

15th
Fiscal Period Report

August 1, 2017 - January 31, 2018

Advance Residence Investment Corporation

I. Asset Management Report

Management's Discussion and Analysis

1 Summary of Selected Financial Data

	Fiscal Period	units	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	15th FP From: Aug. 1, 2017 To: Jan. 31, 2018
Operating results	Operating revenues	million yen	15,082	15,444	15,504	15,918	15,903
	(Rental revenue) a	million yen	15,082	15,444	15,504	15,918	15,903
	(Gain on real estate sales) b	million yen	–	–	–	–	–
	Total operating expenses	million yen	7,593	7,716	7,702	7,949	7,883
	(Rental business expenses) c	million yen	6,024	6,092	6,045	6,275	6,176
	(Loss on real estate sales) d	million yen	–	3	–	–	–
	(Impairment loss) e	million yen	–	–	–	–	–
	Operating income	million yen	7,489	7,727	7,801	7,968	8,019
	Ordinary income f	million yen	5,951	6,206	6,371	6,642	6,798
Net income g	million yen	5,951	6,205	6,371	6,642	6,798	
Balance sheet figures	Total assets h	million yen	440,108	448,160	450,967	450,479	448,421
	Interest-bearing liabilities i	million yen	226,280	233,864	223,774	223,374	221,418
	Net assets j	million yen	207,661	207,915	220,834	220,754	220,574
	Paid-in Capital k	million yen	114,936	114,936	127,690	127,690	127,690
Per unit figures	Total dividends l	million yen	5,951	6,206	6,721	6,978	7,134
	Payout ratio l/g	%	100.0	100.0	105.5	105.1	105.0
	Total number of units issued and outstanding m	Units	1,300,000	1,300,000	1,350,000	1,350,000	1,350,000
	Net assets per unit j/m	yen	159,739	159,935	163,580	163,521	163,388
	Net income per unit Note 2	yen	4,577	4,773	4,771	4,920	5,035
	Dividend per unit l/m	yen	4,578	4,774	4,979	5,169	5,285
	Dividend from earnings per unit	yen	4,578	4,774	4,979	5,169	5,285
	Dividend in excess of earnings per unit	yen	0	0	0	0	0
	Annualized dividend yield Note 3	%	3.5	3.4	3.3	3.9	3.7
Financial indicators	Return on investment (Paid-in Capital) (g+q)/(k+i) Note 3	%	4.9	5.1	5.1	5.3	5.4
	Return on investment (market capitalization) (g+q)/(m+r+i) Note 3	%	3.0	2.9	2.8	3.2	3.1
	FFO per unit (g-b+d+e+q)/m	yen	6,524	6,752	6,640	6,869	6,999
	Annualized n Note 3	yen	12,942	13,579	13,209	13,853	13,885
	FFO per unit r/n	times	20.1	21.0	22.6	19.4	20.2
	Ratio of ordinary income to total assets f/h Note 4	%	1.4	1.4	1.4	1.5	1.5
	Annualized Note 3	%	2.7	2.8	2.8	3.0	3.0
	Equity ratio j/h	%	47.2	46.4	49.0	49.0	49.2
	Return on equity g/j Note 5	%	2.9	3.0	3.0	3.0	3.1
	Annualized Note 3	%	5.7	6.0	5.9	6.1	6.1
	Ratio of interest-bearing liabilities to total assets i/h	%	51.4	52.2	49.6	49.6	49.4
	DSCR o/p	times	7.4	8.0	8.6	9.5	10.2
	Net income before interest and depreciation o	million yen	9,803	10,024	10,151	10,367	10,472
	Interest expenses p	million yen	1,321	1,250	1,186	1,093	1,023
	NOI a-c+q Note 6	million yen	11,588	11,920	12,052	12,274	12,377
	Annualized NOI yield Note 3, 7	%	5.4	5.6	5.5	5.6	5.6
	Depreciation and amortization q Note 8	million yen	2,531	2,568	2,593	2,631	2,651
Reference information	Number of properties under management	–	251	255	257	260	261
	Number of leasable units at end of period	Units	20,231	20,455	20,565	20,842	20,888
	Leasable floor area at end of period Note 9	m ²	760,453.15	766,881.60	773,464.74	781,760.64	783,781.16
	Occupancy rate at end of period Note 10	%	96.7	96.6	96.6	96.9	97.2
	Unit price at end of period r	yen	260,500	284,600	297,900	269,400	280,000

Notes 1. Operating revenues and such 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 periods of 184 days for the 11th Fiscal Period, 182 days for the 12th Fiscal Period, 184 days for the 13th Fiscal Period, 181 days for the 14th Fiscal Period and 184 days for the 15th 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 as stated on the lease agreement or indicated on its official floor plan. The leasable floor area of land such as parking lots is not included.

10. "Occupancy rate at end of period" is calculated by using the formula: "Leased floor area" ÷ "Leasable floor area" × 100.

2 Investment Environment and Operating Performance

With the aim of realizing a stable distribution of earnings over the long term, we carried out the following initiatives during the current fiscal period.

1. Internal Growth

Maintained high occupancy rates, increased rent levels, and heightened competitive advantages by carrying out value enhancement work.

2. External Growth

Acquired one property from a third party through a negotiated transaction, at an acquisition price of 600 million yen, continuing the acquisitions of properties at reasonable prices despite inflated real estate market prices.

3. Finance

Reduced average interest rates by repayment and redemption of interest-bearing liabilities. Diversified method of financing with the issuance of Advance Residence Investment Corporation (ADR)'s first ever private placement-type investment corporation bond (1.0 billion yen).

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

(million yen)

Item	Previous FP Results	Initial forecast ^{Note 1}	15th FP Results	Difference from the previous FP	Difference from the initial forecast
			(January 2018)		
Operating revenues	15,918	15,742	15,903	-15	+161
Operating income	7,968	7,839	8,019	+50	+180
Ordinary income	6,642	6,615	6,798	+155	+183
Net income	6,642	6,615	6,798	+155	+183
Earnings Per Unit	4,920 yen ^{Note 2}	4,900 yen	5,035 yen ^{Note 2}	+115 yen ^{Note 3}	+135 yen ^{Note 3}
Dividend Per Unit	5,169 yen	5,149 yen	5,285 yen	+116 yen	+136 yen

Notes 1. The initial forecast refers to the earnings forecasts for the 14th Fiscal Period disclosed in the "Brief Summary of Kessan Tanshin" for the 14th Fiscal Period, dated September 6, 2017. The same applies hereafter unless otherwise specified.

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 omitted from the EPU figures.

ADR achieved higher revenues and profits against the forecasts largely due to having generated rental revenue gains as a result of higher-than-expected occupancy rates. When compared to the previous fiscal period, despite a downturn in revenues as a consequence of off-season decreases in key money and other such revenues, net income increased due to decreases in rental business expenses and interest payments. As a result, earnings per unit (EPU) amounted to 5,035 yen, which is 115 yen higher than in the previous fiscal period.

The dividend per unit (DPU), with the addition of the drawdown in the reserve for a temporary difference adjustment (RTA) of 249 yen per unit, amounted to 5,285 yen, which is 136 yen higher than the initial forecast and 116 yen higher than previous fiscal period.

1. Internal Growth

– Maintained high occupancy rates while increasing rents –

As population inflows continue in the many regions where ADR invests, the market for rental apartments remains tight since the number of rental housing starts remains limited. We recorded an occupancy rate of 97.2% as of January 31, 2018, and maintained an average period occupancy rate of 96.9%, at a level on par with the record-high 97.0% average occupancy rate achieved in the previous fiscal period, even though it was a seasonally slower fiscal period ^(Note 4). Moreover, we successfully increased the overall portfolio rent level ^(Note 5) by 0.22% over rent levels of July 31, 2017, as a result of our efforts to proactively raise rents upon contract renewal on top of raising rents upon tenant replacement.

– 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, especially on individual units of properties that have recently been subjected to large-scale renovation, ADR carries out value enhancement work to maintain and enhance competitiveness in the leasing market. Value

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enhancement work is implemented when tenants are being replaced and entails equipment upgrades and floor plan changes. During the current fiscal period, we executed large-scale renovations on 4 properties and value enhancement works on 23 residential units. Of the residential units that underwent the value enhancement works, new rental contracts had been signed for 16 units as of February 28, 2018. Those units saw a rise in rent of 17% on average over the previous rent. Going forward, ADR will continue to endeavor to enhance the competitive strengths of its properties through such initiatives.

– Sustainability measures –

ADR is working with the asset management company on sustainability measures in an aim to contribute to creating a sustainable society and to increase the value to the unit-holders. More specifically, in order to promote each of the ESG (environmental, social and governance) sustainability goals, ADR has set up a sustainability committee to organize efforts for such measures as installing environmentally friendly equipment at its properties, contributing to local communities by raising disaster-prevention awareness among its tenants, and introducing systematic training to employees of the asset management company.

International assessment institutions have evaluated ADR with respect to such initiatives regarding sustainability, as follows. We will keep promoting sustainability going forward.

- Since 2014, ADR has continually participated in the Global Real Estate Sustainability Benchmark (GRESB) which was developed mainly by European pension funds to evaluate the ESG performance of real estate companies and funds. ADR received the GRESB's "Green Star" rating in 2017.
- In 2017, ADR was the one and only residential J-REIT to be included as a constituent in the MSCI JAPAN ESG Select Leaders Index, which targets companies that exhibit a high ESG profile and is provided by MSCI, an investment information provider that serves institutional investors. The index has been selected by the Government Pension Investment Fund (GPIF) as an ESG benchmark for use in its passive investment strategy, and otherwise holds potential as a benchmark with respect to decisions on investment by institutional investors such as GPIF.

Notes 4. In Japan, the peak leasing season is between the months of February to April, during which time a relatively high number of lease contracts are normally concluded. Periods that do not include those months are off-season periods, in which the rental business tends to be slower. For ADR, the leasing business during the fiscal period ending January 31 is slower compared to the fiscal period ending July 31, which includes 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

– Consistently acquired prime properties –

During the current fiscal period, ADR acquired just one property from a third party, at an acquisition price of 600 million yen. The property is expected to generate stable rent revenue given its location, which is very close to Sapporo Station, thereby offering the property good access to public transportation. We think that ADR has been able to acquire prime properties, despite the challenging acquisition environment, by fully leveraging the market information network of the asset management company.

3. Finance

– Reducing average interest rates and trying a new financing method –

Under its financing policy of extending remaining duration, fixing interest rates and diversifying maturities of interest-bearing liabilities, ADR procured in total 12.3 billion yen (average initial duration of 8.0 years and average interest rate of 0.44%^(Note 6)) during this fiscal period, and managed to lower the average interest rate as of the end of the fiscal period to 0.90%^(Note 7). As such, we have managed to further strengthen our financial foundations. Meanwhile ADR's credit rating outlook from Rating and Investment Information, Inc. (R&I) was upgraded in November 2017 to A+ (positive) from A+ (stable) due to ADR's continued financial stability.

Also during this fiscal period, ADR issued its first ever private placement-type investment corporation bonds (1.0 billion yen), thereby adding a new financing method to its financing repertoire.

Notes 6. The "average interest rate" is the weighted-average interest rate on loans and bonds as of their respective borrowing or issuance date.

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

3 Management Policies and Challenges Going Forward

By diligently implementing the strategies outlined below, ADR aims to achieve firm and steady EPU growth.

a) Internal Growth

ADR will continue working to raise rents at the time of tenant replacements, as well as at the time of contract renewals, comprehensively taking into account property characteristics, terms and conditions of individual contracts and other such factors. Furthermore, we will aim to generate greater profitability from each property by actively securing key money and improving leasing-related income and expenditure. 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

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 minimizing competition through the means of acquiring them from our sponsor or through third parties in negotiated deals captured by leveraging information collected. 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.

Between the end of this fiscal period and the fiscal reporting date, ADR decided to acquire two properties from the sponsor pipeline at a total acquisition price of 5.5 billion yen, and to dispose of two properties from its portfolio whose total acquisition price was 2.4 billion yen to third parties.

ADR decided to acquire the two properties because of their potential for generating consistent revenue, particularly given that both properties were built recently and have good access to transportation given their close proximity to railway stations. On the other hand, the decision to sell was made because both of the properties to be disposed of were older than the average age of the portfolio and the potential to improve profitability were low. As a result of this disposition, there will be only three properties left in the portfolio with unrealized losses against their appraisal values on January 31, 2018, which is the last day of this fiscal period.

This property replacement will contribute to heightening the value to unit-holders by bringing about growth in assets under management and ensuring steady earnings. ADR will continue to maintain its external growth policies, which are aimed at realizing a stable distribution of earnings over the long term.

c) Finance Policy

While we 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, ADR will continue to draw down the reserves for temporary difference adjustments (RTA), in accordance with partial amendments of the "Regulations Concerning Accounting of Investment Corporations" and the Investment Trusts Association of Japan's "Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations." This means that ADR will fully draw down the RTA in equal amounts or more every fiscal period within 50 years^(Note 8), starting from the fiscal period ending January 2017.

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^(Note 9).

Notes 8. 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 RTA drawdown 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.

9. 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	11th FP	12th FP	13th FP	14th FP	15th FP
Period-end	January 2016	July 2016	January 2017	July 2017	January 2018
High	281,400 yen	299,400 yen	309,000 yen	307,500 yen	285,800 yen
Low	229,600 yen	251,700 yen	267,900 yen	261,600 yen	262,800 yen

Overview of the Investment Corporation

1 Major Unit-holders

The following are the major unit-holders as of January 31, 2018.

