

**14<sup>th</sup>**  
**Fiscal Period Report**

February 1, 2017 - July 31, 2017

*Advance Residence Investment Corporation*

# I. Asset Management Report

## Management's Discussion and Analysis

### 1 Summary of Selected Financial Data

	Fiscal Period	units	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	14th FP From: Feb. 1, 2017 To: Jul. 31, 2017
Operating results	Operating revenues	million yen	14,998	15,082	15,444	15,504	15,918
	(Rental revenue) a	million yen	14,964	15,082	15,444	15,504	15,918
	(Gain on real estate sales) b	million yen	—	—	—	—	—
	Total operating expenses	million yen	7,497	7,593	7,716	7,702	7,949
	(Rental business expenses) c	million yen	5,974	6,024	6,092	6,045	6,275
	(Loss on real estate sales) d	million yen	—	—	3	—	—
	(Impairment loss) e	million yen	—	—	—	—	—
	Operating income	million yen	7,501	7,489	7,727	7,801	7,968
	Ordinary income f	million yen	5,945	5,951	6,206	6,371	6,642
Balance sheet figures	Net income g	million yen	5,944	5,951	6,205	6,371	6,642
	Total assets h	million yen	440,991	440,108	448,160	450,967	450,479
	Interest-bearing liabilities i	million yen	227,486	226,280	233,864	223,774	223,374
	Net assets j	million yen	207,653	207,661	207,915	220,834	220,754
Per unit figures	Paid-in Capital k	million yen	114,936	114,936	114,936	127,690	127,690
	Total dividends l	million yen	5,943	5,951	6,206	6,721	6,978
	Payout ratio l/g	%	100.0	100.0	100.0	105.5	105.1
	Total number of units issued and outstanding m	Units	1,300,000	1,300,000	1,300,000	1,350,000	1,350,000
	Net assets per unit j/m	yen	159,733	159,739	159,935	163,580	163,521
	Net income per unit Note 2	yen	4,572	4,577	4,773	4,771	4,920
	Dividend per unit l/m	yen	4,572	4,578	4,774	4,979	5,169
	Dividend from earnings per unit	yen	4,572	4,578	4,774	4,979	5,169
	Dividend in excess of earnings per unit	yen	0	0	0	0	0
	Annualized dividend yield Note 3	%	3.4	3.5	3.4	3.3	3.9
Financial indicators	Return on investment (Paid-in Capital) (g+q)/(k+i) Note 3	%	5.0	4.9	5.1	5.1	5.3
	Return on investment (market capitalization) (g+q)/(m+r+i) Note 3	%	2.9	3.0	2.9	2.8	3.2
	FFO per unit (g-b+d+e+q)/m	yen	6,497	6,524	6,752	6,640	6,869
	Annualized n Note 3	yen	13,103	12,942	13,579	13,209	13,853
	FFO per unit r/n	times	20.6	20.1	21.0	22.6	19.4
	Ratio of ordinary income to total assets f/h Note 4	%	1.4	1.4	1.4	1.4	1.5
	Annualized Note 3	%	2.8	2.7	2.8	2.8	3.0
	Equity ratio j/h	%	47.1	47.2	46.4	49.0	49.0
	Return on equity g/j Note 5	%	2.9	2.9	3.0	3.0	3.0
	Annualized Note 3	%	5.8	5.7	6.0	5.9	6.1
	Ratio of interest-bearing liabilities to total assets i/h	%	51.6	51.4	52.2	49.6	49.6
	DSCR o/p	times	7.5	7.4	8.0	8.6	9.5
	Net income before interest and depreciation o	million yen	9,756	9,803	10,024	10,151	10,367
	Interest expenses p	million yen	1,309	1,321	1,250	1,186	1,093
	NOI a-c+q Note 6	million yen	11,491	11,588	11,920	12,052	12,274
	Annualized NOI yield Note 3, 7	%	5.5	5.4	5.6	5.5	5.6
	Depreciation and amortization q Note 8	million yen	2,502	2,531	2,568	2,593	2,631
Reference information	Number of properties under management	—	249	251	255	257	260
	Number of leasable units at end of period	Units	20,122	20,231	20,455	20,565	20,842
	Leasable floor area at end of period Note 9	m <sup>2</sup>	757,856.84	760,453.15	766,881.60	773,464.74	781,760.64
	Occupancy rate at end of period Note 10	%	96.4	96.7	96.6	96.6	96.9
	Unit price at end of period r	yen	270,500	260,500	284,600	297,900	269,400

- 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 181 days for the 10th Fiscal Period, 184 days for the 11th Fiscal Period, 182 days for the 12th Fiscal Period, 184 days for the 13th Fiscal Period and 181 days for the 14th 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 heightened competitive advantages by carrying out value enhancement works.

### 2. External Growth

Increased assets under management by acquiring prime properties, two recently constructed properties from the sponsor pipeline and another property from a third party through a negotiated transaction.

### 3. Finance

Extended duration on interest-bearing liabilities, reduced the average interest rate and raised the fixed interest ratio of debts compared to the previous fiscal period.

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

(million yen)

Item	Previous FP Results	Initial forecast <sup>Note 1</sup>	14th FP Results (July 2017)	Difference from the previous FP	Difference from the initial forecast
Operating revenues	15,504	15,755	15,918	+414	+162
Operating income	7,801	7,819	7,968	+167	+149
Ordinary income	6,371	6,480	6,642	+270	+162
Net income	6,371	6,480	6,642	+270	+162
Earnings Per Unit	4,719 yen <sup>Note 2</sup>	4,800 yen	4,920 yen <sup>Note 2</sup>	+201 yen <sup>Note 3</sup>	+120 yen <sup>Note 3</sup>
Dividend Per Unit	4,979 yen	5,049 yen	5,169 yen	+190 yen	+120 yen

Notes 1. The initial forecast refers to the earnings forecasts for the 13th Fiscal Period disclosed in the "Brief Summary of Kessan Tanshin" for the 13th Fiscal Period, dated March 10, 2017. 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 1) rental revenue gains as a result of higher-than-expected occupancy rates, and due to 2) a decrease in interest expenses as a result of lower-than-expected financing rates. And against the previous fiscal period, ADR achieved increases in revenues and profits over the previous fiscal period largely due to the earnings contributions from newly acquired properties, which translates to 201 yen increase in earnings per unit (EPU) to 4,920 yen.

As a result, the dividend per unit (DPU), with the addition of the drawdown in the reserve for a temporary difference adjustment (RTA) of 248 yen per unit, amounted to 5,169 yen, which is 120 yen higher than the initial forecast and 190 yen higher than previous fiscal period results.

### 1. Internal Growth

– Maintained high occupancy rates and increased rents –

While the population inflow continues in the regions where ADR invests, rental housing supply has been limited thereby resulting in a tight leasing market. Amid that favorable environment, we were able to achieve a record high average period occupancy rate of 97.0% in the current fiscal period. Along with the fact that the fiscal period included the peak leasing season <sup>(Note 4)</sup>, therefore allowing us to aggressively pursue rent hikes in both tenant replacements and contract renewals, we were able to increase the overall portfolio rent level <sup>(Note 5)</sup> by 0.30% over rent levels of January 31, 2017.

– Strengthening competitiveness of our properties by carrying out value enhancement work –

ADR systematically conducts large-scale renovations of its properties in order to maintain functionality and improve their appearance. In addition, ADR carries out value enhancement work mostly on individual units of properties that have recently gone through large-scale renovations, to maintain and enhance competitiveness in the leasing market. 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 3 properties and value enhancement work on 27

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residential units. Of the residential units that underwent the value enhancement work, new rental contracts had been signed for 20 units as of August 31, 2017. Those units saw a rise in rent of 17% on average over the previous rent. Going forward, ADR will endeavor to enhance the competitive strengths of its properties through such initiatives.

## – Promoting sustainability –

In order to enhance sustainability, ADR has been 1) promoting resource conservation with respect to its property holdings by equipping them with LED lighting, water-conserving toilets and other such items, 2) heightening levels of tenant satisfaction through efforts that include providing tenant services and carrying out tenant-satisfaction surveys, and 3) contributing to its local communities by taking on efforts such as those that involve installing automated external defibrillators (AED) that can be operated by nearby residents. Meanwhile, AD Investment Management Co., Ltd. has been developing compliance and risk management frameworks and implementing measures geared to improving levels of employee satisfaction.

Having consequently gained recognition for such initiatives, ADR was selected as a constituent of the MSCI Japan ESG Select Leaders Index during this fiscal period. With its constituents comprising companies that earn high marks for their environmental, social and governance (ESG) performance, the MSCI Japan ESG Select Leaders Index has been selected as one of the ESG benchmarks to be used by Japan's Government Pension Investment Fund (GPIF) in carrying out its passive investment strategy.

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

Notes 4. In this document, the term “peak leasing season” refers to the fiscal period encompassing the months February to April during which time a relatively high number of lease contracts are normally concluded. For ADR, the fiscal period that ends in July is the peak leasing season.

5. 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

### – Acquired recently built prime properties, mainly from the sponsor's pipeline –

During the current fiscal period, ADR concluded acquisitions of three properties at a total acquisition price of 5.7 billion yen, two of which are sponsor-developed properties acquired from the sponsor ITOCHU Corporation (4.3 billion yen), and the other is a property acquired from a third party through a negotiated transaction (1.4 billion yen). While prime properties are scarce amid an extremely competitive market, we have been able to consistently acquire such properties.

## 3. Finance

### – Reduced the average interest rate and extended the duration of interest-bearing liabilities –

Under our finance policy of extending durations, fixing interest rates and diversifying maturities of interest-bearing liabilities, ADR refinanced a total of 22.5 billion yen in debt (average initial duration of 8.3 years and average interest rate of 0.46%<sup>(Note 6)</sup>). As a result, as of the end of the current fiscal period we have 223.3 billion yen total outstanding interest-bearing liabilities at 4.7 years average remaining duration, 0.94% average interest rate<sup>(Note 7)</sup> and 98.3% fixed interest ratio<sup>(Note 8)</sup>. As such, we have managed to further strengthen our financial foundations.

Notes 6. The “average interest rate” is the weighted-average interest rate on loans and bonds as of their respective borrowing or issuance date. If the interest rates on the debts have been converted to a 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.

7. 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 a 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.

8. 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.

### 3 Management Policies and Challenges Going Forward

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

#### a) Internal Growth

ADR will continue working to raise rents when tenants are replaced as well as when contracts are renewed, comprehensively taking into account property characteristics, terms and conditions of individual contracts and other such factors. 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 work appropriate to the property's characteristics.

#### b) External Growth

Because the market conditions will continue to be difficult for acquiring properties, we will strive to acquire properties that will contribute in improving the quality and profitability of ADR's portfolio by acquiring from our sponsor or from third parties through negotiated transactions by utilizing information collected by ADR, 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 sustaining the high fixed interest ratio, 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, starting from the previous fiscal period ADR has been drawing down the 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 means that ADR will fully draw down the RTA in equal amounts or more every fiscal period within 50-year<sup>(Note 9)</sup>.

In case the DPU falls below 4,500 yen even with the dividend supplement, draw down will be increased to ensure a DPU of at least 4,500 yen<sup>(Note 10)</sup>.

