Financial Statements

(13th Fiscal Period: From May 1, 2011 to October 31, 2011)

Financial Summary (Unaudited)

Historical Operating trends For the 9th - 13th Periods

Period	Unit	9th Period (as of Oct. 31, 2009)	10th Period (as of Apr. 30, 2010)	11th Period (as of Oct. 31, 2010)	12th Period (as of Apr. 30, 2011)	13th Period (as of Oct. 31, 2011)
Operating revenues	mn yen	7,921	8,067	8,358	8,136	9,044
(Rental revenues)	mn yen	7,921	8,067	8,242	8,136	8,498
Operating expenses	mn yen	4,708	4,329	4,522	4,427	4,618
(Property-related expenses)	mn yen	3,652	3,714	3,817	3,767	3,961
Operating income	mn yen	3,213	3,738	3,835	3,709	4,425
Ordinary income	mn yen	2,103	2,568	2,608	2,346	3,040
Net income (a)	mn yen	2,102	2,567	2,607	2,309	3,052
Total assets (b) **(Period-on-period change)**	mn yen %	236,320 (-1.0)	251,566 (+6.5)	251,080 (-0.2)	261,928 (+4.3)	274,973 (+5.0)
Interest-bearing debt (c) **(Period-on-period change)**	mn yen %	97,220 (-1.5)	102,968 (+5.9)	102,567 (-0.4)	112,715 (+9.9)	110,914 (-1.6)
Unitholders' equity (d) **(Period-on-period change)**	mn yen %	127,067 (-0.3)	135,689 (+6.8)	135,732 (+0.0)	135,505 (-0.2)	150,272 (+10.9)
Unitholders' capital **(Period-on-period change)**	mn yen %	124,973 (0.0)	133,129 (+6.5)	133,129 (0.0)	133,129 (0.0)	147,153 (+10.5)
Number of investment units issued and outstanding (e)	unit	200,000	233,550	233,550	233,550	286,550
Unitholders' equity per unit (d)/(e)	yen	635,335	580,987	581,170	580,199	524,419
Total distribution (f)	mn yen	2,102	2,567	2,541	2,310	2,749
Distribution per unit (f)/(e)	yen	10,511	10,993	10,881	9,891	9,596
(Earnings distributed per unit)	yen	10,511	10,993	10,881	9,891	9,596
(Distribution in excess of earnings per unit)	yen	-	-	-	-	-
Return on assets (annualized) (Notes 1 and 2)	%	0.9 (1.8)	1.1 (2.1)	1.0 (2.1)	0.9 (1.8)	1.1 (2.2)
Return on net assets (annualized) (Notes 2 and 3)	%	1.7 (3.3)	2.0 (3.9)	1.9 (3.8)	1.7 (3.4)	2.1 (4.2)
Net assets ratio at end of period (d)/(b) **(Period-on-period change)**	%	53.8 (+0.4)	53.9 (+0.2)	54.1 (+0.1)	51.7 (-2.3)	54.6 (+2.9)
Interest-bearing debt ratio at end of period (c)/(b) **(Period-on-period change)**	%	41.1 (-0.2)	40.9 (-0.2)	40.9 (-0.1)	43.0 (+2.2)	40.3 (-2.7)
Payout ratio (Note 4) (f)/(a)	%	100.0	99.9	97.4	100.0	90.0
Other reference						
Number of properties	properties	65	70	67	71	74
Total leasable floor area	m^2	254,225.04	271,260.81	267,737.33	286,237.93	300,016.89
Occupancy at end of period	%	94.7	94.4	93.6	94.6	94.7
Depreciation expenses for the period	mn yen	1,451	1,477	1,440	1,406	1,442
Capital expenditures for the period	mn yen	400	330	312	574	674
Leasing NOI (Net Operating Income) (Note 5)	mn yen	5,721	5,830	5,864	5,776	5,980
FFO (Funds From Operation) (Note 6)	mn yen	3,994	4,044	3,995	3,716	3,950
FFO per unit (Note 7)	yen	19,973	17,318	17,106	15,914	13,786

Notes:1. Return on assets = Ordinary income/(Total assets at beginning of period + Total assets at end of period)/2 × 100
2. Annualized values for the 9th Fiscal Period are calculated based on a period of 184 days, 181 days for the 10th Fiscal Period, 184 days for the 11th Period, 181 days for 12th Fiscal Period and 184 days for the 13th Fiscal Period, .
3. Return on net assets = Net income/(Total net assets at beginning of period + Total net assets at end of period)/2 × 100
4. Payout ratio is rounded down to the first decimal place.
5. Leasing NOI = Rental revenues – Rental expenses + Depreciation expenses for the period
6. FFO = Net income + Depreciation expenses for the period – Profit on sale of trust beneficiary interests in real estate or real estate + Loss on sale of trust beneficiary interests in real estate or real estate
7. FFO per unit = FFO/Number of investment units issued and outstanding (figures below ¥1 rounded down)
8. Where applicable, figures are rounded down to the nearest million.

Report of Independent Auditors

The Board of Directors
Kenedix Realty Investment Corporation

We have audited the accompanying balance sheets of Kenedix Realty Investment Corporation as of October 31, 2011 and April 30, 2011, and the related statements of income and retained earnings and changes in net assets for the six-month periods then ended, all expressed in yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenedix Realty Investment Corporation at October 31, 2011 and April 30, 2011, and the results of its operations for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of matter

As described in Note 17, Subsequent Events, the Company decided to acquire properties and concluded loan agreement. Our opinion is not qualified in respect of this matter.

