

# KENEDIX

Residential NEXT Investment Corporation

2020.8.1-2021.1.31



# 18th

# SEMI-ANNUAL

# REPORT



Kenedix Residential Next Investment Corporation

# I Overview of KDR

## To our unitholders

We would like to thank all of our unitholders and stakeholders for their continued supports and corporation.

We are pleased to inform you that Kenedix Residential Next Investment Corporation (KDR) successfully closed all accounts for the 18th fiscal period (from August1, 2020 to January 31, 2021). We hereby report on the asset management overview and results for the 18th Fiscal Period.

For the 18th fiscal period, operating revenue was ¥ 8,382 million, operating income was ¥ 4,344 million, ordinary income was ¥ 3,632 million, and net income was ¥ 3,631 million, resulting in a distribution per unit of ¥ 4,066, up 0.02% from the previous fiscal period.

During the fiscal period under review, KDR acquired 6 properties of rental housing, the building with leasehold interest of Cosmo Heim Motosumiyoshi, and a part of land with leasehold interest of Rihabili-home Granda Mondo Yakujin. As a result, at the end of January 2021, our AUM amounted to 157 properties and ¥259.4 billion (total acquisition price).

In the management of owned properties, the occupancy rate of the portfolio at the end of the fiscal period was 96.2%, continuing to maintain a high occupancy rate despite the impact of the COVID-19.

Regarding residential facilities, although occupancy rates, mainly in central Tokyo, have declined at some properties due to demographic changes, rents are still on an upward trend, and occupancy rates showed signs of recovery toward the end of the period.

On the other hand, healthcare facilities and accommodation facilities contributed to maintaining the profit stability of portfolio through long-term lease contracts.

As to activities in the 18th fiscal period onward, KDR raised approximately ¥7.7 billion through the issuance of new investment units each in February and March 2021 and acquired 1 rental housing property and 1 health care facility. In addition, KDR plans to acquire 3 properties of rental housing and 1 healthcare facility through August 2021 and sold 1 property of rental housing located in Tokyo in February 2021. As a result, the size of our AUM as of August 2021 is expected to be 162 properties valued at ¥268.8 billion.

Based on an accurate understanding of social and economic changes, we will pursue with flexibility investment and revenue opportunities that we believe are the most attractive. We will dynamically invest and manage our portfolio by gathering information and making decisions swiftly. By using this approach, we aim to maximize the unitholder's value.

Your continued support and cooperation are highly appreciated.

Executive Director,  
Kenedix Residential Next Investment Corporation

Director & COO, Head of Residential REIT Department,  
Kenedix Real Estate Fund Management, Inc.

*Keisuke Sato*



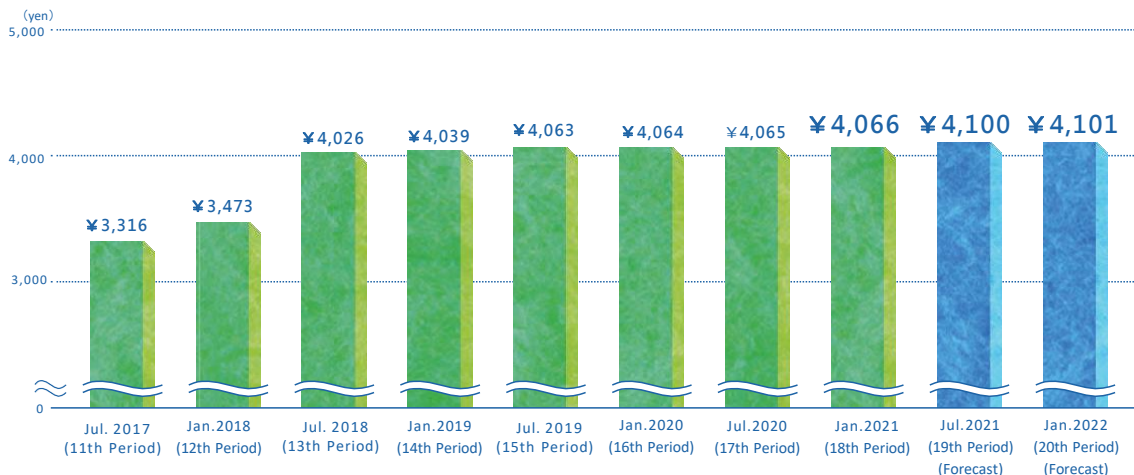
# Highlights

## Distribution per Unit

(Note) Distribution per unit for 19th fiscal period and 20th fiscal period is estimated based on certain assumptions as of March 15, 2021

18th (Ended January 2021) Actual	19th (Ending July 2021) Forecast
<b>¥ 4,066</b>	<b>¥ 4,100</b>
	20th (Ending January 2022) Forecast
	<b>¥ 4,101</b>

## Trend in DPU (note)



(Note) KDR implemented a two-for-one split of the investment units as of the record date of February 28, 2018 (Effective date on March 1, 2018). Before the period ended January 2018 (12<sup>th</sup> fiscal period), the figures for the distribution per unit are those taking into account the split of the investment units.

(million yen)

Operating Revenues	17th Fiscal Period	18th Fiscal Period	Operating Income	17th Fiscal Period	18th Fiscal Period
	<b>8,374</b>	<b>8,382</b>		<b>4,469</b>	<b>4,344</b>
ordinary income	17th Fiscal Period	18th Fiscal Period	Net Income	17th Fiscal Period	18th Fiscal Period
	<b>3,808</b>	<b>3,632</b>		<b>3,808</b>	<b>3,631</b>

## Portfolio overview

<p>Total Number of properties</p> <p><b>157</b> properties</p> <ul style="list-style-type: none"> <li>Residential Facilities: <b>131</b> properties</li> <li>Healthcare Facilities: <b>24</b> properties</li> <li>Accommodation Facilities: <b>2</b> properties</li> </ul>	<p>Total Acquisition price</p> <p><b>2,594</b> billion</p> <ul style="list-style-type: none"> <li>Residential Facilities: <b>2,002</b> billion</li> <li>Healthcare Facilities: <b>541</b> billion</li> <li>Accommodation Facilities: <b>49</b> billion</li> </ul>	<p>Occupancy rate (At the end of 18th Fiscal Period)</p> <p><b>96.2</b> %</p> <ul style="list-style-type: none"> <li>Residential Facilities: <b>94.5</b> %</li> <li>Healthcare Facilities: <b>99.9</b> %</li> <li>Accommodation Facilities: <b>100.0</b> %</li> </ul>
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## Special feature : Initiatives to Further Enhance Unitholder Value

- ✓ Occupancy rates for residential facilities are on an upward trend again. Rents continue to increase.
- ✓ Cash flow of healthcare facilities is stable even in the Corona disaster situation.

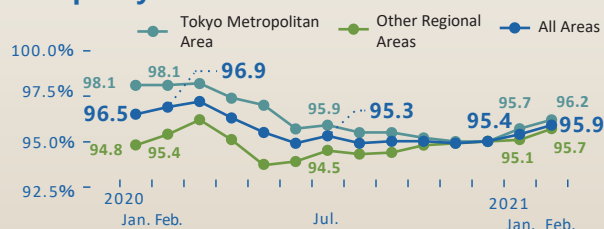
### Operation of Assets

#### Residential Facilities

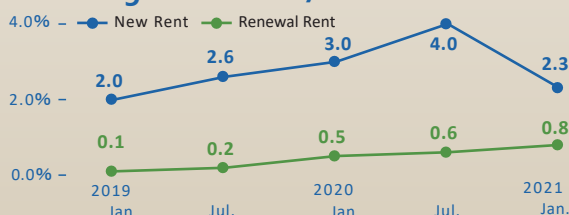
- With the decrease in population inflow to Tokyo and the dispersion of demand from the central Tokyo area to the suburbs, there was a downward trend in occupancy rates, especially for single type properties in the central Tokyo area.
- As of the end of January 2021, the occupancy rate of residential facilities was 95.4% (down 1.1pt, year-on-year), and there are signs that the occupancy rate, which had been on a downward trend since April 2020, will begin to rise again.
- New rents increased by 2.3%, Renewal rents increased by 0.8%.  
The trend of rent increase is continuing.

(note) the occupancy rates are calculated without the two residential properties ("KDX Residence Hatchobori" and "KDX Residence Nakaitabashi") acquired by KDR as of the end of September 2020.

#### Occupancy Rates



#### Percentage of Increase/Decline of rent

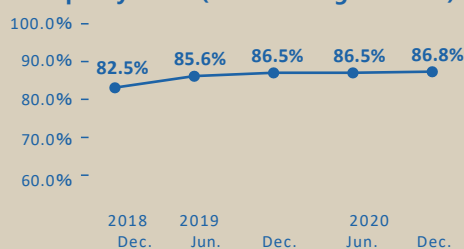


#### Healthcare Facilities

- Demand for occupancy in healthcare facilities is strong regardless of the Corona disaster. Occupancy rates for each facility are also stable.
- All of facilities are continuing to operate as normal, thanks to the efforts of each operator to prevent the spread of the new Coronavirus.
- Diversification of operators through the acquisition of new properties has improved the stability of the healthcare facility portfolio.

(note) The figures are based on the senior living facilities owned by KDR as of the end of January 2021. However, the data related to "Rihabili-home Granda Mondoyakujin", "Anesis Teradacho", "Orange Suma", "Tsukui Sun-shine Machida", "Arute Ishiyagawa" was excluded from the aggregation.

#### Occupancy Rates (Senior Living Facilities) (note)



#### Accommodation Facilities

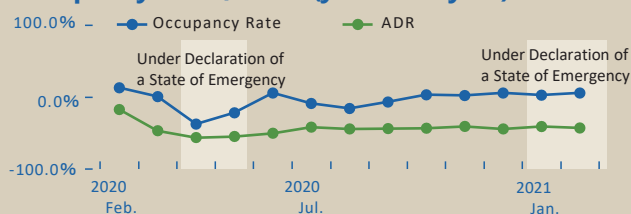
- Although operation remains severe due to the Corona disaster, a gradual recovery of demand is to be expected as the state of emergency is lifted.
- Occupancy rates of the two properties have recovered to the pre-Corona level.
- Temporary rent reduction was implemented in the period ended July 2020 (17th period). However, since then, the rent has been paid as agreed.

(note) The figures in the graph of Occupancy rate/ADR for Accommodations show the ratio of the average of the occupancy rate/ADR for each month of the two properties owned by KDR ("Hotel LIVMAX Tokyo Otsuka Ekimae" and "Hotel LIVMAX Yokohamaeki Nishiguchi") to the average of the occupancy rate/ADR for the same month last year.

#### Summary of Lease Agreements

Operator	LIVEMAX Inc.
Type of contract	Ordinary traditional lease contract (100% Fixed rent)
Contract Period	20 years from 2018/10/31 (Otsuka) 20 years from 2018/11/30 (Yokohama)
Cancellation / Rent revision	Cancellation is not possible for 10 years from the contract start date / Rent cannot be changed for 5 years

#### Occupancy Rate / ADR (year-over-year) (note)



- ✓ After the merger, AUM has grown by an average of about ¥ 25 billion per year, along with the four public offerings.
- ✓ KDR aims to expand asset size and improve earnings stability by further strengthening its financing capabilities and property acquisition capabilities

## External Growth

### Fundraising through the Issuance of New Investment Units and Steady External Growth

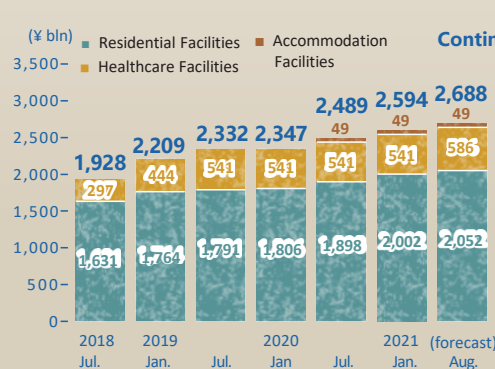
- Became the first J-REIT to conduct a domestic public offering on a shortened schedule according to the special treatment for WSKI (Well Known Seasoned Issuer) in February 2021
- Total of 9 residential and 2 healthcare facilities amounting to ¥ 19.3 billion are scheduled to acquire with the raised funds. Those are the residential facilities that were newly built in Tokyo Metropolitan Area or meet the needs in the suburbs of Tokyo, and healthcare facilities operated by major operators.

#### Overview of the Public Offering

Shortening the period reduces the risk of investment unit price fluctuations after resolutions for issuance.

Date of resolution for issuance	February 15, 2021
Date when the issue price was determined	February 18, 2021
Issue price /Paid-in amount	¥ 179,985 /¥ 174,170
Total paid-in amount	Approx. ¥ 7.4 bln

#### Growth in AUM



#### Aim for Continuous growth in AUM

**Annual average acquisition amount**  
After the end of July 2018  
Until after the acquisition of newly acquired assets

**Approx. ¥25.0 bln**

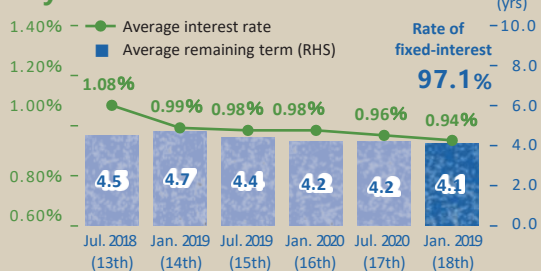
**CAGR for Asset size**  
After the end of July 2018  
Until after the acquisition of newly acquired assets

**+11.7% / year**

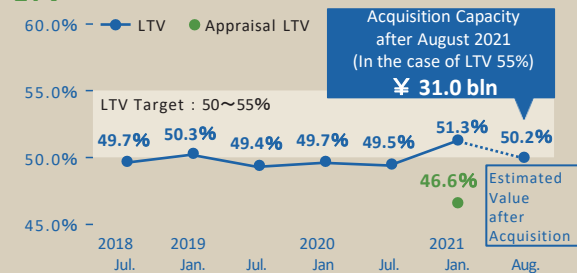
## Finance and the Other

### Appropriate Financial Control and Securing of Acquisition Capacity

#### Key Debt Indicator



#### LTV



**Acquisition Capacity after August 2021 (In the case of LTV 55%)**  
**¥ 31.0 bln**

LTV Target : 50~55%

Estimated Value after Acquisition

### Aiming for Further Growth

#### Rating Outlook

- Rating Outlook improved in January 2021



#### Sponsor Support

- The sponsor's capital and business partnership with the SMFL Group in Jan. 2021 is expected to strengthen KDR's ability to raise funds and acquire properties through the supplementation of creditworthiness and utilizing the bridge function.

# Introduction of Newly Acquired Properties

## Investment in newly built properties and residential facilities that meet the needs in the suburbs of Tokyo

### Newly Acquired Properties in 18<sup>th</sup> Period

#### T-93 KDX Residence Hatchobori



Tokyo  
Special  
Wards

Family

Acquisition Date	September 30, 2021
Acquisition Price	3,000 million yen
Appraisal value	3,530 million yen
Location	Chuo ward, Tokyo
Access	Four minutes` walk from Hatchobori station on Tokyo Metro Hibiya Line
Site Area	482.87m <sup>2</sup>
Rentable Units	46 units
Occupancy Rate <sup>(note)</sup>	Contracted : 49.0% Applied : 62.4%
Completion	September 2020

#### T-94 KDX Residence Nakaitabashi



Tokyo  
Special  
Wards

Studio

Acquisition Date	September 30, 2021
Acquisition Price	1,736 million yen
Appraisal value	1,850 million yen
Location	Itabashi ward, Tokyo
Access	Six minutes` walk from Nakaitabashi station on Tobu Tojo Line
Site Area	782.06m <sup>2</sup>
Rentable Units	78 units
Occupancy Rate <sup>(note)</sup>	97.4% (as of the last day of April 2021)
Completion	June 2020

#### T-95 KDX Residence Shonandai



Suburbs  
of Tokyo

Studio

Acquisition Date	November 2, 2020
Acquisition Price	1,500 million yen
Appraisal value	1,610 million yen
Location	Fujisawa city, Kanagawa
Access	Three minutes` walk from Shonandai station on Odakyu Enoshima Line
Site Area	716.55m <sup>2</sup>
Rentable Units	104 units
Occupancy Rate	96.2% (as of the last day of April 2021)
Completion	February 2004

#### T-96 KDX Residence Ikebukuro West



Tokyo  
Special  
Wards

Studio

Acquisition Date	January 29, 2021
Acquisition Price	2,237 million yen
Appraisal value	2,450 million yen
Location	Itabashi ward, Tokyo
Access	Fifteen minutes` walk from Ikebukuro station on Tokyo Metro Marunouchi Line
Site Area	461.65m <sup>2</sup>
Rentable Units	89 units
Occupancy Rate	100.0% (as of the last day of April 2021)
Completion	July 2020

(Note) "Contracted" refers to the occupancy rate as of March 31, 2021, taking into account parcels for which lease contracts have been concluded by February 28, 2021.

(Note) "Applied" refers to the occupancy rate as of March 31, 2021, taking into account the plots scheduled to be leased by tenants who have submitted applications for lease by February 28, 2021.

# Introduction of Newly Acquired Properties

## T-92 KDX Residence Ichikawa



Suburbs  
of Tokyo

Studio

Acquisition Date	September 24, 2020
Acquisition Price	840 million yen
Appraisal value	908 million yen
Location	Ichikawa city, Chiba
Access	Five minutes` walk from Ichikawa station on JR Sobu Line
Site Area	362.95m <sup>2</sup>
Rentable Units	47 units
Occupancy Rate	97.9% (as of the last day of April 2021)
Completion	February 2010

## T-91 KDX Residence Nakanobu



Tokyo  
Special  
Wards

Studio

Acquisition Date	August 3, 2020
Acquisition Price	830 million yen
Appraisal value	901 million yen
Location	Shinagawa ward, Tokyo
Access	Three minutes` walk from Ebaramachi station on Tokyu Oimachi Line
Site Area	304.14m <sup>2</sup>
Rentable Units	32 units
Occupancy Rate	95.2% (as of the last day of April 2021)
Completion	May 2008

## ▶ Newly Acquired (to be) Properties in 19<sup>th</sup> and 20<sup>th</sup> Period

## T-100 KDX Residence Kamishakujii II



Newly  
Built

Tokyo  
Special  
Wards

Small  
Family

Acquisition Date	August 2, 2021
Acquisition Price	3,087 million yen
Appraisal value	3,250 million yen
Location	Nerima ward, Tokyo
Access	Six minutes` walk from Kamishakujii station on Seibu Shinjuku Line
Site Area	1,370.88m <sup>2</sup>
Rentable Units	114 units
Occupancy Rate <sup>(note)</sup>	Contracted : 60.4% Applied : 72.5%
Completion	October 2020

## T-97 KDX Residential Tennocho



Suburbs  
of Tokyo

Studio

Acquisition Date	March 1, 2021
Acquisition Price	843 million yen
Appraisal value	907 million yen
Location	Yokohama city, Kanagawa
Access	Nine minutes` walk from Tennocho station on Sotetsu Main Line
Site Area	440.78m <sup>2</sup>
Rentable Units	29 units (including nursery school)
Occupancy Rate	100.0% (as of the last day of April 2021)
Completion	February 2020

# Introduction of Newly Acquired Properties

## T-98 KDX Residence Kawasaki

Newly Built



Suburbs of Tokyo

Studio

Acquisition Date	April 1, 2021
Acquisition Price	910 million yen
Appraisal value	982 million yen
Location	Kawasaki city, Kanagawa
Access	Seventeen minutes' walk from Kawasaki station on JR Tokaido/Keihin Tohoku/Nanbu Line
Site Area	399.53m <sup>2</sup>
Rentable Units	57 units
Occupancy Rate	100.0% (as of the last day of April 2021)
Completion	December 2020

## T-99 KDX Residence Kamata –minami II

Newly Built



Tokyo Special Wards

Studio

Acquisition Date	May 6, 2021
Acquisition Price	780 million yen
Appraisal value	854 million yen
Location	Ota ward, Tokyo
Access	Ten minutes' walk from Zoshiki station on Keikyu Main Line
Site Area	464.68m <sup>2</sup>
Rentable Units	34 units
Occupancy Rate	-
Completion	March 2021

## Investment in stable healthcare facilities operated by major operators

### H-25 Medical-home Granda Kurakuen

Newly Built



Private Senior Homes (with Nursing care)

Acquisition Date	March 1, 2021
Acquisition Price	2,709 million yen
Appraisal value	2,780 million yen
Location	Nishinomiya city, Hyogo
Access	Fifteen minutes' walk from Kurakuen-guchi station on Hankyu Koyo Line
Site Area	3,035.29m <sup>2</sup>
No. of Rooms	68 units
Completion	November 2020
Operator	Benesse Style Care Co.,Ltd

### H-26 Rihabili – home Granda Kobe Kitano



Private Senior Homes (with Nursing care)

Acquisition Date	June 1, 2021
Acquisition Price	1,720 million yen
Appraisal value	1,800 million yen
Location	Kobe city, Hyogo
Access	Fifteen minutes' walk from Sannomiya station on JR Tokaido Line
Site Area	1,674.99m <sup>2</sup>
No. of Rooms	59 units
Completion	February 2016
Operator	Benesse Style Care Co.,Ltd

■ Residential Facility ■ Healthcare Facility









## Initiatives for Environment

ESG

### DBJ Green Building Certification

12 residential properties are certificated. (Obtained reassessment for 3 properties in January 2021)

KDX Residence Toyosu	KDX Residence Yothuya	Ashiya Royal Homes	
			
KDX Daikanyama Residence	2019 	KDX Residence Ebisu	2018 
KDX Residence Higashi - Sakura I	2019 	KDX Residence Hanzomon	2018 
KDX Residence Ohori Harbor View Tower	2019 	Serenite Kobe Motomachi	2018 
KDX Sakaisuji Hommachi Residence	2019 	KDX Residence Shukugawa Hills	2018 
KDX Residence Hommachibashi	2019 		

### GRESB Real Estate Assessment

The Investment Corporation participates in GRESB Real Estate Assessment and acquired "Green Star" rating for three consecutive years and "3 Stars" rating in 2020. (upgraded from "2 Stars" in 2019)



GRESB (Ex Global Real Estate Sustainability Benchmark) is a benchmark to evaluate sustainability performance of private and listed real estate portfolio, etc. from environmental and social perspectives.

