

Financial Statements

(21st Fiscal Period: From February 1, 2022 to July 31, 2022)

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

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 July 31, 2022, 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 July 31, 2022, and its financial performance and its cash flows for the six-month period then 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.

Other Information

The other information comprises the information included in the Semi-annual Reports that contains audited financial statements but does not include the financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Director is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

October 25, 2022

/s/ Naohiko Sawabe

Naohiko Sawabe
Designated Engagement Partner
Certified Public Accountant

/s/ Masahiro Yawata

Masahiro Yawata
Designated Engagement Partner
Certified Public Accountant

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Balance Sheet

As of July 31, 2022

	21st Fiscal Period as of July 31, 2022	20th Fiscal Period as of January 31, 2022
(in thousands of yen)		
ASSETS		
Current assets		
Cash and deposits (Notes 8)	¥14,043,415	¥13,828,613
Cash and deposits in trust (Notes 8)	11,460,934	11,153,990
Operating accounts receivable	57,058	236,109
Prepaid expenses	16,867	10,310
Consumption taxes receivable	9,475	-
Other	8,062	5,272
Total current assets	25,595,814	25,234,296
Noncurrent assets		
Property, plant and equipment (Notes 17 and 22)		
Land	173,018	173,018
Buildings in trust	122,148,745	115,859,756
Accumulated depreciation	(18,830,347)	(17,273,700)
Buildings in trust, net	103,318,397	98,586,055
Structures in trust	1,465,983	1,335,781
Accumulated depreciation	(392,101)	(354,077)
Structures in trust, net	1,073,882	981,703
Machinery and equipment in trust	1,574,807	1,545,362
Accumulated depreciation	(521,625)	(486,797)
Machinery and equipment in trust, net	1,053,181	1,058,565
Tools, furniture and fixtures in trust	1,239,572	1,054,703
Accumulated depreciation	(211,213)	(176,789)
Tools, furniture and fixtures in trust, net	1,028,358	877,913
Land in trust	180,334,732	172,904,875
Total property, plant and equipment, net	286,981,571	274,582,133
Intangible assets		
Leasehold right in trust (Notes 17 and 22)	1,851,176	1,113,305
Other	905	1,681
Total intangible assets	1,852,082	1,114,987
Investments and other assets		
Investment securities (Notes 11 and 21)	-	109,688
Lease and guarantee deposits	89,348	89,381
Long-term prepaid expenses	940,044	1,016,936
Other	324,482	166,099
Total investments and other assets	1,353,875	1,382,104
Total noncurrent assets	290,187,529	277,079,225
Deferred assets		
Investment corporation bond issuance costs	44,100	48,069
Investment unit issuance costs	59,235	48,750
Total deferred assets	103,335	96,819
Total assets	¥315,886,678	¥302,410,342

	21st Fiscal Period as of July 31, 2022	20th Fiscal Period as of January 31, 2022
	(in thousands of yen)	
LIABILITIES		
Current liabilities		
Operating accounts payable	¥786,274	¥655,849
Short-term loans payable (Notes 24)	4,400,000	2,500,000
Current portion of long-term loans payable (Notes 10, 13 and 24)	14,050,000	19,750,000
Accounts payable-other	386,351	409,744
Accrued expenses	59,408	54,800
Income taxes payable	605	605
Accrued consumption taxes	16,126	31,944
Advances received	1,387,348	1,263,949
Deposits received	84,024	71,603
Other	100	6,636
Total current liabilities	21,170,239	24,745,132
Noncurrent liabilities		
Investment corporation bonds (Notes 10 and 23)	7,700,000	7,700,000
Long-term loans payable (Notes 10, 13 and 24)	133,470,000	125,870,000
Tenant leasehold and security deposits in trust	3,731,982	3,464,769
Tenant lump sum deposits in trust	4,414,784	4,671,456
Asset retirement obligations (Note 16)	68,451	68,264
Other	73,051	100,012
Total noncurrent liabilities	149,458,269	141,874,503
Total liabilities	170,628,508	166,619,636
NET ASSETS		
Unitholders' equity		
Unitholders' capital	125,564,617	116,322,630
Surplus		
Capital surplus	13,187,100	13,187,100
Voluntary retained earnings		
Reserve for temporary difference adjustments (Note 4)	1,860,000	1,880,000
Total voluntary retained earnings	1,860,000	1,880,000
Unappropriated retained earnings	4,393,566	4,335,589
Total surplus	19,440,666	19,402,689
Total unitholders' equity	145,005,284	135,725,319
Valuation and translation adjustments		
Deferred gains or losses on hedges (Notes 10 and 13)	252,885	65,386
Total valuation and translation adjustments	252,885	65,386
Total net assets (Note 3)	145,258,169	135,790,706
Total liabilities and net assets	¥315,886,678	¥302,410,342

See accompanying notes to the financial statements.

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Statement of Income and Retained Earnings

For the period from February 1, 2022 to July 31, 2022

	21st Fiscal Period from February 1, 2022 to July 31, 2022	20th Fiscal Period from August 1, 2021 to January 31, 2022
(in thousands of yen)		
Operating revenues		
Rent revenue-real estate (Note 6)	¥8,790,331	¥8,434,013
Other lease business revenue (Note 6)	651,165	528,925
Gain on sales of real estate property (Note 6)	-	180,124
Dividends income	6,207	-
Total operating revenues	9,447,705	9,143,063
Operating expenses		
Expenses related to rent business (Note 6)	3,549,451	3,257,431
Asset management fees	675,353	684,755
Asset custody fees	15,846	15,460
Administrative service fees	52,332	51,082
Directors' compensation	4,500	5,400
Other operating expenses	299,578	288,082
Total operating expenses	4,597,062	4,302,212
Operating income	4,850,642	4,840,850
Non-operating income		
Interest income	46	42
Gain on forfeiture of unclaimed dividends	151	141
Total non-operating income	197	184
Non-operating expenses		
Interest expenses	523,531	533,039
Interest expenses on investment corporation bonds	26,386	26,994
Borrowing expenses	153,526	134,043
Amortization of investment corporation bond issuance costs	3,968	3,968
Amortization of investment unit issuance costs	20,728	23,027
Total non-operating expenses	728,141	721,074
Ordinary income	4,122,698	4,119,960
Income before income taxes	4,122,698	4,119,960
Income taxes (Note 15)		
Current	605	605
Total income taxes	605	605
Net income	4,122,093	4,119,355
Retained earnings brought forward	271,473	216,234
Unappropriated retained earnings	¥4,393,566	¥4,335,589

See accompanying notes to the financial statements.

