

# **16<sup>th</sup>**

# **Fiscal Period Report**

February 1, 2018 - July 31, 2018

*Advance Residence Investment Corporation*

# I. Fiscal Period Report

## Management's Discussion and Analysis

### 1 Summary of Selected Financial Data

	Fiscal Period	units	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	16th FP From: Feb. 1, 2018 To: Jul. 31, 2018
Operating results	Operating revenues	million yen	15,444	15,504	15,918	15,903	16,302
	(Rental revenue) a	million yen	15,444	15,504	15,918	15,903	16,167
	(Gain on real estate sales) b	million yen	—	—	—	—	135
	Total operating expenses	million yen	7,716	7,702	7,949	7,883	8,030
	(Rental business expenses) c	million yen	6,092	6,045	6,275	6,176	6,345
	(Loss on real estate sales) d	million yen	3	—	—	—	—
	(Impairment loss) e	million yen	—	—	—	—	—
	Operating income	million yen	7,727	7,801	7,968	8,019	8,272
	Ordinary income f	million yen	6,206	6,371	6,642	6,798	7,088
Balance sheet figures	Net income g	million yen	6,205	6,371	6,642	6,798	7,087
	Total assets h	million yen	448,160	450,967	450,479	448,421	452,846
	Interest-bearing liabilities i	million yen	233,864	223,774	223,374	221,418	225,918
	Net assets j	million yen	207,915	220,834	220,754	220,574	220,524
Per unit figures	Paid-in Capital k	million yen	114,936	127,690	127,690	127,690	127,690
	Total dividends l	million yen	6,206	6,721	6,978	7,134	7,423
	Payout ratio l/g	%	100.0	105.5	105.1	105.0	104.7
	Total number of units issued and outstanding m	Units	1,300,000	1,350,000	1,350,000	1,350,000	1,350,000
	Net assets per unit j/m	yen	159,935	163,580	163,521	163,388	163,351
	Net income per unit Note 2	yen	4,773	4,771	4,920	5,035	5,250
	Dividend per unit l/m	yen	4,774	4,979	5,169	5,285	5,499
	Dividend from earnings per unit	yen	4,774	4,979	5,169	5,285	5,499
	Dividend in excess of earnings per unit	yen	0	0	0	0	0
	Annualized dividend yield Note 3	%	3.4	3.3	3.9	3.7	3.8
	Return on investment (Paid-in Capital) (g+q)/(k+i) Note 3	%	5.1	5.1	5.3	5.4	5.6
Financial indicators	Return on investment (market capitalization) (g+q)/(m+r+i) Note 3	%	2.9	2.8	3.2	3.1	3.2
	FFO per unit (g-b+d+e+q)/m	yen	6,752	6,640	6,869	6,999	7,136
	Annualized n Note 3	yen	13,579	13,209	13,853	13,885	14,392
	FFO per unit r/n	times	21.0	22.6	19.4	20.2	20.2
	Ratio of ordinary income to total assets f/h Note 4	%	1.4	1.4	1.5	1.5	1.6
	Annualized Note 3	%	2.8	2.8	3.0	3.0	3.2
	Equity ratio j/h	%	46.4	49.0	49.0	49.2	48.7
	Return on equity g/j Note 5	%	3.0	3.0	3.0	3.1	3.2
	Annualized Note 3	%	6.0	5.9	6.1	6.1	6.5
	Ratio of interest-bearing liabilities to total assets i/h	%	52.2	49.6	49.6	49.4	49.9
	DSCR o/p	times	8.0	8.6	9.5	10.2	10.9
	Net income before interest and depreciation o	million yen	10,024	10,151	10,367	10,472	10,755
	Interest expenses p	million yen	1,250	1,186	1,093	1,023	985
	NOI a-c+q Note 6	million yen	11,920	12,052	12,274	12,377	12,504
	Annualized NOI yield Note 3, 7	%	5.6	5.5	5.6	5.6	5.7
	Depreciation and amortization q Note 8	million yen	2,568	2,593	2,631	2,651	2,682
Reference information	Number of properties under management	—	255	257	260	261	261,263
	Number of leasable units at end of period	Units	20,455	20,565	20,842	20,888	21,246
	Leasable floor area at end of period Note 9	m <sup>2</sup>	766,881.60	773,464.74	781,760.64	783,781.16	789,430.47
	Occupancy rate at end of period Note 10	%	96.6	96.6	96.9	97.2	96.9
	Unit price at end of period r	yen	284,600	297,900	269,400	280,000	290,900

- Notes 1. Figures for Operating results do not include consumption tax. Amounts are rounded down to the nearest specified unit. Percentage figures are rounded to the first decimal place. The same applies hereafter.
2. The net income per unit is calculated by dividing net income by the daily weighted average number of units issued and outstanding.
3. The annualized figures are calculated using periods of 182 days for the 12th FP, 184 days for the 13th FP, 181 days for the 14th FP, 184 days for the 15th FP and 181 days for the 16th FP.
4. Ratio of ordinary income to total assets = Ordinary income ÷ {(Total assets at beginning of period + Total assets at end of period) ÷ 2} × 100
5. Return on equity = Net income ÷ {(Net assets at beginning of period + Net assets at end of period) ÷ 2} × 100
6. In the calculation of NOI, the depreciation and amortization is limited to what is included in rental business expenses.
7. Annualized NOI yield = Total annualized NOI ÷ Total property acquisition price  
(The annualized NOI yield is calculated by taking into account the actual number of days of operation for each property.)
8. Depreciation and amortization include amortization of intangible assets in addition to depreciation of property, plant and equipment.
9. "Leasable floor area at end of period" refers to the leasable floor area for each building as stated on the lease agreement or indicated on its official floor plan. The leasable floor area of land such as parking lots is not included.
10. "Occupancy rate at end of period" is calculated by using the formula: "Leased floor area" ÷ "Leasable floor area" × 100.

## 2 Investment Environment and Operating Performance

With the aim of realizing a stable distribution of earnings over the long term, we carried out the following initiatives during the 16th FP.

### 1. Internal Growth

During the fiscal period, which was a peak leasing period <sup>(Note 1)</sup>, ADR was able to maintain high occupancy while accelerating the rise in rent levels in tenant replacements, continue to raise rents on renewals, and carry out value enhancement works to heighten the competitive advantages of ADR's properties.

### 2. External Growth

ADR acquired a total of four properties (total acquisition price of 6.7 billion yen), consisting of two recently constructed properties from the sponsor pipeline and two properties from third parties through negotiated transaction. Also, with the aim of improving the quality and profitability of ADR's portfolio, ADR sold two properties with low profitability and volatile revenue profiles.

### 3. Finance

By taking advantage of the low interest rate environment, ADR was able to simultaneously extend the average remaining duration of interest-bearing liabilities while reducing its average interest rate.

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

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

(million yen)

Item	Previous FP Results	Initial forecast <sup>Note 2</sup>	16th FP Results (July 2018)	Difference from the previous FP	
					Difference from the initial forecast
Operating revenues	15,903	16,162	16,302	+398	+139
Operating income	8,019	8,032	8,272	+252	+239
Ordinary income	6,798	6,818	7,088	+289	+270
Net income	6,798	6,817	7,087	+289	+270
Earnings Per Unit <sup>Note 3</sup>	5,035 yen	5,050 yen	5,250 yen	+215 yen	+200 yen
Dividend Per Unit	5,285 yen	5,299 yen	5,499 yen	+214 yen	+200 yen

Notes 2. The initial forecast refers to the earnings forecasts for the 16th FP disclosed in the "Brief Summary of Kessan Tanshin" for the 15th FP, dated March 12, 2018. The same applies hereafter.

3. Calculated by dividing net income by the total number of units issued and outstanding as of the end of the fiscal period. Decimals are omitted from the EPU figures. The same applies hereafter.

Earnings per unit (EPU) set a new record high of 5,250 yen, which is 215 yen higher than in the previous fiscal period. ADR achieved higher revenues and profits due to peak leasing season increases in key money, gains on sales of two properties, and a decrease in interest payments compared to the previous period. On the other hand, when compared to the initial forecast, ADR achieved higher revenues and profits due to higher-than-expected occupancy rates which resulted in higher rental revenue and lower leasing expenses to attract new tenants.

The dividend per unit (DPU), including the 248 yen per unit drawdown in reserve for temporary difference adjustment (RTA), amounted to 5,499 yen, which is 200 yen higher than the initial forecast and 214 yen higher than in the previous fiscal period.

### 1. Internal Growth

– Maintained high occupancy rates while increasing rents –

While population inflow continues in regions where ADR invests, the market for rental apartments remains tight since the number of rental housing starts remains limited. Accordingly, we achieved an average period occupancy rate of 97.0% which is a record high on par with that achieved in the previous fiscal period.

With such high occupancy rates and our efforts to actively raise rents upon tenant replacement, as well as at the time of contract renewal, the rent rise for residential units that had tenants replaced was at an all-time high of 2.18%. As a result, we increased the overall portfolio rent level <sup>(Note 4)</sup> for an 8th consecutive fiscal period, achieving a 0.29% gain over rent levels of January 31, 2018.

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

# I. Fiscal Period Report

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

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

During the fiscal period, we executed large-scale repairs on 5 properties and value enhancement works on 39 residential units. We were able to increase the number of units of which we can implement the value enhancement work by aggressively seeking units where rent rise was more likely to be expected if the works were implemented, by taking measures to reduce costs by reusing as much as possible of existing fittings and fixtures to increase the expected return on investment and because it was a peak leasing period. Of the residential units that underwent the value enhancement works, new rental contracts had been signed for 24 units as of August 31, 2018. Those units saw robust increases in rent of 20% on average in comparison with rents under previous contracts. Going forward, ADR will endeavor to further enhance the competitive strengths of its properties through such measures.

– Sustainability measures –

ADR works together with the asset management company on contributing to realize a sustainable society and to increase its unit-holder value. To that end, the asset management company has set up a sustainability committee to systematically tackle each of the ESG (environmental, social and governance) sustainability goals. More specifically, ADR has been replacing equipment with environmentally friendly ones at its properties, contributing to local communities by raising disaster-prevention awareness among its tenants, introducing job training programs to employees of the asset management company, and promoting many other sustainability measures.

International assessment institutions have evaluated ADR on the measures regarding sustainability it has taken, as follows:

- ADR received the “Green Star” rating in 2017 from GRESB, the Global Real Estate Sustainability Benchmark which was developed mainly by European pension funds to evaluate the ESG performance of real estate companies and funds and which ADR has continually participated in its survey since 2014.
- We decided to acquire a corporate social responsibility (CSR) rating by Robeco SAM, a first for a residential J-REIT during the fiscal period. By acquiring the rating ADR will be evaluated to see if it is eligible for inclusion in the Dow Jones Sustainability Index which uses the RobecoSAM’s ratings to evaluate the eligibility.
- ADR has received an ESG rating of BB from MSCI, an investment information provider that serves institutional investors. Although in 2017 ADR became 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, it was excluded from the index upon a rebalancing in 2018. As such, we are focusing our efforts on promptly regaining inclusion in the index.

## 2. External Growth

– Steadily acquiring prime properties –

During the current fiscal period, despite the challenging acquisition environment, ADR has been able to acquire prime properties that are expected to generate stable rent revenue. ADR has acquired a total of four properties at a total acquisition price of 6.7 billion yen. This includes two recently constructed properties acquired from the sponsor pipeline, RESIDIA Kamata V and RESIDIA Kamata IV, and two other properties acquired from third parties through negotiated transaction, RESIDIA Funabashi IV and RESIDIA Hijiyama Koen <sup>(Note 5)</sup>.

RESIDIA Hijiyama Koen is a scarce property located in city center of Hiroshima. It is the first time that ADR invested in Hiroshima. The property is a rental apartment exclusively for single women where we expect it to attract rental demand from both working adults and students.

Notes 5. Although the name of the property is CREST Hijiyama as of the end of the fiscal period, it has been renamed as of September 3, 2018. Accordingly, the property is presented in this document under its new name, irrespective of the name of the property as of the end of the fiscal period.

## 3. Finance

– Interest rate reduction and extension of remaining debt duration –

Under its financing policy of extending remaining duration, fixing interest rates and diversifying maturities of interest-bearing liabilities, ADR procured in total 25.6 billion yen (average initial duration of 7.6 years and average interest rate of 0.48% <sup>(Note 6)</sup>) during this fiscal period. With the average remaining duration of debt at 5.0 years and the average interest rate at 0.84% as of the end of the current fiscal period, we have managed to further strengthen our financial foundations by simultaneously having extended the remaining average duration and lowered the average interest rate, compared to the previous fiscal period end.

Issuer ratings that have been acquired by ADR as of the end of the current fiscal period (July 31, 2018) are as follows.

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

Notes 6. The “average interest rate” is the weighted-average interest rate on loans and bonds as of their respective borrowing or issuance date, as of the end of the current fiscal period (July 31, 2018). 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

By comprehensively taking into account both the property characteristics and terms of individual contracts, ADR will continue work to raise rents at the time of tenant replacements, as well as at the time of contract renewals. Furthermore, we will aim to generate greater profitability from each property by improving leasing income and expenditure which includes actively securing key money. 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

Even though 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 by leveraging on market information supplied to ADR. Meanwhile, we will continue to seek opportunities arising from the buoyant property market to dispose and 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 acquired RESIDIA Kita-Nijyo-East III <sup>(Note 7)</sup> from a third party by means of negotiated transaction, at an acquisition price of 400 million yen. Located in Sapporo’s city center nearby Sapporo’s Ekimae-dori and Odori area, the property is expected to generate stable rent revenue given that it is likely to generate rental demand from single working adults who commute to the city center.

Notes 7. Although the name of the property is Centro Sapporo Kita-Nijyo as of the date of this document, it has been renamed as of October 1, 2018. 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.

#### 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 within 50 years, in equal amounts or more every fiscal period <sup>(Note 8)</sup>, starting from the fiscal period ended January 2017.

In case the DPU falls below 4,500 yen even with the dividend supplement, the draw down will be increased to ensure a DPU of at least 4,500 yen <sup>(Note 9)</sup>.

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 3, 2014	Follow-on offering	58,000	1,298,000	11,967	114,524	1
February 26, 2014	Third-party allotment	2,000	1,300,000	412	114,936	2
September 23, 2016	Follow-on offering	47,500	1,347,500	12,115	127,052	3
October 19, 2016	Third-party allotment	2,500	1,350,000	637	127,690	4

1. 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.
2. 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.
3. 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.
4. ADR issued new units by way of third-party allotment with Mizuho Securities Co., Ltd. as the allottee at paid-in amount of 255,068 yen per unit to procure funds for new property acquisitions and for other purposes.