## Initiatives for Society

ESG

### Investment in Childcare facilities

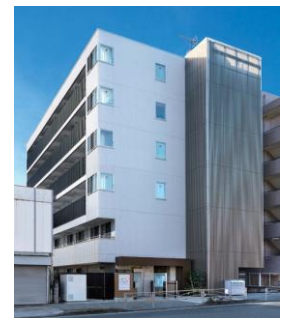
KDR aims to incorporate Childcare Facilities into our portfolio.

#### Revision of the Management Guidelines (Sep.2019)

- As Japan is facing issues related to population structure, as part of its response to the declining birthrate and aging population, **the need for childcare facilities is expected to continue.** KFM believes that childcare facilities are asset classes with good prospects for growth. These properties can generate stable rental income that is reflected in the medium to long-term asset value of these facilities.
- KFM revised its management guidelines to **create social value** through investments in childcare facilities that meet this need and **to increase flexibility for targeting investment opportunities.**

#### KDR's Investment Target

Usage	Asset Type Examples
<b>Residential facilities</b>	Rental housing Serviced apartments, etc.
<b>Healthcare facilities</b>	Private senior homes, serviced housing for the elderly, Nursing and health facilities, etc.
<b>Accommodation facilities</b>	Hotel, etc.
<b>Other</b>	Land with leasehold interest, <b>Childcare facilities</b> , etc.



KDX Residence tennocho acquired in March 2021 includes a nursery school on 1<sup>st</sup> and 2<sup>nd</sup> floors

## Initiatives for Governance

ESG

### Asset Management Fee Structure

Asset management fee structure has changed in 2019 so that fees and unitholder returns are strongly linked.

AM Fee I	AM Fee II	AM Fee III
(Before Change)	(Before Change)	<b>Newly Established</b>
Total assets at the end of the previous period × 0.3% (annual rate)	Distributable amount × 5.0%	<b>Vs. TSE REIT index Performance</b> × <b>Market Capitalization</b> × <b>0.15%</b>
Total assets at the end of the previous period × <b>0.27%</b> (annual rate)	Distributable amount × <b>EPU</b> × <b>0.00145%</b>	<b>Linked to performance of investment unit prices</b>
<b>Reduction in fee rates linked to the total assets</b>	<b>Stronger linkage with Earnings Per Unit</b>	

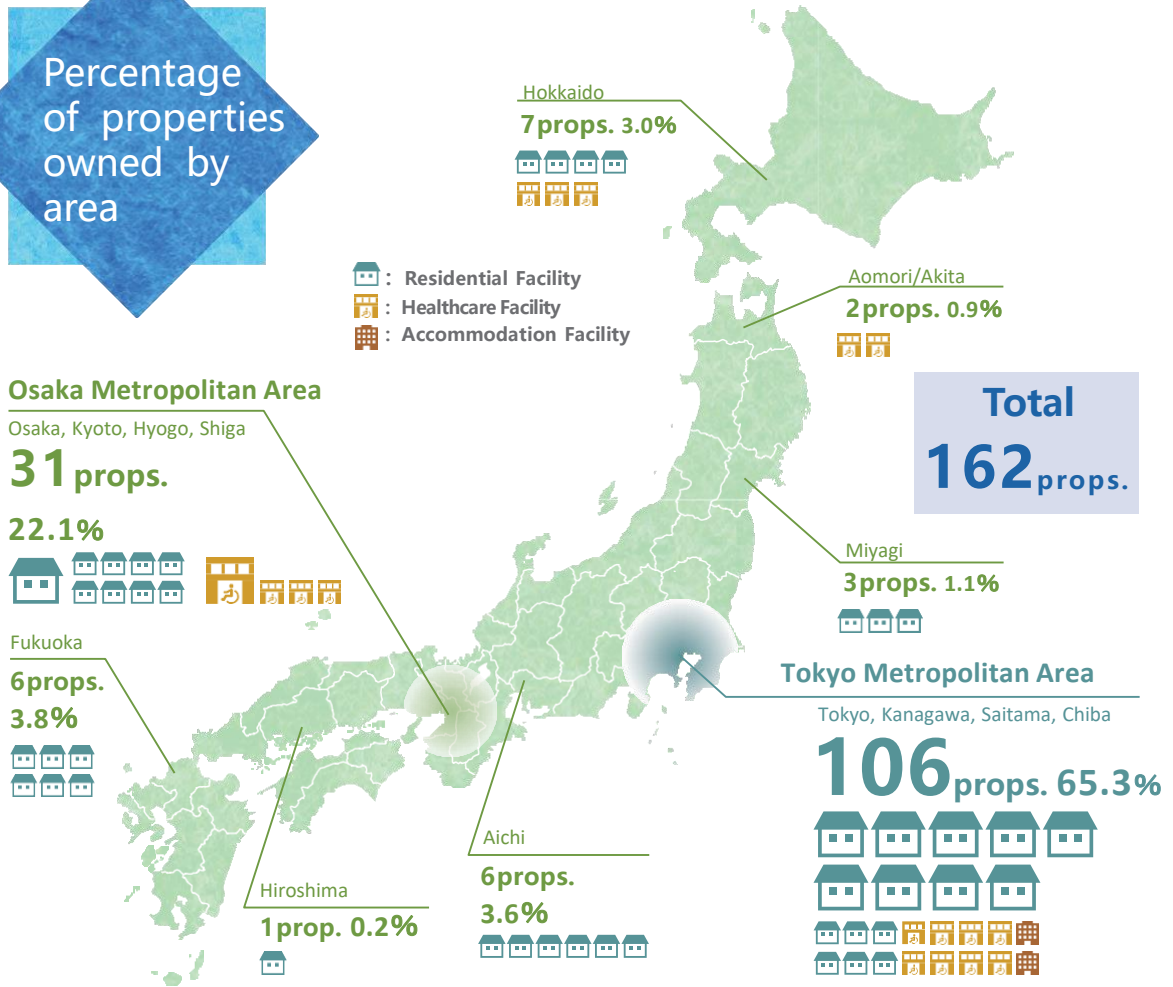
- Changing to the structure that has stronger linkage with earnings per unit (Asset Management Fee II)
- Introducing the structure that linked to performance of investment unit prices (Asset Management Fee III)

#### Results : Asset Management Fee III

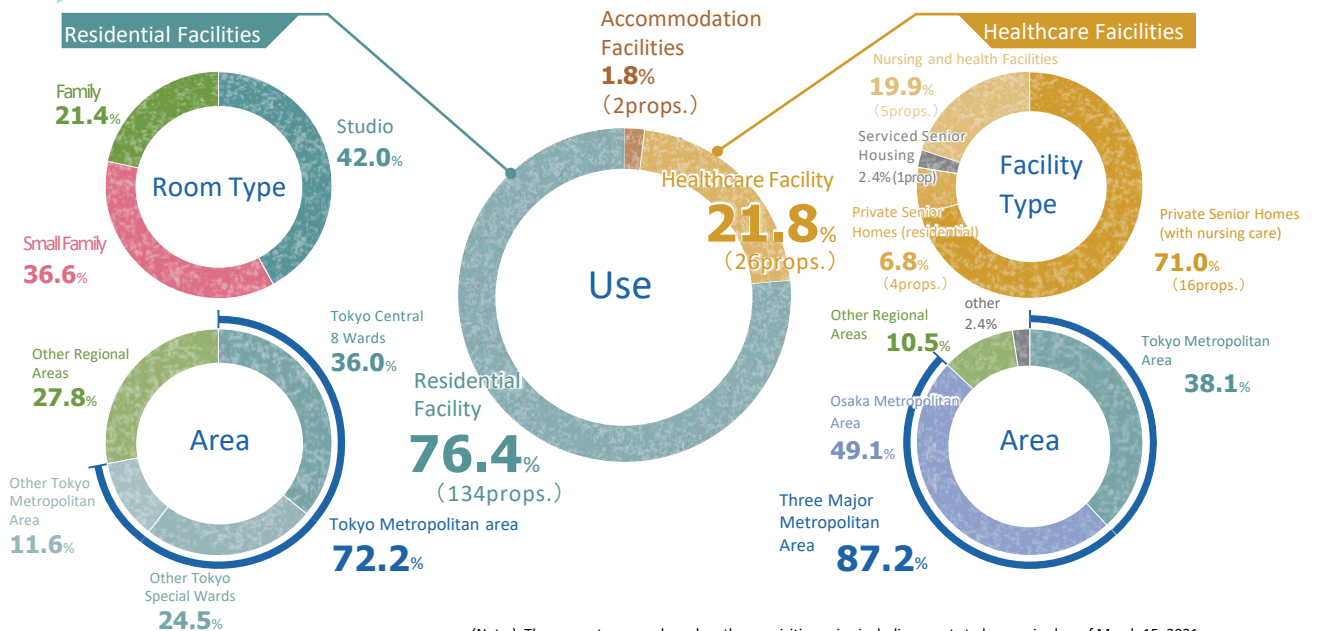
	Vs. TSE REIT Index Performance	AM Fee III
第16期	+ 2.0%	
第17期	+15.0%	5 million yen
第18期	<b>▲ 17.0%</b>	43 million yen
第19期	Negative performance deferred to the next period	0

# Overview of Portfolio

Percentage of properties owned by area



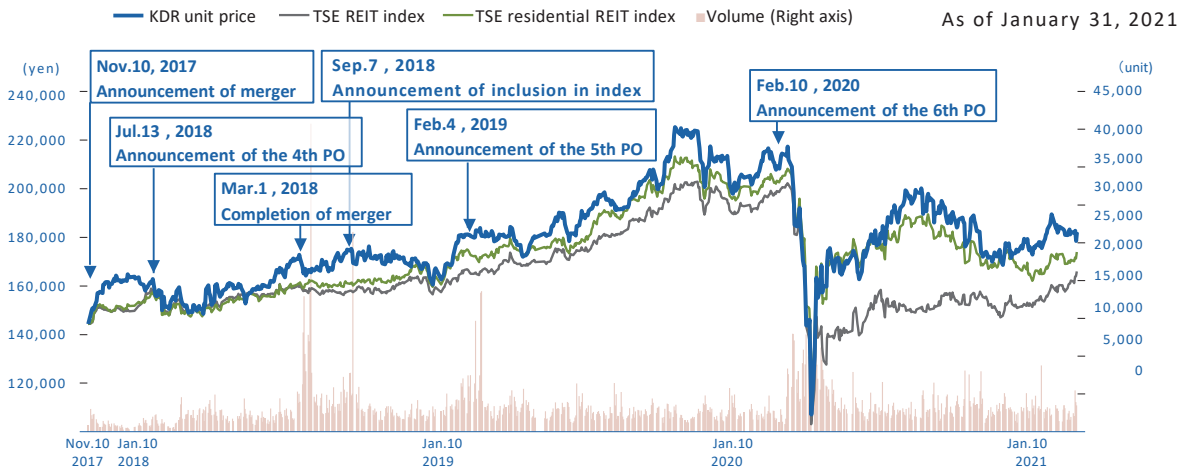
## Portfolio Breakdown



(Note ) The percentages are based on the acquisition price including assets to be acquired as of March 15, 2021.

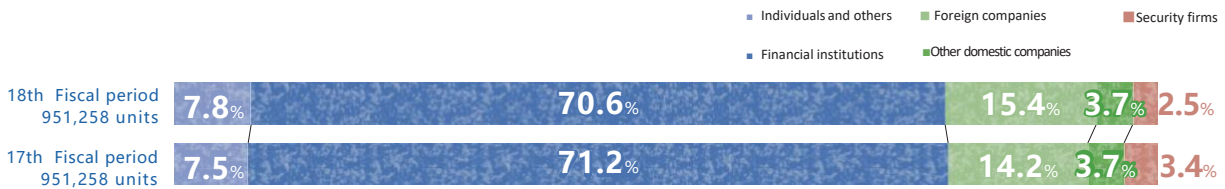
# Investment Unit

## ▶ Investment Unit Price (After Announcement of the Merger) (1)



- Note 1: KDR investment unit price and TSE Residential REIT index are based on the closing price. For the TSE Residential REIT index, an index based on the November 10, 2017 closing prices of this index and KDR investment units is used.
- Note 2: KDR implemented a two-for-one split of the investment units as of the record date of February 28, 2018 (Effective date on March 1, 2018). The above figures for the unit price before the split are those calculated by dividing the actual unit price by two.

## ▶ Composition of Unitholders (based on number of units)



The Investment Corporation discloses a variety of information on its website, including press releases, financial results, property information and IR event information. The Investment Corporation will continue to make efforts to provide information to its unitholders in a timely manner.

<https://www.kdr-reit.com/>

## Unitholders' benefit programs

Seikatsu Kagaku Un-Ei Co., Ltd.	
Benefits	<ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>
Eligible Person	Unitholder and his / her spouses and his / her relatives (within the second degree).
Facilities Available	All of the private senior homes with nursing care operated by Seikatsu Kagaku Un-Ei Co., Ltd. as of July 31,2020.
The No. of Facilities	25 facilities
Area	Tokyo, Saitama, Chiba, Kanagawa, Shizuoka, Aichi, Kyoto, Hyogo, Osaka
Contact No.	0120-580-731
Property owned by KDR	N/A
Homepage	<a href="http://www.seikatsu-kagaku.co.jp/">http://www.seikatsu-kagaku.co.jp/</a>

CENTURY LIFE CORPORATION	
Benefits	<ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>
Eligible Person	Unitholder and his / her spouses and his / her relatives (within the second degree)
Facilities Available	All of the private senior homes with nursing care and serviced senior housing operated by CENTURY LIFE CORPORATION as of July 31,2020.
The No. of Facilities	10 facilities
Area	Tokyo, Saitama, Chiba, Kanagawa, Osaka
Contact No.	+81-120-580-731
Property owned by KDR	N/A
Homepage	<a href="http://www.centurylife.co.jp/">http://www.centurylife.co.jp/</a>

SENIOR LIFE COMPANY	
Benefits	<ul style="list-style-type: none"> <li>« On the condition of lump sum payment » Discount on lump sum payment for resident ( ¥ 300,000 discount)</li> <li>Trial residence free of charge (1-night, 2-day stay, with dinner and breakfast)</li> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>
Eligible Person	Unitholder and his / her spouses and his / her relatives (within the second degree)
Facilities Available	All of the private senior homes with nursing care and apartment for the elderly operated by SENIOR LIFE COMPANY as of July 31,2020.
The No. of Facilities	5 facilities
Area	Tokyo, Fukuoka
Contact No.	+81-120-678-723
Property owned by KDR	N/A
Homepage	<a href="https://www.felio.life/">https://www.felio.life/</a>

Sompo Care Inc.	
Benefits	<p>I . Sompo Care LAVIERE</p> <ul style="list-style-type: none"> <li>« On the condition of lump sum payment » 3% discount from the initial lump sum payment for resident</li> <li>« On the condition of monthly payment » 3% discount of the amount equivalent to the rent out of the monthly payment (Until the contract end)</li> </ul> <p>II . Sompo Care Sompo no ie, Sompo no ie S, Sompo no ie GH, Private senior homes (residential), Serviced senior housing, Group homes</p> <ul style="list-style-type: none"> <li>3% discount of the amount equivalent to the rent out of the monthly payment or of the rent (Until the contract end)</li> </ul>
Eligible Person	<p>Unitholder and his / her spouses and his / her relatives (within the second degree)</p> <p>※A user who has inquired this benefit through agencies, are ineligible. Also, it cannot be combined with other discount programs.</p>
Facilities Available	<p>I . Sompo Care LAVIERE operated by Sompo Care Inc as of July 31,2020. (Excluding short-term use)</p> <p>II . Sompo Care Sompo no ie, Sompo no ie S, Sompo no ie GH, Private senior homes (residential), Serviced senior housing, Group homes operated by Sompo Care Inc. as of July 31,2020. (Facilities for short-term use are excluded.)</p>
The No. of Facilities	433 facilities
Area	Hokkaido, Iwate , Miyagi, Akita, Saitama, Chiba, Tokyo, Kanagawa, Shizuoka, Aichi, Kyoto, Osaka, Hyogo, Nara, Okayama, Hiroshima, Fukuoka, Kumamoto
Contact No.	+81-120-155-703
Property owned by KDR	Sompo Care LAVIERE Kobe Tarumi
Homepage	<a href="https://www.sompocare.com/">https://www.sompocare.com/</a>

HITOWA Care Service Co., Ltd.	
Benefits	<ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> <li>Discount on usage charge for two-month equivalent</li> </ul>
Eligible Person	<p>Unitholder and his / her spouses and his / her relatives (within the second degree)</p> <p>※A user with an application through agencies are ineligible</p>
Facilities Available	All of the private senior homes with nursing care operated by HITOWA Care Service Co., Ltd as of July 31,2020.
The No. of Facilities	112 facilities
Area	Hokkaido, Miyagi, Saitama, Chiba, Tokyo, Kanagawa, Nagano, Aichi, Hyogo, Okinawa
Contact No.	+81-3-6632-4306
Property owned by KDR	Irise Kamata/Yuseien , Irise Nishioka, Izarie Eniwa Building
Homepage	<a href="http://www.irs.jp/">http://www.irs.jp/</a>

# Unitholders' benefit programs

Nichii Carepalace Company	
Benefits	<ul style="list-style-type: none"> <li>Same-day facility site-visit(with lunch) free of charge</li> <li>Trial residence free of charge (1-night, 2-day stay, with dinner, lunch and breakfast)</li> </ul>
Eligible Person	Unitholder and his / her spouses and his / her relatives (within the second degree)
Facilities Available	All of the private senior homes with nursing care operated by Nichii Carepalace Company as of July 31,2020.
The No. of Facilities	74 facilities
Area	Tokyo, Saitama, Chiba, Kanagawa, Shizuoka
Contact No.	+81-120-555-800
Property owned by KDR	Nichii Home Nakano-Minamidai, Nichii Home Tama Plaza
Homepage	<a href="http://www.nichii-carepalace.co.jp/">http://www.nichii-carepalace.co.jp/</a>

CARE TWENTYONE CORPORATION	
Benefits	<ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>
Eligible Person	Unitholder and his / her spouses and his / her relatives (within the second degree)
Facilities Available	All of the private senior homes with nursing care operated by CARE TWENTYONE CORPORATION as of July 31,2020.
The No. of Facilities	44 facilities
Area	Tokyo, Saitama, Chiba, Kanagawa, Aichi, Kyoto, Osaka, Hyogo, Hiroshima
Contact No.	+81-120-944-821
Property owned by KDR	Plaisant Grand Ota tamagawa
Homepage	<a href="https://www.care21.co.jp/">https://www.care21.co.jp/</a>

Excellent Care System Co., Ltd.	
Benefits	<ul style="list-style-type: none"> <li>Same-day facility site-visit (with lunch) free of charge</li> </ul>
Eligible Person	Unitholder and his / her spouses and his / her relatives (within the second degree) ※Users who are already living in the facility are not eligible. Also, it cannot be combined with other discount programs.
Facilities Available	All of the private senior homes with nursing care operated by Excellent Care System Co., Ltd. as of July 31,2020.
The No. of Facilities	15 facilities
Area	Tokyo, Kanagawa, Kyoto, Hyogo, Tokushima
Contact No.	+81-44-819-5107
Property owned by KDR	Excellent Nishinomiya, Excellent Kitano
Homepage	<a href="http://www.excare.co.jp/">http://www.excare.co.jp/</a>

NM LIFE Co., Ltd.	
Benefits	<ul style="list-style-type: none"> <li>Discount on one-time payment for resident (¥ 200,000 discount)</li> <li>Trial residence free of charge, up to three times (1-night, 2-day stay, with dinner and breakfast)</li> <li>Same-day facility site-visit(with lunch) free of charge (up to three times)</li> </ul>
Eligible Person	Unitholder and his / her spouses and his / her relatives (within the second degree)
Facilities Available	Joy Stage Hachioji
The No. of Facilities	1 facility
Area	Tokyo
Contact No.	+81-120-38-0161
Property owned by KDR	Joy Stage Hachioji
Homepage	<a href="http://www.joystage.com/">http://www.joystage.com/</a>

Sawayaka Club Corporation	
Benefits	<ul style="list-style-type: none"> <li>10% discount on usage charge for the first monthly payment</li> <li>Trial residence free of charge (1-night, 2-day stay, with dinner and breakfast)</li> <li>Same-day facility site-visit(with lunch) free of charge</li> </ul>
Eligible Person	Unitholder and his / her spouses and his / her relatives (within the second degree)
Facilities Available	All of the private senior homes with nursing care operated by Sawayaka Club Corporation as of July 31,2020.
The No. of Facilities	74 facilities
Area	Hokkaido, Akita, Tochigi, Saitama, Chiba, Kanagawa, Niigata, Shizuoka, Aichi, Mie, Kyoto, Osaka, Hyogo, Ehime, Wakayama, Fukuoka, Oita
Contact No.	+81-120-958-490
Property owned by KDR	Sawayaka Sakura Nibankan
Homepage	<a href="http://www.sawayakclub.jp/">http://www.sawayakclub.jp/</a>

(Note 1) Existing residents are not eligible to use the benefits.