Ernst & Young ShinNihon LLC

December 19, 2011

Balance Sheets

As of October 31, 2011 and April 30, 2011 (In thousands of yen)

	As of October 31, 2011	As of April 30, 2011
Assets		
Current assets:		
Cash and bank deposits (Notes 6 and 15)	¥ 18,338,535	¥ 13,794,963
Rental receivables	173,773	186,413
Consumption tax refundable	-	310,485
Other current assets (Note 9)	77,564	60,390
Total current assets	18,589,872	14,352,251
Property and equipment, at cost:(Notes 4, 6, 14 and 16)		
Land	177,220,871	171,111,081
Buildings and structures (Note 7)	89,329,995	85,658,330
Machinery and equipment	1,354,493	1,308,858
Tools, furniture and fixtures	406,173	401,538
Construction in progress	1,874	-
Less-accumulated depreciation	(13,751,870)	(12,653,540)
Net property and equipment	254,561,536	245,826,267
Other assets:		
Ground leasehold (Notes 14 and 16)	359,429	360,204
Corporate bond issuance costs	30,906	22,206
Unit issuance costs	111,272	25,136
Other assets (Notes 6, 14 and 16)	1,320,426	1,342,835
Total assets	**¥ 274,973,441**	**¥ 261,928,899**

	As of October 31, 2011	As of April 30, 2011
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Trade and other payables	¥ 802,437	¥ 617,497
Current portion of corporate bonds (Notes 5 and 15)	9,000,000	9,000,000
Short-term debt and current portion of long-term debt (Notes 5, 6 and 15)	24,050,000	36,160,000
Deposits received	2,814	16,243
Rents received in advance	1,281,807	1,872,708
Provision for loss due to disaster	2,334	30,932
Other current liabilities	272,913	244,822
Total current liabilities	35,412,305	47,942,202
Corporate bonds (Notes 5 and 15)	4,500,000	3,000,000
Long-term debt (Notes 5, 6 and 15)	73,364,000	64,555,500
Leasehold and security deposits received	11,424,682	10,925,583
Total liabilities	124,700,987	126,423,285
Net Assets		
Unitholders' equity		
Unitholders' capital	147,153,820	133,129,755
Units authorized: 2,000,000 units		
Units issued and outstanding: 286,550 and 233,550 units		
As of October 31, 2011 and April 30, 2011, respectively		
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	65,796	65,796
Retained earnings	3,052,838	2,310,063
Total Surplus	3,118,634	2,375,859
Total unitholders' equity	150,272,454	135,505,614
Total net assets (Note 10)	150,272,454	135,505,614
Total liabilities and net assets	**¥ 274,973,441**	**¥ 261,928,899**

See accompanying notes to the financial statements.

Statements of Income and Retained Earnings

For the period from May 1, 2011 to October 31, 2011 and the period from November 1, 2010 to April 30, 2011

(In thousands of yen)

	From May 1, 2011 to October 31, 2011	From November 1, 2010 to April 30, 2011
Operating revenues:		
Rental revenues (Notes 12 and 14)	¥ 8,498,949	¥ 8,136,917
Profit on sale of real estate (Note 12)	545,282	-
Total operating revenues	9,044,231	8,136,917
Operating expenses:		
Property-related expenses (Notes 12 and 14)	3,961,611	3,767,178
Asset management fees	487,406	448,106
Administrative service and custodian fees	81,852	79,591
Other operating expenses	88,039	132,133
Total operating expenses	4,618,908	4,427,008
Operating income	**4,425,323**	**3,709,909**
Non-operating expenses:		
Interest expense	1,036,388	1,048,723
Financing-related expenses	298,043	303,479
Amortization of unit issuance costs	27,282	8,380
Amortization of corporate bond issuance costs	6,881	5,782
Others,net	16,322	(3,193)
Total non-operating expenses	1,384,916	1,363,170
Ordinary income	**3,040,407**	**2,346,739**
Extraordinary income		
Subsidy	-	26,230
Gain on donation of noncurrent assets	13,970	-
Extraordinary losses		
Loss on disaster	-	35,360
Loss on reduction of fixed assets	-	26,230
Income before income taxes	3,054,377	2,311,379
Income taxes (Note 9)	1,560	1,384
Net income	3,052,817	2,309,995
Retained earnings at the beginning of period	21	68
Retained earnings at the end of period	**¥ 3,052,838**	**¥ 2,310,063**

See accompanying notes to the financial statements.

Statements of Changes in Net Assets

For the period from May 1, 2011 to October 31, 2011 and the period from November 1, 2010 to April 30, 2011 (In thousands of yen)

	Unitholders' Equity					Valuation, Transaction Adjustments and Others	Total
		Surplus					
	Unitholders' capital	Voluntary retained earnings: Reserve for reduction entry	Retained earnings	Total Surplus	Total unitholders' equity	Unrealized gain from deferred hedge transactions	
Balance as of October 31, 2010	¥ 133,129,755	¥ -	¥ 2,607,122	¥ 2,607,122	¥ 135,736,877	¥ (4,502)	¥ 135,732,375
Changes during the fiscal period							
Provision for reserve for reduction entry	-	65,796	(65,796)	-	-	-	-
Payments of dividends	-	-	(2,541,258)	(2,541,258)	(2,541,258)	-	(2,541,258)
Net income	-	-	2,309,995	2,309,995	2,309,995	-	2,309,995
Interest-rate swap	-	-	-	-	-	4,502	4,502
Total changes during the fiscal period	-	65,796	(297,059)	(231,263)	(231,263)	4,502	(226,761)
Balance as of April 30, 2011	133,129,755	65,796	2,310,063	2,375,859	135,505,614	-	135,505,614
Changes during the fiscal period							-
New unit issuance	14,024,065	-	-	-	14,024,065	-	14,024,065
Payments of dividends	-	-	(2,310,042)	(2,310,042)	(2,310,042)	-	(2,310,042)
Net income	-	-	3,052,817	3,052,817	3,052,817	-	3,052,817
Total changes during the fiscal period	14,024,065	-	742,775	742,775	14,766,840	-	14,766,840
Balance as of October 31, 2011	¥ 147,153,820	¥ 65,796	¥ 3,052,838	¥ 3,118,634	¥ 150,272,454	¥ -	¥ 150,272,454

See accompanying notes to the financial statements.