### Market Price of Units

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

FP	12th FP	13th FP	14th FP	15th FP	16th FP
Period-end	July 2016	January 2017	July 2017	January 2018	July 2018
High	299,400 yen	309,000 yen	307,500 yen	285,800 yen	291,500 yen
Low	251,700 yen	267,900 yen	261,600 yen	262,800 yen	264,700 yen

## Overview of the Investment Corporation

### 1 Major Unit-holders

The following are the major unit-holders as of July 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	317,929	23.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	199,390	14.76
The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	56,262	4.16
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	42,089	3.11
ITOCHU Corporation	2-5-1 Kita-Aoyama, Minato-ku, Tokyo	34,800	2.57
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2, Marunouchi, Chiyoda-ku, Tokyo	22,974	1.70
Mizuho Securities Co., Ltd.	1-5-1, Otemachi, Chiyoda-ku, Tokyo	20,708	1.53
State Street Bank West Clients Treaty	1776 Heritage Drive, North Quincy, MA 02171 U.S.A	15,944	1.18
Trust & Custody Services Bank, Ltd. (Money Trust Taxable Account)	Office Tower Z, Harumi Island Triton Square, 1-8-12 Harumi, Chuo-ku, Tokyo	14,149	1.04
JP Morgan Chase Bank	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom	13,277	0.98
<b>Total</b>		<b>737,522</b>	<b>54.63</b>

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



## 2 Directors and Independent Auditor

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

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

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

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

3. The compensation paid to the independent auditor includes compensation (2,500 thousand yen) for services other than those prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act.

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

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

## 3 Asset Management Company, Asset Custodian, and Administrative Agents

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

Note As of April 1, 2018, The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its legal name to MUFG Bank, Ltd.

# I. Fiscal Period Report

## Real Estate Portfolio

### Real Estate Portfolio

The following lists real estates held by ADR as of July 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	15th (Aug. 1, 2017 ~ Jan. 1, 2018)				16th (Feb. 1, 2018 ~ Jul. 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	2,344	3,310	1	97.2	89,224	0.6	1	97.3	90,582	0.6
P-3	RESIDIA Nakameguro	Meguro-ku, Tokyo	Beneficiary interests in trust	1,400	2,140	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	1,165	1,300	1	93.3	34,829	0.2	1	100.0	37,015	0.2
P-7	RESIDIA Ikejirihashi	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,151	1,460	1	97.8	37,074	0.2	1	100.0	37,527	0.2
P-9	RESIDIA Kudanshita	Chiyoda-ku, Tokyo	Beneficiary interests in trust	2,015	2,670	1	98.7	72,455	0.5	1	98.8	74,853	0.5
P-10	RESIDIA Hatagaya	Shibuya-ku, Tokyo	Beneficiary interests in trust	1,060	1,240	1	94.7	32,090	0.2	1	94.7	30,825	0.2
P-13	RESIDIA Sakurajosui	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,056	1,300	1	92.7	33,256	0.2	1	100.0	33,743	0.2
P-14	RESIDIA Kita-Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	2,522	3,060	1	100.0	75,455	0.5	1	100.0	75,458	0.5
P-15	RESIDIA Yoyoginomori	Shibuya-ku, Tokyo	Beneficiary interests in trust	704	731	1	96.9	19,413	0.1	1	90.8	18,650	0.1
P-16	RESIDIA Shinjuku-East III	Shinjuku-ku, Tokyo	Beneficiary interests in trust	716	919	1	100.0	24,051	0.2	1	100.0	25,441	0.2
P-19	Leopalace Udagawacho Mansion	Shibuya-ku, Tokyo	Beneficiary interests in trust	560	742	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	1,297	1,710	1	93.5	42,526	0.3	1	98.8	46,808	0.3
P-22	RESIDIA Shinjuku-East	Shinjuku-ku, Tokyo	Beneficiary interests in trust	922	1,180	1	100.0	30,753	0.2	1	98.0	31,786	0.2
P-23	RESIDIA Kanda-Iwamotocho	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,391	2,100	1	98.1	57,950	0.4	1	100.0	58,394	0.4
P-24	RESIDIA Azabujuban II	Minato-ku, Tokyo	Beneficiary interests in trust	885	1,080	1	95.0	27,040	0.2	1	95.0	28,895	0.2
P-25	RESIDIA Ebisu	Shibuya-ku, Tokyo	Beneficiary interests in trust	572	710	1	83.9	18,472	0.1	1	92.3	18,634	0.1
P-26	RESIDIA Meguro	Shinagawa-ku, Tokyo	Beneficiary interests in trust	738	745	1	92.1	20,218	0.1	1	96.6	20,911	0.1
P-29	RESIDIA Hiroo II	Shibuya-ku, Tokyo	Real estate	1,515	2,180	1	94.3	54,271	0.3	1	91.7	54,672	0.3
P-30	Pianetta Shiodome	Minato-ku, Tokyo	Beneficiary interests in trust	1,790	2,290	1	91.7	59,085	0.4	1	98.6	59,099	0.4
P-31	RESIDIA Komazawadaigaku	Setagaya-ku, Tokyo	Beneficiary interests in trust	307	398	1	90.3	10,487	0.1	1	81.5	10,648	0.1
P-32	RESIDIA Yoyogi	Shibuya-ku, Tokyo	Beneficiary interests in trust	307	408	1	82.0	9,423	0.1	1	92.7	9,262	0.1
P-33	RESIDIA Nishi-Shinjuku	Shinjuku-ku, Tokyo	Beneficiary interests in trust	343	448	1	91.3	11,213	0.1	1	77.0	11,280	0.1
P-34	RESIDIA Kyodo	Setagaya-ku, Tokyo	Beneficiary interests in trust	264	348	1	93.8	8,539	0.1	1	93.9	9,679	0.1
P-35	RESIDIA Oimachi	Shinagawa-ku, Tokyo	Real estate	863	1,140	1	93.8	33,011	0.2	1	95.8	33,936	0.2
P-36	RESIDIA Ebisu II	Shibuya-ku, Tokyo	Real estate	2,213	2,880	1	98.7	73,920	0.5	1	98.7	76,083	0.5



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P-37	RESIDIA Kamiochiai	Shinjuku-ku, Tokyo	Real estate	1,089	1,470	1	95.2	42,010	0.3	1	97.6	42,980	0.3
P-38	RESIDIA Higashi-Shinagawa	Shinagawa-ku, Tokyo	Real estate	1,908	2,430	1	98.3	68,992	0.4	1	96.7	69,933	0.4
P-39	RESIDIA Meguro II	Meguro-ku, Tokyo	Real estate	1,139	1,370	1	92.7	33,659	0.2	1	93.7	35,924	0.2
P-40	RESIDIA Toranomon	Minato-ku, Tokyo	Real estate	1,236	1,650	1	95.1	41,485	0.3	1	100.0	42,144	0.3
P-41	RESIDIA Shin-Ochanomizu	Chiyoda-ku, Tokyo	Real estate	1,095	1,530	1	100.0	40,558	0.3	1	95.3	41,056	0.3
P-42	RESIDIA Kagurazaka	Shinjuku-ku, Tokyo	Real estate	863	1,090	1	98.2	31,256	0.2	1	94.6	30,273	0.2
P-43	RESIDIA Oimachi II	Shinagawa-ku, Tokyo	Real estate	986	1,300	1	97.5	34,124	0.2	1	92.7	36,042	0.2
P-45	RESIDIA Jiyugaoka	Meguro-ku, Tokyo	Beneficiary interests in trust	1,023	1,280	1	97.1	35,229	0.2	1	94.0	34,132	0.2
P-47	RESIDIA Suidobashi	Chiyoda-ku, Tokyo	Real estate	2,137	2,810	1	97.0	76,652	0.5	1	96.1	76,798	0.5
P-48	RESIDIA TOWER Nogizaka	Minato-ku, Tokyo	Real estate	3,451	4,070	1	98.5	106,394	0.7	1	93.9	105,369	0.7
P-49	RESIDIA Akasaka	Minato-ku, Tokyo	Real estate	1,097	1,470	1	94.7	40,479	0.3	1	96.9	41,249	0.3
P-50	RESIDIA Nishi-Azabu	Minato-ku, Tokyo	Beneficiary interests in trust	6,544	8,060	1	98.8	214,622	1.3	1	95.3	212,751	1.3
P-51	RESIDIA Daikanyama	Shibuya-ku, Tokyo	Beneficiary interests in trust	1,973	2,250	1	94.6	58,181	0.4	1	92.8	55,756	0.3
P-52	RESIDIA Ichigaya	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,321	3,090	1	100.0	77,642	0.5	1	94.9	78,758	0.5
P-53	RESIDIA Roppongi-Hinokichokoen	Minato-ku, Tokyo	Beneficiary interests in trust	3,611	4,680	1	95.1	117,811	0.7	1	91.4	121,067	0.7
P-55	RESIDIA TOWER Meguro-Fudomae	Shinagawa-ku, Tokyo	Real estate	14,899	18,700	1	100.0	456,793	2.9	1	100.0	455,415	2.8
P-56	RESIDIA Sangenjaya	Setagaya-ku, Tokyo	Real estate	2,513	3,540	1	97.4	89,490	0.6	1	97.4	86,536	0.5
P-59	RESIDIA Kanda-Higashi	Chiyoda-ku, Tokyo	Real estate	1,545	2,130	1	98.0	57,139	0.4	1	94.5	57,175	0.4
P-60	RESIDIA Higashi-Azabu	Minato-ku, Tokyo	Real estate	1,359	1,500	1	96.4	41,202	0.3	1	100.0	43,476	0.3
P-61	RESIDIA Ebisu-Minami	Shibuya-ku, Tokyo	Real estate	1,933	2,200	1	90.5	56,585	0.4	1	88.9	56,958	0.4
P-62	RESIDIA TOWER Azabujuban	Minato-ku, Tokyo	Real estate	6,134	6,940	1	94.9	195,396	1.2	1	94.2	197,174	1.2
P-63	RESIDIA Shibuya	Shibuya-ku, Tokyo	Real estate	1,201	1,550	1	95.4	40,216	0.3	1	100.0	41,032	0.3
P-64	RESIDIA Nakanobu	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,754	2,350	1	98.3	64,386	0.4	1	95.6	65,214	0.4
P-65	RESIDIA Azabudai	Minato-ku, Tokyo	Beneficiary interests in trust	1,541	1,850	1	100.0	49,276	0.3	1	95.1	49,307	0.3
P-66	RESIDIA Shibadaimon II	Minato-ku, Tokyo	Beneficiary interests in trust	1,671	1,950	1	98.0	52,080	0.3	1	97.9	50,344	0.3
P-67	RESIDIA Kanda	Chiyoda-ku, Tokyo	Real estate	1,084	1,470	1	100.0	39,565	0.2	1	96.4	40,045	0.2
P-68	RESIDIA Sangenjaya II	Setagaya-ku, Tokyo	Real estate	1,214	1,500	1	97.7	39,432	0.2	1	96.9	39,821	0.2
P-69	RESIDIA Nishi-Shinjuku II	Shinjuku-ku, Tokyo	Real estate	1,704	2,210	1	90.4	58,496	0.4	1	95.6	58,040	0.4
P-70	RESIDIA Hiroo-Minami	Shibuya-ku, Tokyo	Real estate	869	1,030	1	100.0	29,213	0.2	1	90.5	28,747	0.2
P-72	RESIDIA Mejiro-Otomeyama	Shinjuku-ku, Tokyo	Beneficiary interests in trust	974	1,160	1	90.0	31,475	0.2	1	78.9	28,779	0.2
P-73	RESIDIA Shibaura	Minato-ku, Tokyo	Beneficiary interests in trust	4,391	5,860	1	95.9	167,722	1.1	1	96.0	170,382	1.1
P-74	RESIDIA Gotenyama	Shinagawa-ku, Tokyo	Real estate	876	984	1	100.0	28,365	0.2	1	88.2	29,022	0.2
P-75	RESIDIA Yutenji	Meguro-ku, Tokyo	Beneficiary interests in trust	5,035	6,140	1	95.6	153,634	1.0	1	95.7	153,314	0.9