(Note 2) The area and the number of facilities are as of January 31, 2021.

(Note 3) There may be restrictions on trial residence and facility tour due to the operating condition of operators.

(Note 4) In the case of private senior homes with nursing care, those who are not required for nursing care may not be able to use this Unitholder Benefits Program .

(Note 5) It may be necessary to consult with a care manager and take a medical checkup before trial residence.

## Unitholders' benefit programs

Through the utilization of the Unitholder Benefit Program, KDR hope that the unitholders and their families will be able to realize healthy longevity.

General Outline of the Unitholder Benefit Program	
<b>1. Eligible Unitholder</b>	Unitholders stated or recorded on the unitholders' register of the Investment Corporation as of January 31, 2021 are eligible for the unitholder benefit program.
<b>2 Contents</b>	Unitholders owing more than 1 unit will be entitled to the benefits as described previous page.
<b>3 .Method for the Use of Benefits</b>	Please present Semi-annual Report for the fiscal period ended January 2021 (18th fiscal period) and the paper setting forth the name, address, etc. of the unitholder or dividend receipts, which are enclosed in the Semi-annual Report, to the healthcare facility.
<b>4 .Validity Period</b>	October 31, 2021

Q&A	
<b>About Benefit program</b>	<b>Q</b> At which facilities will I be eligible for benefit programs?
	<b>A</b> Facilities offering programs are shown on the list, but applicable facility types vary depending on each operator. Please call the operator to find out which facilities offer benefit programs.
	<b>Q</b> How can I check the details of benefit programs?
	<b>A</b> Details of benefit programs vary depending on each operator. Moreover, there may be some restrictions to benefit programs due to the operational status of facilities and such. Please call the operator to find out the details of the benefit programs.
<b>How to use</b>	<b>Q</b> What are the procedures required to use the program?
	<b>A</b> Please call and tell the operator that you wish to use the "Unitholder Benefit Program." You will be provided with detailed information on necessary procedures.
	<b>Q</b> What do I need to bring when using the program?
	<b>A</b> Please bring the document enclosed with this Semi-annual Report affixed with your address, name and other information. Some operators or facilities may require additional confirmation documents. Please confirm the details with the relevant operator.
	<b>Q</b> Can I go directly to a facility when I want to see the facility or do a trial residence?
<b>A</b> If you visit a facility without prior notice, they may not be able to respond to your request depending on the operational status or vacancy status. Please call the operator in advance and receive instructions before a visit.	

## II. Asset management report

### 1. Outline of asset management operation

#### (1) Operating result and financial position

	Fiscal period	Unit	14th	15th	16th	17th	18th
			From Aug. 1, 2018 to Jan. 31, 2019	From Feb. 1, 2019 to Jul. 31, 2019	From Aug. 1, 2019 to Jan. 31, 2020	From Feb 1, 2020 to Jul. 31, 2020	From Aug. 1, 2020 to Jan. 31, 2021
Operating result	Operating revenues	mil.yen	7,823	8,136	8,066	8,374	8,382
	(Rental revenues)	mil.yen	7,605	7,933	8,027	8,289	8,382
	Operating expenses	mil.yen	3,610	3,777	3,806	3,904	4,038
	(Expenses related to rent business)	mil.yen	2,794	2,915	2,911	3,005	3,060
	Operating income	mil.yen	4,213	4,358	4,260	4,469	4,344
	Ordinary income	mil.yen	3,599	3,741	3,614	3,808	3,632
Net income	mil.yen	3,598	3,741	3,613	3,808	3,631	
Asset	Total asset	mil.yen	245,103	254,965	256,665	272,960	283,172
	(period to period change)	%	( + 14.8 )	( + 4.0 )	( + 0.7 )	( + 6.3 )	( + 3.7 )
	Interest-bearing debt	mil.yen	123,250	125,900	127,650	135,050	145,220
	Unitholders' equity	mil.yen	111,951	118,541	118,500	127,457	127,132
(period to period change)	%	( + 13.4 )	( + 5.9 )	( - 0.0 )	( + 7.6 )	( - 0.3 )	
Unitholders' capital	mil.yen	93,226	99,731	99,731	108,550	108,550	
Distribution per unit	Total distribution	mil.yen	3,510	3,687	3,687	3,866	3,867
	Dividend payout ratio <sup>(Note 2)</sup>	%	97.6	98.5	102.1	101.5	106.5
	Number of investment units issued and outstanding	unit	869,133	907,458	907,458	951,258	951,258
	Net income per unit <sup>(Note 3)</sup>	yen	4,143	4,142	3,981	4,028	3,817
	Unitholders' equity per unit	yen	128,807	130,630	130,584	133,988	133,646
	Distribution per unit	yen	4,039	4,063	4,064	4,065	4,066
	Profit distribution	yen	4,039	4,063	4,064	4,065	4,066
Distribution in excess of profit	yen	-	-	-	-	-	
Financial indicator	Return on assets <sup>(Note 4)</sup>	%	1.6	1.5	1.4	1.4	1.3
	Annualized <sup>(Note 5)</sup>	%	3.1	3.0	2.8	2.9	2.6
	Return on net assets <sup>(Note 6)</sup>	%	3.4	3.2	3.0	3.1	2.9
	Annualized <sup>(Note 5)</sup>	%	6.8	6.5	6.0	6.2	5.7
	Net asset ratio	%	45.7	46.5	46.2	46.7	44.9
	(period to period change)	%	( - 0.6 )	( + 0.8 )	( - 0.3 )	( + 0.5 )	( - 1.8 )
	Interest-bearing debt ratio on assets <sup>(Note 7)</sup>	%	50.3	49.4	49.7	49.5	51.3
	FFO <sup>(Note 8)</sup> (Funds from Operation)	mil.yen	4,750	4,948	5,023	5,218	5,165
	FFO per unit <sup>(Note 9)</sup>	yen	5,466	5,453	5,536	5,486	5,430
	Leasing NOI <sup>(Note 10)</sup> (Net Operating Income)	mil.yen	6,154	6,408	6,545	6,751	6,825
	Annualized NOI yield <sup>(Note 5,11)</sup>	%	5.5	5.5	5.5	5.4	5.2
	Leasing NCF <sup>(Note 12)</sup> (Net Cash Flow)	mil.yen	5,539	5,796	5,888	6,235	6,347
Annualized NCF yield <sup>(Note 5,13)</sup>	%	5.0	5.0	5.0	5.0	4.9	
Reference	Number of properties	properties	138	143	144	151	157
	Leased units (Residential)	unit	8,017	8,080	8,148	8,319	8,755
	Total leasable floor area <sup>(Note 14)</sup>	m <sup>2</sup>	467,606.17	491,050.34	490,988.55	503,721.25	516,871.89
	Occupancy ratio <sup>(Note 14)</sup>	%	97.7	97.5	97.6	96.8	96.2
	Depreciation expenses	mil.yen	1,343	1,391	1,428	1,467	1,504
	Capital expenditures	mil.yen	614	612	656	515	478

(Note 1) Figures are rounded down to the nearest unit. Ratios are rounded off to one decimal place

(Note 2) Dividend payout ratio = Total distribution(excluding Distribution in excess of profit)/Net income×100

- (Note 3) "Net income per unit" are calculated by dividing the net income with weighted average unit based on days.
- (Note 4)  $\text{Return on assets} = \text{Net income} / \{ (\text{Total assets at the beginning of period} + \text{Total assets at the end of period}) / 2 \} \times 100$
- (Note 5) Annualized values for the 14th fiscal period are calculated based on a period of 184 days, 181 days for 15th fiscal period, 184 days for 16th fiscal period, 182 days for 17th fiscal period, 184 days for 18th fiscal period.
- (Note 6)  $\text{Return on net assets} = \text{Net income} / \{ (\text{Total net assets at the beginning of period} + \text{Total net assets at the end of period}) / 2 \} \times 100$
- (Note 7)  $\text{Interest-bearing debt ratio of assets} = \text{Interest-bearing debt at the end of period} / \text{Total assets at the end of period} \times 100$
- (Note 8)  $\text{FFO} = \text{Net income} + \text{Depreciation expenses} + \text{Amortization of deferred assets} - \text{Gain on sale of real estate property} + \text{Loss on sale of real estate property}$ .
- (Note 9)  $\text{FFO per unit} = \text{FFO} / \text{Number of investment units issued and outstanding (rounded down to unit)}$
- (Note 10)  $\text{Leasing NOI} = \text{Rental revenues} - \text{Expenses related to rent business} + \text{Depreciation expenses}$
- (Note 11)  $\text{Annualized NOI yield} = \text{Annualized NOI} / \text{Total acquisition prices of properties} \times 100$
- (Note 12)  $\text{Leasing NCF} = \text{Leasing NOI} - \text{Capital expenditures}$
- (Note 13)  $\text{Annualized NCF yield} = \text{Annualized NCF} / \text{Total acquisition prices of properties} \times 100$
- (Note 14) Figure and ratio include for land with leasehold interest.



## (2) Outline of asset management operation for the 18th fiscal period

### (i) Outline of the history of the Investment Corporation

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 subsequently issued new investment units through three public offerings and by way of third-party allotment to expand its market capitalization and steadily grow its asset size.

Moreover, seeking further growth opportunities, the Investment Corporation conducted an absorption type merger (“the Merger”) with the Investment Corporation as the surviving corporation and Japan Senior Living Investment Corporation (“JSL”) as the absorbed corporation on March 1, 2018, and changed its name from Kenedix Residential Investment Corporation to Kenedix Residential Next Investment Corporation. (Following the merger, the Investment Corporation implemented a 2-for-1 investment unit split with an effective date of March 1, 2018.)

Even after the merger, the Investment Corporation issued new investment units through three public offerings and by way of two third-party allotments. As of the end of the 18th fiscal period, the Investment Corporation owns a total of 157 real estate properties (total acquisition price: 259,449 million yen <sup>(Note 1)</sup>) consisting of 131 residential facilities such as rental housing, 24 healthcare facilities such as private senior homes with nursing care and 2 accommodation facilities such as hotels and the total number of investment units issued and outstanding is 951,258 units. Most recently, the Investment Corporation procured funds by issuing new investment units in February and March achieving further increase of market capitalization and steady growth of AUM.

The Investment Corporation entrusts the asset management to 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. The Asset Management Company provides real estate investment management services with flexibility and agility by flexibly pursuing optimal investment opportunities and income opportunities and agilely investing and managing based on swift information gathering and decision-making while accurately grasping real estate-related trends.

(Note 1) “Acquisition price” is the sales price of each trust beneficiary interest or real estate indicated in each trust beneficiary interest sales contract and real estate sales contract concerning the owned assets (excluding acquisition costs, adjustment in property tax and city-planning tax, and consumption tax) and is rounded down to the nearest million yen. The appraisal value as of March 1, 2018 is indicated as the acquisition price for assets succeeded by JSL due to the merger. The same applies hereinafter.

### (ii) Investment Environment

During the 18th fiscal period, the Japanese economy remained in a tough situation, with weakening employment and income conditions and a slowdown in the recovery of consumer spending due to the impact of the COVID-19. On the other hand, there were signs of recovery, including gradual improvement in corporate earnings and business sentiment, which deteriorated significantly as well as increase in exports and production. As for the economy going forward, the recovery in external demand, accommodative financial conditions, and the effects of the government's economic stimulus measures are expected to follow a moderate improving trend, as the effects of the spread of the COVID-19 are gradually waning. However, it is still necessary to pay attention to the trends of the global economy which has been affected by the spread of the COVID-19, as well as the possibility of future volatility in the financial and capital markets.

With regard to residential facilities, one of the main investment targets of the Investment Corporation, the flow of people from other regional areas to Tokyo metropolitan area has declined due to the spread of the COVID-19. Within the Tokyo metropolitan area, the rental market is also undergoing changes, as companies are introducing telework and other measures to diversify their residential needs, which used to be focused on the city center. As a result of these changes in the market environment, some rental housings in central Tokyo have seen a decline in occupancy rates, but the occupancy rate has recently stopped declining and is turning into a gradual recovery trend. On the other hand, with regard to the increase in rent, although the rate of increase is decreasing due to the decrease in the occupancy rate, the trend of increase in rent still continues.

Concerning the environment surrounding healthcare facilities, with one of the longest average life expectancies for both men and women, Japan now has a super-aging society <sup>(Note)</sup> which no other country has ever experienced, and the “aging,” or the increase in the ratio of the elderly population against total population and the increase in elderly population itself, is expected to continue going forward. In response to such trends, the number of senior care facilities such as private senior homes with nursing care and serviced senior housing has been on the rise in recent

years. The Investment Corporation believes that demand for senior care facilities, including nursing care facilities, will continue to increase. Even under the circumstances of the spread of the COVID-19, stable facility operations have continued with infection prevention measures taken by the operators of each facility.

Demand for accommodation facilities has decreased substantially due to restrictions on entry into Japan from overseas and restrictions on movement within Japan in order to prevent the spread of the Covid-19, and accommodation facility operators continues to face a difficult operating environment. As the impact of the new coronavirus infection gradually eases, accommodation demand is expected to recover, but it will take a certain amount of time to return to the situation before the coronavirus disaster.

In the real estate investment market, some investors initially took a cautious stance toward real estate investment due to the spread of the new coronavirus infection, but investors' willingness to invest in real estate is recovering against the backdrop of accommodative monetary policies in Japan and overseas, and active transactions are currently taking place. Expected yields on rental housing, which is the main investment target of the Investment Corporation, remain low, and the environment for property acquisitions is expected to remain difficult.

(Note) "Super-aging society" refers to a society with a population aging rate (ratio of the elderly population aged 65 or over against total population) exceeding 21%, as defined by the World Health Organization and the United Nations.

### (iii) Operating Results

#### (A) Acquisition of assets

The Investment Corporation comprehensively taking into account the composition of the entire portfolio, earnings power in the future, etc., and the Investment Corporation acquired 8 properties in total (total acquisition price: 10,544 million yen), which includes acquisitions of additional part of property, 7 residential properties (total acquisition price: 10,481 million yen) and 1 healthcare facility (total acquisition price: 63 million yen).

#### < Acquired assets >

Property number	Property name	Acquisition price ( million yen ) <sup>(Note1)</sup>
T-91	KDX Residence Nakanobu	830
T-92	KDX Residence Ichikawa	840
T-93	KDX Residence Hatchobori	3,000
T-94	KDX Residence Nakaitabashi	1,736
T-95	KDX Residence Shonandai	1,500
T-9	CosmoHeim Motosumiyoshi(building with leasehold interest)	337
T-96	KDX Residence Ikebukuro West	2,237
Residential	Subtotal	10,481
H-12	Rihabili-home Granda Mondo Yakujin (a part of land with leasehold interest) <sup>(Note2)</sup>	63
Healthcare	Subtotal	63
	Total	10,544

(Note1) "Acquisition Price" and "Sold Price" are the sales amount of each trust beneficiary interest (excluding acquisition costs, property tax, city planning tax or consumption tax, etc.) indicated in each trust beneficiary interest sales contract concerning the acquired assets and sold assets, and are rounded down to the nearest million yen.

(Note2) The name of Granda Mondo Yakujin was changed to Rihabili-home Granda Mondo Yakujin on January 26, 2021. The same shall apply hereinafter.

As a result of the above, as of the end of the 18th fiscal period, the Investment Corporation owned a total of 157 properties (total acquisition price: 259,449million yen), which consist of 131 residential properties (acquisition price: 200,298 million yen), 24 healthcare facilities (acquisition price: 54,191 million yen) and 2 accommodation facilities (acquisition price: 4,960 million yen).

#### ( B ) Management and Operation of Assets

With respect to residential, the Investment Corporation managed our real estate holdings with the aim of achieving stable and optimal performance by working with a property management company ("PM Company") that operates and manages properties, which were selected through a multifaceted approach of taking into consideration the region, location and city, rent range, tenant type (corporate or individual) and other various characteristics .

Moreover, the Investment Corporation strove to partner with leading real estate companies with a strong local presence and bolster the PM Company's efficient leasing activity. We also ensured that soliciting conditions took into consideration the characteristics and occupancy levels of individual properties; carried out efficient advertising efforts utilizing the power of the KDX Residence brand; utilized leasing agents; and implemented flexible sales activities attuned to the characteristics of each of the properties in accordance with plans.

Specific measures that contributed to improvement in revenue at the rental business are as follows: with respect to properties with stable and robust occupancy conditions, the Investment Corporation strove to raise rent levels for and obtain key money from new tenants; raise rents when leases were renewed; increase revenue associated with auxiliary facilities; and improve the parking contract rate; and as measures to slash rental business expenses, we reduced utility bills by switching the electricity supplier for common areas; changed the lighting in common areas to LED; and reviewed the contracts for auxiliary facilities, as well as solicitation costs, etc., in order to improve income and expenditures.

Moreover, with the aim of maintaining and/or improving the market competitiveness of our portfolio assets, the Investment Corporation undertook planned major renovation work at two properties, updating work in common areas as well as value-increasing work and facility updates in individually-owned areas.

The Investment Corporation continued to introduce LED lighting to common areas as part of our environmental efforts and obtained 12 properties of DBJ Green Building Certification from external rating agencies in the end of the 18th fiscal period (January 31, 2021).

As a result of the above, the occupancy rate for residential facilities was 94.5% as of the end of the 18th fiscal period (January 31, 2021). The average occupancy rate for residential facilities during the 18th fiscal period was 94.1%.

As a specific measure contributing to the maintenance and improvement of revenue at the rental business for healthcare facilities, the Investment Corporation usually visits facilities to confirm their operating status, including revenues, expenditures, and occupancy rates, but the Investment Corporation refrained from visiting the sites voluntarily as much as possible out of consideration for the spread of Covid-19 in this period too, and continued to monitor operations of the managers by all possible means including online interviews about business conditions, future management policies, etc.

The Investment Corporation tried to conduct repair works with thorough prevention measure for infection as well as talking the priority into account from the point of view of prevention of spread of COVID-19.

As a result of the above, the average occupancy rate for healthcare facilities was 100% and the occupancy rate as of the end of 18th fiscal period (January 31, 2021) was 99.9%. The occupancy rate for the entire portfolio was 96.2% as of the end of 18th fiscal period (January 31, 2021).

With regard to the hotels, the Investment Corporation will continue to operate them while keeping a close eye on future economic trends, as the spread of the novel coronavirus has led to a significant decline in demand for lodging both on business and vacation.

## ( C ) Financing

The Investment Corporation procures funds with the aim of medium- to long-term stable earnings and sustained growth of portfolio assets, taking into consideration the balance between financial stability and financing costs.

### (Borrowing)

The Investment Corporation newly borrowed 10,170 million yen as funds for acquisition of new properties as well as 4,900 million yen as funds for repaying borrowings of which repayment was due during the 18th fiscal period.

As a result of the foregoing, the balance of borrowings was 138,220 million yen, the balance of the interest-bearing debt including the investment corporation bond was 145,220 million yen at the end of 18th period (January 31, 2021) and the average remaining term of interest-bearing debt <sup>(Note 1)</sup> was 4.1 years, and the average interest rate at the end of 18th fiscal period <sup>(Note 2)</sup> was 0.94%. The long-term debt ratio <sup>(Note 3)</sup> came to 87.5%, the fixed interest-rate ratio <sup>(Note 4)</sup> was 97.1%, and the loan to value ratio (LTV) came to 51.3%.

(Note 1) It is calculated by weighting and averaging the remaining term of each interest-bearing debt according to the balance of each interest-bearing debt and rounded off to decimal place.

- (Note 2) The average interest rate of each interest-bearing debt was calculated taking into account the upfront fee (per annum) and interest rate swaps, etc., and the weighted average was calculated in accordance with the balance of each interest-bearing debt.
- (Note 3) Long-term debt ratio = (balance of long-term borrowings (excluding long-term borrowings to be repaid within one year) + balance of investment corporation bonds (excluding investment corporation bonds to be repaid within one year)) ÷ (balance of borrowings + balance of investment corporation bonds)  
The long-term debt ratio that includes long-term borrowings and investment corporation bonds to be repaid within one year is 98.6%.
- (Note 4) The fixed interest-rate ratio = (balance of fixed interest-ratio borrowings (including borrowings for which interest rates are substantially fixed through interest rate swap transactions, etc.) + balance of investment corporation bonds) ÷ (balance of borrowings + balance of investment corporation bonds)

( Credit Ratings)

The status of the credit ratings as of the end of the 18th fiscal period (January 31, 2021).

Credit Rating Agency	Type	Rating
Japan Credit Rating Agency, Ltd.(JCR)	Long-term issuer rating	A+ (Outlook : Positive)
	Bond rating	A+

( Shelf Registration)

The Investment Corporation filed a shelf registration statement regarding investment corporation bonds (excluding short-term investment corporation bonds) on June 26, 2020 with the following overview.

Planned issuance amount	100,000 million yen
Planned issuance period	From July 6, 2020 to July 5, 2022
Use of proceeds	Funds for acquiring specified assets (having the meaning as set forth in the Act on Investment Trusts and Investment Corporations, Article 2, Paragraph 1); funds for repaying borrowings; funds for redeeming investment corporation bonds (including short-term investment corporation bonds); funds for returning deposits; funds for paying for repairs and maintenance, etc.; operating capital, etc.

#### (iv) Overview of Financial Results and Cash Distribution

As a result of these management efforts, the Investment Corporation reported total operating revenues was 8,382 million yen, operating income was 4,344 million yen, ordinary income was 3,632 million yen and net income was 3,631 million yen for the 18th fiscal period.

In regard to profit distributions for the 17th fiscal period, pursuant to the distribution policy in the Investment Corporation's articles of incorporation, the Investment Corporation has decided to apply special provisions of the tax system for investment corporations (Act on Special Measures Concerning Taxation (Act No. 26 of 1957; as amended) ("Act on Special Measures Concerning Taxation"), Article 67-15) and make distribution of 3,867,815,028 yen, which is net income plus a portion of profit carried forward from the previous fiscal year and reversal of reserve for temporary difference adjustment, as profit distribution.

