1,915 million yen and the scheduled date of acquisition is September 26, 2019, or otherwise a date agreed separately with the seller (however, this should be by September 30, 2019).
7. ADR concluded a transfer of beneficial interest agreement to acquire RESIDIA Ichigaya-Sadohara on July 11, 2019. The acquisition price is 4,085 million yen and the scheduled date of acquisition is September 26, 2019, or otherwise a date agreed separately with the seller (however, this should be by September 30, 2019).

Capital Expenditures

1 Planned Capital Expenditures

The following table lists the major capital expenditures for renovations currently planned for the real estate and the underlying real estate of the beneficiary interests in trust ADR owns. The estimated amount includes portions that are to be recorded as expenses for accounting purposes.

(million yen)

Name of real estate (Location)	Purpose	Estimated duration	Estimated amounts		
			Total amounts	Payment for the current period	Cumulative amount paid
RESIDIA Kyobashi (Chuo-ku, Tokyo)	Major repair work	From: Feb. 2019 To: Jan. 2020	32	–	–
RESIDIA Ikegami (Ota-ku, Tokyo)	Major repair work	From: Aug. 2018 To: Sept. 2019	22	14	14
RESIDIA Nihonbashi-Ningyocho (Chuo-ku, Tokyo)	Major repair work	From: Aug. 2018 To: Sept. 2019	27	19	19
RESIDIA TOWER Kami-Ikebukuro (Tower Building) (Toshima-ku, Tokyo)	Major repair work	From: Aug. 2018 To: Jan. 2020	384	68	68
RESIDIA Sapporo-eki North (Sapporo-shi, Hokkaido)	Major repair work	From: Dec. 2018 To: Dec. 2019	67	1	1

2 Capital Expenditures for the Current Period

The following table lists the major capital expenditures for renovations ADR conducted in the current period. The total capital expenditures during this FP were 996 million yen for the entire portfolio and, when combined with repairs and maintenance cost of 652 million yen, the cost of construction work totals 1,649 million yen.

(million yen)

Name of real estate (Location)	Purpose	Implementation period	Amount paid
RESIDIA Tenjin-Minami (Fukuoka-shi, Fukuoka)	Major repair work	From: Oct. 2018 To: Mar. 2019	87
RESIDIA Uzumasa (Kyoto-shi, Kyoto)	Major repair work	From: Nov. 2018 To: Mar. 2019	81
Life & Senior House Kohoku II (Yokohama-shi, Kanagawa)	Major repair work	From: Sept. 2018 To: Feb. 2019	80
Other real estate	Major repair work		337
Other real estate	Renovations		409
Total			996

Note Figures have been rounded down to the nearest million yen. Accordingly, the sum totals of the figures presented do not necessarily add up to the "Total" amount indicated in the previous table.

I. Fiscal Period Report

3 Cash Reserves for Value Enhancement Works and Renovations

Based on medium- to long-term renovation plans for each property, ADR sets aside the following cash reserves, derived mostly from cash flows of depreciation and amortization (including earnings that are retained), to fund large-scale repair work and value enhancement works.

(million yen)

FP	14th FP	15th FP	16th FP	17th FP	18th FP
	From: Feb. 1, 2017 To: Jul. 31, 2017	From: Aug. 1, 2017 To: Jan. 31, 2018	From: Feb. 1, 2018 To: Jul. 31, 2018	From: Aug. 1, 2018 To: Jan. 31, 2019	From: Feb. 1, 2019 To: Jul. 31, 2019
Balance of reserves at beginning of period	2,144	2,040	1,921	1,990	1,705
Amount of reserves during period	696	738	814	906	939
Reversal of reserves during period	801	857	744	1,192	821
Amount carried forward to next period	2,040	1,921	1,990	1,705	1,822

Acquisitions and Disposals in the 18th FP

1 Acquisitions and Disposals of Real Estate and Asset-Backed Securities

Property no.	Name of real estate	Acquisition		Disposition			
		Acquisition date	Acquisition Price ^{Note} (million yen)	Disposition date	Disposition Price (million yen)	Book value (million yen)	Gain (Loss) on sales (million yen)
R-77	RESIDIA Shin-Osaka II	May 31, 2019	647	–	–	–	–
Total			647	–	–	–	–

Note “Acquisition price” or “disposition price” is the purchase or sale price entered in the transaction agreements, and does not include various expenses, such as broker commission, and taxes and duties, required in the acquisition or in the disposition of the concerned real estate.

2 Transactions with Interested Parties

- 1) Transactions
Not applicable

- 2) Amount of Commission Fees Paid

The following are the commission fees paid to interested parties in the 18th FP.

Classification	Total amount of commission fees (A) (thousand yen)	Breakdown of transaction with interested parties		Share (B)/(A)(%)
		Payee	Amount paid (B) (thousand yen)	
Property management fees	1,416,799	ITOCHU Urban Community Ltd.	884,065	62.4
Other rental expenses	110,816	ITOCHU Urban Community Ltd.	70,447	63.6
Advertising expenses	21,687	ITOCHU Urban Community Ltd.	3,609	16.6
Other fees	134,140	ITOCHU Urban Community Ltd.	16,313	12.2
		ITOCHU Human Resources & General Affairs Services Inc.	95	0.1

Notes 1. Transactions are not listed here if the nominal counter party is an interested party but the actual counter party is clearly a third party.

2. ITOCHU Urban Community Ltd. and ITOCHU Human Resources & General Affairs Services Inc. are interested parties of the asset management company that have signed an asset management agreement with ADR as stipulated in Article 201, Paragraph 1 of the Act on Investment Trusts and Investment Corporations and Article 123 of the Enforcement Order thereof, with which ADR engaged in transactions in the 18th FP.



Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi, Chiyoda-ku
Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Advance Residence Investment Corporation:

We have audited the accompanying balance sheet of Advance Residence Investment Corporation (the "Investment Corporation") as of July 31, 2019, and the related statements of income, changes in net assets, cash distributions and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Investment Corporation as of July 31, 2019, and results of its operations and its cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 21 to the financial statements, subsequent to the six months ended July 31, 2019, the Investment Corporation acquired assets, concluded agreements on the acquisition of assets, disposed an asset, and issued new investment units. Our opinion is not modified in respect of this matter.

Deloitte Touche Tohmatsu LLC

October 21, 2019

II. Financial Statements

Balance Sheets

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Assets		
Current assets		
Cash and deposits (Notes 8 and 10)	14,553,947	14,777,247
Cash and deposits in trust (Notes 8 and 10)	9,765,681	9,747,503
Operating accounts receivable	188,117	196,656
Prepaid expenses	345,318	435,609
Other	10,599	11,059
Allowance for doubtful accounts	(6,455)	(7,949)
Total current assets	24,857,208	25,160,126
Non-current assets		
Property, plant and equipment (Notes 14, 18, 19, 21, and 24)		
Buildings	76,197,893	76,686,348
Accumulated depreciation	(13,841,708)	(14,692,904)
Buildings, net	62,356,184	61,993,443
Structures	23,973	26,061
Accumulated depreciation	(7,904)	(8,711)
Structures, net	16,068	17,350
Machinery and equipment	92,420	101,343
Accumulated depreciation	(23,640)	(27,866)
Machinery and equipment, net	68,779	73,476
Tools, furniture and fixtures	339,929	382,910
Accumulated depreciation	(159,743)	(180,351)
Tools, furniture and fixtures, net	180,185	202,558
Land	74,407,327	74,918,371
Construction in progress	85,671	1,863
Buildings in trust	155,149,771	155,741,696
Accumulated depreciation	(27,245,480)	(29,012,507)
Buildings in trust, net	127,904,290	126,729,188
Structures in trust	194,208	195,683
Accumulated depreciation	(107,736)	(112,350)
Structures in trust, net	86,471	83,332
Machinery and equipment in trust	185,984	197,242
Accumulated depreciation	(112,638)	(119,749)
Machinery and equipment in trust, net	73,346	77,493
Tools, furniture and fixtures in trust	884,895	920,684
Accumulated depreciation	(557,469)	(598,044)
Tools, furniture and fixtures in trust, net	327,426	322,639
Land in trust	157,508,159	157,508,159
Construction in progress in trust	170,322	109,521
Total property, plant and equipment	423,184,234	422,037,398
Intangible assets (Note 24)		
Leasehold rights in trust (Note 19)	1,940,516	1,906,079
Other	15	5,127
Total intangible assets	1,940,532	1,911,207

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Investments and other assets		
Long-term prepaid expenses	786,705	721,020
Guarantee deposits	556,653	562,774
Guarantee deposits in trust	1,038,903	1,038,903
Other	1,168	1,180
Total investments and other assets	2,383,430	2,323,878
Total non-current assets	427,508,197	426,272,484
Deferred assets		
Investment unit issuance expenses	1,619	231
Investment corporation bond issuance costs	120,548	156,725
Total deferred assets	122,168	156,956
Total assets	452,487,574	451,589,567
Liabilities		
Current liabilities		
Operating accounts payable	378,449	253,419
Short-term loans payable (Notes 10 and 27)	1,000,000	2,000,000
Current portion of investment corporation bonds (Notes 10 and 26)	4,000,000	4,000,000
Current portion of long-term loans payable (Notes 10, 12, 23 and 27)	17,700,000	20,870,000
Accounts payable – other (Note 14)	1,389,839	1,392,961
Accrued expenses	109,203	78,237
Accrued consumption taxes	10,934	26,631
Advances received	69,778	69,792
Other	18,794	18,795
Total current liabilities	24,676,999	28,709,838
Non-current liabilities		
Investment corporation bonds (Notes 10 and 26)	25,000,000	33,000,000
Long-term loans payable (Notes 10, 12, 23 and 27)	178,218,000	165,448,000
Tenant leasehold and security deposits	1,239,315	1,275,575
Tenant leasehold and security deposits in trust	3,265,660	3,294,022
Derivatives liabilities (Notes 10, 12 and 23)	18,187	25,100
Total non-current liabilities	207,741,163	203,042,697
Total liabilities	232,418,162	231,752,536
Net assets		
Unitholders' equity (Notes 6 and 21)		
Paid-in capital	127,690,098	127,690,098
Surplus		
Capital surplus	53,220,279	53,220,279
Voluntary retained earnings		
Reserve for temporary difference adjustment	32,193,397	31,857,520
Total voluntary retained earnings	32,193,397	31,857,520
Unappropriated retained earnings (undisposed loss)	6,983,823	7,094,233
Total surplus	92,397,500	92,172,033
Total unitholders' equity	220,087,598	219,862,132
Valuation and translation adjustments		
Deferred gains or losses on hedges	(18,187)	(25,100)
Total valuation and translation adjustments	(18,187)	(25,100)
Total net assets (Notes 4 and 20)	220,069,411	219,837,031
Total liabilities and net assets	452,487,574	451,589,567

