

# Financial Statements

(18th Fiscal Period: From August 1, 2020 to January 31, 2021)

Independent Auditor's Report

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Statement of Cash Flows

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Building a better  
working world

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## Independent Auditor's Report

The Board of Directors  
Kenedix Residential Next Investment Corporation

### Opinion

We have audited the accompanying financial statements of Kenedix Residential Next Investment Corporation (the Company), which comprise the balance sheet as at January 31, 2021, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021, and its financial performance and its cash flows for the six-month period ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Supervisory Director 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.


Ernst & Young ShinNihon LLC  
Tokyo, Japan

April 28, 2021

齋木 夏生 

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Natsuki Saiki  
Designated Engagement Partner  
Certified Public Accountant

八幡 正博 

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Masahiro Yawata  
Designated Engagement Partner  
Certified Public Accountant

## KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

### Balance Sheet

As of January 31, 2021

	18th Fiscal Period as of January 31, 2021	17th Fiscal Period as of July 31, 2020
(in thousands of yen)		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits (Notes 8 and 10)	¥12,947,764	¥13,212,337
Cash and deposits in trust (Notes 8 and 10)	10,469,429	10,171,729
Operating accounts receivable	90,961	31,793
Prepaid expenses	9,576	14,671
Consumption taxes receivable	-	35,339
Other	7,224	9,032
<b>Total current assets</b>	<b>23,524,958</b>	<b>23,474,905</b>
<b>Noncurrent assets</b>		
Property, plant and equipment (Notes 15 and 20)		
Land	172,666	1,798,041
Buildings in trust	108,177,749	104,694,136
Accumulated depreciation	(14,437,598)	(13,024,172)
Buildings in trust, net	93,740,151	91,669,964
Structures in trust	1,175,676	1,127,421
Accumulated depreciation	(285,575)	(252,221)
Structures in trust, net	890,101	875,199
Machinery and equipment in trust	1,493,742	1,468,718
Accumulated depreciation	(420,189)	(386,760)
Machinery and equipment in trust, net	1,073,553	1,081,958
Tools, furniture and fixtures in trust	798,111	693,103
Accumulated depreciation	(121,898)	(99,834)
Tools, furniture and fixtures in trust, net	676,213	593,268
Land in trust	160,714,888	150,985,849
<b>Total property, plant and equipment, net</b>	<b>257,267,575</b>	<b>247,004,281</b>
<b>Intangible assets</b>		
Leasehold right in trust (Notes 15 and 20)	1,116,755	1,225,462
Other	3,234	4,010
<b>Total intangible assets</b>	<b>1,119,989</b>	<b>1,229,473</b>
<b>Investments and other assets</b>		
Lease and guarantee deposits	89,381	89,210
Long-term prepaid expenses	1,056,412	1,014,382
Other	14,478	19,719
<b>Total investments and other assets</b>	<b>1,160,272</b>	<b>1,123,311</b>
<b>Total noncurrent assets</b>	<b>259,547,837</b>	<b>249,357,066</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	41,066	45,185
Investment unit issuance costs	58,549	83,246
<b>Total deferred assets</b>	<b>99,616</b>	<b>128,431</b>
<b>Total assets</b>	<b>¥283,172,411</b>	<b>¥272,960,403</b>

	18th Fiscal Period as of January 31, 2021	17th Fiscal Period as of July 31, 2020
	(in thousands of yen)	
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Operating accounts payable	¥603,335	¥626,063
Short-term loans payable (Notes 10 and 22)	2,000,000	2,800,000
Current portion of investment corporation bonds (Notes 10 and 21)	1,000,000	-
Current portion of long-term loans payable (Notes 10, 11 and 22)	15,200,000	10,850,000
Accounts payable-other	364,045	353,107
Accrued expenses	49,658	38,676
Income taxes payable	605	605
Accrued consumption taxes	35,929	10,812
Advances received	1,147,437	1,179,888
Deposits received	90,588	82,406
Other	111,402	1,704
<b>Total current liabilities</b>	<b>20,603,002</b>	<b>15,943,264</b>
<b>Noncurrent liabilities</b>		
Investment corporation bonds (Notes 10 and 21)	6,000,000	7,000,000
Long-term loans payable (Notes 10, 11 and 22)	121,020,000	114,400,000
Tenant leasehold and security deposits in trust	3,176,031	3,132,139
Tenant lump sum deposits in trust	4,618,929	4,485,740
Asset retirement obligations (Note 14)	67,892	67,707
Other	554,484	473,947
<b>Total noncurrent liabilities</b>	<b>135,437,338</b>	<b>129,559,535</b>
<b>Total liabilities</b>	<b>156,040,341</b>	<b>145,502,799</b>
<b>NET ASSETS</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	108,550,294	108,550,294
<b>Surplus</b>		
Capital surplus	13,187,100	13,187,100
<b>Voluntary retained earnings</b>		
Reserve for temporary difference adjustments (Note 4)	1,920,000	1,940,000
<b>Total voluntary retained earnings</b>	<b>1,920,000</b>	<b>1,940,000</b>
<b>Unappropriated retained earnings</b>	<b>3,997,276</b>	<b>4,212,398</b>
<b>Total surplus</b>	<b>19,104,376</b>	<b>19,339,498</b>
<b>Total unitholders' equity</b>	<b>127,654,670</b>	<b>127,889,792</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges (Notes 10 and 11)	(522,600)	(432,188)
<b>Total valuation and translation adjustments</b>	<b>(522,600)</b>	<b>(432,188)</b>
<b>Total net assets (Note 3)</b>	<b>127,132,070</b>	<b>127,457,603</b>
<b>Total liabilities and net assets</b>	<b>¥283,172,411</b>	<b>¥272,960,403</b>

See accompanying notes to the financial statements.

## KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

### Statement of Income and Retained Earnings

For the period from August 1, 2020 to January 31, 2021

	18th Fiscal Period from August 1, 2020 to January 31, 2021	17th Fiscal Period from February 1, 2020 to July 31, 2020
(in thousands of yen)		
Operating revenues		
Rent revenue-real estate (Note 6)	¥7,834,662	¥7,704,582
Other lease business revenue (Note 6)	548,002	585,197
Gain on sales of real estate property (Note 6)	-	84,437
Total operating revenues	8,382,664	8,374,217
Operating expenses		
Expenses related to rent business (Note 6)	3,060,925	3,005,600
Asset management fees	645,144	604,986
Asset custody fees	14,600	13,908
Administrative service fees	48,792	46,472
Directors' compensation	8,100	8,100
Other operating expenses	260,792	225,746
Total operating expenses	4,038,356	3,904,813
Operating income	4,344,308	4,469,404
Non-operating income		
Interest income	41	41
Gain on forfeiture of unclaimed dividends	323	1,240
Interest on refund	114	-
Total non-operating income	479	1,282
Non-operating expenses		
Interest expenses	531,956	498,083
Interest expenses on investment corporation bonds	21,702	21,322
Borrowing expenses	129,966	115,280
Amortization of investment corporation bond issuance costs	4,118	4,118
Amortization of investment unit issuance costs	24,697	23,245
Total non-operating expenses	712,440	662,051
Ordinary income	3,632,346	3,808,635
Income before income taxes	3,632,346	3,808,635
Income taxes (Note 13)		
Current	605	605
Total income taxes	605	605
Net income	3,631,741	3,808,030
Retained earnings brought forward	365,534	404,367
Unappropriated retained earnings	¥3,997,276	¥4,212,398

See accompanying notes to the financial statements.

## KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

### Statement of Changes in Net Assets

For the period from August 1, 2020 to January 31, 2021

	Unitholders' equity						
	Surplus						
	Unitholders' capital	Capital surplus	Voluntary retained earnings		Unappropriated retained earnings	Total surplus	Total unitholders' equity
			Reserve for temporary difference adjustments	Total voluntary retained earnings			
(in thousands of yen)							
Balance as of January 31, 2020	¥99,731,514	¥13,187,100	¥1,960,000	¥1,960,000	¥4,072,277	¥19,219,377	¥118,950,891
Changes of items during the period							
Issuance of new investment units	8,818,779						8,818,779
Reversal of reserve for temporary difference adjustments			(20,000)	(20,000)	20,000	-	-
Dividends from surplus					(3,687,909)	(3,687,909)	(3,687,909)
Net income					3,808,030	3,808,030	3,808,030
Net changes of items other than unitholders' equity							
<b>Total changes of items during the period</b>	<b>8,818,779</b>	<b>-</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>140,121</b>	<b>120,121</b>	<b>8,938,900</b>
Balance as of July 31, 2020 (Note 7)	¥108,550,294	¥13,187,100	¥1,940,000	¥1,940,000	¥4,212,398	¥19,339,498	¥127,889,792
Changes of items during the period							
Reversal of reserve for temporary difference adjustments			(20,000)	(20,000)	20,000	-	-
Dividends from surplus					(3,866,863)	(3,866,863)	(3,866,863)
Net income					3,631,741	3,631,741	3,631,741
Net changes of items other than unitholders' equity							
<b>Total changes of items during the period</b>	<b>-</b>	<b>-</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(215,121)</b>	<b>(235,121)</b>	<b>(235,121)</b>
Balance as of January 31, 2021 (Note 7)	¥108,550,294	¥13,187,100	¥1,920,000	¥1,920,000	¥3,997,276	¥19,104,376	¥127,654,670

	Valuation and translation adjustments		
	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
	(in thousands of yen)		
Balance as of January 31, 2020	¥(450,527)	¥(450,527)	¥118,500,363
Changes of items during the period			
Issuance of new investment units			8,818,779
Reversal of reserve for temporary difference adjustment			-
Dividends from surplus			(3,687,909)
Net income			3,808,030
Net changes of items other than unitholders' equity	18,339	18,339	18,339
<b>Total changes of items during the period</b>	<b>18,339</b>	<b>18,339</b>	<b>8,957,239</b>
Balance as of July 31, 2020 (Note 7)	¥(432,188)	¥(432,188)	¥127,457,603
Changes of items during the period			
Reversal of reserve for temporary difference adjustments			-
Dividends from surplus			(3,866,863)
Net income			3,631,741
Net changes of items other than unitholders' equity	(90,411)	(90,411)	(90,411)
<b>Total changes of items during the period</b>	<b>(90,411)</b>	<b>(90,411)</b>	<b>(325,533)</b>
Balance as of January 31, 2021 (Note 7)	¥(522,600)	¥(522,600)	¥127,132,070

See accompanying notes to the financial statements.

## KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

### Statement of Cash Flows

For the period from August 1, 2020 to January 31, 2021

	18th Fiscal Period from August 1, 2020 to January 31, 2021	17th Fiscal Period from February 1, 2020 to July 31, 2020
(in thousands of yen)		
Net cash provided by (used in) operating activities		
Income before income taxes	¥3,632,346	¥3,808,635
Depreciation and amortization	1,504,959	1,467,881
Amortization of investment corporation bond issuance costs	4,118	4,118
Amortization of investment unit issuance costs	24,697	23,245
Interest income	(41)	(41)
Interest expenses	553,658	519,406
Decrease (increase) in operating accounts receivable	(59,168)	5,580
Decrease (increase) in consumption taxes refund receivable	35,339	(35,339)
Decrease (increase) in prepaid expenses	5,095	(6,031)
Increase (decrease) in operating accounts payable	127,276	(112,093)
Increase (decrease) in accounts payable-other	(14,235)	58,913
Increase (decrease) in accrued consumption taxes	25,117	(43,015)
Increase (decrease) in advances received	(32,451)	6,075
Decrease (increase) in long-term prepaid expenses	(42,030)	(69,007)
Decrease in net property, plant and equipment held in trust due to sale	-	451,169
Other, net	120,676	12,738
<b>Subtotal</b>	<b>5,885,358</b>	<b>6,092,236</b>
Interest income received	41	41
Interest expenses paid	(548,623)	(526,470)
Income taxes (paid) refund	(605)	(604)
<b>Net cash provided by (used in) operating activities</b>	<b>5,336,171</b>	<b>5,565,201</b>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(65,684)	-
Purchase of property, plant and equipment in trust	(11,717,031)	(15,697,335)
Payments for lease and guarantee deposits	(171)	(112)
Repayments of tenant leasehold and security deposits in trust	(130,915)	(134,722)
Proceeds from tenant leasehold and security deposits in trust	174,807	207,190
Repayments of tenant lump sum deposits in trust	(235,705)	(364,510)
Proceeds from tenant lump sum deposits in trust	368,895	160,709
<b>Net cash provided by (used in) investing activities</b>	<b>(11,605,805)</b>	<b>(15,828,780)</b>
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	-	2,000,000
Repayments of short-term loans payable	(800,000)	(2,500,000)
Proceeds from long-term loans payable	15,070,000	13,900,000
Repayments of long-term loans payable	(4,100,000)	(6,000,000)
Proceeds from issuance of investment units	-	8,768,907
Dividends paid	(3,867,238)	(3,687,172)
<b>Net cash provided by (used in) financing activities</b>	<b>6,302,761</b>	<b>12,481,735</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>33,127</b>	<b>2,218,156</b>
Cash and cash equivalents at the beginning of period	23,384,067	21,165,911
<b>Cash and cash equivalents at the end of period (Note 8)</b>	<b>¥23,417,194</b>	<b>¥23,384,067</b>

See accompanying notes to the financial statements.



# KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

## Notes to Financial Statements

For the period from August 1, 2020 to January 31, 2021

### 1. ORGANIZATION AND BASIS OF PRESENTATION

#### Organization

Kenedix Residential Next Investment Corporation (“the Investment Corporation”) was established on November 15, 2011 under the Act on Investment Trusts and Investment Corporations of Japan (“the Investment Trust Act”). On April 26, 2012, the Investment Corporation was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange (Securities Code: 3278). The Investment Corporation implemented a 2-for-1 split of its investment units held by unitholders set forth or recorded in the final unitholder registry on February 28, 2018 with March 1, 2018 as the effective date. And also on March 1, 2018, the Investment Corporation conducted an absorption-type merger (“the Merger”) whereby the Investment Corporation was the surviving corporation and Japan Senior Living Investment Corporation (“JSL”) was the dissolving corporation.

After “the Merger”, the Investment Corporation raised funds through three public offerings and two third-party allotment. As of January 31, 2021, the end of the 18th fiscal period, the number of investment units issued and outstanding totaled 951,258 units.

The Investment Corporation is externally managed by Kenedix Real Estate Fund Management, Inc. (“the Asset Management Company”), a company that was formed with personnel from Kenedix, Inc. and adheres to the core philosophies of Kenedix, Inc., that is, to provide management services from the perspective of real estate investors a real estate management company. As the asset manager, the Asset Management Company shall provide flexible and speedy real estate investment and management services based on the strategies of the Investment Corporation: “Flexible pursuit for appropriate investment and profit opportunities with comprehension of the real estate market trends” and “Speedy execution based on expeditious information collection and judgement.”

During the 18th fiscal period, the Investment Corporation acquired 7 residential properties including additional asset acquisition (total acquisition price of ¥10,481 million) and 1 additional acquisition of healthcare property (acquisition price of ¥63 million). As a result, the Investment Corporation has a portfolio comprised of 157 properties (total acquisition price of ¥259,449 million) as of January 31, 2021, the end of the 18th fiscal period. The portfolio consists of 131 residential properties (total acquisition price of ¥200,298 million), 24 healthcare properties (total acquisition price of ¥54,191 million) and 2 accommodation properties (total acquisition price of ¥4,960 million).

The occupancy rates of the overall portfolio were 96.8% and 96.2% as of the end of the 17th and 18th fiscal period, respectively. Furthermore, the average occupancy rates of the properties for residential and healthcare were 94.1% and 99.9% as of the end of the 18th fiscal period.

During the 17th and 18th fiscal period, the Investment Corporation made borrowings of ¥8,500 million and ¥4,900 million for the repayment of debt matured. During the 17th fiscal period, the Investment Corporation made new borrowings of ¥7,400 million upon acquiring properties. During the 18th fiscal period, the Investment Corporation made new borrowings of ¥10,170 million upon acquiring properties. As a result, the balance of borrowings as of the end of the 17th and 18th fiscal period stood at ¥128,050 million and ¥138,220 million, respectively. The balance of interest-bearing debt including investment corporation bonds as of the end of the 17th and 18th periods, was ¥135,050 million and ¥145,220 million, respectively.

#### Basis of Presentation

The Investment Corporation maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (Japanese GAAP), including provisions set forth in the Investment Trust Act, the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan and related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are a translation of the audited financial statements of the Investment Corporation, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Investment Corporation filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan. In addition, the notes to financial statements include certain information that might not be required under Japanese GAAP but is presented herein as additional information.

The Investment Corporation fiscal period is a six-month period which ends at the end of January or July. The Investment Corporation does not prepare consolidated financial statements because it has no subsidiaries.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (A) Property and Equipment (including trust assets)

Property and equipment are stated at cost. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

	From August 1, 2020 to January 31, 2021	From February 1, 2020 to July 31, 2020
Buildings	2-69 years	2-69 years
Structures	3-65 years	3-65 years
Machinery and equipment	3-40 years	8-40 years
Tools, furniture and fixtures	2-30 years	2-30 years

### (B) Intangible Assets (including trust assets)

Intangible assets are amortized by the straight-line method. Fixed-term leaseholds are amortized by the straight-line method based on the contract period.

### (C) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized by the straight-line method.

### (D) Unit Issuance Costs

Unit issuance costs are amortized over a period of 3 years under the straight-line method.

### (E) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized over a maturity period under the straight-line method.

### (F) Accounting Treatment of Trust Beneficiary Interests in Real Estate

For trust beneficiary interests in real estate, which are commonly utilized in the ownership of commercial properties in Japan, all relevant assets and liabilities in trust are recorded on the balance sheet and the statement of income and retained earnings.

### (G) Revenue Recognition

Operating revenues consist of rental revenues including base rents and common area charges, and other operating revenues including parking space rental revenues and other miscellaneous revenues. Rental revenues are generally recognized on an accrual basis over the life of each lease.

### (H) Taxes on Property and Equipment

Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is generally reimbursed by the purchaser for these accrued property-related tax liabilities.

When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to ¥31,734 thousand and ¥4,538 thousand as of July 31, 2020 and January 31, 2021, respectively.

#### (I) Income Taxes

Deferred tax assets and liabilities are computed based on the difference between the financial statements and income tax bases of assets and liabilities using the statutory tax rates.

#### (J) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.

#### (K) Derivative Financial Instruments

The Investment Corporation enters into derivative transactions to hedge risks prescribed in its Articles of Incorporation based on its risk management policies. The Investment Corporation hedges interest rate volatility risk of its interest payments on its borrowings by utilizing interest rate swap as hedging instruments.

As for the method of assessment of the effectiveness of the hedge in the period from the inception of the hedge to the time of judgment of its effectiveness, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made based on changed amount, etc. However, an assessment of the effectiveness of hedging activities is omitted in the case of interest rate swaps and other derivatives that meet the requirements for special treatment.

#### (L) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.

#### (M) Presentation of Amounts

Amounts of less than one thousand yen are truncated in the Japanese financial statements prepared in accordance with Japanese GAAP and filed with regulatory authorities in Japan. Unless otherwise noted, amounts are rounded down and ratios are rounded off in the accompanying financial statements. Totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

(Accounting standards issued but not yet effective)

- "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 issued on March 31, 2020)

##### (1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have jointly developed comprehensive accounting standards for revenue recognition and issued "Revenue from Contracts with Customers" (IFRS 15 (IASB) and Topic 606 (FASB)) in May 2014. Given the situation where IFRS 15 is applied from fiscal years beginning on or after January 1, 2018 and that Topic 606 will be applied from fiscal years beginning after December 15, 2017, the ASBJ has developed comprehensive accounting standards for revenue recognition and issued them together with the implementation guidance.

The basic policy of the ASBJ when it developed the accounting standards for revenue recognition was to specify the accounting standards, incorporating the basic principles of IFRS 15 as a starting point, from the perspective of comparability between financial statements, which is one of the benefits of maintaining compatibility with IFRS 15. The basic policy also stipulates that if there is an item to which consideration should be given, such as practices that have been conducted thus far in Japan, alternative treatments will be added to the extent to which comparability is not impaired.

