

13th Fiscal Period Report

August 1, 2016 - January 31, 2017

Advance Residence Investment Corporation

I. Asset Management Report

Management's Discussion and Analysis

1 Summary of Selected Financial Data

	Fiscal Period	units	9th FP From: Aug. 1, 2014 To: Jan. 31, 2015	10th FP From: Feb. 1, 2015 To: Jul. 31, 2015	11th FP From: Aug. 1, 2015 To: Jan. 31, 2016	12th FP From: Feb. 1, 2016 To: Jul. 31, 2016	13th FP From: Aug. 1, 2016 To: Jan. 31, 2017
Operating results	Operating revenues	million yen	15,633	14,998	15,082	15,444	15,504
	(Rental revenue) a	million yen	14,738	14,964	15,082	15,444	15,504
	(Gain on real estate sales) b	million yen	839	—	—	—	—
	Total operating expenses	million yen	7,474	7,497	7,593	7,716	7,702
	(Rental business expenses) c	million yen	5,817	5,974	6,024	6,092	6,045
	(Loss on real estate sales) d	million yen	185	—	—	3	—
	(Impairment loss) e	million yen	—	—	—	—	—
	Operating income	million yen	8,158	7,501	7,489	7,727	7,801
	Ordinary income f	million yen	6,591	5,945	5,951	6,206	6,371
	Net income g	million yen	6,591	5,944	5,951	6,205	6,371
Balance sheet figures	Total assets h	million yen	430,509	440,991	440,108	448,160	450,967
	Interest-bearing liabilities i	million yen	215,799	227,486	226,280	233,864	223,774
	Net assets j	million yen	208,378	207,653	207,661	207,915	220,834
	Paid-in Capital k	million yen	114,936	114,936	114,936	114,936	127,690
Per unit figures	Total dividends l	million yen	6,669	5,943	5,951	6,206	6,721
	Payout ratio l/g	%	101.2	100.0	100.0	100.0	105.5
	Total number of units issued and outstanding m	Units	1,300,000	1,300,000	1,300,000	1,300,000	1,350,000
	Net assets per unit j/m	yen	160,290	159,733	159,739	159,935	163,580
	Net income per unit Note 2	yen	5,070	4,572	4,577	4,773	4,771
	Dividend per unit l/m	yen	5,130	4,572	4,578	4,774	4,979
	Dividend from earnings per unit	yen	5,130	4,572	4,578	4,774	4,979
	Dividend in excess of earnings per unit	yen	0	0	0	0	0
	Annualized dividend yield Note 3	%	3.4	3.4	3.5	3.4	3.3
	Return on investment (Paid-in Capital) (g+q)/(k+i) Note 3	%	5.5	5.0	4.9	5.1	5.1
Financial indicators	Return on investment (market capitalization) (g+q)/(m+r+i) Note 3	%	3.0	2.9	3.0	2.9	2.8
	FFO per unit (g-b+d+e+q)/m	yen	6,504	6,497	6,524	6,752	6,640
	Annualized n Note 3	yen	12,903	13,103	12,942	13,579	13,209
	FFO per unit r/n	times	23.4	20.6	20.1	21.0	22.6
	Ratio of ordinary income to total assets f/h Note 4	%	1.5	1.4	1.4	1.4	1.4
	Annualized Note 3	%	3.0	2.8	2.7	2.8	2.8
	Equity ratio j/h	%	48.4	47.1	47.2	46.4	49.0
	Return on equity g/j Note 5	%	3.2	2.9	2.9	3.0	3.0
	Annualized Note 3	%	6.3	5.8	5.7	6.0	5.9
	Ratio of interest-bearing liabilities to total assets i/h	%	50.1	51.6	51.4	52.2	49.6
	DSCR o/p	times	7.7	7.5	7.4	8.0	8.6
	Net income before interest and depreciation o	million yen	10,476	9,756	9,803	10,024	10,151
	Interest expenses p	million yen	1,365	1,309	1,321	1,250	1,186
	NOI a-c+q Note 6	million yen	11,438	11,491	11,588	11,920	12,052
	Annualized NOI yield Note 3, 7	%	5.3	5.5	5.4	5.6	5.5
	Depreciation and amortization q Note 8	million yen	2,519	2,502	2,531	2,568	2,593
	Reference information	—	240	249	251	255	257
Reference information	Number of properties under management	—	240	249	251	255	257
	Number of leasable units at end of period	Units	19,572	20,122	20,231	20,455	20,565
	Leasable floor area at end of period Note 9	m ²	740,021.39	757,856.84	760,453.15	766,881.60	773,464.74
	Occupancy rate at end of period Note 10	%	96.5	96.4	96.7	96.6	96.6
	Unit price at end of period r	yen	301,500	270,500	260,500	284,600	297,900

- Notes 1. Operating revenues 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 for the rest of this report unless otherwise specified.
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 accounting calculation periods of 184 days for the 9th Fiscal Period, 181 days for the 10th Fiscal Period, 184 days for the 11th Fiscal Period, 182 days for the 12th Fiscal Period and 184 days for the 13th Fiscal Period.
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 includes 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. The area that does not include the leasable floor area of land (parking lots) that is indicated on the lease agreement or applicable drawings is stated.
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 current fiscal period.

1. Internal Growth
Maintained high occupancy rates, increased rent levels and carried out value enhancement works.
2. External Growth
Acquired a recently constructed sponsor pipeline property and another property from a third party through a negotiated transaction.
3. Finance Policy
In comparison with the previous fiscal period, ADR has reduced the average interest rate and raised the fixed interest ratio of debts, and lowered loan-to-value (“LTV”) ratios through equity financing.

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

(million yen)

Item	Previous FP Results	Initial forecast ^{Note 1}	13th FP Results (January 2017)	Difference from the previous FP	
				Difference from the previous FP	Difference from the initial forecast
Operating revenues	15,444	15,399	15,504	+60	+104
Operating income	7,727	7,663	7,801	+73	+138
Ordinary income	6,206	6,210	6,371	+165	+161
Net income	6,205	6,210	6,371	+165	+161
Earnings Per Unit	4,773 yen ^{Note 2}	4,600 yen	4,719 yen ^{Note 2}	(54) yen ^{Note 3}	+119 yen ^{Note 3}
Dividend Per Unit	4,774 yen	4,859 yen	4,979 yen	+205 yen	+120 yen

Notes 1. The initial forecast refers to the earnings forecasts for the 12th Fiscal Period disclosed in the “Brief Summary of Kessan Tanshin” for the 12th Fiscal Period, dated September 6, 2016. The same holds true hereafter.
2. Calculated by dividing net income by the number of units issued and outstanding as of the end of the fiscal period. The same applies hereafter unless otherwise specified.
3. Decimals are deleted from the EPU figures.

ADR achieved increases in revenues and profits against the forecasts, mainly due to rental revenue gains as a result of higher-than-expected occupancy rates, and due to a decrease in interest expenses as a result of lower-than-expected financing rates. Although revenues and profits also improved over the previous fiscal period largely due to the earnings contributions from newly acquired properties, earnings per unit (EPU) decreased by 54 yen to 4,719 yen because of the increase in the number of investment units from the equity financing.

As a result, the dividend per unit (DPU), with the addition of the drawdown in the reserve for a temporary difference adjustment (RTA) of 259 yen per unit, amounted to 4,979 yen, which is 120 yen higher than the initial forecast and 205 yen higher than previous fiscal period results.

1. Internal Growth
– Maintained high occupancy rates and increased rents –

ADR continued to achieve steady internal growth during the current fiscal period, amid a favorable environment marked by a short supply of new rental housing properties relative to a population inflow in the geographic regions targeted for investment. Specifically, we were able to raise rents when tenants were replaced as well as when contracts were renewed. As a result, we were able to improve the profitability of the portfolio by increasing the overall portfolio rent level^(Note 4) by 0.37% over that of July 31, 2016, while maintaining the average period occupancy rate above 96%.

Furthermore, while there are conflicting reports in the media recently that there is an oversupply of rental apartments, built in order to reduce inheritance tax liability, we believe the effect of the over-supply to ADR’s portfolio to be negligible. There is very little competition because, most of the over-supplied apartments are built in areas that do not overlap the areas in which ADR’s properties are located and the structural specification of the apartments are different, making the type of prospective tenants differ.

- Value Enhancement Work Performed –

ADR systematically conducts large-scale renovations of its properties in order to maintain functionality and improve the appearance of the properties. In addition, ADR carries out value enhancement work on individual units to maintain and enhance competitiveness in the leasing market, especially on units of properties that have recently been subjected to large-

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scale renovations. Value enhancement work is implemented between tenant replacement and entails equipment upgrades and floor plan changes.

During the current fiscal period, we executed large-scale renovations on 4 properties and value enhancement work on 34 residential units. Of the residential units that underwent value enhancement work, new rental contracts had been signed for 13 units as of February 23, 2017. Those units saw a rise in rent of 20% on average over the previous rent. Even though, our portfolio average building age will grow older, the longer we manage the portfolio, the more we will endeavor to enhance the competitive strengths of the properties through these measures.

– Promoting sustainability –

ADR engages in environmentally friendly practices, improving tenant satisfaction and contributing to local communities. In the current fiscal period, ADR continued from the last fiscal period to replace common area lighting with energy-efficient LED lighting in common areas of its properties.

ADR also continued to participate in the GRESB (Global Real Estate Sustainability Benchmark) assessment and received a “Green Star” rating for 2016. The GRESB organization, founded mainly by European pension funds, assesses the environmental, social and governance (ESG) performance of real estate companies.

Note 4. Change in average per-unit rent between the start and end of the fiscal period, for all properties held throughout the fiscal period. The same applies hereafter.

2. External Growth

– Consistently acquired recently built prime properties mainly from the sponsor’s pipeline –

During the current fiscal period, ADR concluded acquisitions of two properties at a total acquisition price of 3.2 billion yen, one of which is a sponsor-developed property acquired from the sponsor ITOCHU Corporation (1.1 billion yen), and the other a property acquired from a third party through a negotiated transaction (2.1 billion yen). ADR also decided to acquire another three properties, two of which are recently constructed sponsor-developed properties. The acquisitions will be concluded on or before April 30, 2017. While these acquisitions are scarce properties within their respective locations, we have managed to consistently acquire prime properties amid an extremely competitive market.

We expect the property acquisition market to remain challenging going forward, but nevertheless we aim to achieve external growth that will enhance the quality and profitability of our portfolio by drawing on our sponsor’s pipeline and engaging in negotiated third-party transactions.

3. Finance Policy

– Reduced the average interest rate and raised the fixed interest ratio –

Under our finance policy of extending durations on loans and investment corporation bonds (“loans and bonds”), fixing interest rates and diversifying maturities, ADR refinanced a total of 11.5 billion yen in debt (average initial duration of 9.1 years and average interest rate of 0.46%)^(Note 5) and converted floating rate loans to fixed rate loans. As a result, with a total of outstanding loans and bonds as of the end of the current fiscal period at 223.7 billion yen, we managed to further strengthen our financial foundations in comparison with the previous period by extending the average remaining duration by 0.1 year to 4.4 years, reducing the average interest rate by 0.03 percentage point to 1.02%^(Note 6), and increasing the fixed interest ratio^(Note 7) by 4.7 percentage points to 97.3%.

– Lowered loan-to-value (LTV) through equity financing –

During the current fiscal period, ADR launched a follow-on offering of its investment units to raise 12.7 billion yen, on September 6, 2016, for the first time in roughly two and a half years. By paying back interest-bearing debt using part of the capital raised, ADR lowered the LTV^(Note 8) ratios to 49.6% on a total asset basis, and 43.2% on an appraisal basis. As a result, adequate capacity to acquire assets through debt has been secured, while following the policy of maintaining the LTV ratios at no more than 53% on total assets basis and at no more than 50% on appraisal basis.

Notes 5. This excludes loans procured and repaid within the current fiscal period, or loans which terms and conditions have been modified during the current fiscal period.

6. The “average interest rate” is the weighted-average interest rate on loans and bonds at the end of the fiscal period. If the interest rates on the debts have been converted to fixed interest rate, in order to hedge the risk of interest rate volatility using swap agreements, the fixed rates are used in calculating the average. The same applies hereafter.

7. The “fixed interest ratio” is the ratio of the total principal amount of loans and bonds with fixed interest rate including debts with rates converted to fixed interest rate using swap agreements, to the total amount of loans and bonds outstanding. The same applies hereafter.

8. The “loan-to-value” or “LTV” ratio is the proportion of overall debt to asset value. The same applies hereafter.

Total asset LTV and appraisal LTV have been calculated using the formulas below.

Total Asset LTV = Outstanding Interest Bearing Debts ÷ Total Assets

Appraisal LTV = (Loans + Bonds) ÷ Total Appraisal Value of Property Holdings

3 Management Policies and Challenges Going Forward

ADR aims to achieve steady EPU growth by implementing the strategies outlined below.

a) Internal Growth

For properties with high occupancy, we will not only work to raise rents at the time of tenant replacements, but also at the time of contract renewals. Furthermore, we will aim to maintain and improve property revenues by actively securing key money and reducing leasing-related expenses. 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 works appropriate to the age of the building and the property characteristics.

b) External Growth

Because we believe that market conditions will continue to be difficult for acquiring properties, we will continue to acquire properties that will contribute in improving the quality and profitability of ADR's portfolio by acquiring them mainly from our sponsor or by utilizing information collected by ADR to acquire properties from third parties through negotiated transactions, whereby minimizing competition. 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.

c) Finance Policy

While we will keep a close eye on interest-rate trends, we will, in our debt financing, continue to further diversify its maturities while extending its duration and fix its interest rate, thereby maintaining and strengthening a financial foundation that is resilient to future market volatility.

d) Dividend Payout Policy

ADR focuses its efforts on generating dividend payments in accordance with its basic management policy, which calls for "realization of a stable distribution of earnings over the long term."

Moreover, ADR will start the drawdown of reserve 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 fiscal period. That means that ADR will fully draw down the RTA in equal amounts or more every fiscal period within 50-years ^(Note 9).

As of the date of this document, ADR will in principal draw down the RTA in equal amounts for 50-years and pay them out as a dividend supplement. But if the DPU falls below 4,500 yen even with the dividend supplement, draw down will be increased to ensure a DPU of 4,500 yen ^(Note 10), thereby maintaining our policy to maintain the dividend per unit (DPU) at no less than 4,500 yen.

Notes 9. The RTA drawdown amount per fiscal period 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 fiscal period ended January 31, 2017 (50 years × 2 fiscal periods = 100 periods). As of the date of this document, the amount per fiscal period is approximately 335 million yen. However, ADR may increase the amount of the drawdown indicated above in order to stabilize dividend levels.