II. Financial Statements

Statements of Income

(Thousands of yen)

	For the six months ended January 31, 2019	For the six months ended July 31, 2019
Operating revenue (Note 18)		
Rental revenue – real estate (Notes 5 and 9)	16,196,049	16,465,789
Total operating revenue	16,196,049	16,465,789
Operating expenses		
Expenses related to rent business (Notes 5 and 9)	6,333,386	6,519,835
Asset management fees (Note 14)	1,196,544	1,195,611
Asset custody fees	9,780	9,774
Administrative service fees	58,424	57,929
Directors' compensation	3,600	3,600
Taxes and dues	275,837	285,035
Provision of allowance for doubtful accounts	345	1,493
Bad debt expenses	115	–
Other operating expenses	200,114	190,164
Total operating expenses	8,078,149	8,263,445
Operating income	8,117,899	8,202,344
Non-operating income		
Interest income	6,769	6,825
Compensation income	1,984	98
Reversal of distribution payable	1,089	1,284
Other	1,334	226
Total non-operating income	11,178	8,434
Non-operating expenses		
Interest expense (Notes 10, 12 and 23)	808,186	771,790
Interest expense on investment corporation bonds	127,294	124,750
Amortization of investment unit issuance expenses	1,388	1,388
Amortization of investment corporation bond issuance costs	10,548	11,214
Other offering costs associated with issuance of investment units	–	1,562
Borrowing -related expenses	194,009	183,377
Other	3,222	21,856
Total non-operating expenses	1,144,649	1,115,940
Ordinary income	6,984,428	7,094,838
Income before income taxes	6,984,428	7,094,838
Income taxes – current (Note 15)	605	605
Total income taxes	605	605
Net income (Note 20)	6,983,823	7,094,233
Unappropriated retained earnings (undisposed loss)	6,983,823	7,094,233

Statements of Changes in Net Assets

For the six months ended January 31, 2019

(Thousands of yen)

	Unitholders' equity						Valuation and translation adjustments		Total net assets	
	Paid-in capital	Surplus				Total unitholders' equity	Deferred gain or loss on hedging instruments	Total valuation and translation adjustments		
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)					Total surplus
			Reserve for temporary difference adjustments	Total voluntary retained earnings						
Balance at the beginning of period	127,690,098	53,220,279	32,529,450	32,529,450	7,087,597	92,837,327	220,527,425	(3,423)	(3,423)	220,524,002
Changes in items during the period										
Reversal of reserve for temporary difference adjustments			(336,052)	(336,052)	336,052	—	—			—
Dividends from surplus					(7,423,650)	(7,423,650)	(7,423,650)			(7,423,650)
Net income					6,983,823	6,983,823	6,983,823			6,983,823
Net changes in items other than unitholders' equity in the fiscal year								(14,763)	(14,763)	(14,763)
Total changes in items during the period	—	—	(336,052)	(336,052)	(103,774)	(439,826)	(439,826)	(14,763)	(14,763)	(454,590)
Balance at the end of period	127,690,098	53,220,279	32,193,397	32,193,397	6,983,823	92,397,500	220,087,598	(18,187)	(18,187)	220,069,411

For the six months ended July 31, 2019

(Thousands of yen)

	Unitholders' equity							Valuation and translation adjustments		Total net assets
	Paid-in capital	Surplus					Total unitholders' equity	Deferred gain or loss on hedging instruments	Total valuation and translation adjustments	
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus				
			Reserve for temporary difference adjustments	Total voluntary retained earnings						
Balance at the beginning of period	127,690,098	53,220,279	32,193,397	32,193,397	6,983,823	92,397,500	220,087,598	(18,187)	(18,187)	220,069,411
Changes in items during the period										
Reversal of reserve for temporary difference adjustments			(335,876)	(335,876)	335,876	—	—			—
Dividends from surplus					(7,319,700)	(7,319,700)	(7,319,700)			(7,319,700)
Net income					7,094,233	7,094,233	7,094,233			7,094,233
Net changes in items other than unitholders' equity in the fiscal year								(6,913)	(6,913)	(6,913)
Total changes in items during the period	—	—	(335,876)	(335,876)	110,410	(225,466)	(225,466)	(6,913)	(6,913)	(232,379)
Balance at the end of period	127,690,098	53,220,279	31,857,520	31,857,520	7,094,233	92,172,033	219,862,132	(25,100)	(25,100)	219,837,031

II. Financial Statements

Statements of Cash Distributions

	For the six months ended January 31, 2019	For the six months ended July 31, 2019
I. Unappropriated retained earnings	6,983,823,086 yen	7,094,233,633 yen
II. Reversal of voluntary retained earnings Reversal of reserve for temporary difference adjustments	335,876,914 yen	336,166,367 yen
III. Dividends (Dividend per investment unit)	7,319,700,000 yen (5,422 yen)	7,430,400,000 yen (5,504 yen)
IV. Retained earnings carried forward	–	–
Dividend Policy	<p>In accordance with the distribution policy set forth in Article 32, Item 1 of ADR's Articles of Incorporation, ADR distributes in excess of 90% of the amount of ADR's profit available for dividends as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In the event of weak performance by investments, reserve for dividends will be used in order to maintain stable payouts into the future.</p> <p>Based on this policy, ADR has decided to distribute 7,319,700,000 yen, which is the sum of the reversal of the reserve for temporary difference adjustments (RTA) of 335,876,914 yen and unappropriated retained earnings of 6,983,823,086 yen for the fiscal period.</p> <p>ADR does not distribute dividends in excess of the profits defined in Article 32, Item 2 of its Articles of Incorporation.</p>	<p>In accordance with the distribution policy set forth in Article 32, Item 1 of ADR's Articles of Incorporation, ADR distributes in excess of 90% of the amount of ADR's profit available for dividends as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In the event of weak performance by investments, reserve for dividends will be used in order to maintain stable payouts into the future.</p> <p>Based on this policy, ADR has decided to distribute 7,430,400,000 yen, which is the sum of the reversal of the reserve for temporary difference adjustments (RTA) of 336,166,367 yen and unappropriated retained earnings of 7,094,233,633 yen for the fiscal period.</p> <p>ADR does not distribute dividends in excess of the profits defined in Article 32, Item 2 of its Articles of Incorporation.</p>

Statements of Cash Flows

(Thousands of yen)

	For the six months ended January 31, 2019	For the six months ended July 31, 2019
Cash flows from operating activities		
Income before income taxes	6,984,428	7,094,838
Depreciation and amortization	2,705,686	2,730,888
Amortization of investment unit issuance expenses	1,388	1,388
Amortization of investment corporation bond issuance costs	10,548	11,214
Other offering costs associated with issuance of investment units	–	1,562
Increase (decrease) in allowance for doubtful accounts	(769)	1,493
Interest income	(6,769)	(6,825)
Interest expense	808,186	771,790
Interest expense on investment corporation bonds	127,294	124,750
Decrease (increase) in operating accounts receivable	21,812	(8,539)
Decrease (increase) in prepaid expenses	138,386	(90,291)
Increase (decrease) in accrued consumption taxes	(36,466)	15,697
Increase (decrease) in operating accounts payable	71,683	(75,389)
Increase (decrease) in accounts payable – other	11,312	1,559
Increase (decrease) in accrued expenses	29,205	(30,347)
Increase (decrease) in advances received	3,303	13
Decrease (increase) in long-term prepaid expenses	40,179	65,685
Other	508	(1,781)
Subtotal	10,909,919	10,607,709
Interest income received	437	854
Interest expense paid	(943,342)	(897,159)
Income taxes paid	(614)	(668)
Net cash provided by (used in) operating activities	9,966,399	9,710,735
Cash flows from investing activities		
Payments into time deposits	(7,000,000)	(7,000,000)
Proceeds from withdrawal of time deposits	5,000,000	8,000,000
Purchase of property, plant and equipment	(311,311)	(1,006,095)
Purchase of property, plant and equipment in trust	(1,295,173)	(598,272)
Proceeds from tenant leasehold and security deposits, net	12,040	36,259
Proceeds from tenant leasehold and security deposits in trust, net	36,972	28,361
Net cash provided by (used in) investing activities	(3,557,472)	(539,746)
Cash flows from financing activities		
Increase in short-term loans payable	2,000,000	1,000,000
Decrease in short-term loans payable	(2,000,000)	–
Proceeds from long-term loans	9,760,000	2,100,000
Repayments of long-term loans	(9,760,000)	(11,700,000)
Proceeds from issuance of investment corporation bonds	2,000,000	8,000,000
Redemption of investment corporation bonds	(2,000,000)	–
Payments for investment corporation bond issuance costs	(13,830)	(47,391)
Dividends paid	(7,422,752)	(7,318,475)
Net cash provided by (used in) financing activities	(7,436,583)	(7,965,867)
Net increase (decrease) in cash and cash equivalents	(1,027,656)	1,205,121
Cash and cash equivalents at the beginning of period	17,347,285	16,319,628
Cash and cash equivalents at the end of period (Note 8)	16,319,628	17,524,750

III. Notes to Financial Statements

Notes to Financial Statements

1 Organization

Advance residence investment corporation (ADR. Securities Code: 3269) is a listed Residential Japan Real Estate Investment Trust (J-REIT) that mainly invests in residential properties. It was established through a consolidation-type merger between the former Advance Residence Investment Corporation and Nippon Residential Investment Corporation on March 1, 2010, and was listed on the Real Estate Investment Trust (REIT) Securities Section of the Tokyo Stock Exchange (TSE) on March 2, 2010.

The merger made ADR the largest residential J-REIT in terms of asset size, enabling it to upgrade its portfolio while ensuring its financial stability. The merger also resulted in retained earnings of 43.2 billion yen (31.8 billion yen as of the end of this fiscal period) due to the profit from negative goodwill, and allowed ADR to demonstrate one of its strengths of delivering stable dividends over the long term.

ADR's asset management company, AD Investment Management Co., Ltd. (ADIM), is wholly owned by the Itochu Group and the group's key entity, Itochu Corporation, a leading Japanese trading house, is its main sponsor.