##### (2) Scheduled date of application

The accounting standards will be applied from the beginning of the fiscal period ending January 31, 2022.

##### (3) Impact of applying the accounting standards

The impact of applying "Accounting Standard for Revenue Recognition" and its guidance on the financial statements is currently under evaluation.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 issued on July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 issued on March 31, 2020)

(1) Overview

The IASB and the FASB have established detailed guidance regarding fair value measurement (IFRS 13 “Fair Value Measurement” (IASB) and Topic 820 “Fair Value Measurement” (FASB)). The ASBJ repeatedly considered the guidance regarding fair value of financial instruments and disclosure in order to improve the comparability with such international accounting standards, and issued “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement.”

(2) Scheduled date of application

The accounting standards will be applied from the beginning of the fiscal period ending January 31, 2022.

(3) Impact of applying the accounting standards

The impact of applying the “Accounting Standard for Fair Value Measurement” and its guidance on the financial statements is currently under evaluation.

- “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31 issued on March 31, 2020)

(1) Overview

Paragraph 125 of International Accounting Standard 1 (IAS 1), “Presentation of Financial Statements,” (issued by the IASB in 2003) requires disclosure of information about the “assumptions the entity makes about the future, and other major sources of estimation uncertainty.” In this regard, there has been a request that the major sources of estimation uncertainty should be disclosed in the notes to financial statements under Japanese GAAP to provide useful information to users of financial statements. In response to this request, the ASBJ developed and issued “Accounting Standard for Disclosure of Accounting Estimates.”

(2) Scheduled date of application

The accounting standard will be applied from the end of the fiscal period ending July 31, 2021.

- “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24 issued on March 31, 2020)

(1) Overview

The ASBJ’s Standards Advisory Council recommended that the ASBJ consider enhancing disclosures for notes relating to “accounting policies and methods adopted in the cases where the relevant accounting standards were not clear.” In response to such recommendations, the ASBJ issued the revised “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.”

(2) Scheduled date of application

The accounting standard will be applied from the end of the fiscal period ending July 31, 2021.

### 3. NET ASSETS

The Investment Corporation issues only non-par value units in accordance with the Investment Trust Act. The entire amount of the issue price of new units is designated as stated capital. The Investment Corporation is required to maintain net assets of at least ¥50,000 thousand as required by the Investment Trust Act.

### 4. RESERVE FOR TEMPORARY DIFFERENCE ADJUSTMENTS

As of January 31, 2021

The following summarizes reserve for temporary difference adjustments.

	Initial amount	Balance at the beginning of the period	Reserve during the period	Reversal during the period	Balance at the end of the period	Reason for reserve and reversal
(in thousands of yen)						
Gain on negative goodwill*	¥2,000,000	¥1,940,000	¥ -	¥20,000	¥1,920,000	Appropriation for cash distribution

\* The Investment Corporation reserved part of gain on negative goodwill incurred in the 13th fiscal period as reserve for temporary difference adjustments. At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period starting from the next fiscal period after the fiscal period, in which the initial amount was reserved.

As of July 31, 2020

The following summarizes reserve for temporary difference adjustments.

	Initial amount	Balance at the beginning of the period	Reserve during the period	Reversal during the period	Balance at the end of the period	Reason for reserve and reversal
(in thousands of yen)						
Gain on negative goodwill*	¥2,000,000	¥1,960,000	¥ -	¥20,000	¥1,940,000	Appropriation for cash distribution

\* The Investment Corporation reserved part of gain on negative goodwill incurred in the 13th fiscal period as reserve for temporary difference adjustments. At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period starting from the next fiscal period after the fiscal period, in which the initial amount was reserved.

### 5. COMMITMENT LINE CONTRACTS

KDR has commitment line contracts with the banks with which it does business.

	As of January 31, 2021	As of July 31, 2020
(in thousands of yen)		
Total amount of commitment line contracts	¥4,500,000	¥4,500,000
Balance of loans payable outstanding	-	-
Remaining amount	¥4,500,000	¥4,500,000

## 6. BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES AND GAIN ON SALES OF REAL ESTATE PROPERTY

Rental and other operating revenues and property-related expenses for the periods from August 1, 2020 to January 31, 2021 and from February 1, 2020 to July 31, 2020 consist of the following:

	From August 1, 2020 to January 31, 2021	From February 1, 2020 to July 31, 2020
	(in thousands of yen)	
A. Rental and other operating revenues:		
Rental revenues	¥7,464,641	¥7,315,802
Rental revenues from limited proprietary rights of land	22,118	43,750
Common area charges	347,902	345,030
Subtotal	7,834,662	7,704,582
Others:		
Parking space rental revenues	206,193	205,439
Miscellaneous	341,808	379,757
Subtotal	548,002	585,197
Total rental and other operating revenues	¥8,382,664	¥8,289,780
B. Property-related expenses:		
Property management fees and facility management fees	¥436,795	¥433,235
Utilities	92,202	89,588
Taxes	497,116	498,996
Repairs and maintenance	275,759	288,648
Insurance	15,119	12,101
Trust fees	57,030	55,499
Depreciation	1,504,182	1,467,105
Others	182,718	160,424
Total property-related expenses	¥3,060,925	¥3,005,600
C. Net operating income from real estate rental business (A-B)	¥5,321,738	¥5,284,179

Gain on sales of real estate property:

From August 1, 2020 to January 31, 2021 : Not applicable

From February 1, 2020 to July 31, 2020

	(in thousands of yen)
KDX Residence Izumi Chuo	
Revenue from sale of real estate property	¥540,000
Cost of real estate property	451,169
Other sales expenses	4,392
Gain on sales of real estate property	¥84,437

## 7. UNITHOLDERS' EQUITY

Total number of authorized investment units and total number of investment units issued and outstanding are as follows:

	From August 1, 2020 to January 31, 2021	From February 1, 2020 to July 31, 2020
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	951,258 units	951,258 units

## 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of January 31, 2021 and July 31, 2020:

	As of January 31, 2021	As of July 31, 2020
	(in thousands of yen)	
Cash and deposits	¥12,947,764	¥13,212,337
Cash and deposits in trust	10,469,429	10,171,729
Cash and cash equivalents	¥23,417,194	¥23,384,067

## 9. LEASES

The Investment Corporation, as lessee, has entered into Fixed-term lease contract whereby fixed monthly rents are due in advance. The future minimum rental expenses under existing non-cancelable operating leases as of January 31, 2021 and July 31, 2020 are as follows:

	As of January 31, 2021	As of July 31, 2020
	(in thousands of yen)	
Due in 1 year	¥12,000	¥12,000
Due after 1 year	533,000	539,000
Total	¥545,000	¥551,000

The Investment Corporation, as lessor, has entered into leases whereby fixed monthly rents are due in advance with a lease term of generally two years for residential properties. The future minimum rental revenues under existing non-cancelable operating leases as of January 31, 2021 and July 31, 2020 are as follows:

	As of January 31, 2021	As of July 31, 2020
	(in thousands of yen)	
Due in 1 year	¥3,475,193	¥3,639,213
Due after 1 year	15,461,675	20,383,265
Total	¥18,936,868	¥24,022,478

## 10. FINANCIAL INSTRUMENTS

### (A). Overview

#### (1) Policy for financial instruments

The Investment Corporation procures funds for asset acquisitions, repairs, payment of distributions, repayment of loans, etc. through loans from financial institutions, issuance of investment corporation bonds, issuance of investment units and other means. With regard to the procurement of interest-bearing debts, the Investment Corporation ensures that it can effectively combine stable long-term funds with flexible short-term funds. Management of surplus funds is undertaken through various bank deposits focusing on safety, liquidity and effectiveness. The Investment Corporation uses derivatives for the purpose of hedging its exposure to changes in interest rates and other risks and does not enter into derivative transactions for speculative or trading purposes.

#### (2) Types of financial instruments and related risk

Bank deposits are for managing the Investment Corporation's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited.

Borrowings and investment corporation bonds are made primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 7 years and 8 months for borrowings and also have a redemption date of a maximum of 8 years and 11 months for investment corporation bonds as of January 31, 2021, the end of the 18th fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, borrowings with floating interest rates are exposed to interest rate fluctuation risk. Derivatives are used for the purpose of hedging interest rate fluctuation risk for a certain portion of the borrowings.

#### (3) Risk management for financial instruments

##### a. Credit risk

While bank deposits are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited, such risk is monitored

by deposits in non-interest bearing ordinary savings accounts or with financial institutions with credit ratings above a certain level. In utilizing derivatives, the Investment Corporation aims to mitigate counterparty risk such as by transacting with financial institutions with favorable ratings.

b. Market risk

While borrowings with floating rates are exposed to interest rate volatility risk, such risk is monitored by adjusting the rate of the balance of borrowings with floating rates against the total borrowings according to the financial environment, interest rate forecasts by continuous monitoring, etc. and by using derivatives, etc. A risk management policy is established with regard to the execution and management of derivatives, and such transactions are entered into based on this policy.

c. Liquidity risk

Though borrowings are subject to liquidity risk, the Investment Corporation reduces such risk by spreading out payment due dates and by diversifying financial institutions. Liquidity risk is also managed by such means as regularly checking the balance of cash reserves.

**(4) Supplementary explanation of the estimated fair value of financial instruments**

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value.

**(B). Estimated Fair Value of Financial Instruments**

The carrying value of financial instruments on the balance sheet and estimated fair value are shown in the following table.

As of January 31, 2021

	Carrying amount	Estimated fair value	Difference
(in thousands of yen)			
(1) Cash and deposits	¥12,947,764	¥12,947,764	¥ -
(2) Cash and deposits in trust	10,469,429	10,469,429	-
Subtotal	23,417,194	23,417,194	-
(1) Short-term loans payable	2,000,000	2,000,000	-
(2) Current portion of investment corporation bonds	1,000,000	998,900	(1,100)
(3) Current portion of long-term loans payable	15,200,000	15,215,486	15,486
(4) Investment corporation bonds	6,000,000	5,958,400	(41,600)
(5) Long-term loans payable	121,020,000	121,463,368	443,368
Subtotal	145,220,000	145,636,154	416,154
Derivative transactions*	¥(522,600)	¥(522,600)	¥ -

\* Figures indicate net amount of derivative assets/liabilities derived from derivative transactions, with minus representing net liabilities.