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Statement of Changes in Net Assets

For the period from February 1, 2022 to July 31, 2022

	Unitholders' equity						
	Unitholders' capital	Capital surplus	Surplus		Unappropriated retained earnings	Total surplus	Total unitholders' equity
			Reserve for temporary difference adjustments	Total voluntary retained earnings			
(in thousands of yen)							
Balance as of July 31, 2021 (Note 7)	¥116,322,630	¥13,187,100	¥1,900,000	¥1,900,000	¥4,296,284	¥19,383,384	¥135,706,015
Changes of items during the period							
Reversal of reserve for temporary difference adjustments			(20,000)	(20,000)	20,000	-	-
Dividends from surplus					(4,100,050)	(4,100,050)	(4,100,050)
Net income					4,119,355	4,119,355	4,119,355
Net changes of items other than unitholders' equity							
Total changes of items during the period	-	-	(20,000)	(20,000)	39,304	19,304	19,304
Balance as of January 31, 2022 (Note 7)	¥116,322,630	¥13,187,100	¥1,880,000	¥1,880,000	¥4,335,589	¥19,402,689	¥135,725,319
Changes of items during the period							
Issuance of new investment units	9,241,987						9,241,987
Reversal of reserve for temporary difference adjustments			(20,000)	(20,000)	20,000	-	-
Dividends from surplus					(4,084,116)	(4,084,116)	(4,084,116)
Net income					4,122,093	4,122,093	4,122,093
Net changes of items other than unitholders' equity							
Total changes of items during the period	9,241,987	-	(20,000)	(20,000)	57,977	37,977	9,279,964
Balance as of July 31, 2022 (Note 7)	¥125,564,617	¥13,187,100	¥1,860,000	¥1,860,000	¥4,393,566	¥19,440,666	¥145,005,284

	Valuation and translation adjustments		
	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of July 31, 2021 (Note 7)	¥(487,588)	¥(487,588)	¥135,218,427
Changes of items during the period			
Reversal of reserve for temporary difference adjustments			-
Dividends from surplus			(4,100,050)
Net income			4,119,355
Net changes of items other than unitholders' equity	552,974	552,974	552,974
Total changes of items during the period	552,974	552,974	572,279
Balance as of January 31, 2022 (Note 7)	¥65,386	¥65,386	¥135,790,706
Changes of items during the period			
Issuance of new investment units			9,241,987
Reversal of reserve for temporary difference adjustments			-
Dividends from surplus			(4,084,116)
Net income			4,122,093
Net changes of items other than unitholders' equity	187,499	187,499	187,499
Total changes of items during the period	187,499	187,499	9,467,463
Balance as of July 31, 2022 (Note 7)	¥252,885	¥252,885	¥145,258,169

See accompanying notes to the financial statements.

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Statement of Cash Flows

For the period from February 1, 2022 to July 31, 2022

	21st Fiscal Period from February 1, 2022 to July 31, 2022	20th Fiscal Period from August 1, 2021 to January 31, 2022
	(in thousands of yen)	
Net cash provided by (used in) operating activities		
Income before income taxes	¥4,122,698	¥4,119,960
Depreciation and amortization	1,666,611	1,590,604
Amortization of investment corporation bond issuance costs	3,968	3,968
Amortization of investment unit issuance costs	20,728	23,027
Interest income	(46)	(42)
Interest expenses	549,917	560,034
Decrease (increase) in operating accounts receivable	179,050	(68,012)
Decrease (increase) in consumption taxes refund receivable	(9,475)	-
Decrease (increase) in prepaid expenses	(6,556)	5,512
Increase (decrease) in operating accounts payable	(66,422)	73,023
Increase (decrease) in accounts payable-other	(22,584)	(13,861)
Increase (decrease) in accrued consumption taxes	(15,817)	(34,076)
Increase (decrease) in advances received	123,398	60,395
Decrease (increase) in long-term prepaid expenses	76,891	(18,277)
Decrease in net property, plant and equipment held in trust due to sale	-	379,169
Other, net	15,539	15,389
Subtotal	6,637,902	6,696,814
Interest income received	46	42
Interest expenses paid	(551,245)	(560,700)
Income taxes (paid) refund	(2,422)	(604)
Net cash provided by (used in) operating activities	6,084,281	6,135,552
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-	(351)
Purchase of property, plant and equipment in trust	(13,866,514)	(13,548,175)
Purchase of intangible assets in trust	(739,596)	-
Payments for lease and guarantee deposits	-	(109,688)
Proceeds from investment securities	107,000	-
Payments of lease and guarantee deposits	(120)	-
Proceeds from lease and guarantee deposits	153	-
Repayments of tenant leasehold and security deposits in trust	(146,972)	(126,302)
Proceeds from tenant leasehold and security deposits in trust	414,185	194,966
Repayments of tenant lump sum deposits in trust	(299,494)	(129,873)
Proceeds from tenant lump sum deposits in trust	42,822	230,795
Net cash provided by (used in) investing activities	(14,488,536)	(13,488,628)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	5,900,000	2,500,000
Repayments of short-term loans payable	(4,000,000)	-
Proceeds from long-term loans payable	15,400,000	15,850,000
Repayments of long-term loans payable	(13,500,000)	(8,450,000)
Redemption of investment corporation bonds	-	(1,000,000)
Proceeds from issuance of investment units	9,210,774	-
Dividends paid	(4,084,773)	(4,100,193)
Net cash provided by (used in) financing activities	8,926,001	4,799,806
Net increase (decrease) in cash and cash equivalents	521,746	(2,553,270)
Cash and cash equivalents at the beginning of period	24,982,604	27,535,874
Cash and cash equivalents at the end of period (Note 8)	¥25,504,350	¥24,982,604

See accompanying notes to the financial statements.

KENEDIX RESIDENTIAL NEXT INVESTMENT CORPORATION

Notes to Financial Statements

For the period from February 1, 2022 to July 31, 2022

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 five public offerings and four third-party allotment. As of July 31, 2022, the end of the 21st fiscal period, the number of investment units issued and outstanding totaled 1,045,758 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 21st fiscal period, the Investment Corporation acquired 5 residential properties (total acquisition price of ¥8,334 million) and 3 healthcare properties (total acquisition price of ¥4,827 million). As a result, the Investment Corporation has a portfolio comprised of 173 properties (total acquisition price of ¥290,730 million) as of July 31, 2022, the end of the 21st fiscal period. The portfolio consists of 140 residential properties (total acquisition price of ¥219,333 million), 31 healthcare properties (total acquisition price of ¥66,437 million) and 2 accommodation properties (total acquisition price of ¥4,960 million).

The occupancy rates of the overall portfolio were 97.3% and 97.5% as of the end of the 20th and 21st fiscal period, respectively.

During the 20th and 21st fiscal period, the Investment Corporation made borrowings of ¥8,450 million and ¥17,500 million for the repayment of debt matured. During the 21st fiscal period, the Investment Corporation made new borrowings of ¥3,800 million upon acquiring properties. As a result, the balance of borrowings as of the end of the 20th and 21st fiscal period stood at ¥148,120 million and ¥151,920 million, respectively. The balance of interest-bearing debt including investment corporation bonds as of the end of the 20th and 21st periods, was ¥155,820 million and ¥159,620 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) Securities

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method. Concerning silent partnership (tokumei kumiai, "TK") interests, the method of incorporating the amount of equity equivalent to the portion that corresponds to the net gain or loss of the TK is adopted.

(B) 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 February 1, 2022 to July 31, 2022	From August 1, 2021 to January 31, 2022
Buildings	2-69 years	2-69 years
Structures	3-65 years	3-65 years
Machinery and equipment	3-40 years	3-40 years
Tools, furniture and fixtures	2-30 years	2-30 years

(C) 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.

(D) Long-term Prepaid Expenses

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

(E) Unit Issuance Costs

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

(F) Investment Corporation Bond Issuance Costs

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

(G) 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.