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P-76	Park Tower Shibaura Bayward Urban Wing	Minato-ku, Tokyo	Beneficiary interests in trust	8,887	11,400	1	96.1	317,994	2.0	1	98.7	322,467	2.0
P-79	RESIDIA Kamimeguro	Meguro-ku, Tokyo	Beneficiary interests in trust	848	1,050	1	100.0	29,534	0.2	1	92.2	29,486	0.2
P-84	RESIDIA Kita-Shinjuku	Shinjuku-ku, Tokyo	Real estate	1,366	1,660	1	96.2	44,494	0.3	1	96.2	45,704	0.3
P-85	RESIDIA Komazawa	Setagaya-ku, Tokyo	Beneficiary interests in trust	823	1,220	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	2,317	3,100	1	97.4	83,274	0.5	1	92.6	84,718	0.5
P-87	RESIDIA Ichigaya-Yakuoji	Shinjuku-ku, Tokyo	Beneficiary interests in trust	1,981	2,590	1	94.7	64,784	0.4	1	97.3	64,190	0.4
P-88	RESIDIA Yoga	Setagaya-ku, Tokyo	Real estate	1,540	1,880	1	97.3	49,367	0.3	1	100.0	50,995	0.3
P-89	RESIDIA TOWER Nakameguro	Meguro-ku, Tokyo	Real estate	3,317	4,550	1	97.3	116,585	0.7	1	96.8	119,558	0.7
P-90	RESIDIA Sasazuka II	Shibuya-ku, Tokyo	Beneficiary interests in trust	3,690	4,700	1	99.0	119,360	0.8	1	98.0	120,931	0.7
P-91	RESIDIA Meguro III	Meguro-ku, Tokyo	Beneficiary interests in trust	954	1,350	1	97.0	33,528	0.2	1	100.0	34,544	0.2
P-92	RESIDIA Jiyugaoka II	Setagaya-ku, Tokyo	Beneficiary interests in trust	779	982	1	100.0	24,985	0.2	1	100.0	27,321	0.2
P-93	RESIDIA Kudanshita II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,227	1,710	1	96.8	43,185	0.3	1	93.9	43,964	0.3
P-94	RESIDIA Omori II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,599	2,180	1	96.1	55,650	0.3	1	96.1	58,347	0.4
P-95	RESIDIA Shirokane-Takanawa	Minato-ku, Tokyo	Beneficiary interests in trust	1,467	2,010	1	100.0	50,393	0.3	1	93.1	52,357	0.3
P-96	RESIDIA Nakaochiai	Shinjuku-ku, Tokyo	Beneficiary interests in trust	3,773	4,340	1	98.6	116,219	0.7	1	97.1	118,270	0.7
P-97	RESIDIA Nakameguro II	Meguro-ku, Tokyo	Beneficiary interests in trust	1,116	1,450	1	98.0	36,743	0.2	1	98.0	36,590	0.2
P-98	Artis Court Minamiaoyama	Minato-ku, Tokyo	Beneficiary interests in trust	1,729	1,990	1	90.8	54,890	0.3	1	95.5	51,181	0.3
P-99	RESIDIA Yotsuya Sanchome	Shinjuku-ku, Tokyo	Beneficiary interests in trust	2,081	2,770	1	96.3	83,978	0.5	1	95.6	81,487	0.5
P-100	RESIDIA Takanawa Katsurazaka	Minato-ku, Tokyo	Beneficiary interests in trust	943	1,110	1	100.0	28,552	0.2	1	95.8	29,722	0.2
P-101	RESIDIA Ebisu III	Shibuya-ku, Tokyo	Real estate	649	765	1	95.9	18,722	0.1	1	100.0	20,352	0.1
P-102	RESIDIA Shinjुकugyoen	Shinjuku-ku, Tokyo	Beneficiary interests in trust	722	939	1	100.0	24,639	0.2	1	100.0	24,653	0.2
P-103	RESIDIA Minami Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	1,199	1,450	1	100.0	39,142	0.2	1	95.2	36,370	0.2
P-104	Chester Court Ochanomizu	Chiyoda-ku, Tokyo	Beneficiary interests in trust	3,170	3,800	1	99.3	108,096	0.7	1	98.5	107,479	0.7
P-105	RESIDIA Kanda-Iwamotocho II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	1,299	1,630	1	97.7	43,110	0.3	1	100.0	44,065	0.3
P-106	RESIDIA Shinagawa	Shinagawa-ku, Tokyo	Beneficiary interests in trust	996	1,270	1	100.0	30,816	0.2	1	93.0	33,181	0.2
P-107	RESIDIA Yoyogi II	Shibuya-ku, Tokyo	Real estate	896	962	1	96.5	24,856	0.2	1	94.3	25,019	0.2
P-108	RESIDIA Nakanobu II	Shinagawa-ku, Tokyo	Beneficiary interests in trust	940	1,040	1	95.7	26,051	0.2	1	100.0	27,949	0.2
P-109	RESIDIA Ochanomizu II	Chiyoda-ku, Tokyo	Beneficiary interests in trust	843	971	1	100.0	24,695	0.2	1	91.9	24,542	0.2
P-110	RESIDIA Mishuku	Setagaya-ku, Tokyo	Beneficiary interests in trust	1,189	1,310	1	100.0	33,023	0.2	1	95.8	32,921	0.2

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C-1	RESIDIA Mitsukoshimae	Chuo-ku, Tokyo	Beneficiary interests in trust	1,551	2,610	1	96.9	68,570	0.4	1	99.2	68,056	0.4
C-2	RESIDIA Kamata	Ota-ku, Tokyo	Beneficiary interests in trust	2,083	3,580	1	98.7	98,118	0.6	1	97.5	101,841	0.6
C-3	RESIDIA Ikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	1,385	1,800	1	96.8	51,922	0.3	1	95.2	49,521	0.3
C-4	RESIDIA Bunkyo-Hongo	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,548	2,290	1	100.0	59,094	0.4	1	98.6	58,535	0.4
C-5	RESIDIA Asakusabashi	Taito-ku, Tokyo	Beneficiary interests in trust	926	1,470	1	97.0	40,693	0.3	1	97.8	40,172	0.2
C-6	Maison Eclairée Ekoda	Nerima-ku, Tokyo	Beneficiary interests in trust	904	1,120	1	97.9	35,490	0.2	1	95.8	36,234	0.2
C-7	RESIDIA Ueno-Okachimachi	Taito-ku, Tokyo	Beneficiary interests in trust	2,835	3,740	1	98.5	99,965	0.6	1	97.5	102,604	0.6
C-8	RESIDIA Bunkyo-Hongo II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,528	1,990	1	100.0	52,480	0.3	1	93.4	50,387	0.3
C-9	RESIDIA Ryogoku	Sumida-ku, Tokyo	Beneficiary interests in trust	842	1,240	1	100.0	33,227	0.2	1	98.5	33,425	0.2
C-10	RESIDIA Higashi-Ginza	Chuo-ku, Tokyo	Beneficiary interests in trust	5,014	5,740	1	98.9	149,284	0.9	1	92.6	150,432	0.9
C-12	RESIDIA Nihonbashi-Ningyocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,940	3,880	1	98.9	99,536	0.6	1	100.0	100,994	0.6
C-13	RESIDIA Omori-Higashi	Ota-ku, Tokyo	Beneficiary interests in trust	1,822	2,070	1	97.9	57,350	0.4	1	98.9	57,179	0.4
C-15	RESIDIA Kinshicho	Sumida-ku, Tokyo	Beneficiary interests in trust	3,986	4,560	1	97.2	120,937	0.8	1	98.1	122,767	0.8
C-16	RESIDIA Negishi	Taito-ku, Tokyo	Beneficiary interests in trust	807	961	1	96.5	27,596	0.2	1	100.0	29,375	0.2
C-17	RESIDIA Shinkawa	Chuo-ku, Tokyo	Beneficiary interests in trust	1,803	2,430	1	98.4	65,132	0.4	1	93.7	65,908	0.4
C-18	RESIDIA Kamiikebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	537	710	1	95.0	21,388	0.1	1	97.9	22,069	0.1
C-19	RESIDIA Shin-nakano	Nakano-ku, Tokyo	Beneficiary interests in trust	350	511	1	90.3	14,217	0.1	1	100.0	15,055	0.1
C-21	RESIDIA Bunkyo-Yushima II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	916	1,220	1	100.0	33,998	0.2	1	93.2	34,956	0.2
C-22	RESIDIA Tsukiji	Chuo-ku, Tokyo	Real estate	1,314	1,910	1	100.0	52,248	0.3	1	96.1	52,826	0.3
C-23	RESIDIA Sasazuka	Suginami-ku, Tokyo	Beneficiary interests in trust	1,791	2,190	1	93.5	61,466	0.4	1	93.4	63,316	0.4
C-24	RESIDIA Kyobashi	Chuo-ku, Tokyo	Real estate	1,112	1,520	1	100.0	51,184	0.3	1	100.0	38,847	0.2
C-25	RESIDIA Tamagawa	Ota-ku, Tokyo	Beneficiary interests in trust	1,166	1,690	1	93.4	46,328	0.3	1	100.0	47,709	0.3
C-26	RESIDIA Korakuen	Bunkyo-ku, Tokyo	Beneficiary interests in trust	544	788	1	97.2	21,460	0.1	1	90.5	21,854	0.1
C-27	RESIDIA Ginza-Higashi	Chuo-ku, Tokyo	Beneficiary interests in trust	1,823	2,590	1	96.5	67,186	0.4	1	95.5	69,407	0.4
C-28	RESIDIA Oji	Kita-ku, Tokyo	Beneficiary interests in trust	785	1,060	1	100.0	33,711	0.2	1	100.0	33,710	0.2
C-29	RESIDIA Mejiro II	Toshima-ku, Tokyo	Real estate	971	1,260	1	98.3	37,020	0.2	1	93.0	36,441	0.2
C-31	RESIDIA Tsukishima	Chuo-ku, Tokyo	Real estate	1,011	1,300	1	97.7	37,100	0.2	1	97.7	37,186	0.2
C-32	RESIDIA Kamata II	Ota-ku, Tokyo	Real estate	1,267	1,680	1	93.0	47,378	0.3	1	97.4	46,867	0.3
C-33	RESIDIA Tsukishima II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,284	3,010	1	100.0	82,364	0.5	1	96.2	81,674	0.5

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C-34	RESIDIA Kinshicho II	Sumida-ku, Tokyo	Real estate	2,226	2,700	1	99.3	74,800	0.5	1	98.6	76,087	0.5
C-35	RESIDIA Bunkyo-Otowa	Bunkyo-ku, Tokyo	Beneficiary interests in trust	3,114	4,070	1	96.3	111,998	0.7	1	99.0	120,005	0.7
C-36	RESIDIA Bunkyo-Sengoku	Bunkyo-ku, Tokyo	Beneficiary interests in trust	665	911	1	90.9	24,881	0.2	1	97.2	26,742	0.2
C-37	RESIDIA Bunkyo-Yushima	Bunkyo-ku, Tokyo	Beneficiary interests in trust	997	1,370	1	95.3	36,306	0.2	1	94.1	38,462	0.2
C-38	RESIDIA Ikegami	Ota-ku, Tokyo	Beneficiary interests in trust	342	417	1	93.9	13,016	0.1	1	100.0	14,161	0.1
C-39	RESIDIA Nihonbashi-Ningyocho	Chuo-ku, Tokyo	Beneficiary interests in trust	497	774	1	92.9	21,667	0.1	1	91.5	21,948	0.1
C-40	RESIDIA Bunkyo-Sengoku II	Bunkyo-ku, Tokyo	Real estate	1,341	1,720	1	97.9	45,796	0.3	1	92.5	46,603	0.3
C-41	RESIDIA Iriya	Taito-ku, Tokyo	Beneficiary interests in trust	870	1,160	1	98.3	37,844	0.2	1	97.7	36,403	0.2
C-42	RESIDIA Nihonbashi-Hamacho	Chuo-ku, Tokyo	Real estate	1,244	1,580	1	100.0	43,940	0.3	1	97.9	42,853	0.3
C-43	RESIDIA Shin-Okachimachi	Taito-ku, Tokyo	Real estate	1,750	2,110	1	98.7	58,639	0.4	1	100.0	58,998	0.4
C-44	RESIDIA Chidoricho	Ota-ku, Tokyo	Real estate	1,200	1,430	1	96.6	43,054	0.3	1	88.6	42,032	0.3
C-45	RESIDIA Shinkawa II	Chuo-ku, Tokyo	Beneficiary interests in trust	1,257	1,620	1	98.5	44,168	0.3	1	90.5	43,096	0.3
C-46	RESIDIA Mejiro	Toshima-ku, Tokyo	Beneficiary interests in trust	6,078	8,080	1	98.6	231,483	1.5	1	98.5	232,834	1.4
C-47	RESIDIA Kasai	Edogawa-ku, Tokyo	Beneficiary interests in trust	658	834	1	100.0	26,659	0.2	1	96.7	27,602	0.2
C-48	RESIDIA Nihonbashi-Bakurocho	Chuo-ku, Tokyo	Real estate	5,072	7,090	1	97.4	192,783	1.2	1	97.0	192,040	1.2
C-49	RESIDIA Suginami-Honacho	Suginami-ku, Tokyo	Beneficiary interests in trust	3,597	5,440	1	96.6	149,192	0.9	1	96.0	148,250	0.9
C-50	RESIDIA Shin-Itabashi	Itabashi-ku, Tokyo	Beneficiary interests in trust	843	1,250	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	1,878	2,990	1	94.2	77,956	0.5	1	96.8	82,674	0.5
C-52	RESIDIA Bunkyo-Yushima III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,085	1,560	1	100.0	38,619	0.2	1	100.0	39,617	0.2
C-53	RESIDIA Bunkyo-Honkomagome	Bunkyo-ku, Tokyo	Real estate	2,269	3,050	1	98.2	82,197	0.5	1	99.3	83,519	0.5
C-54	RESIDIA Tsukishima III	Chuo-ku, Tokyo	Beneficiary interests in trust	2,455	3,680	1	98.7	91,969	0.6	1	96.1	93,503	0.6
C-55	RESIDIA Minami-senju	Arakawa-ku, Tokyo	Beneficiary interests in trust	2,394	3,560	1	97.3	163,180	1.0	1	95.3	164,429	1.0
C-56	RESIDIA Ogikubo	Suginami-ku, Tokyo	Real estate	1,800	2,320	1	95.2	60,700	0.4	1	98.7	63,374	0.4
C-57	RESIDIA Monzennakacho	Koto-ku, Tokyo	Beneficiary interests in trust	960	1,350	1	95.6	35,756	0.2	1	95.6	37,405	0.2
C-58	RESIDIA Ochanomizu	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,027	2,920	1	97.9	77,338	0.5	1	96.4	77,232	0.5
C-59	RESIDIA Omori	Ota-ku, Tokyo	Beneficiary interests in trust	1,117	1,500	1	100.0	42,541	0.3	1	100.0	42,810	0.3
C-60	RESIDIA Nakamurabashi	Nerima-ku, Tokyo	Beneficiary interests in trust	1,032	1,370	1	94.6	37,619	0.2	1	94.6	39,142	0.2
C-61	RESIDIA Kachidoki	Chuo-ku, Tokyo	Beneficiary interests in trust	1,746	2,470	1	100.0	64,452	0.4	1	98.3	66,242	0.4
C-62	RESIDIA Bunkyo-Otowa II	Bunkyo-ku, Tokyo	Beneficiary interests in trust	2,270	3,050	1	97.8	81,007	0.5	1	93.5	82,530	0.5

