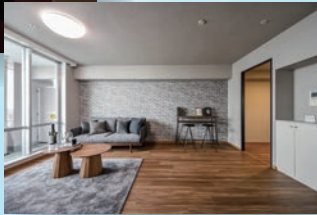


KDX

KENEDIX

KDX Realty Investment Corporation



Semiannual Report April 2024 Fiscal Period
November 1, 2023 - April 30, 2024

KDX Realty Investment Corporation

2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo
<https://www.kdx-reit.com/eng/>

Security code : 8972

To Our Unitholders

We would like to take this opportunity to express our sincere gratitude to our unitholders for your continued support.

Following the merger, KDX Realty Investment Corporation (“KDXR”) has been operating under the new structure since November 1, 2023, and we are pleased to announce that we have successfully completed our first fiscal period ended April 30, 2024.

As a diversified REIT, we are the third largest among all J-REITs with AUM of approximately 1,180 billion yen, and the largest number of properties at 353 properties.

In the fiscal period under review, we quickly realized its post-merger growth strategy by asset reshuffling (acquired seven properties for 45.2 billion yen, mainly hotels, and disposed three office buildings for 11 billion yen) for further growth based on its well-diversified portfolio.

Furthermore, we have announced a new asset reshuffling on June 18, 2024, paving the way for growth in the following fiscal period.

In addition to these efforts, we have steadily achieved internal growth leveraging the high management capabilities of Kenedix Group maintaining high occupancy rates and increasing rents at the time of tenant replacement and renewal.

In the fiscal period under review, we acquired approximately 10 billion yen of its own investment units, the largest acquisition in J-REIT history, as a measure to return profits to our unitholders.



Satoru Yamanaka Akiko Tokuma Hiroaki Momoi Akiko Yamakawa Osamu Utsunomiya
Supervisory Director Supervisory Director Executive Director Supervisory Director Supervisory Director

Moreover, we will strive to enhance-ment of sustainability with the aim of realizing a sustainable society, under the positioning of this as one of the material management issues.

We sincerely appreciate your continued support and look forward to reporting our further process in the months and years ahead.

Executive Director, Kenedix Realty Investment Corporation
Director and COO, Head of Listed REIT Department,
Kenedix Real Estate Fund Management, Inc.

Hiroaki Momoi

Current Status for the Fiscal Period Ended April 30, 2024

No. of Properties

353

(No. 1 among all J-REIT)

DPU
3,927 yen
(vs previous fiscal period:
+55 yen / +1.4%)

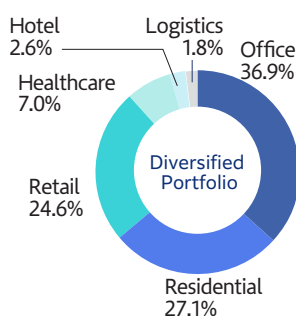
AUM

1,181.9 bn yen

(No. 3 among all J-REIT)

Japan Credit Rating Agency, Ltd.
AA
(Stable)

By Asset Types



Financial Summary

Historical Operating Trends
For the 34th-38th Fiscal Periods

Period	Unit	34th period (Apr. 2022)	35th Period (Oct. 2022)	36th Period (Apr. 2023)	37th Period (Oct. 2023)	38th Period (Apr. 2024)
Operating revenues	millions of yen	15,891	16,266	17,290	16,655	38,654
(Rental revenues)	millions of yen	15,078	15,960	16,072	16,060	36,596
Operating expenses	millions of yen	8,463	8,886	9,132	9,161	21,307
(Property-related expenses)	millions of yen	7,309	7,707	7,793	7,878	14,796
Operating income	millions of yen	7,427	7,379	8,157	7,494	17,346
Ordinary income	millions of yen	6,497	6,452	7,208	6,572	15,049
Net income (a)	millions of yen	6,496	6,451	7,205	6,571	32,387
Total assets (b) (Period over period)	millions of yen %	464,802 (+1.9)	473,013 (+1.8)	474,274 (+0.3)	475,367 (+0.2)	1,233,045 (+159.4)
Interest-bearing debt (c) (Period over period)	millions of yen %	205,150 (+3.2)	214,950 (+4.8)	214,950 (0.0)	214,950 (0.0)	543,070 (+152.6)
Net assets (d) (Period over period)	millions of yen %	231,763 (+0.5)	229,562 (-0.9)	230,482 (+0.4)	231,523 (+0.5)	634,580 (+174.1)
Unitholders' capital (Period over period)	millions of yen %	220,970 (0.0)	217,970 (-1.4)	217,970 (0.0)	217,970 (0.0)	217,970 (0.0)
Number of investment units issued and outstanding (c)	unit	428,510	424,215	848,430	848,430	4,079,309
Net assets per unit *1 (d)/(e)	yen	540,859	270,573	271,657	136,442	155,560
Total distributions (f)	millions of yen	5,999	6,146	6,487	6,571	16,019
Distributions per unit (f)/(c)	yen	14,000	14,488	7,647	7,745	3,927
(Profit distributions per unit)	yen	14,000	14,488	7,647	7,745	3,927
(Distributions in excess of earnings per unit)	yen	—	—	—	—	—
Ordinary income to total assets (annualized) *2, 3	%	1.4(2.8)	1.4(2.7)	1.5(3.1)	1.4(2.7)	1.8(3.5)
Return on unitholders' equity (annualized) *3, 4	%	2.8(5.7)	2.8(5.5)	3.1(6.3)	2.8(5.6)	7.5(15.0)
Net assets to total assets at end of period (d)/(b) (Period-on-period change)	%	49.9 (-0.7)	48.5 (-1.3)	48.6 (+0.1)	48.7 (+0.1)	51.5 (+2.8)
Interest-bearing debt ratio at end of period (c)/(b) (Period-on-period change)	%	44.1 (+0.6)	45.4 (+1.3)	45.3 (-0.1)	45.2 (-0.1)	44.0 (-1.2)
Payout ratio *5 (f)/(a)	%	92.3	95.2	90.0	99.9	49.4
Other references						
Number of properties	properties	97	98	97	97	353
Total leasable floor area	m ²	491,113.35	500,015.61	494,827.85	494,758.19	2,229,863.61
Occupancy rate at end of period	%	98.3	97.8	98.4	98.2	98.8
Depreciation for the period	millions of yen	2,588	2,631	2,617	2,574	4,851
Capital expenditures for the period	millions of yen	1,289	866	997	1,168	2,843
Leasing NOI (Net Operating Income) *6	millions of yen	10,356	10,884	10,896	10,756	26,650
FFO (Funds from Operation) *7	millions of yen	8,314	8,841	8,654	8,597	35,202
FFO per unit *1, 8	yen	19,403	10,421	10,201	5,066	8,629

*1 The Investment Corporation implemented a two-for-one split of investment units with October 31, 2022, as the record date of the split and November 1, 2022, as the effective date. Net assets per unit and FFO per unit are calculated based on the assumption that the split of the investment units was implemented at the beginning of the 35th Fiscal Period. In addition, the Investment Corporation implemented a two-for-one split of investment units with October 31, 2023, as the record date of the split and November 1, 2023, as the effective date. Net assets per unit and FFO per unit are calculated based on the assumption that the split of the investment units was implemented at the beginning of the 37th Fiscal Period.

*2 Ordinary income to total assets = Ordinary income / ((Total assets at beginning of period + Total assets at end of period) / 2) × 100

*3 Annualized values for the 34th Fiscal Period are calculated based on a period of 181 days, 184 days for 35th Fiscal Period, 181 days for 36th Fiscal Period, 184 days for the 37th Fiscal Period and 182 days for 38th Fiscal Period.

*4 Return on unitholders' equity = Net income / ((Total net assets at beginning of period + Total net assets at end of period) / 2) × 100

*5 Payout ratio is rounded down to the first decimal place. Net income for the 38th fiscal period includes gain on negative goodwill of 17,338 million yen.