(H) Revenue Recognition

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

(I) 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 ¥7,873 thousand and ¥35,972 thousand as of January 31, 2022 and July 31, 2022, respectively.

(J) Accounting for revenues

The main content of the performance obligation regarding the revenue from contracts with the customers of the Investment Corporation and the normal point of time when satisfying the said performance obligation (normal point of time when recognizing revenue) are as follows.

1. Sale of real estate property

For the revenue from sale of real estate, etc., revenue is recorded when the buyer who is a customer gains control of the real estate by performing the obligation of handover stipulated in the contract for real estate sales.

2. Utility charge reimbursements

For utility charge reimbursement, revenue is recorded in accordance with the supply of electricity, tap water, etc. to the lessee who is a customer based on the lease agreement of real estate, etc. and the content of agreement incidental to it.

Of the utility charge reimbursement, for those that are determined to fall under the category of an agent by the Investment Corporation, the net amount obtained by deducting the amount paid to other related parties supplying electricity, gas, etc. from the amount received as the fee of electricity, gas, etc. is recognized as revenue.

(K) 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.

(L) Non-deductible consumption taxes

Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.

(M) 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.

(N) 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.

(O) 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.

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 July 31, 2022

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 ¹	¥2,000,000	¥1,880,000	¥ -	¥20,000	¥1,860,000	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 January 31, 2022

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 ¹	¥2,000,000	¥1,900,000	¥ -	¥20,000	¥1,880,000	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 following financial institutions

	As of July 31, 2022	As of January 31, 2022
(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 February 1, 2022 to July 31, 2022 and from August 1, 2021 to January 31, 2022 consist of the following:

	From February 1, 2022 to July 31, 2022	From August 1, 2021 to January 31, 2022
(in thousands of yen)		
A. Rental and other operating revenues:		
Rental revenues	¥8,402,006	¥8,059,188
Common area charges	388,325	374,825
Subtotal	¥8,790,331	¥8,434,013
Others:		
Parking space rental revenues	216,894	211,358
Miscellaneous	434,271	317,566
Subtotal	651,165	528,925
Total rental and other operating revenues	¥9,441,497	¥8,962,938
B. Property-related expenses:		
Property management fees and facility management fees	¥ 502,201	¥ 461,343
Utilities	117,105	105,032
Taxes	573,379	532,192
Repairs and maintenance	398,804	316,759
Insurance	15,003	15,603
Trust fees	66,844	59,827
Depreciation	1,665,834	1,589,828
Others	210,278	176,844
Total property-related expenses	¥3,549,451	¥3,257,431
C. Net operating income from real estate rental business (A-B)	¥5,892,045	¥5,705,506

Gain on sales of real estate property:

From February 1, 2022 to July 31, 2022: Not applicable

From August 1, 2021 to January 31, 2022

	(in thousands of yen)
KDX Residence Tobu Nerima	
Revenue from sale of real estate property	¥580,000
Cost of real estate property	379,169
Other sales expenses	20,705
Gain on sales of real estate property	¥180,124

7. UNITHOLDERS' EQUITY

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

	From February 1, 2022 to July 31, 2022	From August 1, 2021 to January 31, 2022
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,045,758 units	995,883 units

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of July 31, 2022 and January 31, 2022 :

	As of July 31, 2022	As of January 31, 2022
(in thousands of yen)		
Cash and deposits	¥14,043,415	¥13,828,613

Cash and deposits in trust	11,460,934	11,153,990
Cash and cash equivalents	¥25,504,350	¥24,982,604

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 July 31, 2022 and January 31, 2022 are as follows:

	As of July 31, 2022	As of January 31, 2022
	(in thousands of yen)	
Due in 1 year	¥12,000	¥12,000
Due after 1 year	515,000	521,000
Total	¥527,000	¥533,000

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 July 31, 2022 and January 31, 2022 are as follows:

	As of July 31, 2022	As of January 31, 2022
	(in thousands of yen)	
Due in 1 year	¥4,152,082	¥5,941,594
Due after 1 year	18,725,548	14,709,787
Total	¥22,877,631	¥20,651,381

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. Investment securities represent equity investments in an anonymous association and are exposed to credit risk of the issuer, risk of fluctuation of value of its property and interest rate fluctuation risk.

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 9 years and 4 months for borrowings and also have a redemption date of a maximum of 8 years and 10 months for investment corporation bonds as of July 31, 2022, the end of the 21st 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. Investment securities represent equity investments in an anonymous association and are exposed to credit risk of the issuer and interest rate fluctuation risk. To manage this credit risk, the Investment Corporation regularly evaluates the results of operations and the financial condition of the issuer, etc. 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. While investment securities, which are equity investments in an anonymous association, are exposed to credit risk of the issuer and property value fluctuation risk, the Investment Corporation periodically reviews the value of the property and financial condition of the issuer with regard to these investment securities. 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

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. Investments in TK (Note 2) are excluded from the table below. Disclosure of cash and deposits, cash and deposits in trust and Short-term loans payable are omitted because the book value of these assets is deemed a reasonable approximation of the fair value as they are cash or with short maturities.

As of July 31, 2022

	Carrying amount	Estimated fair value	Difference
	(in thousands of yen)		
(1) Current portion of long-term loans payable	¥14,050,000	¥14,044,551	¥ (5,448)
(2) Investment corporation bonds	7,700,000	7,667,450	(32,550)
(3) Long-term loans payable	133,470,000	133,463,068	(6,931)
Subtotal	155,220,000	155,175,069	(44,930)
Derivative transactions*	¥252,885	¥252,885	¥ -

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

As of January 31, 2022

	Carrying amount	Estimated fair value	Difference
	(in thousands of yen)		
(1) Current portion of long-term loans payable	¥19,750,000	¥19,745,024	¥ (4,975)
(2) Investment corporation bonds	7,700,000	7,658,870	(41,130)
(3) Long-term loans payable	125,870,000	126,071,920	201,920
Subtotal	153,320,000	153,475,815	155,815
Derivative transactions*	¥65,386	¥65,386	¥ -

* 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.

Liabilities

(1) Current portion of long-term loans payable and (3) 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.)

(2) Investment corporation bonds

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

Derivative transactions

Please refer to Note 13 "DERIVATIVE TRANSACTIONS".

Note 2: Investment in TK

21st Fiscal Period (February 1, 2022 to July 31, 2022): Not applicable

20th Fiscal Period (August 1, 2021 to January 31, 2022):

For Investment in TK, notes relating to the matters stipulated in Paragraph 4, item 1 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan Guidance No. 19 revised on March 31, 2020) are omitted as the Investment Corporation applies the treatment stipulated in Paragraph 27 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan Guidance No. 31 issued on July 4, 2019). The net book values of equity interests in silent partnership are ¥109,688 thousand as of January 31, 2022 on Article 8-6-2, paragraph 3 of the Regulations on Financial Statements, note disclosures defined in item 2 of the said paragraph for equity interests in silent partnerships (Book value: 109,688 thousand yen) are omitted.