Notes to Financial Statements

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Kenedix Realty Investment Corporation ("the Investment Corporation") was established on May 6, 2005 under the Law concerning Investment Trusts and Investment Corporations of Japan ("the Investment Trust Law"). On July 21, 2005, the Investment Corporation was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange with a total of 75,400 investment units issued and outstanding. (Securities Code: 8972). Subsequently, the Investment Corporation raised funds through public offerings including three global offerings. Most recently, the Investment Corporation additionally issued 51,400 investment units on July 20, 2011 through public offerings including global offerings, and 1,600 investment units on August 8, 2011 by way of third-party allotment. As a result, as of October 31, 2011, the end of the thirteenth fiscal period, the number of investment units issued and outstanding totaled 286,550 units. The Investment Corporation issued the Third Series Unsecured Investment Corporation Bonds (totaling ¥1,500 million and maturing in two years) on September 15, 2011. As a result, the outstanding investment corporation bonds as of the end of the fiscal period under review (fiscal period ended October 31, 2011) totaled ¥13,500 million.

The Investment Corporation is externally managed by Kenedix REIT Management, Inc. ("the Asset Management Company") as its asset management company. In concert with the Asset Management Company, the Investment Corporation strives to maximize cash distribution to investors by securing stable earnings and sustainable investment growth. To this end, the Investment Corporation adopts a dynamic and flexible investment stance that accurately reflects its environment and market trends, and endeavors to ensure a timely response to each and every opportunity. The Investment Corporation endeavors to develop a diversified investment portfolio named "KENEDIX Selection," adopting a three-point investment criteria based on property type, area and size.

During the period ended October 31, 2011, the Investment Corporation acquired 4 office buildings (total acquisition price of ¥14,270 million) and sold 1 office building (initial acquisition price of ¥5,180 million) located in the Tokyo Metropolitan Area (sales price: ¥5,800 million). As of October 31, 2011, the Investment Corporation had total unitholders' capital of ¥147,154 million with 286,550 investment units outstanding. The Investment Corporation owned a portfolio of 74 properties with a total acquisition price of ¥255,547 million containing a total leasable area of 300,016.89 m^2. The occupancy ratio was approximately 94.7%. A portfolio of 74 properties consists of 68 office buildings, 4 residential properties and 2 central urban retail properties. 62 properties are located in the Tokyo metropolitan area and 12 properties are located in other regional areas.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law of Japan, the Japanese Corporation Law, the Financial Instruments and Exchange Law of Japan and related regulations, and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of the International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements are a basically translation of the audited financial statements that were prepared for Japanese domestic purposes from the accounts and records maintained by the Investment Corporation and filed with the Kanto Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. In preparing the accompanying financial statements, relevant notes have been added and certain reclassifications have been made from the financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. The Investment Corporation's fiscal period is a six-month period which ends at the end of April and October of each year, respectively. The Investment Corporation does not prepare consolidated financial statements because it has no subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Property and Equipment

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 May 1, 2011 to October 31, 2011	From November 1, 2010 to April 30, 2011
Buildings and structures	2-49 years	2-49 years
Machinery and equipment	3-17 years	3-17 years
Tools, furniture and fixtures	3-20 years	3-20 years

(B) Unit Issuance Costs

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

(C) Corporate Bond Issuance Costs

Corporate bond issuance costs are amortized over a loan period under the straight-line method.

(D) 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 assets and liabilities within trust are recorded in the relevant balance sheets and statements of income and retained earnings.

(E) Leasehold rights

Fixed term leasehold with special agreement on buildings sales, and the building are amortized over a contractual period of forty-eight years and nine months under the straight-line method.

(F) Provision for loss due to disaster

For cost of repairs on impaired fixed assets due to the massive earthquake off the east coast of Japan, the amount reasonably estimable at the end of period is recognized as “provision for loss due to disaster” under current liability.

(G) Revenue Recognition

Operating revenues consist of rental revenues including base rents and common area charges, and other operating revenues including utility charge reimbursements, parking space rental revenues and other miscellaneous revenues. Rental revenues are generally recognized on an accrual basis over the life of each lease. Utility charge reimbursements are recognized when earned and their amounts can be reasonably estimated. Reimbursements from tenants including utility charge reimbursements are recorded on a gross basis and such amounts are recorded both as revenues and expenses during the fiscal period, respectively.

(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 the Japanese tax rule, the seller of the property at the time of disposal 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 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 ¥44,439 thousand and ¥23,704 thousand as of October 31, 2011 and April 30, 2011, respectively. In subsequent calendar years, such property-related taxes are charged as operating expenses in the fiscal period to which the installments of such taxes correspond.

(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 utilizes interest-rate swap agreements as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. The Investment Corporation deferred recognition of gains or losses resulting from changes in fair value of interest-rate swap agreements because its interest-rate swap agreements met the criteria for deferral hedging accounting. However, the Investment Corporation adopted special treatment for interest-swap agreements if its interest-rate swap agreements met the criteria for hedging accounting under this treatment, whereby the net amount to be paid or received under the interest-rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed. The hedge effectiveness for interest-rate swap contracts is assessed each fiscal period except for those that meet the criteria of special treatment.