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 year × 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, 2013	Follow-on offering	135,000	1,235,000	21,667	101,754	1
February 27, 2013	Third-party allotment	5,000	1,240,000	802	102,557	2
February 3, 2014	Follow-on offering	58,000	1,298,000	11,967	114,524	3
February 26, 2014	Third-party allotment	2,000	1,300,000	412	114,936	4
September 23, 2016	Follow-on offering	47,500	1,347,500	12,115	127,052	5
October 19, 2016	Third-party allotment	2,500	1,350,000	637	127,690	6

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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	10th FP	11th FP	12th FP	13th FP	14th FP
Period-end	July 2015	January 2016	July 2016	January 2017	July 2017
High	305,000 yen	281,400 yen	299,400 yen	309,000 yen	307,500 yen
Low	269,300 yen	229,600 yen	251,700 yen	267,900 yen	261,600 yen

## Overview of the Investment Corporation

### 1 Major Unit-holders

The following are the major unit-holders as of July 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	353,309	26.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	153,855	11.39
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	83,527	6.18
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	52,528	3.89
ITOCHU Corporation	2-5-1 Kita-Aoyama, Minato-ku, Tokyo	34,800	2.57
State Street Bank - West Pension Fund Clients - Exempt	1776 Heritage Drive, North Quincy, MA 02171 U.S.A.	19,012	1.40
Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	18,330	1.35
DFA International Real Estate Securities Portfolio	6300 Bee Cave Road, Building One Austin TX 78746 US	16,526	1.22
State Street Bank and Trust Company	One Lincoln Street, Boston MA 02111 U.S.A.	15,941	1.18
State Street Bank and Trust Company	P.O. Box 351 Boston Massachusetts 02101 U.S.A.	14,869	1.10
<b>Total</b>		<b>762,697</b>	<b>56.49</b>

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 July 31, 2017, are as follows.

Title	Name	Primary concurrent positions	Total amount of compensation during the fiscal period (thousand yen)
Executive Director	Kenji Kousaka <sup>Note 1</sup>	President, AD Investment Management Co., Ltd.	— <sup>Note 2</sup>
Supervisory Director	Hidejiro Matsuda	President, Hidejiro Matsuda CPA Office	1,800
Supervisory Director	Yoshiki Oshima	President, Akasaka Law Office L.P.C.	1,800
Independent Auditor	Deloitte Touche Tohmatsu LLC		21,500 <sup>Note 3</sup>

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 (5,000 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 July 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 July 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	13th (Aug 1, 2016 ~ Jan. 31, 2017)				14th (Feb. 1, 2017 ~ Jul. 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	2,381	3,190	1	96.1	87,219	0.6	1	96.7	88,814	0.6
P-3	RESIDIA Nakameguro	Meguro-ku, Tokyo	Beneficiary interests in trust	1,425	2,090	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	1,178	1,260	1	96.4	34,699	0.2	1	96.8	35,474	0.2
P-7	RESIDIA Ikejiriohashi	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,162	1,410	1	95.0	33,227	0.2	1	92.9	36,646	0.2
P-9	RESIDIA Kudanshita	Chiyoda-ku, Tokyo	Beneficiary interests in trust	2,039	2,610	1	97.7	71,972	0.5	1	98.9	72,959	0.5
P-10	RESIDIA Hatagaya	Shibuya-ku, Tokyo	Beneficiary interests in trust	1,069	1,230	1	92.1	31,026	0.2	1	100.0	31,336	0.2
P-13	RESIDIA Sakurajosui	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,065	1,280	1	97.9	33,888	0.2	1	96.3	33,841	0.2
P-14	RESIDIA Kita-Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	2,549	2,990	1	100.0	75,454	0.5	1	100.0	75,574	0.5
P-15	RESIDIA Yoyoginomori	Shibuya-ku, Tokyo	Beneficiary interests in trust	708	735	1	88.5	19,232	0.1	1	92.0	19,012	0.1
P-16	RESIDIA Shinjuku-East III	Shinjuku-ku, Tokyo	Beneficiary interests in trust	724	912	1	92.5	25,089	0.2	1	100.0	24,237	0.2
P-19	Leopalace Udagawacho Mansion	Shibuya-ku, Tokyo	Beneficiary interests in trust	564	726	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	1,309	1,700	1	86.2	43,706	0.3	1	88.6	44,364	0.3
P-22	RESIDIA Shinjuku-East	Shinjuku-ku, Tokyo	Beneficiary interests in trust	932	1,150	1	92.1	31,438	0.2	1	94.0	30,116	0.2
P-23	RESIDIA Kanda-Iwamotocho	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,407	2,070	1	98.7	57,226	0.4	1	100.0	57,895	0.4
P-24	RESIDIA Azabujuban II	Minato-ku, Tokyo	Beneficiary interests in trust	888	1,050	1	97.5	27,585	0.2	1	85.5	27,377	0.2
P-25	RESIDIA Ebisu	Shibuya-ku, Tokyo	Beneficiary interests in trust	569	680	1	88.6	17,976	0.1	1	100.0	20,246	0.1
P-26	RESIDIA Meguro	Shinagawa-ku, Tokyo	Beneficiary interests in trust	742	723	1	91.9	19,040	0.1	1	92.1	22,921	0.1
P-29	RESIDIA Hiroo II	Shibuya-ku, Tokyo	Real estate	1,533	2,090	1	97.6	53,049	0.3	1	95.4	54,159	0.3
P-30	Pianetta Shiodome	Minato-ku, Tokyo	Beneficiary interests in trust	1,808	2,250	1	97.3	64,658	0.4	1	94.7	64,206	0.4
P-31	RESIDIA Komazawadaigaku	Setagaya-ku, Tokyo	Beneficiary interests in trust	310	389	1	81.9	10,109	0.1	1	93.6	10,952	0.1
P-32	RESIDIA Yoyogi	Shibuya-ku, Tokyo	Beneficiary interests in trust	309	398	1	80.4	10,338	0.1	1	80.7	10,326	0.1
P-33	RESIDIA Nishi-Shinjuku	Shinjuku-ku, Tokyo	Beneficiary interests in trust	345	439	1	90.0	11,250	0.1	1	90.0	12,084	0.1
P-34	RESIDIA Kyodo	Setagaya-ku, Tokyo	Beneficiary interests in trust	267	340	1	91.5	9,665	0.1	1	83.1	8,879	0.1
P-35	RESIDIA Oimachi	Shinagawa-ku, Tokyo	Real estate	873	1,120	1	98.0	32,876	0.2	1	98.0	33,196	0.2
P-36	RESIDIA Ebisu II	Shibuya-ku, Tokyo	Real estate	2,222	2,810	1	100.0	72,925	0.5	1	95.0	71,861	0.5
P-37	RESIDIA Kamiuchiai	Shinjuku-ku, Tokyo	Real estate	1,100	1,470	1	98.8	42,123	0.3	1	97.6	43,618	0.3
P-38	RESIDIA Higashi-Shinagawa	Shinagawa-ku, Tokyo	Real estate	1,924	2,370	1	95.1	68,214	0.4	1	99.1	69,781	0.4
P-39	RESIDIA Meguro II	Meguro-ku, Tokyo	Real estate	1,145	1,340	1	95.5	37,319	0.2	1	85.8	36,835	0.2
P-40	RESIDIA Toranomon	Minato-ku, Tokyo	Real estate	1,246	1,550	1	98.4	41,877	0.3	1	100.0	41,776	0.3
P-41	RESIDIA Shin-Ochanomizu	Chiyoda-ku, Tokyo	Real estate	1,103	1,500	1	98.4	40,787	0.3	1	100.0	41,412	0.3
P-42	RESIDIA Kagurazaka	Shinjuku-ku, Tokyo	Real estate	871	1,070	1	98.2	31,361	0.2	1	94.5	31,097	0.2
P-43	RESIDIA Oimachi II	Shinagawa-ku, Tokyo	Real estate	994	1,300	1	97.7	35,249	0.2	1	90.4	35,463	0.2



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P-45	RESIDIA Jiyugaoka	Meguro-ku, Tokyo	Beneficiary interests in trust	1,031	1,240	1	89.4	32,958	0.2	1	85.6	32,461	0.2
P-47	RESIDIA Suidobashi	Chiyoda-ku, Tokyo	Real estate	2,159	2,710	1	98.6	75,268	0.5	1	100.0	77,137	0.5
P-48	RESIDIA TOWER Nogizaka	Minato-ku, Tokyo	Real estate	3,442	3,820	1	95.8	104,372	0.7	1	94.1	106,078	0.7
P-49	RESIDIA Akasaka	Minato-ku, Tokyo	Real estate	1,107	1,410	1	95.4	39,850	0.3	1	100.0	40,918	0.3
P-50	RESIDIA Nishi-Azabu	Minato-ku, Tokyo	Beneficiary interests in trust	6,410	7,640	1	95.7	205,705	1.3	1	97.6	213,820	1.3
P-51	RESIDIA Daikanyama	Shibuya-ku, Tokyo	Beneficiary interests in trust	1,994	2,150	1	92.5	57,932	0.4	1	92.6	55,228	0.3
P-52	RESIDIA Ichigaya	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,341	2,960	1	97.3	80,298	0.5	1	88.3	77,437	0.5
P-53	RESIDIA Roppongi-Hinokichokoen	Minato-ku, Tokyo	Beneficiary interests in trust	3,596	4,370	1	90.0	111,110	0.7	1	93.0	117,315	0.7
P-55	RESIDIA TOWER Meguro-Fudomae	Shinagawa-ku, Tokyo	Real estate	15,091	18,600	1	100.0	453,046	2.9	1	100.0	455,964	2.9
P-56	RESIDIA Sangenjaya	Setagaya-ku, Tokyo	Real estate	2,542	3,460	1	92.7	87,342	0.6	1	97.2	88,746	0.6
P-58	RESIDIA Minami-Aoyama	Minato-ku, Tokyo	Real estate	701	486	1	72.3	15,357	0.1	1	100.0	15,791	0.1
P-59	RESIDIA Kanda-Higashi	Chiyoda-ku, Tokyo	Real estate	1,500	2,070	1	100.0	57,863	0.4	1	91.3	56,806	0.4
P-60	RESIDIA Higashi-Azabu	Minato-ku, Tokyo	Real estate	1,348	1,440	1	87.1	38,019	0.2	1	100.0	39,242	0.2
P-61	RESIDIA Ebisu-Minami	Shibuya-ku, Tokyo	Real estate	1,945	2,200	1	88.8	57,594	0.4	1	97.5	58,469	0.4
P-62	RESIDIA TOWER Azabujuban	Minato-ku, Tokyo	Real estate	5,994	6,070	1	96.5	180,825	1.2	1	94.6	196,088	1.2
P-63	RESIDIA Shibuya	Shibuya-ku, Tokyo	Real estate	1,207	1,540	1	90.9	37,627	0.2	1	95.4	39,554	0.2
P-64	RESIDIA Nakanobu	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,768	2,260	1	92.3	60,686	0.4	1	98.6	64,187	0.4
P-65	RESIDIA Azabudai	Minato-ku, Tokyo	Beneficiary interests in trust	1,549	1,760	1	94.3	46,939	0.3	1	100.0	49,551	0.3
P-66	RESIDIA Shibadaimon II	Minato-ku, Tokyo	Beneficiary interests in trust	1,681	1,850	1	95.9	50,995	0.3	1	93.8	51,595	0.3
P-67	RESIDIA Kanda	Chiyoda-ku, Tokyo	Real estate	1,091	1,440	1	100.0	39,394	0.3	1	100.0	40,539	0.3
P-68	RESIDIA Sangenjaya II	Setagaya-ku, Tokyo	Real estate	1,223	1,500	1	93.9	38,553	0.2	1	94.3	40,366	0.3
P-69	RESIDIA Nishi-Shinjuku II	Shinjuku-ku, Tokyo	Real estate	1,720	2,170	1	97.0	57,882	0.4	1	96.9	58,543	0.4
P-70	RESIDIA Hiroo-Minami	Shibuya-ku, Tokyo	Real estate	876	1,010	1	100.0	25,112	0.2	1	100.0	28,531	0.2
P-72	RESIDIA Mejiro-Otomeyama	Shinjuku-ku, Tokyo	Beneficiary interests in trust	919	1,080	1	100.0	32,634	0.2	1	100.0	33,659	0.2
P-73	RESIDIA Shibaura	Minato-ku, Tokyo	Beneficiary interests in trust	4,420	5,570	1	94.2	166,080	1.1	1	93.2	163,709	1.0
P-74	RESIDIA Gotenyama	Shinagawa-ku, Tokyo	Real estate	884	963	1	89.9	26,505	0.2	1	94.9	29,018	0.2
P-75	RESIDIA Yutenji	Meguro-ku, Tokyo	Beneficiary interests in trust	5,063	5,980	1	96.4	155,006	1.0	1	100.0	156,387	1.0
P-76	Park Tower Shibaura Bayward Urban Wing	Minato-ku, Tokyo	Beneficiary interests in trust	8,967	11,400	1	98.1	313,996	2.0	1	95.8	313,834	2.0
P-79	RESIDIA Kamimeguro	Meguro-ku, Tokyo	Beneficiary interests in trust	852	1,010	1	87.9	28,556	0.2	1	94.6	29,471	0.2
P-81	Windsor House Hiroo	Shibuya-ku, Tokyo	Real estate and leasehold rights to real estate	1,641	1,490	1	74.4	41,025	0.3	1	91.5	44,792	0.3
P-84	RESIDIA Kita-Shinjuku	Shinjuku-ku, Tokyo	Real estate	1,378	1,630	1	96.2	42,378	0.3	1	88.5	44,645	0.3
P-85	RESIDIA Komazawa	Setagaya-ku, Tokyo	Beneficiary interests in trust	834	1,230	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	2,342	2,980	1	98.9	81,470	0.5	1	97.7	82,659	0.5
P-87	RESIDIA Ichigaya-Yakuoji	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,005	2,530	1	92.0	63,291	0.4	1	97.4	65,690	0.4
P-88	RESIDIA Yoga	Setagaya-ku, Tokyo	Real estate	1,556	1,840	1	97.7	46,982	0.3	1	98.7	50,323	0.3
P-89	RESIDIA TOWER Nakameguro	Meguro-ku, Tokyo	Real estate	3,348	4,260	1	100.0	112,932	0.7	1	96.0	114,794	0.7
P-90	RESIDIA Sasazuka II	Shibuya-ku, Tokyo	Beneficiary interests in trust	3,725	4,590	1	95.8	118,421	0.8	1	98.6	122,795	0.8

