

FINANCIAL STATEMENTS

9th Fiscal Period

From May 1, 2009 to October 31, 2009

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Statements of Cash Flows and Related Notes (Unaudited)

Report of Independent Auditors

The Board of Directors and Unitholders of
Kenedix Realty Investment Corporation

We have audited the accompanying balance sheets of Kenedix Realty Investment Corporation as of October 31, 2009 and April 30, 2009, and the related statements of income and retained earnings and changes in unitholders' equity for the six-month periods then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and April 30, 2009, and the results of its operations for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

Supplementary Information

As described in Note 15, Subsequent Events, the Company issued new investments units.

Ernst & Young Shin Nihon LLC

December 11, 2009

BALANCE SHEETS

AS OF OCTOBER 31, 2009 AND APRIL 30, 2009

	In thousands of yen	
	As of October 31, 2009	As of April 30, 2009
ASSETS		
Current assets:		
Cash and bank deposits	¥ 12,870,430	¥ 15,608,085
Rental receivables	184,068	260,568
Consumption tax refundable	136,065	—
Other current assets	99,296	73,324
Total current assets	13,289,859	15,941,977
Property and equipment, at cost:		
Land	152,327,017	153,829,839
Buildings and structures	76,930,254	74,328,940
Machinery and equipment	1,228,084	901,145
Tools, furniture and fixtures	327,711	379,847
Less-accumulated depreciation	(8,650,220)	(7,543,943)
Net property and equipment	222,162,846	221,895,828
Other assets:		
Ground leasehold	285,350	285,350
Organization costs	5,090	10,179
Corporate bond issuance costs	39,647	45,525
Unit issuance costs	23,684	47,368
Other assets	513,945	518,783
Total assets	¥ 236,320,421	¥ 238,745,010
LIABILITIES AND UNITHOLDERS' EQUITY		
Liabilities		
Current liabilities:		
Trade and other payables	¥ 469,905	¥ 614,834
Short-term debt	24,500,000	19,000,000
Deposits received	15,105	68,644
Rents received in advance	1,133,738	1,173,618
Other current liabilities	171,408	416,183
Total current liabilities	26,290,156	21,273,279
Corporate bonds	12,000,000	12,000,000
Long-term debt	60,720,000	67,750,000
Leasehold and security deposits received	10,228,542	10,306,968
Other liabilities	14,554	16,665
Total liabilities	¥ 109,253,252	¥ 111,346,912
Unitholders' equity		
Unitholders' capital	¥ 124,973,750	¥ 124,973,750
Units authorized: 2,000,000units		
Units issued and outstanding: 200,000units		
As of October 31, 2009 and April 30, 2009, respectively		
Retained earnings	2,102,249	2,434,458
Unrealized gain from deferred hedge transactions	(8,830)	(10,110)
Total unitholders' equity	127,067,169	127,398,098
Total liabilities and unitholders' equity	¥ 236,320,421	¥ 238,745,010

See accompanying notes to the financial statements

STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE PERIOD FROM NOVEMBER 1, 2008 TO APRIL 30, 2009, AND THE PERIOD FROM MAY 1, 2009 TO OCTOBER 31, 2009

	In thousands of yen			
	From May 1, 2009 to October 31, 2009		From November 1, 2008 to April 30, 2009	
Operating Revenues:				
Rental revenues	¥	7,921,862	¥	8,204,122
Total operating revenues		7,921,862		8,204,122
Operating Expenses:				
Property-related expenses		3,652,105		3,603,207
Loss on sale of real estate		440,771		492,463
Asset management fees		423,183		434,811
Administrative service and custodian fees		76,727		78,432
Other operating expenses		115,723		132,023
Total operating expenses		4,708,509		4,740,936
Operating income	¥	3,213,353	¥	3,463,186
Non-Operating Expenses:				
Interest expense	¥	907,825	¥	858,419
Financing related expense		147,899		107,828
Amortization of organization costs		5,090		5,089
Amortization of unit issuance costs		23,684		41,469
Amortization of corporate bond issuance costs		5,878		5,782
Others, net		19,729		9,270
Income before income taxes		2,103,248		2,435,329
Income taxes		1,057		970
Net income		2,102,191		2,434,359
Retained earnings at the beginning of period		58		99
Retained earnings at the end of period	¥	2,102,249	¥	2,434,458