(L) Rounding of Amounts Presented

Amounts have been truncated in the Japanese financial statements prepared in accordance with Japanese GAAP and filed with regulatory authorities in Japan, whereas amounts have been rounded to the nearest million in the accompanying financial statements. Totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

3. ADDITIONAL INFORMATION

Accounting Standards for Accounting Changes and Error Corrections

The Investment Corporation has applied the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan (ASBJ) Statement No. 24; December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24); December 4, 2009), starting with accounting changes and corrections of past errors to be conducted after the beginning of the fiscal period under review.

4. SCHEDULE OF PROPERTY

	In millions of yen					
	As of October 31, 2011			As of April 30, 2011		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Land	¥ 177,221	¥ -	¥ 177,221	¥ 171,111	¥ -	¥ 171,111
Buildings and structures	89,330	13,021	76,309	85,658	11,983	73,675
Machinery and equipment	1,354	540	814	1,309	497	812
Tools, furniture and fixtures	406	190	216	402	174	228
Construction in progress	2	-	2	-	-	-
Total	¥ 268,313	¥ 13,751	¥ 254,562	¥ 258,480	¥ 12,654	¥ 245,826

5. SHORT-TERM DEBT, LONG-TERM DEBT AND CORPORATE BONDS

The following summarizes short-term debt, long-term debt and corporate bonds outstanding as of October 31, 2011:

Classification	Drawdown Date	Last Repayment Date	Weighted-average interest rate	Balance (In millions of yen)
Short-term debt	January 31, 2011	January 31, 2012	1.09%	¥ 2,700
	April 18, 2011	November 30, 2011	1.38%	1,500
	July 29, 2011	July 31, 2012	1.04%	1,500
	October 31, 2011	October 31, 2012	0.99%	4,500
Current portion of long-term debt	December 1, 2006	November 30, 2011	1.96%	2,500
	January 10, 2008	January 10, 2012	1.50%	2,500
	February 27, 2009	February 29, 2012	2.07%	450
	April 2, 2007	April 2, 2012	1.88%	2,000
	April 30, 2009	April 27, 2012	2.24%	1,500
	June 30, 2008	June 30, 2012	2.15%	1,500
	February 27, 2009	August 31, 2012	2.04%	900
	October 29, 2010	October 31, 2012	1.45%	2,500
Subtotal				24,050
Long-term debt	May 1, 2006	April 30, 2016	2.73%	5,000
	September 1, 2006	August 31, 2013	2.12%	3,000
	June 30, 2008	December 28, 2012	2.26%	3,000
	October 26, 2009	October 26, 2013	2.42%	920
	October 30, 2009	October 30, 2013	2.45%	1,840
	December 8, 2009	December 8, 2012	1.67%	500
	January 13, 2010	January 15, 2013	1.90%	1,000
	January 29, 2010	January 30, 2015	2.17%	1,104
	February 18, 2010	February 18, 2013	1.90%	1,500
	February 18, 2010	February 18, 2015	2.19%	4,950
	April 2, 2010	April 2, 2015	2.22%	1,850
	July 30, 2010	July 31, 2013	1.49%	500
	July 30, 2010	January 31, 2014	1.66%	3,700
	July 30, 2010	July 31, 2014	1.73%	3,700
	October 29, 2010	October 31, 2013	1.46%	500
	November 12, 2010	November 12, 2013	1.58%	2,700
	November 12, 2010	November 12, 2015	1.79%	2,000
	November 12, 2010	November 12, 2017	2.02%	2,300
	December 1, 2010	November 12, 2013	1.45%	800
	December 1, 2010	November 12, 2015	1.55%	1,000
	December 1, 2010	November 12, 2017	2.21%	700
	January 31, 2011	January 31, 2014	1.57%	1,300
	January 31, 2011	January 29, 2016	1.94%	800
	February 28, 2011	August 31, 2015	1.91%	3,000
	February 28, 2011	January 29, 2016	1.95%	500
	March 22, 2011	September 22, 2014	1.63%	2,700
	March 31, 2011	September 30, 2013	1.53%	2,000
	March 31, 2011	January 29, 2016	1.91%	2,000
	March 31, 2011	March 31, 2016	1.39%	1,000
	April 28, 2011	April 30, 2013	1.50%	1,000
	April 28, 2011	October 31, 2015	1.86%	1,500
	April 28, 2011	January 29, 2016	1.89%	1,000
	July 13, 2011	July 14, 2014	1.54%	1,000
	July 29, 2011	July 31, 2014	1.14%	3,200
	July 29, 2011	July 31, 2014	1.40%	300
	August 31, 2011	February 27, 2015	1.09%	1,500
	September 1, 2011	August 29, 2014	1.15%	1,000
	September 30, 2011	September 30, 2013	1.15%	1,000
	September 30, 2011	March 31, 2014	1.16%	2,500
	September 30, 2011	September 30, 2014	1.27%	1,000
	September 30, 2011	March 31, 2015	1.29%	2,500
Subtotal				73,364
Current portion of corporate bonds	March 15, 2007	March 15, 2012	1.74%	9,000
Corporate bonds	March 15, 2007	March 15, 2017	2.37%	3,000
	September 15, 2011	September 13, 2013	1.59%	1,500
Subtotal				13,500
Total				**¥ 110,914**

6. ASSETS PLEDGED AS COLLATERAL AND SECURED LOANS PAYABLE

(As of April 30, 2011)

Assets pledged as collateral	In thousands of yen
Cash and bank deposits	¥ 5,090,463
Land	127,680,740
Buildings and structures	54,309,842
Machinery and equipment	507,811
Tools, furniture and fixtures	135,035
Other assets	909
Total	187,724,800
Secured loans payable:	
Short-term debt	36,160,000
Long-term debt	64,555,500
Total	¥ 100,715,500

(As of October 31, 2011)

On July 20, 2011, the collateral pledges established for the Investment Corporations' 47 properties as of the end of the twelfth fiscal period (April 30, 2011) were released. As a result, all borrowings of the Investment Corporation became unsecured and unguaranteed.