2 Basis of Presentation of Financial Statements

The accompanying financial statements are an English translation of the audited financial statements of ADR filed with the appropriate local finance bureau of the Ministry of Finance, prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from the International Financial Reporting Standards.

In preparing these financial statements, certain reclassifications and rearrangements have been made to the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Moreover, the notes to the financial statements include certain information which might not be required under Japanese GAAP but is presented herein as supplementary information.

ADR does not prepare consolidated financial statements as it has no subsidiaries. Unless otherwise specified, amounts have been rounded down to the nearest thousand yen. As a result, the totals shown in the financial statements do not necessarily agree with the sum of the individual amounts.

ADR's six-month fiscal periods end at either the end of January or July.

3 Significant Accounting Policies

(1) Depreciation and amortization methods of non-current assets	<ol style="list-style-type: none"> Property, plant and equipment (including assets in trust) Depreciated using the straight-line method. Useful lives of major categories of property, plant and equipment are as follows: Buildings: 3 to 46 years Structures: 6 to 50 years Machinery and equipment: 10 to 15 years Tools, furniture and fixtures: 2 to 20 years Intangible assets Amortized using the straight-line method. Useful lives of major categories of intangible assets are as follows: Leasehold rights in trust: 23 to 65 years Long-term prepaid expenses Amortized using the straight-line method.
(2) Accounting for deferred assets	<ol style="list-style-type: none"> Investment unit issuance expenses Amortized using the straight-line method (three years). Investment corporation bond issuance costs Amortized using the straight-line method over the period up to redemption of the investment corporation bonds.
(3) Basis of recording allowances	<p>Allowance for doubtful accounts</p> <p>Estimated uncollectible amounts are recorded for possible losses arising from default on receivables based on the historical performance of general receivables and a case-by-case evaluation of the collectability of certain receivables, such as receivables with default possibility.</p>
(4) Basis of recording revenue and expenses	<p>Method of accounting for property taxes</p> <p>For property taxes, urban planning taxes, and depreciable asset taxes on real estate properties held, ADR records the amount of taxes imposed corresponding to the current fiscal period as an expense for the property leasing activities.</p> <p>Furthermore, for the pro rata portion of property taxes ADR paid to the transferor (seller) upon acquisition of real estate properties, ADR treats the amount as acquisition costs of real estate properties, instead of recording it as an expense for the property leasing activities. The amount of property taxes treated as acquisition costs of real estate properties was 1,057 thousand yen in the previous period and 1,454 thousand yen in the current period.</p>
(5) Hedge accounting	<ol style="list-style-type: none"> Method of hedge accounting In principal, deferred hedge accounting is applied. Note that special treatment is applied for interest rate swaps that fulfill certain requirements. Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Loans Hedging policy ADR conducts derivative transactions to hedge risks stipulated in ADR's Articles of Incorporation in accordance with its financial policy. Method for assessing the hedge effectiveness The effectiveness of hedges is assessed by comparing the cumulative change of cash flows of both hedging instruments and corresponding hedged items, and then verifying the ratio of change for both. However, evaluation of effectiveness is omitted for interest rate swaps that satisfy the requirements for special accounting treatment.
(6) Scope of funds in the statements of cash flows	<p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; demand deposits and deposits in trust; and short-term investments that are readily convertible into cash, carry minimal risk of change in value, and are due for redemption in three months or less from the acquisition date.</p>
(7) Other significant matters that serve as a basis for the preparation of the financial statements	<ol style="list-style-type: none"> Accounting for trust beneficiary interests in trust assets such as real estate properties For trust beneficiary interests in real estate properties, all assets and liabilities of the trust assets, as well as revenue and income earned from, and expenses incurred for the trust assets are recorded under the respective account in the balance sheets and statements of income. Of the accounts used to record the above trust assets, the following accounts are significant and disclosed separately on the face of the balance sheets. A. Cash and deposits in trust B. Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust C. Guarantee deposits in trust D. Tenant leasehold and security deposits in trust Accounting for consumption taxes Consumption taxes and local consumption taxes are excluded from business transaction amounts. However, accounting for non-current assets and deferred assets is inclusive of consumption taxes and local consumption taxes.

III. Notes to Financial Statements

4 Balance Sheets

- (1) Minimum net assets as stipulated in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
	50,000	50,000

- (2) Commitment line agreements

ADR has executed commitment line agreements with banks.

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Total commitment line of credit	20,000,000	20,000,000
Amount used	—	—
Unused balance	20,000,000	20,000,000

- (3) Provision and reversal of the reserve for temporary difference adjustments

For the six months ended January 31, 2019

(Thousands of yen)

	Initial amount	Balance as of July 31, 2018	Funds drawn down during 17th FP	Balance as of January 31, 2019	Reasons for setting aside and drawing down funds
Reserve for dividends (Note)	33,552,162	32,529,450	336,052	32,193,397	For dividends

Note that the reserve for dividends is the remaining amounts of gains on negative goodwill which were recorded in past fiscal periods. The outstanding amount is scheduled to be fully drawn down in equal amounts or more every fiscal period within 50 years, starting from the end of the fiscal period ended January 31, 2017 (13th FP).

For the six months ended July 31, 2019

(Thousands of yen)

	Initial amount	Balance as of January 31, 2019	Funds drawn down during 18th FP	Balance as of July 31, 2019	Reasons for setting aside and drawing down funds
Reserve for dividends (Note)	33,552,162	32,193,397	335,876	31,857,520	For dividends

Note that the reserve for dividends is the remaining amounts of gains on negative goodwill which were recorded in past fiscal periods. The outstanding amount is scheduled to be fully drawn down in equal amounts or more every fiscal period within 50 years, starting from the end of the fiscal period ended January 31, 2017 (13th FP).

5 Statements of Income

(1) Breakdown of operating income (loss) from property leasing activities

(Thousands of yen)

	For the six months ended January 31, 2019		For the six months ended July 31, 2019	
A. Revenue from property leasing activities				
Rental revenue – real estate				
Rent income	14,373,693		14,458,933	
Facility charges	799,508		812,679	
Parking fees	436,471	15,609,674	438,764	15,710,377
Other revenue related to property leasing				
Income from leasing rights	82,032		90,133	
Other	504,342	586,374	665,278	755,411
Total revenue from property leasing activities		16,196,049		16,465,789
B. Expenses from property leasing activities				
Expenses related to the rent business				
Property taxes	871,119		880,277	
Property management fees	1,107,235		1,180,620	
Utilities	261,826		256,973	
Repairs and maintenance	585,228		652,724	
Property-casual insurance	25,950		25,540	
Trust fees	69,564		69,575	
Other rental expenses	706,795		723,524	
Depreciation and amortization	2,705,666	6,333,386	2,730,600	6,519,835
Total expenses from property leasing activities		6,333,386		6,519,835
C. Operating income from property leasing activities (A–B)		9,862,662	9,945,954	

6 Statements of Changes in Net Assets

(1) Total number of units authorized and total number of units issued and outstanding

(Units)

	As of January 31, 2019	As of July 31, 2019
Total number of units authorized	6,000,000	6,000,000
Total number of units issued and outstanding	1,350,000	1,350,000

III. Notes to Financial Statements

7 Statements of Cash Distributions

(1) Reserve for temporary difference adjustments

For the six months ended January 31, 2019

The interim measures of Article 3 of the Supplementary Provisions to the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015) have been applied and in the statements of cash distributions, the reserve for dividends of 33,552,162,785 yen, which is the remaining portion of the amount subdivided into gains on negative goodwill in previous fiscal periods, has been transferred to the reserve for temporary difference adjustments. It has become necessary to draw down the reserve in equal amounts or more every fiscal period within 50 years, starting from the end of the fiscal period ended January 31, 2017 (13th FP), which was the period following the period in which the transfer to the reserve was made. As such, ADR has drawn down 335,876,914 yen of the reserve during the fiscal period ended January 31, 2019 (17th FP).

For the six months ended July 31, 2019

The interim measures of Article 3 of the Supplementary Provisions to the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015) have been applied and in the statements of cash distributions, the reserve for dividends of 33,552,162,785 yen, which is the remaining portion of the amount subdivided into gains on negative goodwill in previous fiscal periods, has been transferred to the reserve for temporary difference adjustments. It has become necessary to draw down the reserve in equal amounts or more every fiscal period within 50 years, starting from the end of the fiscal period ended January 31, 2017 (13th FP), which was the period following the period in which the transfer to the reserve was made. As such, ADR has drawn down 336,166,367 yen of the reserve during the fiscal period ended July 31, 2019 (18th FP).

8 Statements of Cash Flows

Relationship between the cash and cash equivalents at the end of period in the statements of cash flows and the accounts reported in the balance sheets

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Cash and deposits	14,553,947	14,777,247
Cash and deposits in trust	9,765,681	9,747,503
Time deposits held over three months	(8,000,000)	(7,000,000)
Cash and cash equivalents	16,319,628	17,524,750

9 Leases

(1) Operating leases (as a lessee)

Future lease payments are as follows:

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Due within one year	739,236	740,244
Due after one year	12,038,557	11,683,954
Total	12,777,793	12,424,198

Note that the above information includes estimated amounts for lease payments not finalized as of the end of the reporting period.

(2) Operating leases (as a lessor)

Future lease receivables are as follows:

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Due within one year	3,446,011	2,920,428
Due after one year	5,172,798	5,294,995
Total	8,618,809	8,215,424

III. Notes to Financial Statements

10 Financial Instruments

(1) General information on financial instruments

1) Policy on financial instruments

In order to secure stable earnings and steady growth of assets under management, ADR procures funds through loans, issuance of investment corporation bonds (including short-term investment corporation bonds; the same applies below), issuance of units, and other means of financing for the purpose of purchasing real estate properties and repaying its debts.

ADR conducts derivative transactions solely for the purpose of hedging against the risk of interest rate fluctuations and other risks arising from liabilities.

In addition, ADR, in general, manages surplus funds by investing only in bank deposits, savings, negotiable certificates of deposit, and government bonds for emphasizing sound and stable portfolio management.

2) Description and risks of financial instruments and risk management

Funds through loans and investment corporation bonds are used primarily to finance the acquisition of real estate properties, repay existing loans, or redeem existing investment corporation bonds. ADR is exposed to liquidity risk in that it may not be able to raise funds through alternative financing sources by the repayment date or at the redemption. ADR controls the risk exposures through the preparation of a funding plan on a monthly basis and seeking and procuring funds through various sources, such as securing the level of funds in hand, spreading out the loan repayment and bond redemption dates, diversifying borrowing financial institutions, entering into commitment line agreements, and issuing investment units.