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C-63	RESIDIA Kinshicho III	Koto-ku, Tokyo	Beneficiary interests in trust	646	850	1	100.0	25,414	0.2	1	100.0	25,426	0.2
C-64	RESIDIA Kamata III	Ota-ku, Tokyo	Beneficiary interests in trust	929	1,250	1	90.9	33,589	0.2	1	94.2	33,825	0.2
C-65	RESIDIA TOWER Kamiiebukuro	Toshima-ku, Tokyo	Beneficiary interests in trust	7,840	11,600	1	98.1	728,073	4.6	1	97.7	735,352	4.6
C-66	RESIDIA Takashimadaira	Itabashi-ku, Tokyo	Real estate	521	614	1	100.0	16,195	0.1	1	100.0	16,193	0.1
C-67	RESIDIA Shimura-Sakaue	Itabashi-ku, Tokyo	Real estate	605	706	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	1,126	1,370	1	100.0	35,381	0.2	1	100.0	35,372	0.2
C-69	RESIDIA Shimura-Sakaue III	Itabashi-ku, Tokyo	Real estate	430	500	1	100.0	13,617	0.1	1	100.0	13,608	0.1
C-70	RESIDIA Ikebukuro West	Itabashi-ku, Tokyo	Beneficiary interests in trust	1,111	1,360	1	94.6	41,880	0.3	1	97.6	44,800	0.3
C-71	RESIDIA Ojima	Koto-ku, Tokyo	Beneficiary interests in trust	1,273	1,590	1	96.7	43,229	0.3	1	97.8	44,539	0.3
C-72	RESIDIA Machiya	Arakawa-ku, Tokyo	Beneficiary interests in trust	1,182	1,380	1	92.0	41,698	0.3	1	96.0	43,005	0.3
C-73	RESIDIA Ueno-Ikenohata	Taito-ku, Tokyo	Beneficiary interests in trust	1,774	2,070	1	98.8	55,838	0.4	1	97.5	54,820	0.3
C-74	RESIDIA Nerima	Nerima-ku, Tokyo	Beneficiary interests in trust	513	658	1	100.0	18,060	0.1	1	100.0	18,060	0.1
C-75	RESIDIA Higashi-Nihonbashi	Chuo-ku, Tokyo	Beneficiary interests in trust	397	491	1	100.0	14,596	0.1	1	96.3	14,616	0.1
C-76	RESIDIA Nakano	Nakano-ku, Tokyo	Real estate	689	822	1	100.0	22,131	0.1	1	90.1	21,019	0.1
C-77	RESIDIA Ogikubo II	Suginami-ku, Tokyo	Real estate	488	563	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	1,353	1,550	1	91.8	42,335	0.3	1	95.3	41,999	0.3
C-79	RESIDIA Akihabara	Taito-ku, Tokyo	Beneficiary interests in trust	993	1,220	1	97.6	34,202	0.2	1	97.5	33,731	0.2
C-80	RESIDIA Asakusa-Azumabashi	Sumida-ku, Tokyo	Beneficiary interests in trust	890	1,150	1	96.7	33,076	0.2	1	95.0	32,946	0.2
C-81	RESIDIA Omori III	Ota-ku, Tokyo	Beneficiary interests in trust	1,417	1,680	1	95.8	40,823	0.3	1	98.7	43,255	0.3
C-82	RESIDIA Nihonbashi-Bakurocho II	Chuo-ku, Tokyo	Beneficiary interests in trust	2,012	2,480	1	96.9	60,338	0.4	1	100.0	64,271	0.4
C-83	RESIDIA Nihonbashi-Bakurocho III	Chuo-ku, Tokyo	Beneficiary interests in trust	1,862	2,310	1	100.0	60,940	0.4	1	90.7	62,406	0.4
C-84	RESIDIA Bunkyo-Hongo III	Bunkyo-ku, Tokyo	Beneficiary interests in trust	1,692	1,920	1	93.5	47,936	0.3	1	100.0	47,807	0.3
C-85	RESIDIA Shin-Okachimachi II	Taito-ku, Tokyo	Beneficiary interests in trust	4,764	5,440	1	97.7	140,079	0.9	1	96.9	139,280	0.9
C-86	RESIDIA Kameido	Koto-ku, Tokyo	Beneficiary interests in trust	3,076	3,360	1	97.8	85,048	0.5	1	97.0	87,801	0.5
C-87	RESIDIA Koenji	Suginami-ku, Tokyo	Beneficiary interests in trust	1,423	1,570	1	97.6	40,775	0.3	1	98.2	40,295	0.2
C-88	RESIDIA Kamata V	Ota-ku, Tokyo	Real estate	2,367	2,500	—	—	—	—	1	96.6	47,825	0.3
C-89	RESIDIA Kamata IV	Ota-ku, Tokyo	Real estate	3,388	3,550	—	—	—	—	1	97.6	68,611	0.4
S-2	Chester House Kawaguchi	Kawaguchi-shi, Saitama	Beneficiary interests in trust	698	746	1	92.3	27,703	0.2	1	97.4	29,666	0.2
S-4	RESIDIA Higashi-Matsudo	Matsudo-shi, Chiba	Beneficiary interests in trust	1,011	1,200	1	95.9	43,264	0.3	1	95.4	42,151	0.3

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S-5	RESIDIA Shin-Yokohama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,755	2,030	1	100.0	61,470	0.4	1	100.0	61,479	0.4
S-7	RESIDIA Chofu	Chofu-shi, Tokyo	Beneficiary interests in trust	1,063	1,180	1	98.1	34,459	0.2	1	97.5	34,235	0.2
S-11	Tokyo Student-House WAKO	Wako-shi, Saitama	Beneficiary interests in trust	664	717	1	100.0	26,182	0.2	1	100.0	26,186	0.2
S-12	RESIDIA Kokubunji	Kokubunji-shi, Tokyo	Beneficiary interests in trust	497	656	1	100.0	18,470	0.1	1	100.0	19,692	0.1
S-14	RESIDIA Yokohama-Kannai	Yokohama-shi, Kanagawa	Beneficiary interests in trust	1,507	1,890	1	95.1	54,997	0.3	1	99.1	55,223	0.3
S-15	RESIDIA Okurayama	Yokohama-shi, Kanagawa	Beneficiary interests in trust	706	932	1	100.0	26,865	0.2	1	100.0	26,719	0.2
S-16	RESIDIA Musashikosugi	Kawasaki-shi, Kanagawa	Real estate	1,480	1,940	1	98.8	57,099	0.4	1	91.8	55,694	0.3
S-17	RESIDIA Funabashi I	Funabashi-shi, Chiba	Beneficiary interests in trust	2,520	3,220	1	100.0	93,383	0.6	1	100.0	93,301	0.6
	RESIDIA Funabashi II												
S-19	RESIDIA Kichijoji	Musashino-shi, Tokyo	Beneficiary interests in trust	1,428	1,750	1	95.9	47,270	0.3	1	98.0	49,103	0.3
S-20	Pacific Royal Court Minatomirai Ocean Tower	Yokohama-shi, Kanagawa	Real estate and leasehold rights to real estate	11,547	15,500	1	100.0	568,349	3.6	1	100.0	572,115	3.5
S-22	Life & Senior House Kohoku II	Yokohama-shi, Kanagawa	Real estate	1,574	2,200	1	100.0	71,074	0.4	1	100.0	71,069	0.4
S-23	College Court Tanashi	Nishi-Tokyo-shi, Tokyo	Beneficiary interests in trust	758	1,130	1	100.0	32,760	0.2	1	100.0	32,760	0.2
S-24	RESIDIA Urayasu	Urayasu-shi, Chiba	Beneficiary interests in trust	2,057	2,950	1	99.4	83,453	0.5	1	97.2	87,824	0.5
S-25	RESIDIA Minami-Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	812	1,070	1	100.0	33,565	0.2	1	94.1	34,306	0.2
S-26	RESIDIA Urayasu II	Urayasu-shi, Chiba	Beneficiary interests in trust	792	1,040	1	98.6	31,765	0.2	1	98.6	32,454	0.2
S-27	RESIDIA Gyotoku	Ichikawa-shi, Chiba	Beneficiary interests in trust	750	972	1	96.0	33,146	0.2	1	100.0	34,163	0.2
S-28	RESIDIA Kawasaki	Kawasaki-shi, Kanagawa	Beneficiary interests in trust	1,608	2,210	1	92.3	61,700	0.4	1	95.7	63,122	0.4
S-29	Cocofump Hiyoshi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	991	1,170	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	1,053	1,300	1	100.0	43,352	0.3	1	100.0	43,232	0.3
S-31	RESIDIA Yokohama-Bashamichi	Yokohama-shi, Kanagawa	Beneficiary interests in trust	776	1,160	1	100.0	37,707	0.2	1	100.0	37,282	0.2
S-32	RESIDIA Hon-Atsugi	Atsugi-shi, Kanagawa	Real estate	638	709	1	94.3	23,498	0.1	1	98.1	25,034	0.2
S-33	RESIDIA Funabashi III	Funabashi-shi, Chiba	Real estate	665	705	1	100.0	20,127	0.1	1	100.0	20,127	0.1
S-34	RESIDIA Funabashi IV	Funabashi-shi, Chiba	Beneficiary interests in trust	611	593	—	—	—	—	1	93.0	9,094	0.1
R-2	RESIDIA Imadegawa	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,464	1,660	1	100.0	60,750	0.4	1	100.0	54,491	0.3
R-4	RESIDIA Higashizakura	Nagoya-shi, Aichi	Beneficiary interests in trust	1,014	1,410	1	93.5	45,179	0.3	1	89.7	46,172	0.3
R-5	RESIDIA Kameyama	Kameyama-shi, Mie	Beneficiary interests in trust	1,513	1,150	1	100.0	60,377	0.4	1	98.3	59,676	0.4



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R-6	RESIDIA Ryokuchikoen	Toyonaka-shi, Osaka	Beneficiary interests in trust	881	922	1	94.9	30,512	0.2	1	98.3	31,137	0.2
R-8	RESIDIA Kobe Port Island	Kobe-shi, Hyogo	Beneficiary interests in trust	3,394	4,150	1	100.0	125,510	0.8	1	100.0	125,425	0.8
R-10	RESIDIA Hakata	Fukuoka-shi, Fukuoka	Real estate	1,236	1,470	1	98.8	51,529	0.3	1	97.5	52,101	0.3
R-11	RESIDIA Tenjinbashi	Osaka-shi, Osaka	Beneficiary interests in trust	837	1,160	1	97.6	36,277	0.2	1	96.0	35,857	0.2
R-12	RESIDIA Sannomiya-Higashi	Kobe-shi, Hyogo	Real estate	1,932	2,870	1	97.5	88,799	0.6	1	96.0	90,148	0.6
R-13	KC21 Building	Sendai-shi, Miyagi	Real estate	862	924	1	96.4	37,286	0.2	1	94.5	37,323	0.2
R-14	RESIDIA Utsubokoen	Osaka-shi, Osaka	Real estate	1,037	1,530	1	87.0	45,372	0.3	1	98.8	47,586	0.3
R-15	RESIDIA Kyoto-ekimae	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,765	2,490	1	98.1	77,105	0.5	1	98.2	78,210	0.5
R-16	RESIDIA Takaoka	Nagoya-shi, Aichi	Real estate	2,130	3,250	1	92.5	96,123	0.6	1	94.7	97,146	0.6
R-17	RESIDIA Hibino	Nagoya-shi, Aichi	Beneficiary interests in trust	1,126	1,450	1	98.4	65,729	0.4	1	99.1	67,547	0.4
R-19	RESIDIA Tenjin-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	823	1,180	1	94.6	39,415	0.2	1	98.2	39,737	0.2
R-20	RESIDIA Hakataeki-Minami	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	315	401	1	97.5	15,760	0.1	1	97.4	16,027	0.1
R-21	RESIDIA Hisaya-Oodori II	Nagoya-shi, Aichi	Real estate	598	803	1	100.0	27,699	0.2	1	90.4	26,333	0.2
R-24	RESIDIA Minami-Ichijo	Sapporo-shi, Hokkaido	Real estate	1,447	1,950	1	98.9	75,791	0.5	1	94.3	75,041	0.5
R-25	RESIDIA Odori-Nishi	Sapporo-shi, Hokkaido	Real estate	1,190	1,390	1	95.0	55,333	0.3	1	97.8	58,487	0.4
R-26	RESIDIA Kita-Sanjo	Sapporo-shi, Hokkaido	Real estate	989	1,410	1	99.3	50,270	0.3	1	95.4	49,170	0.3
R-27	RESIDIA Shirakabe-Higashi	Nagoya-shi, Aichi	Real estate	748	925	1	100.0	32,436	0.2	1	91.4	32,441	0.2
R-29	RESIDIA Uzumasa	Kyoto-shi, Kyoto	Real estate	641	769	1	100.0	33,792	0.2	1	89.8	33,960	0.2
R-30	RESIDIA Izumi	Nagoya-shi, Aichi	Real estate	3,296	4,300	1	92.0	137,437	0.9	1	98.4	144,842	0.9
R-31	RESIDIA Maruyama Kita-Gojo	Sapporo-shi, Hokkaido	Real estate	943	1,210	1	98.4	45,311	0.3	1	90.2	44,894	0.3
R-32	RESIDIA Tokugawa	Nagoya-shi, Aichi	Real estate	713	871	1	95.9	29,020	0.2	1	100.0	29,700	0.2
R-34	RESIDIA Odori-Koen	Sapporo-shi, Hokkaido	Real estate	1,823	2,500	1	95.5	93,643	0.6	1	98.5	95,524	0.6
R-35	RESIDIA Tanimachi	Osaka-shi, Osaka	Real estate	1,085	1,620	1	94.9	46,695	0.3	1	94.7	46,360	0.3
R-36	RESIDIA Hisaya-Oodori	Nagoya-shi, Aichi	Beneficiary interests in trust	631	950	1	97.1	29,625	0.2	1	89.2	28,698	0.2
R-37	RESIDIA Sendai-Miyamachi	Sendai-shi, Miyagi	Beneficiary interests in trust	501	753	1	100.0	24,023	0.2	1	100.0	26,178	0.2
R-38	RESIDIA Hirose-dori	Sendai-shi, Miyagi	Beneficiary interests in trust	470	682	1	100.0	21,842	0.1	1	100.0	21,839	0.1
R-39	RESIDIA Edobori	Osaka-shi, Osaka	Real estate	1,387	1,850	1	95.3	57,792	0.4	1	100.0	57,885	0.4
R-40	RESIDIA Kyomachibori	Osaka-shi, Osaka	Real estate	996	1,360	1	96.8	42,452	0.3	1	97.8	43,044	0.3
R-41	RESIDIA Esaka	Suita-shi, Osaka	Beneficiary interests in trust	1,011	1,270	1	91.8	37,413	0.2	1	100.0	39,456	0.2
R-42	RESIDIA Nishijin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	2,246	3,120	1	96.2	105,604	0.7	1	99.2	106,974	0.7