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	337,447	24.99
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	174,816	12.94
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	57,496	4.25
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	42,459	3.14
ITOCHU Corporation	2-5-1 Kita-Aoyama, Minato-ku, Tokyo	34,800	2.57
Mizuho Securities Co., Ltd.	1-5-1, Otemachi, Chiyoda-ku, Tokyo	20,647	1.52
State Street Bank - West Pension Fund Clients - Exempt	1776 Heritage Drive, North Quincy, MA 02171 U.S.A.	20,223	1.49
Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	18,252	1.35
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2, Marunouchi, Chiyoda-ku, Tokyo	14,451	1.07
State Street Bank West Clients Treaty	1776 Heritage Drive, North Quincy, MA 02171 U.S.A.	14,033	1.03
Total		734,624	54.41

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

2 Directors and Independent Auditor

1. The executive director, supervisory directors, and independent auditor as of January 31, 2018, are as follows.

Title	Name	Primary concurrent positions	Total amount of compensation during the fiscal period (thousand yen)
Executive Director	Kenji Kousaka ^{Note 1}	President, AD Investment Management Co., Ltd.	— ^{Note 2}
Supervisory Director	Yoshiki Oshima	President, Akasaka Law Office L.P.C.	3,609 ^{Note 3}
Supervisory Director	Yoshitsugu Oba	Audit & Supervisory Board Member, Mitsubishi Motors Corporation	
Independent Auditor	Deloitte Touche Tohmatsu LLC		16,500

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 January 31, 2018.

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

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Real Estate Portfolio

Real Estate Portfolio

The following are the itemized assets held by ADR as of January 31, 2018.

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	14th (Feb. 1, 2017 ~ Jul. 31, 2017)				15th (Aug. 1, 2017 ~ Jan. 31, 2018)			
						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	2,363	3,190	1	96.7	88,814	0.6	1	97.2	89,224	0.6
P-3	RESIDIA Nakameguro	Meguro-ku, Tokyo	Beneficiary interests in trust	1,413	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	1,172	1,270	1	96.8	35,474	0.2	1	93.3	34,829	0.2
P-7	RESIDIA Ikejiriohashi	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,159	1,420	1	92.9	36,646	0.2	1	97.8	37,074	0.2
P-9	RESIDIA Kudanshita	Chiyoda-ku, Tokyo	Beneficiary interests in trust	2,027	2,620	1	98.9	72,959	0.5	1	98.7	72,455	0.5
P-10	RESIDIA Hatagaya	Shibuya-ku, Tokyo	Beneficiary interests in trust	1,065	1,210	1	100.0	31,336	0.2	1	94.7	32,090	0.2
P-13	RESIDIA Sakurajosui	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,060	1,280	1	96.3	33,841	0.2	1	92.7	33,256	0.2
P-14	RESIDIA Kita-Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	2,534	2,990	1	100.0	75,574	0.5	1	100.0	75,455	0.5
P-15	RESIDIA Yoyoginomori	Shibuya-ku, Tokyo	Beneficiary interests in trust	706	723	1	92.0	19,012	0.1	1	96.9	19,413	0.1
P-16	RESIDIA Shinjuku-East III	Shinjuku-ku, Tokyo	Beneficiary interests in trust	720	915	1	100.0	24,237	0.2	1	100.0	24,051	0.2
P-19	Leopalace Udagawacho Mansion	Shibuya-ku, Tokyo	Beneficiary interests in trust	562	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	1,303	1,700	1	88.6	44,364	0.3	1	93.5	42,526	0.3
P-22	RESIDIA Shinjuku-East	Shinjuku-ku, Tokyo	Beneficiary interests in trust	926	1,150	1	94.0	30,116	0.2	1	100.0	30,753	0.2
P-23	RESIDIA Kanda-Iwamotocho	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,399	2,090	1	100.0	57,895	0.4	1	98.1	57,950	0.4
P-24	RESIDIA Azabujuban II	Minato-ku, Tokyo	Beneficiary interests in trust	887	1,050	1	85.5	27,377	0.2	1	95.0	27,040	0.2
P-25	RESIDIA Ebisu	Shibuya-ku, Tokyo	Beneficiary interests in trust	573	688	1	100.0	20,246	0.1	1	83.9	18,472	0.1
P-26	RESIDIA Meguro	Shinagawa-ku, Tokyo	Beneficiary interests in trust	738	723	1	92.1	22,921	0.1	1	92.1	20,218	0.1
P-29	RESIDIA Hiroo II	Shibuya-ku, Tokyo	Real estate	1,524	2,110	1	95.4	54,159	0.3	1	94.3	54,271	0.3
P-30	Pianetta Shiodome	Minato-ku, Tokyo	Beneficiary interests in trust	1,799	2,250	1	94.7	64,206	0.4	1	91.7	59,085	0.4
P-31	RESIDIA Komazawadaigaku	Setagaya-ku, Tokyo	Beneficiary interests in trust	309	389	1	93.6	10,952	0.1	1	90.3	10,487	0.1
P-32	RESIDIA Yoyogi	Shibuya-ku, Tokyo	Beneficiary interests in trust	308	398	1	80.7	10,326	0.1	1	82.0	9,423	0.1
P-33	RESIDIA Nishi-Shinjuku	Shinjuku-ku, Tokyo	Beneficiary interests in trust	344	439	1	90.0	12,084	0.1	1	91.3	11,213	0.1
P-34	RESIDIA Kyodo	Setagaya-ku, Tokyo	Beneficiary interests in trust	265	340	1	83.1	8,879	0.1	1	93.8	8,539	0.1
P-35	RESIDIA Oimachi	Shinagawa-ku, Tokyo	Real estate	868	1,120	1	98.0	33,196	0.2	1	93.8	33,011	0.2
P-36	RESIDIA Ebisu II	Shibuya-ku, Tokyo	Real estate	2,217	2,820	1	95.0	71,861	0.5	1	98.7	73,920	0.5
P-37	RESIDIA Kamiuchiai	Shinjuku-ku, Tokyo	Real estate	1,095	1,430	1	97.6	43,618	0.3	1	95.2	42,010	0.3
P-38	RESIDIA Higashi-Shinagawa	Shinagawa-ku, Tokyo	Real estate	1,916	2,370	1	99.1	69,781	0.4	1	98.3	68,992	0.4
P-39	RESIDIA Meguro II	Meguro-ku, Tokyo	Real estate	1,142	1,340	1	85.8	36,835	0.2	1	92.7	33,659	0.2
P-40	RESIDIA Toranomon	Minato-ku, Tokyo	Real estate	1,241	1,600	1	100.0	41,776	0.3	1	95.1	41,485	0.3
P-41	RESIDIA Shin-Ochanomizu	Chiyoda-ku, Tokyo	Real estate	1,099	1,500	1	100.0	41,412	0.3	1	100.0	40,558	0.3
P-42	RESIDIA Kagurazaka	Shinjuku-ku, Tokyo	Real estate	867	1,090	1	94.5	31,097	0.2	1	98.2	31,256	0.2
P-43	RESIDIA Oimachi II	Shinagawa-ku, Tokyo	Real estate	990	1,300	1	90.4	35,463	0.2	1	97.5	34,124	0.2

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P-45	RESIDIA Jiyugaoka	Meguro-ku, Tokyo	Beneficiary interests in trust	1,028	1,240	1	85.6	32,461	0.2	1	97.1	35,229	0.2
P-47	RESIDIA Suidobashi	Chiyoda-ku, Tokyo	Real estate	2,148	2,720	1	100.0	77,137	0.5	1	97.0	76,652	0.5
P-48	RESIDIA TOWER Nogizaka	Minato-ku, Tokyo	Real estate	3,424	3,950	1	94.1	106,078	0.7	1	98.5	106,394	0.7
P-49	RESIDIA Akasaka	Minato-ku, Tokyo	Real estate	1,102	1,410	1	100.0	40,918	0.3	1	94.7	40,479	0.3
P-50	RESIDIA Nishi-Azabu	Minato-ku, Tokyo	Beneficiary interests in trust	6,425	7,840	1	97.6	213,820	1.3	1	98.8	214,622	1.3
P-51	RESIDIA Daikanyama	Shibuya-ku, Tokyo	Beneficiary interests in trust	1,984	2,200	1	92.6	55,228	0.3	1	94.6	58,181	0.4
P-52	RESIDIA Ichigaya	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,330	3,030	1	88.3	77,437	0.5	1	100.0	77,642	0.5
P-53	RESIDIA Roppongi-Hinokichokoen	Minato-ku, Tokyo	Beneficiary interests in trust	3,590	4,470	1	93.0	117,315	0.7	1	95.1	117,811	0.7
P-55	RESIDIA TOWER Meguro-Fudomae	Shinagawa-ku, Tokyo	Real estate	14,996	18,300	1	100.0	455,964	2.9	1	100.0	456,793	2.9
P-56	RESIDIA Sangenjaya	Setagaya-ku, Tokyo	Real estate	2,527	3,460	1	97.2	88,746	0.6	1	97.4	89,490	0.6
P-58	RESIDIA Minami-Aoyama	Minato-ku, Tokyo	Real estate	698	486	1	100.0	15,791	0.1	1	74.7	16,511	0.1
P-59	RESIDIA Kanda-Higashi	Chiyoda-ku, Tokyo	Real estate	1,539	2,070	1	91.3	56,806	0.4	1	98.0	57,139	0.4
P-60	RESIDIA Higashi-Azabu	Minato-ku, Tokyo	Real estate	1,342	1,470	1	100.0	39,242	0.2	1	96.4	41,202	0.3
P-61	RESIDIA Ebisu-Minami	Shibuya-ku, Tokyo	Real estate	1,939	2,200	1	97.5	58,469	0.4	1	90.5	56,585	0.4
P-62	RESIDIA TOWER Azabujuban	Minato-ku, Tokyo	Real estate	6,146	6,370	1	94.6	196,088	1.2	1	94.9	195,396	1.2
P-63	RESIDIA Shibuya	Shibuya-ku, Tokyo	Real estate	1,204	1,540	1	95.4	39,554	0.2	1	95.4	40,216	0.3
P-64	RESIDIA Nakanobu	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,761	2,300	1	98.6	64,187	0.4	1	98.3	64,386	0.4
P-65	RESIDIA Azabudai	Minato-ku, Tokyo	Beneficiary interests in trust	1,545	1,770	1	100.0	49,551	0.3	1	100.0	49,276	0.3
P-66	RESIDIA Shibadaimon II	Minato-ku, Tokyo	Beneficiary interests in trust	1,676	1,890	1	93.8	51,595	0.3	1	98.0	52,080	0.3
P-67	RESIDIA Kanda	Chiyoda-ku, Tokyo	Real estate	1,088	1,440	1	100.0	40,539	0.3	1	100.0	39,565	0.2
P-68	RESIDIA Sangenjaya II	Setagaya-ku, Tokyo	Real estate	1,218	1,500	1	94.3	40,366	0.3	1	97.7	39,432	0.2
P-69	RESIDIA Nishi-Shinjuku II	Shinjuku-ku, Tokyo	Real estate	1,712	2,170	1	96.9	58,543	0.4	1	90.4	58,496	0.4
P-70	RESIDIA Hiroo-Minami	Shibuya-ku, Tokyo	Real estate	873	1,010	1	100.0	28,531	0.2	1	100.0	29,213	0.2
P-72	RESIDIA Mejiro-Otomeyama	Shinjuku-ku, Tokyo	Beneficiary interests in trust	916	1,100	1	100.0	33,659	0.2	1	90.0	31,475	0.2
P-73	RESIDIA Shibaura	Minato-ku, Tokyo	Beneficiary interests in trust	4,407	5,740	1	93.2	163,709	1.0	1	95.9	167,722	1.1
P-74	RESIDIA Gotenyama	Shinagawa-ku, Tokyo	Real estate	880	963	1	94.9	29,018	0.2	1	100.0	28,365	0.2
P-75	RESIDIA Yutenji	Meguro-ku, Tokyo	Beneficiary interests in trust	5,049	6,000	1	100.0	156,387	1.0	1	95.6	153,634	1.0
P-76	Park Tower Shibaura Bayward Urban Wing	Minato-ku, Tokyo	Beneficiary interests in trust	8,928	11,100	1	95.8	313,834	2.0	1	96.1	317,994	2.0
P-79	RESIDIA Kamimeguro	Meguro-ku, Tokyo	Beneficiary interests in trust	845	1,040	1	94.6	29,471	0.2	1	100.0	29,534	0.2
P-81	Windsor House Hiroo	Shibuya-ku, Tokyo	Real estate and leasehold rights to real estate	1,634	1,490	1	91.5	44,792	0.3	1	100.0	50,069	0.3
P-84	RESIDIA Kita-Shinjuku	Shinjuku-ku, Tokyo	Real estate	1,372	1,630	1	88.5	44,645	0.3	1	96.2	44,494	0.3
P-85	RESIDIA Komazawa	Setagaya-ku, Tokyo	Beneficiary interests in trust	828	1,200	1	100.0	28,095	0.2	1	100.0	28,095	0.2
P-86	RESIDIA Shibaura KAIGAN	Minato-ku, Tokyo	Beneficiary interests in trust	2,329	3,040	1	97.7	82,659	0.5	1	97.4	83,274	0.5
P-87	RESIDIA Ichigaya-Yakuoji	Shinjuku-ku, Tokyo	Beneficiary interests in trust	1,993	2,530	1	97.4	65,690	0.4	1	94.7	64,784	0.4
P-88	RESIDIA Yoga	Setagaya-ku, Tokyo	Real estate	1,548	1,840	1	98.7	50,323	0.3	1	97.3	49,367	0.3
P-89	RESIDIA TOWER Nakameguro	Meguro-ku, Tokyo	Real estate	3,333	4,400	1	96.0	114,794	0.7	1	97.3	116,585	0.7
P-90	RESIDIA Sasazuka II	Shibuya-ku, Tokyo	Beneficiary interests in trust	3,708	4,590	1	98.6	122,795	0.8	1	99.0	119,360	0.8