10. 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.

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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	
February 1, 2012	Follow-on offering	110,000	1,090,000	14,231	78,793	1
February 29, 2012	Third-party allotment	10,000	1,100,000	1,293	80,087	2
February 1, 2013	Follow-on offering	135,000	1,235,000	21,667	101,754	3
February 27, 2013	Third-party allotment	5,000	1,240,000	802	102,557	4
February 3, 2014	Follow-on offering	58,000	1,298,000	11,967	114,524	5
February 26, 2014	Third-party allotment	2,000	1,300,000	412	114,936	6
September 23, 2016	Follow-on offering	47,500	1,347,500	12,115	127,052	7
October 19, 2016	Third-party allotment	2,500	1,350,000	637	127,690	8

1. ADR issued new units through public offering at an offer price of 133,770 yen (paid-in amount: 129,379 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 129,379 yen per unit to procure funds for new property acquisitions and for other purposes.
3. ADR issued new units through public offering at an offer price of 165,945 yen (paid-in amount: 160,498 yen) per unit to procure funds for new property acquisitions and for other purposes.
4. ADR issued new units by way of third-party allotment with Mizuho Securities Co., Ltd. as the allottee at paid-in amount of 160,498 yen per unit to procure funds for new property acquisitions and for other purposes.
5. ADR issued new units through public offering at an offer price of 213,330 yen (paid-in amount: 206,328 yen) per unit to procure funds for new property acquisitions and for other purposes.
6. ADR issued new units by way of third-party allotment with Mizuho Securities Co., Ltd. as the allottee at paid-in amount of 206,328 yen per unit to procure funds for new property acquisitions and for other purposes.
7. 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.
8. 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.

Fiscal Period	9th FP	10th FP	11th FP	12th FP	13th FP
Period-end	January 2015	July 2015	January 2016	July 2016	January 2017
High	321,000 yen	305,000 yen	281,400 yen	299,400 yen	309,000 yen
Low	245,800 yen	269,300 yen	229,600 yen	251,700 yen	267,900 yen

Overview of the Investment Corporation

1 Major Unit-holders

The following are the major unit-holders as of January 31, 2017.

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	363,783	26.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	146,922	10.88
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	85,449	6.32
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	51,126	3.78
ITOCHU Corporation	2-5-1 Kita-Aoyama, Minato-ku, Tokyo	34,800	2.57
State Street Bank and Trust Company	One Lincoln Street, Boston, MA 02111 U.S.A.	17,541	1.29
Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	17,406	1.28
State Street Bank - West Pension Fund Clients - Exempt	1776 Heritage Drive, North Quincy, MA 02171 U.S.A.	16,449	1.21
Fuji Fire and Marine Insurance Co., Ltd.	4-3-20 Toranomon, Minato-ku, Tokyo	14,382	1.06
The Yamanashi Chuo Bank, Ltd.	20-8, Marunouchi 1-chome, Kofu, Yamanashi	12,666	0.93
Total		760,524	56.33

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.

2 Directors and Independent Auditor

1. The executive director, supervisory directors, and independent auditor as of January 31, 2017, are as follows.

Title	Name	Primary concurrent positions	Total amount of compensation during the fiscal period (thousand yen)
Executive director	Kenji Kousaka ^{Note 1}	President, AD Investment Management Co., Ltd.	— ^{Note 2}
Supervisory director	Hidejiro Matsuda	President, Hidejiro Matsuda CPA Office	1,800
		Auditor, TYO Inc.	
Supervisory director	Yoshiki Oshima	President, Akasaka Law Office L.P.C.	1,800
Independent auditor	Deloitte Touche Tohmatsu LLC		18,750 ^{Note 3}

Notes 1. Kenji Kousaka concurrently serves as president of ADR's asset management company, AD Investment Management Co., Ltd. (ADIM) and executive director of ADR. The Commissioner of the Financial Services Agency was notified of the concurrent holding of positions on March 5, 2008 pursuant to the provisions of Article 31-4, Paragraph 4 of the Financial Instruments and Exchange Act (as of the date of this document, Article 31-4, Paragraph 1 of the said Act) prior to its revision made by the provisions of Article 1 of the Act for Amendment to the Financial Instruments and Exchange Act. (Act No. 65 of 2008).

2. The executive director does not receive compensation from ADR.

3. The compensation paid to the independent auditor includes compensation for services other than those prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act (1,750 thousand yen).

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 January 31, 2017.

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.

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Real Estate Portfolio

Real Estate Portfolio

The following are the itemized assets held by ADR as of January 31, 2017.

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)	12th (Feb. 1, 2016 ~ Jul. 31, 2016)				13th (Aug 1, 2016 ~ Jan. 31, 2017)			
						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	2,397	3,130	1	95.8	87,485	0.6	1	96.1	87,219	0.6
P-3	RESIDIA Nakameguro	Meguro-ku, Tokyo	Beneficiary interests in trust	1,438	2,040	1	100.0	47,256	0.3	1	100.0	47,256	0.3
P-4	RESIDIA Setagaya-Tsurumaki	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,142	1,240	1	92.5	35,854	0.2	1	96.4	34,699	0.2
P-7	RESIDIA Ikejiriohashi	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,167	1,380	1	88.6	36,236	0.2	1	95.0	33,227	0.2
P-9	RESIDIA Kudanshita	Chiyoda-ku, Tokyo	Beneficiary interests in trust	2,052	2,600	1	93.6	71,647	0.5	1	97.7	71,972	0.5
P-10	RESIDIA Hatagaya	Shibuya-ku, Tokyo	Beneficiary interests in trust	1,073	1,210	1	95.4	31,134	0.2	1	92.1	31,026	0.2
P-13	RESIDIA Sakurajosui	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,068	1,250	1	92.7	32,599	0.2	1	97.9	33,888	0.2
P-14	RESIDIA Kita-Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	2,563	2,920	1	100.0	75,456	0.5	1	100.0	75,454	0.5
P-15	RESIDIA Yoyoginomori	Shibuya-ku, Tokyo	Beneficiary interests in trust	710	718	1	82.4	18,435	0.1	1	88.5	19,232	0.1
P-16	RESIDIA Shinjuku-East III	Shinjuku-ku, Tokyo	Beneficiary interests in trust	727	887	1	97.5	24,447	0.2	1	92.5	25,089	0.2
P-19	Leopalace Udagawacho Mansion	Shibuya-ku, Tokyo	Beneficiary interests in trust	566	711	1	100.0	17,944	0.1	1	100.0	17,944	0.1
P-21	RESIDIA Shinjuku-East II	Shinjuku-ku, Tokyo	Beneficiary interests in trust	1,314	1,650	1	98.8	46,370	0.3	1	86.2	43,706	0.3
P-22	RESIDIA Shinjuku-East	Shinjuku-ku, Tokyo	Beneficiary interests in trust	938	1,120	1	92.2	31,227	0.2	1	92.1	31,438	0.2
P-23	RESIDIA Kanda-Iwamotocho	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,415	2,070	1	95.2	57,247	0.4	1	98.7	57,226	0.4
P-24	RESIDIA Azabujuban II	Minato-ku, Tokyo	Beneficiary interests in trust	885	1,040	1	92.1	27,709	0.2	1	97.5	27,585	0.2
P-25	RESIDIA Ebisu	Shibuya-ku, Tokyo	Beneficiary interests in trust	574	671	1	82.3	17,452	0.1	1	88.6	17,976	0.1
P-26	RESIDIA Meguro	Shinagawa-ku, Tokyo	Beneficiary interests in trust	742	720	1	84.7	18,309	0.1	1	91.9	19,040	0.1
P-29	RESIDIA Hiroo II	Shibuya-ku, Tokyo	Real estate	1,542	2,070	1	95.3	53,905	0.3	1	97.6	53,049	0.3
P-30	Pianetta Shiodome	Minato-ku, Tokyo	Beneficiary interests in trust	1,818	2,250	1	93.3	63,269	0.4	1	97.3	64,658	0.4
P-31	RESIDIA Komazawadaigaku	Setagaya-ku, Tokyo	Beneficiary interests in trust	312	389	1	85.4	10,249	0.1	1	81.9	10,109	0.1
P-32	RESIDIA Yoyogi	Shibuya-ku, Tokyo	Beneficiary interests in trust	310	398	1	92.7	10,823	0.1	1	80.4	10,338	0.1
P-33	RESIDIA Nishi-Shinjuku	Shinjuku-ku, Tokyo	Beneficiary interests in trust	347	440	1	94.3	12,495	0.1	1	90.0	11,250	0.1
P-34	RESIDIA Kyodo	Setagaya-ku, Tokyo	Beneficiary interests in trust	268	341	1	87.2	9,779	0.1	1	91.5	9,665	0.1
P-35	RESIDIA Oimachi	Shinagawa-ku, Tokyo	Real estate	879	1,120	1	85.3	33,286	0.2	1	98.0	32,876	0.2
P-36	RESIDIA Ebisu II	Shibuya-ku, Tokyo	Real estate	2,228	2,810	1	95.0	74,220	0.5	1	100.0	72,925	0.5
P-37	RESIDIA Kamiuchiai	Shinjuku-ku, Tokyo	Real estate	1,106	1,450	1	97.6	41,602	0.3	1	98.8	42,123	0.3
P-38	RESIDIA Higashi-Shinagawa	Shinagawa-ku, Tokyo	Real estate	1,932	2,370	1	97.6	68,942	0.4	1	95.1	68,214	0.4
P-39	RESIDIA Meguro II	Meguro-ku, Tokyo	Real estate	1,148	1,340	1	97.7	35,916	0.2	1	95.5	37,319	0.2
P-40	RESIDIA Toranomon	Minato-ku, Tokyo	Real estate	1,252	1,500	1	98.4	41,486	0.3	1	98.4	41,877	0.3
P-41	RESIDIA Shin-Ochanomizu	Chiyoda-ku, Tokyo	Real estate	1,107	1,500	1	93.9	38,443	0.2	1	98.4	40,787	0.3
P-42	RESIDIA Kagurazaka	Shinjuku-ku, Tokyo	Real estate	874	1,040	1	90.8	30,240	0.2	1	98.2	31,361	0.2
P-43	RESIDIA Oimachi II	Shinagawa-ku, Tokyo	Real estate	998	1,280	1	85.8	35,228	0.2	1	97.7	35,249	0.2

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P-45	RESIDIA Jiyugaoka	Meguro-ku, Tokyo	Beneficiary interests in trust	986	1,180	1	100.0	34,751	0.2	1	89.4	32,958	0.2
P-47	RESIDIA Suidobashi	Chiyoda-ku, Tokyo	Real estate	2,170	2,640	1	94.9	73,727	0.5	1	98.6	75,268	0.5
P-48	RESIDIA TOWER Nogizaka	Minato-ku, Tokyo	Real estate	3,459	3,730	1	96.7	101,095	0.7	1	95.8	104,372	0.7
P-49	RESIDIA Akasaka	Minato-ku, Tokyo	Real estate	1,113	1,370	1	96.9	40,045	0.3	1	95.4	39,850	0.3
P-50	RESIDIA Nishi-Azabu	Minato-ku, Tokyo	Beneficiary interests in trust	6,433	7,470	1	94.6	206,193	1.3	1	95.7	205,705	1.3
P-51	RESIDIA Daikanyama	Shibuya-ku, Tokyo	Beneficiary interests in trust	2,005	2,100	1	100.0	57,732	0.4	1	92.5	57,932	0.4
P-52	RESIDIA Ichigaya	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,352	2,890	1	95.5	78,013	0.5	1	97.3	80,298	0.5
P-53	RESIDIA Roppongi-Hinokichokoen	Minato-ku, Tokyo	Beneficiary interests in trust	3,599	4,240	1	91.3	113,315	0.7	1	90.0	111,110	0.7
P-55	RESIDIA TOWER Meguro-Fudomae	Shinagawa-ku, Tokyo	Real estate	15,189	18,600	1	100.0	454,376	2.9	1	100.0	453,046	2.9
P-56	RESIDIA Sangenjaya	Setagaya-ku, Tokyo	Real estate	2,557	3,460	1	98.3	88,102	0.6	1	92.7	87,342	0.6
P-58	RESIDIA Minami-Aoyama	Minato-ku, Tokyo	Real estate	704	474	1	89.2	17,964	0.1	1	72.3	15,357	0.1
P-59	RESIDIA Kanda-Higashi	Chiyoda-ku, Tokyo	Real estate	1,508	2,060	1	95.6	55,956	0.4	1	100.0	57,863	0.4
P-60	RESIDIA Higashi-Azabu	Minato-ku, Tokyo	Real estate	1,354	1,410	1	96.4	39,961	0.3	1	87.1	38,019	0.2
P-61	RESIDIA Ebisu-Minami	Shibuya-ku, Tokyo	Real estate	1,950	2,190	1	97.6	57,904	0.4	1	88.8	57,594	0.4
P-62	RESIDIA TOWER Azabujuban	Minato-ku, Tokyo	Real estate	5,994	5,810	1	92.1	179,916	1.2	1	96.5	180,825	1.2
P-63	RESIDIA Shibuya	Shibuya-ku, Tokyo	Real estate	1,210	1,540	1	95.4	39,875	0.3	1	90.9	37,627	0.2
P-64	RESIDIA Nakanobu	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,776	2,280	1	95.4	63,144	0.4	1	92.3	60,686	0.4
P-65	RESIDIA Azabudai	Minato-ku, Tokyo	Beneficiary interests in trust	1,553	1,800	1	95.9	46,821	0.3	1	94.3	46,939	0.3
P-66	RESIDIA Shibadaimon II	Minato-ku, Tokyo	Beneficiary interests in trust	1,686	1,800	1	95.9	49,982	0.3	1	95.9	50,995	0.3
P-67	RESIDIA Kanda	Chiyoda-ku, Tokyo	Real estate	1,093	1,430	1	94.6	38,753	0.3	1	100.0	39,394	0.3
P-68	RESIDIA Sangenjaya II	Setagaya-ku, Tokyo	Real estate	1,224	1,460	1	97.0	40,434	0.3	1	93.9	38,553	0.2
P-69	RESIDIA Nishi-Shinjuku II	Shinjuku-ku, Tokyo	Real estate	1,728	2,130	1	96.5	59,999	0.4	1	97.0	57,882	0.4
P-70	RESIDIA Hiroo-Minami	Shibuya-ku, Tokyo	Real estate	879	987	1	86.7	28,074	0.2	1	100.0	25,112	0.2
P-72	RESIDIA Mejiro-Otomeyama	Shinjuku-ku, Tokyo	Beneficiary interests in trust	923	1,060	1	100.0	32,213	0.2	1	100.0	32,634	0.2
P-73	RESIDIA Shibaura	Minato-ku, Tokyo	Beneficiary interests in trust	4,433	5,470	1	96.8	168,597	1.1	1	94.2	166,080	1.1
P-74	RESIDIA Gotenyama	Shinagawa-ku, Tokyo	Real estate	887	943	1	100.0	28,693	0.2	1	89.9	26,505	0.2
P-75	RESIDIA Yutenji	Meguro-ku, Tokyo	Beneficiary interests in trust	5,070	5,950	1	96.5	153,572	1.0	1	96.4	155,006	1.0
P-76	Park Tower Shibaura Bayward Urban Wing	Minato-ku, Tokyo	Beneficiary interests in trust	9,007	11,100	1	97.2	310,273	2.0	1	98.1	313,996	2.0
P-79	RESIDIA Kamimeguro	Meguro-ku, Tokyo	Beneficiary interests in trust	852	964	1	100.0	30,410	0.2	1	87.9	28,556	0.2
P-81	Windsor House Hiroo	Shibuya-ku, Tokyo	Real estate and leasehold rights to real estate	1,650	1,480	1	84.2	47,240	0.3	1	74.4	41,025	0.3
P-84	RESIDIA Kita-Shinjuku	Shinjuku-ku, Tokyo	Real estate	1,384	1,590	1	84.6	43,169	0.3	1	96.2	42,378	0.3
P-85	RESIDIA Komazawa	Setagaya-ku, Tokyo	Beneficiary interests in trust	839	1,200	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	2,355	2,920	1	97.0	82,193	0.5	1	98.9	81,470	0.5
P-87	RESIDIA Ichigaya-Yakuoji	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,017	2,480	1	96.4	61,544	0.4	1	92.0	63,291	0.4
P-88	RESIDIA Yoga	Setagaya-ku, Tokyo	Real estate	1,563	1,810	1	92.4	48,297	0.3	1	97.7	46,982	0.3
P-89	RESIDIA TOWER Nakameguro	Meguro-ku, Tokyo	Real estate	3,362	4,230	1	94.4	112,564	0.7	1	100.0	112,932	0.7
P-90	RESIDIA Sasazuka II	Shibuya-ku, Tokyo	Beneficiary interests in trust	3,740	4,500	1	97.5	119,094	0.8	1	95.8	118,421	0.8