In the event that a gain on the sale of real estate, etc. occurs, the necessity of retaining the gain on the sale shall be considered.

### (3) Changes in unitholders' capital

The changes in unitholders' capital and number of investment units issued and outstanding for last five years are as follows.

Date	Capital transaction	Number of investment units Issued and outstanding		Unitholders' capital (Million yen)		Remark
		Increase	Balance	Increase	Balance	
March 1, 2018	Investment unit split	349,089	698,178	—	80,132	(Note 1)
March 1, 2018	Merger	84,750	782,928	—	80,132	(Note 2)
August 1, 2018	Public offering	82,100	865,028	12,470	92,602	(Note 3)
August 29, 2018	Third-party allotment	4,105	869,133	623	93,226	(Note 4)
February 20, 2019	Public offering	36,500	905,633	6,195	99,421	(Note 5)
March 11, 2019	Third-party allotment	1,825	907,458	309	99,731	(Note 6)
February 26, 2020	Public offering	43,800	951,258	8,818	108,550	(Note 7)

(Note 1) The Investment Corporation investment units was split 2-for-1 on the reference date as of February 28, 2018 and the effective date as of March 1, 2018.

(Note 2) In connection with the Merger, the Investment Corporation unit following the Investment Unit Split was allocated to every JSL unit with 84,750 JSL units newly issued on March 1, 2018.

(Note 3) New investment units were issued at a price of ¥157,047 per unit (subscription price of ¥151,892 per unit) through a public offering in order to raise funds for acquiring new properties.

(Note 4) New investment units were issued at a price of ¥151,892 per unit through the third-party allotment in order to raise funds for future acquisitions of specified assets and repayment of borrowings.

(Note 5) New investment units were issued at a price of ¥175,500 per unit (subscription price of ¥169,740 per unit) through a public offering in order to raise funds for acquiring new properties.

(Note 6) New investment units were issued at a price of ¥169,740 per unit through the third-party allotment in order to raise funds for future acquisitions of specified assets.

(Note 7) New investment units were issued at a price of ¥208,065 per unit (subscription price of ¥201,342 per unit) through a public offering in order to raise funds for acquiring new properties.

### 【Changes in Unit Price at Tokyo Stock Exchange】

The highest and lowest closing prices of the investment units listed on J-REIT section of the Tokyo Stock Exchange for each fiscal period are as follows.

Fiscal period For the fiscal period ended	14th Fiscal period January 31, 2019	15th Fiscal period July 31, 2019	16th Fiscal period January 31, 2020	17th Fiscal period July 31, 2020	18th Fiscal period January 31, 2021
Highest price	181,000	198,600	225,500	217,400	198,000
Lowest price	160,500	172,000	191,400	106,900	168,600

#### (4) Distributions

The Investment Corporation intends to apply the corporate income taxation special provision (Act on Special Measures Concerning Taxation, Article 67-15) that specifies deduction of an amount equivalent to profit distributions as deductible expenses from an investment corporation's taxable income, and in accordance with the distribution policy set forth in the Investment Corporation's certificate of incorporation, Article 38 (1), has decided to distribute 3,867,815 thousand yen, which is net income plus a portion of profit carried forward from the previous fiscal year and reversal of reserve for temporary difference adjustment, as profit distribution.

As a result, distributions per unit for the 18th fiscal period amounted to 4,066 yen.

Fiscal period		14th From Aug.1, 2018 to Jan.31, 2019	15th From Feb.1, 2019 to Jul.31, 2019	16th From Aug.1, 2019 to Jan.31, 2020	17th From Feb.1, 2020 to Jul.31, 2020	18th From Aug.1, 2020 to Jan.31, 2021
Unappropriated retained earnings	(Thousand yen)	3,875,050	4,125,881	4,072,277	4,212,398	3,997,276
Retained earnings	(Thousand yen)	384,622	458,879	404,367	365,534	149,461
Total distribution	(Thousand yen)	3,510,428	3,687,001	3,687,909	3,866,863	3,867,815
(Distribution per unit)	(Yen)	( 4,039 )	( 4,063 )	( 4,064 )	( 4,065 )	( 4,066 )
Profit distribution	(Thousand yen)	3,510,428	3,687,001	3,687,909	3,866,863	3,867,815
(Profit distribution per unit)	(Yen)	( 4,039 )	( 4,063 )	( 4,064 )	( 4,065 )	( 4,066 )
Unitcapital refunds	(Thousand yen)	-	-	-	-	-
(Unitcapital refunds per unit)	(Yen)	( - )	( - )	( - )	( - )	( - )
Unitcapital refund from retained earnings for temporary difference adjustment	(Thousand yen)	-	-	-	-	-
(Unitcapital refund from retained earnings for temporary difference adjustment per unit)	(Yen)	( - )	( - )	( - )	( - )	( - )
Unitcapital refunds from deduction of unitcapital under tax rules	(Thousand yen)	-	-	-	-	-
(Unitcapital refunds from deduction of unitcapital under tax rules per unit)	(Yen)	( - )	( - )	( - )	( - )	( - )

#### (5) Management Policy and Issues to be Addressed

##### Outlook for Asset Management

The Investment Corporation primarily invests in residential facilities mainly such as rental housing, etc., healthcare facilities such as private senior homes with nursing care and accommodation facilities such as hotels, based on the three core strategies: "Consistent External Growth by Making Use of Good Judgment," "Efficient Profit Management" and "Challenge to New Business Opportunities."

Going forward, the Investment Corporation will continue to seek maximization of unitholder value by evolving into a REIT capable of adapting to change in social/economical structures and improving its "stability" and "ability to pursue growth," through diversified investment in "spaces where people live and stay" encompassing residential facilities, healthcare facilities and accommodations.

Based on the above three principal investment targets, the Investment Corporation newly added child-care facilities as an investment target on September 12, 2019. As "spaces where people live and stay" they are considered to have close affinity with the residential facilities of the Investment Corporation.

##### (A) New property acquisitions

The Investment Corporation will invest primarily in residential, healthcare and accommodation properties "spaces where people live and stay" as its target investments. In making investments, the Investment Corporation will stringently select real estate etc. where stable demand from tenants and users and long-term stable revenue flows can be projected on the basis of an individual analysis of the attributes of a particular property, as well as regional analysis taking into account location, etc.

In residential facilities, the Investment Corporation focuses on the potential earnings power of land and use “location prestige,” “location convenience” and “whether there is a special market” and other metrics to determine investment opportunities providing rental income with medium- to long-term stability, and invests also in rental residential facilities and other residential facilities located mainly in greater Tokyo and in Other Regional Areas (government-designed municipalities and other regional cities. The same applies hereinafter.) by discerning room types where stable rent demand can be expected, in accordance with the locational characteristics after analyzing the attractiveness of the land in detail.

In healthcare facilities and accommodations, the Investment Corporation judges investment opportunity considering scale and characteristic of market, regional financial affairs and status of competitive facilities, etc. and examines investment mainly in three major metropolitan area.

The Investment Corporation believes that it will be possible to acquire properties steadily by utilizing the “judgment capabilities” cultivated as a real estate investment management professional to select excellent investment opportunities from a wide range of investment targets.

As a property acquisition channel, the Investment Corporation use not only the pipeline from Kenedix, Inc and Kenedix Investment Partners, Inc. pursuant to the Memorandum of Understanding concerning Real Estate Information Provisions dated October 1, 2013 (including the change after the date and calls “Support Line MOU”. This Support Line MOU was used for i) residential facilities, ii and) healthcare facilities and iii) accommodations and Residential REIT department is applied for those having a priority consideration right to responsible for the asset management of the Investment Corporation) but also leverage the Asset Management Company’s own network, including Jyukyo Holdings Co., Ltd., with which a support agreement was executed on June 15, 2017 and Shinsei Bank, Limited, HASEKO Corporation, and Mitsubishi UFJ Trust and Banking Corporation, with which a support agreement was executed on November 10, 2017 by the Merger, for flexible property acquisitions.

We also plan to control property acquisition timing in order to acquire properties at an advantageous timing in accordance with the future market and financing climates, and we are considering investment in silent partnership equities and real estate-backed securities (preferred securities, etc.).

## ( B ) Management of owned assets

As residential facilities, with the goal of securing a rental income with medium- to long-term stability, PM companies and the Asset Management Company work together to formulate leasing strategies in accordance with individual property characteristics, and by closely allying with leading real estate companies experienced in regional rental markets, seek to maintain or improve occupancy rates and rent levels.

The Investment Corporation will also take into account the operation statuses of the properties and movements of competing properties and seek to maintain or improve occupancy rates, raise rent levels at the time of tenant changes, increase rent at the time of lease renewals, receive key money, reduce the time of vacancy, maintain or improve lease renewal rates, and secure parking revenue and other auxiliary revenue and other income opportunities to secure rent income.

The Investment Corporation will respond to requests from some tenants to reduce rents due to the Covid-19 appropriately, taking into account individual circumstances.

The Investment Corporation will further strive to cut down on restoration and other repair and maintenance expenses, review the electricity provider for common areas in connection with the liberalization of the electricity market, cut costs through the use of LED lighting for common areas, and reduce tenant solicitation and other costs.

The Investment Corporation will carry out strategic work to update common areas and enhance the value of leased areas of the properties and continue implementing appropriate, major repairs, as necessary, while it seek to maintain or enhance the market competitiveness of its assets.

As healthcare facilities, the Investment Corporation continues to monitor properly operational status of facilities it owns and business status of operators by information about them and companies from operators, inspection of operating status and interview by visiting them and interview with managements in operating company, etc.

Considering results of monitoring, the Investment Corporation proposes to improve buildings, facilities and operation and examines changing operators in case important issue occurs in succession of management in operators. The Investment Corporation contracts Back-up operation conclusion with operators and support

companies in preparation of changing operators.

The Investment Corporation will manage to make internal growth by deepening relation with operators such as value-ups based on proposal from operators and cooperation for resolving issues in operation.

The Investment Corporation will continue to monitor the impact of the Covid-19 on the lodging business, and will take appropriate measures in consultation with operators to ensure the best possible outcome from a long-term perspective.

### ( C ) Financing

The Investment Corporation will continue to pay close attention to changes in interest rates and other developments in the financing environment and will consider various options and choose optimal financing means in order to achieve the optimal balance between financial stability and financing costs, and seek to build an appropriate financial base.

### ( D ) Disclosure of Information

The Investment Corporation's basic policy for disclosure is to engage in proactive investor relations activities to provide a broad range of information to investors and concerned parties and to quickly disclose accurate information to the extent possible. Specifically, we practice appropriate disclosure through the Tokyo Stock Exchange (TDnet registration and press releases) and through our website (<https://www.kdr-reit.com/en>).

### ( E ) Conflicts of interest

The Asset Management Company has established related-party transaction rules of the Residential REIT Department and conducts management based on said rules upon transactions with related parties in the management of assets of the Investment Corporation. The Asset Management Company is also entrusted with management of other REITs of Kenedix group, and which may compete against the Investment Corporation in the acquisition of investment properties. The Asset Management Company has established a department that obtains information for sales of real estate and preferentially considers acquisition thereof. For this reason, the Asset Management Company prepared a rule on "Right of first consideration" based on type and scale of properties and determines the order of consideration within the Asset Management Company in advance, in addition to setting up internal "pipeline meetings" with a compliance officer in attendance, implementing operation in accordance with certain rules. By doing so, the Asset Management Company prevents arbitrary distribution of real estate sales information and thereby prevents conflicts of interest from arising among the investment corporations whose assets it manages and strives to implement proper measures to address conflicts of interest.

## ( 6 ) Important Subsequent Events

### Issuance of New Investment Units

The Investment Corporation resolved at the Board of Directors' meeting on February 15, 2021 and February 18, 2021 to issue new investment units to apply the funds toward payment for the acquisition of specified assets.

The payment for the issuance of new investment units through public offering has been completed on February 25, 2021, and the payment for the issuance of new investment units by third-party allotment has been completed on March 9, 2021.

As a result, Unitholders' capital came to 116,322,630,253 yen and Number of investment units issued and outstanding came to 995,883 units as of March 9, 2021.

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

Total number of units to be offered	: 42,500 unit
Issue price (offer price)	: 179,985 yen per unit
Total amount issue price (offer price)	: 7,649,362,500 yen



Purchase price (Amount to be paid in) : 174,170 yen per units  
Total amount purchase price (Amount to be paid in) : 7,402,225,000 yen  
Payment date : February 25, 2021

**(Issuance of New Investment Units by Third-Party Allotment)**

Total number of units to be issued : 2,125 units  
Purchase price (Amount to be paid in) : 174,170 yen per unit  
Total amount purchase price (Amount to be paid in) : 370,111,250 yen  
Payment date : March 9, 2021  
Allottee : SMBC Nikko Securities Inc.

(Reference)

(i) Acquisition of assets

a. The Investment Corporation acquired the following trust beneficiary interest in real estate.

Date of Acquisition	Property number	Property Name	Location	Previous Owner	Acquisition Price (mil.yen) (Note 2)	Appraisal value (mil.yen) (Note 3)
March 1, 2021	T-97	KDX Residence Tennocho	Yokohama-shi, Kanagawa	Non-Disclosure (Note 1)	843	907
March 1, 2021	H-25	Medical-home Granda Kurakuen	Nishinomiya-shi, Hyogo	GK KRF96	2,709	2,780
Total					3,553	3,687

(Note 1) The trust beneficiary interest sales contract associated with the assets for T-91 fall under the forward commitments, etc. by the Investment Corporation as specified in the Financial Services Agency “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.”

(Note 2) Not disclosed according to seller’s intention

(Note 3) “Acquisition Price” is the sales amount of each trust beneficiary interest (excluding acquisition costs, property tax, city planning tax or consumption tax, etc.) indicated in each trust beneficiary interest sales contract concerning the to-be acquired assets and is rounded down to the nearest million yen.

(Note 4) “Appraisal date” for T-91 is July 31, 2020, for T-92 and T-94 is August 1, 2020, and for T-93 is September 10, 2020.

b. The Investment Corporation executed trust beneficiary interest sales contract and real estate sales contract concerning the following trust beneficiary interest in real estate and real estate (the “to be acquired assets”) on October 27, 2020.

Date of to-be acquired	Property number	Property Name	Location	Previous Owner	Acquisition Price (scheduled) (mil.yen) (Note 2)	Appraisal value (mil.yen) (Note 3)
April 1, 2021	T-98	KDX Residence Kawasaki	Kawasaki-shi, Kanagawa	JYUKYO Co., Ltd.	910	982
May 6, 2021	T-99	KDX Residence Kamata-minami II (Note 1)	Ota-ku, Tokyo	JYUKYO KENSETSU Co., Ltd.	780	854
June 1, 2021	H-26	Rihabiki-home Granda Kobe Kitano (Note 1)	Kobe-shi Hyogo	SMFL MIRAI Partners Company, Limited	1,720	1,800
August 2, 2021	T-100	KDX Residence Kamishakujii II	Nerima-ku, Tokyo	GK KRF96	3,087	3,250
Total					6,497	6,886

(Note 1) T-9 and R-12 are the acquisitions of an additional portion of the properties that are already partially owned by the Investment Corporation. T-9 is a whole building of the property and R-12 is a part of the land of the property.

(Note 2) “Acquisition Price” is the sales amount of each trust beneficiary interest (excluding acquisition costs, property tax, city planning tax or consumption tax, etc.) indicated in each trust beneficiary interest sales contract concerning the to-be acquired assets and is rounded down to the nearest million yen.

(Note 3) “Appraisal Date” is October 1, 2020.

(ii) Sale of Asset

The Investment Corporation sold the following trust beneficiary interest in real estate.

Date of to-be sold	Property number	Property Name	Location	Previous Owner	Sold Price (scheduled) (mil.yen) (Note 1)	Appraisal value (mil.yen) (Note 2)
February 5, 2021	T-23	KDX Residence Sendagaya	Shibuya-ku, Tokyo	Non-Disclosure (Note 3)	1,110	870

(Note 1) “Sale price” represent the sales price amount of trust beneficiary interest (excluding acquisition costs, property tax, city planning tax or consumption tax, etc.) indicated in trust beneficiary interest sales contract, and rounded down to the nearest million yen.

(Note 2) “Appraisal date “ is January 31, 2021.

(Note 3) Not disclosed according to seller’s intention

## 2 . Overview of the Investment Corporation

### ( 1 ) Unitholders' Capital

Fiscal period	14th As of January 31, 2019	15th As of July 31, 2019	16th As of January 31, 2020	17th As of July 31, 2020	18th As of January 31, 2021
Total number of authorized investment units (Unit)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total number of investment units issued and outstanding (Unit)	869,133	907,458	907,458	951,258	951,258
Unitholders' capital (Million yen)	93,226	99,731	99,731	108,550	108,550
Number of unitholders (People)	12,484	11,684	10,390	11,005	11,317

### ( 2 ) Matters concerning Investment Units

Major unitholders as of January 31, 2021 are as follows.

Name	Address	Number of investment units held (Units)	Ratio ( % ) (Note1)
Custody Bank of Japan, Ltd. (Trust Acct.)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	255,934	26.90
The Master Trust Bank of Japan Ltd. (Trust Acct.)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	202,770	21.31
The Nomura Trust Banking Co., Ltd. (Trust Acct.)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	45,972	4.83
Custody Bank of Japan, Ltd. (Securities Investment Trust Acct.)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	29,751	3.12
Kenedix, Inc.	1-6 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo	23,140	2.43
Mitsubishi UFJ Trust and Banking Corporation	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo Standing proxy: The Master Trust Bank of Japan, Ltd.	18,813	1.97
STATE STREET BANK WEST CLIENT-TREATY 505234	Shinagawa Intercity Tower A 15-1, 2-chome, Kohnan, Minato-ku, Tokyo Standing proxy: Mizuho Bank, Ltd.	14,470	1.52
The Gunma Bank, Ltd.	194, Motosojamachi, Maebashi-shi, Gunma	13,133	1.38
The Hokkoku Bank, Ltd.	8-12, Harumi 1-chome, Chuo-ku, Tokyo Standing proxy: Custody Bank of Japan, Ltd.	11,746	1.23
Japan Securities Finance Co., Ltd.	2-10, Nihonbashi Kayabacho 1-chome, Chuo-ku, Tokyo	11,406	1.19
Total		627,135	65.92

(Note) Ratio of number of investment units owned to total number of investment units issued is calculated by being rounded down to two decimal places

### ( 3 ) Matters Concerning Directors and Auditor

(i) The Executive Directors, Supervisory Directors and the Independent Auditor during the 18th fiscal

period are as follows.

Position	Name	Other concurrent title	Total amount of fees paid during the period (thousand yen)
Executive Director	Keisuke Sato	Kenedix Real Estate Fund Management, Inc. Director & COO, Head of Residential REIT Department	1,800
	Katsue Okuda	Ogata Appraisal Corporation, Director Lecturer in Meiji University's Graduate School of Global Business Kudan Ogata Holdings Corporation, Representative director Kudan Urban Appraisal Co., Ltd., Director CERESPO CO., LTD., Auditor Wealth Management, Inc., External Investment Committee	1,800
Supervisory Director (Note )	Osamu Chiba	Akebono Law Office, Attorney Toin Law School, Associate Professor Maruzen Foods Corporation, Outside Auditor IMAGICA GROUP Inc., Outside Director Daini Tokyo Bar Association, Vice President	1,500
	Satoshi Ogawa	Ogawa CPA Office, CPA GK Mercury Consulting, Representative Partner Oedo-Onsen Monogatari Co., Ltd, Auditor Ooedo Onsen Monogatari Hotels & Resorts Co., Ltd. Auditor	1,500
	Soichiro Iwao	Hungarian Medical Universities, Director National Federation of Industrial Health Organization, Director Iwao Consultant Office, Director Japan Society for Dying with Dignity, President	1,500
Independent auditor	Ernst & Young ShinNihon LLC	-	12,000

(Note ) Supervisory Director may be an officer of corporations other than mentioned above, but there is no interest in relation to the Investment Corporation.

#### (ii) Policy on Decisions to Terminate or not Reappoint the Accounting Auditor

Dismissal of an independent auditor will be made in accordance with the Act on Investment Trusts and Investment Corporations, and a decision not to re-appoint an independent auditor will be considered by comprehensively taking into account the audit quality, compensation and other various circumstances by the board of directors of the Investment Corporation.

#### (4) Asset Management Company, Custodian and General Administrators

The asset management company, custodian and general administrators as of the end of the 17th fiscal period are as follows.

Classification	Name
Asset manager	Kenedix Real Estate Fund Management, Inc.
Custodian	Mizuho Trust & Banking Co., Ltd.
General administrator (Unitholder registry)	Sumitomo Mitsui Trust Bank, Limited
General administrator (Regarding bookkeeping)	Mizuho Trust & Banking Co., Ltd.
General administrator (Administration)	Mizuho Trust & Banking Co., Ltd.
General administrator (Regarding investment corporation bonds)	Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd.