7. REDUCTION ENTRY

The amount of reduction entry of property and equipment acquired by government subsidy

	In thousands of yen	
	As of October 31, 2011	As of April 30, 2011
Buildings and structures	¥ 26,230	¥ 26,230

8. PER UNIT INFORMATION

	yen	
	From May 1, 2011 to October 31, 2011	From November 1, 2010 to April 30, 2011
Net asset value per unit	¥ 524,420	¥ 580,200
Net income per unit	¥ 11,593	¥ 9,891
Weighted average number of units (units)	263,341	233,550

The weighted average number of units outstanding of 263,341 and 233,550 were used for the computation of the amount of net income per unit as of October 31, 2011 and April 30, 2011. Net income per unit after adjusting for residual units is not included because there were no residual investment units.

9. INCOME TAXES

The Investment Corporation is subject to corporate income taxes at a regular statutory rate of approximately 40%. However, the Investment Corporation may deduct from its taxable income amounts distributed to its unitholders, provided the requirements are met under the Special Taxation Measure Law of Japan. Under this law, the Investment Corporation must meet a number of tax requirements, including a requirement that it currently distribute 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 ¥2,750 million and ¥2,310 million for the periods ended October 31, 2011 and April 30, 2011. Such distributions were treated as deductible distributions for purposes of corporate income taxes. The effective tax rate on the Investment Corporation's income was 0.05% and 0.06% for the periods ended October 31, 2011 and April 30, 2011. The following summarizes the significant difference between the statutory tax rate and the effective tax rate:

	From May 1, 2011 to October 31, 2011	From November 1, 2010 to April 30, 2011
Statutory tax rate	39.33%	39.33%
Deductible cash distributions	(35.41)	(39.31)
Provision for reserve for reduction entry	(3.90)	-
Other	0.03	0.04
Effective tax rate	**0.05%**	**0.06%**

The significant components of deferred tax assets and liabilities as of October 31, 2011 and April 30, 2011 were as follows:

	In thousands of yen	
	As of October 31, 2011	As of April 30, 2011
Deferred tax assets:		
Enterprise tax payable	¥ 49	¥ 39
Amortization of leasehold rights	558	254
Subtotal deferred tax assets	607	293
Valuation allowance	558	254
Total deferred tax assets	**¥ 49**	**¥ 39**

Tax rate changes after the settlement date

The Act to Revise the Income Tax Act, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure (Act No. 114 of 2011) and the Act on Special Measures for Securing Necessary Financial Resources to Implement Measures to Rebuild Areas Devastated by the Great East Japan Earthquake (Act No. 117 of 2011) were promulgated on December 2, 2011. In accordance with the promulgation, the effective statutory tax rate used to calculate the deferred tax assets and deferred tax liabilities concerning the temporary differences, etc. expected to be reversed in the accounting periods starting on April 1, 2012 and after will be changed to 36.59%, and the effective statutory tax rate used to calculate the deferred tax assets and deferred tax liabilities concerning the temporary differences, etc. expected to be reversed in the accounting periods starting on April 1, 2015 and after will be changed to 34.16%, respectively. These changes will have no impact on the settlement of the Investment Corporation.

10. NET ASSETS

The Investment Corporation issues only non-par value units in accordance with the Investment Trust Law. 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 million as required by the Investment Trust Law.

11. RELATED-PARTY TRANSACTIONS

Transactions with Kenedix REIT Management, Inc.

Kenedix REIT Management, Inc., a consolidated subsidiary of Kenedix, Inc., provides the Investment Corporation with property management services and related services. For these services, the Investment Corporation pays Kenedix REIT Management, Inc. property management fees in accordance with the terms of its Property Management Agreements. For these services, the Investment Corporation paid ¥333 million to Kenedix REIT Management, Inc.

12. BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES AND PROPERTY-RELATED EXPENSES

Rental and other operating revenues and property-related expenses for the periods from May 1, 2011 to October 31, 2011 and from November 1, 2010 to April 30, 2011 consist of the following:

	In thousands of yen	
	From May 1, 2011 to October 31, 2011	From November 1, 2010 to April 30, 2011
Rental and other operating revenues:		
Rental revenues	¥ 6,121,318	¥ 5,908,063
Common area charges	1,353,952	1,300,172
Subtotal	7,475,270	7,208,235
Others:		
Parking space rental revenues	249,514	250,325
Utility charge reimbursement	633,845	583,965
Miscellaneous	140,320	94,392
Subtotal	1,023,679	928,682
Total rental and other operating revenues	**¥ 8,498,949**	**¥ 8,136,917**
Property management fees and facility management fees	¥ 832,724	¥ 811,787
Depreciation	1,442,935	1,406,895
Utilities	617,943	561,061
Taxes	703,543	643,179
Insurance	14,655	16,209
Repairs and maintenance	152,453	123,949
Trust fees	43,614	42,317
Loss on retirement of fixed assets	-	5,403
Others	153,744	156,378
Total property-related expenses	**¥ 3,961,611**	**¥ 3,767,178**
Profit on sale of real estate:		
Revenue from sale of investment property	¥ 5,800,000	-
Cost of investment property	5,122,100	-
Other sales expenses	132,618	-
Profit on sale of real estate	**¥ 545,282**	**-**