I. Asset Management Report

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P-91	RESIDIA Meguro III	Meguro-ku, Tokyo	Beneficiary interests in trust	957	1,310	1	97.5	33,273	0.2	1	97.0	33,528	0.2
P-92	RESIDIA Jiyugaoka II	Setagaya-ku, Tokyo	Beneficiary interests in trust	781	960	1	89.3	25,584	0.2	1	100.0	24,985	0.2
P-93	RESIDIA Kudanshita II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,233	1,670	1	97.6	42,863	0.3	1	96.8	43,185	0.3
P-94	RESIDIA Omori II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,607	2,120	1	98.0	56,452	0.4	1	96.1	55,650	0.3
P-95	RESIDIA Shirokane-Takanawa	Minato-ku, Tokyo	Beneficiary interests in trust	1,473	1,950	1	98.7	49,615	0.3	1	100.0	50,393	0.3
P-96	RESIDIA Nakaochiai	Shinjuku-ku, Tokyo	Beneficiary interests in trust	3,781	4,320	1	97.3	119,611	0.8	1	98.6	116,219	0.7
P-97	RESIDIA Nakameguro II	Meguro-ku, Tokyo	Beneficiary interests in trust	1,120	1,430	1	98.0	36,670	0.2	1	98.0	36,743	0.2
P-98	Artis Court Minamiaoyama	Minato-ku, Tokyo	Beneficiary interests in trust	1,733	1,930	1	100.0	53,550	0.3	1	90.8	54,890	0.3
P-99	RESIDIA Yotsuya Sanchome	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,090	2,770	1	97.7	83,180	0.5	1	96.3	83,978	0.5
P-100	RESIDIA Takanawa Katsurazaka	Minato-ku, Tokyo	Beneficiary interests in trust	946	1,080	1	95.6	28,943	0.2	1	100.0	28,552	0.2
P-101	RESIDIA Ebisu III	Shibuya-ku, Tokyo	Real estate	651	744	1	100.0	19,524	0.1	1	95.9	18,722	0.1
P-102	RESIDIA Shinjukugyoen	Shinjuku-ku, Tokyo	Beneficiary interests in trust	725	860	1	100.0	25,298	0.2	1	100.0	24,639	0.2
P-103	RESIDIA Minami Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,204	1,400	1	96.6	36,216	0.2	1	100.0	39,142	0.2
P-104	Chester Court Ochanomizu	Chiyoda-ku, Tokyo	Beneficiary interests in trust	3,175	3,790	1	97.8	106,012	0.7	1	99.3	108,096	0.7
P-105	RESIDIA Kanda-Iwamotocho II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,304	1,580	1	98.3	42,515	0.3	1	97.7	43,110	0.3
P-106	RESIDIA Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	999	1,190	1	93.1	30,947	0.2	1	100.0	30,816	0.2
P-107	RESIDIA Yoyogi II	Shibuya-ku, Tokyo	Real estate	898	956	1	93.0	24,302	0.2	1	96.5	24,856	0.2
P-108	RESIDIA Nakanobu II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	943	1,010	1	96.0	26,713	0.2	1	95.7	26,051	0.2
P-109	RESIDIA Ochanomizu II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	845	935	1	94.6	25,635	0.2	1	100.0	24,695	0.2
P-110	RESIDIA Mishuku	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,193	1,310	1	93.7	35,014	0.2	1	100.0	33,023	0.2
C-1	RESIDIA Mitsukoshimae	Chuo-ku, Tokyo	Beneficiary interests in trust	1,566	2,530	1	100.0	70,168	0.4	1	96.9	68,570	0.4
C-2	RESIDIA Kamata	Ota-ku, Tokyo	Beneficiary interests in trust	2,108	3,550	1	97.3	106,457	0.7	1	98.7	98,118	0.6
C-3	RESIDIA Ikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	1,393	1,790	1	95.2	50,785	0.3	1	96.8	51,922	0.3
C-4	RESIDIA Bunkyo-Hongo	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,555	2,220	1	100.0	57,439	0.4	1	100.0	59,094	0.4
C-5	RESIDIA Asakusabashi	Taito-ku, Tokyo	Beneficiary interests in trust	933	1,420	1	97.0	39,711	0.2	1	97.0	40,693	0.3
C-6	Maison Eclairée Ekoda	Nerima-ku, Tokyo	Beneficiary interests in trust	909	1,100	1	90.5	36,451	0.2	1	97.9	35,490	0.2
C-7	RESIDIA Ueno-Okachimachi	Taito-ku, Tokyo	Beneficiary interests in trust	2,852	3,730	1	92.6	98,607	0.6	1	98.5	99,965	0.6
C-8	RESIDIA Bunkyo-Hongo II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,537	1,930	1	97.8	50,310	0.3	1	100.0	52,480	0.3
C-9	RESIDIA Ryogoku	Sumida-ku, Tokyo	Beneficiary interests in trust	847	1,210	1	100.0	33,145	0.2	1	100.0	33,227	0.2
C-10	RESIDIA Higashi-Ginza	Chuo-ku, Tokyo	Beneficiary interests in trust	5,030	5,590	1	96.4	147,118	0.9	1	98.9	149,284	0.9
C-12	RESIDIA Nihonbashi-Ningyocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,956	3,770	1	99.4	107,559	0.7	1	98.9	99,536	0.6
C-13	RESIDIA Omori-Higashi	Ota-ku, Tokyo	Beneficiary interests in trust	1,833	2,030	1	95.7	56,633	0.4	1	97.9	57,350	0.4
C-15	RESIDIA Kinshicho	Sumida-ku, Tokyo	Beneficiary interests in trust	4,004	4,460	1	99.1	120,964	0.8	1	97.2	120,937	0.8
C-16	RESIDIA Negishi	Taito-ku, Tokyo	Beneficiary interests in trust	812	935	1	96.4	27,270	0.2	1	96.5	27,596	0.2

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C-17	RESIDIA Shinkawa	Chuo-ku, Tokyo	Beneficiary interests in trust	1,809	2,360	1	96.2	65,088	0.4	1	98.4	65,132	0.4
C-18	RESIDIA Kamiikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	540	706	1	97.9	22,067	0.1	1	95.0	21,388	0.1
C-19	RESIDIA Shin-nakano	Nakano-ku, Tokyo	Beneficiary interests in trust	352	509	1	83.4	14,976	0.1	1	90.3	14,217	0.1
C-21	RESIDIA Bunkyo-Yushima II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	922	1,220	1	94.5	34,775	0.2	1	100.0	33,998	0.2
C-22	RESIDIA Tsukiji	Chuo-ku, Tokyo	Real estate	1,323	1,850	1	100.0	52,481	0.3	1	100.0	52,248	0.3
C-23	RESIDIA Sasazuka	Suginami-ku, Tokyo	Beneficiary interests in trust	1,799	2,140	1	98.2	62,454	0.4	1	93.5	61,466	0.4
C-24	RESIDIA Kyobashi	Chuo-ku, Tokyo	Real estate	1,119	1,480	1	100.0	38,847	0.2	1	100.0	51,184	0.3
C-25	RESIDIA Tamagawa	Ota-ku, Tokyo	Beneficiary interests in trust	1,174	1,660	1	98.0	47,285	0.3	1	93.4	46,328	0.3
C-26	RESIDIA Korakuen	Bunkyo-ku, Tokyo	Beneficiary interests in trust	547	764	1	96.7	21,444	0.1	1	97.2	21,460	0.1
C-27	RESIDIA Ginza-Higashi	Chuo-ku, Tokyo	Beneficiary interests in trust	1,834	2,510	1	97.3	67,784	0.4	1	96.5	67,186	0.4
C-28	RESIDIA Oji	Kita-ku, Tokyo	Beneficiary interests in trust	790	1,040	1	100.0	33,709	0.2	1	100.0	33,711	0.2
C-29	RESIDIA Mejiro II	Toshima-ku, Tokyo	Real estate	974	1,230	1	97.1	36,374	0.2	1	98.3	37,020	0.2
C-31	RESIDIA Tsukishima	Chuo-ku, Tokyo	Real estate	1,016	1,270	1	94.9	35,828	0.2	1	97.7	37,100	0.2
C-32	RESIDIA Kamata II	Ota-ku, Tokyo	Real estate	1,272	1,640	1	97.7	47,114	0.3	1	93.0	47,378	0.3
C-33	RESIDIA Tsukishima II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,294	2,940	1	97.4	81,413	0.5	1	100.0	82,364	0.5
C-34	RESIDIA Kinshicho II	Sumida-ku, Tokyo	Real estate	2,235	2,640	1	95.5	72,959	0.5	1	99.3	74,800	0.5
C-35	RESIDIA Bunkyo-Otowa	Bunkyo-ku, Tokyo	Beneficiary interests in trust	3,140	3,970	1	90.0	113,044	0.7	1	96.3	111,998	0.7
C-36	RESIDIA Bunkyo-Sengoku	Bunkyo-ku, Tokyo	Beneficiary interests in trust	632	872	1	94.3	26,080	0.2	1	90.9	24,881	0.2
C-37	RESIDIA Bunkyo-Yushima	Bunkyo-ku, Tokyo	Beneficiary interests in trust	998	1,340	1	98.1	38,750	0.2	1	95.3	36,306	0.2
C-38	RESIDIA Ikegami	Ota-ku, Tokyo	Beneficiary interests in trust	344	413	1	100.0	13,516	0.1	1	93.9	13,016	0.1
C-39	RESIDIA Nihonbashi-Ningyocho	Chuo-ku, Tokyo	Beneficiary interests in trust	501	763	1	91.6	21,171	0.1	1	92.9	21,667	0.1
C-40	RESIDIA Bunkyo-Sengoku II	Bunkyo-ku, Tokyo	Real estate	1,347	1,680	1	94.8	47,598	0.3	1	97.9	45,796	0.3
C-41	RESIDIA Iriya	Taito-ku, Tokyo	Beneficiary interests in trust	877	1,140	1	98.3	37,853	0.2	1	98.3	37,844	0.2
C-42	RESIDIA Nihonbashi-Hamacho	Chuo-ku, Tokyo	Real estate	1,248	1,580	1	97.7	43,662	0.3	1	100.0	43,940	0.3
C-43	RESIDIA Shin-Okachimachi	Taito-ku, Tokyo	Real estate	1,755	2,110	1	100.0	58,105	0.4	1	98.7	58,639	0.4
C-44	RESIDIA Chidoricho	Ota-ku, Tokyo	Real estate	1,205	1,440	1	91.7	41,726	0.3	1	96.6	43,054	0.3
C-45	RESIDIA Shinkawa II	Chuo-ku, Tokyo	Beneficiary interests in trust	1,196	1,540	1	96.4	44,757	0.3	1	98.5	44,168	0.3
C-46	RESIDIA Mejiro	Toshima-ku, Tokyo	Beneficiary interests in trust	6,101	7,850	1	96.9	226,269	1.4	1	98.6	231,483	1.5
C-47	RESIDIA Kasai	Edogawa-ku, Tokyo	Beneficiary interests in trust	661	818	1	93.1	27,224	0.2	1	100.0	26,659	0.2
C-48	RESIDIA Nihonbashi-Bakurocho	Chuo-ku, Tokyo	Real estate	5,096	6,940	1	97.0	192,492	1.2	1	97.4	192,783	1.2
C-49	RESIDIA Suginami-Honancho	Suginami-ku, Tokyo	Beneficiary interests in trust	3,619	5,430	1	95.7	150,725	0.9	1	96.6	149,192	0.9
C-50	RESIDIA Shin-Itabashi	Itabashi-ku, Tokyo	Beneficiary interests in trust	849	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	1,891	2,930	1	98.7	79,844	0.5	1	94.2	77,956	0.5
C-52	RESIDIA Bunkyo-Yushima III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,091	1,530	1	100.0	42,881	0.3	1	100.0	38,619	0.2
C-53	RESIDIA Bunkyo-Honkomagome	Bunkyo-ku, Tokyo	Real estate	2,282	2,970	1	96.8	81,009	0.5	1	98.2	82,197	0.5
C-54	RESIDIA Tsukishima III	Chuo-ku, Tokyo	Beneficiary interests in trust	2,471	3,590	1	97.9	92,838	0.6	1	98.7	91,969	0.6