*6 Leasing NOI = Rental revenues - Property-related expenses + Depreciation for the period

*7 FFO = Net income + Depreciation for the period + Deferred asset amortization - Gain on sale of real estate + Loss on sale of real estate - Profit and loss on buying and selling of securities and other. Net income for the 38th fiscal period includes gain on negative goodwill of 17,338 million yen.

*8 FFO per unit = FFO / Number of investment units issued and outstanding (figures below 1 yen rounded down.)

Financial Statements
of
KDX Realty Investment Corporation

Thirty-eighth Fiscal Period: For the period from November 1, 2023 to April 30, 2024

With Independent Auditor's Report

Balance Sheets

As of April 30, 2024

	As of April 30, 2024		As of October 31, 2023	
	In thousands of yen			
Assets				
Current assets				
Cash and deposits (Notes 3)	¥	32,087,352	¥	28,936,646
Cash and deposits in trust (Notes 3)		30,924,781		11,732,485
Operating accounts receivable		685,597		377,718
Prepaid expenses		177,624		111,450
Consumption taxes receivable		837,858		—
Other		84,332		9,891
Total current assets		64,797,547		41,168,191
Non-current assets				
Property, plant and equipment (Notes 4 and 18)				
Buildings		16,110,142		17,389,133
Accumulated depreciation		(5,854,479)		(7,409,909)
Buildings, net		10,255,663		9,979,223
Structures		133,945		44,486
Accumulated depreciation		(17,499)		(24,076)
Structures, net		116,445		20,409
Machinery and equipment		191,590		466,277
Accumulated depreciation		(83,321)		(361,477)
Machinery and equipment, net		108,269		104,799
Tools, furniture and fixtures		105,381		102,389
Accumulated depreciation		(57,640)		(87,502)
Tools, furniture and fixtures, net		47,741		14,887
Land		32,637,690		27,918,010
Buildings in trust (Note 7)		321,961,470		132,515,045
Accumulated depreciation		(50,825,843)		(46,869,269)
Buildings in trust, net		271,135,626		85,645,775
Structures in trust		5,354,210		464,113
Accumulated depreciation		(394,478)		(260,040)
Structures in trust, net		4,959,731		204,072
Machinery and equipment in trust		3,665,092		2,284,739
Accumulated depreciation		(1,235,417)		(1,171,285)
Machinery and equipment in trust, net		2,429,674		1,113,453
Tools, furniture and fixtures in trust		1,860,856		779,059
Accumulated depreciation		(600,593)		(510,908)
Tools, furniture and fixtures in trust, net		1,260,262		268,150
Land in trust		830,441,767		305,091,543
Construction in progress in trust		990		—
Total property, plant and equipment, net		1,153,393,864		430,360,327
Intangible assets (Note 4 and 18)				
Leasehold right		285,257		285,257
Leasehold right in trust		7,380,711		343,780
Other		8,788		21
Total intangible assets		7,674,757		629,059
Investments and other assets				
Investment securities (Note 15)		—		571,371
Lease and guarantee deposits		30,000		10,000
Lease and guarantee deposits in trust		268,932		122,889
Long term deposits		140,010		—
Long-term prepaid expenses		3,356,806		836,463
Other (Notes 10, 15 and 16)		3,352,350		1,631,344
Total investments and other assets		7,148,099		3,172,069
Total non-current assets		1,168,216,721		434,161,456
Deferred assets				
Investment corporation bond issuance costs		31,019		38,035
Total deferred assets		31,019		38,035
Total assets	¥	1,233,045,288	¥	475,367,684

	As of April 30, 2024	As of October 31, 2023
	In thousands of yen	
Liabilities		
Current liabilities		
Operating accounts payable	¥ 2,447,735	¥ 2,091,636
Short-term loans payable (Notes 6)	8,900,000	2,000,000
Current portion of investment corporation bonds(Notes 6 and 15)	5,000,000	4,000,000
Current portion of long-term loans payable (Notes 6,15 and 16)	59,010,000	25,600,000
Accounts payable–other	1,444,156	650,552
Accrued expenses	213,585	102,677
Income taxes payable	605	782
Accrued consumption taxes	256,358	294,586
Advances received	5,996,306	2,722,980
Deposits received	235,705	75,893
Other	85,250	610
Total current liabilities	83,589,703	37,539,719
Non-current liabilities		
Investment corporation bonds (Notes 6 and 15)	22,700,000	9,000,000
Long-term loans payable (Notes 6, 15 and 16)	447,460,000	174,350,000
Tenant leasehold and security deposits	2,447,154	2,225,381
Tenant leasehold and security deposits in trust	37,841,963	20,729,239
Tenant lump sum deposits in trust	4,305,458	—
Asset retirement obligations	94,609	—
Other (Notes 15 and 16)	26,345	—
Total non-current liabilities	514,875,530	206,304,621
Total liabilities	598,465,234	243,844,341
Net Assets(Note 11)		
Unitholders' equity		
Unitholders' capital	220,970,508	220,970,508
Deduction from unitholders' capital	(2,999,551)	(2,999,551)
Unitholders' capital, net	217,970,957	217,970,957
Surplus		
Capital surplus	385,495,522	—
Deduction from capital surplus	(9,999,881)	—
Capital surplus, net	375,495,641	—
Voluntary retained earnings		
Reserve for reduction entry	5,348,917	5,348,917
Total voluntary retained earnings	5,348,917	5,348,917
Unappropriated retained earnings	32,387,814	6,571,336
Total surplus	413,232,374	11,920,254
Total unitholders' equity	631,203,331	229,891,211
Valuation and translation adjustments		
Deferred gains or losses on hedges (Notes 15 and 16)	3,376,722	1,632,131
Total valuation and translation adjustments	3,376,722	1,632,131
Total net assets (Note 11)	634,580,053	231,523,343
Total liabilities and net assets	¥ 1,233,045,288	¥ 475,367,684

See accompanying notes to the financial statements.

Statement of Income and Retained Earnings

For the period from November 1, 2023 to April 30, 2024

	From November 1, 2023 to April 30, 2024	From May 1, 2023 to October 31, 2023
	In thousands of yen	
Operating revenues		
Rent revenue – real estate (Note 13)	¥ 32,583,219	¥ 13,942,073
Other lease business revenue (Note 13)	4,013,047	2,118,858
Gain on sale of real estate properties (Note 13)	1,494,624	—
Profit and loss on buying and selling of securities	548,038	548,130
Dividends income	15,952	46,541
Total operating revenues	38,654,882	16,655,603
Operating expenses		
Expenses related to rent business (Note 13)	14,796,366	7,878,787
Asset management fees	2,387,097	993,342
Directors' compensation	8,400	6,300
Asset custody fees	29,470	24,106
Administrative service fees	70,328	60,778
Audit fees	13,200	13,200
Merger-related expenses	3,310,530	96,891
Other operating expenses	692,552	87,820
Total operating expenses	21,307,946	9,161,227
Operating income	17,346,935	7,494,376
Non-operating income		
Interest income	131	45
Gain on forfeiture of unclaimed dividends	403	264
Interest on refund	59	2
Total non-operating income	594	311
Non-operating expenses		
Interest expenses	2,030,995	735,897
Interest expenses on investment corporation bonds	87,470	36,209
Financing-related expenses	165,206	132,661
Amortization of investment corporation bond issuance costs	7,016	7,718
Other non-operating expenses	7,246	9,514
Total non-operating expenses	2,297,935	922,000
Ordinary income	15,049,594	6,572,687
Extraordinary gain		
Gain on negative goodwill	17,338,607	—
Total extraordinary gain	17,338,607	—
Income before income taxes	32,388,202	6,572,687
Income taxes (Note 10)		
Current	605	1,201
Deferred	28	148
Total income taxes	633	1,350
Net income	32,387,568	6,571,336
Retained earnings brought forward	246	—
Unappropriated retained earnings	¥ 32,387,814	¥ 6,571,336

See accompanying notes to the financial statements.