I. Asset Management Report

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P-91	RESIDIA Meguro III	Meguro-ku, Tokyo	Beneficiary interests in trust	965	1,280	1	94.2	33,936	0.2	1	100.0	32,531	0.2
P-92	RESIDIA Jiyugaoka II	Setagaya-ku, Tokyo	Beneficiary interests in trust	785	964	1	96.7	26,487	0.2	1	96.7	25,915	0.2
P-93	RESIDIA Kudanshita II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,244	1,650	1	95.0	44,102	0.3	1	95.1	44,146	0.3
P-94	RESIDIA Omori II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,623	2,070	1	95.9	56,664	0.4	1	97.1	54,808	0.4
P-95	RESIDIA Shirokane-Takanawa	Minato-ku, Tokyo	Beneficiary interests in trust	1,486	1,920	1	100.0	52,489	0.3	1	94.8	48,666	0.3
P-96	RESIDIA Nakaochiai	Shinjuku-ku, Tokyo	Beneficiary interests in trust	3,799	4,320	1	95.6	117,591	0.8	1	96.1	117,352	0.8
P-97	RESIDIA Nakameguro II	Meguro-ku, Tokyo	Beneficiary interests in trust	1,129	1,380	1	88.1	35,880	0.2	1	95.8	34,252	0.2
P-98	Artis Court Minamiaoyama	Minato-ku, Tokyo	Beneficiary interests in trust	1,740	1,880	1	95.5	51,521	0.3	1	95.6	53,766	0.3
P-99	RESIDIA Yotsuya Sanchome	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,108	2,740	1	98.9	82,142	0.5	1	98.3	82,800	0.5
P-100	RESIDIA Takanawa Katsurazaka	Minato-ku, Tokyo	Beneficiary interests in trust	951	1,030	1	93.5	28,047	0.2	1	91.4	27,475	0.2
P-101	RESIDIA Ebisu III	Shibuya-ku, Tokyo	Real estate	653	728	1	90.9	18,220	0.1	1	92.4	19,006	0.1
P-102	RESIDIA Shinjukyugyoen	Shinjuku-ku, Tokyo	Beneficiary interests in trust	726	820	1	87.4	23,501	0.2	1	97.5	23,337	0.2
P-103	RESIDIA Minami Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,213	1,350	1	100.0	35,574	0.2	1	100.0	36,186	0.2
P-104	Chester Court Ochanomizu	Chiyoda-ku, Tokyo	Beneficiary interests in trust	3,186	3,760	1	94.7	101,900	0.7	1	100.0	102,621	0.7
P-105	RESIDIA Kanda-Iwamotocho II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,312	1,540	1	93.7	42,699	0.3	1	96.0	40,890	0.3
P-106	RESIDIA Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,006	1,150	1	94.8	32,349	0.2	1	96.5	31,949	0.2
P-107	RESIDIA Yoyogi II	Shibuya-ku, Tokyo	Real estate	901	938	1	97.4	25,112	0.2	1	97.4	24,262	0.2
P-108	RESIDIA Nakanobu II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	950	989	1	95.7	16,826	0.1	1	98.0	27,031	0.2
P-109	RESIDIA Ochanomizu II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	851	893	1	94.6	12,701	0.1	1	100.0	23,760	0.2
P-110	RESIDIA Mishuku	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,200	1,270	—	—	—	—	1	100.0	21,245	0.1
C-1	RESIDIA Mitsukoshimae	Chuo-ku, Tokyo	Beneficiary interests in trust	1,596	2,460	1	98.4	67,396	0.4	1	100.0	68,746	0.4
C-2	RESIDIA Kamata	Ota-ku, Tokyo	Beneficiary interests in trust	2,159	3,480	1	97.3	101,750	0.7	1	98.3	98,502	0.6
C-3	RESIDIA Ikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	1,407	1,750	1	100.0	45,952	0.3	1	100.0	49,902	0.3
C-4	RESIDIA Bunkyo-Hongo	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,568	2,140	1	100.0	51,072	0.3	1	100.0	57,131	0.4
C-5	RESIDIA Asakusabashi	Taito-ku, Tokyo	Beneficiary interests in trust	946	1,370	1	97.5	39,199	0.3	1	93.9	37,411	0.2
C-6	Maison Eclairée Ekoda	Nerima-ku, Tokyo	Beneficiary interests in trust	919	1,100	1	96.8	36,578	0.2	1	98.9	36,122	0.2
C-7	RESIDIA Ueno-Okachimachi	Taito-ku, Tokyo	Beneficiary interests in trust	2,887	3,660	1	96.3	100,127	0.6	1	97.1	99,143	0.6
C-8	RESIDIA Bunkyo-Hongo II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,553	1,870	1	100.0	48,405	0.3	1	96.7	48,901	0.3
C-9	RESIDIA Ryogoku	Sumida-ku, Tokyo	Beneficiary interests in trust	856	1,160	1	100.0	32,387	0.2	1	98.5	32,719	0.2
C-10	RESIDIA Higashi-Ginza	Chuo-ku, Tokyo	Beneficiary interests in trust	5,063	5,480	1	100.0	136,866	0.9	1	90.9	145,896	0.9
C-12	RESIDIA Nihonbashi-Ningyocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,989	3,670	1	98.7	99,773	0.6	1	98.7	99,406	0.6
C-13	RESIDIA Omori-Higashi	Ota-ku, Tokyo	Beneficiary interests in trust	1,854	1,990	1	95.7	57,059	0.4	1	93.7	55,659	0.4
C-15	RESIDIA Kinshicho	Sumida-ku, Tokyo	Beneficiary interests in trust	4,036	4,460	1	99.5	121,156	0.8	1	99.5	122,055	0.8
C-16	RESIDIA Negishi	Taito-ku, Tokyo	Beneficiary interests in trust	823	899	1	96.6	28,375	0.2	1	96.5	27,817	0.2

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C-17	RESIDIA Shinkawa	Chuo-ku, Tokyo	Beneficiary interests in trust	1,771	2,270	1	97.9	64,000	0.4	1	95.9	64,883	0.4
C-18	RESIDIA Kamiikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	549	695	1	97.4	22,136	0.1	1	93.7	21,035	0.1
C-19	RESIDIA Shin-nakano	Nakano-ku, Tokyo	Beneficiary interests in trust	357	477	1	90.1	14,412	0.1	1	96.6	14,589	0.1
C-21	RESIDIA Bunkyo-Yushima II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	934	1,180	1	95.3	34,496	0.2	1	95.5	32,908	0.2
C-22	RESIDIA Tsukiji	Chuo-ku, Tokyo	Real estate	1,340	1,790	1	97.7	51,740	0.3	1	91.3	49,096	0.3
C-23	RESIDIA Sasazuka	Suginami-ku, Tokyo	Beneficiary interests in trust	1,808	2,130	1	99.1	63,159	0.4	1	93.1	60,889	0.4
C-24	RESIDIA Kyobashi	Chuo-ku, Tokyo	Real estate	1,134	1,490	1	100.0	38,847	0.3	1	100.0	38,847	0.3
C-25	RESIDIA Tamagawa	Ota-ku, Tokyo	Beneficiary interests in trust	1,191	1,590	1	98.0	43,677	0.3	1	96.9	47,896	0.3
C-26	RESIDIA Korakuen	Bunkyo-ku, Tokyo	Beneficiary interests in trust	554	755	1	100.0	21,322	0.1	1	100.0	21,290	0.1
C-27	RESIDIA Ginza-Higashi	Chuo-ku, Tokyo	Beneficiary interests in trust	1,856	2,400	1	99.2	63,452	0.4	1	99.2	68,927	0.4
C-28	RESIDIA Oji	Kita-ku, Tokyo	Beneficiary interests in trust	804	1,040	1	100.0	34,002	0.2	1	100.0	33,717	0.2
C-29	RESIDIA Mejiro II	Toshima-ku, Tokyo	Real estate	984	1,230	1	92.7	35,181	0.2	1	98.0	36,143	0.2
C-31	RESIDIA Tsukishima	Chuo-ku, Tokyo	Real estate	1,027	1,300	1	95.6	36,931	0.2	1	95.0	36,875	0.2
C-32	RESIDIA Kamata II	Ota-ku, Tokyo	Real estate	1,284	1,610	1	94.1	45,890	0.3	1	93.0	44,739	0.3
C-33	RESIDIA Tsukishima II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,313	2,940	1	95.7	79,718	0.5	1	95.5	79,635	0.5
C-34	RESIDIA Kinshicho II	Sumida-ku, Tokyo	Real estate	2,254	2,590	1	97.0	75,407	0.5	1	94.9	73,053	0.5
C-35	RESIDIA Bunkyo-Otowa	Bunkyo-ku, Tokyo	Beneficiary interests in trust	3,191	4,010	1	91.0	112,364	0.7	1	90.3	106,223	0.7
C-36	RESIDIA Bunkyo-Sengoku	Bunkyo-ku, Tokyo	Beneficiary interests in trust	642	870	1	100.0	25,314	0.2	1	100.0	25,716	0.2
C-37	RESIDIA Bunkyo-Yushima	Bunkyo-ku, Tokyo	Beneficiary interests in trust	962	1,290	1	94.2	37,387	0.2	1	95.0	35,974	0.2
C-38	RESIDIA Ikegami	Ota-ku, Tokyo	Beneficiary interests in trust	349	412	1	91.0	13,662	0.1	1	90.7	13,506	0.1
C-39	RESIDIA Nihonbashi-Ningyocho	Chuo-ku, Tokyo	Beneficiary interests in trust	508	742	1	96.3	22,066	0.1	1	100.0	21,755	0.1
C-40	RESIDIA Bunkyo-Sengoku II	Bunkyo-ku, Tokyo	Real estate	1,358	1,600	1	95.2	45,481	0.3	1	95.8	44,761	0.3
C-41	RESIDIA Iriya	Taito-ku, Tokyo	Beneficiary interests in trust	892	1,140	1	100.0	36,994	0.2	1	96.0	35,921	0.2
C-42	RESIDIA Nihonbashi-Hamacho	Chuo-ku, Tokyo	Real estate	1,257	1,560	1	91.3	40,760	0.3	1	93.3	43,387	0.3
C-43	RESIDIA Shin-Okachimachi	Taito-ku, Tokyo	Real estate	1,766	2,080	1	97.6	57,708	0.4	1	98.7	57,578	0.4
C-44	RESIDIA Chidoricho	Ota-ku, Tokyo	Real estate	1,216	1,420	1	95.0	44,061	0.3	1	91.6	41,490	0.3
C-45	RESIDIA Shinkawa II	Chuo-ku, Tokyo	Beneficiary interests in trust	1,210	1,540	1	98.5	43,976	0.3	1	100.0	42,630	0.3
C-46	RESIDIA Mejiro	Toshima-ku, Tokyo	Beneficiary interests in trust	6,151	7,470	1	93.5	220,569	1.4	1	96.6	223,024	1.4
C-47	RESIDIA Kasai	Edogawa-ku, Tokyo	Beneficiary interests in trust	670	818	1	96.7	27,549	0.2	1	93.4	26,443	0.2
C-48	RESIDIA Nihonbashi-Bakurocho	Chuo-ku, Tokyo	Real estate	5,141	7,040	1	98.2	177,876	1.2	1	96.0	193,331	1.2
C-49	RESIDIA Suginami-Honancho	Suginami-ku, Tokyo	Beneficiary interests in trust	3,667	5,400	1	100.0	136,656	0.9	1	92.3	147,255	0.9
C-50	RESIDIA Shin-Itabashi	Itabashi-ku, Tokyo	Beneficiary interests in trust	859	1,210	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	1,919	2,850	1	100.0	84,206	0.5	1	98.7	79,778	0.5
C-52	RESIDIA Bunkyo-Yushima III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,103	1,480	1	96.9	37,146	0.2	1	100.0	38,051	0.2
C-53	RESIDIA Bunkyo-Honkomagome	Bunkyo-ku, Tokyo	Real estate	2,310	2,950	1	96.8	83,820	0.5	1	99.2	83,236	0.5
C-54	RESIDIA Tsukishima III	Chuo-ku, Tokyo	Beneficiary interests in trust	2,502	3,510	1	100.0	93,427	0.6	1	97.3	91,541	0.6