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C-55	RESIDIA Minami-senjyu	Arakawa-ku, Tokyo	Beneficiary interests in trust	2,426	3,530	1	98.9	168,527	1.1	1	97.3	163,180	1.0
C-56	RESIDIA Ogikubo	Suginami-ku, Tokyo	Real estate	1,808	2,270	1	98.1	64,444	0.4	1	95.2	60,700	0.4
C-57	RESIDIA Monzennakacho	Koto-ku, Tokyo	Beneficiary interests in trust	967	1,310	1	94.1	38,665	0.2	1	95.6	35,756	0.2
C-58	RESIDIA Ochanomizu	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,040	2,860	1	96.2	75,793	0.5	1	97.9	77,338	0.5
C-59	RESIDIA Omori	Ota-ku, Tokyo	Beneficiary interests in trust	1,124	1,460	1	98.7	41,838	0.3	1	100.0	42,541	0.3
C-60	RESIDIA Nakamurabashi	Nerima-ku, Tokyo	Beneficiary interests in trust	1,039	1,340	1	98.7	38,742	0.2	1	94.6	37,619	0.2
C-61	RESIDIA Kachidoki	Chuo-ku, Tokyo	Beneficiary interests in trust	1,754	2,410	1	92.8	65,158	0.4	1	100.0	64,452	0.4
C-62	RESIDIA Bunkyo-Otowa II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,281	2,960	1	98.3	82,775	0.5	1	97.8	81,007	0.5
C-63	RESIDIA Kinshicho III	Koto-ku, Tokyo	Beneficiary interests in trust	651	833	1	100.0	25,484	0.2	1	100.0	25,414	0.2
C-64	RESIDIA Kamata III	Ota-ku, Tokyo	Beneficiary interests in trust	933	1,220	1	100.0	34,403	0.2	1	90.9	33,589	0.2
C-65	RESIDIA TOWER Kamiikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	7,950	11,400	1	98.0	719,010	4.5	1	98.1	728,073	4.6
C-66	RESIDIA Takashimadaira	Itabashi-ku, Tokyo	Real estate	523	617	1	100.0	16,193	0.1	1	100.0	16,195	0.1
C-67	RESIDIA Shimura-Sakaue	Itabashi-ku, Tokyo	Real estate	607	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	1,130	1,360	1	100.0	35,377	0.2	1	100.0	35,381	0.2
C-69	RESIDIA Shimura-Sakaue III	Itabashi-ku, Tokyo	Real estate	431	502	1	100.0	13,608	0.1	1	100.0	13,617	0.1
C-70	RESIDIA Ikebukuro West	Itabashi-ku, Tokyo	Beneficiary interests in trust	1,115	1,350	1	94.3	41,687	0.3	1	94.6	41,880	0.3
C-71	RESIDIA Ojima	Koto-ku, Tokyo	Beneficiary interests in trust	1,281	1,570	1	100.0	44,047	0.3	1	96.7	43,229	0.3
C-72	RESIDIA Machiya	Arakawa-ku, Tokyo	Beneficiary interests in trust	1,187	1,340	1	100.0	41,354	0.3	1	92.0	41,698	0.3
C-73	RESIDIA Ueno-Ikenohata	Taito-ku, Tokyo	Beneficiary interests in trust	1,779	2,030	1	98.8	53,941	0.3	1	98.8	55,838	0.4
C-74	RESIDIA Nerima	Nerima-ku, Tokyo	Beneficiary interests in trust	514	646	1	100.0	18,225	0.1	1	100.0	18,060	0.1
C-75	RESIDIA Higashi-Nihonbashi	Chuo-ku, Tokyo	Beneficiary interests in trust	399	479	1	100.0	15,150	0.1	1	100.0	14,596	0.1
C-76	RESIDIA Nakano	Nakano-ku, Tokyo	Real estate	691	806	1	100.0	22,222	0.1	1	100.0	22,131	0.1
C-77	RESIDIA Ogikubo II	Suginami-ku, Tokyo	Real estate	490	552	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	1,359	1,520	1	92.5	43,887	0.3	1	91.8	42,335	0.3
C-79	RESIDIA Akihabara	Taito-ku, Tokyo	Beneficiary interests in trust	997	1,190	1	95.2	33,462	0.2	1	97.6	34,202	0.2
C-80	RESIDIA Asakusa-Azumabashi	Sumida-ku, Tokyo	Beneficiary interests in trust	895	1,130	1	98.3	32,572	0.2	1	96.7	33,076	0.2
C-81	RESIDIA Omori III	Ota-ku, Tokyo	Beneficiary interests in trust	1,422	1,640	1	96.2	42,801	0.3	1	95.8	40,823	0.3
C-82	RESIDIA Nihonbashi-Bakurocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,018	2,410	1	94.2	60,326	0.4	1	96.9	60,338	0.4
C-83	RESIDIA Nihonbashi-Bakurocho III	Chuo-ku, Tokyo	Beneficiary interests in trust	1,870	2,250	1	95.8	64,557	0.4	1	100.0	60,940	0.4
C-84	RESIDIA Bunkyo-Hongo III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,698	1,870	1	98.4	48,926	0.3	1	93.5	47,936	0.3
C-85	RESIDIA Shin-Okachimachi II	Taito-ku, Tokyo	Beneficiary interests in trust	4,782	5,290	1	99.2	141,179	0.9	1	97.7	140,079	0.9
C-86	RESIDIA Kameido	Koto-ku, Tokyo	Beneficiary interests in trust	3,085	3,280	1	96.3	47,062	0.3	1	97.8	85,048	0.5
C-87	RESIDIA Koenji	Suginami-ku, Tokyo	Beneficiary interests in trust	1,428	1,520	1	90.2	24,647	0.2	1	97.6	40,775	0.3
S-2	Chester House Kawaguchi	Kawaguchi-shi, Saitama	Beneficiary interests in trust	700	746	1	97.4	28,329	0.2	1	92.3	27,703	0.2

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S-4	RESIDIA Higashi-Matsudo	Matsudo-shi, Chiba	Beneficiary interests in trust	1,020	1,190	1	95.4	42,534	0.3	1	95.9	43,264	0.3
S-5	RESIDIA Shin-Yokohama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,767	1,990	1	100.0	61,359	0.4	1	100.0	61,470	0.4
S-7	RESIDIA Chofu	Chofu-shi, Tokyo	Beneficiary interests in trust	1,069	1,160	1	97.8	34,910	0.2	1	98.1	34,459	0.2
S-11	Tokyo Student-House WAKO	Wako-shi, Saitama	Beneficiary interests in trust	670	710	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	501	628	1	96.8	20,661	0.1	1	100.0	18,470	0.1
S-14	RESIDIA Yokohama-Kannai	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,519	1,890	1	94.1	54,320	0.3	1	95.1	54,997	0.3
S-15	RESIDIA Okurayama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	711	914	1	100.0	26,887	0.2	1	100.0	26,865	0.2
S-16	RESIDIA Musashikosugi	Kawasaki-shi, Kanagawa	Real estate	1,486	1,890	1	97.0	57,960	0.4	1	98.8	57,099	0.4
S-17	RESIDIA Funabashi I	Funabashi-shi, Chiba	Beneficiary interests in trust	2,534	3,150	1	100.0	93,661	0.6	1	100.0	93,383	0.6
	RESIDIA Funabashi II												
S-19	RESIDIA Kichijoji	Musashino-shi, Tokyo	Beneficiary interests in trust	1,429	1,680	1	95.9	48,771	0.3	1	95.9	47,270	0.3
S-20	Pacific Royal Court Minatomirai Ocean Tower	Yokohama-shi, Kanagawa	Real estate and leasehold rights to real estate	11,701	16,100	1	100.0	574,910	3.6	1	100.0	568,349	3.6
S-22	Life & Senior House Kohoku II	Yokohama-shi, Kanagawa	Real estate	1,584	2,200	1	100.0	71,306	0.4	1	100.0	71,074	0.4
S-23	College Court Tanashi	Nishi-Tokyo-shi, Tokyo	Beneficiary interests in trust	764	1,110	1	100.0	32,760	0.2	1	100.0	32,760	0.2
S-24	RESIDIA Urayasu	Urayasu-shi, Chiba	Beneficiary interests in trust	2,071	2,880	1	97.7	85,767	0.5	1	99.4	83,453	0.5
S-25	RESIDIA Minami-Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	818	1,060	1	95.3	36,457	0.2	1	100.0	33,565	0.2
S-26	RESIDIA Urayasu II	Urayasu-shi, Chiba	Beneficiary interests in trust	798	1,020	1	97.3	33,167	0.2	1	98.6	31,765	0.2
S-27	RESIDIA Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	755	957	1	97.3	36,720	0.2	1	96.0	33,146	0.2
S-28	RESIDIA Kawasaki	Kawasaki-shi, Kanagawa	Beneficiary interests in trust	1,619	2,170	1	99.1	63,699	0.4	1	92.3	61,700	0.4
S-29	Cocofump Hiyoshi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,001	1,180	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	1,064	1,280	1	100.0	43,607	0.3	1	100.0	43,352	0.3
S-31	RESIDIA Yokohama-Bashamichi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	781	1,130	1	100.0	37,588	0.2	1	100.0	37,707	0.2
S-32	RESIDIA Hon-Atsugi	Atsugi-shi, Kanagawa	Real estate	642	695	1	100.0	24,555	0.2	1	94.3	23,498	0.1
S-33	RESIDIA Funabashi III	Funabashi-shi, Chiba	Real estate	667	691	1	100.0	20,127	0.1	1	100.0	20,127	0.1
R-2	RESIDIA Imadegawa	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,479	1,660	1	100.0	60,491	0.4	1	100.0	60,750	0.4
R-4	RESIDIA Higashizakura	Nagoya-shi, Aichi	Beneficiary interests in trust	1,029	1,410	1	90.3	45,248	0.3	1	93.5	45,179	0.3
R-5	RESIDIA Kameyama	Kameyama-shi, Mie	Beneficiary interests in trust	1,524	1,150	1	100.0	60,476	0.4	1	100.0	60,377	0.4
R-6	RESIDIA Ryokuchikoen	Toyonaka-shi, Osaka	Beneficiary interests in trust	885	916	1	92.3	30,700	0.2	1	94.9	30,512	0.2
R-8	RESIDIA Kobe Port Island	Kobe-shi, Hyogo	Beneficiary interests in trust	3,422	4,070	1	100.0	125,500	0.8	1	100.0	125,510	0.8
R-10	RESIDIA Hakata	Fukuoka-shi, Fukuoka	Real estate	1,228	1,440	1	99.4	52,296	0.3	1	98.8	51,529	0.3
R-11	RESIDIA Tenjinbashi	Osaka-shi, Osaka	Beneficiary interests in trust	844	1,140	1	88.9	34,727	0.2	1	97.6	36,277	0.2
R-12	RESIDIA Sannomiya-Higashi	Kobe-shi, Hyogo	Real estate	1,949	2,810	1	98.5	90,730	0.6	1	97.5	88,799	0.6
R-13	KC21 Building	Sendai-shi, Miyagi	Real estate	869	916	1	99.0	38,515	0.2	1	96.4	37,286	0.2

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R-14	RESIDIA Utsubokoen	Osaka-shi, Osaka	Real estate	1,045	1,530	1	96.9	47,611	0.3	1	87.0	45,372	0.3
R-15	RESIDIA Kyoto-ekimae	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,777	2,450	1	95.5	77,721	0.5	1	98.1	77,105	0.5
R-16	RESIDIA Takaoka	Nagoya-shi, Aichi	Real estate	2,142	3,050	1	96.1	98,419	0.6	1	92.5	96,123	0.6
R-17	RESIDIA Hibino	Nagoya-shi, Aichi	Beneficiary interests in trust	1,138	1,420	1	98.5	66,466	0.4	1	98.4	65,729	0.4
R-19	RESIDIA Tenjin-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	831	1,180	1	96.4	39,516	0.2	1	94.6	39,415	0.2
R-20	RESIDIA Hakataeki-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	319	394	1	93.9	15,820	0.1	1	97.5	15,760	0.1
R-21	RESIDIA Hisaya-Oodori II	Nagoya-shi, Aichi	Real estate	604	800	1	100.0	27,254	0.2	1	100.0	27,699	0.2
R-24	RESIDIA Minami-Ichijo	Sapporo-shi, Hokkaido	Real estate	1,460	1,920	1	98.9	75,961	0.5	1	98.9	75,791	0.5
R-25	RESIDIA Odori-Nishi	Sapporo-shi, Hokkaido	Real estate	1,199	1,370	1	92.2	57,832	0.4	1	95.0	55,333	0.3
R-26	RESIDIA Kita-Sanjo	Sapporo-shi, Hokkaido	Real estate	998	1,380	1	96.9	50,267	0.3	1	99.3	50,270	0.3
R-27	RESIDIA Shirakabe-Higashi	Nagoya-shi, Aichi	Real estate	754	906	1	97.0	32,759	0.2	1	100.0	32,436	0.2
R-29	RESIDIA Uzumasa	Kyoto-shi, Kyoto	Real estate	645	757	1	96.1	32,846	0.2	1	100.0	33,792	0.2
R-30	RESIDIA Izumi	Nagoya-shi, Aichi	Real estate	3,321	4,240	1	90.7	142,556	0.9	1	92.0	137,437	0.9
R-31	RESIDIA Maruyama Kita-Gojo	Sapporo-shi, Hokkaido	Real estate	949	1,200	1	92.4	44,938	0.3	1	98.4	45,311	0.3
R-32	RESIDIA Tokugawa	Nagoya-shi, Aichi	Real estate	718	850	1	100.0	30,026	0.2	1	95.9	29,020	0.2
R-34	RESIDIA Odori-Koen	Sapporo-shi, Hokkaido	Real estate	1,834	2,460	1	96.7	94,894	0.6	1	95.5	93,643	0.6
R-35	RESIDIA Tanimachi	Osaka-shi, Osaka	Real estate	1,093	1,600	1	98.1	47,754	0.3	1	94.9	46,695	0.3
R-36	RESIDIA Hisaya-Oodori	Nagoya-shi, Aichi	Beneficiary interests in trust	633	933	1	95.2	29,760	0.2	1	97.1	29,625	0.2
R-37	RESIDIA Sendai-Miyamachi	Sendai-shi, Miyagi	Beneficiary interests in trust	505	739	1	100.0	25,951	0.2	1	100.0	24,023	0.2
R-38	RESIDIA Hirose-dori	Sendai-shi, Miyagi	Beneficiary interests in trust	474	668	1	100.0	21,839	0.1	1	100.0	21,842	0.1
R-39	RESIDIA Edobori	Osaka-shi, Osaka	Real estate	1,394	1,850	1	94.6	59,108	0.4	1	95.3	57,792	0.4
R-40	RESIDIA Kyomachibori	Osaka-shi, Osaka	Real estate	1,000	1,350	1	98.7	43,499	0.3	1	96.8	42,452	0.3
R-41	RESIDIA Esaka	Suita-shi, Osaka	Beneficiary interests in trust	1,016	1,260	1	92.7	39,488	0.2	1	91.8	37,413	0.2
R-42	RESIDIA Nishijin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	2,267	3,080	1	97.1	106,754	0.7	1	96.2	105,604	0.7
R-43	RESIDIA Tsurumai	Nagoya-shi, Aichi	Beneficiary interests in trust	1,156	1,650	1	96.1	56,190	0.4	1	93.8	51,863	0.3
R-44	RESIDIA Kobe-Isogami	Kobe-shi, Hyogo	Beneficiary interests in trust	2,617	3,730	1	92.2	116,919	0.7	1	95.3	112,300	0.7
R-45	RESIDIA Kita-Nijyo-East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	866	1,070	1	100.0	42,754	0.3	1	96.7	42,061	0.3
R-46	RESIDIA Shinsaibashi West	Osaka-shi, Osaka	Beneficiary interests in trust	1,885	2,410	1	92.7	73,484	0.5	1	96.6	72,118	0.5
R-47	RESIDIA Marunouchi	Nagoya-shi, Aichi	Beneficiary interests in trust	951	1,200	1	94.2	39,938	0.3	1	93.2	39,342	0.2
R-48	RESIDIA Sapporo-Ekimae	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,440	2,110	1	96.2	75,868	0.5	1	97.9	75,597	0.5
R-49	RESIDIA Goshu-Higashi	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,204	1,550	1	90.1	47,383	0.3	1	95.7	45,090	0.3
R-50	RESIDIA Rakuoku	Kyoto-shi, Kyoto	Beneficiary interests in trust	859	1,010	1	95.0	36,123	0.2	1	97.5	34,082	0.2
R-51	RESIDIA Miyakojima I & II	Osaka-shi, Osaka	Real estate	3,247	4,730	1	96.2	152,592	1.0	1	98.2	155,748	1.0
R-52	RESIDIA TOWER Sendai	Sendai-shi, Miyagi	Beneficiary interests in trust	1,740	2,040	1	95.7	71,710	0.5	1	91.7	68,600	0.4
R-53	RESIDIA Higashizakura II	Nagoya-shi, Aichi	Beneficiary interests in trust	2,839	3,660	1	91.2	122,000	0.8	1	84.6	108,905	0.7