KDX Realty Investment Corporation

Statement of Changes in Net Assets

For the period from November 1, 2023 to April 30, 2024

Unitholders' equity (Note 5)									
Unitholders' capital					Surplus				
					Capital surplus				
	Unitholders' capital	Deduction from unitholders' capital(Note11)	Unitholders' capital, net	Capital surplus	Deduction from capital surplus	Capital surplus, net			
In thousands of yen									
Balance as of April 30, 2023	¥ 220,970,508	¥ (2,999,551)	¥ 217,970,957	¥ -	¥ -	¥ -			
Changes during the fiscal period									
Provision of reserve for reduction entry	-	-	-	-	-	-			
Dividends of surplus	-	-	-	-	-	-			
Net income	-	-	-	-	-	-			
Items other than unitholders' equity, net	-	-	-	-	-	-			
Total changes during the fiscal period	-	-	-	-	-	-			
Balance as of October 31, 2023	¥ 220,970,508	¥ (2,999,551)	¥ 217,970,957	¥ -	¥ -	¥ -			
Changes during the fiscal period									
Merger	-	-	-	385,495,522	-	385,495,522			
Dividends of surplus	-	-	-	-	-	-			
Net income	-	-	-	-	-	-			
Purchase of treasury investment units	-	-	-	-	-	-			
Cancellation of treasury investment units	-	-	-	-	(9,999,881)	(9,999,881)			
Items other than unitholders' equity, net	-	-	-	-	-	-			
Total changes during the fiscal period	-	-	-	385,495,522	(9,999,881)	375,495,641			
Balance as of April 30, 2024	¥ 220,970,508	¥ (2,999,551)	¥ 217,970,957	¥ 385,495,522	¥ (9,999,881)	¥ 375,495,641			

Unitholders' equity (Note 5)

	Surplus					Treasury Investment Units	Total unitholders' equity			
	Voluntary retained earnings	Reserve for reduction entry	Unappropriated retained earnings (undisposed loss)	Total surplus						
In thousands of yen										
Balance as of April 30, 2023	¥	4,630,856	¥	7,206,005	¥	11,836,861	¥	–	¥	229,807,819
Changes during the fiscal period										
Provision of reserve for reduction entry		718,061		(718,061)		–				718,061
Dividends of surplus		–		(6,487,944)		(6,487,944)				(6,487,944)
Net income		–		6,571,336		6,571,336				6,571,336
Items other than unitholders' equity, net		–		–		–				–
Total changes during the fiscal period		718,061		(634,668)		83,392				83,392
Balance as of October 31, 2023	¥	5,348,917	¥	6,571,336	¥	11,920,254	¥	–	¥	229,891,211
Changes during the fiscal period										
Merger		–		–		385,495,522				385,495,522
Dividends of surplus		–		(6,571,090)		(6,571,090)				(6,571,090)
Net income		–		32,387,568		32,387,568				32,387,568
Purchase of treasury investment units		–		–		–		(9,999,881)		(9,999,881)
Cancellation of treasury investment units		–		–		(9,999,881)		9,999,881		–
Items other than unitholders' equity, net		–		–		–				–
Total changes during the fiscal period		–		25,816,478		401,312,119				401,312,119
Balance as of April 30, 2024	¥	5,348,917	¥	32,387,814	¥	413,232,374	¥	–	¥	631,203,331

See accompanying notes to the financial statements.

	Valuation and translation adjustments		Deferred gains or losses on hedges		Total net assets
In thousands of yen					
Balance as of					
April 30, 2023	¥	674,650	¥		230,482,469
Changes during the fiscal period					
Provision of reserve for reduction entry		–		–	
Dividends of surplus		–		(6,487,944)	
Net income		–		6,571,336	
Items other than unitholders' equity, net		957,481		957,481	
Total changes during the fiscal period		957,481		1,040,873	
Balance as of					
October 31, 2023	¥	1,632,131	¥		231,523,343
Changes during the fiscal period					
Merger		–		385,495,522	
Dividends of surplus		–		(6,571,090)	
Net income		–		32,387,568	
Purchase of treasury investment units		–		(9,999,881)	
Cancellation of treasury investment units		–		–	
Items other than unitholders' equity, net		1,744,590		1,744,590	
Total changes during the fiscal period		1,744,590		403,056,710	
Balance as of					
April 30, 2024	¥	3,376,722	¥		634,580,053

KDX Realty Investment Corporation

Statement of Cash Flows

For the period from November 1, 2023 to April 30, 2024

	From November 1, 2023 to April 30, 2024	From May 1, 2023 to October 31, 2023
In thousands of yen		
Cash flows from operating activities		
Income before income taxes	¥ 32,388,202	¥ 6,572,687
Depreciation	4,851,780	2,574,098
Gain on negative goodwill	(17,338,607)	—
Interest income	(131)	(45)
Interest expenses	2,118,466	772,106
Amortization of investment corporation bond issuance costs	7,016	7,718
Profit and loss on buying and selling of securities	(548,038)	(548,130)
Decrease (increase) in operating accounts receivable	(13,067)	(24,866)
Decrease (increase) in consumption taxes receivable	(809,381)	—
Decrease (increase) in prepaid expenses	130,448	(36,936)
Increase (decrease) in operating accounts payable	(1,081,592)	237,165
Increase (decrease) in accounts payable—other	(147,617)	(212,628)
Increase (decrease) in accrued consumption taxes	(639,818)	(143,010)
Increase (decrease) in advances received	247,931	(151,558)
Increase (decrease) in deposits received	(4,751)	59,847
Changes in property, plant and equipment from sale	5,933,743	—
Changes in property, plant and equipment in trust from sale	2,507,071	—
Decrease (increase) in long-term prepaid expenses	(250,264)	95,777
Other, net	4,683	(6,084)
Subtotal	27,356,073	9,196,139
Interest income received	131	45
Interest expenses paid	(1,809,854)	(775,452)
Income taxes paid	(5,454)	(1,516)
Net cash provided by (used in) operating activities	25,540,896	8,419,216
Cash flows from investing activities		
Purchases of property, plant and equipment	(784,414)	(49,501)
Purchases of property, plant and equipment in trust	(48,025,620)	(968,439)
Purchase of intangible assets	(7,430)	—
Proceeds from sale of investment securities	1,086,366	1,175,037
Repayments of tenant leasehold and security deposits	(333,110)	(86,384)
Proceeds from tenant leasehold and security deposits	107,650	97,150
Repayments of tenant leasehold and security deposits in trust	(894,451)	(442,097)
Proceeds from tenant leasehold and security deposits in trust	1,405,325	504,046
Payments of tenant lump sum deposits in trust	(241,452)	—
Proceeds from tenant lump sum deposits in trust	189,406	—
Payments of restricted deposits in trust	(136,466)	(2,588)
Proceeds from restricted bank deposits in trust	15,000	—
Other	(3,887)	—
Net cash provided by (used in) investing activities	(47,623,084)	227,223
Cash flows from financing activities		
Proceeds from short-term loans payable	13,600,000	2,000,000
Repayments of short-term loans payable	(14,450,000)	(300,000)
Proceeds from long-term loans payable	71,700,000	7,800,000
Repayments of long-term loans payable	(39,550,000)	(9,500,000)
Redemption of investment corporation bonds	(3,000,000)	—
Purchase of treasury investment units	(9,999,881)	—
Dividends paid	(13,439,652)	(6,487,508)

Net cash provided by (used in) financing activities	4,860,466	(6,487,508)
Net increase (decrease) in cash and cash equivalents	(17,221,721)	2,158,931
Cash and cash equivalents at the beginning of period	39,492,898	37,333,966
Increase in cash and cash equivalents resulting from merger	39,443,258	—
Cash and cash equivalents at the end of period (Note 3)	¥ 61,714,435	¥ 39,492,898

See accompanying notes to the financial statements.