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C-55	RESIDIA Minami-senju	Arakawa-ku, Tokyo	Beneficiary interests in trust	2,490	3,450	1	98.6	161,437	1.0	1	98.1	162,511	1.0
C-56	RESIDIA Ogikubo	Suginami-ku, Tokyo	Real estate	1,763	2,210	1	100.0	61,876	0.4	1	95.9	60,867	0.4
C-57	RESIDIA Monzennakacho	Koto-ku, Tokyo	Beneficiary interests in trust	980	1,240	1	98.5	36,412	0.2	1	98.5	35,678	0.2
C-58	RESIDIA Ochanomizu	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,065	2,780	1	92.0	74,334	0.5	1	97.8	76,435	0.5
C-59	RESIDIA Omori	Ota-ku, Tokyo	Beneficiary interests in trust	1,136	1,450	1	100.0	41,670	0.3	1	96.1	41,853	0.3
C-60	RESIDIA Nakamurabashi	Nerima-ku, Tokyo	Beneficiary interests in trust	1,053	1,310	1	97.3	38,647	0.3	1	94.6	38,057	0.2
C-61	RESIDIA Kachidoki	Chuo-ku, Tokyo	Beneficiary interests in trust	1,775	2,410	1	96.1	63,942	0.4	1	95.4	65,308	0.4
C-62	RESIDIA Bunkyo-Otowa II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,305	2,870	1	95.6	81,434	0.5	1	96.3	80,105	0.5
C-63	RESIDIA Kinshicho III	Koto-ku, Tokyo	Beneficiary interests in trust	660	802	1	100.0	25,432	0.2	1	100.0	25,414	0.2
C-64	RESIDIA Kamata III	Ota-ku, Tokyo	Beneficiary interests in trust	940	1,200	1	95.2	33,919	0.2	1	95.6	31,560	0.2
C-65	RESIDIA TOWER Kamiikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	8,145	11,100	1	97.6	708,438	4.6	1	97.0	710,154	4.6
C-66	RESIDIA Takashimadaira	Itabashi-ku, Tokyo	Real estate	527	613	1	100.0	16,422	0.1	1	100.0	16,195	0.1
C-67	RESIDIA Shimura-Sakaue	Itabashi-ku, Tokyo	Real estate	609	700	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	1,135	1,360	1	100.0	35,562	0.2	1	100.0	35,381	0.2
C-69	RESIDIA Shimura-Sakaue III	Itabashi-ku, Tokyo	Real estate	433	502	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	1,124	1,320	1	95.6	42,488	0.3	1	87.8	40,927	0.3
C-71	RESIDIA Ojima	Koto-ku, Tokyo	Beneficiary interests in trust	1,292	1,530	1	100.0	44,647	0.3	1	96.6	43,439	0.3
C-72	RESIDIA Machiya	Arakawa-ku, Tokyo	Beneficiary interests in trust	1,197	1,270	1	96.7	40,813	0.3	1	97.7	41,159	0.3
C-73	RESIDIA Ueno-Ikenohata	Taito-ku, Tokyo	Beneficiary interests in trust	1,789	1,900	1	93.5	54,369	0.4	1	100.0	51,158	0.3
C-74	RESIDIA Nerima	Nerima-ku, Tokyo	Beneficiary interests in trust	520	623	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	401	456	1	100.0	14,354	0.1	1	100.0	14,606	0.1
C-76	RESIDIA Nakano	Nakano-ku, Tokyo	Real estate	695	754	1	92.4	21,783	0.1	1	100.0	21,296	0.1
C-77	RESIDIA Ogikubo II	Suginami-ku, Tokyo	Real estate	493	540	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	1,369	1,490	1	97.5	42,853	0.3	1	98.7	43,769	0.3
C-79	RESIDIA Akihabara	Taito-ku, Tokyo	Beneficiary interests in trust	1,006	1,160	1	95.4	33,355	0.2	1	97.0	33,032	0.2
C-80	RESIDIA Asakusa-Azumabashi	Sumida-ku, Tokyo	Beneficiary interests in trust	904	1,080	1	98.3	31,879	0.2	1	95.0	31,403	0.2
C-81	RESIDIA Omori III	Ota-ku, Tokyo	Beneficiary interests in trust	1,432	1,600	1	98.6	41,432	0.3	1	96.0	40,825	0.3
C-82	RESIDIA Nihonbashi-Bakurocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,031	2,350	1	98.3	64,285	0.4	1	99.0	60,065	0.4
C-83	RESIDIA Nihonbashi-Bakurocho III	Chuo-ku, Tokyo	Beneficiary interests in trust	1,885	2,190	1	94.5	60,386	0.4	1	91.7	58,653	0.4
C-84	RESIDIA Bunkyo-Hongo III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,709	1,820	1	100.0	33,695	0.2	1	94.5	50,383	0.3
C-85	RESIDIA Shin-Okachimachi II	Taito-ku, Tokyo	Beneficiary interests in trust	4,817	5,150	1	98.8	92,863	0.6	1	95.8	138,785	0.9
S-2	Chester House Kawaguchi	Kawaguchi-shi, Saitama	Beneficiary interests in trust	711	745	1	100.0	28,931	0.2	1	97.5	28,618	0.2
S-4	RESIDIA Higashi-Matsudo	Matsudo-shi, Chiba	Beneficiary interests in trust	1,037	1,190	1	97.7	43,958	0.3	1	97.7	42,621	0.3
S-5	RESIDIA Shin-Yokohama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,787	1,950	1	100.0	61,415	0.4	1	100.0	61,129	0.4

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S-7	RESIDIA Chofu	Chofu-shi, Tokyo	Beneficiary interests in trust	1,082	1,170	1	96.1	33,263	0.2	1	100.0	33,123	0.2
S-11	Tokyo Student-House WAKO	Wako-shi, Saitama	Beneficiary interests in trust	683	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	508	607	1	90.7	18,944	0.1	1	94.1	18,496	0.1
S-14	RESIDIA Yokohama-Kannai	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,541	1,880	1	99.1	56,162	0.4	1	95.0	54,563	0.4
S-15	RESIDIA Okurayama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	720	914	1	100.0	27,087	0.2	1	100.0	27,999	0.2
S-16	RESIDIA Musashikosugi	Kawasaki-shi, Kanagawa	Real estate	1,498	1,930	1	93.0	55,650	0.4	1	94.5	56,953	0.4
S-17	RESIDIA Funabashi I	Funabashi-shi, Chiba	Beneficiary interests in trust	2,560	3,090	1	100.0	94,086	0.6	1	100.0	93,859	0.6
	RESIDIA Funabashi II												
S-19	RESIDIA Kichijoji	Musashino-shi, Tokyo	Beneficiary interests in trust	1,435	1,600	1	95.7	49,519	0.3	1	95.9	48,606	0.3
S-20	Pacific Royal Court Minatomirai Ocean Tower	Yokohama-shi, Kanagawa	Real estate and leasehold rights to real estate	11,998	16,100	1	100.0	569,920	3.7	1	100.0	570,757	3.7
S-22	Life & Senior House Kohoku II	Yokohama-shi, Kanagawa	Real estate	1,561	2,190	1	100.0	70,704	0.5	1	100.0	70,704	0.5
S-23	College Court Tanashi	Nishi-Tokyo-shi, Tokyo	Beneficiary interests in trust	775	1,110	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	2,099	2,810	1	98.3	88,433	0.6	1	94.3	82,754	0.5
S-25	RESIDIA Minami-Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	829	1,020	1	97.6	36,249	0.2	1	92.9	34,796	0.2
S-26	RESIDIA Urayasu II	Urayasu-shi, Chiba	Beneficiary interests in trust	810	982	1	89.2	31,950	0.2	1	95.9	31,832	0.2
S-27	RESIDIA Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	765	922	1	98.7	33,926	0.2	1	96.0	33,248	0.2
S-28	RESIDIA Kawasaki	Kawasaki-shi, Kanagawa	Beneficiary interests in trust	1,642	2,120	1	94.6	61,624	0.4	1	95.7	60,200	0.4
S-29	Cocofump Hiyoshi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,023	1,210	1	100.0	45,000	0.3	1	100.0	45,000	0.3
S-30	RESIDIA Sagami-hara	Sagami-hara-shi, Kanagawa	Beneficiary interests in trust	1,083	1,230	1	100.0	43,521	0.3	1	100.0	43,682	0.3
S-31	RESIDIA Yokohama-Bashamichi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	791	1,140	1	100.0	32,322	0.2	1	100.0	33,675	0.2
S-32	RESIDIA Hon-Atsugi	Atsugi-shi, Kanagawa	Real estate	651	683	1	98.1	24,078	0.2	1	96.2	23,614	0.2
S-33	RESIDIA Funabashi III	Funabashi-shi, Chiba	Real estate	670	691	1	100.0	13,840	0.1	1	100.0	23,277	0.2
R-2	RESIDIA Imadegawa	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,494	1,720	1	100.0	61,919	0.4	1	100.0	61,041	0.4
R-4	RESIDIA Higashizakura	Nagoya-shi, Aichi	Beneficiary interests in trust	1,057	1,420	1	98.9	47,365	0.3	1	93.5	46,625	0.3
R-5	RESIDIA Kameyama	Kameyama-shi, Mie	Beneficiary interests in trust	1,545	1,150	1	100.0	59,512	0.4	1	100.0	61,096	0.4
R-6	RESIDIA Ryokuchikoen	Toyonaka-shi, Osaka	Beneficiary interests in trust	900	924	1	88.1	29,935	0.2	1	98.1	29,771	0.2
R-8	RESIDIA Kobe Port Island (South Bldg.; Centre Bldg.)	Kobe-shi, Hyogo	Beneficiary interests in trust	3,469	4,080	1	100.0	125,359	0.8	1	100.0	125,556	0.8
	RESIDIA Kobe Port Island (North Bldg.)												
R-10	RESIDIA Hakata	Fukuoka-shi, Fukuoka	Real estate	1,240	1,410	1	98.7	51,736	0.3	1	96.3	50,341	0.3
R-11	RESIDIA Tenjinbashi	Osaka-shi, Osaka	Beneficiary interests in trust	860	1,140	1	98.4	35,976	0.2	1	97.5	36,528	0.2
R-12	RESIDIA Sannomiya-Higashi	Kobe-shi, Hyogo	Real estate	1,984	2,710	1	93.9	89,941	0.6	1	93.9	87,043	0.6
R-13	KC21 Building	Sendai-shi, Miyagi	Real estate	883	915	1	92.4	37,038	0.2	1	96.2	36,721	0.2
R-14	RESIDIA Utsubokoen	Osaka-shi, Osaka	Real estate	1,062	1,450	1	94.3	46,896	0.3	1	94.5	46,373	0.3

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R-15	RESIDIA Kyoto-ekimae	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,802	2,450	1	98.7	77,052	0.5	1	98.0	77,595	0.5
R-16	RESIDIA Takaoka	Nagoya-shi, Aichi	Real estate	2,164	2,970	1	94.3	98,500	0.6	1	95.2	97,768	0.6
R-17	RESIDIA Hibino	Nagoya-shi, Aichi	Beneficiary interests in trust	1,164	1,450	1	95.1	68,261	0.4	1	96.8	66,420	0.4
R-19	RESIDIA Tenjin-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	844	1,180	1	91.1	39,127	0.3	1	94.6	37,719	0.2
R-20	RESIDIA Hakataeki-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	325	393	1	97.4	15,928	0.1	1	97.4	15,509	0.1
R-21	RESIDIA Hisaya-Oodori II	Nagoya-shi, Aichi	Real estate	615	796	1	92.6	25,819	0.2	1	92.6	25,989	0.2
R-24	RESIDIA Minami-Ichijo	Sapporo-shi, Hokkaido	Real estate	1,486	2,030	1	99.6	75,932	0.5	1	99.3	75,953	0.5
R-25	RESIDIA Odori-Nishi	Sapporo-shi, Hokkaido	Real estate	1,216	1,470	1	98.7	57,648	0.4	1	97.5	56,819	0.4
R-26	RESIDIA Kita-Sanjo	Sapporo-shi, Hokkaido	Real estate	1,016	1,410	1	97.8	50,691	0.3	1	100.0	50,828	0.3
R-27	RESIDIA Shirakabe-Higashi	Nagoya-shi, Aichi	Real estate	765	909	1	94.6	31,937	0.2	1	96.5	32,115	0.2
R-29	RESIDIA Uzumasa	Kyoto-shi, Kyoto	Real estate	653	757	1	89.6	34,764	0.2	1	89.7	32,579	0.2
R-30	RESIDIA Izumi	Nagoya-shi, Aichi	Real estate	3,373	4,250	1	95.1	142,146	0.9	1	98.3	146,695	0.9
R-31	RESIDIA Maruyama Kita-Gojo	Sapporo-shi, Hokkaido	Real estate	964	1,220	1	92.9	45,402	0.3	1	94.5	43,860	0.3
R-32	RESIDIA Tokugawa	Nagoya-shi, Aichi	Real estate	698	839	1	92.2	28,505	0.2	1	100.0	29,449	0.2
R-34	RESIDIA Odori-Koen	Sapporo-shi, Hokkaido	Real estate	1,850	2,450	1	98.1	94,650	0.6	1	96.9	93,033	0.6
R-35	RESIDIA Tanimachi	Osaka-shi, Osaka	Real estate	1,111	1,590	1	98.3	47,251	0.3	1	96.2	46,862	0.3
R-36	RESIDIA Hisaya-Oodori	Nagoya-shi, Aichi	Beneficiary interests in trust	641	933	1	95.1	30,699	0.2	1	90.0	28,479	0.2
R-37	RESIDIA Sendai-Miyamachi	Sendai-shi, Miyagi	Beneficiary interests in trust	514	737	1	100.0	25,951	0.2	1	100.0	23,914	0.2
R-38	RESIDIA Hirosedori	Sendai-shi, Miyagi	Beneficiary interests in trust	482	668	1	100.0	21,839	0.1	1	100.0	21,842	0.1
R-39	RESIDIA Edobori	Osaka-shi, Osaka	Real estate	1,414	1,840	1	97.7	59,754	0.4	1	93.0	57,739	0.4
R-40	RESIDIA Kyomachibori	Osaka-shi, Osaka	Real estate	1,016	1,320	1	99.0	43,318	0.3	1	94.5	42,041	0.3
R-41	RESIDIA Esaka	Suita-shi, Osaka	Beneficiary interests in trust	977	1,250	1	95.3	40,545	0.3	1	96.5	38,866	0.3
R-42	RESIDIA Nishijin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	2,308	3,060	1	98.3	106,334	0.7	1	98.0	104,660	0.7
R-43	RESIDIA Tsurumai	Nagoya-shi, Aichi	Beneficiary interests in trust	1,175	1,650	1	96.9	55,760	0.4	1	93.8	55,200	0.4
R-44	RESIDIA Kobe-Isogami	Kobe-shi, Hyogo	Beneficiary interests in trust	2,659	3,690	1	97.3	122,012	0.8	1	91.9	117,048	0.8
R-45	RESIDIA Kita-Nijyo-East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	881	1,140	1	96.4	42,073	0.3	1	98.3	42,496	0.3
R-46	RESIDIA Shinsaibashi West	Osaka-shi, Osaka	Beneficiary interests in trust	1,908	2,450	1	96.4	73,774	0.5	1	93.2	71,163	0.5
R-47	RESIDIA Marunouchi	Nagoya-shi, Aichi	Beneficiary interests in trust	966	1,250	1	95.5	40,597	0.3	1	90.8	40,402	0.3
R-48	RESIDIA Sapporo-Ekimae	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,464	2,140	1	98.0	76,646	0.5	1	100.0	75,772	0.5
R-49	RESIDIA Goshu-Higashi	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,220	1,530	1	90.2	45,382	0.3	1	97.3	46,976	0.3
R-50	RESIDIA Rakuoku	Kyoto-shi, Kyoto	Beneficiary interests in trust	870	1,020	1	93.6	35,037	0.2	1	96.7	34,152	0.2
R-51	RESIDIA Miyakojima I & II	Osaka-shi, Osaka	Real estate	3,288	4,650	1	95.7	153,678	1.0	1	97.1	152,480	1.0
R-52	RESIDIA TOWER Sendai	Sendai-shi, Miyagi	Beneficiary interests in trust	1,765	2,000	1	91.8	69,650	0.5	1	96.0	68,738	0.4
R-53	RESIDIA Higashizakura II	Nagoya-shi, Aichi	Beneficiary interests in trust	2,879	3,730	1	94.7	123,207	0.8	1	92.8	123,352	0.8
R-54	RESIDIA Tsutsujigaoka	Sendai-shi, Miyagi	Beneficiary interests in trust	1,794	2,360	1	94.4	83,308	0.5	1	94.7	81,549	0.5