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R-54	RESIDIA Tsutsujigaoka	Sendai-shi, Miyagi	Beneficiary interests in trust	1,764	2,410	1	97.8	85,561	0.5	1	96.0	83,153	0.5
R-55	RESIDIA Kobe-Motomachi	Kobe-shi, Hyogo	Beneficiary interests in trust	1,043	1,350	1	92.9	42,470	0.3	1	98.1	44,070	0.3
R-56	RESIDIA Sendai-Honcho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,103	1,630	1	98.3	53,585	0.3	1	98.3	53,781	0.3
R-57	RESIDIA Sendai-Haranomachi	Sendai-shi, Miyagi	Beneficiary interests in trust	581	874	1	98.8	31,215	0.2	1	93.6	30,037	0.2
R-58	RESIDIA Minami-Ichijo East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,053	1,360	1	100.0	48,573	0.3	1	100.0	48,340	0.3
R-59	RESIDIA Shin-Osaka	Osaka-shi, Osaka	Beneficiary interests in trust	2,770	3,500	1	100.0	90,377	0.6	1	100.0	90,409	0.6
R-60	RESIDIA Okayama-Ekimae	Okayama-shi, Okayama	Beneficiary interests in trust	846	1,010	1	100.0	35,224	0.2	1	100.0	35,166	0.2
R-61	RESIDIA Kyoto Okazaki	Kyoto-shi, Kyoto	Beneficiary interests in trust	236	313	1	100.0	9,770	0.1	1	100.0	9,781	0.1
R-62	RESIDIA Sendai-Ichibancho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,099	1,420	1	100.0	43,840	0.3	1	100.0	43,992	0.3
R-63	RESIDIA Kita-Nijyo-East II	Sapporo-shi, Hokkaido	Beneficiary interests in trust	549	738	1	94.0	26,170	0.2	1	93.2	25,939	0.2
R-64	RESIDIA Takamiya	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	499	581	1	89.1	19,135	0.1	1	98.4	20,242	0.1
R-65	RESIDIA Soen	Sapporo-shi, Hokkaido	Beneficiary interests in trust	394	541	1	98.3	21,230	0.1	1	98.4	21,752	0.1
R-66	RESIDIA Tenjin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,142	1,320	1	93.2	41,162	0.3	1	100.0	43,573	0.3
R-67	RESIDIA Yakuin-Oodori	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,141	1,320	1	96.7	42,449	0.3	1	98.9	44,295	0.3
R-68	RESIDIA Hakata II	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,377	1,580	1	99.3	49,938	0.3	1	94.2	51,471	0.3
R-69	RESIDIA Kego	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	851	1,110	1	98.7	36,022	0.2	1	98.9	35,602	0.2
R-70	RESIDIA Shirakabe	Nagoya-shi, Aichi	Beneficiary interests in trust	954	1,110	1	93.6	35,491	0.2	1	89.0	34,026	0.2
R-71	RESIDIA Sakae	Nagoya-shi, Aichi	Real estate	942	958	1	89.6	29,161	0.2	1	89.6	28,026	0.2
R-72	RESIDIA Senri-Fujishirodai	Suita-shi, Osaka	Beneficiary interests in trust	1,545	1,590	1	100.0	16,719	0.1	1	100.0	45,130	0.3
R-73	RESIDIA Senri-Banpakukoen	Suita-shi, Osaka	Beneficiary interests in trust	2,263	2,320	1	100.0	64,225	0.4	1	100.0	64,549	0.4
R-74	RESIDIA Sapporo-eki North ^{Note 5}	3-4-1 and 2 Kita-Jyu-Jyo-Nishi, Kita-ku, Sapporo, Hokkaido	Real estate	744	706	-	-	-	-	1	76.4	1,946	0.0
Total				423,470	533,361	260	96.9	15,918,444	100.0	261	97.2	15,903,228	100.0

Notes 1 "Appraisal value at end of period" is the appraisal value or survey-based value, pursuant to ADR's Articles of Incorporation and the "Regulations Concerning Accounting of Investment Corporations" issued by the Cabinet Office, provided by a real estate appraiser as of January 31, 2018.

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 January 31, 2018 are leased under a master lease agreement, the "Total" for the "Total number of tenants" column indicates the total number of master lease agreements, which were concluded with 13 master lessees.

3. "Occupancy rate" is calculated using the formula: "Leased floor area" ÷ "Leasable floor area" × 100.

4. "Rental revenue" is the rental revenue of respective real estate for the fiscal period under review.

5. Although this property goes by the name NEO21 Kitaguchi as of the date of this document, it is scheduled to be renamed as of April 1, 2018. In this document, the property is listed under the new name, irrespective of the actual property name as of the date of this document. The same applies hereafter unless otherwise specified.

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 Nishi-Azabu (Minato-ku, Tokyo)	Major repair work	From: Jun. 2017 To: May. 2018	175	37	37
RESIDIA Daikanyama (Shibuya-ku, Tokyo)	Major repair work	From: Sep. 2017 To: Jul. 2018	64	–	–
RESIDIA Kanda-Higashi (Chiyoda-ku, Tokyo)	Major repair work	From: Jun. 2017 To: Mar. 2018	58	44	44
RESIDIA Shinkawa II (Chuo-ku, Tokyo)	Major repair work	From: Sep. 2017 To: Jul. 2018	50	–	–
RESIDIA Mejiro-Otomeyama (Shinjuku-ku, Tokyo)	Major repair work	From: Oct. 2017 To: Jul. 2018	44	–	–

2 Capital Expenditures for the Current Period

The following table lists the major capital expenditures for renovations ADR conducted in the current period. The total capital expenditures during this fiscal period were 608 million yen for the entire portfolio and, when combined with repairs and maintenance cost of 521 million yen, the cost of construction work totals 1,130 million yen.

(million yen)

Name of real estate (Location)	Purpose	Implementation period	Amount paid
RESIDIA TOWER Azabujuban (Minato-ku, Tokyo)	Major repair work	From: Apr. 2017 To: Jan. 2018	189
RESIDIA Ogikubo (Suginami-ku, Tokyo)	Major repair work	From: Jun. 2017 To: Sep. 2017	60
RESIDIA Esaka (Suita-shi, Osaka)	Major repair work	From: Oct. 2017 To: Jan. 2018	52
Other real estate	Renovations		305
Total			608

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	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	15th FP From: Aug. 1, 2017 To: Jan. 31, 2018
Balance of reserves at beginning of period	1,423	1,658	1,970	2,144	2,040
Amount of reserves during period	584	605	625	696	738
Reversal of reserves during period	349	292	451	801	857
Amount carried forward to next period	1,658	1,970	2,144	2,040	1,921

Acquisitions and Disposals in the 15th Fiscal Period

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

Property no.	Name of real estate	Acquisition		Disposition			
		Acquisition date	Acquisition Price ^{Note} (million yen)	Disposition date	Disposition price ^{Note} (million yen)	Book value (million yen)	Gain (Loss) on sales (million yen)
R-74	RESIDIA Sapporo-eki North	Jan. 19, 2018	679	–	–	–	–
Total			679	–	–	–	–

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

2 Transactions with Interested Parties

1) Transactions
Not applicable.

2) Amount of Commission Fees Paid

The following are the commission fees paid to interested parties in the 15th 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	1,313,973	ITOCHU Urban Community Ltd.	847,136	64.5
Other rental expenses	106,020	ITOCHU Urban Community Ltd.	62,956	59.4
Advertising expenses	3,279	ITOCHU Urban Community Ltd.	2,079	63.4
Other fees	146,198	ITOCHU Urban Community Ltd.	26,715	18.3
		ITOCHU Human Resources & General Affairs Services Inc.	95	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 15th Fiscal Period.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Advance Residence Investment Corporation:

We have audited the accompanying balance sheet of Advance Residence Investment Corporation (the "Investment Corporation") as of January 31, 2018, and the related statements of income, changes in net assets, cash distributions and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Investment Corporation as of January 31, 2018, and results of its operations and its cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 21 to the financial statements, subsequent to the six months ended January 31, 2018, the Investment Corporation acquired assets, concluded an agreement for the acquisition of an asset, disposed of assets, obtained additional debt financing and issued investment corporation bonds. Our opinion is not modified in respect of this matter.

Deloitte Touche Tohmatsu LLC

April 24, 2018

II. Financial Statements

Balance Sheets

(Thousands of yen)

	As of July 31, 2017	As of January 31, 2018
Assets		
Current assets		
Cash and deposits (Notes 8 and 10)	12,989,663	12,218,821
Cash and deposits in trust (Notes 8 and 10)	9,611,975	9,693,200
Operating accounts receivable	195,001	198,466
Prepaid expenses	473,090	347,796
Other	4,678	4,874
Allowance for doubtful accounts	(7,059)	(7,274)
Total current assets	23,267,349	22,455,884
Non-current assets		
Property, plant and equipment (Notes 14, 18, 19, 21 and 24)		
Buildings	74,590,506	75,173,544
Accumulated depreciation	(11,514,323)	(12,342,251)
Buildings, net	63,076,183	62,831,292
Structures	22,983	23,585
Accumulated depreciation	(6,198)	(6,968)
Structures, net	16,784	16,616
Machinery and equipment	63,128	67,662
Accumulated depreciation	(13,622)	(16,509)
Machinery and equipment, net	49,506	51,153
Tools, furniture and fixtures	226,819	268,535
Accumulated depreciation	(119,992)	(133,528)
Tools, furniture and fixtures, net	106,827	135,007
Land	70,314,787	70,754,369
Construction in progress	31,381	47,779
Buildings in trust	153,107,928	153,340,662
Accumulated depreciation	(22,028,016)	(23,755,307)
Buildings in trust, net	131,079,911	129,585,355
Structures in trust	187,892	190,982
Accumulated depreciation	(93,971)	(98,473)
Structures in trust, net	93,921	92,509
Machinery and equipment in trust	173,486	175,646
Accumulated depreciation	(92,833)	(99,261)
Machinery and equipment in trust, net	80,653	76,384
Tools, furniture and fixtures in trust	737,436	783,450
Accumulated depreciation	(448,573)	(482,282)
Tools, furniture and fixtures in trust, net	288,862	301,167
Land in trust	156,457,632	156,457,632
Construction in progress in trust	–	40,254
Total property, plant and equipment	421,596,451	420,389,522
Intangible assets (Note 24)		
Leasehold rights (Note 19)	1,071,902	1,071,902
Leasehold rights in trust (Note 19)	2,043,828	2,009,390
Other	73	54
Total intangible assets	3,115,804	3,081,347

(Thousands of yen)

	As of July 31, 2017	As of January 31, 2018
Investments and other assets		
Long-term prepaid expenses	818,919	810,490
Guarantee deposits	529,605	535,726
Guarantee deposits in trust	1,026,585	1,026,585
Other	1,710	1,680
Total investments and other assets	2,376,819	2,374,482
Total non-current assets	427,089,075	425,845,352
Deferred assets		
Investment unit issuance expenses	5,785	4,396
Investment corporation bond issuance costs	117,268	116,148
Total deferred assets	123,053	120,545
Total assets	450,479,478	448,421,782
Liabilities		
Current liabilities		
Operating accounts payable	298,506	344,006
Current portion of investment corporation bonds (Notes 10 and 26)	8,000,000	2,000,000
Current portion of long-term loans payable (Notes 10, 12, 21, 23 and 27)	25,446,329	28,950,000
Accounts payable – other (Note 14)	1,352,658	1,393,127
Accrued expenses	110,602	116,393
Accrued consumption taxes	29,026	33,866
Advances received	58,572	57,265
Other	18,723	19,437
Total current liabilities	35,314,419	32,914,096
Non-current liabilities		
Investment corporation bonds (Notes 10 and 26)	26,500,000	25,500,000
Long-term loans payable (Notes 10, 12, 23 and 27)	163,428,000	164,968,000
Tenant leasehold and security deposits	1,223,124	1,217,462
Tenant leasehold and security deposits in trust	3,259,350	3,247,646
Total non-current liabilities	194,410,475	194,933,108
Total liabilities	229,724,894	227,847,204
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	33,202,036	32,866,055
Total voluntary retained earnings	33,202,036	32,866,055
Unappropriated retained earnings (undisposed loss)	6,642,169	6,798,144
Total surplus	93,064,485	92,884,479
Total unitholders' equity	220,754,583	220,574,577
Total net assets (Notes 4 and 20)	220,754,583	220,574,577
Total liabilities and net assets	450,479,478	448,421,782

II. Financial Statements

Statements of Income

(Thousands of yen)