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R-43	RESIDIA Tsurumai	Nagoya-shi, Aichi	Beneficiary interests in trust	1,146	1,670	1	93.8	51,863	0.3	1	97.7	57,750	0.4
R-44	RESIDIA Kobe-Isogami	Kobe-shi, Hyogo	Beneficiary interests in trust	2,594	3,730	1	95.3	112,300	0.7	1	93.3	111,906	0.7
R-45	RESIDIA Kita-Nijyo-East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	858	1,090	1	96.7	42,061	0.3	1	98.3	41,829	0.3
R-46	RESIDIA Shinsaibashi West	Osaka-shi, Osaka	Beneficiary interests in trust	1,876	2,470	1	96.6	72,118	0.5	1	94.8	74,420	0.5
R-47	RESIDIA Marunouchi	Nagoya-shi, Aichi	Beneficiary interests in trust	944	1,210	1	93.2	39,342	0.2	1	94.5	40,308	0.2
R-48	RESIDIA Sapporo-Ekimae	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,426	2,150	1	97.9	75,597	0.5	1	97.4	74,782	0.5
R-49	RESIDIA Goshō-Higashi	Kyoto-shi, Kyoto	Beneficiary interests in trust	1,198	1,580	1	95.7	45,090	0.3	1	100.0	48,640	0.3
R-50	RESIDIA Rakuoku	Kyoto-shi, Kyoto	Beneficiary interests in trust	855	1,030	1	97.5	34,082	0.2	1	98.8	35,385	0.2
R-51	RESIDIA Miyakojima I & II	Osaka-shi, Osaka	Real estate	3,224	4,860	1	98.2	155,748	1.0	1	97.8	154,085	1.0
R-52	RESIDIA TOWER Sendai	Sendai-shi, Miyagi	Beneficiary interests in trust	1,728	1,980	1	91.7	68,600	0.4	1	92.2	70,631	0.4
R-53	RESIDIA Higashizakura II	Nagoya-shi, Aichi	Beneficiary interests in trust	2,821	3,530	1	84.6	108,905	0.7	1	87.0	111,568	0.7
R-54	RESIDIA Tsutsujigaoka	Sendai-shi, Miyagi	Beneficiary interests in trust	1,750	2,390	1	96.0	83,153	0.5	1	98.4	84,295	0.5
R-55	RESIDIA Kobe-Motomachi	Kobe-shi, Hyogo	Beneficiary interests in trust	1,036	1,320	1	98.1	44,070	0.3	1	93.0	43,701	0.3
R-56	RESIDIA Sendai-Honcho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,096	1,610	1	98.3	53,781	0.3	1	95.4	53,736	0.3
R-57	RESIDIA Sendai-Haranomachi	Sendai-shi, Miyagi	Beneficiary interests in trust	576	862	1	93.6	30,037	0.2	1	95.3	30,556	0.2
R-58	RESIDIA Minami-Ichijo East	Sapporo-shi, Hokkaido	Beneficiary interests in trust	1,044	1,360	1	100.0	48,340	0.3	1	94.8	47,517	0.3
R-59	RESIDIA Shin-Osaka	Osaka-shi, Osaka	Beneficiary interests in trust	2,755	3,650	1	100.0	90,409	0.6	1	98.6	105,281	0.7
R-60	RESIDIA Okayama-Ekimaie	Okayama-shi, Okayama	Beneficiary interests in trust	838	1,030	1	100.0	35,166	0.2	1	100.0	35,121	0.2
R-61	RESIDIA Kyoto Okazaki	Kyoto-shi, Kyoto	Beneficiary interests in trust	234	315	1	100.0	9,781	0.1	1	100.0	9,656	0.1
R-62	RESIDIA Sendai-Ichibancho	Sendai-shi, Miyagi	Beneficiary interests in trust	1,091	1,440	1	100.0	43,992	0.3	1	100.0	43,696	0.3
R-63	RESIDIA Kita-Nijyo-East II	Sapporo-shi, Hokkaido	Beneficiary interests in trust	545	754	1	93.2	25,939	0.2	1	96.2	26,820	0.2
R-64	RESIDIA Takamiya	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	496	586	1	98.4	20,242	0.1	1	98.4	19,882	0.1
R-65	RESIDIA Soen	Sapporo-shi, Hokkaido	Beneficiary interests in trust	390	556	1	98.4	21,752	0.1	1	98.3	21,003	0.1
R-66	RESIDIA Tenjin	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,135	1,320	1	100.0	43,573	0.3	1	90.9	41,037	0.3
R-67	RESIDIA Yakuin-Oodori	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,135	1,340	1	98.9	44,295	0.3	1	94.5	42,452	0.3
R-68	RESIDIA Hakata II	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	1,370	1,610	1	94.2	51,471	0.3	1	98.1	50,179	0.3
R-69	RESIDIA Kego	Fukuoka-shi, Fukuoka	Beneficiary interests in trust	845	1,130	1	98.9	35,602	0.2	1	95.3	36,904	0.2

Property no.	Name of real estate	Location	Type of ownership	Book value at end of period (million yen)	Appraisal value at end of period (million yen) Note 1	15th (Aug. 1, 2017 ~ Jan. 1, 2018)				16th (Feb. 1, 2018 ~ Jul. 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 (%)
R-70	RESIDIA Shirakabe	Nagoya-shi, Aichi	Beneficiary interests in trust	947	1,110	1	89.0	34,026	0.2	1	97.1	34,564	0.2
R-71	RESIDIA Sakae	Nagoya-shi, Aichi	Real estate	937	960	1	89.6	28,026	0.2	1	93.5	29,132	0.2
R-72	RESIDIA Senri-Fujishirodai	Suita-shi, Osaka	Beneficiary interests in trust	1,538	1,660	1	100.0	45,130	0.3	1	100.0	45,973	0.3
R-73	RESIDIA Senri-Banpakukoen	Suita-shi, Osaka	Beneficiary interests in trust	2,252	2,320	1	100.0	64,549	0.4	1	100.0	64,519	0.4
R-74	RESIDIA Sapporo-eki North	Sapporo, Hokkaido	Real estate	748	706	1	76.4	1,946	0.0	1	95.9	22,058	0.1
R-75	RESIDIA Hijiyama-Koen	Hiroshima-shi, Hiroshima	Beneficiary interests in trust	698	707	—	—	—	—	1	97.7	1,925	0.0
Total				426,261	548,888	259	97.2	15,836,647	100.0	263	96.9	16,144,976	100.0

Notes 1 “Appraisal value at end of period” is the appraisal value or survey-based value, pursuant to ADR’s Articles of Incorporation and the “Regulations Concerning Accounting of Investment Corporations” issued by the Cabinet Office, provided by a real estate appraiser as of July 31, 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 July 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 12 master lessees.

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

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

# I. Fiscal Period 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 Kudanshita (Chiyoda-ku, Tokyo)	Major repair work	From: Jan. 2018 To: Dec. 2018	60	1	1
RESIDIA Shinjuku-East II (Shinjuku-ku, Tokyo)	Major repair work	From: Mar. 2018 To: Dec. 2018	89	–	–
RESIDIA TOWER Nogizaka (Minato-ku, Tokyo)	Major repair work	From: Oct. 2017 To: Dec. 2018	129	44	44
RESIDIA Ichigaya (Shinjuku-ku, Tokyo)	Major repair work	From: Mar. 2018 To: Jan. 2019	96	–	–
RESIDIA Higashizakura II (Nagoya-shi, Aichi)	Major repair work	From: Jan. 2018 To: Jan. 2019	136	2	2

### 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 749 million yen for the entire portfolio and, when combined with repairs and maintenance cost of 567 million yen, the cost of construction work totals 1,317 million yen.

(million yen)

Name of real estate (Location)	Purpose	Implementation period	Amount paid
RESIDIA Nishi-Azabu (Minato-ku, Tokyo)	Major repair work	From: Nov. 2017 To: May 2018	184
RESIDIA Arakawa II (Chuo -ku, Tokyo)	Major repair work	From: Mar. 2018 To: Jul. 2018	68
RESIDIA Mejiro-Otomeyama (Shinjuku-ku, Tokyo)	Major repair work	From: Mar. 2018 To: Jun. 2018	62
Other real estate	Renovations		434
<b>Total</b>			<b>749</b>

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

### 3 Cash Reserves for Value Enhancement Works and Renovations

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

(million yen)

FP	12th FP	13th FP	14th FP	15th FP	16th FP
	From: Feb. 1, 2016 To: Jul. 31, 2016	From: Aug. 1, 2016 To: Jan. 31, 2017	From: Feb. 1, 2017 To: Jul. 31, 2017	From: Aug. 1, 2017 To: Jan. 31, 2018	From: Feb. 1, 2018 To: Jul. 31, 2018
Balance of reserves at beginning of period	1,658	1,970	2,144	2,040	1,921
Amount of reserves during period	605	625	696	738	814
Reversal of reserves during period	292	451	801	857	744
Amount carried forward to next period	1,970	2,144	2,040	1,921	1,990

## Acquisitions and Disposals in the 16th FP

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

Property no.	Name of real estate	Acquisition		Disposition			
		Acquisition date	Acquisition Price <sup>Note</sup> (million yen)	Disposition date	Disposition price <sup>Note</sup> (million yen)	Book value (million yen)	Gain (Loss) on sales (million yen)
C-88	RESIDIA Kamata V	Mar. 20, 2018	2,283	–	–	–	–
C-89	RESIDIA Kamata IV	Mar. 20, 2018	3,268	–	–	–	–
S-34	RESIDIA Funabashi IV	Apr. 27, 2018	567	–	–	–	–
R-75	RESIDIA Hijiyama-Koen	Jul. 18, 2018	663	–	–	–	–
P-58	RESIDIA Minami-Aoyama	–	–	Mar. 13, 2018	710	697	6
P-81	Windsor House Hiroo	–	–	Apr. 6, 2018	1,863	1,630	128
<b>Total</b>			<b>6,781</b>	<b>–</b>	<b>2,573</b>	<b>2,327</b>	<b>134</b>

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

# I. Fiscal Period Report

## 2 Transactions with Interested Parties

### 1) Transactions

The following are the transactions with interested parties for specified assets in the 16th fiscal period.

Classification	Purchase/Sales amount	
	Purchase amount	Sales amount
Total amount	6,781,500 thousand yen	2,573,000 thousand yen
Breakdown of transaction with interested parties		
ITOCHU Corporation	4,181,200 thousand yen (61.7%)	- thousand yen / -%
ITOCHU Property Development, Ltd.	1,369,800 thousand yen (20.2%)	- thousand yen / -%

### 2) Amount of Commission Fees Paid

The following are the commission fees paid to interested parties in the 16th FP.

Classification	Total amount of commission fees (A) (thousand yen)	Breakdown of transaction with interested parties		Share (B)/(A)(%)
		Payee	Amount paid (B) (thousand yen)	
Property management fees	1,394,231	ITOCHU Urban Community Ltd.	873,278	62.6
Other rental expenses	109,331	ITOCHU Urban Community Ltd.	69,707	63.8
Advertising expenses	3,279	ITOCHU Urban Community Ltd.	2,079	63.4
Other fees	135,742	ITOCHU Urban Community Ltd.	19,785	14.6
		ITOCHU Human Resources & General Affairs Services Inc.	95	0.1

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

2. ITOCHU Corporation, ITOCHU Property Development, Ltd., 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 16th FP.





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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 July 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 July 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 July 31, 2018, the Investment Corporation issued investment corporation bonds. Our opinion is not modified in respect of this matter.

*Deloitte Touche Tohmatsu LLC*

October 22, 2018

## II. Financial Statements

### Balance Sheets

(Thousands of yen)

	As of January 31, 2018	As of July 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits (Notes 8 and 10)	12,218,821	13,741,901
Cash and deposits in trust (Notes 8 and 10)	9,693,200	9,605,383
Operating accounts receivable	198,466	209,929
Prepaid expenses	347,796	483,704
Other	4,874	10,412
Allowance for doubtful accounts	(7,274)	(7,225)
Total current assets	22,455,884	24,044,107
Non-current assets		
Property, plant and equipment (Notes 14, 18, 19 and 24)		
Buildings	75,173,544	75,980,399
Accumulated depreciation	(12,342,251)	(12,997,222)
Buildings, net	62,831,292	62,983,176
Structures	23,585	23,395
Accumulated depreciation	(6,968)	(7,132)
Structures, net	16,616	16,263
Machinery and equipment	67,662	82,361
Accumulated depreciation	(16,509)	(19,859)
Machinery and equipment, net	51,153	62,502
Tools, furniture and fixtures	268,535	289,909
Accumulated depreciation	(133,528)	(141,887)
Tools, furniture and fixtures, net	135,007	148,021
Land	70,754,369	74,403,244
Construction in progress	47,779	44,670
Buildings in trust	153,340,662	154,333,071
Accumulated depreciation	(23,755,307)	(25,491,760)
Buildings in trust, net	129,585,355	128,841,311
Structures in trust	190,982	193,591
Accumulated depreciation	(98,473)	(103,080)
Structures in trust, net	92,509	90,510
Machinery and equipment in trust	175,646	182,121
Accumulated depreciation	(99,261)	(105,796)
Machinery and equipment in trust, net	76,384	76,325
Tools, furniture and fixtures in trust	783,450	832,133
Accumulated depreciation	(482,282)	(518,517)
Tools, furniture and fixtures in trust, net	301,167	313,615
Land in trust	156,457,632	157,302,505
Construction in progress in trust	40,254	6,503
Total property, plant and equipment	420,389,522	424,288,650
Intangible assets (Note 24)		
Leasehold rights (Note 19)	1,071,902	—
Leasehold rights in trust (Note 19)	2,009,390	1,974,953
Other	54	34
Total intangible assets	3,081,347	1,974,988

(Thousands of yen)

	As of January 31, 2018	As of July 31, 2018
Investments and other assets		
Long-term prepaid expenses	810,490	826,885
Guarantee deposits	535,726	550,532
Guarantee deposits in trust	1,026,585	1,038,903
Other	1,680	1,680
Total investments and other assets	2,374,482	2,418,000
Total non-current assets	425,845,352	428,681,640
Deferred assets		
Investment unit issuance expenses	4,396	3,008
Investment corporation bond issuance costs	116,148	117,266
Total deferred assets	120,545	120,274
Total assets	448,421,782	452,846,022
Liabilities		
Current liabilities		
Operating accounts payable	344,006	337,326
Short-term loans payable (Notes 10 and 27)	–	1,000,000
Current portion of investment corporation bonds (Notes 10 and 26)	2,000,000	2,000,000
Current portion of long-term loans payable (Notes 10, 12, 23 and 27)	28,950,000	21,460,000
Accounts payable – other (Note 14)	1,393,127	1,386,590
Accrued expenses	116,393	87,859
Accrued consumption taxes	33,866	47,401
Advances received	57,265	66,474
Other	19,437	18,981
Total current liabilities	32,914,096	26,404,633
Non-current liabilities		
Investment corporation bonds (Notes 10, 21 and 26)	25,500,000	27,000,000
Long-term loans payable (Notes 10, 12, 23 and 27)	164,968,000	174,458,000
Tenant leasehold and security deposits	1,217,462	1,227,275
Tenant leasehold and security deposits in trust	3,247,646	3,228,688
Derivatives liabilities (Notes 10, 12 and 23)	–	3,423
Total non-current liabilities	194,933,108	205,917,387
Total liabilities	227,847,204	232,322,020
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	32,866,055	32,529,450
Total voluntary retained earnings	32,866,055	32,529,450
Unappropriated retained earnings (undisposed loss)	6,798,144	7,087,597
Total surplus	92,884,479	92,837,327
Total unitholders' equity	220,574,577	220,527,425
Valuation and translation adjustments		
Deferred gains or losses on hedges	–	(3,423)
Total valuation and translation adjustments	–	(3,423)
Total net assets (Notes 4 and 20)	220,574,577	220,524,002
Total liabilities and net assets	448,421,782	452,846,022