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R-55	RESIDIA Kobe-Motomachi	Kobe-shi, Hyogo	Beneficiary interests in trust	1,058	1,350	1	84.3	42,585	0.3	1	92.0	42,193	0.3
R-56	RESIDIA Sendai-Honcho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,120	1,600	1	95.0	53,530	0.3	1	97.1	53,268	0.3
R-57	RESIDIA Sendai-Haranomachi	Sendai-shi, Miyagi	Beneficiary interests in trust	593	859	1	97.6	31,236	0.2	1	90.5	29,713	0.2
R-58	RESIDIA Minami-Ichijo East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,070	1,330	1	95.9	48,891	0.3	1	97.9	48,277	0.3
R-59	RESIDIA Shin-Osaka	Osaka-shi, Osaka	Beneficiary interests in trust	2,799	3,500	1	100.0	90,400	0.6	1	100.0	90,349	0.6
R-60	RESIDIA Okayama-Ekimae	Okayama-shi, Okayama	Beneficiary interests in trust	863	977	1	100.0	35,144	0.2	1	100.0	35,238	0.2
R-61	RESIDIA Kyoto Okazaki	Kyoto-shi, Kyoto	Beneficiary interests in trust	238	305	1	100.0	9,761	0.1	1	100.0	9,782	0.1
R-62	RESIDIA Sendai-Ichibancho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,115	1,370	1	100.0	43,448	0.3	1	100.0	43,884	0.3
R-63	RESIDIA Kita-Nijyo-East II	Sapporo-shi, Hokkaido	Beneficiary interests in trust	560	737	1	97.8	26,978	0.2	1	93.2	25,494	0.2
R-64	RESIDIA Takamiya	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	505	580	1	96.9	18,971	0.1	1	100.0	19,757	0.1
R-65	RESIDIA Soen	Sapporo-shi, Hokkaido	Beneficiary interests in trust	402	540	1	90.0	20,498	0.1	1	96.7	20,735	0.1
R-66	RESIDIA Tenjin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,153	1,290	1	90.9	40,843	0.3	1	94.3	40,610	0.3
R-67	RESIDIA Yakuin-Oodori	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,151	1,310	1	90.1	41,444	0.3	1	100.0	41,618	0.3
R-68	RESIDIA Hakata II	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,393	1,530	1	98.1	50,208	0.3	1	99.3	48,969	0.3
R-69	RESIDIA Kego	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	865	1,100	1	97.7	36,346	0.2	1	97.9	35,446	0.2
R-70	RESIDIA Shirakabe	Nagoya-shi, Aichi	Beneficiary interests in trust	964	1,080	1	92.6	34,848	0.2	1	96.3	35,402	0.2
R-71	RESIDIA Sakae	Nagoya-shi, Aichi	Real estate	950	965	1	87.0	27,439	0.2	1	90.9	28,198	0.2
R-73	RESIDIA Senri-Banpakukoen (Note 5)	Suita-shi, Osaka	Beneficiary interests in trust	2,284	2,320	—	—	—	—	1	100.0	22,116	0.1
Total				420,717	517,944	255	96.6	15,430,919	100.0	257	96.6	15,504,314	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 January 31, 2017.
2. "Total number of tenants," is counted as "4" if the property is leased under a master lease agreement to a master lessee. Because all properties held by ADR as of January 31, 2017 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 13 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 fiscal period under review.
5. The names of respective properties on the date of account closing are not necessarily the same as the new names of each of the properties as presented in the table. The same applies hereafter unless otherwise specified.

Assets scheduled to be acquired related to forward commitments (Note 6)

Property no.	Name of real estate	Location	Type of ownership	Real estate appraisal value (million yen)
C-86	RESIDIA Kameido (Note 7)	Koto-ku, Tokyo	Beneficiary interests in trust (scheduled)	3,190
C-87	RESIDIA Koenji (Note 8)	Suginami-ku, Tokyo	Beneficiary interests in trust (scheduled)	1,480
R-72	RESIDIA Senri-Fujishirodai (Note 9, 10)	Suita-shi, Osaka	Beneficiary interests in trust (scheduled)	1,580

- Notes 6. Forward commitments are forward-dated sales contracts in which settlement and delivery of property will be made at least one month after the date of contract or contracts with similar agreements.
7. ADR concluded a transfer of beneficial interest agreement to acquire RESIDIA Kameido on September 6, 2016. The acquisition price is 2,988 million yen and the scheduled date of acquisition is March 29, 2017, or otherwise a date agreed separately with the seller (however, the target date is on or before April 18, 2017).
8. ADR concluded a transfer of beneficial interest agreement to acquire RESIDIA Koenji on September 6, 2016. The acquisition price is 1,380 million yen and the scheduled date of acquisition is March 29, 2017, or otherwise a date agreed separately with the seller (however, the target date is on or before April 18, 2017).
9. The assets scheduled to be acquired are listed by the name scheduled at the time of acquisition by ADR (March 2017: after completion). The same applies for the rest of this report unless otherwise specified.
10. ADR concluded a transfer of beneficial interest agreement to acquire RESIDIA Senri-Fujishirodai on June 29, 2016. The acquisition price is 1,430 million yen and the scheduled date of acquisition is March 29, 2017.

I. Asset Management Report

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 Shinkawa (Chuo-ku, Tokyo)	Major repair work	From: Sep. 2016 To: Jul. 2017	62	–	–
RESIDIA Jiyugaoka (Meguro-ku, Tokyo)	Major repair work	From: Oct. 2016 To: Apr. 2017	45	–	–
RESIDIA Setagaya-Tsurumaki (Setagaya-ku, Tokyo)	Major repair work	From: Sep. 2016 To: Apr. 2017	42	–	–
RESIDIA Mejiro (Toshima-ku, Tokyo)	Renovation work on individual units	From: Jan. 2017 To: Jul. 2017	32	–	–
RESIDIA Tokugawa (Nagoya-shi, Aichi)	Repairs to external walls	From: Jan. 2017 To: Apr. 2017	27	–	–

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 fiscal period were 641 million yen for the entire portfolio and, when combined with repairs and maintenance cost of 480 million yen, the cost of construction work totals 1,122 million yen.

(million yen)

Name of real estate (Location)	Purpose	Implementation period	Amount paid
RESIDIA Bunkyo-Otowa (Bunkyo-ku, Tokyo)	Major repair work	From: Mar. 2016 To: Dec. 2016	115
RESIDIA Hakata (Fukuoka-shi, Fukuoka)	Major repair work	From: Aug. 2016 To: Jan. 2017	91
RESIDIA Okayama-Ekimae (Okayama-shi, Okayama)	Major repair work	From: Jul. 2016 To: Jan. 2017	65
Other real estate	Renovations		368
Total			641

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.

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)

Fiscal Period	9th FP	10th FP	11th FP	12th FP	13th FP
	From: Aug. 1, 2014 To: Jan. 31, 2015	From: Feb. 1, 2015 To: Jul. 31, 2015	From: Aug. 1, 2015 To: Jan. 31, 2016	From: Feb. 1, 2016 To: Jul. 31, 2016	From: Aug. 1, 2016 To: Jan. 31, 2017
Balance of reserves at beginning of period	1,618	1,614	1,423	1,658	1,970
Amount of reserves during period	565	534	584	605	625
Reversal of reserves during period	569	725	349	292	451
Amount carried forward to next period	1,614	1,423	1,658	1,970	2,144

Acquisitions and Disposals in the 13th Fiscal Period

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 ^{Note} (million yen)	Book value (million yen)	Gain (Loss) on sales (million yen)
P-110	RESIDIA Mishuku	Oct. 3, 2016	1,159	—	—	—	—
R-73	RESIDIA Senri-Banpakukoen	Nov. 29, 2016	2,124	—	—	—	—
Total			3,283	—	—	—	—

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

The following are the transactions with interested parties for specified assets in the 13th fiscal period.

Classification	Purchase/Sales amount	
	Purchase amount	Sales amount
Total amount (13th FP)	3,283,000 thousand yen	- thousand yen
Breakdown of transaction with interested parties		
ITOCHU Corporation	1,159,000 thousand yen / 35.3%	- thousand yen / -%

2) Amount of Commission Fees Paid

The following are the commission fees paid to interested parties in the 13th Fiscal Period.

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	1,324,599	ITOCHU Urban Community Ltd.	815,605	61.6
Other rental expenses	104,235	ITOCHU Urban Community Ltd.	57,954	55.6
Advertising expenses	4,410	ITOCHU Urban Community Ltd.	3,210	72.8
Other fees	149,886	ITOCHU Urban Community Ltd.	30,938	20.6
		ITOCHU Human Resources & General Affairs Services Inc.	91	0.1

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

2. ITOCHU Corporation, 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 13th Fiscal Period.



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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 "Company") as of January 31, 2017, 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 Company as of January 31, 2017, 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, the Company acquired assets and issued investment corporation bonds. Our opinion is not modified in respect of this matter.

Deloitte Touche Tohmatsu LLC

April 20, 2017

II. Financial Statements

Balance Sheets

(Thousands of yen)

	As of July 31, 2016	As of January 31, 2017
Assets		
Current assets		
Cash and deposits (Notes 8 and 10)	16,504,881	17,772,257
Cash and deposits in trust (Notes 8 and 10)	9,348,598	9,471,622
Operating accounts receivable	206,960	203,764
Prepaid expenses	390,904	351,386
Other	5,594	4,946
Allowance for doubtful accounts	(12,475)	(10,161)
Total current assets	26,444,463	27,793,815
Non-current assets		
Property, plant and equipment (Notes 14, 18, 19, 21 and 24)		
Buildings	74,345,036	74,491,753
Accumulated depreciation	(9,865,584)	(10,688,918)
Buildings, net	64,479,451	63,802,834
Structures	21,301	22,821
Accumulated depreciation	(4,732)	(5,454)
Structures, net	16,568	17,366
Machinery and equipment	50,117	57,167
Accumulated depreciation	(8,576)	(10,975)
Machinery and equipment, net	41,540	46,191
Tools, furniture and fixtures	186,106	207,046
Accumulated depreciation	(96,914)	(107,867)
Tools, furniture and fixtures, net	89,192	99,179
Land	70,312,696	70,314,787
Buildings in trust	149,040,113	150,689,937
Accumulated depreciation	(18,628,703)	(20,312,832)
Buildings in trust, net	130,411,409	130,377,105
Structures in trust	178,208	184,544
Accumulated depreciation	(85,271)	(89,542)
Structures in trust, net	92,936	95,002
Machinery and equipment in trust	170,953	170,953
Accumulated depreciation	(80,238)	(86,525)
Machinery and equipment in trust, net	90,715	84,428
Tools, furniture and fixtures in trust	628,040	686,711
Accumulated depreciation	(390,915)	(417,936)
Tools, furniture and fixtures in trust, net	237,124	268,775
Land in trust	150,205,767	152,459,428
Construction in progress in trust	70,264	2,521
Total property, plant and equipment	416,047,668	417,567,620
Intangible assets (Note 24)		
Leasehold rights (Note 19)	1,071,902	1,071,902
Leasehold rights in trust (Note 19)	2,112,702	2,078,265
Other	111	92
Total intangible assets	3,184,717	3,150,260

(Thousands of yen)

	As of July 31, 2016	As of January 31, 2017
Investments and other assets		
Long-term prepaid expenses	820,670	796,418
Guarantee deposits	517,397	523,518
Guarantee deposits in trust	1,026,585	1,026,585
Other	1,632	1,632
Total investments and other assets	2,366,284	2,348,154
Total non-current assets	421,598,670	423,066,035
Deferred assets		
Investment unit issuance expenses	1,359	7,173
Investment corporation bond issuance costs	115,523	100,759
Total deferred assets	116,883	107,932
Total assets	448,160,017	450,967,784
Liabilities		
Current liabilities		
Operating accounts payable	343,305	324,578
Current portion of investment corporation bonds (Notes 10 and 26)	12,000,000	12,000,000
Current portion of long-term loans payable (Notes 10, 12, 23 and 27)	24,500,000	22,956,329
Accounts payable – other (Note 14)	1,314,314	1,330,850
Accrued expenses	170,320	151,770
Accrued consumption taxes	42,498	21,366
Advances received	57,126	66,297
Other	26,374	18,877
Total current liabilities	38,453,939	36,870,070
Non-current liabilities		
Investment corporation bonds (Notes 10, 21 and 26)	29,500,000	21,500,000
Long-term loans payable (Notes 10, 12, 23 and 27)	167,864,329	167,318,000
Tenant leasehold and security deposits	1,229,004	1,225,772
Tenant leasehold and security deposits in trust	3,197,112	3,219,876
Total non-current liabilities	201,790,445	193,263,649
Total liabilities	240,244,385	230,133,720
Net assets		
Unitholders' equity (Note 6)		
Paid-in capital	114,936,698	127,690,098
Surplus		
Capital surplus	53,220,279	53,220,279
Voluntary retained earnings		
Reserve for dividends	33,552,162	-
Reserve for temporary difference adjustment (Note 4)	-	33,552,162
Total voluntary retained earnings	33,552,162	33,552,162
Unappropriated retained earnings (undisposed loss)	6,206,491	6,371,523
Total surplus	92,978,933	93,143,965
Total unitholders' equity	207,915,632	220,834,064
Total net assets (Notes 4 and 20)	207,915,632	220,834,064
Total liabilities and net assets	448,160,017	450,967,784