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

As of July 31, 2022

	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)					
Investment corporation bonds	¥ -	¥1,000,000	¥ -	¥ -	¥1,000,000	¥5,700,000
Long-term loans payable	14,050,000	18,850,000	21,350,000	23,300,000	21,500,000	48,470,000
Total	¥14,050,000	¥19,850,000	¥21,350,000	¥23,300,000	¥22,500,000	¥54,170,000

As of January 31, 2022

	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)					
Investment corporation bonds	¥ -	¥ 1,000,000	¥ -	¥ -	¥ 1,000,000	¥5,700,000
Long-term loans payable	19,750,000	15,900,000	16,900,000	16,700,000	21,300,000	55,070,000
Total	¥19,750,000	¥16,900,000	¥16,900,000	¥16,700,000	¥22,300,000	¥60,770,000

11. INVESTMENT SECURITIES

21st Fiscal Period (February 1, 2022 to July 31, 2022): Not applicable

20th Fiscal Period (August 1, 2021 to January 31, 2022):

Based on Article 8-6-2, paragraph 3 of the Regulations on Financial Statements, note disclosures defined in item 2 of the said paragraph for equity interests in silent partnerships (Book value: 109,688 thousand yen) are omitted.

12. REVENUE RECOGNITION

1. Information on the breakdown of revenue from contracts with customers

21st Fiscal Period (February 1, 2022 to July 31, 2022)

	Revenue from contracts with customers *	Net sales to external customers
Revenue from sale of real estate, etc.	— thousand yen	— thousand yen
Utility charge reimbursement	49,184 thousand yen	49,184 thousand yen

Other	— thousand yen	9,398,520 thousand yen
Total	49,184 thousand yen	9,447,705 thousand yen

* The rental revenues, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and the sale of real estate, etc. subject to the “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in the above amounts as they are excluded from revenue recognition accounting standards. Moreover, the main revenue from contracts with customers are revenue from sale of real estate, etc. and utility charge reimbursement.

20th Fiscal Period (August 1, 2021 to January 31, 2022)

	Revenue from contracts with customers *1	Net sales to external customers
Revenue from sale of real estate, etc.	580,000 thousand yen	*2 180,124 thousand yen
Utility charge reimbursement	43,262 thousand yen	43,262 thousand yen
Other	— thousand yen	8,919,676 thousand yen
Total	623,262 thousand yen	9,143,063 thousand yen

*1 The rental revenues, etc. subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and the sale of real estate, etc. subject to the “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in the above amounts as they are excluded from revenue recognition accounting standards. Moreover, the main revenue from contracts with customers are revenue from sale of real estate, etc. and utility charge reimbursement.

*2 As proceeds from sale of real estate property are recorded as gain on sale of real estate property in the statements of income and retained earnings, the amount calculated by deducting the cost of real estate property sales and other sales expenses from proceeds from sale of real estate property is indicated.

2. Information utilized as the base for understanding revenue from contracts with customers

The information is as described in the notes on important accounting standards.

3. Information on relationship of fulfillment of performance obligations based on contracts with customers with cashflow generated from said contracts and amount and period of revenue expected to be recognized in the next calculation period or thereafter from contracts with customers existing at the end of the current calculation period

(1) Balance of contract assets and contract liabilities, etc.

	21st Fiscal Period (February 1, 2022 to July 31, 2022)	20th Fiscal Period (August 1, 2021 to January 31, 2022)
Receivables from contracts with customers (balance at beginning of fiscal year)	2,969 thousand yen	3,830 thousand yen
Receivables from contracts with customers (balance at end of fiscal year)	4,864 thousand yen	2,969 thousand yen
Contract assets (balance at beginning of fiscal year)	-	-
Contract assets (balance at end of fiscal year)	-	-
Contract liabilities (balance at beginning of fiscal year)	-	-
Contract liabilities (balance at end of fiscal year)	-	-

(2) Transaction value allocated to remaining performance obligations

Not applicable.

With regard to utility charge reimbursements, as the Investment Corporation has the right to receive from customers an amount directly corresponding to the value for the lessees, or customers, of sections for which performance is complete by the end of the fiscal period, the amount it has the right to claim is recognized as revenue in accordance with Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition. Accordingly, such is not included in the note on transaction value allocated to remaining performance obligations through application of the provisions of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition.

13. DERIVATIVE TRANSACTIONS

The contract amount and the fair value of interest-rate swap transactions as of July 31, 2022 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	¥98,020,000	¥90,520,000	¥252,885	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	16,700,000	12,450,000	*	-
Total			¥114,720,000	¥102,970,000	¥252,885	-

*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 January 31, 2022 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	¥91,320,000	¥84,920,000	¥65,386	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	24,200,000	13,950,000	*	-
Total			¥115,520,000	¥98,870,000	¥65,386	-

*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.

14. RELATED-PARTY TRANSACTIONS

1. Parent Company, major corporate unitholders and other

21st Fiscal Period (February 1, 2022 to July 31, 2022) and 20th Fiscal Period (August 1, 2021 to January 31, 2022): Not applicable

2. Affiliated companies and other

21st Fiscal Period (February 1, 2022 to July 31, 2022) and 20th Fiscal Period (August 1, 2021 to January 31, 2022): Not applicable

3. Fellow subsidiary companies and other

21st Fiscal Period (February 1, 2022 to July 31, 2022) and 20th Fiscal Period (August 1, 2021 to January 31, 2022): Not applicable

4. Directors, major individual unitholders and other

21st Fiscal Period (February 1, 2022 to July 31, 2022) and 20th Fiscal Period (August 1, 2021 to January 31, 2022): Not applicable

15. 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 ¥4,288 million and ¥4,084 million for the periods ended July 31, 2022 and January 31, 2022, 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 0.01% for the periods ended July 31, 2022 and January 31, 2022. The following table summarizes the significant differences between the statutory tax rate and the effective tax rate.

	From February 1, 2022 to July 31, 2022	From August 1, 2021 to January 31, 2022
Statutory tax rate	31.46%	31.46%
Deductible cash distributions	(31.08)	(31.10)
Others	(0.37)	(0.35)
Effective tax rate	0.01%	0.01%

The significant components of deferred tax assets and liabilities as of July 31, 2022 and January 31, 2022 are as follows:

	As of July 31, 2022	As of January 31, 2022
	(in thousands of yen)	
Deferred tax assets:		
Valuation difference on assets acquired by merger	¥611,183	¥628,384
Deferred gains or losses on hedges	23,013	31,684
Asset retirement obligations	21,534	21,476
Amortization of leasehold right in trust	3,436	2,894
Other	20	20
Subtotal deferred tax assets	659,189	684,459
Valuation allowance	(659,189)	(684,459)
Total deferred tax assets	¥ -	¥ -
Net deferred tax assets	¥ -	¥ -

16. 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 February 1, 2022 to July 31, 2022	From August 1, 2021 to January 31, 2022
	(in thousands of yen)	
Balance at the beginning of period	¥68,264	¥68,078
Accretion adjustment	186	186
Balance at the end of period	¥68,451	¥68,264

17. 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.