	For the six months ended July 31, 2017	For the six months ended January 31, 2018
Operating revenue (Note 18)		
Rental revenue – real estate (Notes 5 and 9)	15,918,444	15,903,228
Total operating revenue	15,918,444	15,903,228
Operating expenses		
Expenses related to rent business (Notes 5 and 9)	6,275,634	6,176,934
Asset management fees (Note 14)	1,152,793	1,175,182
Asset custody fees	9,751	9,729
Administrative service fees	59,318	61,015
Directors' compensation	3,600	3,609
Taxes and dues	265,817	267,061
Provision of allowance for doubtful accounts	–	2,080
Bad debt expenses	408	103
Other operating expenses	182,187	187,910
Total operating expenses	7,949,510	7,883,626
Operating income	7,968,934	8,019,602
Non-operating income		
Interest income	6,700	6,501
Compensation income	8,296	–
Reversal of distribution payable	1,154	1,024
Reversal of allowance for doubtful accounts	809	–
Other	20	690
Total non-operating income	16,981	8,217
Non-operating expenses		
Interest expense (Notes 10, 12 and 23)	930,276	885,651
Interest expense on investment corporation bonds	163,328	137,494
Amortization of investment unit issuance expenses	1,388	1,388
Amortization of investment corporation bond issuance costs	13,839	10,839
Borrow-related expenses	225,093	193,302
Other	9,214	393
Total non-operating expenses	1,343,141	1,229,069
Ordinary income	6,642,774	6,798,749
Income before income taxes	6,642,774	6,798,749
Income taxes – current (Note 15)	605	605
Total income taxes	605	605
Net income (Note 20)	6,642,169	6,798,144
Unappropriated retained earnings (undisposed loss)	6,642,169	6,798,144

Statements of Changes in Net Assets

For the six months ended July 31, 2017

(Thousands of yen)

	Unitholders' equity						Total unitholders' equity	Total net assets
	Paid-in capital	Surplus				Total surplus		
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)			
			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

For the six months ended January 31, 2018

(Thousands of yen)

	Unitholders' equity						Total unitholders' equity	Total net assets
	Paid-in capital	Surplus				Total surplus		
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)			
			Reserve for temporary difference adjustments	Total voluntary retained earnings				
Balance at the beginning 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
Changes in items during the period								
Reversal of reserve for temporary difference adjustments			(335,980)	(335,980)	335,980	-	-	-
Dividends from surplus					(6,978,150)	(6,978,150)	(6,978,150)	(6,978,150)
Net income					6,798,144	6,798,144	6,798,144	6,798,144
Total changes in items during the period	-	-	(335,980)	(335,980)	155,974	(180,005)	(180,005)	(180,005)
Balance at the end of period	127,690,098	53,220,279	32,866,055	32,866,055	6,798,144	92,884,479	220,574,577	220,574,577

II. Financial Statements

Statements of Cash Distributions

(Thousands of yen)

	For the six months ended July 31, 2017	For the six months ended January 31, 2018
I. Unappropriated retained earnings	6,642,169,397 yen	6,798,144,365 yen
II. Reversal of voluntary retained earnings Reversal of reserve for temporary difference adjustments	335,980,603 yen	336,605,635 yen
III. Dividends (Dividend per investment unit)	6,978,150,000 yen (5,169 yen)	7,134,750,000 yen (5,285 yen)
IV. Retained earnings carried forward	–	–
Dividend Policy	<p>In accordance with the distribution policy set forth in Article 32, Item 1 of ADR's Articles of Incorporation, ADR distributes in excess of 90% of the amount of ADR's profit available for dividends as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In the event of weak performance by investments, reserve for dividends will be used in order to maintain stable payouts into the future.</p> <p>Based on this policy, ADR has decided to distribute 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>	<p>In accordance with the distribution policy set forth in Article 32, Item 1 of ADR's Articles of Incorporation, ADR distributes in excess of 90% of the amount of ADR's profit available for dividends as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In the event of weak performance by investments, reserve for dividends will be used in order to maintain stable payouts into the future.</p> <p>Based on this policy, ADR has decided to distribute 7,134,750,000 yen in total, which is the sum of the reversal of the reserve for temporary difference adjustments (RTA) of 336,605,635 yen and unappropriated retained earnings of 6,798,144,365 yen for the fiscal period.</p> <p>ADR does not distribute dividends in excess of the profits defined in Article 32, Item 2 of its Articles of Incorporation.</p>

Statements of Cash Flows

(Thousands of yen)

	For the six months ended July 31, 2017	For the six months ended January 31, 2018
Cash flows from operating activities		
Income before income taxes	6,642,774	6,798,749
Depreciation and amortization	2,631,935	2,651,509
Amortization of investment unit issuance expenses	1,388	1,388
Amortization of investment corporation bond issuance costs	13,839	10,839
Increase (decrease) in allowance for doubtful accounts	(3,102)	214
Interest income	(6,700)	(6,501)
Interest expense	930,276	885,651
Interest expense on investment corporation bonds	163,328	137,494
Decrease (increase) in operating accounts receivable	8,762	(3,464)
Decrease (increase) in prepaid expenses	(121,703)	125,293
Increase (decrease) in accrued consumption taxes	7,659	4,840
Increase (decrease) in operating accounts payable	13,812	60,810
Increase (decrease) in accounts payable – other	21,807	26,353
Increase (decrease) in accrued expenses	(30,246)	30,246
Increase (decrease) in advances received	(7,724)	(1,307)
Decrease (increase) in long-term prepaid expenses	(22,500)	8,428
Other	(1,181)	(1,246)
Subtotal	10,242,425	10,729,300
Interest income received	783	372
Interest expense paid	(1,104,526)	(1,047,601)
Income taxes paid	(557)	(541)
Net cash provided by (used in) operating activities	9,138,124	9,681,530
Cash flows from investing activities		
Payments into time deposits	(5,000,000)	–
Proceeds from withdrawal of time deposits	7,000,000	4,000,000
Purchase of property, plant and equipment	(162,396)	(1,074,827)
Purchase of property, plant and equipment in trust	(6,503,796)	(336,492)
Proceeds from tenant leasehold and security deposits, net	(2,648)	(5,661)
Proceeds from tenant leasehold and security deposits in trust, net	39,474	(11,704)
Net cash provided by (used in) investing activities	(4,629,368)	2,571,313
Cash flows from financing activities		
Proceeds from long-term loans	17,500,000	11,300,000
Repayments of long-term loans	(18,900,000)	(6,256,329)
Proceeds from issuance of investment corporation bonds	5,000,000	1,000,000
Redemption of investment corporation bonds	(4,000,000)	(8,000,000)
Payments for investment corporation bond issuance costs	(30,348)	(9,720)
Dividends paid	(6,720,649)	(6,976,411)
Net cash provided by (used in) financing activities	(7,150,997)	(8,942,460)
Net increase (decrease) in cash and cash equivalents	(2,642,241)	3,310,382
Cash and cash equivalents at the beginning of period	20,243,879	17,601,638
Cash and cash equivalents at the end of period (Note 8)	17,601,638	20,912,021

III. Notes to Financial Statements

Notes to Financial Statements

1 Organization

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

The merger made ADR the largest residential J-REIT in terms of asset size, enabling it to upgrade its portfolio while ensuring its financial stability. The merger also resulted in retained earnings of 43.2 billion yen (32.8 billion yen as of the end of this fiscal period) due to the profit from negative goodwill, and allowed ADR to demonstrate one of its strengths of delivering stable dividends over the long term.

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

2 Basis of Presentation of Financial Statements

The accompanying financial statements are 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	<ol style="list-style-type: none"> 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 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 3) Long-term prepaid expenses Amortized using the straight-line method.
(2) Accounting for deferred assets	<ol style="list-style-type: none"> 1) Investment unit issuance expenses Amortized using the straight-line method (three years). 2) Investment corporation bond issuance costs Amortized using the straight-line method over the period up to redemption of the investment corporation bonds.
(3) Basis of recording allowances	<p>Allowance for doubtful accounts</p> <p>Estimated uncollectible amounts are recorded for possible losses arising from default on receivables based on the historical performance of general receivables and a case-by-case evaluation of the collectability of certain receivables, such as receivables with default possibility.</p>
(4) Basis of recording revenue and expenses	<p>Method of accounting for property taxes</p> <p>For property taxes, urban planning taxes, and depreciable asset taxes on real estate properties held, ADR records the amount of taxes imposed corresponding to the current fiscal period as an expense for the property leasing activities.</p> <p>Furthermore, for the pro rata portion of property taxes ADR paid to the transferor (seller) upon acquisition of real estate properties, ADR treats the amount as acquisition costs of real estate properties, instead of recording it as an expense for the property leasing activities. The amount of property taxes treated as acquisition costs of real estate properties in the current fiscal period was 3,734 thousand yen.</p>
(5) Hedge accounting	<ol style="list-style-type: none"> 1) Method of hedge accounting Special accounting treatment is applied. 2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Loans 3) Hedging policy ADR conducts derivative transactions to hedge risks stipulated in ADR's Articles of Incorporation in accordance with its financial policy. 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.
(6) Scope of funds in the statements of cash flows	<p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; demand deposits and deposits in trust; and short-term investments that are readily convertible into cash, carry minimal risk of change in value, and are due for redemption in three months or less from the acquisition date.</p>
(7) Other significant matters that serve as a basis for the preparation of the financial statements	<ol style="list-style-type: none"> 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 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.

III. Notes to Financial Statements

4 Balance Sheets

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

(Thousands of yen)

	As of July 31, 2017	As of January 31, 2018
	50,000	50,000

- (2) Commitment line agreements

ADR has executed commitment line agreements with banks.

(Thousands of yen)

	As of July 31, 2017	As of January 31, 2018
Total commitment line of credit	20,000,000	20,000,000
Amount used	–	–
Unused balance	20,000,000	20,000,000

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

For the six months ended July 31, 2017

(Thousands of yen)

	Initial amount	Balance as of January 31, 2017	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 ended January 31, 2017 (13th FP).

For the six months ended January 31, 2018

(Thousands of yen)

	Initial amount	Balance as of July 31, 2017	Funds drawn down during 15th FP	Balance as of January 31, 2018	Reasons for setting aside and drawing down funds
Reserve for dividends (Note)	33,552,162	33,202,036	335,980	32,866,055	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 ended January 31, 2017 (13th FP).

5 Statements of Income

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

(Thousands of yen)

	For the six months ended July 31, 2017		For the six months ended January 31, 2018	
A. Revenue from property leasing activities				
Rental revenue – real estate				
Rent income	14,071,111		14,151,517	
Facility charges	747,834		760,367	
Parking fees	437,625	15,256,571	428,841	15,340,727
Other revenue related to property leasing				
Income from leasing rights	78,459		80,136	
Other	583,413	661,872	482,364	562,501
Total revenue from property leasing activities		15,918,444		15,903,228
B. Expenses from property leasing activities				
Expenses related to the rent business				
Property taxes	848,599		859,178	
Property management fees	1,145,863		1,083,296	
Utilities	241,068		254,805	
Repairs and maintenance	560,021		521,988	
Property-casual insurance	25,024		25,543	
Trust fees	71,278		69,075	
Other rental expenses	751,862		711,555	
Depreciation and amortization	2,631,916	6,275,634	2,651,490	6,176,934
Total expenses from property leasing activities		6,275,634		6,176,934
C. Operating income from property leasing activities (A-B)		9,642,810		9,726,294

III. Notes to Financial Statements

6 Statements of Changes in Net Assets

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

(Unit)

	For the six months ended July 31, 2017	For the six months ended January 31, 2018
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 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 fiscal period ended July 31, 2017 (14th FP).

For the six months ended January 31, 2018

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 336,605,635 yen of the reserve during the fiscal period ended January 31, 2018 (15th FP).

8 Statements of Cash Flows

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

(Thousands of yen)

	For the six months ended July 31, 2017	For the six months ended January 31, 2018
Cash and deposits	12,989,663	12,218,821
Cash and deposits in trust	9,611,975	9,693,200
Time deposits held over three months	(5,000,000)	(1,000,000)
Cash and cash equivalents	17,601,638	20,912,021

9 Leases

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

(Thousands of yen)

	As of July 31, 2017	As of January 31, 2018
Due within one year	729,540	729,540
Due after one year	12,975,629	12,610,859
Total	13,705,169	13,340,399

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 July 31, 2017	As of January 31, 2018
Due within one year	4,089,309	3,918,856
Due after one year	8,717,916	7,567,406
Total	12,807,226	11,486,262

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 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)

As of January 31, 2018

(Thousands of yen)

	Book value	Fair value	Unrealized gain (loss)
1) Cash and deposits	12,218,821	12,218,821	–
2) Cash and deposits in trust	9,693,200	9,693,200	–
3) Current portion of investment corporation bonds	2,000,000	2,018,400	(18,400)
4) Current portion of long-term loans payable	28,950,000	29,042,964	(92,964)
5) Investment corporation bonds	25,500,000	26,074,822	(574,822)
6) Long-term loans payable	164,968,000	167,460,223	(2,492,223)
7) Derivative transactions	–	(1,799,418)	(1,799,418)

*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 July 31, 2017 and January 31, 2018

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	–	–	–	–	–

As of January 31, 2018

(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	12,218,821	–	–	–	–	–
Cash and deposits in trust	9,693,200	–	–	–	–	–
Total	21,912,021	–	–	–	–	–

III. Notes to Financial Statements

- (4) Repayment schedules of investment corporation bonds, loans payable, and other interest-bearing loans after July 31, 2017 and January 31, 2018
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

As of January 31, 2018

(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	2,000,000	–	–	–	–	–
Current portion of long-term loans payable	28,950,000	–	–	–	–	–
Investment corporation bonds	–	4,000,000	1,500,000	–	2,000,000	18,000,000
Long-term loans payable	–	17,700,000	24,070,000	26,478,000	20,150,000	76,570,000
Total	30,950,000	21,700,000	25,570,000	26,478,000	22,150,000	94,570,000

11 Securities

As of July 31, 2017
Not applicable.

As of January 31, 2018
Not applicable.

12 Derivative Transactions

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

As of July 31, 2017

Not applicable.

As of January 31, 2018

Not applicable.

(2) Derivative transactions to which hedge accounting is applied

The contract amounts or equivalent notional principal amounts defined in the contract by the method of hedge accounting as of July 31, 2017 and January 31, 2018 are as follows:

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)

As of January 31, 2018

(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	120,198,000	98,858,000	(1,799,418) (*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 July 31, 2017

Not applicable as ADR does not have any affiliated companies.