## II. Financial Statements

### Statements of Income

(Thousands of yen)

	For the six months ended January 31, 2018	For the six months ended July 31, 2018
Operating revenue (Note 18)		
Rental revenue – real estate (Notes 5 and 9)	15,903,228	16,167,076
Gain on real estate sales (Note 5)	–	135,079
Total operating revenue	15,903,228	16,302,155
Operating expenses		
Expenses related to rent business (Notes 5 and 9)	6,176,934	6,345,214
Asset management fees (Note 14)	1,175,182	1,181,791
Asset custody fees	9,729	9,762
Administrative service fees	61,015	58,712
Directors' compensation	3,609	3,600
Taxes and dues	267,061	258,130
Provision of allowance for doubtful accounts	2,080	170
Bad debt expenses	103	–
Other operating expenses	187,910	172,681
Total operating expenses	7,883,626	8,030,063
Operating income	8,019,602	8,272,092
Non-operating income		
Interest income	6,501	6,537
Compensation income	–	18,000
Reversal of distribution payable	1,024	1,463
Other	690	2,172
Total non-operating income	8,217	28,173
Non-operating expenses		
Interest expense (Notes 10, 12 and 23)	885,651	854,191
Interest expense on investment corporation bonds	137,494	131,529
Amortization of investment unit issuance expenses	1,388	1,388
Amortization of investment corporation bond issuance costs	10,839	10,748
Borrowing -related expenses	193,302	210,950
Other	393	3,254
Total non-operating expenses	1,229,069	1,212,063
Ordinary income	6,798,749	7,088,202
Income before income taxes	6,798,749	7,088,202
Income taxes – current (Note 15)	605	605
Total income taxes	605	605
Net income (Note 20)	6,798,144	7,087,597
Unappropriated retained earnings (undisposed loss)	6,798,144	7,087,597

## Statements of Changes in Net Assets

For the six months ended January 31, 2018

(Thousands of yen)

	Unitholders' equity						Total net assets	
	Paid-in capital	Surplus				Total unitholders' equity		
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)			Total surplus
			Reserve for temporary difference adjustments	Total voluntary retained earnings				
Balance at the beginning of period	127,690,098	53,220,279	33,202,036	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

For the six months ended July 31, 2018

(Thousands of yen)

	Unitholders' equity						Valuation and translation adjustments		Total net assets	
	Paid-in capital	Surplus				Total unitholders' equity	Deferred gain or loss on hedging instruments	Total valuation and translation adjustments		
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)					Total surplus
			Reserve for temporary difference adjustments	Total voluntary retained earnings						
Balance at the beginning of period	127,690,098	53,220,279	32,866,055	32,866,055	6,798,144	92,884,479	220,574,577	—	—	220,574,577
Changes in items during the period										
Reversal of reserve for temporary difference adjustments			(336,605)	(336,605)	336,605	—	—			—
Dividends from surplus					(7,134,750)	(7,134,750)	(7,134,750)			(7,134,750)
Net income					7,087,597	7,087,597	7,087,597			7,087,597
Net changes in items other than unitholders' equity in the fiscal year								(3,423)	(3,423)	(3,423)
Total changes in items during the period	—	—	(336,605)	(336,605)	289,453	(47,152)	(47,152)	(3,423)	(3,423)	(50,575)
Balance at the end of period	127,690,098	53,220,279	32,529,450	32,529,450	7,087,597	92,837,327	220,527,425	(3,423)	(3,423)	220,524,002

## II. Financial Statements

### Statements of Cash Distributions

(Thousands of yen)

	For the six months ended January 31, 2018	For the six months ended July 31, 2018
I. Unappropriated retained earnings	6,798,144,365 yen	7,087,597,394 yen
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	336,605,635 yen	336,052,606 yen
III. Dividends	7,134,750,000 yen	7,423,650,000 yen
(Dividend per investment unit)	(5,285 yen)	(5,499 yen)
IV. Retained earnings carried forward	–	–
Dividend Policy	<p>In accordance with the distribution policy set forth in Article 32, Item 1 of ADR's Articles of Incorporation, ADR distributes in excess of 90% of the amount of ADR's profit available for dividends as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In the event of weak performance by investments, reserve for dividends will be used in order to maintain stable payouts into the future.</p> <p>Based on this policy, ADR has decided to distribute 7,134,750,000 yen, 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>	<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 7,423,650,000 yen, which is the sum of the reversal of the reserve for temporary difference adjustments (RTA) of 336,052,606 yen and unappropriated retained earnings of 7,087,597,394 yen for the fiscal period.</p> <p>ADR does not distribute dividends in excess of the profits defined in Article 32, Item 2 of its Articles of Incorporation.</p>



## Statements of Cash Flows

(Thousands of yen)

	For the six months ended January 31, 2018	For the six months ended July 31, 2018
Cash flows from operating activities		
Income before income taxes	6,798,749	7,088,202
Depreciation and amortization	2,651,509	2,682,323
Amortization of investment unit issuance expenses	1,388	1,388
Amortization of investment corporation bond issuance costs	10,839	10,748
Increase (decrease) in allowance for doubtful accounts	214	(49)
Interest income	(6,501)	(6,537)
Interest expense	885,651	854,191
Interest expense on investment corporation bonds	137,494	131,529
Decrease (increase) in operating accounts receivable	(3,464)	(11,463)
Decrease (increase) in prepaid expenses	125,293	(135,908)
Increase (decrease) in accrued consumption taxes	4,840	13,534
Increase (decrease) in operating accounts payable	60,810	(51,454)
Increase (decrease) in accounts payable – other	26,353	(485)
Increase (decrease) in accrued expenses	30,246	(30,082)
Increase (decrease) in advances received	(1,307)	9,209
Decrease in sales of property, plant and equipment	–	1,255,921
Decrease in sales of intangible assets	–	1,071,902
Decrease (increase) in long-term prepaid expenses	8,428	(16,394)
Other	(1,246)	(6,671)
Subtotal	10,729,300	12,859,905
Interest income received	372	375
Interest expense paid	(1,047,601)	(984,173)
Income taxes paid	(541)	(605)
Net cash provided by (used in) operating activities	9,681,530	11,875,502
Cash flows from investing activities		
Payments into time deposits	–	(6,000,000)
Proceeds from withdrawal of time deposits	4,000,000	1,000,000
Purchase of property, plant and equipment	(1,074,827)	(5,953,543)
Purchase of property, plant and equipment in trust	(336,492)	(1,810,924)
Proceeds from tenant leasehold and security deposits, net	(5,661)	9,813
Proceeds from tenant leasehold and security deposits in trust, net	(11,704)	(18,957)
Payments for lease and guarantee deposits	–	(8,684)
Payments for lease and guarantee deposits in trust	–	(12,318)
Net cash provided by (used in) investing activities	2,571,313	(12,794,614)
Cash flows from financing activities		
Increase in short-term loans payable	–	3,000,000
Decrease in short-term loans payable	–	(2,000,000)
Proceeds from long-term loans	11,300,000	21,190,000
Repayments of long-term loans	(6,256,329)	(19,190,000)
Proceeds from issuance of investment corporation bonds	1,000,000	1,500,000
Redemption of investment corporation bonds	(8,000,000)	–
Payments for investment corporation bond issuance costs	(9,720)	(11,866)
Dividends paid	(6,976,411)	(7,133,757)
Net cash provided by (used in) financing activities	(8,942,460)	(2,645,623)
Net increase (decrease) in cash and cash equivalents	3,310,382	(3,564,736)
Cash and cash equivalents at the beginning of period	17,601,638	20,912,021
Cash and cash equivalents at the end of period (Note 8)	20,912,021	17,347,285

# 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 (32.5 billion yen as of the end of this fiscal period) due to the profit from negative goodwill, and allowed ADR to demonstrate one of its strengths of delivering stable dividends over the long term.

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

### 2 Basis of Presentation of Financial Statements

The accompanying financial statements are essentially 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"> <li>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</li> <li>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</li> <li>Long-term prepaid expenses Amortized using the straight-line method.</li> </ol>
(2) Accounting for deferred assets	<ol style="list-style-type: none"> <li>Investment unit issuance expenses Amortized using the straight-line method (three years)</li> <li>Investment corporation bond issuance costs Amortized using the straight-line method over the period up to redemption of the investment corporation bonds.</li> </ol>
(3) Basis of recording allowances	<p>Allowance for doubtful accounts</p> <p>Estimated uncollectible amounts are recorded for possible losses arising from default on receivables based on the historical performance of general receivables and a case-by-case evaluation of the collectability of certain receivables, such as receivables with default possibility.</p>
(4) Basis of recording revenue and expenses	<p>Method of accounting for property taxes</p> <p>For property taxes, urban planning taxes, and depreciable asset taxes on real estate properties held, ADR records the amount of taxes imposed corresponding to the current fiscal period as an expense for the property leasing activities.</p> <p>Furthermore, for the pro rata portion of property taxes ADR paid to the transferor (seller) upon acquisition of real estate properties, ADR treats the amount as acquisition costs of real estate properties, instead of recording it as an expense for the property leasing activities. The amount of property taxes treated as acquisition costs of real estate properties was 3,734 thousand yen in the previous period and 15,443 thousand yen in the current period.</p>
(5) Hedge accounting	<ol style="list-style-type: none"> <li>Method of hedge accounting In principal, deferred hedge accounting is applied. Note that special treatment is applied for interest rate swaps that fulfill certain requirements.</li> <li>Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Loans</li> <li>Hedging policy ADR conducts derivative transactions to hedge risks stipulated in ADR's Articles of Incorporation in accordance with its financial policy.</li> <li>Method for assessing the hedge effectiveness The effectiveness of hedges is assessed by comparing the cumulative change of cash flows of both hedging instruments and corresponding hedged items, and then verifying the ratio of change for both. However, evaluation of effectiveness is omitted for interest rate swaps that satisfy the requirements for special accounting treatment.</li> </ol>
(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"> <li>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</li> <li>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.</li> </ol>

# III. Notes to Financial Statements

## 4 Balance Sheets

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

(Thousands of yen)

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

- (2) Commitment line agreements

ADR has executed commitment line agreements with banks.

(Thousands of yen)

	As of January 31, 2018	As of July 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 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 years, starting from the end of the fiscal period ended January 31, 2017 (13th FP).

For the six months ended July 31, 2018

(Thousands of yen)

	Initial amount	Balance as of January 31, 2018	Funds drawn down during 16th FP	Balance as of July 31, 2018	Reasons for setting aside and drawing down funds
Reserve for dividends (Note)	33,552,162	32,866,055	336,605	32,529,450	For dividends

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

## 5 Statements of Income

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

(Thousands of yen)

	For the six months ended January 31, 2018		For the six months ended July 31, 2018	
A. Revenue from property leasing activities				
Rental revenue – real estate				
Rent income	14,151,517		14,276,600	
Facility charges	760,367		787,227	
Parking fees	428,841	15,340,727	431,954	15,495,782
Other revenue related to property leasing				
Income from leasing rights	80,136		88,971	
Other	482,364	562,501	582,321	671,293
Total revenue from property leasing activities		15,903,228		16,167,076
B. Expenses from property leasing activities				
Expenses related to the rent business				
Property taxes	859,178		865,044	
Property management fees	1,083,296		1,146,442	
Utilities	254,805		255,223	
Repairs and maintenance	521,988		567,255	
Property-casual insurance	25,543		25,369	
Trust fees	69,075		70,873	
Other rental expenses	711,555		732,701	
Depreciation and amortization	2,651,490	6,176,934	2,682,304	6,345,214
Total expenses from property leasing activities		6,176,934		6,345,214
C. Operating income from property leasing activities (A–B)		9,726,294		9,821,861

### (2) Breakdown of gain on real estate sales

For the six months ended January 31, 2018

Not applicable.

For the six months ended July 31, 2018

(RESIDIA Minami-Aoyama)

(Thousands of yen)

Income from sales of real estate properties	710,000
Cost of real estate properties sold	697,303
Other sales expenses	5,798
<b>Gain on real estate sales</b>	<b>6,897</b>

(Windsor House Hiroo)

(Thousands of yen)

Income from sales of real estate properties	1,863,000
Cost of real estate properties sold	1,630,520
Other sales expenses	104,297
<b>Gain on real estate sales</b>	<b>128,181</b>

# 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

(Units)

	As of January 31, 2018	As of July 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 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 years, starting from the end of the fiscal period ended January 31, 2017 (13th FP), which was the period following the period in which the transfer to the reserve was made. As such, ADR has drawn down 336,605,635 yen of the reserve during the fiscal period ended January 31, 2018 (15th FP).