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P-91	RESIDIA Meguro III	Meguro-ku, Tokyo	Beneficiary interests in trust	961	1,300	1	100.0	32,531	0.2	1	97.5	33,273	0.2
P-92	RESIDIA Jiyugaoka II	Setagaya-ku, Tokyo	Beneficiary interests in trust	784	960	1	96.7	25,915	0.2	1	89.3	25,584	0.2
P-93	RESIDIA Kudanshita II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,239	1,670	1	95.1	44,146	0.3	1	97.6	42,863	0.3
P-94	RESIDIA Omori II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,615	2,120	1	97.1	54,808	0.4	1	98.0	56,452	0.4
P-95	RESIDIA Shirokane-Takanawa	Minato-ku, Tokyo	Beneficiary interests in trust	1,480	1,950	1	94.8	48,666	0.3	1	98.7	49,615	0.3
P-96	RESIDIA Nakaochiai	Shinjuku-ku, Tokyo	Beneficiary interests in trust	3,790	4,430	1	96.1	117,352	0.8	1	97.3	119,611	0.8
P-97	RESIDIA Nakameguro II	Meguro-ku, Tokyo	Beneficiary interests in trust	1,125	1,420	1	95.8	34,252	0.2	1	98.0	36,670	0.2
P-98	Artis Court Minamiaoyama	Minato-ku, Tokyo	Beneficiary interests in trust	1,736	1,930	1	95.6	53,766	0.3	1	100.0	53,550	0.3
P-99	RESIDIA Yotsuya Sanchome	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,099	2,770	1	98.3	82,800	0.5	1	97.7	83,180	0.5
P-100	RESIDIA Takanawa Katsurazaka	Minato-ku, Tokyo	Beneficiary interests in trust	948	1,050	1	91.4	27,475	0.2	1	95.6	28,943	0.2
P-101	RESIDIA Ebisu III	Shibuya-ku, Tokyo	Real estate	651	744	1	92.4	19,006	0.1	1	100.0	19,524	0.1
P-102	RESIDIA Shinjukyugyoen	Shinjuku-ku, Tokyo	Beneficiary interests in trust	723	839	1	97.5	23,337	0.2	1	100.0	25,298	0.2
P-103	RESIDIA Minami Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,208	1,390	1	100.0	36,186	0.2	1	96.6	36,216	0.2
P-104	Chester Court Ochanomizu	Chiyoda-ku, Tokyo	Beneficiary interests in trust	3,180	3,790	1	100.0	102,621	0.7	1	97.8	106,012	0.7
P-105	RESIDIA Kanda-Iwamotocho II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,308	1,580	1	96.0	40,890	0.3	1	98.3	42,515	0.3
P-106	RESIDIA Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,003	1,190	1	96.5	31,949	0.2	1	93.1	30,947	0.2
P-107	RESIDIA Yoyogi II	Shibuya-ku, Tokyo	Real estate	900	955	1	97.4	24,262	0.2	1	93.0	24,302	0.2
P-108	RESIDIA Nakanobu II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	946	1,010	1	98.0	27,031	0.2	1	96.0	26,713	0.2
P-109	RESIDIA Ochanomizu II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	848	932	1	100.0	23,760	0.2	1	94.6	25,635	0.2
P-110	RESIDIA Mishuku	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,197	1,300	1	100.0	21,245	0.1	1	93.7	35,014	0.2
C-1	RESIDIA Mitsukoshimae	Chuo-ku, Tokyo	Beneficiary interests in trust	1,581	2,530	1	100.0	68,746	0.4	1	100.0	70,168	0.4
C-2	RESIDIA Kamata	Ota-ku, Tokyo	Beneficiary interests in trust	2,133	3,550	1	98.3	98,502	0.6	1	97.3	106,457	0.7
C-3	RESIDIA Ikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	1,400	1,790	1	100.0	49,902	0.3	1	95.2	50,785	0.3
C-4	RESIDIA Bunkyo-Hongo	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,562	2,200	1	100.0	57,131	0.4	1	100.0	57,439	0.4
C-5	RESIDIA Asakusabashi	Taito-ku, Tokyo	Beneficiary interests in trust	939	1,410	1	93.9	37,411	0.2	1	97.0	39,711	0.2
C-6	Maison Eclairée Ekoda	Nerima-ku, Tokyo	Beneficiary interests in trust	914	1,100	1	98.9	36,122	0.2	1	90.5	36,451	0.2
C-7	RESIDIA Ueno-Okachimachi	Taito-ku, Tokyo	Beneficiary interests in trust	2,870	3,730	1	97.1	99,143	0.6	1	92.6	98,607	0.6
C-8	RESIDIA Bunkyo-Hongo II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,544	1,920	1	96.7	48,901	0.3	1	97.8	50,310	0.3
C-9	RESIDIA Ryogoku	Sumida-ku, Tokyo	Beneficiary interests in trust	852	1,200	1	98.5	32,719	0.2	1	100.0	33,145	0.2
C-10	RESIDIA Higashi-Ginza	Chuo-ku, Tokyo	Beneficiary interests in trust	5,046	5,590	1	90.9	145,896	0.9	1	96.4	147,118	0.9
C-12	RESIDIA Nihonbashi-Ningyocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,973	3,770	1	98.7	99,406	0.6	1	99.4	107,559	0.7
C-13	RESIDIA Omori-Higashi	Ota-ku, Tokyo	Beneficiary interests in trust	1,845	2,030	1	93.7	55,659	0.4	1	95.7	56,633	0.4
C-15	RESIDIA Kinshicho	Sumida-ku, Tokyo	Beneficiary interests in trust	4,022	4,580	1	99.5	122,055	0.8	1	99.1	120,964	0.8
C-16	RESIDIA Negishi	Taito-ku, Tokyo	Beneficiary interests in trust	818	919	1	96.5	27,817	0.2	1	96.4	27,270	0.2

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C-17	RESIDIA Shinkawa	Chuo-ku, Tokyo	Beneficiary interests in trust	1,816	2,330	1	95.9	64,883	0.4	1	96.2	65,088	0.4
C-18	RESIDIA Kamiikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	545	714	1	93.7	21,035	0.1	1	97.9	22,067	0.1
C-19	RESIDIA Shin-nakano	Nakano-ku, Tokyo	Beneficiary interests in trust	355	509	1	96.6	14,589	0.1	1	83.4	14,976	0.1
C-21	RESIDIA Bunkyo-Yushima II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	928	1,220	1	95.5	32,908	0.2	1	94.5	34,775	0.2
C-22	RESIDIA Tsukiji	Chuo-ku, Tokyo	Real estate	1,332	1,850	1	91.3	49,096	0.3	1	100.0	52,481	0.3
C-23	RESIDIA Sasazuka	Suginami-ku, Tokyo	Beneficiary interests in trust	1,800	2,140	1	93.1	60,889	0.4	1	98.2	62,454	0.4
C-24	RESIDIA Kyobashi	Chuo-ku, Tokyo	Real estate	1,126	1,480	1	100.0	38,847	0.3	1	100.0	38,847	0.2
C-25	RESIDIA Tamagawa	Ota-ku, Tokyo	Beneficiary interests in trust	1,182	1,620	1	96.9	47,896	0.3	1	98.0	47,285	0.3
C-26	RESIDIA Korakuen	Bunkyo-ku, Tokyo	Beneficiary interests in trust	551	760	1	100.0	21,290	0.1	1	96.7	21,444	0.1
C-27	RESIDIA Ginza-Higashi	Chuo-ku, Tokyo	Beneficiary interests in trust	1,844	2,460	1	99.2	68,927	0.4	1	97.3	67,784	0.4
C-28	RESIDIA Oji	Kita-ku, Tokyo	Beneficiary interests in trust	797	1,040	1	100.0	33,717	0.2	1	100.0	33,709	0.2
C-29	RESIDIA Mejiro II	Toshima-ku, Tokyo	Real estate	980	1,230	1	98.0	36,143	0.2	1	97.1	36,374	0.2
C-31	RESIDIA Tsukushima	Chuo-ku, Tokyo	Real estate	1,022	1,270	1	95.0	36,875	0.2	1	94.9	35,828	0.2
C-32	RESIDIA Kamata II	Ota-ku, Tokyo	Real estate	1,278	1,610	1	93.0	44,739	0.3	1	97.7	47,114	0.3
C-33	RESIDIA Tsukushima II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,303	2,940	1	95.5	79,635	0.5	1	97.4	81,413	0.5
C-34	RESIDIA Kinshicho II	Sumida-ku, Tokyo	Real estate	2,245	2,640	1	94.9	73,053	0.5	1	95.5	72,959	0.5
C-35	RESIDIA Bunkyo-Otowa	Bunkyo-ku, Tokyo	Beneficiary interests in trust	3,165	4,030	1	90.3	106,223	0.7	1	90.0	113,044	0.7
C-36	RESIDIA Bunkyo-Sengoku	Bunkyo-ku, Tokyo	Beneficiary interests in trust	637	872	1	100.0	25,716	0.2	1	94.3	26,080	0.2
C-37	RESIDIA Bunkyo-Yushima	Bunkyo-ku, Tokyo	Beneficiary interests in trust	956	1,310	1	95.0	35,974	0.2	1	98.1	38,750	0.2
C-38	RESIDIA Ikegami	Ota-ku, Tokyo	Beneficiary interests in trust	347	413	1	90.7	13,506	0.1	1	100.0	13,516	0.1
C-39	RESIDIA Nihonbashi-Ningyocho	Chuo-ku, Tokyo	Beneficiary interests in trust	504	762	1	100.0	21,755	0.1	1	91.6	21,171	0.1
C-40	RESIDIA Bunkyo-Sengoku II	Bunkyo-ku, Tokyo	Real estate	1,353	1,640	1	95.8	44,761	0.3	1	94.8	47,598	0.3
C-41	RESIDIA Iriya	Taito-ku, Tokyo	Beneficiary interests in trust	885	1,140	1	96.0	35,921	0.2	1	98.3	37,853	0.2
C-42	RESIDIA Nihonbashi-Hamacho	Chuo-ku, Tokyo	Real estate	1,252	1,580	1	93.3	43,387	0.3	1	97.7	43,662	0.3
C-43	RESIDIA Shin-Okachimachi	Taito-ku, Tokyo	Real estate	1,762	2,110	1	98.7	57,578	0.4	1	100.0	58,105	0.4
C-44	RESIDIA Chidoricho	Ota-ku, Tokyo	Real estate	1,210	1,450	1	91.6	41,490	0.3	1	91.7	41,726	0.3
C-45	RESIDIA Shinkawa II	Chuo-ku, Tokyo	Beneficiary interests in trust	1,202	1,540	1	100.0	42,630	0.3	1	96.4	44,757	0.3
C-46	RESIDIA Mejiro	Toshima-ku, Tokyo	Beneficiary interests in trust	6,136	7,730	1	96.6	223,024	1.4	1	96.9	226,269	1.4
C-47	RESIDIA Kasai	Edogawa-ku, Tokyo	Beneficiary interests in trust	666	818	1	93.4	26,443	0.2	1	93.1	27,224	0.2
C-48	RESIDIA Nihonbashi-Bakurocho	Chuo-ku, Tokyo	Real estate	5,121	7,060	1	96.0	193,331	1.2	1	97.0	192,492	1.2
C-49	RESIDIA Suginami-Honancho	Suginami-ku, Tokyo	Beneficiary interests in trust	3,644	5,430	1	92.3	147,255	0.9	1	95.7	150,725	0.9
C-50	RESIDIA Shin-Itabashi	Itabashi-ku, Tokyo	Beneficiary interests in trust	854	1,220	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	1,905	2,930	1	98.7	79,778	0.5	1	98.7	79,844	0.5
C-52	RESIDIA Bunkyo-Yushima III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,097	1,510	1	100.0	38,051	0.2	1	100.0	42,881	0.3
C-53	RESIDIA Bunkyo-Honkomagome	Bunkyo-ku, Tokyo	Real estate	2,296	2,950	1	99.2	83,236	0.5	1	96.8	81,009	0.5
C-54	RESIDIA Tsukushima III	Chuo-ku, Tokyo	Beneficiary interests in trust	2,487	3,590	1	97.3	91,541	0.6	1	97.9	92,838	0.6