See accompanying notes to the financial statements

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

FOR THE PERIOD FROM NOVEMBER 1, 2008 TO APRIL 30, 2009 AND THE PERIOD FROM MAY 1, 2009 TO OCTOBER 31, 2009

In thousands of yen

	Unitholders' Equity			
	Unitholders' capital	Retained earnings	Unrealized gain from deferred hedge transactions	Total
Balance as of October 31, 2008	¥ 124,973,750	¥ 3,123,699	¥ (9,872)	¥ 128,087,577
Changes during the fiscal period				
New unit issuance	—	—	—	—
Payment of dividends	—	(3,123,600)	—	(3,123,600)
Net income	—	2,434,359	—	2,434,359
Interest-rate swap	—	—	(238)	(238)
Total changes during the fiscal period	—	(689,241)	(238)	(689,479)
Balance as of April 30, 2009	¥ 124,973,750	¥ 2,434,458	¥ (10,110)	¥ 127,398,098
Changes during the fiscal period				
New unit issuance	—	—	—	—
Payment of dividends	—	(2,434,400)	—	(2,434,400)
Net income	—	2,102,191	—	2,102,191
Interest-rate swap	—	—	1,280	1,280
Total changes during the fiscal period	—	(332,209)	1,280	(330,929)
Balance as of October 31, 2009	¥ 124,973,750	¥ 2,102,249	¥ (8,830)	¥ 127,067,169

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM NOVEMBER 1, 2008 TO APRIL 30, 2009, AND THE PERIOD FROM MAY 1, 2009 TO OCTOBER 31, 2009

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 two global offerings. Consequently, as of October 31, 2009, the end of the ninth fiscal period, the number of investment units issued and outstanding totaled 200,000 units.

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, 2009, the Investment Corporation sold 2 properties and acquired 1 property. At October 31, 2009, the Investment Corporation had total unitholders' capital of ¥124,974 million with 200,000 investment units outstanding. The Investment Corporation owned a portfolio of 65 properties with total acquisition price of ¥220,159 million containing total leasable area of 254,225m². The occupancy ratio was approximately 94.7%. A portfolio of 65 properties consists of 58 office buildings, 5 residential properties and 2 central urban retail properties. 55 properties are located in the Tokyo metropolitan area and 10 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 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, 2009 to October 31, 2009	From November 1, 2008 to April 30, 2009
Buildings and structures	2-49 years	2-49 years
Machinery and equipment	3-17 years	3-17 years
Tools, furniture and fixtures	3-20years	3-20 years

(B) ORGANIZATION COSTS

Organization costs are amortized over a period of five years, comprised of ten fiscal periods, with an equal amount amortized in each fiscal period.

(C) UNIT ISSUANCE COSTS

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

(D) CORPORATE BOND ISSUANCE COSTS

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

(E) 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 sheet and income statement accounts.

(F) 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 revenue and expense during the fiscal period, respectively.

(G) 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. 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. In subsequent calendar years, such property-related taxes are charged as operating expenses in the fiscal period in which the installments of such taxes are paid to the relevant tax authorities.

(H) 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.

(I) 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. But, the Investment Corporation adopted special treatment for interest-rate swap agreements if its interest-rate swap agreements met the criteria for hedging accounting under this treatment, 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.