### 3 . Status on Investment Properties

#### ( 1 ) Component of Assets

Classification of assets	Use	Area	17th As of July 31, 2020		18th As of January 31, 2021	
			Total amount held (mil.yen) (Note 4)	Composition ratio (%) (Note 5)	Total amount held (mil.yen) (Note 4)	Composition ratio (%) (Note 5)
Trust beneficiary interest in real estate <sup>(Note 6)</sup>	Residential	Tokyo Metropolitan Area <sup>(Note 1)</sup>	131,773	48.3	144,311	51.0
		Other Regional Area <sup>(Note 2)</sup>	55,851	20.5	55,561	19.6
	Healthcare	Tokyo Metropolitan Area <sup>(Note 1)</sup>	22,529	8.3	22,447	7.9
		Other Regional Area <sup>(Note 2)</sup>	29,872	10.9	29,515	10.4
		Other <sup>(Note 3)</sup>	1,293	0.5	1,277	0.5
	Accommodation	Tokyo Metropolitan Area <sup>(Note 1)</sup>	5,111	1.9	5,098	1.8
Total (Trust beneficiary interest in real estate)			246,431	90.3	258,211	91.2
Real estate <sup>(Note 6)</sup>	Healthcare	Other Regional Area <sup>(Note 2)</sup>	—	—	172	0.1
	Other	Tokyo Metropolitan Area <sup>(Note 1)</sup>	1,798	0.7	—	—
Total (Real estate)			1,798	0.7	172	0.1
Bank deposits and other assets			24,730	9.1	24,788	8.8
Total assets			272,960	100.0	283,172	100.0

(Note 1) "Tokyo Metropolitan Area" means major cities in Tokyo, Kanagawa, Saitama and Chiba.

(Note 2) "Other regional areas" include government-designed municipalities and other regional cities.

(Note 3) "Other" means cities except Tokyo Metropolitan Area and Other regional areas.

(Note 4) "Total amount held" means carrying amounts on the balance sheet (amounts of Trust beneficiary interests in real property and real property are book values net of depreciation) at the end of fiscal period and rounded off to one dismal place.

(Note 5) "Composition ratio" means the ratio of carrying amounts of each classified assets to total assets on balance sheet and rounded off to one dismal place.

(Note 6) Rihabili-home Granda Mondoyakujin consists of both trust beneficiary interest in real estate and real estate, therefore, they are remarked in each category of use distinctively.

#### ( 2 ) Major Assets Owned

The overview of major assets owned by the Investment Corporation (Top 10 properties in net book value as of January 31, 2021) are as follows.

No.	Name of property	Book value (Million yen)	Leasable area (m <sup>2</sup> ) <sup>(Note 1)</sup>	Leased area (m <sup>2</sup> ) <sup>(Note 2)</sup>	Occupancy Rate (%) <sup>(Note 3)</sup>	Ratio of rental revenue to total rental revenue (%) <sup>(Note 4)</sup>	Major use
T-78	KDX Residence Toyosu	7,650	6,811.38	6,811.38	100.0	2.2	Residential
R-45	KDX Residence Shukugawa Hills	7,265	17,575.39	17,217.34	98.0	2.6	Residential
H-22	Tsukui Sun-shine Machida	7,073	15,553.33	15,553.33	100.0	Non-Disclosure <sup>(Note 5)</sup>	Healthcare
H-10	Activa Biwa	6,283	39,649.84	39,649.84	100.0	Non-Disclosure <sup>(Note 5)</sup>	Healthcare
T-56	KDX Residence Hanzomon	4,930	4,854.23	4,746.87	97.8	1.6	Residential
T-1	KDX Daikanyama Residence	4,744	5,338.99	4,782.41	89.6	1.9	Residential
R-39	KDX Residence Ohori Harbor View Tower	4,430	11,855.63	10,201.72	86.0	2.1	Residential
H-3	Joy Stage Hachioji	3,749	13,812.27	13,812.27	100.0	Non-Disclosure <sup>(Note 5)</sup>	Healthcare
T-52	KDX Residence Togoshi	3,706	4,591.76	4,359.70	94.9	1.5	Residential
H-16	Anesis Teradacho	3,465	7,856.64	7,856.64	100.0	Non-Disclosure	Healthcare

						(Note 5)	
	Total	53,299	127,899.46	124,991.50	-	19.5	

( Note 1 ) “Leasable area” is the floor area of each portfolio asset for which the building is leasable (if a portfolio asset has more than one building, the total floor area of leasable buildings) that is set forth in a lease agreement as of January 31, 2021.

( Note 2 ) “Leased area” is the floor space set forth in a lease agreement that has been executed with an end tenant and leased as of January 31, 2021.

( Note 3 ) “Occupancy rate” = “leased area” / “leasable area” ×100

( Note 4 ) The ratio of rental revenue to total rental revenue = each property’s real estate lease business revenue / total for all properties.

( Note 5 ) The Investment Corporation has not obtained consent from the tenant to release this information.

### (3) Overview of the Portfolio

#### (Detail of Real Estate Portfolio Assets)

The overview of assets under management of the Investment Corporation as of the end of the 18th fiscal period

Use	Area	No.	Name of property	Location	Form of ownership (Note3)	Book value (Million yen)	Appraisal value at the end of the fiscal period (Million yen) (Note 1)
Residential Facilities	Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	7-1, Sarugakucho, Shibuya-ku, Tokyo	TBI	4,744	6,800
		T-3	KDX Odemma Residence	3-10, Nihombashi-Odenmacho, Chuo-ku, Tokyo	TBI	1,681	2,410
		T-4	KDX Iwamoto-cho Residence	16-12, Iwamotocho 2-chome, Chiyoda-ku, Tokyo	TBI	772	1,090
		T-5	KDX Bunkyo Sengoku Residence	3-2, Honkomagome 6-chome, Bunkyo-ku, Tokyo	TBI	1,443	1,950
		T-6	KDX Azumabashi Residence	9-8, Azumabashi 1-chome, Sumida-ku, Tokyo	TBI	601	973
		T-7	KDX Shimura Sakaue Residence	16-5, Higashi-Sakashia 1-chome, Itabashi-ku, Tokyo	TBI	2,605	3,690
		T-9	Cosmo Heim Motosumiyoshi	5-1, Kizukigioncho, Nakahara-ku, Kawasaki-shi, Kanagawa	TBI	2,161	2,390
		T-10	KDX Musashi Nakahara Residence	18-22, Shimokodanaka 4-chome, Nakahara-ku, Kawasaki-shi, Kanagawa	TBI	634	778
		T-11	KDX Chiba Chuo Residence	2-17, Shindencho, Chuo-ku, Chiba-shi, Chiba	TBI	1,274	1,830
		T-12	KDX Kawaguchi Saiwai-cho Residence	14-24, Saiwaicho 2-chome, Kawaguchi-shi, Saitama	TBI	1,173	1,530
		T-13	KDX Residence Shirokane I	7-8, Shirokanedai 4-chome, Minato-ku, Tokyo	TBI	3,068	3,810
		T-15	KDX Residence Shirokane II	7-8, Shirokanedai 4-chome, Minato-ku, Tokyo	TBI	2,846	3,790
		T-16	KDX Residence Minami-aoyama	4-8, Minami-Aoyama 3-chome, Minato-ku, Tokyo	TBI	2,262	2,580
		T-17	KDX Residence Minami-azabu	3-22, Minami-Azabu 2-chome, Minato-ku, Tokyo	TBI	2,127	2,860
		T-18	KDX Residence Shiba Koen	4-16, Shiba 3-chome, Minato-ku, Tokyo	TBI	1,794	2,510
		T-19	KDX Residence Azabu East	25-2, Higashi-Azabu 1-chome, Minato-ku, Tokyo	TBI	1,575	2,150
		T-20	KDX Residence Takanawa	15-7, Takanawa 3-chome, Minato-ku, Tokyo	TBI	789	1,110
		T-21	KDX Residence Nishihara	37-4, Nishihara 1-chome, Shibuya-ku, Tokyo	TBI	1,489	1,990
		T-22	KDX Residence Daikanyama II	11-22, Ebisu Nishi 2-chome, Shibuya-ku, Tokyo	TBI	771	1,040
		T-23	KDX Residence Sendagaya	38-7, Sendagaya 3-chome, Shibuya-ku, Tokyo	TBI	632	870
		T-24	KDX Residence Nihombashi Suitengu	41-6 Nihombashi Hakozakicho, Chuo-ku, Tokyo	TBI	3,174	4,210
		T-25	KDX Residence Nihombashi Hakozaki	38-1 Nihombashi Hakozakicho, Chuo-ku, Tokyo	TBI	1,144	1,470
		T-26	KDX Residence Higashi-shinjuku	1-9 Okubo 2-chome, Shinjuku-ku, Tokyo	TBI	3,213	4,350
		T-27	KDX Residence Yotsuya	22-50 Arakicho, Shinjuku-ku, Tokyo	TBI	2,297	3,080
		T-28	KDX Residence Nishi-shinjuku	18-15, Nishi-Shinjuku 7-chome, Shinjuku-ku, Tokyo	TBI	1,020	1,470
		T-29	KDX Residence Kagurazaka	8-10, Tsukijicho, Shinjuku-ku, Tokyo	TBI	704	1,010
		T-30	KDX Residence Futako Tamagawa	31-29, Seta 2-chome, Setagaya-ku, Tokyo	TBI	1,272	1,560
		T-31	KDX Residence Komazawa Koen	21-6 Komazawa 5-chome, Setagaya-ku, Tokyo	TBI	896	1,200
		T-32	KDX Residence Mishuku	37-13, Mishuku 2-chome, Setagaya-ku, Tokyo	TBI	747	1,020
		T-33	KDX Residence Yoga	34-21, Seta 5-chome, Setagaya-ku, Tokyo	TBI	688	947
		T-34	KDX Residence Shimouma	21-8, Shimouma 1-chome, Setagaya-ku, Tokyo	TBI	593	814
		T-35	Raffine Minami-magome	24-8, Minami-Magome 5-chome, Ota-ku, Tokyo	TBI	1,238	1,480
		T-36	KDX Residence Yukigaya Otsuka	15-13, Minami-Yukigaya 2-chome, Ota-ku, Tokyo	TBI	1,054	1,400
		T-37	KDX Residence Denenchofu	40-14, Denenchofu Honmachi, Ota-ku, Tokyo	TBI	1,062	1,300
T-38	KDX Residence Tamagawa	9-17, Tamagawa 1-chome, Ota-ku, Tokyo	TBI	723	996		
T-39	KDX Residence Monzennakacho	6-7, Kiba 3-chome, Koto-ku, Tokyo	TBI	785	1,050		
T-40	KDX Residence Okachimachi	28-4, Taito 2-chome, Taito-ku, Tokyo	TBI	861	1,130		
T-41	KDX Residence Moto-asakusa	8-10, Motoasakusa 4-chome, Taito-ku, Tokyo	TBI	808	1,060		

Use	Area	No.	Name of property	Location	Form of ownership (Note3)	Book value (Million yen)	Appraisal value at the end of the fiscal period (Million yen) (Note 1)
		T-42	KDX Residence Itabashi Honcho	13-16, Yamatocho, Itabashi-ku, Tokyo	TBI	587	818
		T-43	KDX Residence Azusawa	7-13, Azusawa 1-chome, Itabashi-ku, Tokyo	TBI	543	681
		T-44	KDX Residence Tobu Nerima	27-9, Kitamachi 1-chome, Nerima-ku, Tokyo	TBI	385	552
		T-45	KDX Residence Yokohama Kannai	5-9, Bandaicho 3-chome, Naka-ku, Yokohama-shi, Kanagawa	TBI	760	1,030
		T-46	KDX Residence Miyamaedaira	14-3, Miyamaedaira 3-chome, Miyamae-ku, Kawasaki-shi, Kanagawa	TBI	999	1,180
		T-47	KDX Residence Machida	13-32, Kamitsurumahoncho, Minami-ku, Sagami-hara-shi, Kanagawa	TBI	1,671	2,210
		T-48	KDX Residence Kinshicho	24-13, Midori 4-chome, Sumida-ku, Tokyo	TBI	1,323	1,770
		T-49	KDX Residence Nihombashi Hamacho	33-4, Nishimbashi-Hamacho 3-chome, Chuo-ku, Tokyo	TBI	1,037	1,390
		T-50	KDX Residence Nihombashi Ningyocho	8-5, Nihombashi-Horidomecho 1-chome, Chuo-ku, Tokyo	TBI	554	710
		T-51	KDX Residence Jiyugaoka	11-27, Yakumo 3-chome, Meguro-ku, Tokyo	TBI	1,320	1,650



Use	Area	No.	Name of property	Location	Form of ownership (Note3)	Book value (Million yen)	Appraisal value at the end of the fiscal period (Million yen) (Note 1)
Residential Facilities	Tokyo Metropolitan Area	T-52	KDX Residence Togoshi	1-1, Togoshi 5-chome, Shinagawa-ku, Tokyo	TBI	3,706	4,980
		T-53	KDX Residence Shinagawa Seaside	6-7, Higashi-Shinagawa 3-chome, Shinagawa-ku, Tokyo	TBI	2,545	3,370
		T-54	KDX Residence Ojima	8-4, Ojima 4-chome, Koto-ku, Tokyo	TBI	1,802	2,580
		T-55	KDX Residence Oyama	8-8, Oyamakanaimachi, Itabashi-ku, Tokyo	TBI	2,592	3,430
		T-56	KDX Residence Hanzomon	12-1, Kojimachi 2-chome, Chiyoda-ku, Tokyo	TBI	4,930	6,010
		T-57	B-Site Akihabara	7, Kanda-Sudacho 1-chome, Chiyoda-ku, Tokyo	TBI	859	1,070
		T-58	KDX Residence Kagurazaka Dori	120-1, Yaraicho, Shinjuku-ku, Tokyo	TBI	1,369	2,150
		T-59	KDX Residence Sendagi	43-17, Sendagi 3-chome, Bunkyo-ku, Tokyo	TBI	2,333	2,530
		T-60	KDX Residence Seijo	16-25, Seijyo 4-chome, Setagaya-ku, Tokyo	TBI	1,411	1,640
		T-61	KDX Residence Akihabara	13-7, Taito Higashi 2-chome, Taito-ku, Tokyo	TBI	1,233	1,640
		T-62	KDX Residence Iriya	10-7, Iriya 1-chome, Taito-ku, Tokyo	TBI	1,047	1,450
		T-63	KDX Residence Tachikawa	28-29, Akebonocho 2-chome, Tachikawa-shi, Tokyo	TBI	2,935	3,750
		T-64	KDX Residence Tsurumi	10, Mukaicho 1-chome, Tsurumi-ku, Yokohama-shi, Kanagawa	TBI	1,154	1,540
		T-65	KDX Residence Morishita Chitose	5-3, Chitose 1-chome, Sumida-ku, Tokyo	TBI	1,091	1,390
		T-66	KDX Residence Akasaka	13-11, Akasaka 6-chome, Minato-ku, Tokyo	TBI	1,179	1,940
		T-67	KDX Residence Kanda	8-2, Uchikanda 2-chome, Chiyoda-ku, Tokyo	TBI	711	1,200
		T-68	KDX Residence Ebisu	11-16, Ebisu Minami 1-chome, Shibuya-ku, Tokyo	TBI	2,906	4,630
		T-69	KDX Residence Nishi-magome	4-4, Minami-Magome 6-chome, Ota-ku, Tokyo	TBI	1,155	1,340
		T-70	KDX Residence Nishi-azabu	5-10, Nishi-Azabu 3-chome, Minato-ku, Tokyo	TBI	1,234	1,820
		T-71	KDX Residence Azabu Sendaizaka	1-7, Minami-Azabu 3-chome, Minato-ku, Tokyo	TBI	799	1,190
		T-72	KDX Residence Waseda Tsurumaki	574-25, Waseda-Tsurumakimachi, Shinjuku-ku, Tokyo	TBI	557	897
		T-73	KDX Residence Bunkyo Yushima	29-2, Yushima 2-chome, Bunkyo-ku, Tokyo	TBI	693	1,000
		T-74	KDX Residence Kamishakujji	18-5, Kamishakujji 1-chome, Nerima-ku, Tokyo	TBI	649	859
		T-75	KDX Residence Shin-otsuka	44-16, Higashi-Ikebukuro 5-chome, Toshima-ku, Tokyo	TBI	765	1,120
		T-76	KDX Residence Sakurajosui	26-14, Shimotakaido 1-chome, Suginami-ku, Tokyo	TBI	894	1,230
		T-77	KDX Residence Ryogoku	19-13, Kamesawa 2-chome, Sumida-ku, Tokyo	TBI	841	1,260
		T-78	KDX Residence Toyosu	2-33, Toyosu 1-chome, Koto-ku, Tokyo	TBI	7,650	7,820
		T-79	KDX Residence Asagaya	1-47-24, Asagayaminami, Suginami-ku, Tokyo	TBI	1,961	2,280
		T-80	KDX Residence Hiyoshi	7-17-35, Hiyoshi, Kohoku-ku, Yokohama-shi, Kanagawa	TBI	2,685	2,750
T-81	KDX Residence Kamikitazawa	4-23-15, Kamikitazawa, Setagaya-ku, Tokyo	TBI	1,397	1,450		
T-82	KDX Residence Kaminoge	3-2-11, Noge, Setagaya-ku, Tokyo	TBI	1,133	1,290		
T-83	KDX Residence Higashi-Asakusa	1-9-8 Higashi-Asakusa, Taito-ku, Tokyo	TBI	703	767		
T-84	KDX Residence Nishi-Funabashi	413-1 Hongo-cho, Funabashi-shi, Chiba	TBI	1,015	1,050		
T-85	KDX Residence Hatagaya	2-24-7 Hatagaya Shibuya-ku, Tokyo	TBI	2,635	2,730		
T-86	KDX Residence Asagaya II	3-31-5 Asagaya-minami, Suginami-ku, Tokyo	TBI	974	1,000		
T-87	KDX Residence Gakugeidaigaku	2-4-3 Takaban, Meguro-ku, Tokyo	TBI	769	828		
T-88	KDX Residence Kamata-minami	3-9-2 Minami-Rokugo, Ota-ku, Tokyo	TBI	1,975	2,150		
T-89	KDX Residence Kichijoji	1-23-20 Kichijoji-Higashimachi, Musashino-shi, Tokyo	TBI	657	650		
T-90	KDX Residence Mitaka	4-15-31 Shimorenjaku, Mitaka-shi, Tokyo	TBI	2,696	2,870		
T-91	KDX Residence Nakanobu	6-6-1 Nakanobu, Shinagawa-ku, Tokyo	TBI	850	901		

Use	Area	No.	Name of property	Location	Form of ownership (Note3)	Book value (Million yen)	Appraisal value at the end of the fiscal period (Million yen) (Note 1)
Other Regional Area		T-92	KDX Residence Ichikawa	2-6-12, Ichikawa, Ichikawa-shi, Chiba	TBI	882	908
		T-93	KDX Residence Hatchobori	1-8-5, Irifune, Chuo-ku, Tokyo	TBI	3,231	3,530
		T-94	KDX Residence Nakaitabashi	68-11, Yayoicho, Itabashi-ku, Tokyo	TBI	1,856	1,850
		T-95	KDX Residence Shonandai	2-9-10, Shonandai, Fujisawa-shi, Kanagawa	TBI	1,572	1,610
		T-96	KDX Residence Ikebukuro West	2-6, Nakamarucho, Itabashi-ku, Tokyo	TBI	2,340	2,450
	R-2	KDX Jozenjidori Residence	3-25, Kasugamachi, Aoba-ku, Sendai-shi, Miyagi	TBI	906	1,340	
	R-3	KDX Izumi Residence	24-28, Izumi 2-chome, Higashi-ku, Nagoya-shi, Aichi	TBI	1,026	1,460	
	R-4	KDX Chihaya Residence	49-6, Shinsakae 1-chome, Naka-ku, Nagoya-shi, Aichi	TBI	970	1,460	
	R-5	KDX Sakaisuji Hommachi Residence	7-15, Kawaracho 1-chome, Chuo-ku, Osaka-shi, Osaka	TBI	2,657	3,600	
	R-7	KDX Takarazuka Residence	2-43, Sakaemachi 3-chome, Takarazuka-shi, Hyogo	TBI	1,309	2,000	
	R-8	KDX Shimizu Residence	21-27, Shimizu 1-chome, Minami-ku, Fukuoka-shi, Fukuoka	TBI	1,518	2,100	
	R-9	KDX Residence Odori Koen	1000-4, Minami 2-jo 40-chome, Chuo-ku, Sapporo-shi, Hokkaido	TBI	758	1,020	
	R-10	KDX Residence Kikusui Yojo	2-35, Kikusui 4-jo 3-chome, Shiroishi-ku, Sapporo-shi, Hokkaido	TBI	844	1,060	
	R-11	KDX Residence Toyohira Koen	4-16, Hiragishi 4-jo 3-chome, Toyohira-ku, Sapporo-shi, Hokkaido	TBI	452	595	
	R-13	KDX Residence Ichiban-cho	15-42, Ichibancho 1-chome, Aoba-ku, Sendai-shi, Miyagi	TBI	488	722	
	R-16	KDX Residence Higashi-sakura I	13-22, Higashi-sakura 2-chome, Higashi-ku, Nagoya-shi, Aichi	TBI	2,205	2,610	
	R-17	KDX Residence Higashi-sakura II	5-10, Higashi-sakura 1-chome, Higashi-ku, Nagoya-shi, Aichi	TBI	845	1,070	
	R-18	KDX Residence Jingumae	4-27, Yokota 2-chome, Atsuta-ku, Nagoya-shi, Aichi	TBI	781	1,040	
	R-19	KDX Residence Nishi-oji	40-3, Nishi 7-jo Kakekoshicho, Shimogyo-ku, Kyoto-shi, Kyoto	TBI	762	940	
	R-20	KDX Residence Saiin	30-2, Saiintakadacho, Ukyo-ku, Kyoto-shi, Kyoto	TBI	408	513	