	21st Fiscal Period from February 1, 2022 to July 31, 2022	20th Fiscal Period from August 1, 2021 to January 31, 2022
	(in thousands of yen)	
Book value		
Balance at the beginning of period	¥275,695,438	¥264,204,787
Changes during the period	13,137,309	11,490,651
Balance at the end of period	288,832,748	275,695,438
Fair value at the end of period	¥365,903,000	¥344,484,000

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 21st fiscal period, the principal increase was the acquisition of real estate trust beneficiary interests in 8 properties totaling ¥13,990,070 thousand, and the principal decrease was depreciation of ¥1,665,648 thousand and during the 20th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interests in 5 properties totaling ¥12,816,688 thousand, and the principal decrease was the sales of real estate trust beneficiary interests in 1 property totaling ¥379,169 thousand and depreciation of ¥1,589,641 thousand.

Note 3: The fair value is the appraisal value or the survey value determined by outside appraisers.

Income and loss in the fiscal periods ended July 31, 2022 and January 31, 2022 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"

18. SEGMENT AND RELATED INFORMATION

Segment and related information for the period ended from February 1, 2022 to July 31, 2022 and from August 1, 2021 to January 31, 2022 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.

19. PER UNIT INFORMATION

	From February 1, 2022 to July 31, 2022	From August 1, 2021 to January 31, 2022
Net asset value per unit	¥138,902	¥136,352
Net income per unit	¥3,966	¥4,136
Weighted average number of units (units)	1,039,237	995,883

The weighted average number of units outstanding of 1,039,237 and 995,883 were used for the computation of the amount of net income per unit as of July 31, 2022 and January 31, 2022, 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 February 1, 2022 to July 31, 2022	From August 1, 2021 to January 31, 2022
Net income (in thousands of yen)	¥4,122,093	¥4,119,355
Net income not available to ordinary unitholders (in thousands of yen)	-	-
Net income available to ordinary unitholders (in thousands of yen)	¥4,122,093	¥4,119,355
Weighted average number of units during the period (units)	1,039,237	995,883

20. SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

21. SECURITIES PORTFOLIO

Securities portfolio consists of the following as of July 31, 2022

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

Securities portfolio consists of the following as of January 31, 2022

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

Type	Name	Face value total	Book value	Accrued interest	Prepaid accrued interest	Assessed value (Note 2)	Gain (Loss) on valuation	Remarks
(in thousands of yen)								
Silent Partnership Equity Interests	Equity interests in TK property fund with G.K. Trinity 1 as operator (Note 1)	-	109,688	-	-	109,688	-	
Total		-	109,688	-	-	109,688	-	

Note 1: TK property fund owns trust beneficiary interests in real estate for "Serenite Koshien Plie", "KDX Residence Umejima" and "Excellent Takarazuka Garden Hills".

Note 2: The assessed value is stated at the book value.

22. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASETS

Property, plant and equipment consist of the following as of July 31, 2022:

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	¥173,018	¥ -	¥ -	¥173,018	¥ -	¥ -	¥173,018	
Sub total	173,018	-	-	173,018	-	-	173,018	
Buildings in trust	115,859,756	6,288,988	-	122,148,745	18,830,347	1,556,646	103,318,397	Notes 1 and 2
Structures in trust	1,335,781	130,202	-	1,465,983	392,101	38,024	1,073,882	
Machinery and equipment in trust	1,545,362	29,444	-	1,574,807	521,625	34,828	1,053,181	
Tools, furniture and fixtures in trust	1,054,703	184,869	-	1,239,572	211,213	34,424	1,028,358	
Land in trust	172,904,875	7,429,856	-	180,334,732	-	-	180,334,732	Notes 1 and 2
Sub total	292,700,479	14,063,361	-	306,763,840	19,955,287	1,663,923	286,808,552	
Total	292,873,498	14,063,361	-	306,936,859	19,955,287	1,663,923	286,981,571	
Intangible assets								
Leasehold right in trust	1,122,504	739,596	-	1,862,101	10,924	1,724	1,851,176	
Other	7,762	-	-	7,762	6,857	776	905	
Total	¥1,130,267	¥739,596	¥ -	¥1,869,864	¥17,781	¥2,501	¥1,852,082	

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

Note2: The amount of decrease during the period is primarily attributable to the sales of the real estate property.

Property, plant and equipment consist of the following as of January 31, 2022:

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	¥172,666	¥ 351	¥ -	¥173,018	¥ -	¥ -	¥173,018	
Sub total	172,666	351	-	173,018	-	-	173,018	
Buildings in trust	111,119,141	4,972,427	231,812	115,859,756	17,273,700	1,488,852	98,586,055	Notes 1 and 2
Structures in trust	1,249,509	87,220	949	1,335,781	354,077	35,616	981,703	
Machinery and equipment in trust	1,501,150	44,212	-	1,545,362	486,797	34,214	1,058,565	
Tools, furniture and fixtures in trust	941,780	113,155	232	1,054,703	176,789	29,233	877,913	
Land in trust	164,872,506	8,242,093	209,724	172,904,875	-	-	172,904,875	Notes 1 and 2
Sub total	279,684,088	13,459,110	442,719	292,700,479	18,291,364	1,587,916	274,409,114	
Total	279,856,754	13,459,462	442,719	292,873,498	18,291,364	1,587,916	274,582,133	
Intangible assets								
Leasehold right in trust	1,122,504	-	-	1,122,504	9,199	1,724	1,113,305	
Other	7,762	-	-	7,762	6,080	776	1,681	
Total	¥1,130,267	¥ -	¥ -	¥1,130,267	¥15,280	¥2,501	¥1,114,987	

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

Note2: The amount of decrease during the period is primarily attributable to the sales of the real estate property.

23. INVESTMENT CORPORATION BONDS

Outstanding Investment corporation bonds as of July 31, 2022 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)						
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
Seventh series of unsecured investment corporation bonds(Social bond) (Note 1)	May 31, 2021	1,700,000	-	1,700,000	0.720%	May 30, 2031	(Note4)	Unsecured
Total		¥7,700,000	¥ -	¥ 7,700,000				

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 repayment of borrowings procured for the purpose of appropriating funds for the acquisition of social eligible assets.

Note 4: Investment corporation bonds were used as the funds for the acquisition of social eligible assets.

Note 5: 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 January 31, 2022 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
Seventh series of unsecured investment corporation bonds(Social bond) (Note 1)	May 31, 2021	1,700,000	-	1,700,000	0.720%	May 30, 2031	(Note4)	Unsecured
Total		¥8,700,000	¥ -	¥ 7,700,000				

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 repayment of borrowings procured for the purpose of appropriating funds for the acquisition of social eligible assets.

Note 4: Investment corporation bonds were used as the funds for the acquisition of social eligible assets.