In addition, ADR is exposed to the risk arising from fluctuations in interest rates on its loans and investment corporation bonds with floating interest rates. ADR controls and limits such risk by utilizing derivative transactions (interest rate swap transactions).

ADR is also exposed to the credit risk that the financial institutions with which it has bank deposits, may default. However, ADR limits the effects of such risk by setting certain limits on the term of deposits and the minimum credit rating for the financial institutions in which deposits are placed, and by placing deposits with various financial institutions.

3) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is based on quoted market prices. If a quoted market price is not available, a reasonable estimate of fair value is used. Certain assumptions are applied in the fair value measurements and therefore could result in a different fair value if different assumptions are applied. Furthermore, the contractual amounts of derivative transactions presented in “Derivative Transactions” below do not represent the market risk exposure of those derivative transactions.

(2) Fair values of financial instruments

The book values in the balance sheets, fair values of financial instruments, and unrealized gain (loss) are presented below.

As of January 31, 2019

(Thousands of yen)

	Book value	Fair value	Unrealized gain (loss)
1) Cash and deposits	14,553,947	14,553,947	–
2) Cash and deposits in trust	9,765,681	9,765,681	–
3) Short-term loans payable	1,000,000	1,000,244	(244)
4) Current portion of investment corporation bonds	4,000,000	4,026,800	(26,800)
5) Current portion of long-term loans payable	17,700,000	17,757,339	(57,339)
6) Investment corporation bonds	25,000,000	25,626,293	(626,293)
7) Long-term loans payable	178,218,000	181,398,510	(3,180,510)
8) Derivative transactions (Special treatment for interest rate swaps)	–	(1,535,808)	(1,535,808)
9) Derivative transactions (Basic treatment for interest rate swaps)	18,187	18,187	–

As of July 31, 2019

(Thousands of yen)

	Book value	Fair value	Unrealized gain (loss)
1) Cash and deposits	14,777,247	14,777,247	–
2) Cash and deposits in trust	9,747,503	9,747,503	–
3) Short-term loans payable	2,000,000	1,999,368	631
4) Current portion of investment corporation bonds	4,000,000	4,004,800	(4,800)
5) Current portion of long-term loans payable	20,870,000	20,913,294	(43,294)
6) Investment corporation bonds	33,000,000	33,796,929	(796,929)
7) Long-term loans payable	165,448,000	168,798,366	(3,350,366)
8) Derivative transactions (Special treatment for interest rate swaps)	–	(1,424,498)	(1,424,498)
9) Derivative transactions (Basic treatment for interest rate swaps)	25,100	25,100	–

*1. Methods of determining the fair value of financial instruments

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

These instruments are stated at book values because their book values approximate fair values due to their short maturities.

4) Current portion of investment corporation bonds and 6) Investment corporation bonds

The fair values of these instruments are determined using the reference value announced by the Japan Securities Dealers Association. However, if a reference value is not available, the fair value is deemed to be the present value of future cash flows of principal and interest, discounted at the assumed interest rate for similar borrowings.

3) Short-term loans payable, 5) Current portion of long-term loans payable and 7) Long-term loans payable

The fair values of these financial instruments were determined as the present value of future cash flows of principal and interest, discounted at the assumed interest rate for similar borrowings.

8) Derivative transactions (Special treatment for interest rate swaps) and 9) Derivative transactions (Basic treatment for interest rate swaps)

Please refer to “Derivative Transactions” below for details.

*2. Redemption schedules of monetary claims and securities after balance sheet date.

As of January 31, 2019

(Thousands of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and deposits	14,553,947	–	–	–	–	–
Cash and deposits in trust	9,765,681	–	–	–	–	–
Total	24,319,628	–	–	–	–	–

As of July 31, 2019

(Thousands of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Cash and deposits	14,777,247	–	–	–	–	–
Cash and deposits in trust	9,747,503	–	–	–	–	–
Total	24,524,750	–	–	–	–	–

III. Notes to Financial Statements

*3 Repayment schedules of investment corporation bonds, loans payable, and other interest-bearing loans after balance sheet date.

As of January 31, 2019

(Thousands of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	1,000,000	–	–	–	–	–
Current portion of investment corporation bonds	4,000,000	–	–	–	–	–
Current portion of long-term loans payable	17,700,000	–	–	–	–	–
Investment corporation bonds	–	1,500,000	–	2,000,000	3,000,000	18,500,000
Long-term loans payable	–	25,070,000	27,778,000	21,710,000	15,760,000	87,900,000
Total	22,700,000	26,570,000	27,778,000	23,710,000	18,760,000	106,400,000

As of July 31, 2019

(Thousands of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	2,000,000	–	–	–	–	–
Current portion of investment corporation bonds	4,000,000	–	–	–	–	–
Current portion of long-term loans payable	20,870,000	–	–	–	–	–
Investment corporation bonds	–	1,500,000	–	5,000,000	7,500,000	19,000,000
Long-term loans payable	–	25,218,000	26,020,000	15,310,000	13,300,000	85,600,000
Total	26,870,000	26,718,000	26,020,000	20,310,000	20,800,000	104,600,000

11 Securities

As of January 31, 2019

Not applicable.

As of July 31, 2019

Not applicable.

12 Derivative Transactions

(1) Derivative transactions to which hedge accounting is not applied

As of January 31, 2019

Not applicable.

As of July 31, 2019

Not applicable.

(2) Derivative transactions to which hedge accounting is applied

The contract amounts or equivalent notional principal amounts defined in the contract by the method of hedge accounting as of January 31, 2019 and July 31, 2019 are as follows:

As of January 31, 2019

(Thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount (*1)		Fair value (*2)
				Contract amount due after one year	
Special accounting treatment for interest rate swaps	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	98,858,000	82,058,000	(1,535,808) (*3)
Basic accounting method	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	2,000,000	2,000,000	(18,187)

As of July 31, 2019

(Thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount (*1)		Fair value (*2)
				Contract amount due after one year	
Special accounting treatment for interest rate swaps	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	87,158,000	72,188,000	(1,424,498) (*3)
Basic accounting method	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	2,000,000	2,000,000	(25,100)

*1. The contract amount is based on the notional principal.

*2. Fair value is based on the estimation made by the interest rate swap counterparty using the prevailing interest rate.

*3. Special accounting treatment is applied to the interest rate swaps in accordance with the "Accounting Standard for Financial Instruments" (issued by the Accounting Standards Board of Japan (ASBJ) on March 10, 2008; ASBJ Statement No. 10) and therefore, interest rate swaps are not stated at fair value in the balance sheets.

III. Notes to Financial Statements

13 Profits or Losses from Investments Accounted for Using the Equity Method

For the six months ended January 31, 2019

Not applicable as ADR does not have any affiliated companies.

For the six months ended July 31, 2019

Not applicable as ADR does not have any affiliated companies.

14 Transactions with Related Parties

(1) Parent company and major corporate unitholders

As of and for the six months ended January 31, 2019

Not applicable.

As of and for the six months ended July 31, 2019

Not applicable.

(2) Affiliated companies

As of and for the six months ended January 31, 2019

Not applicable.

As of and for the six months ended July 31, 2019

Not applicable.

(3) Fellow subsidiaries

As of and for the six months ended January 31, 2019

Not applicable.

As of and for the six months ended July 31, 2019

Not applicable.

(4) Directors and major individual unitholders

As of and for the six months ended January 31, 2019

Type of related party	Name of related party	Location	Capital stock or amount invested in capital (Thousands of yen)	Business description or occupation	Percentage of voting rights held	Relationships with related parties	Nature of transactions		Transaction amount (Thousands of yen)	Account name	Period-end balance (Thousands of yen)
Directors and their immediate family members	Kenji Kousaka	—	—	Executive Director of ADR and the President of ADIM	—	Asset management company	Payment of asset management fees to ADIM (*1)	Management fee 1	456,568 (*2)	Accounts payable – other	493,093 (*3)
								Management fee 2	377,049 (*2)	Accounts payable – other	407,213 (*3)
								Management fee 3	362,926 (*2)	Accounts payable – other	391,960 (*3)
								Acquisition fee	4,536 (*3) (*4)	—	—

As of and for the six months ended July 31, 2019

Type of related party	Name of related party	Location	Capital stock or amount invested in capital (Thousands of yen)	Business description or occupation	Percentage of voting rights held	Relationships with related parties	Nature of transactions		Transaction amount (Thousands of yen)	Account name	Period-end balance (Thousands of yen)
Directors and their immediate family members	Takeshi Takano	—	—	Executive Director of ADR and the President of ADIM	—	Asset management company	Payment of asset management fees to ADIM (*5)	Management fee 1	448,768 (*2)	Accounts payable – other	484,669 (*3)
								Management fee 2	380,296 (*2)	Accounts payable – other	410,720 (*3)
								Management fee 3	366,546 (*2)	Accounts payable – other	395,870 (*3)
								Acquisition fee	6,988 (*3) (*4)	—	—

Terms and conditions of transactions and policy on determining the terms and conditions

*1. ADR Executive Director Kenji Kousaka executed the transactions acting as a representative of a third party (ADIM) and respective amounts of remuneration in the form of asset management fees are determined in accordance with the terms set forth in ADR's Articles of Incorporation.

*2. The transaction amount does not include consumption taxes.

*3. The transaction amount includes consumption taxes.

*4. The transaction amount is included in the acquisition cost of the relevant real estate properties.

*5. ADR Executive Director Takeshi Takano executed the transactions acting as a representative of a third party (ADIM) and respective amounts of remuneration in the form of asset management fees are determined in accordance with the terms set forth in ADR's Articles of Incorporation. On June 14, 2019, Takeshi Takano replaced Kenji Kousaka as the Executive Director of ADR.

15 Tax Effect Accounting

(1) The breakdown of deferred tax assets and liabilities by major item are as follows:

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Deferred tax assets		
Excess provision of allowance for doubtful accounts	2,039	2,500
Valuation difference on assets acquired through merger	9,749,656	9,627,754
Tax loss carryforwards*	1,371,552	127,693
Other	131,274	141,567
Deferred tax assets, subtotal	11,254,522	9,899,517
Less valuation allowance associated with tax loss carryforwards	(1,371,552)	(127,693)
Less valuation allowance associated with total of deductible temporary differences, etc.	(9,882,969)	(9,771,823)
Less valuation allowance, subtotal	(11,254,522)	(9,899,517)
Total deferred tax assets	-	-
Net deferred tax asset	-	-

III. Notes to Financial Statements

* Amounts stated on the basis of maximum carryforward periods of tax loss carryforwards and deferred tax assets.