13. LEASES

The Investment Corporation, as lessor, has entered into leases whose fixed monthly rents are due in advance with lease term of generally two years for office buildings and residential properties and with lease term ranging from two to ten years for retail properties. The future minimum rental revenues under existing non-cancelable operating leases as of October 31, 2011 and April 30, 2011 are as follows:

	In thousands of yen	
	As of October 31, 2011	As of April 30, 2011
Due within one year	¥ 788,659	¥ 1,008,045
Due after one year	5,355,453	5,892,331
Total	**¥ 6,144,112**	**¥ 6,900,376**

14. PROPERTY INFORMATION

Details of the property portfolio as of October 31, 2011 were as follows:

Type	Office Buildings		Residential Properties		Central Urban Retail Properties
Location	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area
Number of properties	57	11	3	1	2
Property information (In millions of yen)					
Acquisition price	¥ 196,636	¥ 37,090	¥ 7,641	¥ 1,800	¥ 12,380
Percentage of total acquisition costs	76.95%	14.51%	2.99%	0.70%	4.85%
Net book value	197,560	35,947	7,199	1,830	12,386
Appraisal value at year end	182,925	28,729	6,403	1,470	11,190
Percentage of total appraisal value	79.29%	12.45%	2.77%	0.64%	4.85%
Financial results for the period from May 1, 2011 to October 31, 2011 (In thousands of yen)					
Rental and other operating revenues	¥ 6,409,007	¥ 1,448,503	¥ 221,456	¥ 93,778	¥ 326,205
Rental revenues	5,682,652	1,209,438	201,615	83,660	297,905
Other revenues	726,355	239,065	19,841	10,118	28,300
Property-related expenses	1,800,804	554,191	57,894	33,676	72,111
Property management fees	582,629	197,315	22,165	8,319	22,296
Taxes	532,387	126,676	15,369	8,294	20,817
Utilities	454,375	136,436	2,243	1,942	22,947
Repairs and maintenance	112,958	23,066	8,198	6,703	1,528
Insurance	8,842	4,694	498	386	235
Trust fees and other expenses	109,613	66,004	9,421	8,032	4,288
NOI (Net Operating Income)	4,608,203	894,312	163,562	60,102	254,094
Depreciation expenses	953,788	333,002	66,784	23,116	66,245
Operating income from property leasing activities	3,654,415	561,310	96,778	36,986	187,849
Capital expenditures	486,318	129,030	3,193	720	54,805
NCF (Net Cash Flow)	¥ 4,121,885	¥ 765,282	¥ 160,369	¥ 59,382	¥ 199,289

A breakdown of property-type as of October 31, 2011 was as follows:

Class of assets	Property type	Area	Balance at the end of period (In millions of yen)	Percentage of total assets
Property and equipment	Office Buildings	Tokyo Metropolitan Area	¥ 197,560	71.8%
		Other Regional Areas	35,947	13.1%
	Subtotal		233,507	84.9%
	Residential Properties	Tokyo Metropolitan Area	7,199	2.6%
		Other Regional Areas	1,830	0.7%
	Subtotal		9,029	3.3%
	Central Urban Retail Properties	Tokyo Metropolitan Area	12,386	4.5%
Total			254,922	92.7%
Bank deposits and other assets			20,051	7.3%
Total assets			274,973	100.0%
Total liabilities			124,701	45.4%
Net assets			¥ 150,272	54.6%

15. FINANCIAL INSTRUMENTS

Thirteenth Fiscal Period (May 1, 2011 to October 31, 2011)

(A) Overview

(1) Policy for financial instruments

The Investment Corporation procures essential funds for acquiring properties and undertaking the repayment of loans primarily through bank loans and the issuance of corporate bonds and new investment units. The Investment Corporation uses derivatives for the purpose of hedging its exposure to changes in interest rates and does not enter into derivatives for speculative or trading purposes. Management of surplus funds is undertaken in a prudent manner that considers fully such factors as safety, liquidity, interest rate conditions and cash flows.

(2) Types of financial instruments and related risk

Debt and corporate bonds are used primarily for procuring funds necessary for the acquisition of properties and have a redemption date of a maximum of seven years following the accounting date. Although a certain portion of said liabilities are subject to interest rate fluctuation risk, the Investment Corporation utilizes derivatives (interest-rate swap transactions) in order to reduce such risk.

Interest-rate swap transactions are used as derivative financial instruments. Utilizing interest-rate swap transactions, the Investment Corporation fixes its interest expense for long-term debt bearing interest at a variable rate. With regard to hedge accounting methods, hedging instruments and hedged items, hedge policy, and the assessment of the effectiveness of hedging activities, please see 2. (K) Derivative Financial Instruments.

(3) Risk management for financial instruments

(a) Monitoring of market risk (the risks arising from fluctuations in interest rates and others)

The Investment Corporation uses interest-rate swap transactions in order to minimize risk arising from fluctuations in interest rates on funds procured.

(b) Monitoring of liquidity risk (the risk that the Investment Corporation may not be able to meet its obligations on scheduled due dates) associated with funds procurement

Although loans and other liabilities are subject to liquidity risk, the Investment Corporation reduces such risk by spreading out payment due dates and by using diversified fund procurement methods. 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 sheets as of October 31, 2011 and estimated fair value are shown in the following table.

(In thousands of yen)

	Carrying value	Estimated fair value	Difference
(1) Cash and bank deposits	¥ 18,338,535	¥ 18,338,535	¥ -
Subtotal	18,338,535	18,338,535	-
(1) Short-term debt	10,200,000	10,200,000	-
(2) Corporate bonds(including current portion of corporate bonds)	13,500,000	13,324,050	(175,950)
(3) Long-term debt(including current portion of long-term debt)	87,214,000	86,587,303	(626,697)
Subtotal	¥ 110,914,000	¥ 110,111,353	¥ (802,647)
Derivative Transactions (*)	-	-	-

(*) The value of assets and liabilities arising from derivatives is shown at net value and with the amount in parentheses representing net liability position.