For the six months ended July 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 years, starting from the end of the fiscal period ended January 31, 2017 (13th FP), which was the period following the period in which the transfer to the reserve was made. As such, ADR has drawn down 336,052,606 yen of the reserve during the fiscal period ended July 31, 2018 (16th 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)

	As of January 31, 2018	As of July 31, 2018
Cash and deposits	12,218,821	13,741,901
Cash and deposits in trust	9,693,200	9,605,383
Time deposits held over three months	(1,000,000)	(6,000,000)
Cash and cash equivalents	20,912,021	17,347,285

## 9 Leases

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

(Thousands of yen)

	As of January 31, 2018	As of July 31, 2018
Due within one year	729,540	739,236
Due after one year	12,610,859	12,408,175
Total	13,340,399	13,147,411

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

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

(Thousands of yen)

	As of January 31, 2018	As of July 31, 2018
Due within one year	3,918,856	3,802,751
Due after one year	7,567,406	6,353,964
Total	11,486,262	10,156,715

# III. Notes to Financial Statements

## 10 Financial Instruments

### (1) General information on financial instruments

#### 1) Policy on financial instruments

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

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

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

#### 2) Description and risks of financial instruments and risk management

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

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

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

#### 3) Supplementary explanation on fair value of financial instruments

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

### (2) Fair values of financial instruments

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

As of January 31, 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) Short-term loans payable	–	–	–
4) Current portion of investment corporation bonds	2,000,000	2,018,400	(18,400)
5) Current portion of long-term loans payable	28,950,000	29,042,964	(92,964)
6) Investment corporation bonds	25,500,000	26,074,822	(574,822)
7) Long-term loans payable	164,968,000	167,460,223	(2,492,223)
8) Derivative transactions (Special treatment for interest rate swaps)	–	(1,799,418)	(1,799,418)

As of July 31, 2018

(Thousands of yen)

	Book value	Fair value	Unrealized gain (loss)
1) Cash and deposits	13,741,901	13,741,901	–
2) Cash and deposits in trust	9,605,383	9,605,383	–
3) Short-term loans payable	1,000,000	1,000,572	(572)
4) Current portion of investment corporation bonds	2,000,000	2,003,600	(3,600)
5) Current portion of long-term loans payable	21,460,000	21,552,561	(92,561)
6) Investment corporation bonds	27,000,000	27,544,250	(544,250)
7) Long-term loans payable	174,458,000	177,215,067	(2,757,067)
8) Derivative transactions (Special treatment for interest rate swaps)	–	(1,517,966)	(1,517,966)
9) Derivative transactions (Basic treatment for interest rate swaps)	3,423	3,423	–

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

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

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

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

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

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

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

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

Please refer to “Derivative Transactions” below for details.

### (3) Redemption schedules of monetary claims and securities after balance sheet date.

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	–	–	–	–	–

As of July 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	13,741,901	–	–	–	–	–
Cash and deposits in trust	9,605,383	–	–	–	–	–
Total	23,347,284	–	–	–	–	–

### III. Notes to Financial Statements

- (4) Repayment schedules of investment corporation bonds, loans payable, and other interest-bearing loans after balance sheet date.

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

As of July 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
Short-term loans payable	1,000,000	–	–	–	–	–
Current portion of investment corporation bonds	2,000,000	–	–	–	–	–
Current portion of long-term loans payable	21,460,000	–	–	–	–	–
Investment corporation bonds	–	4,000,000	1,500,000	–	5,000,000	16,500,000
Long-term loans payable	–	20,870,000	25,218,000	24,460,000	15,310,000	88,600,000
Total	24,460,000	24,870,000	26,718,000	24,460,000	20,310,000	105,100,000

## 11 Securities

As of January 31, 2018

Not applicable.

As of July 31, 2018

Not applicable.

## 12 Derivative Transactions

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

As of January 31, 2018

Not applicable.

As of July 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 January 31, 2018 and July 31, 2018 are as follows:

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)

As of July 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	106,358,000	87,158,000	(1,517,966) (*3)
Basic accounting method	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	2,000,000	2,000,000	(3,423)

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

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

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

# III. Notes to Financial Statements

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

For the six months ended January 31, 2018

Not applicable as ADR does not have any affiliated companies.

For the six months ended July 31, 2018

Not applicable as ADR does not have any affiliated companies.

## 14 Transactions with Related Parties

(1) Parent company and major corporate unitholders

As of and for the six months ended January 31, 2018

Not applicable.

As of and for the six months ended July 31, 2018

Not applicable.

(2) Affiliated companies

As of and for the six months ended January 31, 2018

Not applicable.

As of and for the six months ended July 31, 2018

Not applicable.

(3) Fellow subsidiaries

As of and for the six months ended January 31, 2018

Not applicable.

As of and for the six months ended July 31, 2018

Not applicable.

(4) Directors and major individual unitholders

As of and 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)

As of and for the six months ended July 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	Management fee 1	444,736 (*2)	Accounts payable – other	480,315 (*3)
							Management fee 2	375,124 (*2)	Accounts payable – other	405,134 (*3)
							Management fee 3	361,930 (*2)	Accounts payable – other	390,885 (*3)
							Transfer fee	12,865 (*2)	-	-
							Acquisition fee	73,240 (*3) (*4)	-	-

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

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

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

\*3. The transaction amount includes consumption taxes.

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

## 15 Tax Effect Accounting

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

(Thousands of yen)

	As of January 31, 2018	As of July 31, 2018
Deferred tax assets		
Excess provision of allowance for doubtful accounts	2,298	2,282
Valuation difference on assets acquired through merger	10,070,239	9,832,217
Tax loss carryforwards	1,371,552	1,371,552
Other	109,516	120,395
Subtotal	11,553,606	11,326,447
Less valuation allowance	(11,553,606)	(11,326,447)
Total deferred tax assets	-	-
Net deferred tax asset	-	-



## III. Notes to Financial Statements

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

(Unit: %)

	As of January 31, 2018	As of July 31, 2018
Statutory tax rate	31.74	31.74
(Adjustments)		
Increase (decrease) in valuation allowance	(1.09)	(3.20)
Deductible dividends	(30.66)	(28.52)
Other	0.01	0.00
Effective tax rate after the application of tax effect accounting	0.01	0.01

### 16 Retirement Benefits

As of and for the six months ended January 31, 2018

Not applicable because ADR does not have retirement benefit plans.

As of and for the six months ended July 31, 2018

Not applicable because ADR does not have retirement benefit plans.

### 17 Asset Retirement Obligations

As of and for the six months ended January 31, 2018

Not applicable.

As of and for the six months ended July 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

As of and 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.

As of and for the six months ended July 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)

	As of January 31, 2018	As of July 31, 2018
Book value		
(*1) Balance at the beginning of period	424,712,182	423,470,815
Changes during the period (*2)	(1,241,366)	2,792,788
Balance at the end of period	423,470,815	426,263,604
Fair value at the end of period (*3)	533,958,000	548,888,000

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

\*2. Of the changes in the value of rental properties during the period, the main element of increase in the previous period was the acquisition of one real estate property (745,170 thousand yen), while the main decreases came from the posting of depreciation expenses. Of the changes in the value of rental properties during the fiscal period ended July 31, 2018, the increase is mainly attributable to the acquisition of two real estate properties (5,770,812 thousand yen) and the acquisition of real estate beneficiary interests in trust for two properties (1,311,848 thousand yen), and the decrease is mainly a result of the sales of two real estate properties (2,327,824 thousand yen) and posting depreciation.

\*3. The fair value at the end of the current period is the appraisal or assessment value provided by an external real estate appraiser. The fair values at the end of the previous fiscal year with respect to RESIDIA Minami-Aoyama and Windsor House Hiroo are the disposition prices.

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

### 20 Per Unit Information

(Yen)

	As of and for the six months ended January 31, 2018	As of and for the six months ended July 31, 2018
Net assets per unit	163,388	163,351
Net income per unit	5,035	5,250

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

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

	For the six months ended January 31, 2018	For the six months ended July 31, 2018
Net income (thousands of yen)	6,798,144	7,087,597
Amount not attributable to common unitholders (thousands of yen)	—	—
Net income attributable to common unit (thousands of yen)	6,798,144	7,087,597
Average number of units during the period (units)	1,350,000	1,350,000

## 21 Significant Subsequent Event

For the six months ended July 31, 2018

### Issuance of investment corporation bonds

Based on the “General Resolution on ADR Bond Issuance” resolved by the Board of Directors meeting held on July 26, 2018, ADR issued investment corporation bonds on October 19, 2018 under the following terms and conditions.

#### ADR Unsecured Bond #30 (with Pari Passu clause among specified investment corporation bonds)

Total amount of bonds:	2,000 million yen
Issue price:	100 yen par value of 100 yen for each bond
Coupon rate:	0.704%
Collateral and guarantee:	Unsecured, unguaranteed
Redemption date:	ADR will redeem the entire amount on October 19, 2028. The bonds may be purchased and canceled at any time on and after the date following the issuance date, unless otherwise stipulated by the depository.
Interest payment dates:	April 19 and October 19 of every year
Intended use of proceeds:	Repayment of short-term loans payable

## 22 Schedule of Securities

Not applicable.

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

(Thousands of yen)

Category	Type	Contract amount (*1)		Fair value (*2 and *3)
			Contract amount due after one year	
Transactions other than market transactions	Interest rate swaps (fixed rate payment, floating rate receipt)	108,358,000	89,158,000	(1,521,390)
Total		108,358,000	89,158,000	(1,521,390)

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

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

\*3. For the fair value amount of negative 1,517,966 yen, special accounting treatment is applied to the interest rate swaps in accordance with the “Accounting Standard for Financial Instruments” (issued by the Accounting Standards Board of Japan (ASBJ) on March 10, 2008; ASBJ Statement No. 10) and therefore, interest rate swaps are not stated at fair value in the balance sheets.

## III. Notes to Financial Statements

### 24 Summary of Real Estate

As of and for the six months ended July 31, 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	Depreciation for the period	Book value at the end of period	Notes
Property, plant and equipment	Buildings	75,173,544	1,813,158	1,006,303	75,980,399	12,997,222	844,039	62,983,176	*1
	Structures	23,585	604	794	23,395	7,132	764	16,263	—
	Machinery and equipment	67,662	14,698	—	82,361	19,859	3,349	62,502	—
	Tools, furniture and fixtures	268,535	32,988	11,614	289,909	141,887	15,871	148,021	—
	Land	70,754,369	4,083,265	434,390	74,403,244	—	—	74,403,244	*1 *2
	Construction in progress	47,779	44,670	47,779	44,670	—	—	44,670	—
	Buildings in trust	153,340,662	992,695	285	154,333,071	25,491,760	1,736,459	128,841,311	*1
	Structures in trust	190,982	2,608	—	193,591	103,080	4,607	90,510	—
	Machinery and equipment in trust	175,646	6,475	—	182,121	105,796	6,534	76,325	—
	Tools, furniture and fixtures in trust	783,450	48,683	—	832,133	518,517	36,240	313,615	—
	Land in trust	156,457,632	844,872	—	157,302,505	—	—	157,302,505	*1
	Construction in progress in trust	40,254	6,503	40,254	6,503	—	—	6,503	—
Subtotal		457,324,106	7,891,224	1,541,423	463,673,908	39,385,257	2,647,866	424,288,650	
Intangible assets	Leasehold rights	1,071,902	—	1,071,902	—	—	—	—	*2
	Leasehold rights in trust	2,356,072	—	—	2,356,072	381,118	34,437	1,974,953	—
	Other	19,506	—	—	19,506	19,471	19	34	—
Subtotal		3,447,482	—	1,071,902	2,375,579	400,590	34,456	1,974,988	
Total		460,771,588	7,891,224	2,613,325	466,049,487	39,785,847	2,682,323	426,263,639	

\*1. The increase in property, plant and equipment for the six months ended July 31, 2018, primarily represents the acquisition of the properties listed below.

RESIDIA Kamata V  
RESIDIA Kamata IV  
RESIDIA Funabashi IV  
RESIDIA Hijiyama-Koen

\*2. The decrease in property, plant and equipment and intangible assets for the six months ended July 31, 2018, primarily represents the sale of the properties listed below.

RESIDIA Minami-Aoyama  
Windsor House Hiroo

### 25 Schedule of Other Specified Assets

Not applicable

## 26 Schedule of Investment Corporation Bonds

As of and for the six months ended July 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	1.680	Sep. 12, 2018	(*3)	Unsecured
ADR Bond #18 (Unsecured)	Sep. 12, 2012	4,000,000	—	4,000,000	1.230	Sep. 12, 2019	(*3)	Unsecured
ADR Bond #19 (Unsecured)	Apr. 25, 2013	3,000,000	—	3,000,000	1.320	Apr. 25, 2023	(*2)	Unsecured
ADR Bond #20 (Unsecured)	Nov. 14, 2013	2,000,000	—	2,000,000	1.410	Nov. 14, 2025	(*2)	Unsecured
ADR Bond #21 (Unsecured)	Apr. 28, 2014	2,500,000	—	2,500,000	1.040	Apr. 26, 2024	(*2)	Unsecured
ADR Bond #22 (Unsecured)	Apr. 23, 2015	2,000,000	—	2,000,000	0.726	Apr. 23, 2025	(*3)	Unsecured
ADR Bond #23 (Unsecured)	Oct. 21, 2015	1,500,000	—	1,500,000	0.326	Oct. 21, 2020	(*2)	Unsecured
ADR Bond #24 (Unsecured)	Oct. 21, 2015	1,500,000	—	1,500,000	0.846	Oct. 21, 2025	(*2)	Unsecured
ADR Bond #25 (Unsecured)	Jun. 21, 2016	3,000,000	—	3,000,000	0.900	Jun. 20, 2031	(*2)	Unsecured
ADR Bond #26 (Unsecured)	Feb. 17, 2017	2,000,000	—	2,000,000	0.180	Aug. 17, 2022	(*2)	Unsecured
ADR Bond #27 (Unsecured)	Jul. 18, 2017	3,000,000	—	3,000,000	0.500	Jul. 16, 2027	(*2)	Unsecured
ADR Bond #28 (Unsecured)	Nov. 24, 2017	1,000,000	—	1,000,000	0.5663	Nov. 24, 2027	(*2)	Unsecured
ADR Bond #29 (Unsecured)	Apr. 24, 2018	—	—	1,500,000	0.690	Apr. 24, 2030	(*2)	Unsecured
Total	—	27,500,000	—	29,000,000	—	—	—	—

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

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

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

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

(Thousands of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Investment corporation bond	2,000,000	4,000,000	1,500,000	—	5,000,000