As of January 31, 2019

(Thousands of yen)

	One year or less	One year through two years	Two years through three years	Three years through four years	Four years through five years	After five years	Total
Tax loss carryforwards (a)	1,243,330	128,222	—	—	—	—	1,371,552
Less valuation allowance	(1,243,330)	(128,222)	—	—	—	—	(1,371,552)
Deferred tax assets	—	—	—	—	—	—	—

(a) The tax loss carryforward is calculated based on the statutory effective tax rate.

As of July 31, 2019

(Thousands of yen)

	One year or less	One year through two years	Two years through three years	Three years through four years	Four years through five years	After five years	Total
Tax loss carryforwards (a)	127,693	—	—	—	—	—	127,693
Less valuation allowance	(127,693)	—	—	—	—	—	(127,693)
Deferred tax assets	—	—	—	—	—	—	—

(a) The tax loss carryforward is calculated based on the statutory effective tax rate.

(2) Reconciliation between the statutory tax rates and the effective tax rates after the application of tax effect accounting

(Unit: %)

	As of January 31, 2019	As of July 31, 2019
Statutory tax rate	31.51	31.51
(Adjustments)		
Increase (decrease) in valuation allowance	(1.03)	(1.57)
Increase (decrease) from tax rate changes	—	0.56
Deductible dividends	(30.48)	(30.51)
Other	0.01	0.01
Effective tax rate after the application of tax effect accounting	0.01	0.01

16 Retirement Benefits

As of and for the six months ended January 31, 2019

Not applicable because ADR does not have retirement benefit plans.

As of and for the six months ended July 31, 2019

Not applicable because ADR does not have retirement benefit plans.

17 Asset Retirement Obligations

As of and for the six months ended January 31, 2019
Not applicable.

As of and for the six months ended July 31, 2019
Not applicable.

18 Segment Information

(1) Segment information

Disclosure is omitted because ADR's business comprises a single reportable segment engaged in the property leasing business.

(2) Related information

As of and for the six months ended January 31, 2019

1) Information about products and services

Disclosure is omitted because operating revenues attributable to external customers for products and services of the single segment exceed 90% of the total operating revenue reported in the statements of income.

2) Information about geographic areas

A. Operating revenues

Disclosure is omitted because operating revenues attributable to external customers in Japan exceed 90% of the total operating revenue reported in the statements of income.

B. Property, plant and equipment

Disclosure is omitted because property, plant and equipment located in Japan exceeds 90% of the total property, plant and equipment reported in the balance sheets.

3) Information about major customers

Disclosure is omitted because operating revenues attributable to a single external customer account for less than 10% of the total operating revenue reported in the statements of income.

As of and for the six months ended July 31, 2019

1) Information about products and services

Disclosure is omitted because operating revenues attributable to external customers for products and services of the single segment exceed 90% of the total operating revenue reported in the statements of income.

2) Information about geographic areas

A. Operating revenues

Disclosure is omitted because operating revenues attributable to external customers in Japan exceed 90% of the total operating revenue reported in the statements of income.

B. Property, plant and equipment

Disclosure is omitted because property, plant and equipment located in Japan exceeds 90% of the total property, plant and equipment reported in the balance sheets.

3) Information about major customers

Disclosure is omitted because operating revenues attributable to a single external customer account for less than 10% of the total operating revenue reported in the statements of income.

III. Notes to Financial Statements

19 Value of Rental Properties

ADR owns rental residential properties in Tokyo and other prefectures. The following are the book value, changes during the period, and fair value of these properties:

(Thousands of yen)

		As of January 31, 2019	As of July 31, 2019
Book value			
(*1)	Balance at the beginning of period	426,263,604	425,124,751
	Changes during the period (*2)	(1,138,853)	(1,181,273)
	Balance at the end of period	425,124,751	423,943,477
Fair value at the end of period (*3)		561,561,000	577,054,000

*1. The book value is the cost of acquisition less accumulated depreciation.

*2. Of the changes in the value of rental properties during the period, the main element of increase in the previous period was the acquisition of real estate beneficiary interests in trust for one property (453,545 thousand yen), and the decrease is mainly a result of posting depreciation. The main element of increase in the current period was the acquisition of one real estate property (697,363 thousand yen) and the decrease is mainly a result of posting depreciation.

*3. The fair value at the end of the current period is the appraisal or assessment value provided by an external real estate appraiser. The fair value with respect to RESIDIA Higashi-Ginza is the scheduled disposition price.

Please refer to the Note 5 “Statements of Income” for details on operating income from rental property.

20 Per Unit Information

(Yen)

	As of and for the six months ended January 31, 2019	As of and for the six months ended July 31, 2019
Net assets per unit	163,014	162,842
Net income per unit	5,173	5,254

*1. Net income per unit is computed by dividing net income by the day-weighted average number of units issued and outstanding for the period. Diluted net income per unit is not disclosed as there are no diluted investment units.

*2. The basis for the computation of net income per unit is as follows:

	For the six months ended January 31, 2019	For the six months ended July 31, 2019
Net income (thousands of yen)	6,983,823	7,094,233
Amount not attributable to common unitholders (thousands of yen)	—	—
Net income attributable to common unit (thousands of yen)	6,983,823	7,094,233
Average number of units during the period (units)	1,350,000	1,350,000

21 Significant Subsequent Event

For the six months ended July 31, 2019

1. Acquisition of assets and agreements concluded on the acquisition of assets

Following the basic policies prescribed in its Articles of Incorporation, ADR acquired the following assets.

(1) RESIDIA Ichigaya II

Type of asset:	Real estate beneficiary interests in trust
Acquisition price:	1,915 million yen
Acquisition date:	September 26, 2019
Location:	2-5 Ichigaya-sadohara, Shinjuku-ku, Tokyo
Area:	600.09 m ² in land and 2,358.12 m ² in buildings
Structure:	Reinforced concrete structure with flat roof and 14 floors
Construction completion date:	September 2007

(2) RESIDIA Ichigaya-Sadohara

Type of asset:	Real estate beneficiary interests in trust
Acquisition price:	4,085 million yen
Acquisition date:	September 26, 2019
Location:	3-19 Ichigaya-sadohara, Shinjuku-ku, Tokyo
Area:	1,457.21m ² in land and 7,303.76m ² in buildings
Structure:	Reinforced concrete structure with flat roof and 5 floors/1 basement floor
Construction completion date:	February 2008

Note: The acquisition price does not include the settlement amount equivalent to the liable amount of property taxes, urban planning taxes and depreciable asset taxes or consumption taxes and local consumption taxes.

Following the basic policies prescribed in its Articles of Incorporation, ADR concluded agreements on the acquisition of the following assets:

(1) RESIDIA Nishikoyama

Type of asset:	Real estate beneficiary interests in trust
Acquisition price:	1,671 million yen
Date of conclusion of agreement:	September 10, 2019
Scheduled date of acquisition:	November 1, 2019
Location:	1-22-3 Haramachi, Meguro-ku, Tokyo
Area:	1,013.48 m ² in land ^(Note 3) and 2,514.87 m ² in buildings
Structure:	Reinforced concrete structure with flat roof and 4 floors
Construction completion date:	January 2018

(2) RESIDIA Minami Shinagawa II

Type of asset:	Real estate
Acquisition price:	2,120 million yen
Date of conclusion of agreement:	September 10, 2019
Scheduled date of acquisition:	March 23, 2020 or another day as is agreed upon with the seller (however, before April 22, 2020.)
Location:	2-15-10 Minami-shinagawa, Shinagawa-ku, Tokyo
Area:	743.91 m ² in land ^(Note 4) and 2,549.22 m ² in buildings
Structure:	Reinforced concrete structure with flat roof and 8 floors
Construction completion date:	October 2015

(3) RESIDIA Kagurazaka II

Type of asset:	Real estate
Acquisition price:	1,110 million yen
Date of conclusion of agreement:	September 10, 2019
Scheduled date of acquisition:	March 23, 2020 or another day as is agreed upon with the seller (however, before April 22, 2020.)
Location:	8-9 Shinogawamachi, Shinjuku-ku, Tokyo
Area:	396.69 m ² in land ^(Note 5) and 1,091.12 m ² in buildings
Structure:	Reinforced concrete structure with flat roof and 5 floors
Construction completion date:	August 2016

III. Notes to Financial Statements

(4) RESIDIA Ikegami II

Type of asset:	Real estate beneficiary interests in trust
Acquisition price:	1,074 million yen
Date of conclusion of agreement:	September 10, 2019
Scheduled date of acquisition:	November 11, 2019
Location:	5-4-2 Ikegami, Ota-ku, Tokyo
Area:	436.36 m ² in land and 1,534.90 m ² in buildings
Structure:	Reinforced concrete structure with flat roof and 9 floors
Construction completion date:	September 2016

(5) RESIDIA Sasazuka III

Type of asset:	Real estate
Acquisition price:	1,361 million yen
Date of conclusion of agreement:	September 10, 2019
Scheduled date of acquisition:	March 23, 2020 or another day as is agreed upon with the seller (however, before April 22, 2020)
Location:	1-1-6 Honan, Suginami-ku, Tokyo
Area:	280.59 m ² in land and 1,670.21 m ² in buildings
Structure:	Reinforced concrete structure with flat roof and 13 floors
Construction completion date:	February 2019

(6) RESIDIA Tsutsujigaoka-koen

Type of asset:	Real estate beneficiary interests in trust
Acquisition price:	740 million yen
Date of conclusion of agreement:	August 29, 2019
Scheduled date of acquisition:	December 19, 2019 or another day as is agreed upon with the seller (however, before December 27, 2019)
Location:	144 Minaminome, Harano-machi, Sendai-shi, Miyagi
Area:	610.96 m ² in land and 2,302.34 m ² in buildings
Structure:	Reinforced concrete structure with flat roof and 10 floors
Construction completion date:	February 2006

(7) RESIDIA Sendai-Kamisugi

Type of asset:	Real estate
Acquisition price:	1,409 million yen
Date of conclusion of agreement:	September 10, 2019
Scheduled date of acquisition:	March 23, 2020 or another day as is agreed upon with the seller (however, before April 22, 2020)
Location:	3-3-28 Kamisugi, Aoba-ku, Sendai-shi, Miyagi
Area:	638.13 m ² in land and 2,597.53 m ² in buildings
Structure:	Reinforced concrete structure with flat roof and 14 floors
Construction completion date:	March 2019

- Notes: 1. The acquisition price does not include the settlement amount equivalent to the liable amount of property taxes, urban planning taxes and depreciable asset taxes or consumption taxes and local consumption taxes.
2. In the event that a transaction agreement for such property is canceled for reasons attributable to ADR (as the buyer) then ADR must make payment to the seller of a cancellation penalty amounting to 20% of the transaction price.
3. The area does not include the area corresponding to co-ownership interests in the private road portion. The area includes a portion of private road burden amounting to approximately 17.39 m².
4. The area includes a setback portion of approximately 14.31m² and a sidewalk area of approximately 42.68 m².
5. The area does not include the area corresponding to co-ownership interests in the private road portion.