# I. Asset Management Report

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						Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)	Total number of tenants at end of period (tenants) Note 2	Occupancy rate at end of period (%) Note 3	Rental revenue (thousand yen) Note 4	Percentage of total rent revenue (%)
C-55	RESIDIA Minami-senju	Arakawa-ku, Tokyo	Beneficiary interests in trust	2,458	3,530	1	98.1	162,511	1.0	1	98.9	168,527	1.1
C-56	RESIDIA Ogikubo	Suginami-ku, Tokyo	Real estate	1,767	2,220	1	95.9	60,867	0.4	1	98.1	64,444	0.4
C-57	RESIDIA Monzennakacho	Koto-ku, Tokyo	Beneficiary interests in trust	974	1,280	1	98.5	35,678	0.2	1	94.1	38,665	0.2
C-58	RESIDIA Ochanomizu	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,052	2,850	1	97.8	76,435	0.5	1	96.2	75,793	0.5
C-59	RESIDIA Omori	Ota-ku, Tokyo	Beneficiary interests in trust	1,130	1,480	1	96.1	41,853	0.3	1	98.7	41,838	0.3
C-60	RESIDIA Nakamurabashi	Nerima-ku, Tokyo	Beneficiary interests in trust	1,046	1,340	1	94.6	38,057	0.2	1	98.7	38,742	0.2
C-61	RESIDIA Kachidoki	Chuo-ku, Tokyo	Beneficiary interests in trust	1,765	2,420	1	95.4	65,308	0.4	1	92.8	65,158	0.4
C-62	RESIDIA Bunkyo-Otowa II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,293	2,960	1	96.3	80,105	0.5	1	98.3	82,775	0.5
C-63	RESIDIA Kinshicho III	Koto-ku, Tokyo	Beneficiary interests in trust	655	818	1	100.0	25,414	0.2	1	100.0	25,484	0.2
C-64	RESIDIA Kamata III	Ota-ku, Tokyo	Beneficiary interests in trust	937	1,210	1	95.6	31,560	0.2	1	100.0	34,403	0.2
C-65	RESIDIA TOWER Kamiikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	8,049	11,400	1	97.0	710,154	4.6	1	98.0	719,010	4.5
C-66	RESIDIA Takashimadaira	Itabashi-ku, Tokyo	Real estate	526	618	1	100.0	16,195	0.1	1	100.0	16,193	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	1,134	1,360	1	100.0	35,381	0.2	1	100.0	35,377	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	1,120	1,350	1	87.8	40,927	0.3	1	94.3	41,687	0.3
C-71	RESIDIA Ojima	Koto-ku, Tokyo	Beneficiary interests in trust	1,286	1,570	1	96.6	43,439	0.3	1	100.0	44,047	0.3
C-72	RESIDIA Machiya	Arakawa-ku, Tokyo	Beneficiary interests in trust	1,192	1,300	1	97.7	41,159	0.3	1	100.0	41,354	0.3
C-73	RESIDIA Ueno-Ikenohata	Taito-ku, Tokyo	Beneficiary interests in trust	1,784	1,940	1	100.0	51,158	0.3	1	98.8	53,941	0.3
C-74	RESIDIA Nerima	Nerima-ku, Tokyo	Beneficiary interests in trust	517	632	1	100.0	18,060	0.1	1	100.0	18,225	0.1
C-75	RESIDIA Higashi-Nihonbashi	Chuo-ku, Tokyo	Beneficiary interests in trust	400	468	1	100.0	14,606	0.1	1	100.0	15,150	0.1
C-76	RESIDIA Nakano	Nakano-ku, Tokyo	Real estate	694	779	1	100.0	21,296	0.1	1	100.0	22,222	0.1
C-77	RESIDIA Ogikubo II	Suginami-ku, Tokyo	Real estate	491	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	1,364	1,520	1	98.7	43,769	0.3	1	92.5	43,887	0.3
C-79	RESIDIA Akihabara	Taito-ku, Tokyo	Beneficiary interests in trust	1,002	1,160	1	97.0	33,032	0.2	1	95.2	33,462	0.2
C-80	RESIDIA Asakusa-Azumabashi	Sumida-ku, Tokyo	Beneficiary interests in trust	899	1,120	1	95.0	31,403	0.2	1	98.3	32,572	0.2
C-81	RESIDIA Omori III	Ota-ku, Tokyo	Beneficiary interests in trust	1,427	1,640	1	96.0	40,825	0.3	1	96.2	42,801	0.3
C-82	RESIDIA Nihonbashi-Bakurocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,024	2,410	1	99.0	60,065	0.4	1	94.2	60,326	0.4
C-83	RESIDIA Nihonbashi-Bakurocho III	Chuo-ku, Tokyo	Beneficiary interests in trust	1,880	2,240	1	91.7	58,653	0.4	1	95.8	64,557	0.4
C-84	RESIDIA Bunkyo-Hongo III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,703	1,870	1	94.5	50,383	0.3	1	98.4	48,926	0.3
C-85	RESIDIA Shin-Okachimachi II	Taito-ku, Tokyo	Beneficiary interests in trust	4,799	5,290	1	95.8	138,785	0.9	1	99.2	141,179	0.9
C-86	RESIDIA Kameido	Koto-ku, Tokyo	Beneficiary interests in trust	3,095	3,280	—	—	—	—	1	96.3	47,062	0.3
C-87	RESIDIA Koenji	Suginami-ku, Tokyo	Beneficiary interests in trust	1,433	1,520	—	—	—	—	1	90.2	24,647	0.2
S-2	Chester House Kawaguchi	Kawaguchi-shi, Saitama	Beneficiary interests in trust	706	745	1	97.5	28,618	0.2	1	97.4	28,329	0.2

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S-4	RESIDIA Higashi-Matsudo	Matsudo-shi, Chiba	Beneficiary interests in trust	1,029	1,190	1	97.7	42,621	0.3	1	95.4	42,534	0.3
S-5	RESIDIA Shin-Yokohama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,778	1,990	1	100.0	61,129	0.4	1	100.0	61,359	0.4
S-7	RESIDIA Chofu	Chofu-shi, Tokyo	Beneficiary interests in trust	1,076	1,180	1	100.0	33,123	0.2	1	97.8	34,910	0.2
S-11	Tokyo Student-House WAKO	Wako-shi, Saitama	Beneficiary interests in trust	677	755	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	505	608	1	94.1	18,496	0.1	1	96.8	20,661	0.1
S-14	RESIDIA Yokohama-Kannai	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,530	1,880	1	95.0	54,563	0.4	1	94.1	54,320	0.3
S-15	RESIDIA Okurayama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	715	914	1	100.0	27,999	0.2	1	100.0	26,887	0.2
S-16	RESIDIA Musashikosugi	Kawasaki-shi, Kanagawa	Real estate	1,493	1,950	1	94.5	56,953	0.4	1	97.0	57,960	0.4
S-17	RESIDIA Funabashi I	Funabashi-shi, Chiba	Beneficiary interests in trust	2,547	3,090	1	100.0	93,859	0.6	1	100.0	93,661	0.6
	RESIDIA Funabashi II												
S-19	RESIDIA Kichijoji	Musashino-shi, Tokyo	Beneficiary interests in trust	1,430	1,640	1	95.9	48,606	0.3	1	95.9	48,771	0.3
S-20	Pacific Royal Court Minatomirai Ocean Tower	Yokohama-shi, Kanagawa	Real estate and leasehold rights to real estate	11,850	16,100	1	100.0	570,757	3.7	1	100.0	574,910	3.6
S-22	Life & Senior House Kohoku II	Yokohama-shi, Kanagawa	Real estate	1,568	2,190	1	100.0	70,704	0.5	1	100.0	71,306	0.4
S-23	College Court Tanashi	Nishi-Tokyo-shi, Tokyo	Beneficiary interests in trust	770	1,130	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	2,085	2,870	1	94.3	82,754	0.5	1	97.7	85,767	0.5
S-25	RESIDIA Minami-Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	823	1,030	1	92.9	34,796	0.2	1	95.3	36,457	0.2
S-26	RESIDIA Urayasu II	Urayasu-shi, Chiba	Beneficiary interests in trust	804	997	1	95.9	31,832	0.2	1	97.3	33,167	0.2
S-27	RESIDIA Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	760	938	1	96.0	33,248	0.2	1	97.3	36,720	0.2
S-28	RESIDIA Kawasaki	Kawasaki-shi, Kanagawa	Beneficiary interests in trust	1,630	2,120	1	95.7	60,200	0.4	1	99.1	63,699	0.4
S-29	Cocofump Hiyoshi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,012	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	1,073	1,250	1	100.0	43,682	0.3	1	100.0	43,607	0.3
S-31	RESIDIA Yokohama-Bashamichi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	786	1,140	1	100.0	33,675	0.2	1	100.0	37,588	0.2
S-32	RESIDIA Hon-Atsugi	Atsugi-shi, Kanagawa	Real estate	647	696	1	96.2	23,614	0.2	1	100.0	24,555	0.2
S-33	RESIDIA Funabashi III	Funabashi-shi, Chiba	Real estate	670	691	1	100.0	23,277	0.2	1	100.0	20,127	0.1
R-2	RESIDIA Imadegawa	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,491	1,660	1	100.0	61,041	0.4	1	100.0	60,491	0.4
R-4	RESIDIA Higashizakura	Nagoya-shi, Aichi	Beneficiary interests in trust	1,043	1,430	1	93.5	46,625	0.3	1	90.3	45,248	0.3
R-5	RESIDIA Kameyama	Kameyama-shi, Mie	Beneficiary interests in trust	1,534	1,150	1	100.0	61,096	0.4	1	100.0	60,476	0.4
R-6	RESIDIA Ryokuchikoen	Toyonaka-shi, Osaka	Beneficiary interests in trust	893	925	1	98.1	29,771	0.2	1	92.3	30,700	0.2
R-8	RESIDIA Kobe Port Island	Kobe-shi, Hyogo	Beneficiary interests in trust	3,449	4,150	1	100.0	125,556	0.8	1	100.0	125,500	0.8
R-10	RESIDIA Hakata	Fukuoka-shi, Fukuoka	Real estate	1,235	1,440	1	96.3	50,341	0.3	1	99.4	52,296	0.3
R-11	RESIDIA Tenjinbashi	Osaka-shi, Osaka	Beneficiary interests in trust	851	1,140	1	97.5	36,528	0.2	1	88.9	34,727	0.2
R-12	RESIDIA Sannomiya-Higashi	Kobe-shi, Hyogo	Real estate	1,966	2,770	1	93.9	87,043	0.6	1	98.5	90,730	0.6
R-13	KC21 Building	Sendai-shi, Miyagi	Real estate	877	916	1	96.2	36,721	0.2	1	99.0	38,515	0.2