*1: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

(1) Cash and bank deposits

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

Liabilities

(1) Short-term debt

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

(2) Corporate bonds

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

(3) Long-term debt

The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new loans were entered into. The fair value of long-term debt bearing interest at variable rate, which is subject to fixed interest rates resulting from interest-rate swaps and special treatment applied to said swaps, is based on the present value of the total of principal and interest, which is handled together with applicable interest-rate swaps, discounted by the interest rate to be applied if similar loans were entered into.

Derivative Transactions

(1) Items that are not applied to hedge accounting

Not applicable

(2) Items that are applied to hedge accounting

Hedge accounting method	Type of Derivative Transactions	Hedged items	Contracted amount (In thousands of yen)		Fair value (In thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Special treatment of interest-rate swaps	**Interest-rate swaps: Receive/floating and pay/fixed**	Long-term debt	¥6,500,000	¥2,000,000	*	
Total			**¥6,500,000**	**¥2,000,000**		

(*) Special treatment of interest-rate swaps is reported at the fair value of applicable long-term debt. This is because such swaps are handled together with hedged long-term debt.

*2: Redemption schedule for receivables

	Due within 1 year or less (In thousands of yen)
Cash and bank deposits	¥18,338,535
Total	**¥18,338,535**

*3: Redemption schedule for debt and corporate bonds

	Due within 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**
Short-term debt	¥ 10,200,000	¥ -	¥ -	¥ -	¥ -	¥ -
Corporate bonds	9,000,000	1,500,000	-	-	-	3,000,000
Long-term debt	13,850,000	17,606,000	24,323,000	15,135,000	13,300,000	3,000,000

16. INVESTMENT AND RENTAL PROPERTIES

Thirteenth Fiscal Period (May 1, 2011 to October 31, 2011)

The Investment Corporation owns real estate for rental purposes mainly in the Tokyo metropolitan area for the purpose of generating rental revenues.

The carrying value in the balance sheets and corresponding fair value of those properties are as follows:

Carrying Value (In thousands of yen)			**Fair value As of October 31, 2011** (In thousands of yen)
As of April 30, 2011	**Net change**	**As of October 31, 2011**	
¥ 246,187,380	¥ 8,734,375	¥ 254,921,755	¥ 230,717,000

*1: The carrying value represents the acquisition cost less accumulated depreciation.
*2: The fair value is the appraisal value or the survey value determined by outside appraisers.
*3: Among changes in the amount of real estate for rental purposes that occurred during the fiscal period under review, principal increases were the acquisition of four properties totaling ¥14,609,502 thousand, the sale of real estate trust beneficiary interests to one property amounting ¥5,122,100 thousand and depreciation amounting to ¥1,442,935 thousand.

Income and loss in the fiscal period ended October 31, 2011 for real estate for rental purposes is listed in the Note “12, BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES AND PROPERTY-RELATED EXPENSES”

17. SUBSEQUENT EVENTS

(1) Acquisition of Properties

On December 19, 2011, the Investment Corporation decided to acquire the eight properties described below (total planned acquisition price: ¥28,550 million) as of December 26, 2011, with funds procured through new borrowings described in (2) below.

The following planned acquisition price does not include the acquisition costs, property tax, city-planning tax and consumption tax, etc.

Details shared by the following acquisitions

Date of Contract	December 19, 2011
Seller	AIG Edison Life Insurance Company
Scheduled Date of Acquisition	December 26, 2011

Type	Type of Specified Asset	Property Name	Planned Acquisition Price (In millions of yen)	Location (Address)	Number of Stories	Year Built
Office Building	Trust beneficiary interest in real estate	Kabutocho Nikko Building	11,270	6-5 Nihombashi Kabutocho, Chuo-ku, Tokyo	B1 F8	Nov. 1998
		Ikebukuro Nikko Building	1,653	1-20-8 Minami Ikebukuro, Toshima-ku, Tokyo	B1 F8	Mar. 1986
		Kabutocho Nikko Building II	1,280	8-1 Nihombashi Kabutocho, Chuo-ku, Tokyo	F8	Oct. 2001
		Tachikawa Ekimae Building	1,267	2-12-18 Akebonocho, Tachikawa-shi, Tokyo	B1 F8	Feb. 1990
		Nagoya Ekimae Sakura-dori Building	7,327	3-26-8 Meieki, Nakamura-ku, Nagoya-shi, Aichi	B2 F15	Apr. 1986
		Nagoya Nikko Shoken Building	4,158	3-2-3 Sakae, Naka-ku, Nagoya-shi, Aichi	B3 F11	Aug. 1974
		Sendai Nikko Building	950	3-2-21 Chuo, Aoba-ku, Sendai-shi, Miyagi	B1 F8	Mar. 1989
Other		Kanazawa Nikko Building	645	4-65 Minamicho, Kanazawa-shi, Ishikawa	B1 F7	Mar. 1989

(2) Debt Financing

As of December 19, 2011, the Investment Corporation concluded an agreement to borrow funds through syndicated loans, with Sumitomo Mitsui Banking Corporation as the arranger and the agent and Development Bank of Japan Inc. as the co-arranger, in order to finance the acquisition of the above eight properties.