KDX Realty Investment Corporation

Notes to the Financial Statements

For the period from November 1, 2023 to April 30, 2024

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

KDX Realty Investment Corporation (“KDXR” former trade name: Kenedix Office Investment Corporation) has conducted an absorption type merger (“the Merger”), whereby KDXR as the surviving corporation, and Kenedix Residential Next Investment Corporation (“KDR”) and Kenedix Retail REIT Investment Corporation (“KRR”) as the absorbed corporations on November 1, 2023, and changed its name to KDX Realty Investment Corporation.

KDXR was established on May 6, 2005, in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of the year 1951, including amendments thereafter) (“Investment Trust Act”). On July 21, 2005, KDXR was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange, Inc. (“the Tokyo Stock Exchange”) with a total of 75,400 investment units issued and outstanding (Securities Code: 8972). Subsequently, KDXR raised funds through public offerings and acquired own investment units, and as a result, as of the end of the fiscal period under review (April 30, 2024), the number of investment units issued and outstanding totaled 4,079,309 units.

KDXR entrusts Kenedix Real Estate Fund Management, Inc. (“the Asset Management Company”) with its asset management and strives to maximize unitholder profits by securing stable earnings and sustainable growth of investment assets. To this end, KDXR adopts the basic policy of conducting flexible and dynamic investment that seeks to respond to the environment and market trends, endeavors to ensure a timely response to opportunities, and form a portfolio.

During the period ended October 31, 2023, KDXR did not acquire any properties and sold 1 investment security.

During the period ended April 30, 2024, KDXR acquired 7 properties and sold 2 properties and 1 investment security.

At the end of the thirty-seventh fiscal period (fiscal period ended October 31, 2023) and thirty-eighth fiscal period (fiscal period ended April 30, 2024), KDXR had total unitholders’ capital of 217,970 million yen with 848,430 investment units outstanding, and total unitholders’ capital of 217,970 million yen with 4,079,309 investment units outstanding, respectively KDXR owned a portfolio of 97 properties and 353 properties with total acquisition price of 453,316 million yen and 1,181,971 million yen at the end of the thirty-seventh and thirty-eighth fiscal periods, respectively. The occupancy rate was approximately 98.2% and 98.8% at the end of the thirty-seventh and thirty-eighth fiscal periods, respectively.

Basis of Presentation

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

The accompanying financial statements are basically a translation of the audited financial statements that were prepared for Japanese domestic purposes from the accounts and records maintained by KDXR and filed with the Kanto Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. In preparing the accompanying financial statements, relevant notes have been added and certain reclassifications have been made to the financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. KDXR’s fiscal period is a six-month period that ends at the end of April and the end of October each year. KDXR 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, Plant and Equipment (including trust assets)

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

	From November 1, 2023 to April 30, 2024	From May 1, 2023 to October 31, 2023
Buildings	1-69 years	2-49 years
Structures	2-64 years	2-45 years
Machinery and equipment	2-40 years	3-17 years
Tools, furniture and fixtures	1-33 years	3-20 years

(C) Intangible Assets (including trust assets)

Intangible assets are amortized by the straight-line method.

Leasehold right: Fixed-term land leasehold is amortized over a contractual period under the straight-line method.

(D) Long-term Prepaid Expenses

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

(E) Investment Corporation Bond Issuance Costs

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

(F) Investment Unit Issuance Costs

Investment unit issuance costs are amortized over a period of three years 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 assets and liabilities in trust are recorded in the relevant balance sheets and statements 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, Plant 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 the said period. Under the Japanese tax rules, the seller of property at the time of disposal is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is generally reimbursed by the purchaser for these accrued property-related tax liabilities.

When KDXR 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 117,704 thousand yen as of April 30, 2024. There were no capitalized property-related taxes as of October 31, 2023. In subsequent calendar years, such property-related taxes are charged as operating expenses in the fiscal period to which the installments of such taxes correspond.

(J) Accounting for Revenues

The main content of the performance obligation regarding the revenue from contracts with the customers of KDXR 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 KDXR, 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

KDXR utilizes interest-rate swap contracts as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. KDXR deferred recognition of gains or losses resulting from changes in fair value of interest-rate swap contracts because these contracts met the criteria for deferral hedging accounting. However, KDXR adopted special treatment for interest-rate swap contracts if they met the criteria for hedging accounting under this treatment. The hedge effectiveness for the interest-rate swap contracts is assessed each fiscal period except for those that meet the criteria of 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 have been 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 in the accompanying financial statements.

Totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

(P) Note on Changes in Accounting Estimates

Taking the opportunity of the merger with Kenedix Residential Next Investment Corporation and Kenedix Retail REIT Corporation on November 1, 2023, KDXR is reconsidering the asset management policy and organization in order to respond to the environment change by adding a variety of assets. As a part of this reconsideration, KDXR has decided to carry out building repair and management in accordance with a long-term repair and maintenance plan formulated based on an external expert's report, with the aim of achieving longer-term rental operations and holistic portfolio management by systematically implementing repair and renewal work that better matches the actual conditions of individual managed properties. As a result, it became possible to foresee the operating period more precisely, and therefore, the method of applying the economic useful forecast period to the useful lives of some buildings and buildings in trust was changed from the current operating period. As a result, operating expenses for the current period decreased by 880,283 thousand yen, and operating income, ordinary income, and income before income taxes increased by the same amount.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of April 30, 2024, and October 31, 2023.

	As of April 30, 2024	As of October 31, 2023
In thousands of yen		
Cash and deposits	¥ 32,087,352	¥ 28,936,646
Cash and deposits in trust	30,924,781	11,732,485
Restricted deposits in trust (Note)	(1,297,698)	(1,176,232)
Cash and cash equivalents in trust	¥ 61,714,435	¥ 39,492,898

Note: Restricted deposits in trust are retained for the repayment of tenant leasehold and security deposits in trust.

4. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets consist of the following as of April 30, 2024.

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 the end of period	Remarks	
					Accumulated depreciation	Depreciation for the period			
(In thousands of yen)									
Buildings	¥17,389,133	¥2,170,911	¥3,449,902	¥16,110,142	¥5,854,479	¥195,537	¥10,255,663	Note 1 Note 2	
Structures	44,486	105,908	16,448	133,945	17,499	2,489	116,445		
Machinery and equipment	466,277	46,979	321,666	191,590	83,321	1,789	108,269		
Tools, furniture and fixtures	102,389	40,477	37,485	105,381	57,640	1,788	47,741		
Land	27,918,010	8,885,182	4,165,501	32,637,690	-	-	32,637,690	Note 1 Note 2	
Property, plant and equipment	Subtotal	45,920,297	11,249,459	7,991,004	49,178,752	6,012,941	201,605	43,165,810	
Buildings in trust	¥132,515,045	¥190,201,973	¥755,548	¥321,961,470	¥50,825,843	¥4,347,358	¥271,135,626	Note 1 Note 2	
Structures in trust	464,113	4,897,254	7,157	5,354,210	394,478	135,157	4,959,731		
Machinery and equipment in trust	2,284,739	1,381,224	871	3,665,092	1,235,417	64,959	2,429,674		
Tools, furniture and fixtures in trust	779,059	1,085,380	3,584	1,860,856	600,593	92,855	1,260,262		

Land in trust	305,091,543	527,331,665	1,981,441	830,441,767	–	–	830,441,767	Note 1 Note 2
Construction in progress in trust	–	990	–	990	–	–	990	
Subtotal	441,134,500	724,898,488	2,748,603	1,163,284,386	53,056,332	4,640,331	1,110,228,053	
Total property, plant and equipment	487,054,798	736,147,948	10,739,608	1,212,463,138	59,069,273	4,841,937	1,153,393,864	
Intangible assets	¥ 290,050	¥ –	¥ –	¥ 290,050	¥ 4,792	¥ –	¥ 285,257	
Leasehold right in trust	363,784	7,044,970	–	7,408,755	28,044	8,040	7,380,711	
Other	6,306	18,094	–	24,401	15,613	1,454	8,788	
Total intangible assets	660,141	7,063,065	–	7,723,207	48,450	9,495	7,674,757	
Total	¥ 487,714,939	¥ 743,211,014	¥ 10,739,608	¥ 1,220,186,345	¥ 59,117,723	¥ 4,851,432	¥ 1,161,068,621	

Note 1: The amount of increase during the period is primarily attributable to business combination and the acquisition of real estate of 7 properties.