II. Financial Statements

Statements of Income

(Thousands of yen)

	For the six months ended July 31, 2016	For the six months ended January 31, 2017
Operating revenue (Note 18)		
Rental revenue – real estate (Notes 5 and 9)	15,444,051	15,504,314
Total operating revenue	15,444,051	15,504,314
Operating expenses		
Expenses related to rent business (Notes 5 and 9)	6,092,317	6,045,529
Loss on real estate sales (Note 5)	3,837	-
Asset management fees (Note 14)	1,116,385	1,136,067
Asset custody fees	9,670	9,745
Administrative service fees	60,628	60,534
Directors' compensation	3,600	3,600
Taxes and dues	239,631	257,486
Provision of allowance for doubtful accounts	3,883	-
Bad debt expenses	90	26
Other operating expenses	186,187	189,733
Total operating expenses	7,716,233	7,702,724
Operating income	7,727,818	7,801,590
Non-operating income		
Interest income	10,182	7,208
Interest on securities	728	-
Compensation income	-	9,691
Reversal of distribution payable	1,712	3,494
Reversal of allowance for doubtful accounts	-	362
Other	372	2
Total non-operating income	12,996	20,760
Non-operating expenses		
Interest expense (Notes 10, 12 and 23)	1,037,562	998,854
Interest expense on investment corporation bonds	212,764	187,808
Amortization of investment unit issuance expenses	1,359	2,516
Amortization of investment corporation bond issuance costs	17,634	14,764
Other offering costs associated with issuance of investment units	1,421	23,071
Borrowing-related expenses	260,255	223,341
Other	3,355	156
Total non-operating expenses	1,534,354	1,450,513
Ordinary income	6,206,459	6,371,837
Income before income taxes	6,206,459	6,371,837
Income taxes – current (Note 15)	605	605
Total income taxes	605	605
Net income (Note 20)	6,205,854	6,371,232
Retained earnings brought forward	637	291
Unappropriated retained earnings (undisposed loss)	6,206,491	6,371,523

Statements of Changes in Net Assets

For the six months ended July 31, 2016

(Thousands of yen)

	Unitholders' equity						Total net assets	
	Paid-in capital	Surplus				Total unitholders' equity		
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)			Total surplus
			Reserve for dividends	Total voluntary retained earnings				
Balance at the beginning of period	114,936,698	53,220,279	33,552,162	33,552,162	5,952,037	92,724,479	207,661,177	207,661,177
Changes in items during the period								
Dividends from surplus					(5,951,400)	(5,951,400)	(5,951,400)	(5,951,400)
Net income					6,205,854	6,205,854	6,205,854	6,205,854
Total changes in items during the period	-	-	-	-	254,454	254,454	254,454	254,454
Balance at the end of period	114,936,698	53,220,279	33,552,162	33,552,162	6,206,491	92,978,933	207,915,632	207,915,632

For the six months ended January 31, 2017

(Thousands of yen)

	Unitholders' equity								Total net assets
	Paid-in capital	Surplus						Total unitholders' equity	
		Capital surplus	Voluntary retained earnings			Unappropriated retained earnings (undisposed loss)	Total surplus		
Reserve for dividends	Reserve for temporary difference adjustments		Total voluntary retained earnings						
Balance at the beginning of period	114,936,698	53,220,279	33,552,162	-	33,552,162	6,206,491	92,978,933	207,915,632	207,915,632
Changes in items during the period									
Issuance of new investment units	12,753,400							12,753,400	12,753,400
Reversal of reserve for dividends			(33,552,162)		(33,552,162)		(33,552,162)	(33,552,162)	(33,552,162)
Provision of reserve for temporary difference adjustments				33,552,162	33,552,162		33,552,162	33,552,162	33,552,162
Dividends from surplus						(6,206,200)	(6,206,200)	(6,206,200)	(6,206,200)
Net income						6,371,232	6,371,232	6,371,232	6,371,232
Total changes in items during the period	12,753,400	-	(33,552,162)	33,552,162	-	165,032	165,032	12,918,432	12,918,432
Balance at the end of period	127,690,098	53,220,279	-	33,552,162	33,552,162	6,371,523	93,143,965	220,834,064	220,834,064

II. Financial Statements

Statements of Cash Distributions

(Thousands of yen)

	For the six months ended July 31, 2016	For the six months ended January 31, 2017
I. Unappropriated retained earnings	6,206,491,705 yen	6,371,523,766 yen
II. Reversal of reserve for dividends	33,552,162,785 yen	-
III. Reversal of voluntary retained earnings Reversal of reserve for temporary difference adjustments	-	350,126,234 yen
IV. Dividends	6,206,200,000 yen	6,721,650,000 yen
Dividend per investment unit	(4,774 yen)	(4,979 yen)
V. Voluntary reserve Provision of reserve for temporary difference adjustments	33,552,162,785 yen	-
VI. Retained earnings carried forward	291,705 yen	-
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, the 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 6,206,200,000 yen in total, which is the maximum integral multiples of 1,300,000 investment units issued and outstanding, and not exceeding the unappropriated retained earnings of 6,206,491,705 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, reserves will be used in order to maintain stable payouts into the future.</p> <p>Based on this policy, ADR has decided to distribute 6,721,650,000 yen in total, which is the sum of the reversal of the reserve for temporary difference adjustments (RTA) of 350,126,234 yen and unappropriated retained earnings of 6,371,523,766 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 July 31, 2016	For the six months ended January 31, 2017
Cash flows from operating activities		
Income before income taxes	6,206,459	6,371,837
Depreciation and amortization	2,568,795	2,593,574
Amortization of investment unit issuance expenses	1,359	2,516
Amortization of investment corporation bond issuance costs	17,634	14,764
Other offering costs associated with issuance of investment units	1,421	23,071
Increase (decrease) in allowance for doubtful accounts	(1,642)	(2,313)
Interest income	(10,910)	(7,208)
Interest expense	1,037,562	998,854
Interest expense on investment corporation bonds	212,764	187,808
Decrease (increase) in operating accounts receivable	38,587	3,196
Decrease (increase) in prepaid expenses	(28,410)	39,517
Increase (decrease) in accrued consumption taxes	1,808	(21,132)
Increase (decrease) in operating accounts payable	70,751	(69,959)
Increase (decrease) in accounts payable – other	76,902	17,957
Increase (decrease) in accrued expenses	(23,822)	29,677
Increase (decrease) in advances received	(8,717)	9,171
Decrease in sales of property, plant and equipment in trust	818,381	-
Decrease (increase) in long-term prepaid expenses	(55,170)	24,251
Other	5,068	(3,402)
Subtotal	10,928,825	10,212,181
Interest income received	5,957	1,093
Interest expense paid	(1,249,984)	(1,234,890)
Income taxes paid	(266)	123
Net cash provided by (used in) operating activities	9,684,532	8,978,508
Cash flows from investing activities		
Payments into time deposits	(9,000,000)	(7,000,000)
Proceeds from withdrawal of time deposits	6,000,000	9,000,000
Proceeds from sales of securities	3,000,000	-
Purchase of property, plant and equipment	(757,844)	(141,483)
Purchase of property, plant and equipment in trust	(8,703,965)	(3,886,534)
Proceeds from tenant leasehold and security deposits, net	8,659	(3,231)
Proceeds from tenant leasehold and security deposits in trust, net	117,850	22,764
Net cash provided by (used in) investing activities	(9,335,299)	(2,008,485)
Cash flows from financing activities		
Proceeds from short-term loans	-	8,000,000
Repayments of short-term loans	-	(8,000,000)
Proceeds from long-term loans	21,310,000	11,500,000
Repayments of long-term loans	(16,725,822)	(13,590,000)
Proceeds from issuance of investment corporation bonds	3,000,000	-
Redemption of investment corporation bonds	-	(8,000,000)
Payments for investment corporation bond issuance costs	(22,133)	-
Proceeds from issuance of investment units	-	12,753,400
Payments for investment unit issuance expenses	-	(8,330)
Other offering costs associated with issuance of investment units	-	(24,492)
Dividends paid	(5,951,086)	(6,210,199)
Net cash provided by (used in) financing activities	1,610,957	(3,579,623)
Net increase (decrease) in cash and cash equivalents	1,960,190	3,390,399
Cash and cash equivalents at the beginning of period	14,893,289	16,853,480
Cash and cash equivalents at the end of period (Note 8)	16,853,480	20,243,879

III. Notes to Financial Statements

Notes to Financial Statements

1 Organization

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 (33.5 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 basically 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	<p>1) 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</p> <p>2) 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</p> <p>3) Long-term prepaid expenses Amortized using the straight-line method.</p>
(2) Accounting for deferred assets	<p>1) Investment unit issuance expenses Amortized using the straight-line method (more than three years).</p> <p>2) Investment corporation bond issuance costs Amortized using the straight-line method over the period up to redemption of the investment corporation bonds.</p>
(3) Basis of recording allowances	<p>Allowance for doubtful accounts 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 collectibility of certain receivables, such as receivables with default possibility.</p>
(4) Basis of recording revenue and expenses	<p>Method of accounting for property taxes 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. 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 in the current fiscal period was 1,863 thousand yen.</p>
(5) Hedge accounting	<p>1) Method of hedge accounting Special accounting treatment is applied.</p> <p>2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Loans</p> <p>3) Hedging policy ADR conducts derivative transactions to hedge risks stipulated in ADR's Articles of Incorporation in accordance with its financial policy.</p> <p>4) Method for assessing the hedge effectiveness Assessment of the hedge effectiveness has been omitted as the relevant transactions satisfy the requirements for special accounting treatment.</p>
(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	<p>1) 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</p> <p>2) 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.</p>

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 July 31, 2016	As of January 31, 2017
	50,000	50,000

- (2) Commitment line agreements

ADR has executed commitment line agreements with its banks.

(Thousands of yen)

	As of July 31, 2016	As of January 31, 2017
Total commitment line of credit	20,000,000	20,000,000
Amount used	-	-
Unused balance	20,000,000	20,000,000

- (3) Contingent liabilities

For the six months ended July 31, 2016

ADR concluded agreement on the acquisition of the beneficiary interests in trust RESIDIA Senri-Fujishirodai, but in the event that the purchase agreement for this asset is rescinded for reasons attributable to ADR (the purchaser), the purchaser shall pay to the seller damages for breach of contract equivalent to 10% of the transaction price of 1,430 million yen.

For the six months ended January 31, 2017

Not applicable.

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

For the six months ended July 31, 2016

Not applicable.

For the six months ended January 31, 2017

(Thousands of yen)

	Initial amount	Balance as of July 31, 2016	Funds set aside during 13th FP	Funds drawn down during 13th FP	Balance as of January 31, 2017	Reasons for setting aside and drawing down funds
Reserve for dividends (Note)	33,552,162	-	33,552,162	-	33,552,162	Application of interim measures stipulated in Paragraph 3 of the Supplementary Provisions to the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015)

Note that the reserve for dividends is the remaining amount 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 ending 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 July 31, 2016		For the six months ended January 31, 2017	
A. Revenue from property leasing activities				
Rental revenue – real estate				
Rent income	13,727,850		13,823,691	
Facility charges	687,268		728,212	
Parking fees	442,620	14,857,738	441,475	14,993,378
Other revenue related to property leasing				
Income from leasing rights	72,903		68,658	
Other	513,409	586,312	442,277	510,935
Total revenue from property leasing activities		15,444,051		15,504,314
B. Expenses from property leasing activities				
Expenses related to the rent business				
Property taxes	823,752		836,580	
Property management fees	1,087,353		1,068,122	
Utilities	243,723		235,861	
Repairs and maintenance	505,055		480,985	
Property-casual insurance	24,758		25,170	
Trust fees	73,123		69,683	
Other rental expenses	765,773		735,571	
Depreciation and amortization	2,568,776	6,092,317	2,593,555	6,045,529
Total expenses from property leasing activities		6,092,317		6,045,529
C. Operating income from property leasing activities (A–B)		9,351,734		9,458,784

(2) Breakdown of loss on real estate sales

For the six months ended July 31, 2016
(Maison Yachiyodai)

(Thousands of yen)

Income from sales of real estate properties	840,000
Cost of sales of real estate properties	818,381
Other sales expenses	25,456
Loss on real estate sales	3,837

For the six months ended January 31, 2017
Not applicable.

III. Notes to Financial Statements

6 Statements of Changes in Net Assets

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

(Unit)

	For the six months ended July 31, 2016	For the six months ended January 31, 2017
Total number of units authorized	6,000,000	6,000,000
Total number of units issued and outstanding	1,300,000	1,350,000

7 Statements of Cash Distributions

(1) Reserve for temporary difference adjustments

For the six months ended July 31, 2016

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. From the period following the period in which the transfer to the reserve was made, a portion of the reserve equal to at least the 50-year average is scheduled to be used every period.

For the six months ended January 31, 2017

The interim measures of paragraph 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 for the fiscal period ending July 31, 2016 (12th FP) the reserve for dividends of 33,552,162,785 yen, which is the remaining portion of the amount that had been subdivided into gains on negative goodwill recorded in the previous fiscal periods, has been transferred to the reserve for temporary difference adjustments (RTA). It has become necessary to draw down the reserve in each fiscal period by no less than the 50-year average amount of the reserve (at least 335,521,628 yen) on an annualized basis, beginning with the fiscal period ending January 31, 2017 (13th FP), which is the period following the period in which the transfer to the reserve was made. As such, ADR has drawn down 350,126,234 yen of the reserve during the 13th FP.