For the six months ended January 31, 2018

Not applicable as ADR does not have any affiliated companies.

14 Transactions with Related Parties

(1) Parent company and major corporate unitholders

For the six months ended July 31, 2017

Not applicable.

For the six months ended January 31, 2018

Not applicable.

(2) Affiliated companies

For the six months ended July 31, 2017

Not applicable.

For the six months ended January 31, 2018

Not applicable.

(3) Fellow subsidiaries

For the six months ended July 31, 2017

Not applicable.

For the six months ended January 31, 2018

Not applicable.

(4) Directors and major individual unitholders

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)	-	-	

For the six months ended January 31, 2018

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	454,182 (*2)	Accounts payable - other	490,516 (*3)
								Management fee 2	371,333 (*2)	Accounts payable - other	401,040 (*3)
								Management fee 3	349,666 (*2)	Accounts payable - other	377,640 (*3)
								Acquisition fee	7,333 (*3) (*4)	Accounts payable - other	7,333 (*3)

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 July 31, 2017	As of January 31, 2018
Deferred tax assets		
Excess provision of allowance for doubtful accounts	2,230	2,298
Valuation difference on assets acquired through merger	10,154,672	10,070,239
Tax loss carryforwards	1,371,552	1,371,552
Other	98,637	109,516
Subtotal	11,627,093	11,553,606
Less valuation allowance	(11,627,093)	(11,553,606)
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 July 31, 2017	As of January 31, 2018
Statutory tax rate	31.74	31.74
(Adjustments)		
Increase (decrease) in valuation allowance	(1.14)	(1.09)
Deductible dividends	(30.62)	(30.66)
Other	0.03	0.01
Effective tax rate after the application of tax effect accounting	0.01	0.01

16 Retirement Benefits

For the six months ended July 31, 2017

Not applicable because ADR does not have retirement benefit plans.

For the six months ended January 31, 2018

Not applicable because ADR does not have retirement benefit plans.

17 Asset Retirement Obligations

For the six months ended July 31, 2017

Not applicable.

For the six months ended January 31, 2018

Not applicable.

18 Segment Information

(1) Segment information

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

(2) Related information

For the six months ended July 31, 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 January 31, 2018

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 July 31, 2017	For the six months ended January 31, 2018
Book value			
(*1)	Balance at the beginning of period	420,717,789	424,712,182
	Changes during the period (*2)	3,994,392	(1,241,366)
	Balance at the end of period	424,712,182	423,470,815
Fair value at the end of period (*3)		531,174,000	533,958,000

*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 three properties (6,097,904 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 January 31, 2018, the increase is mainly attributable to the acquisition of one real estate properties (745,170 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. The fair values at the current period ended January 31, 2018 with respect to RESIDIA Minami-Aoyama and Windsor House Hiroo are the scheduled disposition prices.

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

20 Per Unit Information

(Yen)

	For the six months ended July 31, 2017	For the six months ended January 31, 2018
Net assets per unit	163,521	163,388
Net income per unit	4,920	5,035

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

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

	For the six months ended July 31, 2017	For the six months ended January 31, 2018
Net income (thousands of yen)	6,642,169	6,798,144
Amount not attributable to common unitholders (thousands of yen)	–	–
Net income attributable to common unit (thousands of yen)	6,642,169	6,798,144
Average number of units during the period (units)	1,350,000	1,350,000

21 Significant Subsequent Events

For the six months ended January 31, 2018

1. Acquisition of assets

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

(1) RESIDIA Kamata IV

Type of asset: Real estate
 Acquisition price: 3,268 million yen
 Date of acquisition: March 20, 2018
 Location: 4-44-10 Kamata, Ota-ku, Tokyo
 Area: 966.58 m² in land and 4,379.34 m² in buildings
 Structure: Reinforced concrete structure with flat roof and 14 floors
 Construction completion date: February 2014

(2) RESIDIA Kamata V

Type of asset: Real estate
 Acquisition price: 2,283 million yen
 Date of acquisition: March 20, 2018
 Location: 2-7-3 Minami Kamata, Ota-ku, Tokyo
 Area: 646.05 m² in land and 3,122.08 m² in buildings
 Structure: Reinforced concrete structure with flat roof and 12 floors
 Construction completion date: January 2013

*1 The acquisition price does not include the amount required to settle property taxes, urban planning taxes and depreciable asset taxes or consumption taxes and local consumption taxes.

2. Conclusion of agreement on the acquisition of asset

Following the basic policies prescribed in its Articles of Incorporation, ADR concluded agreement on the acquisition of the following asset.

(1) RESIDIA Funabashi IV*4

Type of asset: Real estate beneficiary interests in trust
 Acquisition price: 567 million yen
 Date of conclusion of agreement: April 13, 2018
 Scheduled date of acquisition: April 27, 2018
 Location: 2-12-28 Minato-machi, Funabashi-city, Chiba
 Area: 307.72 m² in land and 1,096.28 m² in buildings
 Structure: Reinforced concrete structure with flat roof and 10 floors
 Construction completion date: October 2008

*2 The acquisition price does not include the amount required to settle property taxes, urban planning taxes and depreciable asset taxes or consumption taxes and local consumption taxes.

*3 In the event that a purchase agreement is rescinded for reasons attributable to ADR (the purchaser), the purchaser shall pay to the seller damages for breach of contract equivalent to 20% of the transaction price.

*4 Although the actual name of this property is AS PREMIUM Minatomachi as of the date of this document, it is to be renamed subsequent to its acquisition by ADR. Accordingly, the property is presented in this document under its new name, irrespective of the name of the property as of the date of this document.

3. Disposition of assets

ADR has transferred the following assets following the Basic Policy of Asset Management prescribed in its Articles of Incorporation.

(1) RESIDIA Minami-Aoyama

Type of asset: Real estate*6
 Disposition price: 710 million yen
 Date of disposition: March 13, 2018

(2) Windsor House Hiroo

Type of asset: Real estate
 Disposition price: 1,863 million yen
 Date of disposition: April 6, 2018

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

*6 ADR has transferred the beneficiary interests in trust upon establishing new beneficiary interests on the same day as the date of disposition.

4. Debt financing

ADR has conducted the debt financing listed below to fund acquisition of real estate (specified assets) and payment of related expenditures.

(1) Long-term loan (term: 10 years)

Lender(s): MUFG Bank, Ltd.*⁷
Debt financing amount: 500 million yen
Interest rate: 0.5600%
Debt financing method: Unsecured, unguaranteed and lump-sum repayment at maturity
Drawdown date: March 20, 2018
Repayment date: March 17, 2028

(2) Long-term loan (term: 10 years)

Lender(s): Sumitomo Mitsui Trust Bank Limited, Mizuho Bank, Ltd., The Yamaguchi Bank, Ltd., Shinkin Central Bank
Debt financing amount: 2,500 million yen
Interest rate: 0.6088%
Debt financing method: Unsecured, unguaranteed and lump-sum repayment at maturity
Drawdown date: March 20, 2018
Repayment date: March 17, 2028

(3) Short-term loan (term: 1 month)

Lender(s): MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank Limited, Mizuho Bank, Ltd.
Debt financing amount: 2,000 million yen
Interest rate: Base rate (JBA 1-month yen TIBOR) + 0.35%
Debt financing method: Unsecured, unguaranteed and lump-sum repayment at maturity
Drawdown date: March 20, 2018
Repayment date: April 27, 2018

*⁷ As of April 1, 2018, The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its legal name to MUFG Bank, Ltd. The same applies hereafter unless otherwise specified.

5. Issuance of investment corporation bonds

Based on the "General Resolution on ADR Bond Issuance" resolved by the Board of Director's meeting held on July 26, 2017, ADR issued investment corporation bonds on April 24, 2018 under the following terms and conditions.

ADR Unsecured Bond #29 (with Pari Passu clause among specified investment corporation bonds)

Total amount of bonds: 1,500 million yen
Issue price: 100 yen par value of 100 yen for each bond
Coupon rate: 0.69%
Collateral and guarantee: Unsecured, unguaranteed
Redemption date: ADR will redeem the entire amount on April 24, 2030. The bonds may be purchased and canceled at any time on and after the date following the issue date, unless otherwise stipulated by the depository.
Interest payment dates: April 24 and October 24 of every year
Intended use of proceeds: Repayment of short-term loans

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)	120,198,000	98,858,000	(1,799,418)
Total		120,198,000	98,858,000	(1,799,418)

*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 January 31, 2018

(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		Book value at the end of period	Notes
							Depreciation for the period		
Property, plant and equipment	Buildings	74,590,506	583,038	–	75,173,544	12,342,251	827,928	62,831,292	*1
	Structures	22,983	602	–	23,585	6,968	769	16,616	–
	Machinery and equipment	63,128	4,533	–	67,662	16,509	2,886	51,153	–
	Tools, furniture and fixtures	226,819	41,716	–	268,535	133,528	13,536	135,007	–
	Land	70,314,787	439,581	–	70,754,369	–	–	70,754,369	*1
	Construction in progress	31,381	47,779	31,381	47,779	–	–	47,779	–
	Buildings in trust	153,107,928	232,734	–	153,340,662	23,755,307	1,727,290	129,585,355	–
	Structures in trust	187,892	3,090	–	190,982	98,473	4,502	92,509	–
	Machinery and equipment in trust	173,486	2,160	–	175,646	99,261	6,428	76,384	–
	Tools, furniture and fixtures in trust	737,436	46,014	–	783,450	482,282	33,709	301,167	–
	Land in trust	156,457,632	–	–	156,457,632	–	–	156,457,632	–
	Construction in progress in trust	–	40,254	–	40,254	–	–	40,254	–
	Subtotal	455,913,982	1,441,505	31,381	457,324,106	36,934,584	2,617,053	420,389,522	
Intangible assets	Leasehold rights	1,071,902	–	–	1,071,902	–	–	1,071,902	–
	Leasehold rights in trust	2,356,072	–	–	2,356,072	346,681	34,437	2,009,390	–
	Other	19,506	–	–	19,506	19,452	19	54	–
	Subtotal	3,447,482	–	–	3,447,482	366,134	34,456	3,081,347	
	Total	459,361,464	1,441,505	31,381	460,771,588	37,300,718	2,651,509	423,470,869	

*1. The increase in property, plant and equipment for the six months ended January 31, 2018, primarily represents the acquisition of the property listed below.
RESIDIA Sapporo-eki North

25 Schedule of Other Specified Assets

Not applicable.

26 Schedule of Investment Corporation Bonds

For the six months ended January 31, 2018

(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)	Sep.12, 2011	2,000,000	–	2,000,000	1.68	Sep. 12, 2018	(*3)	Unsecured
ADR Bond #17 (Unsecured)	Sep.12, 2012	8,000,000	8,000,000	–	–	Sep. 12, 2017	(*3)	Unsecured
ADR Bond #18 (Unsecured)	Sep.12, 2012	4,000,000	–	4,000,000	1.23	Sep. 12, 2019	(*3)	Unsecured
ADR Bond #19 (Unsecured)	Apr. 25, 2013	3,000,000	–	3,000,000	1.32	Apr. 25, 2023	(*2)	Unsecured
ADR Bond #20 (Unsecured)	Nov.14, 2013	2,000,000	–	2,000,000	1.41	Nov. 14, 2025	(*2)	Unsecured
ADR Bond #21 (Unsecured)	Apr.28, 2014	2,500,000	–	2,500,000	1.04	Apr. 26, 2024	(*2)	Unsecured
ADR Bond #22 (Unsecured)	Apr. 23, 2015	2,000,000	–	2,000,000	0.726	Apr. 23, 2025	(*3)	Unsecured
ADR Bond #23 (Unsecured)	Oct. 21, 2015	1,500,000	–	1,500,000	0.326	Oct. 21, 2020	(*2)	Unsecured
ADR Bond #24 (Unsecured)	Oct. 21, 2015	1,500,000	–	1,500,000	0.846	Oct. 21, 2025	(*2)	Unsecured
ADR Bond #25 (Unsecured)	Jun. 21, 2016	3,000,000	–	3,000,000	0.900	Jun. 20, 2031	(*2)	Unsecured
ADR Bond #26 (Unsecured)	Feb. 17, 2017	2,000,000	–	2,000,000	0.180	Aug. 17, 2022	(*2)	Unsecured
ADR Bond #27 (Unsecured)	Jul. 18, 2017	3,000,000	–	3,000,000	0.500	Jul. 16, 2027	(*2)	Unsecured
ADR Bond #28 (Unsecured)	Nov.24, 2017	–	–	1,000,000	0.5663	Nov. 24, 2027	(*2)	Unsecured
Total	–	34,500,000	8,000,000	27,500,000	–	–	–	–

*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	2,000,000	4,000,000	1,500,000	–	2,000,000