(J) 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. SCHEDULE OF PROPERTY

	In millions of yen					
	As of October 31, 2009			As of April 30, 2009		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Land	¥ 152,327	—	¥ 152,327	¥ 153,830	—	¥ 153,830
Buildings and structures	76,930	¥ 8,191	68,739	74,329	¥ 7,133	67,196
Machinery and equipment	1,228	341	887	901	290	611
Tools, furniture and fixtures	328	118	210	380	121	259
Total	¥ 230,813	¥ 8,650	¥ 222,163	¥ 229,440	¥ 7,544	¥ 221,896

4. SHORT-TERM AND LONG-TERM DEBTS

The following summarizes short-term and long term debt outstanding as of October 31, 2009:

Classification	Drawdown date	Repayment date	Weighted-average interest rate	Balance (In millions of yen)
Short-term debt	November 4, 2008	November 2, 2009	0.94%	¥ 1,000
	December 8, 2008	December 8, 2009	1.29%	500
	January 13, 2009	January 13, 2010	1.29%	1,000
	February 27, 2009	February 26, 2010	0.99%	500
	April 30, 2009	April 30, 2010	1.89%	2,000
	October 26, 2009	October 26, 2010	1.84%	1,500
	October 30, 2009	October 30, 2010	1.84%	3,500
Current portion of long-term debt	April 2, 2007	April 2, 2010	1.57%	2,000
	July 31, 2008	January 31, 2010	1.68%	2,500
	August 1, 2005	July 31, 2010	1.29%	9,500
	October 31, 2008	October 31, 2010	1.57%	500
Subtotal				¥ 24,500

Classification	Drawdown date	Repayment date	Weighted-average interest rate	Balance (In millions of yen)
Long-term debt	May 1, 2006	April 30, 2011	2.20%	¥ 2,500
	May 1, 2006	April 30, 2016	2.73%	5,000
	July 14, 2006	July 13, 2011	2.15%	1,000
	September 1, 2006	August 31, 2013	2.12%	3,000
	December 1, 2006	November 30, 2011	1.96%	2,500
	April 2, 2007	April 2, 2012	1.88%	2,000
	April 17, 2007	April 16, 2011	1.65%	1,500
	January 10, 2008	January 10, 2012	1.50%	2,500
	February 29, 2008	February 28, 2011	1.37%	2,000
	February 29, 2008	August 31, 2011	1.43%	1,500
	March 31, 2008	September 30, 2011	1.61%	3,000
	March 31, 2008	September 30, 2011	1.56%	2,000
	May 1, 2008	November 1, 2011	1.91%	1,000
	June 30, 2008	February 28, 2011	1.99%	1,000
	June 30, 2008	June 30, 2012	2.15%	1,500
	June 30, 2008	December 28, 2012	2.26%	3,000
	July 15, 2008	March 31, 2011	1.87%	2,000
	July 31, 2008	January 31, 2011	1.87%	3,500
	July 31, 2008	July 31, 2011	1.99%	3,500
	September 1, 2008	September 1, 2011	1.78%	1,000
	September 22, 2008	March 22, 2011	1.71%	1,250
	September 30, 2008	March 31, 2011	1.82%	2,000
	February 27, 2009	February 29, 2012	2.07%	490
	February 27, 2009	August 31, 2012	2.04%	980
	April 30, 2009	April 28, 2011	2.23%	1,500
	April 30, 2009	April 28, 2011	2.23%	1,000
	April 30, 2009	October 31, 2011	2.46%	3,500
April 30, 2009	April 27, 2012	2.46%	2,000	
October 26, 2009	October 26, 2013	2.42%	1,000	
October 30, 2009	October 30, 2013	2.45%	2,000	
Subtotal				¥ 60,720
Corporate bonds	March 15, 2007	March 15, 2012	1.74%	¥ 9,000
	March 15, 2007	March 15, 2017	2.37%	3,000
Subtotal				¥ 12,000
Total				¥ 97,220

5. LINE OF CREDIT

The Investment Corporation established the credit commitment lines with two lenders. The total borrowings under the commitment line agreements are ¥3.5 billion. The Investment Corporation had outstanding balance of ¥5 billion as of October 31, 2009.