8 Statements of Cash Flows

(1) 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)

	For the six months ended July 31, 2016	For the six months ended January 31, 2017
Cash and deposits	16,504,881	17,772,257
Cash and deposits in trust	9,348,598	9,471,622
Time deposits held over three months	(9,000,000)	(7,000,000)
Cash and cash equivalents	16,853,480	20,243,879

9 Leases

(1) Finance leases (as a lessee)

Finance leases that do not transfer ownership of the leased property to the lessee

Finance leases that do not transfer ownership of the leased property to the lessee with a commencement date of July 1, 2008 or before are accounted for as operating leases. The details are as follows:

A. Acquisition value equivalent, accumulated depreciation equivalent, and the period-end balance of the leased properties

(Thousands of yen)

	As of July 31, 2016			As of January 31, 2017		
	Acquisition value equivalent	Accumulated depreciation equivalent	Period-end balance equivalent	Acquisition value equivalent	Accumulated depreciation equivalent	Period-end balance equivalent
Tools, furniture and fixtures in trust	6,974	6,383	591	6,974	6,737	236
Total	6,974	6,383	591	6,974	6,737	236

*1. Acquisition value equivalent is determined inclusive of interest expenses as the period-end balance of unexpired leases is insignificant compared with that of property, plant and equipment.

B. Period-end balance equivalent of unexpired leases

(Thousands of yen)

	As of July 31, 2016	As of January 31, 2017
Due within one year	591	236
Due after one year	-	-
Total	591	236

C. Lease payments and depreciation expense equivalent

(Thousands of yen)

	For the six months ended July 31, 2016	For the six months ended January 31, 2017
Lease payments	354	354
Depreciation expense equivalent	354	354

D. Calculation method of depreciation equivalent

Depreciated using the straight-line method over the lease term, assuming a zero residual value.

III. Notes to Financial Statements

(2) Operating leases (as a lessee)

Future lease payments are as follows:

(Thousands of yen)

	As of July 31, 2016	As of January 31, 2017
Due within one year	729,540	729,540
Due after one year	13,705,169	13,340,399
Total	14,434,709	14,069,939

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

(3) Operating leases (as a lessor)

Future lease receivables are as follows:

(Thousands of yen)

	As of July 31, 2016	As of January 31, 2017
Due within one year	4,127,414	3,997,554
Due after one year	11,220,072	9,825,391
Total	15,347,486	13,822,946

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 purchasing real estate properties and repaying its debts. ADR conducts derivative transactions solely to hedge 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 July 31, 2016

(Thousands of yen)

	Book value	Fair value	Unrealized gain (loss)
1) Cash and deposits	16,504,881	16,504,881	–
2) Cash and deposits in trust	9,348,598	9,348,598	–
3) Current portion of investment corporation bonds	12,000,000	12,062,017	(62,017)
4) Current portion of long-term loans payable	24,500,000	24,668,897	(168,897)
5) Investment corporation bonds	29,500,000	30,614,815	(1,114,815)
6) Long-term loans payable	167,864,329	170,992,358	(3,128,029)
7) Derivative transactions	–	(3,559,153)	(3,559,153)

As of January 31, 2017

(Thousands of yen)

	Book value	Fair value	Unrealized gain (loss)
1) Cash and deposits	17,772,257	17,772,257	–
2) Cash and deposits in trust	9,471,622	9,471,622	–
3) Current portion of investment corporation bonds	12,000,000	12,053,191	(53,191)
4) Current portion of long-term loans payable	22,956,329	23,068,639	(112,310)
5) Investment corporation bonds	21,500,000	22,183,817	(683,817)
6) Long-term loans payable	167,318,000	170,494,851	(3,176,851)
7) Derivative transactions	–	(2,329,420)	(2,329,420)

*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 their book values because the book values approximate fair value due to their short maturities.

3) 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 interests, discounted at the assumed interest rate for similar borrowings.

4) Current portion of long-term loans payable and 7) Long-term loans payable

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

7) Derivative transactions

Please refer to “Derivative Transactions” below for details.

III. Notes to Financial Statements

(3) Redemption schedules of monetary claims and securities after July 31, 2016 and January 31, 2017

As of July 31, 2016

(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	16,504,881	–	–	–	–	–
Cash and deposits in trust	9,348,598	–	–	–	–	–
Total	25,853,479	–	–	–	–	–

As of January 31, 2017

(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	17,772,257	–	–	–	–	–
Cash and deposits in trust	9,471,622	–	–	–	–	–
Total	27,243,879	–	–	–	–	–

(4) Repayment schedules of investment corporation bonds, loans payable, and other interest-bearing loans after July 31, 2016 and January 31, 2017

As of July 31, 2016

(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
Current portion of investment corporation bonds	12,000,000	–	–	–	–	–
Current portion of long-term loans payable	24,500,000	–	–	–	–	–
Investment corporation bonds	–	8,000,000	2,000,000	4,000,000	1,500,000	14,000,000
Long-term loans payable	–	28,646,329	22,660,000	20,870,000	17,918,000	77,770,000
Total	36,500,000	36,646,329	24,660,000	24,870,000	19,418,000	91,770,000

As of January 31, 2017

(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
Current portion of investment corporation bonds	12,000,000	–	–	–	–	–
Current portion of long-term loans payable	22,956,329	–	–	–	–	–
Investment corporation bonds	–	2,000,000	4,000,000	1,500,000	–	14,000,000
Long-term loans payable	–	28,950,000	18,900,000	21,370,000	23,678,000	74,420,000
Total	34,956,329	30,950,000	22,900,000	22,870,000	23,678,000	88,420,000

11 Securities

As of July 31, 2016

Not applicable.

As of January 31, 2017

Not applicable.

12 Derivative Transactions

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

As of July 31, 2016

Not applicable.

As of January 31, 2017

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 July 31, 2016 and January 31, 2017 are as follows:

As of July 31, 2016

(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	148,598,000	127,198,000	(3,559,153) (*3)

III. Notes to Financial Statements

As of January 31, 2017

(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	139,098,000	120,198,000	(2,329,420) (*3)

*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. 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.

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

For the six months ended July 31, 2016

Not applicable as ADR does not have any affiliated companies.

For the six months ended January 31, 2017

Not applicable as ADR does not have any affiliated companies.

14 Transactions with Related Parties

(1) Parent company and major corporate unitholders

For the six months ended July 31, 2016

Not applicable.

For the six months ended January 31, 2017

Not applicable.

(2) Affiliated companies

For the six months ended July 31, 2016

Not applicable.

For the six months ended January 31, 2017

Not applicable.

(3) Fellow subsidiaries

For the six months ended July 31, 2016

Not applicable.

For the six months ended January 31, 2017

Not applicable.

(4) Directors and major individual unitholders

For the six months ended July 31, 2016

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	438,902 (*2)	Accounts payable – other	474,014 (*3)
								Management fee 2	357,615 (*2)	Accounts payable – other	386,224 (*3)
								Management fee 3	319,867 (*2)	Accounts payable – other	345,457 (*3)
								Disposition fee	4,200 (*2)	-	-
								Acquisition fee	93,560 (*3) (*4)	-	-

For the six months ended January 31, 2017

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	451,843 (*2)	Accounts payable – other	487,991 (*3)
								Management fee 2	361,565 (*2)	Accounts payable – other	390,490 (*3)
								Management fee 3	322,658 (*2)	Accounts payable – other	348,471 (*3)
								Acquisition fee	35,456 (*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.

III. Notes to Financial Statements

15 Tax Effect Accounting

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

(Thousands of yen)

	As of July 31, 2016	As of January 31, 2017
Deferred tax assets		
Excess provision of allowance for doubtful accounts	3,941	3,210
Valuation difference on assets acquired through merger	10,288,385	10,240,282
Tax loss carryforwards	1,371,552	1,371,552
Other	76,880	87,759
Subtotal	11,740,758	11,702,804
Less valuation allowance	(11,740,758)	(11,702,804)
Total deferred tax assets	—	—
Net deferred tax asset	—	—

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

(Unit: %)

	As of July 31, 2016	As of January 31, 2017
Statutory tax rate	32.31	31.74
(Adjustments)		
Increase (decrease) in valuation allowance	(6.62)	(0.60)
Increase (decrease) due to tax rate changes	3.78	—
Deductible dividends	(29.99)	(31.15)
Other	0.52	0.02
Effective tax rate after the application of tax effect accounting	0.01	0.01

16 Retirement Benefits

For the six months ended July 31, 2016

Not applicable because ADR does not have retirement benefit plans.

For the six months ended January 31, 2017

Not applicable because ADR does not have retirement benefit plans.

17 Asset Retirement Obligations

For the six months ended July 31, 2016

Not applicable.

For the six months ended January 31, 2017

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

For the six months ended July 31, 2016

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 exceed 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.

For the six months ended January 31, 2017

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 exceed 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)

		For the six months ended July 31, 2016	For the six months ended January 31, 2017
Book value			
(*1)	Balance at the beginning of period	413,193,105	419,232,274
	Changes during the period (*2)	6,039,169	1,485,515
	Balance at the end of period	419,232,274	420,717,789
Fair value at the end of period (*3)		508,185,000	517,944,000

*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 one real estate property (670,966 thousand yen) and to the acquisition of real estate beneficiary interests in trust for four properties (8,377,652 thousand yen), while the main decreases came from the sale of real estate beneficiary interests in trust for one property (818,381 thousand yen) and from the posting of depreciation expenses. Of the changes in the value of rental properties during the fiscal period ended January 31, 2017, the increase is mainly attributable to the acquisition of two real estate beneficiary interests in trust (3,493,215 thousand yen), and the decrease is mainly a result of posting depreciation.

*3. The fair value at the end of period is the appraisal or assessment value provided by an external real estate appraiser.

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

20 Per Unit Information

(Yen)

	For the six months ended July 31, 2016	For the six months ended January 31, 2017
Net assets per unit	159,935	163,580
Net income per unit	4,773	4,771

*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 July 31, 2016	For the six months ended January 31, 2017
Net income (Thousands of yen)	6,205,854	6,371,232
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common unit (Thousands of yen)	6,205,854	6,371,232
Average number of units during the period (Units)	1,300,000	1,335,245

21 Significant Subsequent Events

For the six months ended January 31, 2017

1. Acquisition of assets

Following the basic policies prescribed in its Articles of Incorporation, ADR acquired the assets listed below:

(1) RESIDIA Senri-Fujishirodai

Type of asset: Real estate beneficiary interests in trust
 Acquisition price: 1,430 million yen
 Acquisition date: March 29, 2017
 Location: 1-103-30 Fujishirodai, Suita-city, Osaka
 Area: 2,033.37m² in land and 3,113.25m² in buildings
 Structure: Reinforced concrete structure with flat roof and 5 floors
 Construction completion date: February 2017

(2) RESIDIA Kameido

Type of asset: Real estate beneficiary interests in trust
 Acquisition price: 2,988 million yen
 Acquisition date: April 18, 2017
 Location: 5-14-8 Kameido, Koto-ku, Tokyo
 Area: 623.73m² in land and 4,266.16m² in buildings
 Structure: Reinforced concrete structure with flat roof and 14 floors
 Construction completion date: October 2013

(3) RESIDIA Koenji

Type of asset: Real estate beneficiary interests in trust
 Acquisition price: 1,380 million yen
 Acquisition date: April 18, 2017
 Location: 5-7-5 Koenji-minami, Suginami-ku, Tokyo
 Area: 443.92m² in land and 2,114.11m² in buildings
 Structure: Reinforced concrete structure with flat roof and 8 floors
 Construction completion date: March 2015

* The acquisition 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.

2. Issuance of investment corporation bonds

Based on the "General Resolution on Bond Issuance" resolved by the Board of Director's meeting held on July 25, 2016, ADR issued investment corporation bonds on February 17, 2017 under the following terms and conditions.

ADR Unsecured Bond #26 (with pari passu clause among specified investment corporation bonds)

Total amount of bonds: 2,000 million yen

Issue price: 100 yen par value of 100 yen for each bond

Coupon rate: 0.18%

Collateral/Guarantee: No collateral and guarantee

Redemption date: ADR will redeem the entire amount on August 17, 2022. The bonds may be purchased and canceled at any time on and after the date following the issue date, unless otherwise stipulated by the depository.

Coupon payment dates: February 17 and August 17 every year

Use of proceeds: Allocated to partial repayment of long-term loans

III. Notes to Financial Statements

22 Schedule of Securities

Not applicable.

23 Table of the 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)	139,098,000	120,198,000	(2,329,420)
Total		139,098,000	120,198,000	(2,329,420)

*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. 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.

24 Summary of Real Estate

For the six months ended January 31, 2017

(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	74,345,036	146,716	-	74,491,753	10,688,918	823,326	63,802,834	-
	Structures	21,301	1,520	-	22,821	5,454	721	17,366	-
	Machinery and equipment	50,117	7,049	-	57,167	10,975	2,399	46,191	-
	Tools, furniture and fixtures	186,106	21,366	426	207,046	107,867	10,961	99,179	-
	Land	70,312,696	2,090	-	70,314,787	-	-	70,314,787	-
	Buildings in trust	149,040,113	1,649,824	-	150,689,937	20,312,832	1,684,129	130,377,105	*1
	Structures in trust	178,208	6,336	-	184,544	89,542	4,270	95,002	-
	Machinery and equipment in trust	170,953	-	-	170,953	86,525	6,286	84,428	-
	Tools, furniture and fixtures in trust	628,040	58,854	183	686,711	417,936	27,022	268,775	-
	Land in trust	150,205,767	2,253,661	-	152,459,428	-	-	152,459,428	*1
	Construction in progress in trust	70,264	2,521	70,264	2,521	-	-	2,521	-
Subtotal		445,208,605	4,149,942	70,874	449,287,673	31,720,052	2,559,117	417,567,620	
Intangible assets	Leasehold rights	1,071,902	-	-	1,071,902	-	-	1,071,902	-
	Leasehold rights in trust	2,356,072	-	-	2,356,072	277,806	34,437	2,078,265	-
	Other	19,506	-	-	19,506	19,414	19	92	-
Subtotal		3,447,482	-	-	3,447,482	297,221	34,456	3,150,260	
Total		448,656,087	4,149,942	70,874	452,735,155	32,017,273	2,593,574	420,717,881	

*1. The increase in property, plant and equipment for the six months ended January 31, 2017, primarily represents the acquisitions of the properties listed below.

RESIDIA Mishuku

RESIDIA Senri-Banpakukoen

25 Schedule of Other Specified Assets

Not applicable.