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R-14	RESIDIA Utsubokoen	Osaka-shi, Osaka	Real estate	1,053	1,460	1	94.5	46,373	0.3	1	96.9	47,611	0.3
R-15	RESIDIA Kyoto-ekimae	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,789	2,450	1	98.0	77,595	0.5	1	95.5	77,721	0.5
R-16	RESIDIA Takaoka	Nagoya-shi, Aichi	Real estate	2,155	3,040	1	95.2	97,768	0.6	1	96.1	98,419	0.6
R-17	RESIDIA Hibino	Nagoya-shi, Aichi	Beneficiary interests in trust	1,151	1,420	1	96.8	66,420	0.4	1	98.5	66,466	0.4
R-19	RESIDIA Tenjin-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	838	1,180	1	94.6	37,719	0.2	1	96.4	39,516	0.2
R-20	RESIDIA Hakataeki-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	322	394	1	97.4	15,509	0.1	1	93.9	15,820	0.1
R-21	RESIDIA Hisaya-Oodori II	Nagoya-shi, Aichi	Real estate	610	796	1	92.6	25,989	0.2	1	100.0	27,254	0.2
R-24	RESIDIA Minami-Ichijo	Sapporo-shi, Hokkaido	Real estate	1,473	1,920	1	99.3	75,953	0.5	1	98.9	75,961	0.5
R-25	RESIDIA Odori-Nishi	Sapporo-shi, Hokkaido	Real estate	1,208	1,370	1	97.5	56,819	0.4	1	92.2	57,832	0.4
R-26	RESIDIA Kita-Sanjo	Sapporo-shi, Hokkaido	Real estate	1,007	1,380	1	100.0	50,828	0.3	1	96.9	50,267	0.3
R-27	RESIDIA Shirakabe-Higashi	Nagoya-shi, Aichi	Real estate	760	906	1	96.5	32,115	0.2	1	97.0	32,759	0.2
R-29	RESIDIA Uzumasa	Kyoto-shi, Kyoto	Real estate	650	757	1	89.7	32,579	0.2	1	96.1	32,846	0.2
R-30	RESIDIA Izumi	Nagoya-shi, Aichi	Real estate	3,347	4,240	1	98.3	146,695	0.9	1	90.7	142,556	0.9
R-31	RESIDIA Maruyama Kita-Gojo	Sapporo-shi, Hokkaido	Real estate	956	1,200	1	94.5	43,860	0.3	1	92.4	44,938	0.3
R-32	RESIDIA Tokugawa	Nagoya-shi, Aichi	Real estate	721	850	1	100.0	29,449	0.2	1	100.0	30,026	0.2
R-34	RESIDIA Odori-Koen	Sapporo-shi, Hokkaido	Real estate	1,844	2,460	1	96.9	93,033	0.6	1	96.7	94,894	0.6
R-35	RESIDIA Tanimachi	Osaka-shi, Osaka	Real estate	1,102	1,610	1	96.2	46,862	0.3	1	98.1	47,754	0.3
R-36	RESIDIA Hisaya-Oodori	Nagoya-shi, Aichi	Beneficiary interests in trust	637	933	1	90.0	28,479	0.2	1	95.2	29,760	0.2
R-37	RESIDIA Sendai-Miyamachi	Sendai-shi, Miyagi	Beneficiary interests in trust	509	737	1	100.0	23,914	0.2	1	100.0	25,951	0.2
R-38	RESIDIA Hirose-dori	Sendai-shi, Miyagi	Beneficiary interests in trust	478	668	1	100.0	21,842	0.1	1	100.0	21,839	0.1
R-39	RESIDIA Edobori	Osaka-shi, Osaka	Real estate	1,404	1,850	1	93.0	57,739	0.4	1	94.6	59,108	0.4
R-40	RESIDIA Kyomachibori	Osaka-shi, Osaka	Real estate	1,008	1,350	1	94.5	42,041	0.3	1	98.7	43,499	0.3
R-41	RESIDIA Esaka	Suita-shi, Osaka	Beneficiary interests in trust	971	1,250	1	96.5	38,866	0.3	1	92.7	39,488	0.2
R-42	RESIDIA Nishijin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	2,288	3,080	1	98.0	104,660	0.7	1	97.1	106,754	0.7
R-43	RESIDIA Tsurumai	Nagoya-shi, Aichi	Beneficiary interests in trust	1,165	1,650	1	93.8	55,200	0.4	1	96.1	56,190	0.4
R-44	RESIDIA Kobe-Isogami	Kobe-shi, Hyogo	Beneficiary interests in trust	2,636	3,730	1	91.9	117,048	0.8	1	92.2	116,919	0.7
R-45	RESIDIA Kita-Nijyo-East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	874	1,070	1	98.3	42,496	0.3	1	100.0	42,754	0.3
R-46	RESIDIA Shinsaibashi West	Osaka-shi, Osaka	Beneficiary interests in trust	1,897	2,410	1	93.2	71,163	0.5	1	92.7	73,484	0.5
R-47	RESIDIA Marunouchi	Nagoya-shi, Aichi	Beneficiary interests in trust	959	1,200	1	90.8	40,402	0.3	1	94.2	39,938	0.3
R-48	RESIDIA Sapporo-Ekimae	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,451	2,110	1	100.0	75,772	0.5	1	96.2	75,868	0.5
R-49	RESIDIA Goshō-Higashi	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,212	1,550	1	97.3	46,976	0.3	1	90.1	47,383	0.3
R-50	RESIDIA Raku-hoku	Kyoto-shi, Kyoto	Beneficiary interests in trust	865	1,010	1	96.7	34,152	0.2	1	95.0	36,123	0.2
R-51	RESIDIA Miyakojima I & II	Osaka-shi, Osaka	Real estate	3,270	4,750	1	97.1	152,480	1.0	1	96.2	152,592	1.0
R-52	RESIDIA TOWER Sendai	Sendai-shi, Miyagi	Beneficiary interests in trust	1,753	2,040	1	96.0	68,738	0.4	1	95.7	71,710	0.5
R-53	RESIDIA Higashizakura II	Nagoya-shi, Aichi	Beneficiary interests in trust	2,859	3,700	1	92.8	123,352	0.8	1	91.2	122,000	0.8

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R-54	RESIDIA Tsutsujigaoka	Sendai-shi, Miyagi	Beneficiary interests in trust	1,779	2,410	1	94.7	81,549	0.5	1	97.8	85,561	0.5
R-55	RESIDIA Kobe-Motomachi	Kobe-shi, Hyogo	Beneficiary interests in trust	1,050	1,350	1	92.0	42,193	0.3	1	92.9	42,470	0.3
R-56	RESIDIA Sendai-Honcho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,112	1,620	1	97.1	53,268	0.3	1	98.3	53,585	0.3
R-57	RESIDIA Sendai-Haranomachi	Sendai-shi, Miyagi	Beneficiary interests in trust	587	874	1	90.5	29,713	0.2	1	98.8	31,215	0.2
R-58	RESIDIA Minami-Ichijo East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,063	1,360	1	97.9	48,277	0.3	1	100.0	48,573	0.3
R-59	RESIDIA Shin-Osaka	Osaka-shi, Osaka	Beneficiary interests in trust	2,785	3,500	1	100.0	90,349	0.6	1	100.0	90,377	0.6
R-60	RESIDIA Okayama-Ekimaie	Okayama-shi, Okayama	Beneficiary interests in trust	855	992	1	100.0	35,238	0.2	1	100.0	35,224	0.2
R-61	RESIDIA Kyoto Okazaki	Kyoto-shi, Kyoto	Beneficiary interests in trust	237	306	1	100.0	9,782	0.1	1	100.0	9,770	0.1
R-62	RESIDIA Sendai-Ichibancho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,107	1,400	1	100.0	43,884	0.3	1	100.0	43,840	0.3
R-63	RESIDIA Kita-Nijyo-East II	Sapporo-shi, Hokkaido	Beneficiary interests in trust	555	739	1	93.2	25,494	0.2	1	94.0	26,170	0.2
R-64	RESIDIA Takamiya	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	502	581	1	100.0	19,757	0.1	1	89.1	19,135	0.1
R-65	RESIDIA Soen	Sapporo-shi, Hokkaido	Beneficiary interests in trust	398	541	1	96.7	20,735	0.1	1	98.3	21,230	0.1
R-66	RESIDIA Tenjin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,146	1,310	1	94.3	40,610	0.3	1	93.2	41,162	0.3
R-67	RESIDIA Yakuin-Oodori	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,145	1,320	1	100.0	41,618	0.3	1	96.7	42,449	0.3
R-68	RESIDIA Hakata II	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,385	1,570	1	99.3	48,969	0.3	1	99.3	49,938	0.3
R-69	RESIDIA Kego	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	858	1,110	1	97.9	35,446	0.2	1	98.7	36,022	0.2
R-70	RESIDIA Shirakabe	Nagoya-shi, Aichi	Beneficiary interests in trust	958	1,100	1	96.3	35,402	0.2	1	93.6	35,491	0.2
R-71	RESIDIA Sakae	Nagoya-shi, Aichi	Real estate	947	960	1	90.9	28,198	0.2	1	89.6	29,161	0.2
R-72	RESIDIA Senri-Fujishirodai	Suita-shi, Osaka	Beneficiary interests in trust	1,552	1,590	—	—	—	—	1	100.0	16,719	0.1
R-73	RESIDIA Senri-Banpakukoen	Suita-shi, Osaka	Beneficiary interests in trust	2,273	2,320	1	100.0	22,116	0.1	1	100.0	64,225	0.4
Total				424,712	531,174	257	96.6	15,504,314	100.0	260	96.9	15,918,444	100.0

- Notes 1. "Appraisal value at end of period" is the appraisal value or survey-based value, pursuant to ADR's Articles of Incorporation and the "Regulations Concerning Accounting of Investment Corporations" issued by the Cabinet Office, provided by a real estate appraiser as of July 31, 2017.
2. "Total number of tenants," is counted as "1" if the property is leased under a master lease agreement to a master lessee. Because all properties held by ADR as of July 31, 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.