	Short-term debt (Term Loan 65-A)	**Long-term debt** (Term Loan 65-B)
Amount	¥7,500 million	¥5,000 million (*1)
Lender	Aozora Bank, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Chuo Mitsui Trust and Banking Co., Limited	Sumitomo Mitsui Banking Corporation Resona Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Interest Rate	Base rate (JPY TIBOR for 3-month in JBA) + 0.55% (*2)	Base rate (JPY TIBOR for 3-month in JBA) + 0.65% (*2)
Repayment Date	October 31, 2012	October 31, 2014

	Long-term debt (Term Loan 65-C)	**Long-term debt** (Term Loan 65-D)
Amount	¥2,500 million	¥4,500 million (*1)
Lender	Development Bank of Japan Inc.	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Interest Rate	Fixed rate of interest	Base rate (JPY TIBOR for 3-month in JBA) + 0.70% (*2)
Repayment Date	October 31, 2014	October 31, 2015

	Long-term debt (Term Loan 65-E)	**Long-term debt** (Term Loan 65-F)
Amount	¥2,500 million	¥4,500 million (*1)
Lender	Development Bank of Japan Inc.	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Interest Rate	Fixed rate of interest	Base rate (JPY TIBOR for 3-month in JBA) + 0.75% (*2)
Repayment Date	October 31, 2015	October 31, 2016

	Long-term debt (Term Loan 65-G)
Amount	¥2,500 million
Lender	Development Bank of Japan Inc.
Interest Rate	Fixed rate of interest
Repayment Date	October 31, 2016

Details shared by the abovementioned borrowings

Drawdown Date	December 26, 2011
Interest Payment Date	First interest payment on March 31, 2012, and at the end of every three months (on the last business day of each month, if the end of each month is a non-business day) and repayment date.
Repayment Method	Each principal repayment in full on respective dates of maturity
Collateral	Unsecured, unguaranteed

*1. The Investment Corporation has decided to execute an interest-rate swap agreement as a hedge against possible increases in future interest rates for the long-term debt which has floating rate of interest (Term Loan 65-B, 65-D and 65-F).

*2. The base rate for the period commencing December 26, 2011 through March 31, 2012 will be the Japanese Yen TIBOR for four months which Japanese Bankers Association (JBA) will release on December 21, 2011. Thereafter, the base rate shall be calculated based on Japanese Yen TIBOR for three months which JBA releases two business days before each interest payment date. The base rate for the last period shall be calculated based on Japanese Yen TIBOR for one month.

For the period from May 1, 2011 to October 31, 2011 and the period from November 1, 2010 to April 30, 2011 (In thousands of yen)

	From May 1, 2011 to October 31, 2011	From November 1, 2010 to April 30, 2011
Cash Flows from Operating Activities:		
Income before income taxes	¥ 3,054,377	¥ 2,311,379
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	1,724,828	1,634,424
Interest expense	1,036,388	1,048,723
Loss on retirement of fixed assets	-	5,403
Loss on disaster	-	35,360
Subsidy	-	(26,230)
Loss on reduction of fixed assets	-	26,230
Gain on donation of noncurrent assets	(13,970)	-
Changes in assets and liabilities:		
Rental receivables	12,640	22,067
Consumption tax refundable	310,485	(310,485)
Accrued consumption tax	28,956	(230,841)
Trade and other payables	74,415	(33,748)
Rents received in advance	(590,901)	705,812
Property and equipment due to sale	5,122,100	-
Others,net	(258,096)	(628,713)
Subtotal	10,501,222	4,559,381
Cash payments of interest expense	(1,037,432)	(1,011,751)
Payments for loss on disaster	(28,598)	-
Cash payments of income taxes	(1,171)	(633)
Net cash provided by operating activities	**9,434,021**	**3,546,997**
Cash Flows from Investing Activities:		
Purchases of property and equipment	(15,230,474)	(13,803,598)
Purchase of intangible assets	-	(75,499)
Proceeds from leasehold and security deposits received	1,210,624	1,011,848
Payments of leasehold and security deposits	-	(122,709)
Proceeds from collection of lease and guarantee deposits	669	-
Payments of leasehold and security deposits received	(684,035)	(615,156)
Payments of time deposits	-	(74,000)
Proceeds from withdrawal of time deposits	464,000	-
Payments of restricted bank deposits	-	(134,900)
Proceeds from restricted bank deposits	100,404	112,588
Net cash used in investing activities	**(14,138,812)**	**(13,701,426)**
Cash Flows from Financing Activities		
Proceeds from short-term debt	6,000,000	6,200,000
Payment of short-term debt	(4,500,000)	(3,800,000)
Proceeds from long-term debt	14,000,000	26,300,000
Payment of long-term debt	(18,801,500)	(18,551,500)
Proceeds from issuance of investment units	13,938,969	-
Proceeds from issuance of investment corporation bonds	1,485,336	-
Payment of dividends	(2,310,038)	(2,541,094)
Net cash (used in) provided by financing activities	**9,812,767**	**7,607,406**
Net change in cash and cash equivalents	5,107,976	(2,547,023)
Cash and cash equivalents at the beginning of period	12,820,027	15,367,050
Cash and cash equivalents at the end of period	**¥ 17,928,003**	**¥ 12,820,027**

See related notes

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (UNAUDITED)

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.

CASH AND CASH EQUIVALENTS (UNAUDITED)

Cash and cash equivalents consisted of the following as of October 31, 2011 and April 30, 2011: (In thousands of yen)

	As of October 31, 2011	As of April 30, 2011
Cash and bank deposits	¥ 18,338,535	¥ 13,794,963
Restricted bank deposits (Note 1)	(410,532)	(510,936)
More than 3-month fixed deposits(Note 2)	-	(464,000)
Cash and cash equivalents	**¥ 17,928,003**	**¥ 12,820,027**

Note 1: Restricted bank deposits are retained for repayment of tenant leasehold and security deposits.
Note 2: More than 3-month fixed deposits are fixed deposits which have deposit term of more than 3 months.