# III. Notes to Financial Statements

## 27 Schedule of Loans

As of and for the six months ended July 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
	Lenders								
Short-term loans payable	MUFG Bank, Ltd. (*10)	—	750,000	750,000	—	—	Apr. 27, 2018	(*3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank Limited	—	750,000	750,000	—				
	Mizuho Bank, Ltd.	—	500,000	500,000	—				
	Sumitomo Mitsui Trust Bank Limited	—	1,000,000	—	1,000,000	0.15%	Jul. 31, 2019	(*5)	
Total		—	3,000,000	2,000,000	1,000,000				
Current portion of long-term loans payable	Sumitomo Mitsui Trust Bank Limited	890,000	—	890,000	—	—	Jun. 29, 2018	(*5)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (*10)	1,000,000	—	—	1,000,000	1.62% (*2)	Sep. 28, 2018	(*3)	
	MUFG Bank, Ltd. (*10)	3,200,000	—	—	3,200,000	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				
	MUFG Bank, Ltd. (*10)	1,400,000	—	1,400,000	—	—	Jul. 31, 2018	(*5)	
	Sumitomo Mitsui Trust Bank Limited	500,000	—	500,000	—				
	Sumitomo Mitsui Banking Corporation	650,000	—	650,000	—				
	Mizuho Bank, Ltd.	500,000	—	500,000	—				
	Development Bank of Japan Inc.	1,000,000	—	1,000,000	—				
	Shinsei Bank, Limited	1,500,000	—	1,500,000	—	—	Jul. 31, 2018	(*6)	
	MUFG Bank, Ltd. (*10)	500,000	—	500,000	—				
	Sumitomo Mitsui Trust Bank Limited	500,000	—	500,000	—				
	Shinsei Bank, Limited	1,000,000	—	1,000,000	—				
	MUFG Bank, Ltd. (*10)	2,850,000	—	2,850,000	—				
	MUFG Bank, Ltd. (*10)	1,500,000	—	1,500,000	—	—	Apr. 27, 2018	(*5)	
	Sumitomo Mitsui Trust Bank Limited	2,100,000	—	2,100,000	—				
	Sumitomo Mitsui Banking Corporation	800,000	—	800,000	—				
	MUFG Bank, Ltd. (*10)	—	1,200,000	—	1,200,000	1.25% (*2)	Jun. 28, 2019	(*5)	
	Sumitomo Mitsui Trust Bank Limited	—	800,000	—	800,000				
	Aozora Bank, Ltd.	—	700,000	—	700,000				
	MUFG Bank, Ltd. (*10)	—	4,502,000	—	4,502,000	1.28% (*2)	Jul. 25, 2019	(*5)	
	Sumitomo Mitsui Trust Bank Limited	—	3,595,000	—	3,595,000				
	Aozora Bank, Ltd.	—	903,000	—	903,000				
	The Bank of Fukuoka, Ltd.	1,000,000	—	1,000,000	—	—	Feb. 28, 2018	(*3)	
	The Nishi-Nippon City Bank, Ltd.	500,000	—	—	500,000	0.77% (*2)	Sep. 28, 2018	(*3)	
	The 77 Bank, Ltd.	500,000	—	—	500,000				
	Mizuho Bank, Ltd.	1,500,000	—	1,500,000	—	—	Apr. 13, 2018	(*3)	
	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	—	—	May 31, 2018	(*5)	
	Total		28,950,000	11,700,000	19,190,000	21,460,000			



	Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
	Lenders								
Long-term loans payable	MUFG Bank, Ltd. (*10)	1,200,000	—	1,200,000	—	—	Jun. 28, 2019	(*5)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank Limited	800,000	—	800,000	—				
	Aozora Bank, Ltd.	700,000	—	700,000	—				
	MUFG Bank, Ltd. (*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)	
	MUFG Bank, Ltd. (*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)	4,502,000	—	4,502,000	—	—	Jul. 25, 2019	(*5)	
	Sumitomo Mitsui Trust Bank Limited	3,595,000	—	3,595,000	—				
	Aozora Bank, Ltd.	903,000	—	903,000	—				
	MUFG Bank, Ltd. (*10)	1,200,000	—	—	1,200,000	0.81%	Mar. 24, 2020	(*3)	
	Sumitomo Mitsui Trust Bank Limited	1,200,000	—	—	1,200,000	0.82%	Mar. 24, 2020	(*3)	
	MUFG Bank, Ltd. (*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	0.88% (*2)	Mar. 24, 2020	(*5)	
	Aozora Bank, Ltd.	1,830,000	—	—	1,830,000				
	Resona Bank, Limited	1,370,000	—	—	1,370,000				
	MUFG Bank, Ltd. (*10)	2,000,000	—	—	2,000,000	1.25% (*2)	Oct. 29, 2021	(*5)	
	Sumitomo Mitsui Trust Bank Limited	2,600,000	—	—	2,600,000				
	Sumitomo Mitsui Banking Corporation	1,500,000	—	—	1,500,000				
	Mizuho Bank, Ltd.	2,160,000	—	—	2,160,000	1.63% (*2)	Dec. 22, 2021	(*5)	
	Aozora Bank, Ltd.	1,379,000	—	—	1,379,000	1.54% (*2)	Jun. 25, 2021	(*5)	
	Resona Bank, Limited	919,000	—	—	919,000				
	Mizuho Trust & Banking Co., Ltd.	1,000,000	—	—	1,000,000	1.07% (*2)	Sep. 30, 2020	(*3)	
	The Norinchukin Bank	1,000,000	—	—	1,000,000				
	The Nishi-Nippon City Bank, Ltd.	500,000	—	—	500,000	0.92% (*2)	Sep. 30, 2019	(*3)	
Sumitomo Mitsui Trust Bank Limited	2,600,000	—	—	2,600,000	1.47% (*2)	Nov. 15, 2023	(*5)		
Sumitomo Mitsui Banking Corporation	3,550,000	—	—	3,550,000	1.37% (*2)	Nov. 15, 2022	(*5)		
Aozora Bank, Ltd.	1,800,000	—	—	1,800,000	1.16% (*2)	Nov. 26, 2021	(*3)		
Shinsei Bank, Limited	1,000,000	—	—	1,000,000	1.32% (*2)	Jun. 17, 2022	(*3)		
Shinsei Bank, Limited	700,000	—	—	700,000	1.10% (*2)	Jun. 18, 2021	(*3)		
The Yamaguchi Bank, Ltd.	500,000	—	—	500,000	0.93% (*2)	Jun. 18, 2020	(*3)		

Long-term loans payable

Unsecured  
Unguaranteed

### III. Notes to Financial Statements

Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
Lenders								
The Yamaguchi Bank, Ltd.	500,000	—	—	500,000	0.85% (*2)	Dec. 18, 2019	(*3)	Unsecured Unguaranteed
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	1.28% (*2)	Feb. 16, 2023	(*5)	
Sumitomo Mitsui Trust Bank Limited	455,000	—	—	455,000	1.28% (*2)	Feb. 16, 2023	(*5)	
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	0.89% (*2)	Feb. 16, 2021	(*5)	
MUFG Bank, Ltd. (*10)	1,200,000	—	—	1,200,000	0.74% (*2)	Feb. 14, 2020	(*5)	
Sumitomo Mitsui Trust Bank Limited	2,100,000	—	—	2,100,000	0.58% (*2)	Jan. 29, 2021	(*3)	
Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	0.82% (*2)	Jul. 29, 2022	(*3)	
Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000	1.02% (*2)	Sep. 29, 2023	(*5)	
Mizuho Bank, Ltd.	2,900,000	—	—	2,900,000	1.18% (*2)	Sep. 30, 2024	(*5)	
Mizuho Trust & Banking Co., Ltd.	1,500,000	—	—	1,500,000	0.85% (*2)	Oct. 31, 2022	(*5)	
MUFG Bank, Ltd. (*10)	270,000	—	—	270,000	0.76% (*2)	Apr. 28, 2022	(*5)	
Mizuho Bank, Ltd.	2,900,000	—	—	2,900,000	0.42% (*2)	Oct. 31, 2019	(*5)	
Mizuho Trust & Banking Co., Ltd.	2,350,000	—	—	2,350,000	0.57% (*2)	Jan. 29, 2021	(*5)	
Aozora Bank, Ltd.	900,000	—	—	900,000	0.63% (*2)	Jun. 30, 2021	(*5)	
The Nishi-Nippon City Bank, Ltd.	400,000	—	—	400,000	0.89% (*2)	Jan. 31, 2023	(*5)	
MUFG Bank, Ltd. (*10)	707,000	—	—	707,000	1.05% (*2)	Mar. 19, 2025	(*3)	
Sumitomo Mitsui Trust Bank Limited	393,000	—	—	393,000	1.00% (*2)	Apr. 14, 2025	(*3)	
The Nishi-Nippon City Bank, Ltd.	400,000	—	—	400,000	1.00% (*2)	Apr. 14, 2025	(*3)	
Development Bank of Japan Inc.	1,500,000	—	—	1,500,000	0.88% (*2)	Apr. 12, 2024	(*3)	
Development Bank of Japan Inc.	1,850,000	—	—	1,850,000	0.75% (*2)	Apr. 14, 2023	(*3)	
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000				
Aozora Bank, Ltd.	700,000	—	—	700,000				
Aozora Bank, Ltd.	700,000	—	—	700,000				
Resona Bank, Limited	500,000	—	—	500,000				
The Bank of Fukuoka, Ltd.	500,000	—	—	500,000				
MUFG Bank, Ltd. (*10)	600,000	—	—	600,000				
Resona Bank, Limited	500,000	—	—	500,000				
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				
Resona Bank, Limited	1,000,000	—	—	1,000,000				
Mizuho Trust & Banking Co., Ltd.	1,200,000	—	—	1,200,000				
The Yamaguchi Bank, Ltd.	500,000	—	—	500,000				
Nippon Life Insurance Company	1,000,000	—	—	1,000,000				
Mizuho Trust & Banking Co., Ltd.	1,400,000	—	—	1,400,000				
Mizuho Trust & Banking Co., Ltd.	1,200,000	—	—	1,200,000				
The Norinchukin Bank	1,500,000	—	—	1,500,000				

Long-term loans payable

Long-term loans payable

Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
Lenders								
The Yamaguchi Bank, Ltd.	500,000	—	—	500,000	0.73% (*2)	Apr. 14, 2023	(*3)	Unsecured Unguaranteed
Mizuho Trust & Banking Co., Ltd.	1,200,000	—	—	1,200,000	0.69% (*2)	Apr. 14, 2022	(*3)	
Kiraboshi Bank, Ltd. (*11)	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)	
MUFG Bank, Ltd. (*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				
MUFG Bank, Ltd. (*10)	2,500,000	—	—	2,500,000	0.57%	Jan. 31, 2026	(*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)	
MUFG Bank, Ltd. (*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)	
The Yamaguchi Bank, Ltd.	500,000	—	—	500,000	0.36%	Jul. 29, 2026	(*5)	
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.36%	Jul. 29, 2026	(*5)	
The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.26%	Jul. 29, 2025	(*5)	
The Iyo Bank, Ltd.	300,000	—	—	300,000	0.20%	Jul. 29, 2024	(*5)	
The Chugoku Bank, Ltd.	500,000	—	—	500,000	0.20%	Jul. 29, 2024	(*5)	
Bank of Kyoto, Ltd.	500,000	—	—	500,000	0.20%	Jul. 29, 2024	(*5)	

### III. Notes to Financial Statements

Classification		Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Interest rate (*1)	Repayment date	Use	Notes
Lenders									
Long-term loans payable	The Norinchukin Bank	1,500,000	—	—	1,500,000	0.45%	Nov. 28, 2025	(*5)	Unsecured Unguaranteed
	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)	
	MUFG Bank, Ltd. (*10)	2,000,000	—	—	2,000,000				
	MUFG Bank, Ltd. (*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				
	The Nishi-Nippon City Bank, Ltd.	500,000	—	—	500,000	0.42%	Feb. 27, 2026	(*6)	
	The Bank of Fukuoka, Ltd.	500,000	—	—	500,000				
	The Iyo Bank, Ltd.	500,000	—	—	500,000				
	The Chugoku Bank, Ltd.	500,000	—	—	500,000				
	Shinkin Central Bank	500,000	—	—	500,000				
	MUFG Bank, Ltd. (*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)	

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	MUFG Bank, Ltd. (*10)	–	2,850,000	–	2,850,000	0.54%	Sep. 30, 2027	(*5)	Unsecured Unguaranteed	
	The Bank of Fukuoka, Ltd.	–	500,000	–	500,000	0.38%	Feb. 28, 2025	(*5)		
	The Bank of Fukuoka, Ltd.	–	500,000	–	500,000	0.63%	Feb. 29, 2028	(*5)		
	MUFG Bank, Ltd. (*10)	–	500,000	–	500,000	0.56%	Mar. 17, 2028	(*3)		
	Sumitomo Mitsui Trust Bank Limited	–	500,000	–	500,000	0.61%	Mar. 17, 2028	(*3)		
	Mizuho Bank, Ltd.	–	1,000,000	–	1,000,000					
	The Yamaguchi Bank, Ltd.	–	500,000	–	500,000					
	Shinkin Central Bank	–	500,000	–	500,000					
	Mizuho Bank, Ltd.	–	1,500,000	–	1,500,000	0.60%	Apr. 13, 2028	(*5)		
	MUFG Bank, Ltd. (*10)	–	1,500,000	–	1,500,000	0.50%	Mar. 31, 2028	(*5)		
	Sumitomo Mitsui Trust Bank Limited	–	2,100,000	–	2,100,000	0.38%	Apr. 30, 2025	(*5)		
	Sumitomo Mitsui Banking Corporation	–	800,000	–	800,000	0.27%	Apr. 30, 2021	(*5)		
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	–	1,000,000	–	1,000,000	0.20%	Nov. 30, 2020	(*5)		
	Sumitomo Mitsui Trust Bank Limited	–	890,000	–	890,000	0.70%	Jun. 29, 2029	(*5)		
	MUFG Bank, Ltd. (*10)	–	1,000,000	–	1,000,000	0.49%	Mar. 31, 2028	(*5)		
	Development Bank of Japan Inc.	–	1,000,000	–	1,000,000	0.66%	Jul. 31, 2028	(*5)		
	The Nishi-Nippon City Bank, Ltd.	–	900,000	–	900,000					
	Mizuho Bank, Ltd.	–	500,000	–	500,000	0.47%	Jul. 31, 2026	(*5)		
	Shinsei Bank, Limited	–	1,000,000	–	1,000,000	0.47% (*2)	Jul. 31, 2026	(*5)		
	Sumitomo Mitsui Banking Corporation	–	650,000	–	650,000	0.37%	Jan. 31, 2025	(*5)		
	Shinsei Bank, Limited	–	1,000,000	–	1,000,000	0.36% (*2)	Jan. 31, 2025	(*5)		
	Shinsei Bank, Limited	–	500,000	–	500,000	0.20%	Jan. 31, 2022	(*5)		
Total		164,968,000	21,190,000	11,700,000	174,458,000					

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

(Thousands of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term loans payable	21,460,000	20,870,000	25,218,000	24,460,000	15,310,000

\*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.

\*11. The Tokyo Tomin Bank Co., Ltd. changed its trade name to Kiraboshi Bank, Ltd. on the occasion of the merger with the Yachiyo Bank, Ltd. and ShinGinko Tokyo, Inc. on May 1, 2018.