Use	Area	No.	Name of property	Location	Form of ownership (Note3)	Book value (Million yen)	Appraisal value at the end of the fiscal period (Million yen) (Note 1)
Residential Facilities	Other Regional Area	R-21	KDX Residence Namba	6-16, Inari 1-chome, Naniwa-ku, Osaka-shi, Osaka	TBI	1,337	1,710
		R-22	KDX Residence Namba-minami	11-9, Shiokusa 3-chome, Naniwa-ku, Osaka-shi, Osaka	TBI	1,252	1,630
		R-24	KDX Residence Ibaraki I・II (Note 2)	9-11, 9-12, Takehashicho, Ibaragi-shi, Osaka	TBI	1,274	1,439
		R-25	KDX Residence Toyonaka-minami	7-22, Shonaihigashicho 2-chome, Toyonaka-shi, Osaka	TBI	661	902
		R-26	KDX Residence Moriguchi	12-12, Dainichihigashimachi, Moriguchi-shi, Osaka	TBI	501	689
		R-27	KDX Residence Sannomiya	8-10, Ninomiyacho 4-chome, Chuo-ku, Kobe-shi, Hyogo	TBI	1,055	1,240
		R-28	Ashiya Royal Homes	20-10, Oharacho, Ashiya-shi, Hyogo	TBI	1,472	1,980
		R-29	KDX Residence Funairi Saiwai-cho	10-5, Funairisaiwaicho, Naka-ku, Hiroshima-shi, Hiroshima	TBI	538	729
		R-30	KDX Residence Tenjin-higashi II	6-22, Chikukohomachi, Hakata-ku, Fukuoka-shi, Fukuoka	TBI	632	921
		R-32	KDX Residence Nishi Koen	5-7, Minato 3-chome, Chuo-ku, Fukuoka-shi, Fukuoka	TBI	713	907
		R-33	KDX Residence Hirao Josui-machi	10-17, Hiraojyosumachi, Chuo-ku, Fukuoka-shi, Fukuoka	TBI	728	951
		R-35	Leopalace Flat Shin-sakae	5-31, Shinsakae 1-chome, Naka-ku, Nagoya-shi, Aichi	TBI	3,399	4,580
		R-36	KDX Residence Konan Yamate	9-3, Moriminamimachi 1-chome, Higashinada-ku, Kobe-shi, Hyogo	TBI	956	1,140
		R-37	KDX Residence Hommachihashi	2-14, Hommachihashi, Chuo-ku, Osaka-shi, Osaka	TBI	3,106	3,680
		R-38	KDX Residence Minami-kusatsu	1-8, Minamikusatsu 1-chome, Kusatsu-shi, Shiga	TBI	1,943	2,450
		R-39	KDX Residence Ohori Harbor View Tower	2-18, Minato 1-chome, Chuo-ku, Fukuoka-shi, Fukuoka	TBI	4,430	5,170
		R-40	KDX Residence Minami-sanjo	3-2, Minami 3-jo Nishi 8-chome, Chuo-ku, Sapporo-shi, Hokkaido	TBI	888	1,770
		R-41	Serenite Kita-kyuhoji	3-15, Kitakyuhochi 1-chome, Chuo-ku, Osaka-shi, Osaka	TBI	1,247	1,710
		R-42	Serenite Nishinomiya Hommachi	5-26, Hommachi, Nishinomiya-shi, Hyogo	TBI	628	754
		R-43	KDX Residence Nishijin	24-30, Nishijin 2-chome, Sawara-ku, Fukuoka-shi, Fukuoka	TBI	1,733	1,750
R-44	Serenite Kobe Motomachi	1-22, Kaigandori 3-chome, Chuo-ku, Kobe-shi, Hyogo	TBI	2,448	2,620		
R-45	KDX Residence Shukugawa Hills	7-1, Hinoikecho, Nishinomiya-shi, Hyogo	TBI	7,265	7,330		
R-46	KDX Residence Sendaieki-higashi	2-13 Teppocho-nihsi, Miyagino-ku, Sendai-shi, Miyagi	TBI	1,410	1,420		
Subtotal						199,872	251,591
Healthcare Facilities	Tokyo Metropolitan Area	H-1	Irise Kamata/Yuseien	2-15-21 Kitakojiyu, Ota-ku, Tokyo	TBI	1,060	1,120
		H-2	Nichii Home Nakano-Minamidai	3-26-24 Minamidai, Nakano-ku, Tokyo	TBI	1,761	1,770
		H-3	Joy Stage Hachioji	924-2 Yokokawamachi, Hachioji-shi, Tokyo	TBI	3,749	3,760
		H-4	Yuimaru Hijirigaoka <sup>(Note 2)</sup>	2-22-4 Hijirigaoka, Tama-shi, Tokyo (Building A) 2-20-6 Hijirigaoka, Tama-shi, Tokyo (Building B) 2-21-2 Hijirigaoka, Tama-shi, Tokyo (Building C)	TBI	1,068	1,120
		H-5	Nichii Home Tama Plaza	Nichii Home Tama Plaza	TBI	2,809	2,980
		H-21	Plaisant Grand Ota tamagawa	2-19-4 Tamagawa, Ota-ku, Tokyo	TBI	3,211	3,190
		H-22	Tsukui Sun-shine Machida <sup>(Note2)</sup>	1-11-7 Oyamagaoka Machida-shi, Tokyo (West Tower) 1-11-8 Oyamagaoka Machida-shi, Tokyo (East Tower)	TBI	7,073	7,090
		H-23	Serabi Ebisu	2-10-20, Mita, Meguro-ku, Tokyo	TBI	1,713	1,700
		H-6	Ten	6-3-1 Tsukisamuchuodori, Toyohira-ku, Sapporo-shi, Hokkaido	TBI	2,576	2,660
		H-7	Irise Nishioka	13-7-10 Nishioka Sanjo, Toyohira-ku, Sapporo-shi, Hokkaido	TBI	807	858
H-8	Izarie Eniwa Building	2-1 Aioimachi, Eniwa-shi, Hokkaido	TBI	1,553	1,740		
H-9	Sawayaka Sakura Nibankan	1-10-3 Oroshimachi, Akita-shi, Akita	TBI	922	992		
H-10	Activa Biwa <sup>(Note 2)</sup>	6-16-16 Ogoto, Otsu-shi, Shiga	TBI	6,283	6,570		

Use	Area	No.	Name of property	Location	Form of ownership (Note3)	Book value (Million yen)	Appraisal value
							at the end of the fiscal period (Million yen) (Note 1)
				6-11-8 Ogoto, Otsu-shi, Shiga 6-17-17 Ogoto, Otsu-shi, Shiga			
		H-11	Sompo Care LAVIERE Kobe Tarumi	285 Sarukura, Myodanicho, Tarumi-ku, Kobe-shi, Hyogo	TBI	2,049	2,110
		H-12	Rihabili-home Granda Mondo Yakujin	10-10 Hayashidacho, Nishinomiya-shi, Hyogo	TBI and RE	1,198	1,260
		H-13	Excellent Nishinomiya	2-4-3 Sumiredai, Nishinomiya-shi, Hyogo	TBI	918	975
		H-15	Excellent Kitano	10 Kitanohigashi, kobaicho, kita-ku, Kyoto-shi, Kyoto	TBI	751	780
		H-16	Anesis Teradacho	1-4-24, Hayashiji, Ikuno-ku, Osaka-shi, Osaka	TBI	3,465	3,630
		H-17	Rococo-riha	6-7 Hozan-cho, Toyonaka-shi, Osaka	TBI	2,046	2,170
		H-18	Orage Suma	3-622-11, Wakakusa-cho, Suma-ku, Kobe-shi, Hyogo	TBI	2,758	2,810

Use	Area	No.	Name of property	Location	Form of ownership (Note3)	Book value (Million yen)	Appraisal value at the end of the fiscal period (Million yen) (Note 1)
Healthcare Facilities	Other Regional Area	H-19	Canadian Hill	2-3-1 Nagamedai, Nada-ku, Kobe-shi, Hyogo	TBI	1,822	1,860
		H-20	Anesis Hyogo	1-8-21, Yoshida-cho, Hyogo-ku, Kobe-shi, Hyogo	TBI	1,391	1,440
		H-24	Arute Ishiyagawa	1-10-13, Mikage tsuka-machi, Higashi nada-ku, Kobe-shi, Hyogo	TBI	1,141	1,380
	Others	H-14	Gran Hills Ogawarako	57-2 Tachino Oura-aza, Tohokumachi-Oaza, Kamikita-gun, Aomori	TBI	1,277	1,380
Subtotal						53,413	55,345
Accommodation Facilities	Tokyo Metropolitan Area	A-1	Hotel LiVEMAX Tokyo-Otsuka-Ekimae	3-44-12 Minami-Otsuka, Toshima-ku, Tokyo	TBI	2,454	2,380
		A-2	Hotel LiVEMAX Yokohamaeki-Nishiguchi	2-10-32 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa	TBI	2,643	2,610
	Subtotal						5,098
Total						258,384	311,926

(Note1) "Appraisal value at the end of the fiscal period" is the appraisal value in a real property appraisal prepared, pursuant to the asset appraisal techniques and standards in the Investment Corporation's certificate of incorporation and the rules of the Investment Trusts Association, Japan, by Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. or Tanizawa Sogo Appraisal Co., Ltd.

(Note 2) R-24 and H-4 consist of two buildings and H-4, H-10 consist of three buildings, book value and appraisal value are total amount of each value of the properties.

(Note3) "TBI" represents trust beneficiary interest in real estate and "RE" represents real estate.

The overview of the rental business for the Individual Properties owned by the Investment Corporation are as follows.

Use	Area	No.	Name of property	17th (From February 1, 2020 to July 31, 2020)				18th (From August 1, 2020 to January 31, 2021)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Residential Facilities	Tokyo Metropolitan Area	T-1	KDX Daikanyama Residence	1	99.0	164	2.0	1	89.6	156	1.9
		T-3	KDX Odemma Residence	1	98.2	59	0.7	1	94.6	57	0.7
		T-4	KDX Iwamoto-cho Residence	1	98.0	28	0.3	1	95.2	26	0.3
		T-5	KDX Bunkyo Sengoku Residence	1	97.8	51	0.6	1	94.0	52	0.6
		T-6	KDX Azumabashi Residence	1	100.0	25	0.3	1	95.5	25	0.3
		T-7	KDX Shimura Sakaue Residence	1	98.9	107	1.3	1	98.9	106	1.3
		T-9	Cosmo Heim Motosumiyoshi	—	100.0	43	0.5	1	96.7	58	0.7
		T-10	KDX Musashi Nakahara Residence	1	100.0	26	0.3	1	100.0	27	0.3
		T-11	KDX Chiba Chuo Residence	1	99.3	65	0.8	1	95.3	62	0.7
		T-12	KDX Kawaguchi Saiwai-cho Residence	1	96.5	48	0.6	1	96.6	49	0.6
		T-13	KDX Residence Shirokane I	1	98.6	113	1.4	1	96.3	109	1.3
		T-15	KDX Residence Shirokane II	1	97.8	95	1.2	1	98.1	93	1.1
		T-16	KDX Residence Minami-aoyama	1	93.5	64	0.8	1	93.5	61	0.7
		T-17	KDX Residence Minami-azabu	1	98.5	75	0.9	1	98.4	74	0.9
		T-18	KDX Residence Shiba Koen	1	90.3	65	0.8	1	88.5	64	0.8
		T-19	KDX Residence Azabu East	1	92.0	56	0.7	1	94.3	54	0.6
		T-20	KDX Residence Takanawa	1	87.4	28	0.3	1	100.0	26	0.3
		T-21	KDX Residence Nishihara	1	97.9	50	0.6	1	94.2	51	0.6
		T-22	KDX Residence Daikanyama II	1	100.0	27	0.3	1	95.5	25	0.3
		T-23	KDX Residence Sendagaya	1	100.0	21	0.3	1	100.0	24	0.3
		T-24	KDX Residence Nihombashi Suitengu	1	100.0	97	1.2	1	100.0	104	1.2
		T-25	KDX Residence Nihombashi Hakozaki	1	95.2	41	0.5	1	89.8	39	0.5
		T-26	KDX Residence Higashi-shinjuku	1	97.5	113	1.4	1	97.0	110	1.3
		T-27	KDX Residence Yotsuya	1	97.8	82	1.0	1	94.0	78	0.9
		T-28	KDX Residence Nishi-shinjuku	1	96.3	37	0.5	1	96.3	35	0.4
		T-29	KDX Residence Kagurazaka	1	100.0	25	0.3	1	94.2	24	0.3
		T-30	KDX Residence Futako Tamagawa	1	97.3	43	0.5	1	100.0	43	0.5
		T-31	KDX Residence Komazawa Koen	1	95.6	29	0.4	1	97.8	28	0.3
		T-32	KDX Residence Mishuku	1	100.0	26	0.3	1	95.3	26	0.3
		T-33	KDX Residence Yoga	1	100.0	26	0.3	1	97.5	24	0.3
		T-34	KDX Residence Shimouma	1	100.0	20	0.3	1	100.0	21	0.3
		T-35	Raffine Minami-magome	1	100.0	41	0.5	1	100.0	41	0.5
		T-36	KDX Residence Yukigaya Otsuka	1	98.7	39	0.5	1	94.6	39	0.5
		T-37	KDX Residence Denenchofu	1	100.0	39	0.5	1	97.2	38	0.5
		T-38	KDX Residence Tamagawa	1	96.5	28	0.3	1	96.5	28	0.3
		T-39	KDX Residence Monzennakacho	1	98.1	28	0.3	1	90.0	27	0.3
		T-40	KDX Residence Okachimachi	1	98.2	30	0.4	1	100.0	30	0.4
		T-41	KDX Residence Moto-asakusa	1	94.9	31	0.4	1	95.0	30	0.4
		T-42	KDX Residence Itabashi Honcho	1	96.1	24	0.3	1	100.0	23	0.3

Use	Area	No.	Name of property	17th (From February 1, 2020 to July 31, 2020)				18th (From August 1, 2020 to January 31, 2021)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
		T-43	KDX Residence Azusawa	1	100.0	20	0.2	1	97.9	20	0.2
		T-44	KDX Residence Tobu Nerima	1	97.8	17	0.2	1	97.5	17	0.2
		T-45	KDX Residence Yokohama Kannai	1	92.5	34	0.4	1	91.8	32	0.4
		T-46	KDX Residence Miyamaedaira	1	100.0	36	0.4	1	95.4	37	0.4
		T-47	KDX Residence Machida	1	86.8	60	0.7	1	98.0	63	0.8
		T-48	KDX Residence Kinshicho	1	100.0	45	0.6	1	97.3	45	0.5
		T-49	KDX Residence Nihombashi Hamacho	1	100.0	34	0.4	1	100.0	35	0.4
		T-50	KDX Residence Nihombashi Ningyocho	1	100.0	19	0.2	1	95.4	19	0.2
		T-51	KDX Residence Jiyugaoka	1	96.3	41	0.5	1	96.5	39	0.5

Use	Area	No.	Name of property	17th (From February 1, 2020 to July 31, 2020)				18th (From August 1, 2020 to January 31, 2021)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
		T-52	KDX Residence Togoshi	1	96.3	122	1.5	1	94.9	122	1.5
		T-53	KDX Residence Shinagawa Seaside	1	93.3	88	1.1	1	89.4	79	1.0
		T-54	KDX Residence Ojima	1	93.2	66	0.8	1	88.9	64	0.8
		T-55	KDX Residence Oyama	1	97.9	96	1.2	1	96.7	92	1.1
		T-56	KDX Residence Hanzomon	1	98.6	132	1.6	1	97.8	135	1.6
		T-57	B-Site Akihabara	1	100.0	27	0.3	1	100.0	26	0.3
		T-58	KDX Residence Kagurazaka Dori	1	93.7	52	0.6	1	92.5	50	0.6
		T-59	KDX Residence Sendagi	1	98.2	67	0.8	1	100.0	66	0.8
		T-60	KDX Residence Seijo	1	96.8	43	0.5	1	94.6	42	0.5
		T-61	KDX Residence Akihabara	1	96.9	39	0.5	1	90.9	43	0.5
		T-62	KDX Residence Iriya	1	95.9	39	0.5	1	94.5	39	0.5
		T-63	KDX Residence Tachikawa	1	93.0	99	1.2	1	91.4	96	1.1
		T-64	KDX Residence Tsurumi	1	100.0	54	0.7	1	100.0	55	0.7
		T-65	KDX Residence Morishita Chitose	1	100.0	39	0.5	1	98.7	39	0.5
		T-66	KDX Residence Akasaka	1	85.9	38	0.5	1	100.0	34	0.4
		T-67	KDX Residence Kanda	1	100.0	29	0.4	1	95.0	29	0.4
		T-68	KDX Residence Ebisu	1	91.4	97	1.2	1	90.4	88	1.1
		T-69	KDX Residence Nishi-magome	1	96.9	31	0.4	1	93.0	31	0.4
		T-70	KDX Residence Nishi-azabu	1	91.7	40	0.5	1	86.0	39	0.5
		T-71	KDX Residence Azabu Sendaizaka	1	100.0	28	0.3	1	87.3	26	0.3
		T-72	KDX Residence Waseda Tsurumaki	1	95.2	22	0.3	1	100.0	22	0.3
		T-73	KDX Residence Bunkyo Yushima	1	100.0	25	0.3	1	100.0	24	0.3
		T-74	KDX Residence Kamishakujji	1	100.0	24	0.3	1	93.5	23	0.3
		T-75	KDX Residence Shin-otsuka	1	100.0	22	0.3	1	100.0	22	0.3
		T-76	KDX Residence Sakurajosui	1	93.8	30	0.4	1	88.3	27	0.3
		T-77	KDX Residence Ryogoku	1	93.6	30	0.4	1	91.4	29	0.4
		T-78	KDX Residence Toyosu	1	100.0	181	2.2	1	100.0	180	2.2
		T-79	KDX Residence Asagaya	1	98.2	53	0.6	1	100.0	50	0.6
		T-80	KDX Residence Hiyoshi	1	97.9	80	1.0	1	99.0	80	1.0
		T-81	KDX Residence Kamikitazawa	1	92.3	37	0.5	1	97.4	37	0.4
		T-82	KDX Residence Kaminoge	1	100.0	26	0.3	1	100.0	26	0.3
		T-83	KDX Residence Kaminoge	1	100.0	20	0.2	1	100.0	20	0.2
		T-84	KDX Residence Nishi-Funabashi	1	100.0	28	0.3	1	100.0	28	0.3
		T-85	KDX Residence Hatagaya	1	98.3	54	0.7	1	95.7	61	0.7
		T-86	KDX Residence Asagaya II	1	97.0	24	0.3	1	90.6	22	0.3
		T-87	KDX Residence Gakugeidaigaku	1	91.4	15	0.2	1	78.8	15	0.2
		T-88	KDX Residence Kamata-minami	1	98.2	35	0.4	1	100.0	50	0.6
		T-89	KDX Residence Kichijoji	1	50.6	5	0.1	1	87.4	12	0.1
		T-90	KDX Residence Mitaka	1	23.8	3	0.0	1	73.6	42	0.5
		T-91	KDX Residence Nakanobu	-	-	-	-	1	95.2	19	0.2
		T-92	KDX Residence Ichika	-	-	-	-	1	95.8	15	0.2
		T-93	KDX Residence Hatchobori	-	-	-	-	1	39.2	8	0.1
		T-94	KDX Residence Nakaitabashi	-	-	-	-	1	6.5	1	0.0

Tokyo Metropolitan Area  
Residential Facilities



Use	Area	No.	Name of property	17th (From February 1, 2020 to July 31, 2020)				18th (From August 1, 2020 to January 31, 2021)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Other Regional Area	Area	T-95	KDX Residence Shonandai	-	-	-	-	1	94.1	22	0.3
		T-96	KDX Residence Ikebukuro West	-	-	-	-	1	100.0	-	-
	R-2	KDX Jozenji Dori Residence	1	94.9	49	0.6	1	95.9	50	0.6	
	R-3	KDX Izumi Residence	1	95.2	44	0.5	1	95.0	42	0.5	
	R-4	KDX Chihaya Residence	1	94.5	47	0.6	1	95.0	46	0.6	
	R-5	KDX Sakaisuji Hommachi Residence	1	98.0	110	1.3	1	91.3	106	1.3	
	R-7	KDX Takarazuka Residence	1	98.6	58	0.7	1	100.0	60	0.7	
	R-8	KDX Shimizu Residence	1	97.6	74	0.9	1	95.9	74	0.9	
	R-9	KDX Residence Odori Koen	1	97.4	33	0.4	1	92.3	33	0.4	
	R-10	KDX Residence Kikusui Yoyo	1	80.7	36	0.4	1	97.9	34	0.4	
	R-11	KDX Residence Toyohira Koen	1	90.7	22	0.3	1	93.8	22	0.3	
	R-13	KDX Residence Ichiban-cho	1	93.7	26	0.3	1	93.7	26	0.3	
	R-15	KDX Residence Izumi Chuo (Note 4)	-	-	3	0.0	-	-	-	-	
	R-16	KDX Residence Higashi-sakura I	1	89.3	92	1.1	1	91.4	87	1.0	
	R-17	KDX Residence Higashi-sakura II	1	92.5	39	0.5	1	100.0	37	0.5	
	R-18	KDX Residence Jingumae	1	96.7	40	0.5	1	94.6	39	0.5	
	R-19	KDX Residence Nishi-oji	1	98.0	34	0.4	1	96.9	33	0.4	