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

Property, plant and equipment and intangible assets consist of the following as of October 31, 2023.

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 the end of period	Remarks
					Accumulated depreciation	Depreciation for the period		
(In thousands of yen)								
Buildings	¥ 17,314,188	¥ 74,945	¥ –	¥ 17,389,133	¥ 7,409,909	¥ 287,840	¥ 9,979,223	
Structures	39,836	4,649	–	44,486	24,076	1,068	20,409	
Machinery and equipment	463,508	2,769	–	466,277	361,477	13,214	104,799	
Tools, furniture and fixtures	102,389	–	–	102,389	87,502	2,754	14,887	
Land	27,918,010	–	–	27,918,010	–	–	27,918,010	
Subtotal	45,837,933	82,364	–	45,920,297	7,882,966	304,879	38,037,331	
Property, plant and equipment	¥ 131,523,808	¥ 1,002,959	¥ 11,723	¥ 132,515,045	¥ 46,869,269	¥ 2,163,652	¥ 85,645,775	
Buildings in trust	435,544	30,631	2,063	464,113	260,040	12,502	204,072	
Structures in trust	2,245,231	39,507	–	2,284,739	1,171,285	65,932	1,113,453	
Machinery and equipment in trust	766,142	12,916	–	779,059	510,908	26,340	268,150	
Tools, furniture and fixtures in trust	305,091,543	–	–	305,091,543	–	–	305,091,543	
Land in trust	440,062,272	1,086,015	13,786	441,134,500	48,811,504	2,268,427	392,322,996	
Subtotal	485,900,205	1,168,379	13,786	487,054,798	56,694,470	2,573,306	430,360,327	
Total property, plant and equipment	485,900,205	1,168,379	13,786	487,054,798	56,694,470	2,573,306	430,360,327	
Intangible assets	¥ 290,050	¥ –	¥ –	¥ 290,050	¥ 4,792	¥ –	¥ 285,257	
Leasehold right in trust	363,784	–	–	363,784	20,003	774	343,780	
Other	6,306	–	–	6,306	6,285	18	21	
Total intangible assets	660,141	–	–	660,141	31,081	792	629,059	
Total	¥ 486,560,346	¥ 1,168,379	¥ 13,786	¥ 487,714,939	¥ 56,725,552	¥ 2,574,098	¥ 430,989,387	

5. UNITHOLDERS' EQUITY

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

	From November 1, 2023 to April 30, 2024	From May 1, 2023 to October 31, 2023
Total number of authorized investment units	20,000,000	4,000,000
Total number of investment units issued and outstanding	4,079,309	848,430

6. SHORT-TERM LOANS PAYABLE, LONG-TERM LOANS PAYABLE AND INVESTMENT CORPORATION BONDS

The following summarizes short-term loans payable, long-term loans payable and investment corporation bonds outstanding as of April 30, 2024:

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Short-term loans payable	August 31, 2023	August 31, 2024	0.332%	¥ 1,000,000
	October 31, 2023	October 31, 2024	0.207%	1,000,000
	February 1, 2024	January 31, 2025	0.232%	5,000,000
	April 30, 2024	April 30, 2025	0.318%	1,600,000
	April 30, 2024	April 30, 2025	0.318%	300,000
Subtotal				8,900,000
Current portion of long-term loans payable	October 31, 2014	October 31, 2024	1.257%	¥ 2,000,000
	October 31, 2014	October 31, 2024	1.259%	1,000,000
	January 30, 2015	January 31, 2025	1.161%	1,500,000
	February 18, 2015	February 28, 2025	1.314%	1,250,000
	February 27, 2015	February 28, 2025	1.153%	2,100,000
	March 12, 2015	February 28, 2025	1.218%	1,000,000
	March 31, 2015	March 31, 2025	1.266%	2,500,000
	August 31, 2015	August 31, 2024	0.732%	1,700,000
	August 31, 2015	August 31, 2024	0.731%	150,000
	August 31, 2015	August 31, 2024	1.193%	1,000,000
	September 30, 2015	September 30, 2024	1.065%	2,000,000
	October 2, 2015	April 16, 2025	0.809%	1,500,000
	October 2, 2015	April 16, 2025	0.809%	400,000
	October 27, 2015	April 27, 2025	0.757%	1,000,000
	October 30, 2015	October 31, 2024	0.989%	1,000,000
	April 21, 2016	September 30, 2024	0.803%	450,000
	April 21, 2016	September 30, 2024	0.760%	890,000
	April 28, 2016	April 28, 2025	0.819%	1,000,000
	August 31, 2016	August 31, 2024	0.713%	1,000,000
	October 31, 2016	October 31, 2024	0.668%	1,000,000
	April 27, 2017	October 31, 2024	0.772%	1,500,000
	April 27, 2017	October 31, 2024	0.772%	400,000
	April 27, 2017	October 31, 2024	0.772%	400,000
	April 27, 2017	October 31, 2024	0.772%	300,000
	April 27, 2017	October 31, 2024	0.696%	600,000
	April 27, 2017	October 31, 2024	0.815%	600,000
	April 27, 2017	October 31, 2024	0.814%	500,000
	April 27, 2017	October 31, 2024	0.814%	200,000
	August 31, 2017	August 31, 2024	0.624%	500,000
	August 31, 2017	August 31, 2024	0.661%	500,000
	August 31, 2017	February 28, 2025	0.665%	1,500,000
	September 28, 2018	March 31, 2025	0.913%	700,000
	June 3, 2019	November 30, 2024	0.363%	400,000
	August 30, 2019	August 31, 2024	0.460%	650,000
October 31, 2019	October 31, 2024	0.550%	820,000	
January 31, 2020	January 31, 2025	0.406%	700,000	
February 10, 2020	January 31, 2025	0.498%	400,000	
February 10, 2020	January 31, 2025	0.478%	400,000	
November 2, 2020	April 30, 2025	0.478%	500,000	
January 29, 2021	January 31, 2025	0.409%	1,200,000	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance	
				(In thousands of yen)	
Current portion of long-term loans payable	January 29, 2021	January 31, 2025	0.359%	¥	1,100,000
	April 21, 2021	April 30, 2025	0.407%		600,000
	April 21, 2021	April 30, 2025	0.407%		500,000
	April 21, 2021	April 30, 2025	0.407%		400,000
	April 21, 2021	April 30, 2025	0.400%		500,000
	July 30, 2021	July 31, 2024	0.252%		1,000,000
	November 30, 2021	October 31, 2024	0.289%		500,000
	November 30, 2021	October 31, 2024	0.289%		500,000
	November 30, 2021	October 31, 2024	0.289%		300,000
	November 30, 2021	October 31, 2024	0.250%		2,500,000
	April 28, 2022	October 31, 2024	0.354%		1,000,000
	April 28, 2022	April 30, 2025	0.447%		4,000,000
	April 28, 2022	April 30, 2025	0.306%		1,000,000
	June 30, 2022	June 30, 2024	0.306%		2,000,000
	June 30, 2022	June 30, 2024	0.306%		1,000,000
	August 31, 2022	August 31, 2024	0.350%		1,600,000
	August 31, 2022	February 28, 2025	0.374%		1,600,000
	March 1, 2023	February 28, 2025	0.181%		500,000
	November 1, 2023	November 30, 2024	0.207%		1,200,000
	Subtotal				
Long-term loans payable	October 30, 2015	October 30, 2025	1.114%	¥	1,500,000
	October 30, 2015	October 30, 2025	1.114%		2,000,000
	October 30, 2015	October 30, 2025	1.114%		2,500,000
	October 30, 2015	October 30, 2025	1.121%		2,500,000
	November 12, 2015	November 30, 2025	1.173%		1,000,000
	January 29, 2016	January 29, 2026	1.074%		2,000,000
	January 29, 2016	January 29, 2026	1.024%		1,800,000
	February 18, 2016	February 18, 2026	0.998%		1,000,000
	February 18, 2016	February 18, 2026	0.998%		500,000
	March 31, 2016	March 31, 2026	0.898%		1,000,000
	April 21, 2016	April 21, 2026	0.932%		2,670,000
	April 22, 2016	October 31, 2025	0.888%		890,000
	April 28, 2016	April 30, 2026	0.903%		2,500,000
	April 28, 2016	April 30, 2026	0.835%		2,000,000
	April 28, 2016	April 30, 2026	0.865%		1,000,000
	July 29, 2016	July 31, 2026	0.613%		1,500,000
	August 1, 2016	July 31, 2025	0.660%		1,000,000
	August 2, 2016	July 31, 2026	0.544%		1,000,000
	August 30, 2016	August 31, 2026	0.816%		1,500,000
	August 31, 2016	August 31, 2025	0.797%		1,000,000
	August 31, 2016	August 31, 2025	0.797%		500,000
	August 31, 2016	August 31, 2025	0.670%		2,000,000
	August 31, 2016	August 31, 2025	0.751%		500,000
	August 31, 2016	August 31, 2026	0.906%		3,000,000
	October 31, 2016	October 31, 2026	0.876%		2,500,000
	October 31, 2016	October 31, 2026	0.760%		1,000,000
	October 31, 2016	October 31, 2026	0.734%		4,000,000
	October 31, 2016	October 31, 2026	0.826%		1,500,000
	November 1, 2016	October 31, 2025	0.773%		1,000,000
	December 12, 2016	November 30, 2026	0.982%		500,000
	December 28, 2016	December 28, 2026	0.950%		1,500,000
	January 16, 2017	January 31, 2027	0.860%		500,000
	January 31, 2017	January 31, 2027	0.853%		700,000