As of July 31, 2020

	Carrying amount	Estimated fair value	Difference
(in thousands of yen)			
(1) Cash and deposits	¥13,212,337	¥13,212,337	¥ -
(2) Cash and deposits in trust	10,171,729	10,171,729	-
Subtotal	23,384,067	23,384,067	-
(1) Short-term loans payable	2,800,000	2,800,000	-
(2) Current portion of investment corporation bonds	-	-	-
(3) Current portion of long-term loans payable	10,850,000	10,863,234	13,234
(4) Investment corporation bonds	7,000,000	6,963,600	(36,400)
(5) Long-term loans payable	114,400,000	114,986,963	586,963
Subtotal	135,050,000	135,613,797	563,797
Derivative transactions*	¥(432,188)	¥(432,188)	¥ -

\* Figures indicate net amount of derivative assets/liabilities derived from derivative transactions, with minus representing net liabilities.

Note 1: Methods to determine the estimated fair value of financial instruments and matters related to derivative transactions.



Assets

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

Since these items are settled in a short period of time, their carrying amount approximates fair value.

Liabilities

(1) Short-term loans payable

Since these items are settled in a short period of time with floating interest rates, their carrying amount approximates fair value.

(2) Current portion of investment corporation bonds and (4) Investment corporation bonds

The fair value of investment corporation bonds is based on quoted market prices.

(3) Current portion of long-term loans payable and (5) Long-term loans payable

Among these items, the fair value of loans payable with fixed interest rates is calculated based on the present value, which is the total amount of principal and interest discounted by the estimated interest rate to be applied in the event that the Investment Corporation conducts new borrowings of the same type. As for the fair value of loans payable with floating interest rates, it is based on the carrying amount since market interest rates are reflected in the short term and the fair value is believed to approximate the carrying amount as the credit standing of the Investment Corporation has not changed significantly since the loans were made. (However, the fair value of long-term loans payable subject to the special treatment for interest-rate swaps is based on the present value of the total of principal and interest, accounted for together with the applicable interest-rate swaps, discounted by the estimated interest rate to be applied in the event that the Investment Corporation conducts new borrowings of the same type.)

Derivative transactions

Please refer to Note 11 "DERIVATIVE TRANSACTIONS".

Note 2: Redemption schedule for financial assets with maturities

As of January 31, 2021

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(in thousands of yen)					
Cash and Deposits	¥12,947,764	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	10,469,429	-	-	-	-	-
Total	¥23,417,194	¥ -	¥ -	¥ -	¥ -	¥ -

As of July 31, 2020

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(in thousands of yen)					
Cash and Deposits	¥13,212,337	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and deposits in trust	10,171,729	-	-	-	-	-
Total	¥23,384,067	¥ -	¥ -	¥ -	¥ -	¥ -

Note 3: Redemption schedule for loans payable and investment corporation bonds

As of January 31, 2021

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(in thousands of yen)					
Short-term loans payable	¥2,000,000	¥ -	¥ -	¥ -	¥ -	¥ -
Investment corporation bonds	1,000,000	-	1,000,000	-	-	5,000,000
Long-term loans payable	15,200,000	18,250,000	14,400,000	15,900,000	15,500,000	56,970,000
Total	¥18,200,000	¥18,250,000	¥15,400,000	¥15,900,000	¥15,500,000	¥61,970,000

As of July 31, 2020

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
(in thousands of yen)						
Short-term loans payable	¥2,800,000	¥ -	¥ -	¥ -	¥ -	¥ -
Investment corporation bonds	-	1,000,000	-	1,000,000	-	5,000,000
Long-term loans payable	10,850,000	19,650,000	13,350,000	14,850,000	13,550,000	53,000,000
Total	¥13,650,000	¥20,650,000	¥13,350,000	¥15,850,000	¥13,550,000	¥58,000,000

## 11. DERIVATIVE TRANSACTIONS

The contract amount and the fair value of interest-rate swap transactions as of January 31, 2021 are shown in the following table.

(1) Transactions not subject to hedge accounting

Not applicable

(2) Transactions subject to hedge accounting

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
			Total	Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	¥79,320,000	¥76,320,000	¥(522,600)	Based on the amount provided by counterparty financial institutions
Special treatment for interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	33,200,000	24,200,000	*	-
Total			¥112,520,000	¥100,520,000	¥(522,600)	-

\*Interest rate swaps for which the special treatment is applied are accounted for together with the underlying hedged item. As a result, their fair value is included in the fair value of the hedged long-term loans payable.

The contract amount and the fair value of interest-rate swap transactions as of July 31, 2020 are shown in the following table.

(1) Transactions not subject to hedge accounting

Not applicable

(2) Transactions subject to hedge accounting

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
			Total	Maturing after 1 year		
Accounting method, in principle	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	¥66,650,000	¥63,650,000	¥(432,188)	Based on the amount provided by counterparty financial institutions
Special treatment for interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	36,800,000	30,850,000	*	-
Total			¥103,450,000	¥94,500,000	¥(432,188)	-

\*Interest rate swaps for which the special treatment is applied are accounted for together with the underlying hedged item. As a result, their fair value is included in the fair value of the hedged long-term loans payable.

## 12. RELATED-PARTY TRANSACTIONS

1. Parent Company, major corporate unitholders and other  
18th Fiscal Period (August 1, 2020 to January 31, 2021) and 17th Fiscal Period (February 1, 2020 to July 31, 2020): Not applicable
2. Affiliated companies and other  
18th Fiscal Period (August 1, 2020 to January 31, 2021) and 17th Fiscal Period (February 1, 2020 to July 31, 2020): Not applicable
3. Fellow subsidiary companies and other  
18th Fiscal Period (August 1, 2020 to January 31, 2021) and 17th Fiscal Period (February 1, 2020 to July 31, 2020): Not applicable
4. Directors, major individual unitholders and other  
18th Fiscal Period (August 1, 2020 to January 31, 2021) and 17th Fiscal Period (February 1, 2020 to July 31, 2020): Not applicable

## 13. INCOME TAXES

The Investment Corporation is subject to corporate income taxes at a regular statutory rate of approximately 32%. However, the Investment Corporation may deduct from its taxable income amounts distributed to its unitholders, provided the requirements under the Special Taxation Measures Law of Japan are met, including a requirement that it currently distributes in excess of 90% of its net income for the fiscal period in order to be able to deduct such amounts. If the Investment Corporation does not satisfy all of the requirements, the entire taxable income of the Investment Corporation will be subject to regular corporate income taxes. Since the Investment Corporation distributed in excess of 90% of its distributable income in the form of cash distributions totaling ¥3,867 million and ¥3,866 million for the periods ended January 31, 2021 and July 31, 2020, respectively, the distributions were treated as deductible distributions for purposes of corporate income taxes. The effective tax rates on the Investment Corporation's income were 0.02% for the periods ended January 31, 2021 and July 31, 2020. The following table summarizes the significant differences between the statutory tax rate and the effective tax rate.

	From August 1, 2020 to January 31, 2021	From February 1, 2020 to July 31, 2020
Statutory tax rate	31.46%	31.46%
Deductible cash distributions	(31.04)	(30.98)
Others	(0.40)	(0.46)
Effective tax rate	0.02%	0.02%

The significant components of deferred tax assets and liabilities as of January 31, 2021 and July 31, 2020 are as follows:

	As of January 31, 2021	As of July 31, 2020
	(in thousands of yen)	
Deferred tax assets:		
Valuation difference on assets acquired by merger	¥661,652	¥678,375
Deferred gains or losses on hedges	168,964	142,170
Asset retirement obligations	21,359	21,300
Amortization of leasehold right in trust	1,808	1,266
Other	20	-
Subtotal deferred tax assets	853,806	843,112
Valuation allowance	(853,806)	(843,112)
Total deferred tax assets	¥ -	¥ -
Net deferred tax assets	¥ -	¥ -

## 14. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations reported on balance sheets

### 1. Summary of the asset retirement obligations

The Investment corporation has recognized the original state restoration obligations assumed under the general fixed-term land leasehold agreement as the asset retirement obligations in connection with Arute Ishiyagawa acquired on June 3, 2019.

### 2. Method of calculating asset retirement obligations

Asset retirement obligations are calculated based on a discount rate of 0.54711% and the useful life has been estimated to be 47 years and one month based on the time period from the date of acquisition to the expiration of the agreement.

### 3. Changes in the amount of applicable asset retirement obligations consisted of the following

	From August 1, 2020 to January 31, 2021	From February 1, 2020 to July 31, 2020
	(in thousands of yen)	
Balance at the beginning of period	¥67,707	¥67,522
Accretion adjustment	185	184
Balance at the end of period	¥67,892	¥67,707

## 15. INVESTMENT AND RENTAL PROPERTIES

The Investment Corporation owns real estate for rental purposes in the Tokyo Metropolitan Area and other regional areas for the purpose of generating rental revenues.

The book value and fair value concerning the above real estate for rental purposes are as follows.

	18th Fiscal Period from August 1, 2020 to January 31, 2021	17th Fiscal Period from February 1, 2020 to July 31, 2020
	(in thousands of yen)	
Book value		
Balance at the beginning of period	¥248,229,744	¥234,307,773
Changes during the period	10,154,586	13,921,970
Balance at the end of period	258,384,330	248,229,744
Fair value at the end of period	¥312,166,000	¥295,688,000

Note 1: Book value excludes accumulated depreciation from acquisition costs.

Note 2: Among changes in the amount of real estate for rental purposes that occurred during the 18th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interests in 6 properties totaling ¥10,750,264 thousand and additional acquisition of real estate and real estate trust beneficiary interest in 2 properties amounting to ¥430,265 thousand, and the principal decrease was depreciation of ¥1,503,997 thousand, and during the 17th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interests in 8 properties totaling ¥15,324,167 thousand, and the principal decrease was the sales of real estate trust beneficiary interests in 1 property totaling ¥451,169 thousand and depreciation of ¥1,466,920 thousand.