Note 5: 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

24. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt and long-term debt consist of the following as of July 31, 2022

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	¥500,000	¥-	¥500,000	¥-	0.379%	April 30, 2022		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	2,000,000	-	0.379%	April 30, 2022		
	Sumitomo Mitsui Banking Corporation	-	1,500,000	1,500,000	-	0.380%	April 30, 2022	(Note 6)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	-	2,000,000	-	2,000,000	0.327%	March 31, 2023		
	Sumitomo Mitsui Banking Corporation	-	900,000	-	900,000	0.326%	April 30, 2023		
	Sumitomo Mitsui Banking Corporation	-	1,200,000	-	1,200,000	0.330%	June 30, 2023		
	Mizuho Bank, Ltd.	-	300,000	-	300,000				
	Sub total	2,500,000	5,900,000	4,000,000	4,400,000				
Current Portion of 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		
	Aozora Bank, Ltd.	2,000,000	-	2,000,000	-	0.875%	April 30, 2022		
	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	-				
	Sumitomo Mitsui Banking Corporation	1,000,000	-	1,000,000	-	0.425%	February 28, 2022		
	Sumitomo Mitsui Banking Corporation	500,000	-	500,000	-				
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.083%	November 30, 2022		
	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 Banking Corporation	1,000,000	-	-	1,000,000	0.509%	August 31, 2022		
	MUFG Bank, Ltd.	400,000	-	-	400,000				
	Development Bank of Japan Inc.	1,600,000	-	-	1,600,000	0.498% (Note 5)	August 31, 2022	(Note 6)	Unsecured/ Unguaranteed
	Shinsei Bank, Limited	500,000	-	-	500,000	0.272%	January 31, 2023		
	Resona Bank, Limited (Note 2)	1,500,000	-	-	1,500,000	0.987%	April 30, 2023		
	Sumitomo Mitsui Banking Corporation (Note 2)	1,500,000	-	-	1,500,000	0.501%	February 28, 2023		
	MUFG Bank, Ltd. (Note 2)	1,500,000	-	-	1,500,000				
	Mizuho Bank, Ltd. (Note 2)	800,000	-	-	800,000	0.299%	July 31, 2023		
MUFG Bank, Ltd. (Note 2)	500,000	-	-	500,000	0.325%	April 30, 2023			
Shinsei Bank, Limited (Note 2)	500,000	-	-	500,000					
Mizuho Trust & Banking Co., Ltd. (Note 2)	300,000	-	-	300,000	0.329%	July 31, 2023			
Sumitomo Mitsui Trust Bank, Limited (Note 2)	300,000	-	-	300,000					
The Bank of Fukuoka, Ltd. (Note 2)	200,000	-	-	200,000					
Mizuho Bank, Ltd. (Note 2)	500,000	-	-	500,000	0.291%				
Mizuho Trust & Banking Co., Ltd. (Note 2)	200,000	-	-	200,000	0.241%	February 28, 2023			
Sub total	27,550,000	-	13,500,000	14,050,000					

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)							
	Sumitomo Mitsui Banking Corporation	400,000	-	-	400,000				
	MUFG Bank, Ltd	400,000	-	-	400,000				
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Resona Bank, Limited	200,000	-	-	200,000	1.254%	August 7, 2023		
	Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000				
	Aozora Bank, Ltd.	150,000	-	-	150,000				
	Development Bank of Japan Inc.	500,000	-	-	500,000	1.320% (Note 5)	August 7, 2023		
	MUFG Bank, Ltd.	1,200,000	-	-	1,200,000	1.105%	January 31, 2024		
	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		
	Sumitomo Mitsui Trust Bank, Limited	950,000	-	-	950,000	1.047%	August 31, 2023		
	MUFG Bank, Ltd.	1,700,000	-	-	1,700,000	1.169%	August 31, 2024		
	Mizuho Bank, Ltd.	950,000	-	-	950,000	1.169%	August 31, 2024		
	Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	1.193% (Note 5)	August 31, 2024		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.156%	April 27, 2025		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.819%	April 28, 2025		
	Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	0.903%	April 30, 2026		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.660% (Note 5)	July 31, 2025		
	Mizuho Bank, Ltd.	1,500,000	-	-	1,500,000	0.816% (Note 5)	August 31, 2026		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	0.713%	August 31, 2024		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000				
Long-Term Loans Payable	Resona Bank, Limited	500,000	-	-	500,000	0.797%	August 31, 2025	(Note 6)	Unsecured/ Unguaranteed
	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				
	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				
	Mizuho Trust & Banking Co., Ltd.	1,200,000	-	-	1,200,000				
	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				
	The Bank of Fukuoka, Ltd.	500,000	-	-	500,000				
	Aozora Bank, Ltd.	1,500,000	-	-	1,500,000				
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.582%	February 29, 2024		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000				
	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				
	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		

Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
Lender	(in thousands of yen)							
Sumitomo Mitsui Banking Corporation	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	1,200,000	-	-	1,200,000	0.592%	August 31, 2023		
Aozora Bank, Ltd.	1,000,000	-	-	1,000,000				
MUFG Bank, Ltd.	800,000	-	-	800,000				
Sumitomo Mitsui Banking Corporation	1,050,000	-	-	1,050,000				
Resona Bank, Limited	500,000	-	-	500,000				
Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	0.914%	February 28, 2027		
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000				
Mizuho Bank, Ltd.	250,000	-	-	250,000				
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)			
Nippon Life Insurance Company	700,000	-	-	700,000	0.920% (Note 5)	September 30, 2026	(Note 6)	Unsecured/ Unguaranteed
Shinsei Bank, Limited	1,000,000	-	-	1,000,000				
Sumitomo Mitsui Trust Bank, Limited	800,000	-	-	800,000	1.031%	September 30, 2028		
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000				
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		
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.572%	August 31, 2026		
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		
Mizuho Bank, Ltd.	500,000	-	-	500,000				
Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	0.259%	February 29, 2024		
Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	0.464%			
Mizuho Bank, Ltd.	500,000	-	-	500,000				
Resona Bank, Limited	500,000	-	-	500,000		February 28, 2027		
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.414%			
The Bank of Fukuoka, Ltd.	400,000	-	-	400,000				
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				

Long-term loans payable

Classification	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 3) (Note 4)	Payment due date (Note 7)	Use	Remarks
Lender	(in thousands of yen)							
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%			
Shinsei Bank, Limited	1,750,000	-	-	1,750,000				
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000				
Mizuho Bank, Ltd.	500,000	-	-	500,000		July 31, 2028		
Resona Bank, Limited	500,000	-	-	500,000	0.641%			
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000				
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.686%	July 31, 2028		
Mizuho Trust & Banking Co., Ltd.	800,000	-	-	800,000	0.637%	July 31, 2028		
MUFG Bank, Ltd.	500,000	-	-	500,000	0.640%			
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				
Mizuho Bank, Ltd.	800,000	-	-	800,000	0.658%			
Mizuho Bank, Ltd.	1,330,000	-	-	1,330,000		September 30, 2028		
Resona Bank, Limited	500,000	-	-	500,000	0.558%			
Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000	0.608%			
MUFG Bank, Ltd	800,000	-	-	800,000	0.550% (Note 5)	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	(Note 6)	Unsecured/ Unguaranteed
Mizuho Bank, Ltd.	1,200,000	-	-	1,200,000	0.409%			
Mizuho Trust & Banking Co., Ltd.	1,100,000	-	-	1,100,000	0.359%	January 31, 2025		
Aozora Bank, Ltd.	1,350,000	-	-	1,350,000	0.677%	March 31, 2029		
Shinsei Bank, Limited	1,000,000	-	-	1,000,000	0.252%	July 31, 2024		
Daishi Hokuetsu Bank, Ltd.	500,000	-	-	500,000	0.350% (Note 5)	January 31, 2027		
The Bank of Yokohama, Ltd.	1,000,000	-	-	1,000,000	0.467%	July 31, 2029		
Sumitomo Mitsui Banking Corporation	1,400,000	-	-	1,400,000	0.598%	January 31, 2030		
MUFG Bank, Ltd	1,000,000	-	-	1,000,000	0.575% (Note 5)			
Nippon Life Insurance Company	1,000,000	-	-	1,000,000	0.700% (Note 5)	January 31, 2030		
The Yamaguchi Bank, Ltd	800,000	-	-	800,000				
The Chugoku Bank, Ltd.	500,000	-	-	500,000	0.358%	February 28, 2027		
The 77 Bank, Ltd.	500,000	-	-	500,000				
Aozora Bank, Ltd.	350,000	-	-	350,000	0.533%			
Resona Bank, Limited	300,000	-	-	300,000	0.433%	February 28, 2029		
Sumitomo Mitsui Banking Corporation	1,200,000	-	-	1,200,000	0.585%	February 28, 2030		
MUFG Bank, Ltd.	1,200,000	-	-	1,200,000	0.575% (Note 5)	February 28, 2030		
Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	0.638% (Note 5)	August 31, 2031		
Aozora Bank, Ltd.	500,000	-	-	500,000	0.540%	February 28, 2029		
MUFG Bank, Ltd.	600,000	-	-	600,000	0.525% (Note 5)	February 28, 2029		
Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000	0.602%	February 28, 2030		