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Long-term loans payable	January 31, 2017	January 31, 2027	1.049%	¥ 2,000,000
	January 31, 2017	January 31, 2027	1.049%	1,000,000
	January 31, 2017	January 31, 2027	1.002%	500,000
	March 28, 2017	March 31, 2027	0.850%	500,000
	May 18, 2017	October 31, 2026	0.903%	500,000
	May 18, 2017	May 18, 2027	1.033%	500,000
	May 18, 2017	May 18, 2027	1.033%	500,000
	May 18, 2017	May 18, 2027	1.033%	400,000
	May 18, 2017	May 18, 2027	1.050%	500,000
	May 18, 2017	May 18, 2027	1.049%	500,000
	May 18, 2017	May 18, 2027	1.050%	300,000
	June 30, 2017	June 30, 2027	0.849%	1,500,000
	August 10, 2017	July 28, 2027	0.800%	3,500,000
	August 22, 2017	August 22, 2027	0.900%	1,000,000
	August 22, 2017	August 22, 2027	0.900%	1,000,000
	August 22, 2017	August 22, 2027	0.900%	1,000,000
	August 22, 2017	August 22, 2027	0.928%	1,200,000
	August 22, 2017	August 22, 2027	0.928%	1,000,000
	August 22, 2017	August 22, 2027	0.928%	500,000
	August 22, 2017	August 22, 2027	0.928%	500,000
	August 31, 2017	February 28, 2026	0.749%	1,000,000
	August 31, 2017	February 28, 2026	0.749%	1,000,000
	September 21, 2017	September 30, 2025	0.680%	1,500,000
	September 21, 2017	March 31, 2027	0.732%	1,000,000
	September 21, 2017	September 21, 2027	0.873%	1,000,000
	September 21, 2017	September 30, 2027	0.851%	2,500,000
	September 29, 2017	September 30, 2026	0.918%	1,500,000
	September 29, 2017	September 29, 2027	0.930%	500,000
	September 29, 2017	September 29, 2027	1.029%	1,500,000
	September 29, 2017	September 29, 2028	1.100%	1,500,000
	October 3, 2017	October 3, 2027	1.035%	500,000
	October 31, 2017	October 31, 2027	0.810%	2,500,000
	November 13, 2017	November 13, 2027	0.931%	3,000,000
	December 7, 2017	November 30, 2027	0.899%	1,400,000
	December 7, 2017	November 30, 2027	0.820%	1,200,000
	December 7, 2017	November 30, 2027	0.969%	1,000,000
	December 7, 2017	November 30, 2027	0.939%	1,000,000
	December 7, 2017	November 30, 2027	0.869%	1,000,000
	December 7, 2017	November 30, 2027	0.899%	800,000
	December 7, 2017	November 30, 2027	0.869%	600,000
	December 28, 2017	December 28, 2025	0.744%	500,000
	December 28, 2017	December 28, 2026	0.878%	500,000
December 28, 2017	December 28, 2027	0.864%	500,000	
February 13, 2018	February 10, 2028	1.000%	1,200,000	
March 12, 2018	March 31, 2028	0.914%	1,500,000	
March 26, 2018	March 31, 2027	0.808%	1,000,000	
March 26, 2018	March 31, 2028	0.902%	1,000,000	
April 19, 2018	April 30, 2027	0.988%	900,000	
April 23, 2018	April 30, 2027	0.985%	2,600,000	
April 27, 2018	April 30, 2026	0.902%	2,000,000	
April 27, 2018	April 30, 2028	0.832%	1,000,000	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Long-term loans payable	May 31, 2018	May 31, 2026	0.907%	¥ 1,000,000
	May 31, 2018	May 31, 2027	0.999%	1,500,000
	May 31, 2018	May 31, 2027	0.900%	500,000
	May 31, 2018	May 31, 2027	0.999%	500,000
	May 31, 2018	May 31, 2027	0.999%	500,000
	July 30, 2018	January 30, 2027	0.900%	500,000
	July 31, 2018	July 31, 2028	0.988%	500,000
	August 2, 2018	February 2, 2026	0.799%	1,500,000
	August 2, 2018	February 2, 2026	0.799%	1,400,000
	August 2, 2018	February 2, 2026	0.799%	900,000
	August 2, 2018	February 2, 2026	0.799%	500,000
	August 2, 2018	February 2, 2026	0.799%	500,000
	August 2, 2018	February 2, 2026	0.799%	400,000
	August 2, 2018	February 2, 2026	0.799%	400,000
	August 2, 2018	February 2, 2026	0.799%	400,000
	August 2, 2018	February 2, 2026	0.799%	400,000
	August 2, 2018	February 2, 2026	0.799%	300,000
	August 2, 2018	February 2, 2026	0.799%	300,000
	August 20, 2018	August 31, 2025	0.696%	500,000
	August 20, 2018	August 31, 2028	1.003%	1,000,000
	August 20, 2018	August 31, 2028	1.003%	1,000,000
	August 20, 2018	August 31, 2028	1.003%	500,000
	August 20, 2018	August 31, 2028	0.966%	500,000
	August 31, 2018	August 31, 2025	0.700%	500,000
	August 31, 2018	August 31, 2025	0.723%	300,000
	August 31, 2018	February 28, 2027	0.657%	1,050,000
	August 31, 2018	February 28, 2027	0.657%	500,000
	August 31, 2018	February 28, 2027	0.657%	500,000
	August 31, 2018	February 28, 2027	0.657%	500,000
	August 31, 2018	February 28, 2027	0.657%	250,000
	August 31, 2018	February 28, 2027	0.884%	1,400,000
	August 31, 2018	February 28, 2027	0.825%	800,000
	August 31, 2018	August 31, 2028	1.012%	700,000
	September 28, 2018	September 30, 2026	0.920%	700,000
	September 28, 2018	September 30, 2028	0.682%	1,000,000
	September 28, 2018	September 30, 2028	0.682%	800,000
	September 28, 2018	September 30, 2028	0.682%	500,000
	October 31, 2018	October 31, 2028	1.013%	1,500,000
	October 31, 2018	October 31, 2028	0.910%	1,000,000
	October 31, 2018	October 31, 2028	1.013%	500,000
	March 28, 2019	March 31, 2029	0.838%	1,400,000
	March 29, 2019	March 31, 2026	0.726%	700,000
	March 29, 2019	March 31, 2026	0.676%	500,000
March 29, 2019	March 31, 2026	0.726%	500,000	
March 29, 2019	March 31, 2026	0.726%	400,000	
March 29, 2019	March 31, 2026	0.676%	400,000	
March 29, 2019	March 31, 2028	0.910%	1,850,000	
March 29, 2019	March 31, 2028	0.860%	1,300,000	
March 29, 2019	March 31, 2029	0.839%	2,950,000	
June 3, 2019	May 31, 2025	0.330%	2,000,000	
June 3, 2019	November 30, 2025	0.484%	500,000	
June 14, 2019	December 28, 2026	0.517%	500,000	
June 14, 2019	April 30, 2027	0.605%	1,000,000	