Note 3: The fair value is the appraisal value or the survey value determined by outside appraisers. In addition, the fair value at the end of 18th fiscal period of KDX Residence Sendagaya, which was sold on February 5, 2021, is based on the sales price (¥1,110,000 thousand) under the trust beneficiary interest sales contracts entered into on January 26, 2021.

Income and loss in the fiscal periods ended January 31, 2021 and July 31, 2020 for real estate for rental purposes is listed in Note 6 "BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES AND GAIN ON SALES OF REAL ESTATE PROPERTY".

## 16. SEGMENT AND RELATED INFORMATION

Segment and related information for the period ended from August 1, 2020 to January 31, 2021 and from February 1, 2020 to July 31, 2020 is as follows:

### (A) Segment information

Disclosure is omitted because the real estate leasing business is the Investment Corporation's sole business and it has no reportable segment subject to disclosure.

### (B) Related information

#### (1) Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category account for over 90% of the operating revenue on the statement of income and retained earnings.

#### (2) Information about each geographic area

##### (a) Net sales

Disclosure is omitted because net sales to external customers in Japan account for over 90% of the operating revenue on the statement of income and retained earnings.

##### (b) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

#### (3) Information about each major customer

Disclosure is omitted because net sales to a single external customer account for less than 10% of the operating revenue on the statement of income and retained earnings.

## 17. PER UNIT INFORMATION

	From August 1, 2020 to January 31, 2021	From February 1, 2020 to July 31, 2020
Net asset value per unit	¥133,646	¥133,988
Net income per unit	¥3,817	¥4,028
Weighted average number of units (units)	951,258	945,242

The weighted average number of units outstanding of 951,258 and 945,242 were used for the computation of the amount of net income per unit as of January 31, 2021 and July 31, 2020, respectively.

Net income per unit after adjusting for residual units is not included because there were no residual investment units.

The basis for calculating net income per unit is as follows:

	From August 1, 2020 to January 31, 2021	From February 1, 2020 to July 31, 2020
Net income (in thousands of yen)	¥3,631,741	¥3,808,030
Net income not available to ordinary unitholders (in thousands of yen)	-	-
Net income available to ordinary unitholders (in thousands of yen)	¥3,631,741	¥3,808,030
Weighted average number of units during the period (units)	951,258	945,242

## 18. SIGNIFICANT SUBSEQUENT EVENTS

### Issuance of New Investment Units

On February 15, 2021 and February 18, 2021, the Board of Directors of the Investment Corporation resolved to issue new investment units as the funds for acquiring specified assets and other use. Payments for the issuance of new investment units through public offering and through third-party allotment have been completed on February 25, 2021 and March 9, 2021, respectively.

As a result of the issuance of new investment units, the Investment Corporation had total unitholders' capital of ¥116,322,630,253 with 995,883 investment units outstanding as of March 9, 2021.

#### (Issuance of New Investment Units through Public Offering)

Issuance of new investment units	:	42,500 units
Issue price (Offer price)	:	¥179,985 per unit
Aggregate issue price (Total offer price)	:	¥7,649,362,500
Issue amount (Paid-in value)	:	¥174,170 per unit
Total issue amount (Aggregate paid-in value)	:	¥7,402,225,000
Payment date	:	February 25, 2021

#### (Issuance of New Investment Units through Third-Party Allotment)

Issuance of new investment units	:	2,125 units
Issue amount (Paid-in value)	:	¥174,170 per unit
Total issue amount (Aggregate paid-in value)	:	¥370,111,250
Payment date	:	March 9, 2021
Allottee	:	SMBC Nikko Securities Inc.

## 19. SECURITIES PORTFOLIO

Securities portfolio consists of the following as of January 31, 2021:

- (1) Stock Not applicable
- (2) Securities other than shares Not applicable

Securities portfolio consists of the following as of July 31, 2020

- (1) Stock Not applicable
- (2) Securities other than shares Not applicable

## 20. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment consist of the following as of January 31, 2021:

Type of asset	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Depreciation		Net balance at end of the period	Remarks
					Accumulated depreciation	Depreciation for the period		
(in thousands of yen)								
Land	¥1,798,041	¥172,666	¥1,798,041	¥172,666	¥ -	¥ -	¥172,666	Note 2
Sub total	1,798,041	172,666	1,798,041	172,666	-	-	172,666	
Buildings in trust	104,694,136	3,483,612	-	108,177,749	14,437,598	1,413,425	93,740,151	Note 1
Structures in trust	1,127,421	48,255	-	1,175,676	285,575	33,354	890,101	
Machinery and equipment in trust	1,468,718	25,024	-	1,493,742	420,189	33,429	1,073,553	
Tools, furniture and fixtures in trust	693,103	105,008	-	798,111	121,898	22,063	676,213	
Land in trust	150,985,849	9,729,039	-	160,714,888	-	-	160,714,888	Notes 1 and 2
Sub total	258,969,228	13,390,940	-	272,360,169	15,265,261	1,502,272	257,094,908	
Total	260,767,270	13,563,607	1,798,041	272,532,836	15,265,261	1,502,272	257,267,575	
Intangible assets								
Leasehold right in trust	1,229,487	-	106,982	1,122,504	5,749	1,724	1,116,755	Note 2
Other	7,762	-	-	7,762	4,528	776	3,234	
Total	¥1,237,249	¥ -	¥106,982	¥1,130,267	¥10,277	¥2,501	¥1,119,989	

Note 1: The amount of increase during the period is primarily attributable to the acquisition of the real estate properties and capital expenditures.

Note 2: Due to the change in ownership form to real estate trust beneficiary for Cosmo Heim Motosumiyoshi (land), land decreased and reclassified into land in trust. On the other hand, due to the partial change in ownership form to real estate for Rehabili-home Granda Mondo Yakujin (land with leasehold interest), leasehold right in trust decreased and reclassified into Land.

Property, plant and equipment consist of the following as of July 31, 2020

Type of asset	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Depreciation		Net balance at end of the period	Remarks
					Accumulated depreciation	Depreciation for the period		
(in thousands of yen)								
Land	¥1,798,041	¥ -	¥ -	¥1,798,041	¥ -	¥ -	¥1,798,041	
Sub total	1,798,041	-	-	1,798,041	-	-	1,798,041	
Buildings in trust	100,799,661	4,252,497	358,022	104,694,136	13,024,172	1,380,991	91,669,964	Notes 1 and 2
Structures in trust	1,089,011	50,323	11,913	1,127,421	252,221	32,643	875,199	
Machinery and equipment in trust	1,448,282	20,435	-	1,468,718	386,760	32,885	1,081,958	
Tools, furniture and fixtures in trust	570,610	123,043	550	693,103	99,834	18,674	593,268	
Land in trust	139,731,924	11,393,759	139,835	150,985,849	-	-	150,985,849	Notes 1 and 2
Sub total	243,639,490	15,840,059	510,321	258,969,228	13,762,988	1,465,195	245,206,240	
Total	245,437,532	15,840,059	510,321	260,767,270	13,762,988	1,465,195	247,004,281	
Intangible assets								
Leasehold right in trust	1,229,487	-	-	1,229,487	4,024	1,724	1,225,462	
Other	7,762	-	-	7,762	3,752	776	4,010	
Total	¥1,237,249	¥ -	¥ -	¥1,237,249	¥7,776	¥2,501	¥1,229,473	

Note 1: The amount of increase during the period is primarily attributable to the acquisition of the real estate properties and capital expenditures.

Note 2: The amount of decrease during the period is primarily attributable to the sales of the real estate property.

## 21. INVESTMENT CORPORATION BONDS

Outstanding Investment corporation bonds as of January 31, 2021 are as follows.

Series	Date of issue	Balance at the beginning of period	Decrease during the period	Balance at the end of period	Interest rate	Repayment date	Use	Remarks
(in thousands of yen)								
First series of unsecured investment corporation bonds (Note 1)	August 30, 2016	¥1,000,000	¥ -	¥1,000,000	0.200%	August 30, 2021		
Second series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.540%	August 28, 2026	(Note2)	Unsecured
Third series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.800%	August 30, 2028		
Fourth series of	November 30,	1,000,000	-	1,000,000	0.410%	November 30,		

Series	Date of issue	Balance at the beginning of period	Decrease during the period	Balance at the end of period	Interest rate	Repayment date	Use	Remarks
(in thousands of yen)								
unsecured investment corporation bonds (Note 1)	2018					2023		
Fifth series of unsecured investment corporation bonds (Note 1)	November 30, 2018	1,000,000	-	1,000,000	0.850%	November 30, 2028		
Sixth series of unsecured investment corporation bonds(Social bond) (Note 1)	December 20, 2019	2,000,000	-	2,000,000	0.750%	December 20, 2029	(Note3)	Unsecured
Total		¥7,000,000	¥ -	¥7,000,000				

Note 1: Ranking pari passu among the specified investment corporation bonds.

Note 2: Investment corporation bonds were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate and repayment of debts.

Note 3: Investment corporation bonds were used as the funds for the acquisition of social eligible assets.

Note 4: Annual repayments of investment corporation bonds scheduled for the next five years after the balance sheet date are as follows.

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
(in thousands of yen)					
Investment corporation bonds	¥1,000,000	¥ -	¥1,000,000	¥ -	¥ -

Outstanding Investment corporation bonds as of July 31, 2020 are as follows.

Series	Date of issue	Balance at the beginning of period	Decrease during the period	Balance at the end of period	Interest rate	Repayment date	Use	Remarks
(in thousands of yen)								
First series of unsecured investment corporation bonds (Note 1)	August 30, 2016	¥1,000,000	¥ -	¥1,000,000	0.200%	August 30, 2021		
Second series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.540%	August 28, 2026		
Third series of unsecured investment corporation bonds (Note 1)	August 30, 2016	1,000,000	-	1,000,000	0.800%	August 30, 2028	(Note2)	Unsecured
Fourth series of unsecured investment corporation bonds (Note 1)	November 30, 2018	1,000,000	-	1,000,000	0.410%	November 30, 2023		
Fifth series of unsecured investment corporation bonds (Note 1)	November 30, 2018	1,000,000	-	1,000,000	0.850%	November 30, 2028		
Sixth series of unsecured investment corporation bonds(Social bond) (Note 1)	December 20, 2019	2,000,000	-	2,000,000	0.750%	December 20, 2029	(Note3)	Unsecured
Total		¥7,000,000	¥ -	¥7,000,000				

Note 1: Ranking pari passu among the specified investment corporation bonds.