III. Notes to Financial Statements

27 Schedule of Loans

For the six months ended January 31, 2018

(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
Development Bank of Japan Inc.	956,329	–	956,329	–	–	Nov. 24, 2017	(*5)	
Sumitomo Mitsui Trust Bank Limited	890,000	–	–	890,000	1.76% (*2)	Jun. 29, 2018	(*5)	
Mitsubishi UFJ Trust and Banking Corporation (*10)	–	1,000,000	–	1,000,000	1.62% (*2)	Sep. 28, 2018	(*3)	
MUFG Bank, Ltd. (*10)	–	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 (*10)	–	1,900,000	–	1,900,000	1.43% (*2)	Jul. 31, 2018	(*5)	
MUFG Bank, Ltd. (*10)	500,000	–	–	500,000				
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 (*10)	900,000	–	–	900,000				
Development Bank of Japan Inc.	1,000,000	–	–	1,000,000	1.42% (*2)	Jul. 31, 2018	(*6)	
Shinsei Bank, Limited	1,500,000	–	–	1,500,000				
MUFG Bank, Ltd. (*10)	500,000	–	–	500,000				
Sumitomo Mitsui Trust Bank Limited	500,000	–	–	500,000	1.23%	Feb. 28, 2018	(*3)	
Shinsei Bank, Limited	1,000,000	–	–	1,000,000				
MUFG Bank, Ltd. (*10)	2,850,000	–	–	2,850,000	1.20% (*2)	Apr. 27, 2018	(*5)	Unsecured Unguaranteed
Sumitomo Mitsui Banking Corporation	2,800,000	–	2,800,000	–				
MUFG Bank, Ltd. (*10)	1,500,000	–	–	1,500,000				
Sumitomo Mitsui Trust Bank Limited	2,100,000	–	–	2,100,000	0.79% (*2)	Feb. 28, 2018	(*3)	
Sumitomo Mitsui Banking Corporation	800,000	–	–	800,000				
Taiyo Life Insurance Company	1,500,000	–	1,500,000	–	–	Sep. 29, 2017	(*7)	
The Kagawa Bank, Ltd.	500,000	–	500,000	–	–	Sep. 29, 2017	(*6)	
The Hiroshima Bank, Ltd.	500,000	–	500,000	–	–	Nov. 30, 2017	(*6)	
The Bank of Fukuoka, Ltd.	1,000,000	–	–	1,000,000	0.77% (*2)	Sep. 28, 2018	(*3)	
The Nishi-Nippon City Bank, Ltd.	–	500,000	–	500,000				
The 77 Bank, Ltd.	–	500,000	–	500,000	0.22%	Apr. 13, 2018	(*3)	
Mizuho Bank, Ltd.	1,500,000	–	–	1,500,000				
Sumitomo Mitsui Banking Corporation	–	2,260,000	–	2,260,000	0.20%	Nov. 30, 2018	(*5)	
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000,000	–	–	1,000,000	0.12%	May 31, 2018	(*5)	
Total	25,446,329	9,760,000	6,256,329	28,950,000				

Current portion of 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
Mitsubishi UFJ Trust and Banking Corporation (*10)	1,000,000	–	1,000,000	–	–	Sep. 28, 2018	(*3)	
MUFG Bank, Ltd. (*10)	1,300,000	–	1,300,000	–				
Sumitomo Mitsui Trust Bank Limited	1,300,000	–	1,300,000	–				
Mizuho Bank, Ltd.	1,000,000	–	1,000,000	–	–	Nov. 30, 2018	(*5)	
Mitsubishi UFJ Trust and Banking Corporation (*10)	1,900,000	–	1,900,000	–				
MUFG Bank, Ltd. (*10)	1,200,000	–	–	1,200,000				
Sumitomo Mitsui Trust Bank Limited	800,000	–	–	800,000	1.25% (*2)	Jun. 28, 2019	(*5)	
Aozora Bank, Ltd.	700,000	–	–	700,000				
MUFG Bank, Ltd. (*10)	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 (*10)	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				
Development Bank of Japan Inc.	2,200,000	–	–	2,200,000	1.23%	Nov. 29, 2020	(*5)	
Development Bank of Japan Inc.	2,200,000	–	–	2,200,000	1.40%	Nov. 29, 2021	(*5)	
MUFG Bank, Ltd. (*10)	2,703,000	–	–	2,703,000				
Sumitomo Mitsui Trust Bank Limited	3,595,000	–	–	3,595,000	1.28% (*2)	Jul. 25, 2019	(*5)	
Mitsubishi UFJ Trust and Banking Corporation (*10)	1,799,000	–	–	1,799,000				
Aozora Bank, Ltd.	903,000	–	–	903,000				
MUFG Bank, Ltd. (*10)	1,200,000	–	–	1,200,000	0.81%	Mar. 24, 2020	(*3)	Unsecured Unguaranteed
Sumitomo Mitsui Trust Bank Limited	1,200,000	–	–	1,200,000	0.82%	Mar. 24, 2020	(*3)	
MUFG Bank, Ltd. (*10)	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				
Aozora Bank, Ltd.	1,830,000	–	–	1,830,000	0.88% (*2)	Mar. 24, 2020	(*5)	
Resona Bank, Limited	1,370,000	–	–	1,370,000				
MUFG Bank, Ltd. (*10)	2,000,000	–	–	2,000,000				
Sumitomo Mitsui Trust Bank Limited	2,600,000	–	–	2,600,000	1.25% (*2)	Oct. 29, 2021	(*5)	
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	–	–	Sep. 28, 2018	(*3)	
The 77 Bank, Ltd.	500,000	–	500,000	–				
Sumitomo Mitsui Trust Bank Limited	2,600,000	–	–	2,600,000	1.47% (*2)	Nov. 15, 2023	(*5)	

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
Sumitomo Mitsui Banking Corporation	3,550,000	-	-	3,550,000	1.37% (*2)	Nov. 15, 2022	(*5)	Unsecured Unguaranteed
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)	
MUFG Bank, Ltd. (*10)	500,000	-	-	500,000	1.59% (*2)	Feb. 14, 2025	(*5)	
MUFG Bank, Ltd. (*10)	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)	
MUFG Bank, Ltd. (*10)	455,000	-	-	455,000				
Sumitomo Mitsui Trust Bank Limited	455,000	-	-	455,000				
Sumitomo Mitsui Banking Corporation	1,120,000	-	-	1,120,000	1.08% (*2)	Feb. 16, 2022	(*5)	
Mizuho Bank, Ltd.	1,630,000	-	-	1,630,000				
MUFG Bank, Ltd. (*10)	1,200,000	-	-	1,200,000				
Sumitomo Mitsui Trust Bank Limited	2,100,000	-	-	2,100,000	0.89% (*2)	Feb. 16, 2021	(*5)	
Mizuho Bank, Ltd.	2,000,000	-	-	2,000,000				
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000				
Mizuho Bank, Ltd.	2,900,000	-	-	2,900,000	0.74% (*2)	Feb. 14, 2020	(*5)	
Mizuho Trust & Banking Co., Ltd.	1,500,000	-	-	1,500,000				
Mitsubishi UFJ Trust and Banking Corporation (*10)	270,000	-	-	270,000				
Mizuho Bank, Ltd.	2,900,000	-	-	2,900,000	0.58% (*2)	Jan. 29, 2021	(*3)	
Mizuho Trust & Banking Co., Ltd.	2,350,000	-	-	2,350,000				
Aozora Bank, Ltd.	900,000	-	-	900,000				
The Nishi-Nippon City Bank, Ltd.	400,000	-	-	400,000	0.82% (*2)	Jul. 29, 2022	(*3)	
MUFG Bank, Ltd. (*10)	707,000	-	-	707,000				
Sumitomo Mitsui Trust Bank Limited	393,000	-	-	393,000				
The Nishi-Nippon City Bank, Ltd.	400,000	-	-	400,000	1.02% (*2)	Sep. 29, 2023	(*5)	
Development Bank of Japan Inc.	1,500,000	-	-	1,500,000				
Development Bank of Japan Inc.	1,850,000	-	-	1,850,000				
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				
MUFG Bank, Ltd. (*10)	600,000	-	-	600,000				
Resona Bank, Limited	500,000	-	-	500,000	0.63% (*2)	Jun. 30, 2021	(*5)	
The Bank of Fukuoka, Ltd.	500,000	-	-	500,000				
MUFG Bank, Ltd. (*10)	1,000,000	-	-	1,000,000				
Aozora Bank, Ltd.	700,000	-	-	700,000	0.89% (*2)	Jan. 31, 2023	(*5)	
Resona Bank, Limited	1,000,000	-	-	1,000,000				

Long-term loans payable

Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000	1.05% (*2)	Mar. 19, 2025	(*3)	Unsecured Unguaranteed
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)	
The Gunma Bank, Ltd.	1,000,000	-	-	1,000,000	0.63% (*2)	May 27, 2022	(*5)	
Development Bank of Japan Inc.	2,300,000	-	-	2,300,000	1.04% (*2)	Jun. 25, 2025	(*5)	
Resona Bank, Limited	1,000,000	-	-	1,000,000	0.73% (*2)	Aug. 31, 2023	(*5)	
The Nishi-Nippon City Bank, Ltd.	800,000	-	-	800,000				
MUFG Bank, Ltd. (*10)	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(*10)	1,000,000	-	-	1,000,000	0.84% (*2)	Dec. 18, 2025	(*5)	
The Norinchukin Bank	1,000,000	-	-	1,000,000	0.61% (*2)	Dec. 18, 2023	(*5)	
The Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000				
MUFG Bank, Ltd. (*10)	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 (*10)	2,500,000	-	-	2,500,000	0.57%	Jan. 31, 2026	(*5)	
Sumitomo Mitsui Banking Corporation	2,260,000	-	2,260,000	-	-	Nov. 30, 2018	(*5)	
Sumitomo Mitsui Trust Bank Limited	1,000,000	-	-	1,000,000	0.77% (*2)	Mar. 24, 2028	(*3)	
MUFG Bank, Ltd. (*10)	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 (*10)	1,150,000	-	-	1,150,000	0.45%	Jan. 31, 2025	(*3)	
Sumitomo Mitsui Trust Bank Limited	500,000	-	-	500,000	0.75% (*2)	Mar. 24, 2028	(*3)	
MUFG Bank, Ltd. (*10)	500,000	-	-	500,000	0.51%	Mar. 24, 2026	(*3)	
Mizuho Bank, Ltd.	400,000	-	-	400,000	0.63%	Jan. 31, 2027	(*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
The Yamaguchi Bank, Ltd.	500,000	-	-	500,000	0.36%	Jul. 29, 2026	(*5)	Unsecured Unguaranteed
The Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000	0.36%	Jul. 29, 2026	(*5)	
The Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000	0.26%	Jul. 29, 2025	(*5)	
The Iyo Bank, Ltd.	300,000	-	-	300,000	0.20%	Jul. 29, 2024	(*5)	
The Chugoku Bank, Ltd.	500,000	-	-	500,000	0.20%	Jul. 29, 2024	(*5)	
Bank of Kyoto, Ltd.	500,000	-	-	500,000	0.20%	Jul. 29, 2024	(*5)	
The Norinchukin Bank	1,500,000	-	-	1,500,000	0.45%	Nov. 28, 2025	(*5)	
The Norinchukin Bank	1,000,000	-	-	1,000,000	0.38%	Nov. 29, 2024	(*5)	
Taiyo Life Insurance Company	1,500,000	-	-	1,500,000	0.24%	Nov. 29, 2024	(*5)	
Mitsui Sumitomo Insurance Co., Ltd.	1,000,000	-	-	1,000,000	0.32%	Nov. 30, 2023	(*5)	
MUFG Bank, Ltd. (*10)	1,250,000	-	-	1,250,000	0.41%	Jan. 29, 2027	(*5)	
MUFG Bank, Ltd. (*10)	1,000,000	-	-	1,000,000	0.58%	Jan. 29, 2027	(*5)	
Sumitomo Mitsui Trust Bank Limited	1,000,000	-	-	1,000,000	0.63%	Jan. 29, 2027	(*5)	
Sumitomo Mitsui Trust Bank Limited	1,250,000	-	-	1,250,000	0.61%	Jan. 29, 2027	(*5)	
Resona Bank, Limited	1,000,000	-	-	1,000,000				
Resona Bank, Limited	1,000,000	-	-	1,000,000	0.50%	Jan. 30, 2026	(*5)	
MUFG Bank, Ltd. (*10)	1,200,000	-	-	1,200,000	0.43%	Feb. 25, 2026	(*6)	
Sumitomo Mitsui Trust Bank Limited	1,000,000	-	-	1,000,000	0.67%	Apr. 25, 2028	(*6)	
Development Bank of Japan Inc.	1,400,000	-	-	1,400,000	0.56%	Apr. 23, 2027	(*6)	
MUFG Bank, Ltd. (*10)	2,500,000	-	-	2,500,000	0.52%	Feb. 26, 2027	(*5)	
MUFG Bank, Ltd. (*10)	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 (*10)	2,000,000	-	-	2,000,000				
Mitsubishi UFJ Trust and Banking Corporation (*10)	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)	
Sumitomo Mitsui Banking Corporation	-	2,800,000	-	2,800,000	0.25%	Feb. 26, 2021	(*5)	
The Nishi-Nippon City Bank, Ltd.	-	500,000	-	500,000	0.55%	Aug. 31, 2027	(*6)	
The Bank of Fukuoka, Ltd.	-	500,000	-	500,000				
The Iyo Bank, Ltd.	-	500,000	-	500,000				
Bank of Kyoto, Ltd.	-	500,000	-	500,000				
Shinkin Central Bank	-	500,000	-	500,000				

Long-term loans payable

	Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
	Lenders								
Long-term loans payable	The Nishi-Nippon City Bank, Ltd.	–	500,000	–	500,000	0.42%	Feb. 27, 2026	(*6)	Unsecured Unguaranteed
	The Bank of Fukuoka, Ltd.	–	500,000	–	500,000				
	The Iyo Bank, Ltd.	–	500,000	–	500,000				
	The Chugoku Bank, Ltd.	–	500,000	–	500,000				
	Shinkin Central Bank	–	500,000	–	500,000				
	MUFG Bank, Ltd. (*10)	–	500,000	–	500,000	0.51%	Aug. 31, 2027	(*6)	
	Sumitomo Mitsui Trust Bank Limited	–	500,000	–	500,000	0.55%	Aug. 31, 2027	(*6)	
	Japan Post Insurance Co., Ltd.	–	1,000,000	–	1,000,000				
	Taiyo Life Insurance Company	–	1,500,000	–	1,500,000	0.42%	Sep. 30, 2025	(*5)	
Total		163,428,000	11,300,000	9,760,000	164,968,000				

- *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	28,950,000	17,700,000	24,070,000	26,478,000	20,150,000

- *10. Mitsubishi UFJ Trust and Banking Corporation concluded a corporate absorption-type split agreement whereby its domestic corporate loan-related business is to be succeeded to MUFG Bank, Ltd. Accordingly, the title, rights and obligations of Mitsubishi UFJ Trust and Banking Corporation are to be succeeded to MUFG Bank, Ltd. as of April 16, 2018.