2. Disposition of asset

Following the basic policies prescribed in its Articles of Incorporation, ADR disposed the following asset.

RESIDIA Higashi-Ginza

Type of asset:	Real estate beneficiary interests in trust
Disposition price:	5,740 million yen
Disposition date:	September 26, 2019

Note: The disposition price does not include the amount required to settle property taxes, urban planning taxes and depreciable asset taxes or consumption taxes and local consumption taxes.

3. Issuance of new investment units

At its meeting held on September 10, 2019, the Board of Directors resolved to issue new investment units for the purpose of acquiring real estate (specified assets) and repaying loans. With regard to the public offering for the issuance of new investment units, the payment completed on September 26, 2019 and the payment for issuance of new investment units by third-party allotment ended on October 21, 2019.

Accordingly, the total unitholders' capital is 139,034,823,304 yen and the total number of investment units issued is 1,385,000.

[Issuance of new investment units by public offering]

Number of new investment units issued:	33,000
Issuance price:	334,425 yen per unit
Total value of issue:	11,036,025,000 yen
Issuance price (underwriting price):	324,135 yen per unit
Total value of issue:	10,696,455,000 yen
Payment date:	September 26, 2019

[Issuance of new investment units by third-party allotment]

Number of new investment units issued:	2,000 units
Issuance price:	324,135 yen per unit
Total value of issue:	648,270,000 yen
Application period (application date):	October 18, 2019
Payment date:	October 21, 2019
Allottees:	Mizuho Securities Co., Ltd.

22 Schedule of Securities

Not applicable.

23 Table of Summary of Contract Amounts and Fair Values of Derivative Transactions and Forward Foreign Exchange Contracts

(Thousands of yen)

Category	Type	Contract amount (*1)		Fair value (*2 and *3)
			Contract amount due after one year	
Transactions other than market transactions	Interest rate swaps (fixed rate payment, floating rate receipt)	89,158,000	74,188,000	(1,449,598)
Total		89,158,000	74,188,000	(1,449,598)

*1. The contract amount is based on the notional principal.

*2. The fair value is based on the estimation made by the interest rate swap counterparty using the prevailing interest rate.

*3. For the fair value amount of negative 1,424,498 thousand yen, special accounting treatment is applied to the interest rate swaps in accordance with the "Accounting Standard for Financial Instruments" (issued by the Accounting Standards Board of Japan (ASBJ) on March 10, 2008; ASBJ Statement No. 10) and therefore, interest rate swaps are not stated at fair value in the balance sheets.

III. Notes to Financial Statements

24 Summary of Real Estate

As of and for the six months ended July 31, 2019

(Thousands of yen)

		Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Accumulated depreciation or accumulated amortization	Depreciation for the period	Book value at the end of period	Notes
Property, plant and equipment	Buildings	76,197,893	488,455	–	76,686,348	14,692,904	851,196	61,993,443	*1
	Structures	23,973	2,088	–	26,061	8,711	807	17,350	–
	Machinery and equipment	92,420	8,922	–	101,343	27,866	4,225	73,476	–
	Tools, furniture and fixtures	339,929	42,980	–	382,910	180,351	20,607	202,558	–
	Land	74,407,327	511,043	–	74,918,371	–	–	74,918,371	*1
	Construction in progress	85,671	1,863	85,671	1,863	–	–	1,863	–
	Buildings in trust	155,149,771	591,924	–	155,741,696	29,012,507	1,767,027	126,729,188	–
	Structures in trust	194,208	1,475	–	195,683	112,350	4,614	83,332	–
	Machinery and equipment in trust	185,984	11,257	–	197,242	119,749	7,110	77,493	–
	Tools, furniture and fixtures in trust	884,895	35,788	–	920,684	598,044	40,574	322,639	–
	Land in trust	157,508,159	–	–	157,508,159	–	–	157,508,159	–
	Construction in progress in trust	170,322	109,521	170,322	109,521	–	–	109,521	–
Subtotal		465,240,557	1,805,321	255,993	466,789,885	44,752,486	2,696,163	422,037,398	
Intangible assets	Leasehold rights in trust	2,356,072	–	–	2,356,072	449,993	34,437	1,906,079	–
	Other	19,506	5,400	–	24,906	19,779	287	5,127	–
Subtotal		2,375,579	5,400	–	2,380,979	469,772	34,725	1,911,207	
Total		467,616,137	1,810,721	255,993	469,170,864	45,222,258	2,730,888	423,948,605	

*1. The increase in property, plant and equipment for the six months ended July 31, 2019, primarily represents the acquisition of the property listed below.
RESIDIA Shin-Osaka II

25 Schedule of Other Specified Assets

Not applicable.

26 Schedule of Investment Corporation Bonds

As of and for the six months ended July 31, 2019

(Thousands of yen)

Series (*1)	Issue date	Balance at the beginning of period	Decrease during the period	Balance at the end of period	Interest rate (%)	Redemption date	Use	Collateral
ADR Bond #18 (Unsecured)	Sep. 12, 2012	4,000,000	–	4,000,000	1.230	Sep. 12, 2019	(*3)	Unsecured
ADR Bond #19 (Unsecured)	Apr. 25, 2013	3,000,000	–	3,000,000	1.320	Apr. 25, 2023	(*2)	Unsecured
ADR Bond #20 (Unsecured)	Nov. 14, 2013	2,000,000	–	2,000,000	1.410	Nov. 14, 2025	(*2)	Unsecured
ADR Bond #21 (Unsecured)	Apr. 28, 2014	2,500,000	–	2,500,000	1.040	Apr. 26, 2024	(*2)	Unsecured
ADR Bond #22 (Unsecured)	Apr. 23, 2015	2,000,000	–	2,000,000	0.726	Apr. 23, 2025	(*3)	Unsecured
ADR Bond #23 (Unsecured)	Oct. 21, 2015	1,500,000	–	1,500,000	0.326	Oct. 21, 2020	(*2)	Unsecured
ADR Bond #24 (Unsecured)	Oct. 21, 2015	1,500,000	–	1,500,000	0.846	Oct. 21, 2025	(*2)	Unsecured
ADR Bond #25 (Unsecured)	Jun. 21, 2016	3,000,000	–	3,000,000	0.900	Jun. 20, 2031	(*2)	Unsecured
ADR Bond #26 (Unsecured)	Feb. 17, 2017	2,000,000	–	2,000,000	0.180	Aug. 17, 2022	(*2)	Unsecured
ADR Bond #27 (Unsecured)	Jul. 18, 2017	3,000,000	–	3,000,000	0.500	Jul. 16, 2027	(*2)	Unsecured
ADR Bond #28 (Unsecured)	Nov. 24, 2017	1,000,000	–	1,000,000	0.5663	Nov. 24, 2027	(*2)	Unsecured
ADR Bond #29 (Unsecured)	Apr. 24, 2018	1,500,000	–	1,500,000	0.690	Apr. 24, 2030	(*2)	Unsecured
ADR Bond #30 (Unsecured)	Oct. 19, 2018	2,000,000	–	2,000,000	0.704	Oct. 19, 2028	(*2)	Unsecured
ADR Bond #31 (Unsecured)	Jul. 24, 2019	–	–	5,000,000	0.220	Jul. 24, 2024	(*2)	Unsecured
ADR Bond #32 (Unsecured)	Jul. 25, 2019	–	–	3,000,000	0.3485	Jul. 25, 2029	(*2)	Unsecured
Total	–	29,000,000	–	37,000,000	–	–	–	–

*1. The bonds have a pari passu clause among specified investment corporation bonds.

*2. The funds are used for repayments of existing loans.

*3. The funds are used for redemption of existing investment corporation bonds.

*4. Redemption schedules of investment corporation bonds after the balance sheet date for the next five years are as follows:

(Thousands of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Investment corporation bond	4,000,000	1,500,000	–	5,000,000	7,500,000

III. Notes to Financial Statements

27 Schedule of Loans

As of and for the six months ended July 31, 2019

(Thousands of yen)

Short-term loans payable	Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
	Lenders								
	Sumitomo Mitsui Trust Bank Limited	1,000,000	–	–	1,000,000	0.17%	Sep. 30, 2019	(*5)	Unsecured Unguaranteed
MUFG Bank, Ltd.	–	1,000,000	–	1,000,000	0.17%	Jan. 31, 2020	(*5)		
Total		1,000,000	1,000,000	–	2,000,000				
Current portion of long-term loans payable	MUFG Bank, Ltd.	1,200,000	–	1,200,000	–	–	Jun. 28, 2019	(*5)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank Limited	800,000	–	800,000	–				
	Aozora Bank, Ltd.	700,000	–	700,000	–				
	MUFG Bank, Ltd.	450,000	–	–	450,000	1.16%	Sep. 30, 2019	(*6)	
	Sumitomo Mitsui Trust Bank Limited	450,000	–	–	450,000	1.16%	Sep. 30, 2019	(*6)	
	MUFG Bank, Ltd.	1,000,000	–	–	1,000,000	1.03% (*2)	Nov. 29, 2019	(*6)	
	Sumitomo Mitsui Banking Corporation	1,200,000	–	–	1,200,000	0.95% (*2)	Nov. 29, 2019	(*6)	
	Mizuho Bank, Ltd.	1,200,000	–	–	1,200,000				
	MUFG Bank, Ltd.	4,502,000	–	4,502,000	–	–	Jul. 25, 2019	(*5)	
	Sumitomo Mitsui Trust Bank Limited	3,595,000	–	3,595,000	–				
	Aozora Bank, Ltd.	903,000	–	903,000	–				
	MUFG Bank, Ltd.	–	1,200,000	–	1,200,000	0.81%	Mar. 24, 2020	(*3)	
	Sumitomo Mitsui Trust Bank Limited	–	1,200,000	–	1,200,000	0.82%	Mar. 24, 2020	(*3)	
	MUFG Bank, Ltd.	–	1,300,000	–	1,300,000	0.81%	Mar. 24, 2020	(*5)	
	Sumitomo Mitsui Trust Bank Limited	–	1,300,000	–	1,300,000	0.82%	Mar. 24, 2020	(*5)	
	Sumitomo Mitsui Trust Bank Limited	–	920,000	–	920,000	0.88% (*2)	Mar. 24, 2020	(*5)	
	Aozora Bank, Ltd.	–	1,830,000	–	1,830,000				
	Resona Bank, Limited	–	1,370,000	–	1,370,000				
	The Nishi-Nippon City Bank, Ltd.	500,000	–	–	500,000	0.92% (*2)	Sep. 30, 2019	(*3)	
	The Yamaguchi Bank, Ltd.	–	500,000	–	500,000	0.93% (*2)	Jun. 18, 2020	(*3)	
	The Yamaguchi Bank, Ltd.	500,000	–	–	500,000	0.85% (*2)	Dec. 18, 2019	(*3)	
	Mizuho Bank, Ltd.	–	2,900,000	–	2,900,000	0.74% (*2)	Feb. 14, 2020	(*5)	
	Mizuho Trust & Banking Co., Ltd.	–	2,350,000	–	2,350,000				
	Aozora Bank, Ltd.	700,000	–	–	700,000	0.42% (*2)	Oct. 31, 2019	(*5)	
	Total		17,700,000	14,870,000	11,700,000	20,870,000			

Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
Development Bank of Japan Inc.	2,200,000	—	—	2,200,000	1.23%	Nov. 29, 2020	(*5)	Unsecured Unguaranteed
Development Bank of Japan Inc.	2,200,000	—	—	2,200,000	1.40%	Nov. 29, 2021	(*5)	
MUFG Bank, Ltd.	1,200,000	—	1,200,000	—	—	Mar. 24, 2020	(*3)	
Sumitomo Mitsui Trust Bank Limited	1,200,000	—	1,200,000	—	—	Mar. 24, 2020	(*3)	
MUFG Bank, Ltd.	1,300,000	—	1,300,000	—	—	Mar. 24, 2020	(*5)	
Sumitomo Mitsui Trust Bank Limited	1,300,000	—	1,300,000	—	—	Mar. 24, 2020	(*5)	
Development Bank of Japan Inc.	1,150,000	—	—	1,150,000	1.08%	Mar. 24, 2021	(*4)	
Sumitomo Mitsui Trust Bank Limited	920,000	—	920,000	—	—	Mar. 24, 2020	(*5)	
Aozora Bank, Ltd.	1,830,000	—	1,830,000	—				
Resona Bank, Limited	1,370,000	—	1,370,000	—				
MUFG Bank, Ltd.	2,000,000	—	—	2,000,000	1.25% (*2)	Oct. 29, 2021	(*5)	
Sumitomo Mitsui Trust Bank Limited	2,600,000	—	—	2,600,000				
Sumitomo Mitsui Banking Corporation	1,500,000	—	—	1,500,000				
Mizuho Bank, Ltd.	2,160,000	—	—	2,160,000	1.63% (*2)	Dec. 22, 2021	(*5)	
Aozora Bank, Ltd.	1,379,000	—	—	1,379,000	1.54% (*2)	Jun. 25, 2021	(*5)	
Resona Bank, Limited	919,000	—	—	919,000				
Mizuho Trust & Banking Co., Ltd.	1,000,000	—	—	1,000,000	1.07% (*2)	Sep. 30, 2020	(*3)	
The Norinchukin Bank	1,000,000	—	—	1,000,000				
Sumitomo Mitsui Trust Bank Limited	2,600,000	—	—	2,600,000	1.47% (*2)	Nov. 15, 2023	(*5)	
Sumitomo Mitsui Banking Corporation	3,550,000	—	—	3,550,000	1.37% (*2)	Nov. 15, 2022	(*5)	
Aozora Bank, Ltd.	1,800,000	—	—	1,800,000	1.16% (*2)	Nov. 26, 2021	(*3)	
Shinsei Bank, Limited	1,000,000	—	—	1,000,000	1.32% (*2)	Jun. 17, 2022	(*3)	
Shinsei Bank, Limited	700,000	—	—	700,000	1.10% (*2)	Jun. 18, 2021	(*3)	
The Yamaguchi Bank, Ltd.	500,000	—	500,000	—	—	Jun. 18, 2020	(*3)	
MUFG Bank, Ltd.	500,000	—	—	500,000	1.59% (*2)	Feb. 14, 2025	(*5)	
MUFG Bank, Ltd.	500,000	—	—	500,000	1.44% (*2)	Feb. 16, 2024	(*5)	
Sumitomo Mitsui Trust Bank Limited	500,000	—	—	500,000				
MUFG Bank, Ltd.	455,000	—	—	455,000	1.28% (*2)	Feb. 16, 2023	(*5)	
Sumitomo Mitsui Trust Bank Limited	455,000	—	—	455,000				
Sumitomo Mitsui Banking Corporation	1,120,000	—	—	1,120,000				
Mizuho Bank, Ltd.	1,630,000	—	—	1,630,000	1.08% (*2)	Feb. 16, 2022	(*5)	
MUFG Bank, Ltd.	1,200,000	—	—	1,200,000				
Sumitomo Mitsui Trust Bank Limited	2,100,000	—	—	2,100,000				
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	0.89% (*2)	Feb. 16, 2021	(*5)	
Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000				
Mizuho Bank, Ltd.	2,900,000	—	—	2,900,000				
Mizuho Trust & Banking Co., Ltd.	1,500,000	—	—	1,500,000	—	Feb. 14, 2020	(*5)	
MUFG Bank, Ltd.	270,000	—	—	270,000				
Mizuho Bank, Ltd.	2,900,000	—	2,900,000	—				
Mizuho Trust & Banking Co., Ltd.	2,350,000	—	2,350,000	—	0.58% (*2)	Jan. 29, 2021	(*3)	
Aozora Bank, Ltd.	900,000	—	—	900,000				
The Nishi-Nippon City Bank, Ltd.	400,000	—	—	400,000				

Long-term loans payable

III. Notes to Financial Statements

Long-term loans payable

Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
Lenders								
MUFG Bank, Ltd.	707,000	-	-	707,000	0.82% (*2)	Jul. 29, 2022	(*3)	Unsecured Unguaranteed
Sumitomo Mitsui Trust Bank Limited	393,000	-	-	393,000				
The Nishi-Nippon City Bank, Ltd.	400,000	-	-	400,000				
Development Bank of Japan Inc.	1,500,000	-	-	1,500,000	1.02% (*2)	Sep. 29, 2023	(*5)	
Development Bank of Japan Inc.	1,850,000	-	-	1,850,000	1.18% (*2)	Sep. 30, 2024	(*5)	
Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.85% (*2)	Oct. 31, 2022	(*5)	
Aozora Bank, Ltd.	700,000	-	-	700,000	0.76% (*2)	Apr. 28, 2022	(*5)	
Resona Bank, Limited	500,000	-	-	500,000	0.57% (*2)	Jan. 29, 2021	(*5)	
The Bank of Fukuoka, Ltd.	500,000	-	-	500,000				
MUFG Bank, Ltd.	600,000	-	-	600,000	0.63% (*2)	Jun. 30, 2021	(*5)	
Resona Bank, Limited	500,000	-	-	500,000				
The Bank of Fukuoka, Ltd.	500,000	-	-	500,000				
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.89% (*2)	Jan. 31, 2023	(*5)	
Aozora Bank, Ltd.	700,000	-	-	700,000				
Resona Bank, Limited	1,000,000	-	-	1,000,000				
Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000	1.05% (*2)	Mar. 19, 2025	(*3)	
The Yamaguchi Bank, Ltd.	500,000	-	-	500,000	1.00% (*2)	Apr. 14, 2025	(*3)	
Nippon Life Insurance Company	1,000,000	-	-	1,000,000	1.00% (*2)	Apr. 14, 2025	(*3)	
Mizuho Trust & Banking Co., Ltd.	1,400,000	-	-	1,400,000	0.88% (*2)	Apr. 12, 2024	(*3)	
Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000	0.75% (*2)	Apr. 14, 2023	(*3)	
The Norinchukin Bank	1,500,000	-	-	1,500,000				
The Yamaguchi Bank, Ltd.	500,000	-	-	500,000	0.73% (*2)	Apr. 14, 2023	(*3)	
Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000	0.69% (*2)	Oct. 14, 2022	(*3)	
Kiraboshi Bank, Ltd.	500,000	-	-	500,000	0.62% (*2)	Apr. 14, 2022	(*3)	
The Iyo Bank, Ltd.	700,000	-	-	700,000				
The 77 Bank, Ltd.	500,000	-	-	500,000				
The Norinchukin Bank	1,000,000	-	-	1,000,000	0.50% (*2)	Apr. 14, 2021	(*3)	
The Gunma Bank, Ltd.	1,000,000	-	-	1,000,000	0.63% (*2)	May 27, 2022	(*5)	
Development Bank of Japan Inc.	2,300,000	-	-	2,300,000	1.04% (*2)	Jun. 25, 2025	(*5)	
Resona Bank, Limited	1,000,000	-	-	1,000,000	0.73% (*2)	Aug. 31, 2023	(*5)	
The Nishi-Nippon City Bank, Ltd.	800,000	-	-	800,000				
MUFG Bank, Ltd.	400,000	-	-	400,000	0.92%	Aug. 29, 2025	(*3)	
Sumitomo Mitsui Trust Bank Limited	400,000	-	-	400,000	0.85% (*2)	Aug. 29, 2025	(*3)	
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.84% (*2)	Dec. 18, 2025	(*5)	
The Norinchukin Bank	1,000,000	-	-	1,000,000	0.61% (*2)	Dec. 18, 2023	(*5)	
The Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000				
MUFG Bank, Ltd.	990,000	-	-	990,000	0.55%	Feb. 28, 2026	(*5)	
Sumitomo Mitsui Trust Bank Limited	990,000	-	-	990,000	0.66%	Jan. 31, 2027	(*5)	
Mizuho Bank, Ltd.	1,080,000	-	-	1,080,000				

	Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
	Lenders								
Long-term loans payable	MUFG Bank, Ltd.	2,500,000	—	—	2,500,000	0.57%	Jan. 31, 2026	(*5)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank Limited	1,000,000	—	—	1,000,000	0.77% (*2)	Mar. 24, 2028	(*3)	
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.54%	Mar. 24, 2026	(*3)	
	Mizuho Bank, Ltd.	900,000	—	—	900,000	0.63%	Jan. 31, 2027	(*3)	
	Mizuho Trust & Banking Co., Ltd.	750,000	—	—	750,000				
	Resona Bank, Limited	900,000	—	—	900,000	0.52%	Jan. 31, 2026	(*3)	
	MUFG Bank, Ltd.	1,150,000	—	—	1,150,000	0.45%	Jan. 31, 2025	(*3)	
	Sumitomo Mitsui Trust Bank Limited	500,000	—	—	500,000	0.75% (*2)	Mar. 24, 2028	(*3)	
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.51%	Mar. 24, 2026	(*3)	
	Mizuho Bank, Ltd.	400,000	—	—	400,000	0.63%	Jan. 31, 2027	(*3)	
	The Yamaguchi Bank, Ltd.	500,000	—	—	500,000	0.36%	Jul. 29, 2026	(*5)	
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.36%	Jul. 29, 2026	(*5)	
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.26%	Jul. 29, 2025	(*5)	
	The Iyo Bank, Ltd.	300,000	—	—	300,000	0.20%	Jul. 29, 2024	(*5)	
	The Chugoku Bank, Ltd.	500,000	—	—	500,000	0.20%	Jul. 29, 2024	(*5)	
	Bank of Kyoto, Ltd.	500,000	—	—	500,000	0.20%	Jul. 29, 2024	(*5)	
	The Norinchukin Bank	1,500,000	—	—	1,500,000	0.45%	Nov. 28, 2025	(*5)	
	The Norinchukin Bank	1,000,000	—	—	1,000,000	0.38%	Nov. 29, 2024	(*5)	
	Taiyo Life Insurance Company	1,500,000	—	—	1,500,000	0.24%	Nov. 29, 2024	(*5)	
	Mitsui Sumitomo Insurance Co., Ltd.	1,000,000	—	—	1,000,000	0.32%	Nov. 30, 2023	(*5)	
	MUFG Bank, Ltd.	1,250,000	—	—	1,250,000	0.41%	Jan. 29, 2027	(*5)	
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.58%	Jan. 29, 2027	(*5)	
	Sumitomo Mitsui Trust Bank Limited	1,000,000	—	—	1,000,000	0.63%	Jan. 29, 2027	(*5)	
	Sumitomo Mitsui Trust Bank Limited	1,250,000	—	—	1,250,000	0.61%	Jan. 29, 2027	(*5)	
	Resona Bank, Limited	1,000,000	—	—	1,000,000				
	Resona Bank, Limited	1,000,000	—	—	1,000,000	0.50%	Jan. 30, 2026	(*5)	
	MUFG Bank, Ltd.	1,200,000	—	—	1,200,000	0.43%	Feb. 25, 2026	(*6)	
	Sumitomo Mitsui Trust Bank Limited	1,000,000	—	—	1,000,000	0.67%	Apr. 25, 2028	(*6)	
	Development Bank of Japan Inc.	1,400,000	—	—	1,400,000	0.56%	Apr. 23, 2027	(*6)	
	MUFG Bank, Ltd.	2,500,000	—	—	2,500,000	0.52%	Feb. 26, 2027	(*5)	
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.47%	Aug. 31, 2026	(*5)	
	Sumitomo Mitsui Trust Bank Limited	2,000,000	—	—	2,000,000	0.60%	Apr. 30, 2027	(*5)	
	MUFG Bank, Ltd.	2,000,000	—	—	2,000,000				
	MUFG Bank, Ltd.	1,700,000	—	—	1,700,000	0.54%	Oct. 30, 2026	(*5)	

Long-term loans payable

III. Notes to Financial Statements

	Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
	Lenders								
Long-term loans payable	Development Bank of Japan Inc.	1,000,000	—	—	1,000,000	0.57%	May 31, 2027	(*7)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation	2,700,000	—	—	2,700,000	0.25%	Dec. 25, 2020	(*5)	
	Sumitomo Mitsui Banking Corporation	2,800,000	—	—	2,800,000	0.25%	Feb. 26, 2021	(*5)	
	The Nishi-Nippon City Bank, Ltd.	500,000	—	—	500,000	0.55%	Aug. 31, 2027	(*6)	
	The Bank of Fukuoka, Ltd.	500,000	—	—	500,000				
	The Iyo Bank, Ltd.	500,000	—	—	500,000				
	Bank of Kyoto, Ltd.	500,000	—	—	500,000				
	Shinkin Central Bank	500,000	—	—	500,000				
	The Nishi-Nippon City Bank, Ltd.	500,000	—	—	500,000	0.42%	Feb. 27, 2026	(*6)	
	The Bank of Fukuoka, Ltd.	500,000	—	—	500,000				
	The Iyo Bank, Ltd.	500,000	—	—	500,000				
	The Chugoku Bank, Ltd.	500,000	—	—	500,000				
	Shinkin Central Bank	500,000	—	—	500,000				
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.51%	Aug. 31, 2027	(*6)	
	Sumitomo Mitsui Trust Bank Limited	500,000	—	—	500,000	0.55%	Aug. 31, 2027	(*6)	
	Japan Post Insurance Co., Ltd.	1,000,000	—	—	1,000,000				
	Taiyo Life Insurance Company	1,500,000	—	—	1,500,000	0.42%	Sep. 30, 2025	(*5)	
	MUFG Bank, Ltd.	2,850,000	—	—	2,850,000	0.54%	Sep. 30, 2027	(*5)	
	The Bank of Fukuoka, Ltd.	500,000	—	—	500,000	0.38%	Feb. 28, 2025	(*5)	
	The Bank of Fukuoka, Ltd.	500,000	—	—	500,000	0.63%	Feb. 29, 2028	(*5)	
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.56%	Mar. 17, 2028	(*3)	
	Sumitomo Mitsui Trust Bank Limited	500,000	—	—	500,000	0.61%	Mar. 17, 2028	(*3)	
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000				
	The Yamaguchi Bank, Ltd.	500,000	—	—	500,000				
	Shinkin Central Bank	500,000	—	—	500,000				
	Mizuho Bank, Ltd.	1,500,000	—	—	1,500,000	0.60%	Apr. 13, 2028	(*5)	
	MUFG Bank, Ltd.	1,500,000	—	—	1,500,000	0.50%	Mar. 31, 2028	(*5)	
	Sumitomo Mitsui Trust Bank Limited	2,100,000	—	—	2,100,000	0.38%	Apr. 30, 2025	(*5)	
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000	0.27%	Apr. 30, 2021	(*5)	
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	—	—	1,000,000	0.20%	Nov. 30, 2020	(*5)	
Sumitomo Mitsui Trust Bank Limited	890,000	—	—	890,000	0.70%	Jun. 29, 2029	(*5)		
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.49%	Mar. 31, 2028	(*5)		
Development Bank of Japan Inc.	1,000,000	—	—	1,000,000	0.66%	Jul. 31, 2028	(*5)		
The Nishi-Nippon City Bank, Ltd.	900,000	—	—	900,000					
Mizuho Bank, Ltd.	500,000	—	—	500,000	0.47%	Jul. 31, 2026	(*5)		
Shinsei Bank, Limited	1,000,000	—	—	1,000,000	0.47% (*2)	Jul. 31, 2026	(*5)		
Sumitomo Mitsui Banking Corporation	650,000	—	—	650,000	0.37%	Jan. 31, 2025	(*5)		
Shinsei Bank, Limited	1,000,000	—	—	1,000,000	0.36% (*2)	Jan. 31, 2025	(*5)		

Long-term loans payable

	Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
	Lenders								
Long-term loans payable	Shinsei Bank, Limited	500,000	–	–	500,000	0.21%	Jan. 31, 2022	(*5)	Unsecured Unguaranteed
	Nippon Life Insurance Company	1,000,000	–	–	1,000,000	0.67%	Sep. 11, 2028	(*6)	
	The Nishi-Nippon City Bank, Ltd.	500,000	–	–	500,000	0.70%	Sep. 29, 2028	(*5)	
	The 77 Bank, Ltd.	500,000	–	–	500,000	0.70%	Sep. 29, 2028	(*5)	
	Sumitomo Mitsui Trust Bank Limited	2,200,000	–	–	2,200,000	0.64%	Nov. 30, 2028	(*5)	
	MUFG Bank, Ltd.	1,300,000	–	–	1,300,000	0.62%	Nov. 30, 2028	(*5)	
	Mizuho Bank, Ltd.	1,000,000	–	–	1,000,000		Nov. 30, 2028	(*5)	
	Mizuho Trust & Banking Co., Ltd.	1,000,000	–	–	1,000,000				
	Sumitomo Mitsui Banking Corporation	700,000	–	–	700,000	0.30%	May 31, 2024	(*5)	
	Sumitomo Mitsui Banking Corporation	1,560,000	–	–	1,560,000	0.25%	May 31, 2022	(*5)	
	MUFG Bank, Ltd.	–	1,300,000	–	1,300,000	0.36%	Jun. 29, 2029	(*5)	
	Sumitomo Mitsui Trust Bank Limited	–	800,000	–	800,000	0.39%	Jun. 29, 2029	(*5)	
Total		178,218,000	2,100,000	14,870,000	165,448,000				

- *1. “Interest rate” represents the borrowing interest rate (the weighted average of the balance at the end of the fiscal period) for each loan agreement, rounded to the second decimal place.
- *2. For loans where an interest rate swap transaction is used to manage exposures to fluctuations in interest rate, the interest rate presented in the above table is fixed, reflecting the effects of interest rate swap transactions.
- *3. The funds are used for acquisition of specified assets.
- *4. The funds are used for acquisition of specified assets and repayment of the existing loans.
- *5. The funds are used for repayment of the existing loans.
- *6. The funds are used for redemption of the existing investment corporation bonds.
- *7. The funds are used for repayment of the existing loans and redemption of the existing investment corporation bonds.
- *8. The balances are rounded down to the nearest one thousand yen. Accordingly, the “Total” amounts are not necessarily equal to the sum of individual amounts.
- *9. Total amount of scheduled yearly repayments for the long-term loans for five years after the balance sheet date is as follows:

(Thousands of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term loans payable	20,870,000	25,218,000	26,020,000	15,310,000	13,300,000