Use	Area	No.	Name of property	17th (From February 1, 2020 to July 31, 2020)				18th (From August 1, 2020 to January 31, 2021)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Residential Facilities	Other Regional Area	R-20	KDX Residence Saiin	1	94.2	18	0.2	1	97.9	18	0.2
		R-21	KDX Residence Namba	1	95.5	56	0.7	1	97.0	56	0.7
		R-22	KDX Residence Namba-minami	1	97.8	55	0.7	1	92.7	55	0.7
		R-24	KDX Residence Ibaraki I・II	1	100.0	54	0.7	1	98.4	54	0.6
		R-25	KDX Residence Toyonaka-minami	1	95.5	29	0.4	1	98.4	29	0.4
		R-26	KDX Residence Moriguchi	1	100.0	23	0.3	1	96.5	24	0.3
		R-27	KDX Residence Sannomiya	1	96.1	38	0.5	1	95.0	38	0.5
		R-28	Ashiya Royal Homes	1	85.9	58	0.7	1	83.1	62	0.7
		R-29	KDX Residence Funairi Saiwai-cho	1	98.5	27	0.3	1	96.9	28	0.3
		R-30	KDX Residence Tenjin-higashi II	1	90.5	30	0.4	1	96.8	32	0.4
		R-32	KDX Residence Nishi Koen	1	91.8	31	0.4	1	94.4	31	0.4
		R-33	KDX Residence Hirao Josui-machi	1	91.3	28	0.3	1	95.3	28	0.3
		R-35	Leopalace Flat Shin-sakae	1	100.0	121	1.5	1	100.0	121	1.5
		R-36	KDX Residence Koman Yamate	1	100.0	33	0.4	1	98.4	33	0.4
		R-37	KDX Residence Hommachibashi	1	97.6	106	1.3	1	95.8	105	1.3
		R-38	KDX Residence Minami-kusatsu	1	96.0	104	1.3	1	95.5	100	1.2
		R-39	KDX Residence Ohori Harbor View Tower	1	83.8	180	2.2	1	86.0	174	2.1
		R-40	KDX Residence Minami-sanjo	1	95.0	55	0.7	1	94.9	53	0.6
		R-41	Serenite Kita-kyuhoji	1	99.0	43	0.5	1	94.8	41	0.5
		R-42	Serenite Nishinomiya Hommachi	1	98.1	23	0.3	1	98.1	23	0.3
R-43	KDX Residence Nishijin	1	94.1	59	0.7	1	95.1	58	0.7		
R-44	KDX Residence Hiyoshi	1	94.9	74	0.9	1	99.1	75	0.9		
R-45	KDX Residence Shukugawa Hills	1	94.6	207	2.5	1	98.0	213	2.6		
R-46	KDX Residence Sendaieki-higashi	1	98.9	34	0.4	1	89.8	39	0.5		
Subtotal				124	95.3	6,475	78.1	131	94.5	6,564	78.3
Healthcare Facilities	Tokyo Metropolitan Area	H-1	Irise Kamata/Yuseien	1	100.0	Non-disclosure (Note5)	Non-disclosure (Note5)	1	100.0	Non-disclosure (Note5)	Non-disclosure (Note5)
		H-2	Nichii Home Nakano-Minamidai	1	100.0			1	100.0		
		H-3	Joy Stage Hachioji	1	100.0			1	100.0		
		H-4	Yuimaru Hijirigaoka	1	100.0			1	100.0		
		H-5	Nichii Home Tama Plaza	1	100.0			1	100.0		
		H-21	Plaisant Grand Ota tamagawa	1	100.0			1	100.0		
		H-22	Tsukui Sun-shine Machida	1	100.0			1	100.0		
		H-23	Serabi Ebisu	1	100.0			1	100.0		
		H-6	Ten	1	100.0			1	100.0		
		H-7	Irise Nishioka	1	100.0			1	100.0		
		H-8	Izarie Eniwa Building	1	100.0			1	100.0		
		H-9	Sawayaka Sakura Nibankan	1	100.0			1	100.0		
		H-10	Activa Biwa	1	100.0			1	100.0		
		H-11	Sompo Care LAVIERE Kobe Tarumi	1	100.0			1	100.0		
		H-12	Rihabili-home Granda Mondo Yakujin	1	100.0			1	96.2		
H-13	Excellent Nishinomiya	1	100.0	1	100.0						
H-15	Excellent Kitano	1	100.0	1	100.0						

Use	Area	No.	Name of property	17th (From February 1, 2020 to July 31, 2020)				18th (From August 1, 2020 to January 31, 2021)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
		H-16	Anesis Teradacho	1	100.0			1	100.0		
		H-17	Rococo-riha	1	100.0			1	100.0		
		H-18	Orage Suma	1	100.0			1	100.0		
		H-19	Canadian Hill	1	100.0			1	100.0		

Use	Area	No.	Name of property	17th (From February 1, 2020 to July 31, 2020)				18th (From August 1, 2020 to January 31, 2021)			
				Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)	Number of tenants at the end of period (Note 1)	Occupancy rate at the end of period (%) (Note 2)	Rental and other operating revenues (million yen) (Note 3)	Ratio of rental revenue to total rental revenues (%)
Healthcare Facilities	Other Regional Area	H-20	Anesis Hyogo	1	100.0	Non-disclosure (Note 5)	Non-disclosure (Note 5)	1	100.0	Non-disclosure (Note 5)	Non-disclosure (Note 5)
		H-24	Arute Ishiyagawa	1	100.0			1	100.0		
	Other	H-14	Gran Hills Ogawarako	1	100.0			1	100.0		
Subtotal				24	100.0	1,696	20.4	24	99.9	1,696	20.2
Accommodation Facilities	Tokyo Metropolitan Area	A-1	Hotel LiVEMAX Tokyo-Otsuka-Ekimaie	1	100.0	Non-disclosure (Note 5)	Non-disclosure (Note 5)	1	100.0	Non-disclosure (Note 5)	Non-disclosure (Note 5)
		A-2	Hotel LiVEMAX Yokohamaeki-Nishiguchi	1	100.0			1	100.0		
	Subtotal				2			100.0	2		
Total				150	96.8	8,289	100.0	157	96.2	8,382	100.0

(Note 1) Regarding residential, in the "number of tenants" column, if a master lease agreement has been executed with a master lease company, 1 is entered as the number of tenants. As of January 31, 2021, master lease agreements had been executed for all investment assets of the Investment Corporation except for Raffine Minami-magome; the "total" for the "number of tenants" is the sum of the master lease agreements for the properties (running number); and for the properties with no master lease agreement, the number of end tenants is entered. For reference, the total number of master lease companies is 12.

"Total number of tenants" of the healthcare facility and accommodation facility lists the total number of tenants of the master lease contract pertaining to each asset effective as of the end of January 2021.

(Note 2) The "occupancy rate" = leased area / leasable area x 100. The "total" for the "occupancy rate" column is the occupancy rate for the portfolio as a whole.

(Note 3) "Rental and other operating revenues" is the sum of a property's rental business income for each fiscal period.

(Note 4) (R-15) KDX Residence Izumi Chuo was sold on February 28, 2020.

(Note 5) The Investment Corporation has not obtained consent from the tenant to release this information.

#### (4) Details of specified transaction

The details of specified transaction at the end of 18th fiscal period are as follows.

Classification	Transaction	Contact amount (million yen)		Fair value (million yen) (Note 2) (Note 3)
		(Note 1)	Over 1 year (Note 1)	
Over-the-counter transactions	Interest rate swap (Floating-rate to fixed-rate interest)	112,520	100,520	-522
Total	-	112,520	100,520	-522

(Note 1) The interest rate swap contract amount, etc. is based on the assumed principal.

(Note 2) With respect to those meeting the requirements for special treatment under the accounting standards for financial products, the fair value is not listed.

(Note 3) Appraised at the price presented by the financial institution that is the other party in the transaction.

#### (5) Other assets

Real estate properties as well as beneficiary interests having real estate properties as major trust assets are all set forth in (3) Details of portfolio assets above. There are not any other specified assets the Investment Corporation owns at the end of 17th fiscal period except for those mentioned in (3) above.

#### (6) Asset ownership per country or region

There is no relevant information for countries and regions other than Japan.

#### 4. Capital expenditures for property

##### (1) Planned capital expenditures

The table below shows major capital expenditures for renovations, repairs and other projects that are planned for the 19th fiscal period ending July 31, 2021. These expenditures are for real estate owned by the Investment Corporation and real estate in trusts in which the Investment Corporation owns trust beneficiary rights. These planned projects may include some expenditure that will be recorded as expenses rather than capital expenditures for accounting purposes.

No.	Name of property	Location	Purpose	Scheduled	Planned amount of capital expenditure (million yen)		
					Total	Payment for the period	Total of advanced payment
T-63	KDX Residence Tachikawa	Tachikawa-shi, Tokyo	Major renewal construction	From February 2021 To July 2021	87	-	-
H-1	Irise Kamata/Yuseien	Ota-ku, Tokyo	Major renewal construction	From February 2021 To July 2021	45	-	-
T-60	KDX Residence Seijo	Setagaya-ku, Tokyo	Major renewal construction	From February 2021 To July 2021	42	-	-
T-32	KDX Residence Misyuku	Shinjuku-ku, Tokyo	Major renewal construction	From February 2021 To July 2021	38	-	-
T-34	KDX Residence Shimouma	Setagaya-ku, Tokyo	Major renewal construction	From February 2021 To July 2021	38	-	-
T-47	KDX Residence Machida	Sagamihara-shi, Kanagawa	Mechanical parking facilities replacement construction	From February 2021 To July 2021	24	-	-
T-21	KDX Residence Nishihara	Shibuya-ku, Tokyo	Mechanical parking facilities replacement construction	From February 2021 To July 2021	17	-	-
R-18	KDX Residence Jingumae	Nagoya-shi, Aichi	Water heater replacement construction	From February 2021 To July 2021	16	-	-
T-10	KDX Musashi Nakahara Residence	Kawasaki-shi, Kanagawa	Elevating equipment replacement construction	From February 2021 To July 2021	7	-	-

##### (2) Capital expenditures during the 18th fiscal period

The table below shows major capital expenditures for renovations, repairs and other projects in the 18th fiscal period ended January 2021. The construction cost for the period amounted to 753 million yen, consisting of 478 million yen of capital expenditures and 275 million yen of repair and maintenance expenses.

No.	Name of property	Location	Purpose	Term	Capital expenditures (million yen)
R-10	KDX Saiwai-cho Residence Kikusui Yojo	Sapporo-shi, Hokkaido	Major renewal construction	From March 2020 To August 2020	73
T-28	KDX Residence Nishi-shinjuku	Shinjuku-ku, Tokyo	Major renewal construction	From September 2020 To January 2021	29
H-5	Nichi Home Tama Plaza	Kawasaki-shi, Kanagawa	Bath renewal construction	From July 2020 To August 2020	23
H-3	Joy Stage Hachioji	Hachioji-shi, Tokyo	Elevating equipment replacement construction	From November 2020 To December 2020	14
T-5	KDX Bunkyo Sengoku Residence	Bunkyo-ku, Tokyo	Intercom facilities exchange construction	From January 2021 To January 2021	10
Other					326
Total					478

##### (3) Reserved funds for long-term maintenance plan

In accordance with its long-term repair and maintenance plan for each property, the Investment Corporation sets

aside, from the cash flow during the 17th fiscal period, repair and maintenance reserves designed to finance payment of future medium- to long-term major repair and maintenance work.

(million yen)

Term	14th From Aug. 1, 2018 to Jan. 31, 2019	15th From Feb. 1, 2019 to Jul. 31, 2019	16th From Aug. 1, 2019 to Jan. 31, 2020	17th From Feb. 1, 2020 to Jul. 31, 2020	18th From Aug. 1, 2020 to Jan. 31, 2021
Reserve balance at the beginning of the period	732	831	898	921	953
Amount of reserve during the period	101	71	36	41	29
Reversal of reserves during the period	2	4	12	9	—
Amount carried forward to the next period	831	898	921	953	982

## 5. Expenditures and liabilities

### (1) Details of asset management expenses

(in thousands of yen)

Item	17th From February 1, 2020 to July 31, 2020	18th From August 1, 2020 to January 31, 2021
(i) Asset management fees <sup>(Note)</sup>	604,986	645,144
(ii) Asset custody fees	13,908	14,600
(iii) Administrative service fees	46,472	48,792
(iv) Directors' compensation	8,100	8,100
(v) Other operating expenses	225,746	260,792
Total	899,213	977,430

(Note) There are other asset management fees in addition to the amount set forth above, and asset management fees pertaining to property acquisitions 17th fiscal period: 146,193 thousand yen and 18th fiscal period: 105,442 thousand yen) and sold fee pertaining to property sold (17th fiscal period: 2,700 thousand yen).

### (2) Status of Interest-bearing debt

Borrowings as of January 31, 2021 are as follows.

Classification	Lender	Drawdown Date	Balance at the beginning of period (mil. yen)	Balance at the end of period (mil. yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks	
Short-term loans payable	Sumitomo Mitsui Banking Corporation	January 31, 2020	800	-	0.414	January 31, 2021	Repayment of principal in full on maturity date	(Note 4)	Unsecured/Unguaranteed	
	Sumitomo Mitsui Banking Corporation	February 28, 2020	1000	1,000	0.414	February 28, 2021				
	Sumitomo Mitsui Banking Corporation	March 2, 2020	500	500	0.414	February 28, 2021				
	Sumitomo Mitsui Banking Corporation	July 31, 2020	500	500	0.364	July 31, 2021				
		Subtotal		2,800	2000					
		MUFG Bank, Ltd. (Note 5)	January 31, 2014	1,000	-	1.109	January 31, 2021			
		Sumitomo Mitsui Banking Corporation	November 28, 2014	2,000	-	0.804	November 30, 2020			
		Aozora Bank, Ltd. (Note 5)	August 31, 2015	300	-	0.678	August 31, 2020			
		MUFG Bank, Ltd. (Note 5)	October 27, 2015	300	-	0.624	October 27, 2020			
		MUFG Bank, Ltd. (Note 5)	February 28, 2019	500	-	0.422	August 31, 2020			
		Sumitomo Mitsui Banking Corporation	January 31, 2014	1,000	1,000	1.221	July 31, 2021			
		Aozora Bank, Ltd.	March 28, 2014	1,350	1,350	1.183	March 31, 2021			
		Sumitomo Mitsui Banking Corporation	July 30, 2018	1,000	1,000	0.409	July 31, 2021			
		Shinsei Bank, Ltd.		1,000	1,000					
		MUFG Bank, Ltd.		500	500					
		Mizuho Bank, Ltd.		500	500					
		MUFG Bank, Ltd.	January 31, 2020	900	900	0.439				
		Mizuho Bank, Ltd.		500	500					
		Sumitomo Mitsui Banking Corporation (Note 5)	August 7, 2014	1,100	1,100	0.916	August 7, 2021			
		MUFG Bank, Ltd. (Note 5)		1,100	1,100					
		Mizuho Bank, Ltd. (Note 5)		600	600					
		Aozora Bank, Ltd. (Note 5)		350	350					
		Resona Bank, Ltd. (Note 5)		300	300					
		Mizuho Trust & Banking Co., Ltd. (Note 5)		300	300					
		Development Bank of Japan Inc. (Note 3)(Note 5)	August 7, 2014	1000	1000	0.996	August 7, 2021			
		Sumitomo Mitsui Banking Corporation (Note 5)	August 29, 2014	600	600	0.945	August 31, 2021			
		MUFG Bank, Ltd. (Note 5)	August 29, 2014	600	600	0.945	August 31, 2021			
	Aozora Bank, Ltd. (Note 5)	August 29, 2014	500	500	0.945	August 31, 2021				
	Sumitomo Mitsui Banking Corporation (Note 5)	February 5, 2015	1,200	1,200	0.875	January 31, 2022				
	Sumitomo Mitsui Banking Corporation	January 29, 2021	-	800	0.428	January 31, 2022				
	Subtotal		18,500	15,200						

Classification	Lender	Drawdown Date	Balance at the beginning of period (mil. yen)	Balance at the end of period (mil. yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
Long-term borrowings	Sumitomo Mitsui Banking Corporation	April 30, 2014	2,000	2,000	1.267	April 30, 2022	Repayment of principal in full on maturity date	(Note 4)	Unsecured/Unguaranteed
	Aozora Bank, Ltd.	April 30, 2014	1,500	1,500	1.267	April 30, 2022			
	MUFG Bank, Ltd.	April 30, 2014	1,000	1,000	1.267	April 30, 2022			
	Resona Bank, Ltd.	April 30, 2014	1,000	1,000	1.267	April 30, 2022			
	Sumitomo Mitsui Banking Corporation	August 7, 2014	400	400	1.254	August 7, 2023			
	MUFG Bank, Ltd.		400	400					
	Mizuho Bank, Ltd.		300	300					
	Resona Bank, Ltd.		200	200					
	Mizuho Trust & Banking Co., Ltd.		200	200					
	Aozora Bank, Ltd.		150	150					
	Development Bank of Japan Inc. (Note 3)	August 7, 2014	500	500	1.320	August 7, 2023			
	Mizuho Bank, Ltd.	November 14, 2014	950	950	1.083	November 30, 2022			
	MUFG Bank, Ltd.	February 5, 2015	1,200	1,200	1.105	January 31, 2024			
	Aozora Bank, Ltd.	April 30, 2015	2,000	2,000	0.875	April 30, 2022			
	Resona Bank, Ltd.	April 30, 2015	1,500	1,500	0.987	April 30, 2023			
	MUFG Bank, Ltd.	April 30, 2015	2,000	2,000	1.100	April 30, 2024			
	Sumitomo Mitsui Banking Corporation	April 30, 2015	1,000	1,000	1.265	April 30, 2025			
	Shinsei Bank, Ltd.	July 29, 2015	1,100	1,100	1.115	July 29, 2022			
	Sumitomo Mitsui Banking Corporation		1,100	1,100					
	MUFG Bank, Ltd.		1,000	1,000					
	Mizuho Bank, Ltd.		300	300					
	Sompo Japan Insurance Inc.		1,000	1,000					
	Resona Bank, Ltd.	August 31, 2015	1,100	1,100	0.923	August 31, 2022			
	Mizuho Trust & Banking Co., Ltd.	August 31, 2015	700	700	0.923	August 31, 2022			
	Sumitomo Mitsui Trust Bank, Limited.	August 31, 2015	950	950	1.047	August 31, 2023			
	MUFG Bank, Ltd.	August 31, 2015	1,700	1,700	1.169	August 31, 2024			
	Mizuho Bank, Ltd.	August 31, 2015	950	950	1.169	August 31, 2024			
	Sumitomo Mitsui Banking Corporation	August 31, 2015	2,000	2,000	1.345	August 31, 2025			
	Development Bank of Japan Inc. (Note 3)	August 31, 2015	1,000	1,000	1.193	August 31, 2024			
	MUFG Bank, Ltd.	October 27, 2015	1,000	1,000	1.156	April 27, 2025			
	MUFG Bank, Ltd.	April 28, 2016	1,000	1,000	0.819	April 28, 2025			
	Sumitomo Mitsui Banking Corporation	April 28, 2016	2,500	2,500	0.903	April 30, 2026			
	MUFG Bank, Ltd. (Note 3)	August 1, 2016	1,000	1,000	0.660	July 31, 2025			
Mizuho Bank, Ltd. (Note 3)	August 30, 2016	1,500	1,500	0.816	August 31, 2026				
Aozora Bank, Ltd.	August 31, 2016	1,000	1,000	0.713	August 31, 2024				
Sumitomo Mitsui Trust Bank, Limited.	August 31, 2016	1,000	1,000	0.797	August 31, 2025				
Resona Bank, Ltd.	August 31, 2016	500	500	0.797	August 31, 2025				