# 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 TOWER Azabujuban (Minato-ku, Tokyo)	Major repair work	From: Jun. 2016 To: Jan. 2018	182	18	18
RESIDIA Ogikubo (Suginami-ku, Tokyo)	Major repair work	From: Feb. 2017 To: Oct. 2017	60	10	10
RESIDIA Esaka (Suita-shi, Osaka)	Major repair work	From: Jul. 2017 To: Jan. 2018	50	–	–
RESIDIA Bunkyo-Yushima (Bunkyo-ku, Tokyo)	Major repair work	From: Apr. 2017 To: Dec. 2017	47	–	–
RESIDIA Mejiro (Toshima-ku, Tokyo)	Renovation work on individual units	From: Jul. 2017 To: Jan. 2018	24	–	–

### 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 capitalexpenditures during this fiscal period were 499 million yen for the entire portfolio and, when combined with repairs and maintenance cost of 560 million yen, the cost of construction work totals 1,059 million yen.

(million yen)

Name of real estate (Location)	Purpose	Implementation period	Amount paid
RESIDIA Shinkawa (Chuo-ku, Tokyo)	Major repair work	From: Mar. 2017 To: Jul. 2017	53
RESIDIA Jiyugaoka (Meguro-ku, Tokyo)	Major repair work	From: Jan. 2017 To: Apr. 2017	49
RESIDIA Setagaya-Tsurumaki (Setagaya-ku, Tokyo)	Major repair work	From: Dec. 2016 To: Apr. 2017	41
Other real estate	Renovations		354
<b>Total</b>			<b>499</b>

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	10th FP	11th FP	12th FP	13th FP	14th FP
	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	From: Feb. 1, 2017 To: Jul. 31, 2017
Balance of reserves at beginning of period	1,614	1,423	1,658	1,970	2,144
Amount of reserves during period	534	584	605	625	696
Reversal of reserves during period	725	349	292	451	801
Amount carried forward to next period	1,423	1,658	1,970	2,144	2,040

## Acquisitions and Disposals in the 14th 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 <sup>Note</sup> (million yen)	Disposition date	Disposition price <sup>Note</sup> (million yen)	Book value (million yen)	Gain (Loss) on sales (million yen)
R-72	RESIDIA Senri-Fujishirodai	Mar. 29, 2017	1,430	–	–	–	–
C-86	RESIDIA Kameido	Apr. 18, 2017	2,988	–	–	–	–
C-87	RESIDIA Koenji	Apr. 18, 2017	1,380	–	–	–	–
<b>Total</b>			<b>5,798</b>	–	–	–	–

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 14th fiscal period.

Classification	Purchase/Sales amount	
	Purchase amount	Sales amount
Total amount (14th FP)	5,798,000 thousand yen	- thousand yen
Breakdown of transaction with interested parties		
ITOCHU Corporation	4,368,000 thousand yen / 75.3%	- thousand yen / -%

## 2) Amount of Commission Fees Paid

The following are the commission fees paid to interested parties in the 14th 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	1,417,990	ITOCHU Urban Community Ltd.	875,898	61.8
Other rental expenses	104,875	ITOCHU Urban Community Ltd.	63,364	60.4
Advertising expenses	3,656	ITOCHU Urban Community Ltd.	2,456	67.2
Other fees	143,664	ITOCHU Urban Community Ltd.	19,349	13.5
		ITOCHU Human Resources & General Affairs Services Inc.	93	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 14th Fiscal Period.



Deloitte Touche Tohmatsu LLC  
Shinagawa Intercity  
2-15-3 Konan  
Minato-ku, Tokyo 108-6221  
Japan  
Tel: +81 (3) 6720 8200  
Fax: +81 (3) 6720 8205  
[www.deloitte.com/jp/en](http://www.deloitte.com/jp/en)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Advance Residence Investment Corporation:

We have audited the accompanying balance sheet of Advance Residence Investment Corporation (the "Company") as of July 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 July 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.

*Deloitte Touche Tohmatsu LLC*

October 20, 2017

## II. Financial Statements

### Balance Sheets

(Thousands of yen)

	As of January 31, 2017	As of July 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits (Notes 8 and 10)	17,772,257	12,989,663
Cash and deposits in trust (Notes 8 and 10)	9,471,622	9,611,975
Operating accounts receivable	203,764	195,001
Prepaid expenses	351,386	473,090
Other	4,946	4,678
Allowance for doubtful accounts	(10,161)	(7,059)
Total current assets	27,793,815	23,267,349
Non-current assets		
Property, plant and equipment (Notes 14, 18, 19, and 24)		
Buildings	74,491,753	74,590,506
Accumulated depreciation	(10,688,918)	(11,514,323)
Buildings, net	63,802,834	63,076,183
Structures	22,821	22,983
Accumulated depreciation	(5,454)	(6,198)
Structures, net	17,366	16,784
Machinery and equipment	57,167	63,128
Accumulated depreciation	(10,975)	(13,622)
Machinery and equipment, net	46,191	49,506
Tools, furniture and fixtures	207,046	226,819
Accumulated depreciation	(107,867)	(119,992)
Tools, furniture and fixtures, net	99,179	106,827
Land	70,314,787	70,314,787
Construction in progress	-	31,381
Buildings in trust	150,689,937	153,107,928
Accumulated depreciation	(20,312,832)	(22,028,016)
Buildings in trust, net	130,377,105	131,079,911
Structures in trust	184,544	187,892
Accumulated depreciation	(89,542)	(93,971)
Structures in trust, net	95,002	93,921
Machinery and equipment in trust	170,953	173,486
Accumulated depreciation	(86,525)	(92,833)
Machinery and equipment in trust, net	84,428	80,653
Tools, furniture and fixtures in trust	686,711	737,436
Accumulated depreciation	(417,936)	(448,573)
Tools, furniture and fixtures in trust, net	268,775	288,862
Land in trust	152,459,428	156,457,632
Construction in progress in trust	2,521	-
Total property, plant and equipment	417,567,620	421,596,451
Intangible assets (Note 24)		
Leasehold rights (Note 19)	1,071,902	1,071,902
Leasehold rights in trust (Note 19)	2,078,265	2,043,828
Other	92	73
Total intangible assets	3,150,260	3,115,804

(Thousands of yen)

	As of January 31, 2017	As of July 31, 2017
Investments and other assets		
Long-term prepaid expenses	796,418	818,919
Guarantee deposits	523,518	529,605
Guarantee deposits in trust	1,026,585	1,026,585
Other	1,632	1,710
Total investments and other assets	2,348,154	2,376,819
Total non-current assets	423,066,035	427,089,075
Deferred assets		
Investment unit issuance expenses	7,173	5,785
Investment corporation bond issuance costs	100,759	117,268
Total deferred assets	107,932	123,053
Total assets	450,967,784	450,479,478
Liabilities		
Current liabilities		
Operating accounts payable	324,578	298,506
Current portion of investment corporation bonds (Notes 10 and 26)	12,000,000	8,000,000
Current portion of long-term loans payable (Notes 10, 12, 23 and 27)	22,956,329	25,446,329
Accounts payable – other (Note 14)	1,330,850	1,352,658
Accrued expenses	151,770	110,602
Accrued consumption taxes	21,366	29,026
Advances received	66,297	58,572
Other	18,877	18,723
Total current liabilities	36,870,070	35,314,419
Non-current liabilities		
Investment corporation bonds (Notes 10 and 26)	21,500,000	26,500,000
Long-term loans payable (Notes 10, 12, 23 and 27)	167,318,000	163,428,000
Tenant leasehold and security deposits	1,225,772	1,223,124
Tenant leasehold and security deposits in trust	3,219,876	3,259,350
Total non-current liabilities	193,263,649	194,410,475
Total liabilities	230,133,720	229,724,894
Net assets		
Unitholders' equity (Note 6)		
Paid-in capital	127,690,098	127,690,098
Surplus		
Capital surplus	53,220,279	53,220,279
Voluntary retained earnings		
Reserve for temporary difference adjustment	33,552,162	33,202,036
Total voluntary retained earnings	33,552,162	33,202,036
Unappropriated retained earnings (undisposed loss)	6,371,523	6,642,169
Total surplus	93,143,965	93,064,485
Total unitholders' equity	220,834,064	220,754,583
Total net assets (Notes 4 and 20)	220,834,064	220,754,583
Total liabilities and net assets	450,967,784	450,479,478

## II. Financial Statements

### Statements of Income

(Thousands of yen)

	For the six months ended January 31, 2017	For the six months ended July 31, 2017
Operating revenue (Note 18)		
Rental revenue – real estate (Notes 5 and 9)	15,504,314	15,918,444
Total operating revenue	15,504,314	15,918,444
Operating expenses		
Expenses related to rent business (Notes 5 and 9)	6,045,529	6,275,634
Asset management fees (Note 14)	1,136,067	1,152,793
Asset custody fees	9,745	9,751
Administrative service fees	60,534	59,318
Directors' compensation	3,600	3,600
Taxes and dues	257,486	265,817
Bad debt expenses	26	408
Other operating expenses	189,733	182,187
Total operating expenses	7,702,724	7,949,510
Operating income	7,801,590	7,968,934
Non-operating income		
Interest income	7,208	6,700
Compensation income	9,691	8,296
Reversal of distribution payable	3,494	1,154
Reversal of allowance for doubtful accounts	362	809
Other	2	20
Total non-operating income	20,760	16,981
Non-operating expenses		
Interest expense (Notes 10, 12 and 23)	998,854	930,276
Interest expense on investment corporation bonds	187,808	163,328
Amortization of investment unit issuance expenses	2,516	1,388
Amortization of investment corporation bond issuance costs	14,764	13,839
Other offering costs associated with issuance of investment units	23,071	-
Borrowing-related expenses	223,341	225,093
Other	156	9,214
Total non-operating expenses	1,450,513	1,343,141
Ordinary income	6,371,837	6,642,774
Income before income taxes	6,371,837	6,642,774
Income taxes – current (Note 15)	605	605
Total income taxes	605	605
Net income (Note 20)	6,371,232	6,642,169
Retained earnings brought forward	291	-
Unappropriated retained earnings (undisposed loss)	6,371,523	6,642,169



## Statements of Changes in Net Assets

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

For the six months ended July 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 temporary difference adjustments	Total voluntary retained earnings				
Balance at the beginning 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
Changes in items during the period								
Reversal of reserve for temporary difference adjustments			(350,126)	(350,126)	350,126	-	-	-
Dividends from surplus					(6,721,650)	(6,721,650)	(6,721,650)	(6,721,650)
Net income					6,642,169	6,642,169	6,642,169	6,642,169
Total changes in items during the period	-	-	(350,126)	(350,126)	270,645	(79,480)	(79,480)	(79,480)
Balance at the end of period	127,690,098	53,220,279	33,202,036	33,202,036	6,642,169	93,064,485	220,754,583	220,754,583

## II. Financial Statements

### Statements of Cash Distributions

(Thousands of yen)

	For the six months ended January 31, 2017	For the six months ended July 31, 2017
I. Unappropriated retained earnings	6,371,523,766 yen	6,642,169,397 yen
II. Reversal of voluntary retained earnings Reversal of reserve for temporary difference adjustments	350,126,234 yen	335,980,603 yen
III. Dividends (Dividend per investment unit)	6,721,650,000 yen (4,979 yen)	6,978,150,000 yen (5,169 yen)
IV. Retained earnings carried forward	-	-
Dividend Policy	<p>In accordance with the distribution policy set forth in Article 32, Item 1 of ADR's Articles of Incorporation, ADR distributes in excess of 90% of the amount of ADR's profit available for dividends as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In the event of weak performance by investments, reserves 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 6,721,650,000 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>	<p>In accordance with the distribution policy set forth in Article 32, Item 1 of ADR's Articles of Incorporation, ADR distributes in excess of 90% of the amount of ADR's profit available for dividends as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In the event of weak performance by investments, reserve for dividends will be used in order to maintain stable payouts into the future.</p> <p>Based on this policy, ADR has decided to distribute 6,978,150,000 yen in total, which is the sum of the reversal of the reserve for temporary difference adjustments (RTA) of 335,980,603 yen and unappropriated retained earnings of 6,642,169,397 yen for the fiscal period.</p> <p>ADR does not distribute dividends in excess of the profits defined in Article 32, Item 2 of its Articles of Incorporation.</p>