The commitment period of the commitment line agreement concluded with The Bank of Tokyo-Mitsubishi UFJ, Ltd. has already expired. Furthermore, the expiration date of the commitment line agreement is March 31, 2011, set in the memorandum of understanding executed on September 26, 2008. However, since the commitment period has already expired, the Investment Corporation may not undertake new borrowings.

Since, the commitment period and the expiration date of the commitment line agreement concluded with Citibank Japan, Ltd has already expired, the Investment Corporation may not undertake new borrowings.

6. ASSETS PLEDGED AS COLLATERAL AND SECURED LOANS PAYABLE

(As of October 31, 2009)

Assets pledged as collateral	In thousands of yen
Cash and bank deposits	¥ 4,815,094
Land	¥ 105,959,738
Buildings and structures	¥ 49,150,846
Machinery and equipment	¥ 555,870
Tools, furniture and fixtures	¥ 125,800
Other assets	¥ 1,264
■ Total	¥ 160,608,612
Secured loans payable	
Short-term loans debt	¥ 24,500,000
Long-term loans debt	¥ 60,720,000
■ Total	¥ 85,220,000

7. PER UNIT INFORMATION

The net asset value per unit as of October 31, 2009 and April 30, 2009 was ¥635,335 and ¥636,990. Net income per unit as of October 31, 2009 and April 30, 2009 was ¥10,510 and ¥12,171.

The weighted average number of units outstanding of 200,000 and 200,000 was used for the computation of the amount of net income per unit as of October 31, 2009 and April 30, 2009.

8. 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 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 approximately 100% of its distributable income in the form of cash distributions totaling ¥2,102 million and ¥2,434 million for the periods ended October 31, 2009 and April 30, 2009. 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 0.04% for the periods ended October 31, 2009 and April 30, 2009. The following summarizes the significant difference between the statutory tax rate and the effective tax rate:

	From May 1, 2009 to October 31, 2009	From November 1, 2008 to April 30, 2009
Statutory tax rate	39.33%	39.33%
Deductible cash distributions	(39.31)	(39.31)
Other	0.03	0.02
Effective tax rate	0.05%	0.04%

9. UNITHOLDERS' EQUITY

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.

10. RELATED-PARTY TRANSACTIONS

TRANSACTIONS WITH KENEDIX REIT MANAGEMENT, INC.

Kenedix REIT Management, Inc., a 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 ¥299 million to Kenedix REIT Management, Inc.

11. 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, 2009 to October 31, 2009 and from November 1, 2008 to April 30, 2009 consist of the following:

	In thousands of yen	
	From May 1, 2009 to October 31, 2009	From November 1, 2008 to April 30, 2009
Rental and other operating revenues:		
Rental revenues	¥ 5,711,053	¥ 5,985,836
Common area charges	1,195,072	1,246,786
Subtotal	6,906,125	7,232,622
Others:		
Parking space rental revenues	231,982	241,962
Utility charge reimbursement	617,328	559,130
Miscellaneous	166,427	170,408
Subtotal	1,015,737	971,500
■ Total rental and other operating revenues	¥ 7,921,862	¥ 8,204,122
Property management fees and facility management fees	¥764,052	¥799,004
Depreciation	1,451,833	1,429,329
Utilities	529,106	578,389
Taxes	536,723	494,867
Insurance	16,098	16,533
Repairs and maintenance	171,075	138,371
Trust fees	38,192	45,274
Loss on retirement of fixed assets	23,394	—
Others	121,632	101,440
■ Total property-related expenses	¥ 3,652,105	¥ 3,603,207
Loss on sale of real estate		
Revenue from sale of investment properties	¥ 1,982,000	¥ 2,670,000
Cost of investment properties	2,348,605	3,108,892
Other sales expenses	74,166	53,571
■ Loss on sale of real estate	¥ 440,771	¥ 492,463

12. 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, 2009 and April 30, 2009 are as follows:

	In thousands of yen	
	As of October 31, 2009	As of April 30, 2009
Due within one year	¥ 1,059,032	¥ 1,314,069
Due after one year	7,538,786	7,930,499
Total	¥ 8,597,818	¥ 9,244,568

13. DERIVATIVES AND HEDGE ACCOUNTING

The Investment Corporation has entered into interest-rate swap agreements with several Japanese financial institutions to hedge its variable rate long-term debt obligations. The Investment Corporation utilizes interest-rate swap agreements, which are derivative financial instruments, only for the purpose of mitigating future risks of fluctuations of interest rates, but does not enter into such transactions for speculative or trading purposes. The Investment Corporation entered into such derivative transactions to hedge risk in accordance with its Articles of Incorporation and the established risk management policies of the Asset Management Company.

The following summarizes the notional principal amounts and the estimated unrealized loss from interest rate swap contracts as of October 31, 2009:

The estimated unrealized loss does not include the interest rate swap contracts that met the criteria for the special treatment.

Type	Notional amount	(As of October 31, 2009)
		Unrealized loss
Interest-rate swap: Fixed rate payable and floating rate receivable	¥29,500 million	¥(15 million)

14. PROPERTY INFORMATION

Details of the property portfolio as of October 31, 2009 were as follows:

Type	Office Buildings		Residential Properties		Central Urban Retail Properties
	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area
Number of properties	49	9	4	1	2

Property information (In millions of yen)

Acquisition price	¥ 165,246	¥ 32,215	¥ 8,519	¥ 1,800	¥ 12,380
Percentage of total acquisition costs	75.06%	14.63%	3.87%	0.82%	5.62%
Net book value	¥ 167,657	¥ 32,019	¥ 8,318	¥ 1,899	¥ 12,557
Appraisal value at year end	¥ 157,353	¥ 25,864	¥ 7,109	¥ 1,370	¥ 12,240
Percentage of total appraisal value	77.16%	12.68%	3.49%	0.67%	6.00%

Financial results for the period ended October 31, 2009 (In thousands of yen)

Rental and other operating revenues	¥ 6,039,756	¥ 1,123,562	¥ 300,422	¥ 94,481	¥ 363,641
Rental revenues	5,302,542	927,112	272,334	84,790	319,348
Other revenues	737,214	196,451	28,089	9,691	44,293
Property-related expenses	1,580,450	434,288	67,662	42,850	75,022
Property management fees	538,203	166,376	27,122	8,201	24,150
Taxes	417,328	74,100	17,151	8,448	19,697
Utilities	397,552	103,967	2,982	1,923	22,683
Repairs and maintenance	98,680	43,172	9,405	16,461	3,356
Insurance	9,767	4,757	761	482	330
Trust fees and other expenses	118,920	41,915	10,242	7,336	4,806
NOI (Net Operating Income)	4,459,305	689,274	232,761	51,630	288,618
Depreciation expenses	960,410	317,126	86,143	22,339	65,814
Operating income from property leasing activities	3,498,895	372,149	146,617	29,291	222,804
Capital expenditures	294,112	57,308	1,463	44,952	2,570
NCF (Net Cash Flow)	4,165,193	631,967	231,298	6,678	286,048

A breakdown of property-type as of October 31, 2009 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	¥ 167,657	70.9%	
		Other Regional Areas	32,019	13.5%	
	Subtotal		199,676	84.5%	
	Residential Properties	Tokyo Metropolitan Area	8,318	3.5%	
		Other Regional Areas	1,899	0.8%	
	Subtotal		10,217	4.3%	
	Central Urban Retail Properties	Tokyo Metropolitan Area	12,557	5.3%	
	■ Total			¥ 222,449	94.1%
	Bank deposits and other assets			¥ 13,871	5.9%
	Total assets			236,320	100.0%
Total liabilities			109,253	46.2%	
Net assets			¥ 127,067	53.8%	

15. SUBSEQUENT EVENTS

PRIMARY OFFERING OF THE ISSUE OF NEW INVESTMENT UNITS

On October 29, 2009 and November 9, 2009, the Board of Directors of the Investment Corporation resolved to issue new investment units as detailed below. The payments were completed on November 16, 2009 through public offering. As a result of the issuance of additional investment units, the Investment Corporation had total unitholders' capital of ¥133,129,755,470 with 233,550 investment units outstanding as of November 16, 2009.