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)							
The Chiba Bank, Ltd.	600,000	-	-	600,000	0.325% (Note 5)	November 30, 2026		
The Musashino Bank, Ltd.	500,000	-	-	500,000				
The Bank of Fukuoka, Ltd.	800,000	-	-	800,000	0.230%	November 30, 2023		
The Hyakugo Bank, Ltd.	500,000	-	-	500,000				
THE HACHIJUNI BANK, LTD.	500,000	-	-	500,000	0.314%	November 30, 2025		
The Shizuoka Bank, Ltd.	200,000	-	-	200,000				
Aozora Bank, Ltd	1,000,000	-	-	1,000,000	0.529% (Note 5)	May 31, 2029		
THE NISHI-NIPPON CITY BANK, LTD.	500,000	-	-	500,000	0.561%	November 30, 2029		
The Yamanashi Chuo Bank, Ltd.	500,000	-	-	500,000				
The Yamaguchi Bank, Ltd.	1,000,000	-	-	1,000,000	0.631%	November 30, 2030		
The Bank of Yokohama, Ltd.	700,000	-	-	700,000				
Kansai Mirai Bank, Limited	500,000	-	-	500,000	0.703%	November 30, 2031		
The Bank of Kyoto, Ltd.	300,000	-	-	300,000			(Note 6)	Unsecured/ Unguaranteed
Sumitomo Mitsui Banking Corporation	-	4,000,000	-	4,000,000	0.447%	April 30, 2025		
Shinkin Central Bank	-	1,500,000	-	1,500,000	0.466%	October 31, 2025		
The Keiyo Bank, Ltd	-	500,000	-	500,000	0.509%	October 31, 2026		
MUFG Bank, Ltd	-	1,000,000	-	1,000,000	0.225% (Note 5)	October 31, 2023		
Aozora Bank, Ltd	-	1,000,000	-	1,000,000	0.354%	October 31, 2024		
Daishi Hokuetsu Bank, Ltd.	-	500,000	-	500,000	0.350% (Note 5)	April 30, 2027		
Aozora Bank, Ltd	-	1,500,000	-	1,500,000	0.632%	October 31, 2027		
Aozora Bank, Ltd	-	1,000,000	-	1,000,000	0.681%	April 30, 2028		
Nippon Life Insurance Company	-	500,000	-	500,000	0.610% (Note 5)	March 31, 2029		
MUFG Bank, Ltd.	-	300,000	-	300,000	0.225% (Note 5)	November 30, 2023		
Sumitomo Mitsui Trust Bank, Limited	-	300,000	-	300,000	0.425%	May 31, 2026		
Mizuho Trust & Banking Co., Ltd.	-	300,000	-	300,000				
MUFG Bank, Ltd.	-	900,000	-	900,000	0.225% (Note 5)	January 31, 2024		
Sompo Japan Insurance Inc.	-	1,000,000	-	1,000,000	0.380% (Note 5)	August 31, 2025		
Shinsei Bank, Limited	-	1,100,000	-	1,100,000	0.550%	July 31, 2027		
Sub total	118,070,000	15,400,000	-	133,470,000				
Total	¥148,120,000	¥21,300,000	¥17,500,000	¥151,920,000				

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
Long-term loans payable	¥ 18,850,000	¥ 21,350,000	¥ 23,300,000	¥ 21,500,000	¥ 48,470,000

(in thousands of yen)

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 January 31, 2022

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	¥-	¥500,000	¥-	¥500,000	0.385%	April 30, 2022	(Note 6)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	-	2,000,000	-	2,000,000	0.375%	April 30, 2022		
	Sub total	-	2,500,000	-	2,500,000				
Current portion of long-term loans payable	Sumitomo Mitsui Banking Corporation	1,100,000	-	1,100,000	-			(Note 6)	Unsecured/Unguaranteed
	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		
	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	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		
	Sumitomo Mitsui Banking Corporation	1,200,000	-	1,200,000	-	0.875%	January 31, 2022		
	Sumitomo Mitsui Banking Corporation	800,000	-	800,000	-	0.432%	January 31, 2022		
	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		
	Aozora Bank, Ltd.	2,000,000	-	-	2,000,000	0.875%	April 30, 2022		
	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				
	Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.432%	February 28, 2022		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	0.432%	February 28, 2022		
	Mizuho Bank, Ltd. (Note 2)	950,000	-	-	950,000	1.083%	November 30, 2022		
	Resona Bank, Limited (Note 2)	1,100,000	-	-	1,100,000	0.923%	August 31, 2022		
	Mizuho Trust & Banking Co., Ltd. (Note 2)	700,000	-	-	700,000	0.923%	August 31, 2022		
Sumitomo Mitsui Banking Corporation (Note 2)	1,000,000	-	-	1,000,000	0.509%	August 31, 2022			
MUFG Bank, Ltd (Note 2)	400,000	-	-	400,000	0.509%	August 31, 2022			
Development Bank of Japan Inc. (Note 2)	1,600,000	-	-	1,600,000	0.498% (Note 5)	August 31, 2022			
Shinsei Bank, Limited (Note 2)	500,000	-	-	500,000	0.272%	January 31, 2023			
Sub total	28,200,000	-	8,450,000	19,750,000					

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)							
Sumitomo Mitsui Banking Corporation	400,000	-	-	400,000				
MUFG Bank, Ltd	400,000	-	-	400,000				
Mizuho Bank, Ltd.	300,000	-	-	300,000				
Resona Bank, Limited	200,000	-	-	200,000	1.254%	August 7, 2023		
Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000				
Aozora Bank, Ltd.	150,000	-	-	150,000				
Development Bank of Japan Inc.	500,000	-	-	500,000	1.320% (Note 5)	August 7, 2023		
MUFG Bank, Ltd.	1,200,000	-	-	1,200,000	1.105%	January 31, 2024		
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		
Sumitomo Mitsui Trust Bank, Limited	950,000	-	-	950,000	1.047%	August 31, 2023		
MUFG Bank, Ltd.	1,700,000	-	-	1,700,000	1.169%	August 31, 2024		
Mizuho Bank, Ltd.	950,000	-	-	950,000	1.169%	August 31, 2024		
Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	1.345%	August 31, 2025		
Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	1.193% (Note 5)	August 31, 2024		
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.156%	April 27, 2025		
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.819%	April 28, 2025		
Sumitomo Mitsui Banking Corporation	2,500,000	-	-	2,500,000	0.903%	April 30, 2026		
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	0.660% (Note 5)	July 31, 2025		
Mizuho Bank, Ltd.	1,500,000	-	-	1,500,000	0.816% (Note 5)	August 31, 2026	(Note 6)	Unsecured/ Unguaranteed
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		