## Statements of Cash Flows

(Thousands of yen)

	For the six months ended January 31, 2017	For the six months ended July 31, 2017
Cash flows from operating activities		
Income before income taxes	6,371,837	6,642,774
Depreciation and amortization	2,593,574	2,631,935
Amortization of investment unit issuance expenses	2,516	1,388
Amortization of investment corporation bond issuance costs	14,764	13,839
Other offering costs associated with issuance of investment units	23,071	-
Increase (decrease) in allowance for doubtful accounts	(2,313)	(3,102)
Interest income	(7,208)	(6,700)
Interest expense	998,854	930,276
Interest expense on investment corporation bonds	187,808	163,328
Decrease (increase) in operating accounts receivable	3,196	8,762
Decrease (increase) in prepaid expenses	39,517	(121,703)
Increase (decrease) in accrued consumption taxes	(21,132)	7,659
Increase (decrease) in operating accounts payable	(69,959)	13,812
Increase (decrease) in accounts payable – other	17,957	21,807
Increase (decrease) in accrued expenses	29,677	(30,246)
Increase (decrease) in advances received	9,171	(7,724)
Decrease (increase) in long-term prepaid expenses	24,251	(22,500)
Other	(3,402)	(1,181)
Subtotal	10,212,181	10,242,425
Interest income received	1,093	783
Interest expense paid	(1,234,890)	(1,104,526)
Income taxes paid	123	(557)
Net cash provided by (used in) operating activities	8,978,508	9,138,124
Cash flows from investing activities		
Payments into time deposits	(7,000,000)	(5,000,000)
Proceeds from withdrawal of time deposits	9,000,000	7,000,000
Purchase of property, plant and equipment	(141,483)	(162,396)
Purchase of property, plant and equipment in trust	(3,886,534)	(6,503,796)
Proceeds from tenant leasehold and security deposits, net	(3,231)	(2,648)
Proceeds from tenant leasehold and security deposits in trust, net	22,764	39,474
Net cash provided by (used in) investing activities	(2,008,485)	(4,629,368)
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	11,500,000	17,500,000
Repayments of long-term loans	(13,590,000)	(18,900,000)
Proceeds from issuance of investment corporation bonds	-	5,000,000
Redemption of investment corporation bonds	(8,000,000)	(4,000,000)
Payments for investment corporation bond issuance costs	-	(30,348)
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	(6,210,199)	(6,720,649)
Net cash provided by (used in) financing activities	(3,579,623)	(7,150,997)
Net increase (decrease) in cash and cash equivalents	3,390,399	(2,642,241)
Cash and cash equivalents at the beginning of period	16,853,480	20,243,879
Cash and cash equivalents at the end of period (Note 8)	20,243,879	17,601,638

# 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 (33.2 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 12,492 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 January 31, 2017	As of July 31, 2017
	50,000	50,000

- (2) Commitment line agreements

ADR has executed commitment line agreements with its banks.

(Thousands of yen)

	As of January 31, 2017	As of July 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 January 31, 2017

Not applicable.

For the six months ended July 31, 2017

Not applicable.

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

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

For the six months ended July 31, 2017

(Thousands of yen)

	Initial amount	Balance as of January 31, 2017	Funds set aside during 14th FP	Funds drawn down during 14th FP	Balance as of July 31, 2017	Reasons for setting aside and drawing down funds
Reserve for dividends (Note)	33,552,162	33,552,162	-	350,126	33,202,036	For dividends

Note that the reserve for dividends is the remaining amounts of gains on negative goodwill which were recorded in past fiscal periods. The outstanding amount is scheduled to be fully drawn down in equal amounts or more every fiscal period within 50-year, 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 January 31, 2017		For the six months ended July 31, 2017	
A. Revenue from property leasing activities				
Rental revenue – real estate				
Rent income	13,823,691		14,071,111	
Facility charges	728,212		747,834	
Parking fees	441,475	14,993,378	437,625	15,256,571
Other revenue related to property leasing				
Income from leasing rights	68,658		78,459	
Other	442,277	510,935	583,413	661,872
Total revenue from property leasing activities		15,504,314		15,918,444
B. Expenses from property leasing activities				
Expenses related to the rent business				
Property taxes	836,580		848,599	
Property management fees	1,068,122		1,145,863	
Utilities	235,861		241,068	
Repairs and maintenance	480,985		560,021	
Property-casual insurance	25,170		25,024	
Trust fees	69,683		71,278	
Other rental expenses	735,571		751,862	
Depreciation and amortization	2,593,555	6,045,529	2,631,916	6,275,634
Total expenses from property leasing activities		6,045,529		6,275,634
C. Operating income from property leasing activities (A-B)		9,458,784		9,642,810



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

## 7 Statements of Cash Distributions

(1) Reserve for temporary difference adjustments

For the six months ended January 31, 2017

The interim measures of Article 3 of the Supplementary Provisions to the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No.27 of 2015) have been applied and in the statements of cash distributions, the reserve for dividends of 33,552,162,785 yen, which is the remaining portion of the amount subdivided into gains on negative goodwill in previous fiscal periods, has been transferred to the reserve for temporary difference adjustments. It has become necessary to draw down the reserve in equal amounts or more every fiscal period within 50-year, starting from the end of 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.

For the six months ended July 31, 2017

The interim measures of Article 3 of the Supplementary Provisions to the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No.27 of 2015) have been applied and in the statements of cash distributions, the reserve for dividends of 33,552,162,785 yen, which is the remaining portion of the amount subdivided into gains on negative goodwill in previous fiscal periods, has been transferred to the reserve for temporary difference adjustments. It has become necessary to draw down the reserve in equal amounts or more every fiscal period within 50-year, starting from the end of 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 335,980,603 yen of the reserve during the 14th 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 January 31, 2017	For the six months ended July 31, 2017
Cash and deposits	17,772,257	12,989,663
Cash and deposits in trust	9,471,622	9,611,975
Time deposits held over three months	(7,000,000)	(5,000,000)
Cash and cash equivalents	20,243,879	17,601,638

## 9 Leases

- (1) Operating leases (as a lessee)  
Future lease payments are as follows:

(Thousands of yen)

	As of January 31, 2017	As of July 31, 2017
Due within one year	729,540	729,540
Due after one year	13,340,399	12,975,629
Total	14,069,939	13,705,169

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

- (2) Operating leases (as a lessor)  
Future lease receivables are as follows:

(Thousands of yen)

	As of January 31, 2017	As of July 31, 2017
Due within one year	3,997,554	4,089,309
Due after one year	9,825,391	8,717,916
Total	13,822,946	12,807,226

# III. Notes to Financial Statements

## 10 Financial Instruments

### (1) General information on financial instruments

#### 1) Policy on financial instruments

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

As of July 31, 2017

(Thousands of yen)

	Book value	Fair value	Unrealized gain (loss)
1) Cash and deposits	12,989,663	12,989,663	–
2) Cash and deposits in trust	9,611,975	9,611,975	–
3) Current portion of investment corporation bonds	8,000,000	8,007,200	(7,200)
4) Current portion of long-term loans payable	25,446,329	25,561,298	(114,969)
5) Investment corporation bonds	26,500,000	27,106,549	(606,549)
6) Long-term loans payable	163,428,000	165,648,335	(2,220,335)
7) Derivative transactions	–	(2,160,336)	(2,160,336)

\*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 5) 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 6) 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.

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

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	–	–	–	–	–

As of July 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	12,989,663	–	–	–	–	–
Cash and deposits in trust	9,611,975	–	–	–	–	–
Total	22,601,638	–	–	–	–	–

## III. Notes to Financial Statements

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

As of July 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	8,000,000	–	–	–	–	–
Current portion of long-term loans payable	25,446,329	–	–	–	–	–
Investment corporation bonds	–	2,000,000	4,000,000	1,500,000	–	19,000,000
Long-term loans payable	–	21,460,000	20,870,000	20,618,000	23,960,000	76,520,000
Total	33,446,329	23,460,000	24,870,000	22,118,000	23,960,000	95,520,000

## 11 Securities

As of January 31, 2017

Not applicable.

As of July 31, 2017

Not applicable.

## 12 Derivative Transactions

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

As of January 31, 2017

Not applicable.

As of July 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 January 31, 2017 and July 31, 2017 are as follows:

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)

As of July 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	123,998,000	106,358,000	(2,160,336) (*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.

## III. Notes to Financial Statements

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

For the six months ended January 31, 2017

Not applicable as ADR does not have any affiliated companies.

For the six months ended July 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 January 31, 2017

Not applicable.

For the six months ended July 31, 2017

Not applicable.

(2) Affiliated companies

For the six months ended January 31, 2017

Not applicable.

For the six months ended July 31, 2017

Not applicable.

(3) Fellow subsidiaries

For the six months ended January 31, 2017

Not applicable.

For the six months ended July 31, 2017

Not applicable.

(4) Directors and major individual unitholders

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)	-	-



For the six months ended July 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	447,261 (*2)	Accounts payable – other	483,042 (*3)
								Management fee 2	368,241 (*2)	Accounts payable – other	397,701 (*3)
								Management fee 3	337,290 (*2)	Accounts payable – other	364,273 (*3)
								Acquisition fee	62,618 (*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.

## 15 Tax Effect Accounting

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

(Thousands of yen)

	As of January 31, 2017	As of July 31, 2017
Deferred tax assets		
Excess provision of allowance for doubtful accounts	3,210	2,230
Valuation difference on assets acquired through merger	10,240,282	10,154,672
Tax loss carryforwards	1,371,552	1,371,552
Other	87,759	98,637
Subtotal	11,702,804	11,627,093
Less valuation allowance	(11,702,804)	(11,627,093)
Total deferred tax assets	-	-
Net deferred tax asset	-	-

## III. Notes to Financial Statements

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

(Unit: %)

	As of January 31, 2017	As of July 31, 2017
Statutory tax rate	31.74	31.74
(Adjustments)		
Increase (decrease) in valuation allowance	(0.60)	(1.14)
Deductible dividends	(31.15)	(30.62)
Other	0.02	0.03
Effective tax rate after the application of tax effect accounting	0.01	0.01

### 16 Retirement Benefits

For the six months ended January 31, 2017

Not applicable because ADR does not have retirement benefit plans.

For the six months ended July 31, 2017

Not applicable because ADR does not have retirement benefit plans.

### 17 Asset Retirement Obligations

For the six months ended January 31, 2017

Not applicable.

For the six months ended July 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 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 exceeds 90% of the total property, plant and equipment reported in the balance sheets.

3) Information about major customers

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

For the six months ended July 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 exceeds 90% of the total property, plant and equipment reported in the balance sheets.

3) Information about major customers

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

## III. Notes to Financial Statements

### 19 Value of Rental Properties

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

(Thousands of yen)

		For the six months ended January 31, 2017	For the six months ended July 31, 2017
Book value			
(*1)	Balance at the beginning of period	419,232,274	420,717,789
	Changes during the period (*2)	1,485,515	3,994,392
	Balance at the end of period	420,717,789	424,712,182
Fair value at the end of period (*3)		517,944,000	531,174,000

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

\*2. Of the changes in the value of rental properties during the period, the main element of increase in the previous period was the acquisition of real estate beneficiary interests in trust for two properties (3,493,215 thousand yen), while the main decreases came from the posting of depreciation expenses. Of the changes in the value of rental properties during the fiscal period ended July 31, 2017, the increase is mainly attributable to the acquisition of three real estate beneficiary interests in trust (6,097,904 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 January 31, 2017	For the six months ended July 31, 2017
Net assets per unit	163,580	163,521
Net income per unit	4,771	4,920

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

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

	For the six months ended January 31, 2017	For the six months ended July 31, 2017
Net income (Thousands of yen)	6,371,232	6,642,169
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common unit (Thousands of yen)	6,371,232	6,642,169
Average number of units during the period (Units)	1,335,245	1,350,000

## 21 Significant Subsequent Events

For the six months ended July 31, 2017

Not applicable.