Note 2: Investment corporation bonds were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate and repayment of debts.

Note 3: Investment corporation bonds were used as the funds for the acquisition of social eligible assets.

Note 4: Annual repayments of investment corporation bonds scheduled for the next five years after the balance sheet date are as follows.

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
(in thousands of yen)					
Investment corporation bonds	¥ -	¥1,000,000	¥ -	¥1,000,000	¥ -



## 22. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt and long-term debt consist of the following as of January 31, 2021

Classification		Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
Lender		(in thousands of yen)							
Short-term loans payable	Sumitomo Mitsui Banking Corporation	¥800,000	¥ -	¥800,000	¥ -	0.414%	January 31, 2021		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.414%	February 28, 2021	(Note 6)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	0.414%	February 28, 2021		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	0.364%	July 31, 2021		
	Sub total	2,800,000	-	800,000	2,000,000				
Current portion of long-term loans payable	MUFG Bank, Ltd.	1,000,000	-	1,000,000	-	1.109%	January 31, 2021		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	2,000,000	-	0.804%	November 30, 2020		
	Aozora Bank, Ltd.	300,000	-	300,000	-	0.678%	August 31, 2020		
	MUFG Bank, Ltd.	300,000	-	300,000	-	0.624%	October 27, 2020		
	MUFG Bank, Ltd.	500,000	-	500,000	-	0.422%	August 31, 2020		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.221%	July 31, 2021		
	Aozora Bank, Ltd.	1,350,000	-	-	1,350,000	1.183%	March 31, 2021		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.409%	July 31, 2021		
	Shinsei Bank, Limited	1,000,000	-	-	1,000,000	0.409%	July 31, 2021		
	MUFG Bank, Ltd.	500,000	-	-	500,000	0.409%	July 31, 2021		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.409%	July 31, 2021		
	MUFG Bank, Ltd.	900,000	-	-	900,000	0.439%	July 31, 2021		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.439%	July 31, 2021		
	Sumitomo Mitsui Banking Corporation (Note 2)	1,100,000	-	-	1,100,000				
	MUFG Bank, Ltd. (Note 2)	1,100,000	-	-	1,100,000				
	Mizuho Bank, Ltd. (Note 2)	600,000	-	-	600,000	0.916%	August 7, 2021	(Note 6)	Unsecured/Unguaranteed
	Aozora Bank, Ltd. (Note 2)	350,000	-	-	350,000				
	Resona Bank, Limited (Note 2)	300,000	-	-	300,000				
	Mizuho Trust & Banking Co., Ltd. (Note 2)	300,000	-	-	300,000				
	Development Bank of Japan Inc. (Note 2)	1,000,000	-	-	1,000,000	0.996% (Note 5)	August 7, 2021		
	Sumitomo Mitsui Banking Corporation (Note 2)	600,000	-	-	600,000	0.945%	August 31, 2021		
	MUFG Bank, Ltd. (Note 2)	600,000	-	-	600,000	0.945%	August 31, 2021		
	Aozora Bank, Ltd. (Note 2)	500,000	-	-	500,000	0.945%	August 31, 2021		
	Sumitomo Mitsui Banking Corporation (Note 2)	1,200,000	-	-	1,200,000	0.875%	January 31, 2022		
	Sumitomo Mitsui Banking Corporation	-	800,000	-	800,000	0.428%	January 31, 2022		
	Sub total	18,500,000	800,000	4,100,000	15,200,000				
Long-term loans payable	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.267%	April 30, 2022		
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	1.267%	April 30, 2022		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Resona Bank, Limited	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Sumitomo Mitsui Banking Corporation	400,000	-	-	400,000			(Note 6)	Unsecured/Unguaranteed
	MUFG Bank, Ltd.	400,000	-	-	400,000				
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Resona Bank, Limited	200,000	-	-	200,000	1.254%	August 7, 2023		
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000				
	Aozora Bank, Ltd.	150,000	-	-	150,000				

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
		(in thousands of yen)							
	Development Bank of Japan Inc.	500,000	-	-	500,000	1.320% (Note 5)	August 7, 2023		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.083%	November 30, 2022		
	MUFG Bank, Ltd.	1,200,000	-	-	1,200,000	1.105%	January 31, 2024		
	Aozora Bank, Ltd.	2,000,000	-	-	2,000,000	0.875%	April 30, 2022		
	Resona Bank, Limited	1,500,000	-	-	1,500,000	0.987%	April 30, 2023		
	MUFG Bank, Ltd.	2,000,000	-	-	2,000,000	1.100%	April 30, 2024		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.265%	April 30, 2025		
	Shinsei Bank, Limited	1,100,000	-	-	1,100,000				
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000				
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.115%	July 29, 2022		
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Sompo Japan Insurance Inc.	1,000,000	-	-	1,000,000				
	Resona Bank, Limited	1,100,000	-	-	1,100,000	0.923%	August 31, 2022		
	Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000	0.923%	August 31, 2022		
	Sumitomo Mitsui Trust Bank, Limited	950,000	-	-	950,000	1.047%	August 31, 2023		
	MUFG Bank, Ltd.	1,700,000	-	-	1,700,000	1.169%	August 31, 2024		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.169%	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	1.193% (Note 5)	August 31, 2024		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.156%	April 27, 2025		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.819%	April 28, 2025		
	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	0.903%	April 30, 2026		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.660% (Note 5)	July 31, 2025		
	Mizuho Bank, Ltd.	1,500,000	-	-	1,500,000	0.816% (Note 5)	August 31, 2026		
Long-term loans payable	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.713%	August 31, 2024	(Note 6)	Unsecured/Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.797%	August 31, 2025		
	Resona Bank, Limited	500,000	-	-	500,000	0.797%	August 31, 2025		
	MUFG Bank, Ltd.	2,000,000	-	-	2,000,000	0.670% (Note 5)	August 31, 2025		
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.751% (Note 5)	August 31, 2025		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	0.906%	August 31, 2026		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.773% (Note 5)	October 31, 2025		
	Resona Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027		
	Shinsei Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027		
	Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000	0.928% (Note 5)	August 22, 2027		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.928% (Note 5)	August 22, 2027		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.928% (Note 5)	August 22, 2027		
	The Bank of Fukuoka, Ltd.	500,000	-	-	500,000	0.928% (Note 5)	August 22, 2027		
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.501%	February 28, 2023		
	MUFG Bank, Ltd.	1,500,000	-	-	1,500,000	0.501%	February 28, 2023		
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	0.582%	February 29, 2024		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.582%	February 29, 2024		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.582%	February 29, 2024		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.624%	August 31, 2024		
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.661% (Note 5)	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.665%	February 28, 2025		
	Resona Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
		(in thousands of yen)							
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		
	Nippon Life Insurance Company	500,000	-	-	500,000	0.900% (Note 5)	January 30, 2027		
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000				
	MUFG Bank, Ltd.	1,400,000	-	-	1,400,000				
	Mizuho Bank, Ltd.	900,000	-	-	900,000				
	Development Bank of Japan Inc.	500,000	-	-	500,000				
	Nippon Life Insurance Company	500,000	-	-	500,000				
	Resona Bank, Limited	400,000	-	-	400,000	0.799%	February 2, 2026		
	Shinsei Bank, Limited	400,000	-	-	400,000				
	Sumitomo Mitsui Trust Bank, Limited	400,000	-	-	400,000				
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000				
	Aozora Bank, Ltd.	300,000	-	-	300,000				
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000				
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.509%	August 31, 2022		
	MUFG Bank, Ltd.	400,000	-	-	400,000	0.509%	August 31, 2022		
	Development Bank of Japan Inc.	1,600,000	-	-	1,600,000	0.498% (Note 5)	August 31, 2022		
	Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.592%	August 31, 2023		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.592%	August 31, 2023		
	MUFG Bank, Ltd.	800,000	-	-	800,000	0.592%	August 31, 2023		
	Sumitomo Mitsui Banking Corporation	1,050,000	-	-	1,050,000	0.914%	February 28, 2027		
	Resona Bank, Limited	500,000	-	-	500,000	0.914%	February 28, 2027		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	0.914%	February 28, 2027		
Long-term loans payable	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.914%	February 28, 2027	(Note 6)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	250,000	-	-	250,000	0.914%	February 28, 2027		
	Development Bank of Japan Inc.	1,400,000	-	-	1,400,000	0.884% (Note 5)	February 28, 2027		
	MUFG Bank, Ltd.	800,000	-	-	800,000	0.825% (Note 5)	February 28, 2027		
	Nippon Life Insurance Company	700,000	-	-	700,000	0.920% (Note 5)	September 30, 2026		
	Shinsei Bank, Limited	1,000,000	-	-	1,000,000	1.031%	September 30, 2028		
	Sumitomo Mitsui Trust Bank, Limited	800,000	-	-	800,000	1.031%	September 30, 2028		
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	1.031%	September 30, 2028		
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000	0.363%	November 30, 2024		
	Mizuho Bank, Ltd.	2,000,000	-	-	2,000,000	0.330% (Note 5)	May 31, 2025		
	Shinsei Bank, Limited	500,000	-	-	500,000	0.484%	November 30, 2025		
	Shinsei Bank, Limited	500,000	-	-	500,000	0.272%	January 31, 2023		
	Mizuho Bank, Ltd.	800,000	-	-	800,000	0.299%	July 31, 2023		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.572%	August 31, 2026		
	MUFG Bank, Ltd.	500,000	-	-	500,000	0.325%	April 30, 2023		
	Resona Bank, Limited	450,000	-	-	450,000	0.336%	April 30, 2024		
	MUFG Bank, Ltd.	1,500,000	-	-	1,500,000	0.600%	November 30, 2026		
	Shinsei Bank, Limited	500,000	-	-	500,000	0.329%	July 31, 2023		
	Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000	0.329%	July 31, 2023		
	Sumitomo Mitsui Trust Bank, Limited	300,000	-	-	300,000	0.329%	July 31, 2023		
	The Bank of Fukuoka, Ltd.	200,000	-	-	200,000	0.329%	July 31, 2023		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.259%	February 29, 2024		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	0.259%	February 29, 2024		

Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
Lender	(in thousands of yen)							
Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	0.464%	February 28, 2027		
Mizuho Bank, Ltd.	500,000	-	-	500,000	0.414%	February 28, 2027		
Resona Bank, Limited	500,000	-	-	500,000	0.414%	February 28, 2027		
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.414%	February 28, 2027		
The Bank of Fukuoka, Ltd.	400,000	-	-	400,000	0.414%	February 28, 2027		
MUFG Bank, Ltd.	400,000	-	-	400,000	0.450% (Note 5)	February 28, 2027		
Aozora Bank, Ltd.	200,000	-	-	200,000	0.531%	February 29, 2028		
MUFG Bank, Ltd.	600,000	-	-	600,000	0.300% (Note 5)	February 29, 2024		
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.646%	June 30, 2028		
Shinsei Bank, Limited	800,000	-	-	800,000	0.646%	June 30, 2028		
Development Bank of Japan Inc.	500,000	-	-	500,000	0.616% (Note 5)	June 30, 2028		
Sumitomo Mitsui Banking Corporation	1,750,000	-	-	1,750,000	0.691%	July 31, 2028		
Shinsei Bank, Limited	1,750,000	-	-	1,750,000	0.641%	July 31, 2028		
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.641%	July 31, 2028		
Mizuho Bank, Ltd.	500,000	-	-	500,000	0.641%	July 31, 2028		
Resona Bank, Limited	500,000	-	-	500,000	0.641%	July 31, 2028		
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.641%	July 31, 2028		
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.686%	July 31, 2028	(Note 6)	Unsecured/ Unguaranteed
Mizuho Trust & Banking Co., Ltd.	-	800,000	-	800,000	0.637%	July 31, 2028		
MUFG Bank, Ltd	-	500,000	-	500,000	0.640%	August 31, 2028		
Aozora Bank, Ltd.	-	300,000	-	300,000	0.690%	August 31, 2028		
Sumitomo Mitsui Banking Corporation	-	840,000	-	840,000	0.648%	September 30, 2028		
Sumitomo Mitsui Banking Corporation	-	900,000	-	900,000	0.658%	September 30, 2028		
Mizuho Bank, Ltd.	-	800,000	-	800,000	0.658%	September 30, 2028		
Mizuho Bank, Ltd.	-	1,330,000	-	1,330,000	0.658%	September 30, 2028		
Resona Bank, Limited	-	500,000	-	500,000	0.558%	September 30, 2028		
Mizuho Trust & Banking Co., Ltd.	-	400,000	-	400,000	0.608%	September 30, 2028		
MUFG Bank, Ltd (Note 5)	-	800,000	-	800,000	0.550%	September 30, 2028		
MUFG Bank, Ltd	-	300,000	-	300,000	0.637%	October 31, 2027		
Mizuho Bank, Ltd.	-	500,000	-	500,000	0.478%	April 30, 2025		
Mizuho Trust & Banking Co., Ltd.	-	1,000,000	-	1,000,000	0.585%	October 31, 2027		
Sumitomo Mitsui Banking Corporation	-	2,000,000	-	2,000,000	0.617%	November 30, 2027		
MUFG Bank, Ltd	-	1,000,000	-	1,000,000	0.599%	January 31, 2028		
Mizuho Bank, Ltd.	-	1,200,000	-	1,200,000	0.409%	January 31, 2025		
Mizuho Trust & Banking Co., Ltd.	-	1,100,000	-	1,100,000	0.359%	January 31, 2025		
Sub total	106,750,000	14,270,000	-	121,020,000				
Total	¥128,050,000	¥15,070,000	¥4,900,000	¥138,220,000				

Note 1: Annual repayments of long-term loans payable (except for current portion of long-term loans payable) scheduled for the next five years after the balance sheet date are as follows:

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(in thousands of yen)				
Long-term loans payable	¥18,250,000	¥14,400,000	¥15,900,000	¥15,500,000	¥56,970,000

Note 2: Borrowings listed in the current portion of long-term loans payable were listed in long-term loans payable in the previous fiscal period.

Note 3: All debts except for the following Note 5 are borrowing at a floating rate.

Note 4: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to borrowings for which interest rate swap transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps are indicated.

Note 5: Borrowings is applied at a fixed rate.

Note 6: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.

Note 7: All the repayment methods of debt financing are lump-sum repayments on the due date.

Short-term debt and long-term debt consist of the following as of July 31, 2020

Classification		Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
Lender		(in thousands of yen)							
Short-term loans payable	Sumitomo Mitsui Banking Corporation	¥1,000,000	¥ -	¥1,000,000	¥ -	0.419%	February 28, 2020	(Note 6)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,000,000	-	1,000,000	-	0.374%	July 31, 2020		
	Sumitomo Mitsui Banking Corporation	500,000	-	500,000	-	0.324%	July 31, 2020		
	Sumitomo Mitsui Banking Corporation	800,000	-	-	800,000	0.416%	January 31, 2021		
	Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.416%	February 28, 2021		
	Sumitomo Mitsui Banking Corporation	-	500,000	-	500,000	0.417%	February 28, 2021		
	Sumitomo Mitsui Banking Corporation	-	500,000	-	500,000	0.347%	July 31, 2021		
	Sub total	3,300,000	2,000,000	2,500,000	2,800,000				
Current portion of long-term loans payable	Shinsei Bank, Limited	1,750,000	-	1,750,000	-	0.729%	July 29, 2020	(Note 6)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,750,000	-	1,750,000	-				
	MUFG Bank, Ltd.	1,000,000	-	1,000,000	-				
	Mizuho Bank, Ltd.	500,000	-	500,000	-				
	Resona Bank, Limited	500,000	-	500,000	-				
	Mizuho Trust & Banking Co., Ltd.	500,000	-	500,000	-				
	MUFG Bank, Ltd	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.804%	November 30, 2020		
	Aozora Bank, Ltd.	300,000	-	-	300,000	0.678%	August 31, 2020		
	MUFG Bank, Ltd.	300,000	-	-	300,000	0.624%	October 27, 2020		
	MUFG Bank, Ltd.	500,000	-	-	500,000	0.441%	August 31, 2020		
	Sumitomo Mitsui Banking Corporation (Note 2)	1,000,000	-	-	1,000,000	1.221%	July 31, 2021		
	Aozora Bank, Ltd. (Note 2)	1,350,000	-	-	1,350,000	1.183%	March 31, 2021		
	Sumitomo Mitsui Banking Corporation (Note 2)	1,000,000	-	-	1,000,000	0.409%	July 31, 2021		
	Shinsei Bank, Limited (Note 2)	1,000,000	-	-	1,000,000	0.409%	July 31, 2021		
	MUFG Bank, Ltd. (Note 2)	500,000	-	-	500,000	0.409%	July 31, 2021		
	Mizuho Bank, Ltd. (Note 2)	500,000	-	-	500,000	0.409%	July 31, 2021		
MUFG Bank, Ltd. (Note 2)	900,000	-	-	900,000	0.441%	July 31, 2021			
Mizuho Bank, Ltd. (Note 2)	500,000	-	-	500,000	0.441%	July 31, 2021			
	Sub total	16,850,000	-	6,000,000	10,850,000				
Long-term loans payable	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.267%	April 30, 2022	(Note 6)	Unsecured/Unguaranteed
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	1.267%	April 30, 2022		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Resona Bank, Limited	1,000,000	-	-	1,000,000	1.267%	April 30, 2022		
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000	0.916%	August 7, 2021		
	MUFG Bank, Ltd.	1,100,000	-	-	1,100,000				
	Mizuho Bank, Ltd.	600,000	-	-	600,000				
	Aozora Bank, Ltd.	350,000	-	-	350,000				
	Resona Bank, Limited	300,000	-	-	300,000				
	Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000				
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.996% (Note 5)	August 7, 2021		
	Sumitomo Mitsui Banking Corporation	400,000	-	-	400,000	1.254%	August 7, 2023		
MUFG Bank, Ltd.	400,000	-	-	400,000					
Mizuho Bank, Ltd.	300,000	-	-	300,000					
Resona Bank, Limited	200,000	-	-	200,000					

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
(in thousands of yen)									
Long-term loans payable	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000	1.254%	August 7, 2023	(Note 6)	Unsecured/Unguaranteed
	Aozora Bank, Ltd.	150,000	-	-	150,000				
	Development Bank of Japan Inc.	500,000	-	-	500,000	1.320% (Note 5)	August 7, 2023		
	Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000	0.945%	August 31, 2021		
	MUFG Bank, Ltd.	600,000	-	-	600,000	0.945%	August 31, 2021		
	Aozora Bank, Ltd.	500,000	-	-	500,000	0.945%	August 31, 2021		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.083%	November 30, 2022		
	Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.875%	January 31, 2022		
	MUFG Bank, Ltd.	1,200,000	-	-	1,200,000	1.105%	January 31, 2024		
	Aozora Bank, Ltd.	2,000,000	-	-	2,000,000	0.875%	April 30, 2022		
	Resona Bank, Limited	1,500,000	-	-	1,500,000	0.987%	April 30, 2023		
	MUFG Bank, Ltd.	2,000,000	-	-	2,000,000	1.100%	April 30, 2024		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	1.265%	April 30, 2025		
	Shinsei Bank, Limited	1,100,000	-	-	1,100,000				
	Sumitomo Mitsui Banking Corporation	1,100,000	-	-	1,100,000				
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.115%	July 29, 2022		
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Sompo Japan Insurance Inc.	1,000,000	-	-	1,000,000				
	Resona Bank, Limited	1,100,000	-	-	1,100,000	0.923%	August 31, 2022		
	Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000	0.923%	August 31, 2022		
	Sumitomo Mitsui Trust Bank, Limited	950,000	-	-	950,000	1.047%	August 31, 2023		
	MUFG Bank, Ltd.	1,700,000	-	-	1,700,000	1.169%	August 31, 2024		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.169%	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	1.193% (Note 5)	August 31, 2024		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.156%	April 27, 2025		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.819%	April 28, 2025		
	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	0.903%	April 30, 2026		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.660% (Note 5)	July 31, 2025		
	Mizuho Bank, Ltd.	1,500,000	-	-	1,500,000	0.816% (Note 5)	August 31, 2026		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.713%	August 31, 2024		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.797%	August 31, 2025		
	Resona Bank, Limited	500,000	-	-	500,000	0.797%	August 31, 2025		
	MUFG Bank, Ltd.	2,000,000	-	-	2,000,000	0.670% (Note 5)	August 31, 2025		
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.751% (Note 5)	August 31, 2025		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	0.906%	August 31, 2026		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.773% (Note 5)	October 31, 2025		
	Resona Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027		
	Shinsei Bank, Limited	1,000,000	-	-	1,000,000	0.900%	August 22, 2027		
Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000	0.928% (Note 5)	August 22, 2027			
Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.928% (Note 5)	August 22, 2027			
Mizuho Bank, Ltd.	500,000	-	-	500,000	0.928% (Note 5)	August 22, 2027			
The Bank of Fukuoka, Ltd.	500,000	-	-	500,000	0.928% (Note 5)	August 22, 2027			
Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.501%	February 28, 2023			
MUFG Bank, Ltd.	1,500,000	-	-	1,500,000	0.501%	February 28, 2023			
Aozora Bank, Ltd.	1,500,000	-	-	1,500,000	0.582%	February 29, 2024			

Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
		(in thousands of yen)							
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.582%	February 29, 2024		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.582%	February 29, 2024		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	0.624%	August 31, 2024		
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.661% (Note 5)	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.665%	February 28, 2025		
	Resona Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		
	Nippon Life Insurance Company	500,000	-	-	500,000	0.900% (Note 5)	January 30, 2027		
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000				
	MUFG Bank, Ltd.	1,400,000	-	-	1,400,000				
	Mizuho Bank, Ltd.	900,000	-	-	900,000				
	Development Bank of Japan Inc.	500,000	-	-	500,000				
	Nippon Life Insurance Company	500,000	-	-	500,000				
	Resona Bank, Limited	400,000	-	-	400,000	0.799%	February 2, 2026		
	Shinsei Bank, Limited	400,000	-	-	400,000				
	Sumitomo Mitsui Trust Bank, Limited	400,000	-	-	400,000				
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000				
	Aozora Bank, Ltd.	300,000	-	-	300,000				
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000				
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.509%	August 31, 2022		
	MUFG Bank, Ltd.	400,000	-	-	400,000	0.509%	August 31, 2022		
	Development Bank of Japan Inc.	1,600,000	-	-	1,600,000	0.498% (Note 5)	August 31, 2022		
Long-term loans payable	Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.592%	August 31, 2023	(Note 6)	Unsecured/ Unguaranteed
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.592%	August 31, 2023		
	MUFG Bank, Ltd.	800,000	-	-	800,000	0.592%	August 31, 2023		
	Sumitomo Mitsui Banking Corporation	1,050,000	-	-	1,050,000	0.914%	February 28, 2027		
	Resona Bank, Limited	500,000	-	-	500,000	0.914%	February 28, 2027		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	0.914%	February 28, 2027		
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.914%	February 28, 2027		
	Mizuho Bank, Ltd.	250,000	-	-	250,000	0.914%	February 28, 2027		
	Development Bank of Japan Inc.	1,400,000	-	-	1,400,000	0.884% (Note 5)	February 28, 2027		
	MUFG Bank, Ltd.	800,000	-	-	800,000	0.825% (Note 5)	February 28, 2027		
	Nippon Life Insurance Company	700,000	-	-	700,000	0.920% (Note 5)	September 30, 2026		
	Shinsei Bank, Limited	1,000,000	-	-	1,000,000	1.031%	September 30, 2028		
	Sumitomo Mitsui Trust Bank, Limited	800,000	-	-	800,000	1.031%	September 30, 2028		
	Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	1.031%	September 30, 2028		
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000	0.363%	November 30, 2024		
	Mizuho Bank, Ltd.	2,000,000	-	-	2,000,000	0.330% (Note 5)	May 31, 2025		
	Shinsei Bank, Limited	500,000	-	-	500,000	0.484%	November 30, 2025		
	Shinsei Bank, Limited	500,000	-	-	500,000	0.272%	January 31, 2023		
	Mizuho Bank, Ltd.	800,000	-	-	800,000	0.299%	July 31, 2023		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.572%	August 31, 2026		
	MUFG Bank, Ltd.	500,000	-	-	500,000	0.325%	April 30, 2023		
	Resona Bank, Limited	450,000	-	-	450,000	0.336%	April 30, 2024		
	MUFG Bank, Ltd.	1,500,000	-	-	1,500,000	0.600%	November 30, 2026		
	Shinsei Bank, Limited	500,000	-	-	500,000	0.329%	July 31, 2023		



Classification	Lender	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
		(in thousands of yen)							
	Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000	0.329%	July 31, 2023		
	Sumitomo Mitsui Trust Bank, Limited	300,000	-	-	300,000	0.329%	July 31, 2023		
	The Bank of Fukuoka, Ltd.	200,000	-	-	200,000	0.329%	July 31, 2023		
	Mizuho Bank, Ltd.	-	500,000	-	500,000	0.259%	February 29, 2024		
	Sumitomo Mitsui Trust Bank, Limited	-	500,000	-	500,000	0.259%	February 29, 2024		
	Sumitomo Mitsui Banking Corporation	-	500,000	-	500,000	0.464%	February 28, 2027		
	Mizuho Bank, Ltd.	-	500,000	-	500,000	0.414%	February 28, 2027		
	Resona Bank, Limited	-	500,000	-	500,000	0.414%	February 28, 2027		
	Mizuho Trust & Banking Co., Ltd.	-	500,000	-	500,000	0.414%	February 28, 2027		
	The Bank of Fukuoka, Ltd.	-	400,000	-	400,000	0.414%	February 28, 2027		
	MUFG Bank, Ltd.	-	400,000	-	400,000	0.450% (Note 5)	February 28, 2027		
Long-term loans payable	Aozora Bank, Ltd.	-	200,000	-	200,000	0.531%	February 29, 2028	(Note 6)	Unsecured/ Unguaranteed
	MUFG Bank, Ltd.	-	600,000	-	600,000	0.300% (Note 5)	February 29, 2024		
	Sumitomo Mitsui Trust Bank, Limited	-	1,000,000	-	1,000,000	0.646%	June 30, 2028		
	Shinsei Bank, Limited	-	800,000	-	800,000	0.646%	June 30, 2028		
	Development Bank of Japan Inc.	-	500,000	-	500,000	0.616% (Note 5)	June 30, 2028		
	Sumitomo Mitsui Banking Corporation	-	1,750,000	-	1,750,000	0.691%	July 31, 2028		
	Shinsei Bank, Limited	-	1,750,000	-	1,750,000	0.641%	July 31, 2028		
	MUFG Bank, Ltd.	-	1,000,000	-	1,000,000	0.641%	July 31, 2028		
	Mizuho Bank, Ltd.	-	500,000	-	500,000	0.641%	July 31, 2028		
	Resona Bank, Limited	-	500,000	-	500,000	0.641%	July 31, 2028		
	Mizuho Trust & Banking Co., Ltd.	-	500,000	-	500,000	0.641%	July 31, 2028		
	Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.686%	July 31, 2028		
	Sub total	100,500,000	13,900,000	-	114,400,000				
Total		¥120,650,000	¥15,900,000	¥8,500,000	¥128,050,000				

Note 1: Annual repayments of long-term loans payable (except for current portion of long-term loans payable) scheduled for the next five years after the balance sheet date are as follows:

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
	(in thousands of yen)				
Long-term loans payable	¥19,650,000	¥13,350,000	¥ 14,850,000	¥13,550,000	¥53,000,000

Note 2: Borrowings listed in the current portion of long-term loans payable were listed in long-term loans payable in the previous fiscal period.

Note 3: All debts except for the following Note 5 are borrowing at a floating rate.

Note 4: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to borrowings for which interest rate swap transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps are indicated.

Note 5: Borrowings is applied at a fixed rate.

Note 6: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.

Note 7: All the repayment methods of debt financing are lump-sum repayments on the due date.

## 23. DISTRIBUTIONS

	18th Fiscal Period (From August 1, 2020 to January 31, 2021)	17th Fiscal Period (From February 1, 2020 to July 31, 2020)
I. Retained earnings at the end of period	¥3,997,276,406	¥4,212,398,326
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments (Note 1)	¥20,000,000	¥20,000,000
III. Total distributions	¥3,867,815,028	¥3,866,863,770
Distributions per unit	¥4,066	¥4,065
IV. Retained earnings brought forward to the next period	¥149,461,378	¥365,534,556
Method of calculating distribution amount	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥3,867,815,028, which is the amount of ¥3,631,741,850 in net income and ¥216,073,178 from retained earnings brought forward and reversal of reserve for temporary difference adjustments, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 18th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>	<p>In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute ¥3,866,863,770, which is the amount of ¥3,808,030,471 in net income, ¥38,833,299 from retained earnings brought forward and reversal of reserve for temporary difference adjustments, as the distribution of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 38-2 of the Investment Corporation's Articles of Incorporation. In the 17th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>

### Note 1: Reserve for temporary difference adjustments

#### 18th Fiscal Period (August 1, 2020 to January 31, 2021)

The Investment Corporation has reserved ¥2,000,000,000 as reserve for temporary difference adjustments from gain on negative goodwill in the 13th fiscal period. At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period applied to distribution starting from the 14th fiscal period distribution. It has been decided that ¥20,000,000 shall be reversed and applied to distribution in the 18th fiscal period distribution.

#### 17th Fiscal Period (February 1, 2020 to July 31, 2020)

The Investment Corporation has reserved ¥2,000,000,000 as reserve for temporary difference adjustments from gain on negative goodwill in the 13th fiscal period. At least 1% of the initial amount in equal installments over 50 years (100 fiscal periods) will be reversed every fiscal period applied to distribution starting from the 14th fiscal period distribution. It has been decided that ¥20,000,000 shall be reversed and applied to distribution in the 17th fiscal period distribution.