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 Bank, Ltd.	500,000	-	-	500,000	0.624%	August 31, 2024		
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.661% (Note 5)	August 31, 2024		
Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.665%	February 28, 2025		
Resona Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		
Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	0.749%	February 28, 2026		
Nippon Life Insurance Company	500,000	-	-	500,000	0.900% (Note 5)	January 30, 2027		
Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000				
MUFG Bank, Ltd.	1,400,000	-	-	1,400,000				
Mizuho Bank, Ltd.	900,000	-	-	900,000				
Development Bank of Japan Inc.	500,000	-	-	500,000				
Nippon Life Insurance Company	500,000	-	-	500,000				
Resona Bank, Limited	400,000	-	-	400,000	0.799%	February 2, 2026		
Shinsei Bank, Limited	400,000	-	-	400,000				
Sumitomo Mitsui Trust Bank, Limited	400,000	-	-	400,000				
Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000				
Aozora Bank, Ltd.	300,000	-	-	300,000				
The Bank of Fukuoka, Ltd.	300,000	-	-	300,000				
Sumitomo Mitsui Banking Corporation	1,200,000	-	-	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	(Note 6)	Unsecured/Unsecured
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		
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		

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)							
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		
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	(Note 6)	Unsecured/Unguaranteed
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		
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.	800,000	-	-	800,000	0.550% (Note 5)	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		

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)							
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		
Aozora Bank, Ltd.	1,350,000	-	-	1,350,000	0.677%	March 31, 2029		
Shinsei Bank, Limited	1,000,000	-	-	1,000,000	0.252%	July 31, 2024		
Daishi Hokuetsu Bank, Ltd.	500,000	-	-	500,000	0.350% (Note 5)	January 31, 2027		
The Bank of Yokohama, Ltd.	1,000,000	-	-	1,000,000	0.467%	July 31, 2029		
Sumitomo Mitsui Banking Corporation	1,400,000	-	-	1,400,000	0.598%	January 31, 2030		
MUFG Bank, Ltd	1,000,000	-	-	1,000,000	0.575% (Note 5)	January 31, 2030		
Nippon Life Insurance Company	1,000,000	-	-	1,000,000	0.700% (Note 5)	January 31, 2030		
The Yamaguchi Bank, Ltd	-	800,000	-	800,000	0.358%	February 28, 2027		
The Chugoku Bank, Ltd.	-	500,000	-	500,000	0.358%	February 28, 2027		
The 77 Bank, Ltd.	-	500,000	-	500,000	0.358%	February 28, 2027		
Mizuho Bank, Ltd.	-	500,000	-	500,000	0.282%	February 28, 2023		
Mizuho Trust & Banking Co., Ltd	-	200,000	-	200,000	0.232%	February 28, 2023		
Aozora Bank, Ltd.	-	350,000	-	350,000	0.533%	February 28, 2029		
Resona Bank, Limited	-	300,000	-	300,000	0.433%	February 28, 2029		
Sumitomo Mitsui Banking Corporation	-	1,200,000	-	1,200,000	0.585%	February 28, 2030		
MUFG Bank, Ltd.	-	1,200,000	-	1,200,000	0.575% (Note 5)	February 28, 2030		
Development Bank of Japan Inc.	-	1,000,000	-	1,000,000	0.638% (Note 5)	August 31, 2031	(Note 6)	Unsecured/Unguaranteed
Aozora Bank, Ltd.	-	500,000	-	500,000	0.540%	February 28, 2029		
MUFG Bank, Ltd.	-	600,000	-	600,000	0.525% (Note 5)	February 28, 2029		
Sumitomo Mitsui Banking Corporation	-	600,000	-	600,000	0.602%	February 28, 2030		
The Chiba Bank, Ltd.	-	600,000	-	600,000	0.325% (Note 5)	November 30, 2026		
The Musashino Bank, Ltd.	-	500,000	-	500,000	0.325% (Note 5)	November 30, 2026		
The Bank of Fukuoka, Ltd.	-	800,000	-	800,000	0.230%	November 30, 2023		
The Hyakugo Bank, Ltd.	-	500,000	-	500,000	0.314%	November 30, 2025		
THE HACHIJUNI BANK, LTD.	-	500,000	-	500,000	0.314%	November 30, 2025		
The Shizuoka Bank, Ltd.	-	200,000	-	200,000	0.314%	November 30, 2025		
Aozora Bank, Ltd	-	1,000,000	-	1,000,000	0.529% (Note 5)	May 31, 2029		
THE NISHI-NIPPON CITY BANK, LTD.	-	500,000	-	500,000	0.561%	November 30, 2029		
The Yamanashi Chuo Bank, Ltd.	-	500,000	-	500,000	0.561%	November 30, 2029		
The Yamaguchi Bank, Ltd.	-	1,000,000	-	1,000,000	0.631%	November 30, 2030		
The Bank of Yokohama, Ltd.	-	700,000	-	700,000	0.631%	November 30, 2030		
Kansai Mirai Bank, Limited	-	500,000	-	500,000	0.703%	November 30, 2031		
The Bank of Kyoto, Ltd.	-	300,000	-	300,000	0.703%	November 30, 2031		
Sub total	110,020,000	15,850,000	-	125,870,000				
Total	¥138,220,000	¥18,350,000	¥8,450,000	¥148,120,000				

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	¥ 15,900,000	¥ 16,900,000	¥ 16,700,000	¥ 21,300,000	¥ 55,070,000

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.

25. DISTRIBUTIONS

	21st Fiscal Period (From February 1, 2022 to July 31, 2022)	20th Fiscal Period (From August 1, 2021 to January 31, 2022)
I. Retained earnings at the end of period	¥4,393,566,974	¥4,335,589,580
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments (Note 1)	¥20,000,000	¥20,000,000
III. Total distributions	¥4,288,653,558	¥4,084,116,183
Distributions per unit	¥4,101	¥4,101
IV. Retained earnings brought forward to the next period	¥124,913,416	¥271,473,397
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 ¥4,288,653,558, which is the amount of ¥4,122,093,577 in net income and ¥146,559,981 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 21st 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 ¥4,084,116,183, which is the amount deducted a part of gain on sale of real estate property and other adjustments from net income and added 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 20th fiscal period, the Investment Corporation has decided not to distribute cash in excess of distributable profit.</p>

Note 1: Reserve for temporary difference adjustments

21st Fiscal Period (February 1, 2022 to July 31, 2022)

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 21st fiscal period distribution.

20th Fiscal Period (August 1, 2021 to January 31, 2022)

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 20th fiscal period distribution.