26 Schedule of Investment Corporation Bonds

For the six months ended January 31, 2017

(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 #13 (Unsecured)	September 12, 2011	8,000,000	8,000,000	-	-	September 12, 2016	(*3)	Unsecured
ADR Bond #14 (Unsecured)	September 12, 2011	2,000,000	-	2,000,000	1.68	September 12, 2018	(*3)	Unsecured
ADR Bond #16 (Unsecured)	April 26, 2012	4,000,000	-	4,000,000	1.08	April 26, 2017	(*2)	Unsecured
ADR Bond #17 (Unsecured)	September 12, 2012	8,000,000	-	8,000,000	0.87	September 12, 2017	(*3)	Unsecured
ADR Bond #18 (Unsecured)	September 12, 2012	4,000,000	-	4,000,000	1.23	September 12, 2019	(*3)	Unsecured
ADR Bond #19 (Unsecured)	April 25, 2013	3,000,000	-	3,000,000	1.32	April 25, 2023	(*2)	Unsecured
ADR Bond #20 (Unsecured)	November 14, 2013	2,000,000	-	2,000,000	1.41	November 14, 2025	(*2)	Unsecured
ADR Bond #21 (Unsecured)	April 28, 2014	2,500,000	-	2,500,000	1.04	April 26, 2024	(*2)	Unsecured
ADR Bond #22 (Unsecured)	April 23, 2015	2,000,000	-	2,000,000	0.726	April 23, 2025	(*3)	Unsecured
ADR Bond #23 (Unsecured)	October 21, 2015	1,500,000	-	1,500,000	0.326	October 21, 2020	(*2)	Unsecured
ADR Bond #24 (Unsecured)	October 21, 2015	1,500,000	-	1,500,000	0.846	October 21, 2025	(*2)	Unsecured
ADR Bond #25 (Unsecured)	June 21, 2016	3,000,000	-	3,000,000	0.900	June 20, 2031	(*2)	Unsecured
Total	-	41,500,000	8,000,000	33,500,000	-	-	-	-

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

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

*3. The funds are used for the 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	12,000,000	2,000,000	4,000,000	1,500,000	-

III. Notes to Financial Statements

27 Schedule of Loans

For the six months ended January 31, 2017

(Thousands of yen)

	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								
Short-term loans payable	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	3,000,000	3,000,000	-	-	Sep. 30, 2016	(*6)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank Limited	-	3,000,000	3,000,000	-	-			
	Mizuho Bank, Ltd.	-	2,000,000	2,000,000	-	-			
Total		-	8,000,000	8,000,000	-				
Current portion of long-term loans payable	Development Bank of Japan Inc.	-	956,329	-	956,329	1.90%	Nov. 24, 2017	(*5)	Unsecured Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,500,000	-	-	3,500,000	1.75% (*2)	Apr. 28, 2017	(*5)	
	Mitsubishi UFJ Trust and Banking Corporation	3,700,000	-	-	3,700,000				
	Sumitomo Mitsui Trust Bank Limited	2,000,000	-	-	2,000,000				
	Sumitomo Mitsui Banking Corporation	2,700,000	-	-	2,700,000	1.59% (*2)	Jun. 30, 2017	(*5)	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	-	500,000	-	-	Jan. 31, 2017	(*5)	
	Sumitomo Mitsui Trust Bank Limited	500,000	-	500,000	-				
	Resona Bank, Limited	2,000,000	-	2,000,000	-	-	Jan. 31, 2017	(*3)	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	750,000	-	750,000	-	-	Jan. 31, 2017	(*3)	
	Sumitomo Mitsui Trust Bank Limited	750,000	-	750,000	-				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	300,000	-	300,000	-	-	Nov. 30, 2016	(*5)	
	Sumitomo Mitsui Trust Bank Limited	300,000	-	300,000	-				
	Sumitomo Mitsui Banking Corporation	450,000	-	450,000	-				
	Mizuho Bank, Ltd.	450,000	-	450,000	-				
	The Norinchukin Bank	2,500,000	-	2,500,000	-				
	Mitsui Sumitomo Insurance Co., Ltd.	1,000,000	-	1,000,000	-	-	Nov. 30, 2016	(*5)	
	Taiyo Life Insurance Company	1,500,000	-	1,500,000	-				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	800,000	-	800,000	1.10% (*2)	Aug. 31, 2017	(*5)	
	Sumitomo Mitsui Trust Bank Limited	-	800,000	-	800,000				
	Sumitomo Mitsui Banking Corporation	-	2,800,000	-	2,800,000				
	Mitsubishi UFJ Trust and Banking Corporation	-	1,600,000	-	1,600,000				
	Taiyo Life Insurance Company	-	1,500,000	-	1,500,000	0.94%	Sep. 29, 2017	(*7)	
	The Kagawa Bank, Ltd.	-	500,000	-	500,000	0.92% (*2)	Sep. 29, 2017	(*6)	
	The Hiroshima Bank, Ltd.	-	500,000	-	500,000	0.79% (*2)	Nov. 30, 2017	(*6)	
	Development Bank of Japan Inc.	600,000	-	-	600,000	0.74%	May 31, 2017	(*6)	
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	-	-	1,000,000	0.72%	Mar. 31, 2017	(*5)	
	Total		24,500,000	9,456,329	11,000,000	22,956,329			

	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.	956,329	-	956,329	-	-	Nov. 24, 2017	(*5)	Unsecured Unguaranteed			
	Sumitomo Mitsui Trust Bank Limited	890,000	-	-	890,000	1.76% (*2)	Jun. 29, 2018	(*5)				
	Mitsubishi UFJ Trust and Banking Corporation	1,000,000	-	-	1,000,000	1.62% (*2)	Sep. 28, 2018	(*3)				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,300,000	-	-	1,300,000	1.57% (*2)	Nov. 30, 2018	(*5)				
	Sumitomo Mitsui Trust Bank Limited	1,300,000	-	-	1,300,000							
	Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000							
	Mitsubishi UFJ Trust and Banking Corporation	1,900,000	-	-	1,900,000							
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	-	-	500,000	1.43% (*2)	Jul. 31, 2018	(*5)				
	Sumitomo Mitsui Trust Bank Limited	500,000	-	-	500,000							
	Sumitomo Mitsui Banking Corporation	650,000	-	-	650,000							
	Mizuho Bank, Ltd.	500,000	-	-	500,000							
	Mitsubishi UFJ Trust and Banking Corporation	900,000	-	-	900,000							
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000							
	Shinsei Bank, Limited	1,500,000	-	-	1,500,000	1.42% (*2)	Jul. 31, 2018	(*6)				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	-	-	500,000							
	Sumitomo Mitsui Trust Bank Limited	500,000	-	-	500,000							
	Shinsei Bank, Limited	1,000,000	-	-	1,000,000	1.23%	Feb. 28, 2018	(*3)				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,850,000	-	-	2,850,000							
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800,000	-	800,000	-					-	Aug. 31, 2017	(*5)
	Sumitomo Mitsui Trust Bank Limited	800,000	-	800,000	-							
	Sumitomo Mitsui Banking Corporation	2,800,000	-	2,800,000	-							
	Mitsubishi UFJ Trust and Banking Corporation	1,600,000	-	1,600,000	-							
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500,000	-	-	1,500,000	1.20% (*2)	Apr. 27, 2018	(*5)				
	Sumitomo Mitsui Trust Bank Limited	2,100,000	-	-	2,100,000							
	Sumitomo Mitsui Banking Corporation	800,000	-	-	800,000							
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,200,000	-	-	1,200,000	1.25% (*2)	Jun. 28, 2019	(*5)				
	Sumitomo Mitsui Trust Bank Limited	800,000	-	-	800,000							
	Aozora Bank, Ltd.	700,000	-	-	700,000							
	Taiyo Life Insurance Company	1,500,000	-	1,500,000	-	-	Sep. 29, 2017	(*7)				

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	The Kagawa Bank, Ltd.	500,000	-	500,000	-	-	Sep. 29, 2017	(*6)	Unsecured Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, 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)	
	Mitsubishi UFJ Trust and Banking Corporation	1,000,000	-	-	1,000,000	1.03% (*2)	Nov. 29, 2019	(*6)	
	The Hiroshima Bank, Ltd.	500,000	-	500,000	-	-	Nov. 30, 2017	(*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				
	Development Bank of Japan Inc.	2,200,000	-	-	2,200,000	1.23%	Nov. 29, 2020	(*5)	
	Development Bank of Japan Inc.	2,200,000	-	-	2,200,000	1.40%	Nov. 29, 2021	(*5)	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,703,000	-	-	2,703,000	1.28% (*2)	Jul. 25, 2019	(*5)	
	Sumitomo Mitsui Trust Bank Limited	3,595,000	-	-	3,595,000				
	Mitsubishi UFJ Trust and Banking Corporation	1,799,000	-	-	1,799,000				
	Aozora Bank, Ltd.	903,000	-	-	903,000				
	The Bank of Tokyo-Mitsubishi UFJ, 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)	
	The Bank of Tokyo-Mitsubishi UFJ, 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)	
	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	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 Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000	0.79% (*2)	Feb. 28, 2018	(*3)	
	The Bank of Tokyo-Mitsubishi UFJ, 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				

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
Mizuho Bank, Ltd.	2,160,000	-	-	2,160,000	1.63% (*2)	Dec. 22, 2021	(*5)	Unsecured Unguaranteed
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				
The Nishi-Nippon City Bank Ltd.	500,000	-	-	500,000	0.92% (*2)	Sep. 30, 2019	(*3)	
The Nishi-Nippon City Bank Ltd.	500,000	-	-	500,000	0.77% (*2)	Sep. 28, 2018	(*3)	
The 77 Bank, Ltd.	500,000	-	-	500,000				
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	0.93% (*2)	Jun. 18, 2020	(*3)	
The Yamaguchi Bank, Ltd.	500,000	-	-	500,000	0.85% (*2)	Dec. 18, 2019	(*3)	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	-	-	500,000	1.59% (*2)	Feb. 14, 2025	(*5)	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	-	-	500,000	1.44% (*2)	Feb. 16, 2024	(*5)	
Sumitomo Mitsui Trust Bank Limited	500,000	-	-	500,000				
The Bank of Tokyo-Mitsubishi UFJ, 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				
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,200,000	-	-	1,200,000	1.08% (*2)	Feb. 16, 2022	(*5)	
Sumitomo Mitsui Trust Bank Limited	2,100,000	-	-	2,100,000				
Mizuho Bank, Ltd.	2,000,000	-	-	2,000,000				
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000				
Mizuho Bank, Ltd.	2,900,000	-	-	2,900,000	0.89% (*2)	Feb. 16, 2021	(*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	Mizuho Trust & Banking Co., Ltd.	1,500,000	-	-	1,500,000	0.89% (*2)	Feb. 16, 2021	(*5)	Unsecured Unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	270,000	-	-	270,000				
	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	0.58% (*2)	Jan. 29, 2021	(*3)	
	Aozora Bank, Ltd.	900,000	-	-	900,000				
	The Nishi-Nippon City Bank Ltd.	400,000	-	-	400,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	707,000	-	-	707,000	0.82% (*2)	Jul. 29, 2022	(*3)	
	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)	
	Aozora Bank, Ltd.	700,000	-	-	700,000	0.42% (*2)	Oct. 31, 2019	(*5)	
	Resona Bank, Limited	500,000	-	-	500,000	0.57% (*2)	Jan. 29, 2021	(*5)	
	The Bank of Fukuoka, Ltd.	500,000	-	-	500,000				
	The Bank of Tokyo-Mitsubishi UFJ, 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				
	The Bank of Tokyo-Mitsubishi UFJ, 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)	

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	The Norinchukin Bank	1,500,000	-	-	1,500,000	0.75% (*2)	Apr. 14, 2023	(*3)	Unsecured Unguaranteed
	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)	
	The Tokyo Tomin 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 Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	-	-	500,000	0.20%	Apr. 13, 2018	(*3)	
	Sumitomo Mitsui Trust Bank Limited	500,000	-	-	500,000				
	Mizuho Bank, Ltd.	1,500,000	-	-	1,500,000				
	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				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	700,000	-	-	700,000	0.20%	Feb. 28, 2019	(*5)	
	Sumitomo Mitsui Trust Bank Limited	500,000	-	-	500,000				
	The Bank of Tokyo-Mitsubishi UFJ, 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)	
	Mitsubishi UFJ Trust and Banking Corporation	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				
	The Bank of Tokyo-Mitsubishi UFJ, 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				
	Mitsubishi UFJ Trust and Banking Corporation	2,500,000	-	-	2,500,000	0.57%	Jan. 31, 2026	(*5)	
	Shinsei Bank, Limited	990,000	-	990,000	-	-	Feb. 29, 2024	(*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	Sumitomo Mitsui Banking Corporation	2,260,000	-	-	2,260,000	0.18%	Nov. 30, 2018	(*5)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank Limited	1,000,000	-	-	1,000,000	0.77% (*2)	Mar. 24, 2028	(*3)	
	The Bank of Tokyo-Mitsubishi UFJ, 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	1,150,000	-	250,000	900,000	0.52%	Jan. 31, 2026	(*)3	
	Mitsubishi UFJ Trust and Banking Corporation	1,150,000	-	-	1,150,000	0.45%	Jan. 31, 2025	(*)3	
	Shinsei Bank, Limited	500,000	-	500,000	-	-	Mar. 24, 2024	(*)3	
	Sumitomo Mitsui Trust Bank Limited	500,000	-	-	500,000	0.75% (*2)	Mar. 24, 2028	(*)3	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	-	-	500,000	0.51%	Mar. 24, 2026	(*)3	
	Mizuho Bank, Ltd.	400,000	-	-	400,000	0.63%	Jan. 31, 2027	(*)3	
	Shinsei Bank, Limited	350,000	-	350,000	-	-	Mar. 24, 2024	(*)3	
	The Kagawa Bank, Ltd.	500,000	-	500,000	-	-	Apr. 28, 2024	(*)5	
	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	

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	Mitsui Sumitomo Insurance Co., Ltd.	-	1,000,000	-	1,000,000	0.32%	Nov. 30, 2023	(*5)	Unsecured Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,250,000	-	1,250,000	0.41%	Jan. 29, 2027	(*5)	
	The Bank of Tokyo-Mitsubishi UFJ, 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)	
Total		167,864,329	11,500,000	12,046,329	167,318,000				

- *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 the acquisition of specified assets.
- *4. The funds are used for the acquisition of specified assets and repayment of the existing loans.
- *5. The funds are used for the repayment of the existing loans.
- *6. The funds are used for the redemption of the existing investment corporation bonds.
- *7. The funds are used for the 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	22,956,329	28,950,000	18,900,000	21,370,000	23,678,000