## 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)	123,998,000	106,358,000	(2,160,336)
Total		123,998,000	106,358,000	(2,160,336)

\*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.

## III. Notes to Financial Statements

### 24 Summary of Real Estate

For the six months ended July 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	74,491,753	98,753	-	74,590,506	11,514,323	825,404	63,076,183	-
	Structures	22,821	162	-	22,983	6,198	744	16,784	-
	Machinery and equipment	57,167	5,961	-	63,128	13,622	2,647	49,506	-
	Tools, furniture and fixtures	207,046	19,772	-	226,819	119,992	12,124	106,827	-
	Land	70,314,787	-	-	70,314,787	-	-	70,314,787	-
	Construction in progress	-	31,381	-	31,381	-	-	31,381	-
	Buildings in trust	150,689,937	2,417,990	-	153,107,928	22,028,016	1,715,184	131,079,911	*1
	Structures in trust	184,544	3,347	-	187,892	93,971	4,428	93,921	-
	Machinery and equipment in trust	170,953	2,533	-	173,486	92,833	6,307	80,653	-
	Tools, furniture and fixtures in trust	686,711	50,724	-	737,436	448,573	30,637	288,862	-
	Land in trust	152,459,428	3,998,203	-	156,457,632	-	-	156,457,632	*1
	Construction in progress in trust	2,521	-	2,521	-	-	-	-	-
Subtotal		449,287,673	6,628,830	2,521	455,913,982	34,317,531	2,597,478	421,596,451	
Intangible assets	Leasehold rights	1,071,902	-	-	1,071,902	-	-	1,071,902	-
	Leasehold rights in trust	2,356,072	-	-	2,356,072	312,244	34,437	2,043,828	-
	Other	19,506	-	-	19,506	19,433	19	73	-
Subtotal		3,447,482	-	-	3,447,482	331,677	34,456	3,115,804	
Total		452,735,155	6,628,830	2,521	459,361,464	34,649,209	2,631,935	424,712,255	

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

RESIDIA Senri-Fujishirodai  
RESIDIA Kameido  
RESIDIA Koenji

### 25 Schedule of Other Specified Assets

Not applicable.

## 26 Schedule of Investment Corporation Bonds

For the six months ended July 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 #14 (Unsecured)	September 12, 2011	2,000,000	-	2,000,000	1.68	Sep. 12, 2018	(*3)	Unsecured
ADR Bond #16 (Unsecured)	April 26, 2012	4,000,000	4,000,000	-	1.08	Apr. 26, 2017	(*2)	Unsecured
ADR Bond #17 (Unsecured)	September 12, 2012	8,000,000	-	8,000,000	0.87	Sep. 12, 2017	(*3)	Unsecured
ADR Bond #18 (Unsecured)	September 12, 2012	4,000,000	-	4,000,000	1.23	Sep. 12, 2019	(*3)	Unsecured
ADR Bond #19 (Unsecured)	April 25, 2013	3,000,000	-	3,000,000	1.32	Apr. 25, 2023	(*2)	Unsecured
ADR Bond #20 (Unsecured)	November 14, 2013	2,000,000	-	2,000,000	1.41	Nov. 14, 2025	(*2)	Unsecured
ADR Bond #21 (Unsecured)	April 28, 2014	2,500,000	-	2,500,000	1.04	Apr. 26, 2024	(*2)	Unsecured
ADR Bond #22 (Unsecured)	April 23, 2015	2,000,000	-	2,000,000	0.726	Apr. 23, 2025	(*3)	Unsecured
ADR Bond #23 (Unsecured)	October 21, 2015	1,500,000	-	1,500,000	0.326	Oct. 21, 2020	(*2)	Unsecured
ADR Bond #24 (Unsecured)	October 21, 2015	1,500,000	-	1,500,000	0.846	Oct. 21, 2025	(*2)	Unsecured
ADR Bond #25 (Unsecured)	June 21, 2016	3,000,000	-	3,000,000	0.900	Jun. 20, 2031	(*2)	Unsecured
ADR Bond #26 (Unsecured)	February 17, 2017	-	-	2,000,000	0.180	Aug. 17, 2022	(*2)	Unsecured
ADR Bond #27 (Unsecured)	July 18, 2017	-	-	3,000,000	0.500	Jul. 16, 2027	(*2)	Unsecured
Total	-	33,500,000	4,000,000	34,500,000	-	-	-	-

\*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	8,000,000	2,000,000	4,000,000	1,500,000	-

# III. Notes to Financial Statements

## 27 Schedule of Loans

For the six months ended July 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								
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	-	-	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	-				
	Sumitomo Mitsui Trust Bank Limited	-	890,000	-	890,000	1.76% (*2)	Jun. 29, 2018	(*5)	
	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	-	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	-				
	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				
	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	-	-	May 31, 2017	(*6)	
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	-	1,000,000	-	-	Mar. 31, 2017	(*5)	
	The Bank of Fukuoka, Ltd.	-	1,000,000	-	1,000,000	0.79% (*2)	Feb. 28, 2018	(*3)	
	Mizuho Bank, Ltd.	-	1,500,000	-	1,500,000	0.20%	Apr. 13, 2018	(*3)	
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	-	1,000,000	-	1,000,000	0.12%	May 31, 2018	(*5)	
Total		22,956,329	19,190,000	16,700,000	25,446,329				



	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	Sumitomo Mitsui Trust Bank Limited	890,000	-	890,000	-	-	Jun. 29, 2018	(*5)	Unsecured Unguaranteed
	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	-	-	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	-	-	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	-	-	Feb. 28, 2018	(*3)	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,850,000	-	2,850,000	-				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500,000	-	1,500,000	-				
	Sumitomo Mitsui Trust Bank Limited	2,100,000	-	2,100,000	-	-	Apr. 27, 2018	(*5)	
	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				
	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)	
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					

Long-term loans payable

### III. Notes to Financial Statements

	Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
	Lenders								
Long-term loans payable	Development Bank of Japan Inc.	2,200,000	-	-	2,200,000	1.23%	Nov. 29, 2020	(*5)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	2,200,000	-	-	2,200,000	1.40%	Nov. 29, 2021	(*5)	
	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	-	-	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				
	Mizuho Bank, Ltd.	2,160,000	-	-	2,160,000	1.63% (*2)	Dec. 22, 2021	(*5)	
	Aozora Bank, Ltd.	1,379,000	-	-	1,379,000	1.54% (*2)	Jun. 25, 2021	(*5)	
	Resona Bank, Limited	919,000	-	-	919,000				
	Mizuho Trust & Banking Co., Ltd.	1,000,000	-	-	1,000,000	1.07% (*2)	Sep. 30, 2020	(*3)	
	The Norinchukin Bank	1,000,000	-	-	1,000,000				
	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				

Long-term loans payable

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								
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	1.28% (*2)	Feb. 16, 2023	(*5)	Unsecured Unguaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	455,000	-	-	455,000				
Sumitomo Mitsui Trust Bank Limited	455,000	-	-	455,000				
Sumitomo Mitsui Banking Corporation	1,120,000	-	-	1,120,000				
Mizuho Bank, Ltd.	1,630,000	-	-	1,630,000	1.08% (*2)	Feb. 16, 2022	(*5)	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,200,000	-	-	1,200,000				
Sumitomo Mitsui Trust Bank Limited	2,100,000	-	-	2,100,000				
Mizuho Bank, Ltd.	2,000,000	-	-	2,000,000				
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.89% (*2)	Feb. 16, 2021	(*5)	
Mizuho Bank, Ltd.	2,900,000	-	-	2,900,000				
Mizuho Trust & Banking Co., Ltd.	1,500,000	-	-	1,500,000				
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				
Aozora Bank, Ltd.	900,000	-	-	900,000	0.58% (*2)	Jan. 29, 2021	(*3)	
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				

### III. Notes to Financial Statements

Classification		Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
Lenders									
Long-term loans payable	Development Bank of Japan Inc.	1,500,000	-	-	1,500,000	1.02% (*2)	Sep. 29, 2023	(*5)	Unsecured Unguaranteed
	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)	
	The Norinchukin Bank	1,500,000	-	-	1,500,000				
	The Yamaguchi Bank, Ltd.	500,000	-	-	500,000	0.73% (*2)	Apr. 14, 2023	(*3)	
	Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000	0.69% (*2)	Oct. 14, 2022	(*3)	
	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)	

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
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500,000	-	500,000	-	-	Apr. 13, 2018	(*3)	Unsecured Unguaranteed
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	-	-	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)	
Sumitomo Mitsui Banking Corporation	2,260,000	-	-	2,260,000	0.18%	Nov. 30, 2018	(*5)	
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	900,000	-	-	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)	

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 Trust Bank Limited	500,000	-	-	500,000	0.75%	Mar. 24, 2028	(*3)	Unsecured Unguaranteed
	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)	
	The Yamaguchi Bank, Ltd.	500,000	-	-	500,000	0.36%	Jul. 29, 2026	(*5)	
	The Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000	0.36%	Jul. 29, 2026	(*5)	
	The Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000	0.26%	Jul. 29, 2025	(*5)	
	The Iyo Bank, Ltd.	300,000	-	-	300,000	0.20%	Jul. 29, 2024	(*5)	
	The Chugoku Bank, Ltd.	500,000	-	-	500,000	0.20%	Jul. 29, 2024	(*5)	
	Bank of Kyoto, Ltd.	500,000	-	-	500,000	0.20%	Jul. 29, 2024	(*5)	
	The Norinchukin Bank	1,500,000	-	-	1,500,000	0.45%	Nov. 28, 2025	(*5)	
	The Norinchukin Bank	1,000,000	-	-	1,000,000	0.38%	Nov. 29, 2024	(*5)	
	Taiyo Life Insurance Company	1,500,000	-	-	1,500,000	0.24%	Nov. 29, 2024	(*5)	
	Mitsui Sumitomo Insurance Co., Ltd.	1,000,000	-	-	1,000,000	0.32%	Nov. 30, 2023	(*5)	
	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)	
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	-	1,000,000	1,000,000	-	-	May 31, 2018	(*5)	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,200,000	-	1,200,000	0.43%	Feb. 25, 2026	(*6)	
	Sumitomo Mitsui Trust Bank Limited	-	1,000,000	-	1,000,000	0.67%	Apr. 25, 2028	(*6)	

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	Development Bank of Japan Inc.	-	1,400,000	-	1,400,000	0.56%	Apr. 23, 2027	(*6)	Unsecured Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	2,500,000	-	2,500,000	0.52%	Feb. 26, 2027	(*5)	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,000,000	-	1,000,000	0.47%	Aug. 31, 2026	(*5)	
	Sumitomo Mitsui Trust Bank Limited	-	2,000,000	-	2,000,000	0.60%	Apr. 30, 2027	(*5)	
	Mitsubishi UFJ Trust and Banking Corporation	-	2,000,000	-	2,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	-	1,700,000	-	1,700,000	0.54%	Oct. 30, 2026	(*5)	
	Development Bank of Japan Inc.	-	1,000,000	-	1,000,000	0.57%	May 31, 2027	(*7)	
	Sumitomo Mitsui Banking Corporation	-	2,700,000	-	2,700,000	0.25%	Dec. 25, 2020	(*5)	
Total		167,318,000	17,500,000	21,390,000	163,428,000				

- \*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	25,446,329	21,460,000	20,870,000	20,618,000	23,960,000

*Advance Residence Investment Corporation*