Classification	Lender	Drawdown Date	Balance at the beginning of period (mil. yen)	Balance at the end of period (mil. yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
Long-term borrowings	MUFG Bank, Ltd. (Note 3)	August 31, 2016	2,000	2,000	0.670	August 31, 2025	Repayment of principal in full on maturity date	(Note 4)	Unsecured/Unguaranteed
	Mizuho Trust & Banking Co., Ltd. (Note 3)	August 31, 2016	500	500	0.751	August 31, 2025			
	Sumitomo Mitsui Banking Corporation	August 31, 2016	3,000	3,000	0.906	August 31, 2026			
	Development Bank of Japan Inc. (Note 3)	November 1, 2016	1,000	1,000	0.773	October 31, 2025			
	Resona Bank, Ltd.	August 22, 2017	1,000	1,000	0.900	August 22, 2027			
	Sumitomo Mitsui Trust Bank, Limited.	August 22, 2017	1,000	1,000	0.900	August 22, 2027			
	Shinsei Bank, Ltd.	August 22, 2017	1,000	1,000	0.900	August 22, 2027			
	Mizuho Trust & Banking Co., Ltd. (Note 3)	August 22, 2017	1,200	1,200	0.928	August 22, 2027			
	Development Bank of Japan Inc. (Note 3)	August 22, 2017	1,000	1,000	0.928	August 22, 2027			
	Mizuho Bank, Ltd. (Note 3)	August 22, 2017	500	500	0.928	August 22, 2027			
	THE BANK OF FUKUOKA, LTD. (Note 3)	August 22, 2017	500	500	0.928	August 22, 2027			
	Sumitomo Mitsui Banking Corporation	August 31, 2017	1,500	1,500	0.501	February 28, 2023			
	MUFG Bank, Ltd.	August 31, 2017	1,500	1,500	0.501	February 28, 2023			
	Aozora Bank, Ltd.	August 31, 2017	1,500	1,500	0.582	February 29, 2024			
	Sumitomo Mitsui Banking Corporation	August 31, 2017	1,000	1,000	0.582	February 29, 2024			
	MUFG Bank, Ltd.	August 31, 2017	1,000	1,000	0.582	February 29, 2024			
	Mizuho Bank, Ltd.	August 31, 2017	500	500	0.624	August 31, 2024			
	Mizuho Trust & Banking Co., Ltd. (Note 3)	August 31, 2017	500	500	0.661	August 31, 2024			
	Sumitomo Mitsui Banking Corporation	August 31, 2017	1,500	1,500	0.665	February 28, 2025			
	Resona Bank, Ltd.	August 31, 2017	1,000	1,000	0.749	February 28, 2026			
	Sumitomo Mitsui Trust Bank, Limited.	August 31, 2017	1,000	1,000	0.749	February 28, 2026			
	Nippon Life Insurance Company (Note 3)	July 30, 2018	500	500	0.900	January 30, 2027			
	Sumitomo Mitsui Banking Corporation	August 2, 2018	1,500	1,500	0.799	February 2, 2026			
	MUFG Bank, Ltd.		1,400	1,400					
	Mizuho Bank, Ltd.		900	900					
	Development Bank of Japan Inc.		500	500					
	Nippon Life Insurance Company		500	500					
	Resona Bank, Ltd.		400	400					
	Shinsei Bank, Ltd.		400	400					
	Sumitomo Mitsui Trust Bank, Limited.		400	400					
	Mizuho Trust & Banking Co., Ltd.		400	400					
	Aozora Bank, Ltd.		300	300					
	THE BANK OF FUKUOKA, LTD.		300	300					
	Sumitomo Mitsui Banking Corporation		August 31, 2018	1,000					
	MUFG Bank, Ltd.	August 31, 2018	400	400	0.509	August 31, 2022			
	Development Bank of Japan Inc. (Note 3)	August 31, 2018	1,600	1,600	0.498	August 31, 2022			
	Sumitomo Mitsui Banking Corporation	August 31, 2018	1,200	1,200	0.592	August 31, 2023			
	Aozora Bank, Ltd.	August 31, 2018	1,000	1,000	0.592	August 31, 2023			
	MUFG Bank, Ltd.	August 31, 2018	800	800	0.592	August 31, 2023			
	Sumitomo Mitsui Banking Corporation	August 31, 2018	1,050	1,050	0.914	February 28, 2027			
	Resona Bank, Ltd.	August 31, 2018	500	500	0.914	February 28, 2027			
Sumitomo Mitsui Trust Bank, Limited.	August 31, 2018	500	500	0.914	February 28, 2027				
Mizuho Trust & Banking Co., Ltd.	August 31, 2018	500	500	0.914	February 28, 2027				
Mizuho Bank, Ltd.	August 31, 2018	250	250	0.914	February 28, 2027				
Development Bank of Japan Inc. (Note 3)	August 31, 2018	1,400	1,400	0.884	February 28, 2027				
MUFG Bank, Ltd. (Note 3)	August 31, 2018	800	800	0.825	February 28, 2027				

Classification	Lender	Drawdown Date	Balance at the beginning of period (mil. yen)	Balance at the end of period (mil. yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
Long-term borrowings	Nippon Life Insurance Company (Note 3)	September 28, 2018	700	700	0.920	September 30, 2026	Repayment of principal in full on maturity date	(Note 4)	Unsecured/Unguaranteed
	Shinsei Bank, Ltd.	September 28, 2018	1,000	1,000	1.031	September 30, 2028			
	Sumitomo Mitsui Trust Bank, Limited.	September 28, 2018	800	800	1.031	September 30, 2028			
	Mizuho Trust & Banking Co., Ltd.	September 28, 2018	500	500	1.031	September 30, 2028			
	Mizuho Trust & Banking Co., Ltd.	June 3, 2019	400	400	0.363	November 30, 2024			
	Mizuho Bank, Ltd. (Note 3)	June 3, 2019	2,000	2,000	0.330	May 31, 2025			
	Shinsei Bank, Ltd.	June 3, 2019	500	500	0.484	November 30, 2025			
	Shinsei Bank, Ltd.	July 31, 2019	500	500	0.272	January 31, 2023			
	Mizuho Bank, Ltd.	July 31, 2019	800	800	0.299	July 31, 2023			
	Sumitomo Mitsui Banking Corporation	September 17, 2019	1,000	1,000	0.572	August 31, 2026			
	MUFG Bank, Ltd.	October 29, 2019	500	500	0.325	April 30, 2023			
	Resona Bank, Ltd.	October 29, 2019	450	450	0.336	April 30, 2024			
	MUFG Bank, Ltd.	November 29, 2019	1,500	1,500	0.600	November 30, 2026			
	Shinsei Bank, Ltd.	January 31, 2020	500	500	0.329	July 31, 2023			
	Mizuho Trust & Banking Co., Ltd.	January 31, 2020	300	300	0.329	July 31, 2023			
	Sumitomo Mitsui Trust Bank, Limited.	January 31, 2020	300	300	0.329	July 31, 2023			
	THE BANK OF FUKUOKA, LTD.	January 31, 2020	200	200	0.329	July 31, 2023			
	Mizuho Bank, Ltd.	March 2, 2020	500	500	0.259	February 29, 2024			
	Sumitomo Mitsui Trust Bank, Limited.	March 2, 2020	500	500	0.259	February 29, 2024			
	Sumitomo Mitsui Banking Corporation	March 2, 2020	500	500	0.464	February 28, 2027			
	Mizuho Bank, Ltd.	March 2, 2020	500	500	0.414	February 28, 2027			
	Resona Bank, Ltd.	March 2, 2020	500	500	0.414	February 28, 2027			
	Mizuho Trust & Banking Co., Ltd.	March 2, 2020	500	500	0.414	February 28, 2027			
	THE BANK OF FUKUOKA, LTD.	March 2, 2020	400	400	0.414	February 28, 2027			
	MUFG Bank, Ltd. (Note 3)	March 2, 2020	400	400	0.450	February 28, 2027			
	Aozora Bank, Ltd.	March 2, 2020	200	200	0.531	February 29, 2028			
	MUFG Bank, Ltd. (Note 3)	March 13, 2020	-600	600	0.300	February 29, 2024			
	Sumitomo Mitsui Trust Bank, Limited.	June 30, 2020	1,000	1,000	0.646	June 30, 2028			
	Shinsei Bank, Ltd.	June 30, 2020	800	800	0.646	June 30, 2028			
	Development Bank of Japan Inc. (Note 3)	June 30, 2020	500	500	0.616	June 30, 2028			
	Sumitomo Mitsui Banking Corporation	July 29, 2020	1,750	1,750	0.691	July 31, 2028			
	Shinsei Bank, Ltd.	July 29, 2020	1,750	1,750	0.641	July 31, 2028			
	MUFG Bank, Ltd.	July 29, 2020	1,000	1,000	0.641	July 31, 2028			
	Mizuho Bank, Ltd.	July 29, 2020	500	500	0.641	July 31, 2028			
	Resona Bank, Ltd.	July 29, 2020	500	500	0.641	July 31, 2028			
	Mizuho Trust & Banking Co., Ltd.	July 29, 2020	500	500	0.641	July 31, 2028			
	Sumitomo Mitsui Banking Corporation	July 31, 2020	1,000	1,000	0.686	July 31, 2028			
	Mizuho Trust & Banking Co., Ltd.	August 3, 2028	-	800	0.637	July 31, 2028			
	MUFG Bank, Ltd.	August 31, 2020	-	500	0.640	August 31, 2028			
	Aozora Bank, Ltd.	August 31, 2020	-	300	0.690	August 31, 2028			
	Sumitomo Mitsui Banking Corporation	September 24, 2020	-	840	0.648	September 30, 2028			
	Sumitomo Mitsui Banking Corporation	September 30, 2020	-	900	0.658	September 30, 2028			
	Mizuho Bank, Ltd.	September 30, 2020	-	800	0.658	September 30, 2028			
	Mizuho Bank, Ltd.	September 30, 2020	-	1,330	0.658	September 30, 2028			
	Resona Bank, Ltd.	September 30, 2020	-	500	0.558	September 30, 2028			
Mizuho Trust & Banking Co., Ltd.	September 30, 2020	-	400	0.608	September 30, 2028				
MUFG Bank, Ltd. (Note 3)	September 30, 2020	-	800	0.550	September 30, 2028				
MUFG Bank, Ltd.	October 27, 2020	-	300	0.637	October 31, 2027				
Mizuho Bank, Ltd.	November 2, 2020	-	500	0.478	April 30, 2025				
Mizuho Trust & Banking Co., Ltd.	November 2, 2020	-	1,000	0.585	October 31, 2027				
Sumitomo Mitsui Banking Corporation	November 30, 2020	-	2,000	0.617	November 30, 2027				
MUFG Bank, Ltd.	January 29, 2021	-	1,000	0.599	January 31, 2028				

Classification	Lender	Drawdown Date	Balance at the beginning of period (mil. yen)	Balance at the end of period (mil. yen)	Average interest rate (Note 1) (Note 2)	Payment due date	Debt Financing Method	Use	Remarks
	Mizuho Bank, Ltd.	January 29, 2021	-	1,200	0.409	January 31, 2025			
	Mizuho Trust & Banking Co., Ltd.	January 29, 2021	-	1,100	0.359	January 31, 2025			
	Subtotal		106,750	121,020					
	Total		128,050	138,220					

( Note 1 ) All debts except for the following Note 3 are borrowing at a floating rate.

( Note 2 ) Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal places. Also, with regard to borrowings for which interest rate swap transactions and other derivative 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 and other derivatives are indicated.

( Note 3 ) Borrowings is applied at a fixed rate.

( Note 4 ) 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 5 ) Debts included in the classification of current portion of long-term loans payable from the 17th fiscal period and in of long-term loans payable in the 16th fiscal period.

### ( 3 ) 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 (mil. Yen)	Balance at the end of period (mil. yen)	Interest rate ( % )	Repayment date	Repayment method	Use	Remarks
First Series Unsecured Investment Corporation Bonds	August 30, 2016	1,000	1,000	0.200	August 30, 2021	Repayment of principal in full on maturity date	( Note 1 )	( Note 3 )
Second Series Unsecured Investment Corporation Bonds	August 30, 2016	1,000	1,000	0.540	August 28, 2026			
Third Series Unsecured Investment Corporation Bonds	August 30, 2016	1,000	1,000	0.800	August 30, 2028			
Fourth Series Unsecured Investment Corporation Bonds	November 30, 2018	1,000	1,000	0.410	November 30, 2023			
Fifth Series Unsecured Investment Corporation Bonds	November 30, 2018	1,000	1,000	0.850	November 30, 2028			
Sixth Series Unsecured Investment Corporation Bonds ( Social Bond )	December 12, 2019	2,000	2,000	0.750	December 20, 2029			
Total		7,000	7,000					

( Note 1 ) 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 2 ) Repayment of borrowings procured to fund the acquisition of assets eligible for social finance.

( Note 3 ) Ranking pari passu among the specified investment corporation bonds.

### ( 4 ) Status of Short-Term Investment Corporation Bonds

Not applicable

### ( 5 ) Investment Unit warrants

Not applicable

## 6 . Acquisitions and sales during the 17th fiscal period

(1) Acquisitions and sales of real estate properties and asset-backed securities, etc., infrastructure assets and infrastructure-related assets

Type	No.	Name	Acquisition		Sale			
			Acquisition date	Acquisition price (million yen) (Note 1)	Sales date	Sales price (million yen) (Note 1)	Book value (in millions) (million yen) (Note 2)	Gain and loss (million yen) (Note 2)
Trust Beneficiary Interest	T-91	KDX Residence Nakanobu	August 3 2020	830	-	-	-	-
Trust Beneficiary Interest	T-92	KDX Residence Ichikawa	September 24 2020	840	-	-	-	-
Trust Beneficiary Interest	T-93	KDX Residence Hatchobori	September 30 2020	3,000	-	-	-	-
Trust Beneficiary Interest	T-94	KDX Residence Nakaitabashi	September 30, 2020	1,736	-	-	-	-
Trust Beneficiary Interest	T-95	KDX Residence Shonandai	November 2 2020	1,500	-	-	-	-
Trust Beneficiary Interest	T-9	Cosmo Heim Motosumiyoshi (land)	November 2 2020	337	-	-	-	-
Real Estate	H-12	Rihabili-home Granda Mondo Yakujin	November 2 2020	63	-	-	-	-
Trust Beneficiary Interest	T-96	KDX Residence Ikebukuro West	January 29 2021	2,237	-	-	-	-

(Note 1) The acquisition price are the amount identified in the purchase agreement of each trust beneficiary interest (excluding expenses required for the acquisition and taxes, etc.), rounded down to the nearest whole million yen.

### (2) Acquisitions and Sale of other assets

Other than the foregoing real estate properties, asset-backed securities, infrastructure assets and other infrastructure-related assets, major assets in general are bank deposits or bank deposits within trust assets.

### (3) Appraisals of Specified Assets

(i) Real estate, etc.

Transaction	Type	No.	Property name	Date of acquisition or sale	Acquisition price or Sale price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	Appraiser	As of Appraisal date
Acquisition	Trust Beneficiary Interest	T-91	KDX Residence Nakanobu	August 3, 2020	830	901	The Tanizawa Sōgō Appraisal Co., Ltd.	July 31, 2020
Acquisition	Trust Beneficiary Interest	T-92	KDX Residence Ichikawa	September 24 2020	840	908	DAIWA REAL ESTATE APPRAISAL CO., LTD.	August 1, 2020
Acquisition	Trust Beneficiary Interest	T-93	KDX Residence Hatchobori	September 30 2020	3,000	3,530	The Tanizawa Sōgō Appraisal Co., Ltd.	September 10, 2020
Acquisition	Trust Beneficiary Interest	T-94	KDX Residence Nakaitabashi	September 30 2020	1,736	1,840	Japan Real Estate Institute	August 1, 2020
Acquisition	Trust Beneficiary Interest	T-95	KDX Residence Shonandai	November 2, 2020	1,500	1,610	DAIWA REAL ESTATE APPRAISAL CO., LTD.	October 1, 2020
Acquisition	Trust Beneficiary Interest	T-9	Cosmo Heim Motosumiyoshi (land)	November 2 2020	337	348	Japan Real Estate Institute	October 1, 2020
Acquisition	Real Estate	H-12	Rihabili-home Granda Mondo Yakujin	November 2 2020	63	63	Japan Real Estate Institute	October 1, 2020
Acquisition	Trust Beneficiary Interest	T-96	KDX Residence Ikebukuro West	January 29 2021	2,237	2,450	DAIWA REAL ESTATE APPRAISAL CO., LTD.	December 31, 2020

(Note 1) "Acquisition price" and "Sale price" represent the purchase and Sales amount (excluding acquisition costs and consumption taxes) of each property or beneficiary right of real estate in trust as stated in the Sales and Purchase Agreement.

(Note 2) "Appraisal value" of specific assets above was calculated in accordance with the guideline of "Real Estate Appraisal Standards, Chapter 3, Appraisal of Securitized Real Estate."

(ii) Others

With regard to transactions and contracts entered by the Investment Corporation whose values shall be investigated based on the Act on Investment Trusts and Investment Corporations, Crowe Toyo & Co. performs an investigation of transactions. For the fiscal period from August 1, 2020 to January 31, 2021, the transactions subject to such investigation were fifteen interest rate swap transactions, for which the Investment Corporation received reports from Crowe Toyo & Co. For this purpose, investigation was performed with respect to details of the interest swap contracts, such as the name of counter parties, contract amounts, or the period of transactions. This survey is not a part of the audit for financial statements, and there is no guarantee of fairness of the price and internal management system.

#### (4) Transactions with Related-Party

##### (i) Transactions

Category	Transaction price (million yen)	
	Acquisition price <sup>(Note 2)</sup>	Sale price <sup>(Note 2)</sup>
Total amount	10,544 million yen	-
Transaction with related party		
Motosumiyoshi Co., Ltd	337 million yen (3.2%)	- (-%)
GK KRF17	63 million yen (0.6%)	- (-%)
Total	400 million yen (3.8%)	- (-%)

##### (ii) Amounts of Fees Paid

Category	Total paid fees (A)	Related-Party Transactions		Ratio to total (B) / (A)
		Paid to	Paid amount (B)	
Brokerage fee	182 million yen	Kenedix Inc.	90 million yen	49.4%
Rent paid	26 million yen	GK KRF17	1 million yen	6.1%

(Note 1) A related-party, etc. is defined as a related-party, etc. of the asset management company having executed an asset management entrustment agreement with the Investment Corporation provided in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and Article 26, Item 27 of Rules on asset management reports, pertaining to investment trusts and investment corporations of the Investment Trusts Association, Japan.

(Note 2) The "Acquisition price" and the "Sale price" don't include the related cost to the transaction, tax and dues reimbursement, consumption tax, etc.

#### (5) Transactions with asset management company related to Concurrent Operations Carried Out by the Asset Management Company

There is no transaction with the Asset Management Company, KFM, regarding to the Type II Financial Instruments Business, and Building Lots and Buildings Transaction Business. Furthermore, KFM does not concurrently engage in any of Type I Financial Instruments Business, Real Estate Specified Joint Business.

#### 7. Accounting

##### (1) Assets, liabilities, principal and profit/loss

Please see the Balance Sheet, the Statement of Income and Retained Earnings, the Statement of Unitholders' Equity, Notes and the Calculation pertaining to Distributions below.

##### (2) Change to calculation of depreciation amount

Not applicable

##### (3) Change to real estate and other infrastructure assets appraisal method

Not applicable

##### (4) Disclosure pertaining to investment trust beneficial right securities, etc.

The status of investment units held by the Asset management Company of the Investment Corporation (Kenedix Real Estate Fund Management, Inc) is as follows.

##### (i) Acquisitions

Date of acquisition	Number of units	Number of disposal units	Number of units held
March 1, 2018 <sup>(Note)</sup>	1	-	1
Accumulated total	1	-	1

(Note) The Asset Management Company acquired one investment unit of Japan Senior Living Investment Corporation on July 21, 2015. Following the merger with the Investment Corporation, the Asset Management Company acquired its investment units on March 1, 2018, which is the effective date of the merger.

##### (ii) Ownership

	Number of units held at end of fiscal	Asset held at the end of fiscal period	Ratio to total number of units issued (%)

	period ( Unit )	( million yen )	
13th Fiscal Period From February 1, 2018 to July 31, 2018	1	0	0.0
14th Fiscal Period From August 1, 2018 to January 31, 2019	1	0	0.0
15th Fiscal Period From February 1, 2019 to July 31, 2019	1	0	0.0
16th Fiscal Period From August 1, 2019 to January 31, 2020	1	0	0.0
17th Fiscal Period From February 1, 2020 to July 31, 2020	1	0	0.0
18th Fiscal Period From August 1, 2020 to January 31, 2021	1	0	0.0

(5) Disclosure pertaining to overseas real estate holding corporations

Not applicable

(6) Disclosure pertaining to real estate held by overseas real estate holding corporations

Not applicable

8. Other

(i) Unitholders general meeting

Not applicable

(ii) Board of directors Meeting

Not applicable

( 2 ) Other

Unless otherwise specified, amounts are rounded down, and ratios are rounded off.

***[Provisional Translation Only]***

***English translation of the original Japanese document is provided solely for information purposes.***

***Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.***

# Financial Statements

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

Independent Auditor's Report

Balance Sheet

Statement of Income and Retained Earnings

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to Financial Statements





Building a better  
working world

Ernst & Young ShinNihon LLC  
Hibiya Mitsui Tower, Tokyo Midtown Hibiya  
1-1-2 Yurakucho, Chiyoda-ku  
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100  
Fax: +81 3 3503 1197  
ey.com

## 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						
	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							
Total changes of items during the period	8,818,779	-	(20,000)	(20,000)	140,121	120,121	8,938,900
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							
Total changes of items during the period	-	-	(20,000)	(20,000)	(215,121)	(235,121)	(235,121)
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		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	(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
Total changes of items during the period	18,339	18,339	8,957,239
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)
Total changes of items during the period	(90,411)	(90,411)	(325,533)
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	Due after 2 years	Due after 3 years	Due after 4 years	Due after 5 years
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	less	through 2 years	through 3 years	through 4 years	through 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		

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)								
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	¥ -	¥ -

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	(Note 6)	Unsecured/Unguaranteed		
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.414%	February 28, 2021				
	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	(Note 6)	Unsecured/Unguaranteed		
	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	0.916%	August 7, 2021				
	MUFG Bank, Ltd. (Note 2)	1,100,000	-	-	1,100,000						
	Mizuho Bank, Ltd. (Note 2)	600,000	-	-	600,000						
	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	(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	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						
Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000							



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)							
Aozora Bank, Ltd.	150,000	-	-	150,000				
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	(Note 6)	Unsecured/ Unguaranteed
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		
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		

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)							
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		
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	(Note 6)	Unsecured/ Unguaranteed
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		
Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000	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)							
	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		
	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		
Long-term loans payable	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				

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)							
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		
	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	(Note 6)	Unsecured/Unguaranteed
	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	-				
	Sumitomo Mitsui Banking Corporation	1,750,000	-	1,750,000	-				
	MUFG Bank, Ltd.	1,000,000	-	1,000,000	-	0.729%	July 29, 2020		
	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	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	0.441%	August 31, 2020		
	Sumitomo Mitsui Banking Corporation (Note 2)	1,000,000	-	-	1,000,000	1.221%	July 31, 2021	(Note 6)	Unsecured/Unguaranteed
	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		
	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				
	MUFG Bank, Ltd.	1,100,000	-	-	1,100,000				
	Mizuho Bank, Ltd.	600,000	-	-	600,000				
	Aozora Bank, Ltd.	350,000	-	-	350,000	0.916%	August 7, 2021	(Note 6)	Unsecured/Unguaranteed
	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					

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)							
	Resona Bank, Limited	200,000	-	-	200,000				
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000	1.254%	August 7, 2023		
	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		
Long-term loans payable	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025	(Note 6)	Unsecured/Unguaranteed
	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		

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)							
	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		
	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				
Long-term loans payable	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.509%	August 31, 2022	(Note 6)	Unsecured/Unguaranteed
	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		
	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		

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)							
	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		
	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.