Classification	Drawdown date	Last repayment date	Weighted-average	Balance	
			interest rate	(In thousands of yen)	
Long-term loans payable	June 14, 2019	March 31, 2029	0.725%	¥	1,000,000
	July 31, 2019	April 30, 2027	0.554%		1,000,000
	July 31, 2019	April 30, 2027	0.554%		1,000,000
	August 30, 2019	August 31, 2026	0.585%		890,000
	September 17, 2019	August 31, 2026	0.572%		1,000,000
	September 30, 2019	September 30, 2026	0.489%		1,000,000
	September 30, 2019	March 31, 2027	0.531%		900,000
	September 30, 2019	March 31, 2027	0.425%		800,000
	September 30, 2019	March 31, 2028	0.718%		1,370,000
	October 31, 2019	January 31, 2028	0.750%		1,270,000
	October 31, 2019	April 30, 2028	0.670%		650,000
	November 1, 2019	October 31, 2026	0.520%		1,500,000
	November 1, 2019	October 31, 2026	0.644%		1,000,000
	November 1, 2019	October 31, 2026	0.644%		1,000,000
	November 1, 2019	October 31, 2026	0.550%		500,000
	November 1, 2019	October 31, 2026	0.644%		300,000
	November 1, 2019	October 31, 2029	0.830%		500,000
	November 29, 2019	November 30, 2026	0.600%		1,500,000
	January 31, 2020	January 31, 2027	0.526%		1,500,000
	January 31, 2020	January 31, 2029	0.675%		1,500,000
	March 2, 2020	February 28, 2027	0.464%		500,000
	March 2, 2020	February 28, 2027	0.414%		500,000
	March 2, 2020	February 28, 2027	0.414%		500,000
	March 2, 2020	February 28, 2027	0.414%		500,000
	March 2, 2020	February 28, 2027	0.414%		400,000
	March 2, 2020	February 28, 2027	0.450%		400,000
	March 2, 2020	February 29, 2028	0.531%		200,000
	March 12, 2020	February 28, 2026	0.361%		1,800,000
	March 31, 2020	March 31, 2028	0.642%		1,000,000
	June 30, 2020	June 30, 2028	0.646%		1,000,000
	June 30, 2020	June 30, 2028	0.646%		800,000
	June 30, 2020	June 30, 2028	0.616%		500,000
	June 30, 2020	June 30, 2028	0.646%		2,000,000
	June 30, 2020	June 30, 2028	0.646%		2,000,000
	June 30, 2020	June 30, 2028	0.646%		700,000
	June 30, 2020	June 30, 2028	0.510%		2,000,000
	July 29, 2020	July 31, 2028	0.691%		1,750,000
	July 29, 2020	July 31, 2028	0.641%		1,750,000
	July 29, 2020	July 31, 2028	0.641%		1,000,000
	July 29, 2020	July 31, 2028	0.641%		500,000
	July 29, 2020	July 31, 2028	0.641%		500,000
	July 29, 2020	July 31, 2028	0.641%		500,000
	July 31, 2020	July 31, 2028	0.636%		2,700,000
	July 31, 2020	July 31, 2028	0.686%		1,000,000
	August 3, 2020	July 31, 2028	0.637%		800,000
	August 31, 2020	August 31, 2028	0.640%		500,000
	August 31, 2020	August 31, 2028	0.690%		300,000
	August 31, 2020	August 31, 2030	0.705%		1,500,000
	September 24, 2020	September 30, 2028	0.648%		840,000
	September 30, 2020	September 30, 2025	0.396%		1,000,000
September 30, 2020	September 30, 2027	0.511%		1,000,000	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance	
				(In thousands of yen)	
Long-term loans payable	September 30, 2020	September 30, 2028	0.758%	¥	700,000
	September 30, 2020	September 30, 2028	0.658%		900,000
	September 30, 2020	September 30, 2028	0.658%		800,000
	September 30, 2020	September 30, 2028	0.658%		1,330,000
	September 30, 2020	September 30, 2028	0.558%		500,000
	September 30, 2020	September 30, 2028	0.608%		400,000
	September 30, 2020	September 30, 2028	0.550%		800,000
	September 30, 2020	September 30, 2030	0.738%		700,000
	October 27, 2020	October 31, 2027	0.637%		300,000
	October 30, 2020	April 30, 2027	0.542%		1,400,000
	October 30, 2020	October 31, 2030	0.803%		1,500,000
	October 30, 2020	October 31, 2030	0.803%		300,000
	November 2, 2020	October 31, 2027	0.585%		1,000,000
	November 12, 2020	April 30, 2027	0.552%		1,300,000
	November 12, 2020	November 12, 2030	0.808%		700,000
	November 12, 2020	November 12, 2030	0.808%		500,000
	November 30, 2020	May 31, 2027	0.516%		200,000
	November 30, 2020	November 30, 2027	0.617%		2,000,000
	November 30, 2020	November 30, 2030	0.763%		900,000
	November 30, 2020	November 30, 2030	0.763%		800,000
	November 30, 2020	November 30, 2030	0.763%		200,000
	January 29, 2021	January 31, 2028	0.599%		1,000,000
	January 29, 2021	January 31, 2028	0.527%		1,200,000
	January 29, 2021	January 31, 2030	0.678%		2,300,000
	January 29, 2021	January 31, 2030	0.678%		2,000,000
	January 29, 2021	January 31, 2030	0.678%		2,000,000
	January 29, 2021	November 30, 2030	0.755%		800,000
	February 10, 2021	January 31, 2029	0.725%		450,000
	February 10, 2021	January 31, 2030	0.809%		3,000,000
	February 10, 2021	January 31, 2030	0.809%		700,000
	February 10, 2021	January 31, 2030	0.809%		500,000
	February 10, 2021	January 31, 2030	0.809%		450,000
	February 10, 2021	January 31, 2030	0.809%		400,000
	February 10, 2021	January 31, 2031	0.888%		1,500,000
	February 26, 2021	February 28, 2026	0.535%		2,400,000
	February 26, 2021	February 28, 2026	0.535%		1,600,000
	February 26, 2021	February 28, 2026	0.535%		550,000
	February 26, 2021	February 28, 2026	0.535%		500,000
	February 26, 2021	February 28, 2026	0.535%		500,000
	February 26, 2021	February 28, 2026	0.535%		350,000
	February 26, 2021	February 28, 2026	0.535%		300,000
	March 31, 2021	March 31, 2029	0.677%		1,350,000
	April 27, 2021	April 30, 2026	0.461%		500,000
	April 27, 2021	April 30, 2026	0.461%		200,000
April 27, 2021	October 31, 2026	0.490%		1,000,000	
April 27, 2021	October 31, 2026	0.475%		400,000	
April 27, 2021	October 31, 2027	0.548%		1,600,000	
April 27, 2021	October 31, 2027	0.548%		400,000	
April 27, 2021	October 31, 2027	0.548%		300,000	
April 27, 2021	October 31, 2027	0.548%		300,000	
April 27, 2021	October 31, 2027	0.525%		600,000	
April 27, 2021	April 30, 2031	0.856%		500,000	
April 30, 2021	April 30, 2026	0.426%		500,000	