① Issuance of New Investment Units through Public Offering

Total Number of Units Issued:	33,550 units
Issue Price (Offer Price):	¥252,200 per unit
Total Amount of the Issue Price (Offer Price):	¥8,461,310,000
Paid-in Value (Issue Value):	¥243,100 per unit
Net Proceeds:	¥8,156,005,000
Payment date:	November 16, 2009
Starting date of the computation of cash distribution:	November 1, 2009

② Use of Funds

The Investment Corporation has applied the net proceeds from the public offering of new investment units to acquire the properties.

STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE PERIOD FROM NOVEMBER 1, 2008 TO APRIL 30, 2009, AND THE PERIOD FROM MAY 1, 2009 TO OCTOBER 31, 2009

	In thousands of yen	
	From May 1, 2009 to October 31, 2009	From November 1, 2008 to April 30, 2009
Cash Flows from Operating Activities:		
Income before income taxes	¥ 2,103,248	¥ 2,435,329
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	1,613,633	1,571,996
Interest expense	907,825	858,419
Loss on retirement of fixed assets	23,394	—
Changes in assets and liabilities:		
Rental receivables	76,500	(73,290)
Consumption tax refundable	(136,065)	180,365
Accrued consumption tax	(240,048)	252,054
Trade and other payables	(136,412)	(114,984)
Rents received in advance	(39,880)	(64,577)
Property and equipment due to sale	2,348,605	3,108,890
Others, net	(192,155)	(320,267)
Subtotal	6,328,645	7,833,935
Cash payments of interest expense	(912,655)	(872,143)
Cash payments of income taxes	(649)	(605)
Net cash provided by operating activities	5,415,341	6,961,187
Cash Flow from Investing Activities:		
Purchases of property and equipment	(4,110,567)	(923,618)
Proceeds from leasehold and security deposits received	613,790	441,191
Payments of leasehold and security deposits received	(692,215)	(777,846)
Payments of time deposits	—	(1,390,000)
Payments of restricted bank deposits	(16,919)	(563)
Proceeds from restricted bank deposits	1,034	820,124
Others, net	—	(1,178)
Net cash used in investing activities	(4,204,877)	(1,831,890)
Cash Flows from Financing Activities:		
Proceeds from short-term debt	5,000,000	12,000,000
Payment of short-term debt	(5,000,000)	(7,000,000)
Proceeds from long-term debt	3,000,000	9,500,000
Payment of long-term debt	(4,530,000)	(14,500,000)
Payment of dividends	(2,434,003)	(3,121,451)
Net cash used in financing activities	(3,964,003)	(3,121,451)
Net change in cash and cash equivalents	(2,753,539)	2,007,846
Cash and cash equivalents at the beginning of period	13,711,495	11,703,649
Cash and cash equivalents at the end of period	¥ 10,957,956	¥ 13,711,495

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, 2009 and April 30, 2009:

	In thousands of yen	
	As of October 31, 2009	As of April 30, 2009
Cash and bank deposits	¥ 12,870,430	¥ 15,608,085
Restricted bank deposits held in trust ^(Note 1)	(522,474)	(506,590)
More than 3 months fixed deposits ^(Note 2)	(1,390,000)	(1,390,000)
Cash and cash equivalents	¥ 10,957,956	¥ 13,711,495

Notes: 1. Restricted bank deposits held in trust are retained for repayment of tenant leasehold and security deposits.
2. More than 3 months fixed deposits are fixed deposit which has deposit term of more than 3 months.