Classification	Drawdown date	Last repayment date	Weighted-average	Balance	
			interest rate	(In thousands of yen)	
Long-term loans payable	April 30, 2021	April 30, 2026	0.350%	¥	500,000
	April 30, 2021	October 31, 2027	0.525%		200,000
	April 30, 2021	April 30, 2028	0.601%		800,000
	April 30, 2021	April 30, 2028	0.601%		700,000
	April 30, 2021	April 30, 2028	0.601%		600,000
	April 30, 2021	April 30, 2028	0.601%		600,000
	April 30, 2021	April 30, 2028	0.601%		500,000
	April 30, 2021	April 30, 2028	0.550%		500,000
	April 30, 2021	April 30, 2028	0.550%		500,000
	April 30, 2021	April 30, 2028	0.601%		200,000
	April 30, 2021	April 30, 2031	0.824%		300,000
	July 12, 2021	June 30, 2028	0.484%		500,000
	July 30, 2021	July 31, 2026	0.350%		1,000,000
	July 30, 2021	January 31, 2027	0.350%		500,000
	July 30, 2021	July 31, 2029	0.467%		1,000,000
	July 30, 2021	January 31, 2030	0.598%		1,400,000
	July 30, 2021	January 31, 2030	0.575%		1,000,000
	July 30, 2021	January 31, 2030	0.700%		1,000,000
	August 2, 2021	February 28, 2027	0.358%		800,000
	August 2, 2021	February 28, 2027	0.358%		500,000
	August 2, 2021	February 28, 2027	0.358%		500,000
	August 10, 2021	February 28, 2029	0.533%		350,000
	August 10, 2021	February 28, 2029	0.433%		300,000
	August 10, 2021	February 28, 2030	0.585%		1,200,000
	August 10, 2021	February 28, 2030	0.575%		1,200,000
	August 10, 2021	August 31, 2031	0.638%		1,000,000
	August 31, 2021	February 28, 2029	0.540%		500,000
	August 31, 2021	February 28, 2029	0.525%		600,000
	August 31, 2021	February 28, 2030	0.602%		600,000
	September 30, 2021	September 30, 2026	0.450%		500,000
	October 1, 2021	March 31, 2026	0.387%		500,000
	October 1, 2021	March 31, 2026	0.387%		500,000
	October 1, 2021	September 30, 2029	0.599%		800,000
	October 1, 2021	September 30, 2029	0.599%		700,000
	October 1, 2021	September 30, 2029	0.599%		500,000
	November 30, 2021	April 30, 2026	0.300%		500,000
	November 30, 2021	April 30, 2026	0.300%		500,000
	November 30, 2021	April 30, 2026	0.300%		500,000
	November 30, 2021	November 30, 2026	0.325%		600,000
	November 30, 2021	November 30, 2026	0.325%		500,000
	November 30, 2021	November 30, 2026	0.412%		500,000
	November 30, 2021	November 30, 2026	0.412%		500,000
November 30, 2021	November 30, 2026	0.350%		500,000	
November 30, 2021	November 30, 2026	0.384%		1,000,000	
November 30, 2021	November 30, 2026	0.384%		500,000	
November 30, 2021	November 30, 2026	0.384%		500,000	
November 30, 2021	November 30, 2026	0.384%		500,000	
November 30, 2021	November 30, 2026	0.325%		1,000,000	
November 30, 2021	November 30, 2026	0.350%		1,000,000	
November 30, 2021	November 30, 2028	0.511%		1,000,000	
November 30, 2021	November 30, 2029	0.450%		500,000	

Classification	Drawdown date	Last repayment date	Weighted-average	Balance
			interest rate	(In thousands of yen)
Long-term loans payable	December 10, 2021	November 30, 2025	0.314%	¥ 500,000
	December 10, 2021	November 30, 2025	0.314%	500,000
	December 10, 2021	November 30, 2025	0.314%	200,000
	December 10, 2021	May 31, 2029	0.529%	1,000,000
	December 10, 2021	November 30, 2029	0.561%	500,000
	December 10, 2021	November 30, 2029	0.561%	500,000
	December 10, 2021	November 30, 2030	0.631%	1,000,000
	December 10, 2021	November 30, 2030	0.631%	700,000
	December 10, 2021	November 30, 2031	0.703%	500,000
	December 10, 2021	November 30, 2031	0.703%	300,000
	February 10, 2022	January 31, 2029	0.722%	2,600,000
	February 10, 2022	January 31, 2029	0.722%	600,000
	February 10, 2022	January 31, 2029	0.722%	400,000
	February 10, 2022	January 31, 2029	0.722%	400,000
	February 10, 2022	January 31, 2029	0.722%	300,000
	February 10, 2022	January 31, 2029	0.722%	300,000
	February 10, 2022	January 31, 2029	0.640%	800,000
	February 10, 2022	January 31, 2031	0.879%	1,600,000
	April 28, 2022	October 31, 2025	0.466%	1,500,000
	April 28, 2022	October 31, 2026	0.509%	500,000
	April 28, 2022	April 30, 2027	0.350%	500,000
	April 28, 2022	May 31, 2027	0.350%	1,000,000
	April 28, 2022	October 31, 2027	0.632%	1,500,000
	April 28, 2022	April 30, 2028	0.681%	1,000,000
	April 28, 2022	March 31, 2029	0.610%	500,000
	June 1, 2022	May 31, 2026	0.425%	300,000
	June 1, 2022	May 31, 2026	0.425%	300,000
	June 30, 2022	June 30, 2025	0.200%	2,000,000
	June 30, 2022	June 30, 2025	0.200%	1,000,000
	June 30, 2022	June 30, 2025	0.200%	500,000
	July 29, 2022	August 31, 2025	0.380%	1,000,000
	July 29, 2022	July 31, 2027	0.550%	1,100,000
	August 31, 2022	August 31, 2025	0.422%	1,100,000
	August 31, 2022	August 31, 2025	0.395%	500,000
	August 31, 2022	August 31, 2025	0.395%	1,000,000
	August 31, 2022	August 31, 2025	0.395%	500,000
	August 31, 2022	August 31, 2026	0.430%	2,700,000
	August 31, 2022	February 28, 2027	0.604%	600,000
	August 31, 2022	February 28, 2027	0.549%	700,000
	August 31, 2022	August 31, 2027	0.501%	2,400,000
	August 31, 2022	August 31, 2027	0.420%	1,000,000
	August 31, 2022	August 31, 2027	0.350%	300,000
	August 31, 2022	August 31, 2029	0.800%	950,000
	August 31, 2022	August 31, 2029	0.720%	500,000
	August 31, 2022	August 31, 2029	0.711%	1,600,000
	August 31, 2022	August 31, 2029	0.685%	1,950,000
	August 31, 2022	August 31, 2029	0.685%	1,000,000
	August 31, 2022	August 31, 2029	0.685%	500,000
	August 31, 2022	August 31, 2029	0.685%	500,000
	August 31, 2022	August 31, 2029	0.685%	500,000
August 31, 2022	August 31, 2029	0.685%	200,000	
August 31, 2022	August 31, 2029	0.525%	1,000,000	
August 31, 2022	August 31, 2029	0.525%	500,000	

Classification	Drawdown date	Last repayment date	Weighted-average	Balance
			interest rate	(In thousands of yen)
Long-term loans payable	August 31, 2022	August 31, 2029	0.525%	¥ 1,000,000
	August 31, 2022	August 31, 2029	0.525%	500,000
	October 26, 2022	September 30, 2026	0.720%	500,000
	October 26, 2022	September 30, 2026	0.720%	400,000
	October 26, 2022	September 30, 2026	0.647%	500,000
	October 26, 2022	April 30, 2028	0.897%	500,000
	October 26, 2022	April 30, 2028	0.897%	500,000
	October 26, 2022	April 30, 2028	0.897%	300,000
	October 26, 2022	October 31, 2028	0.790%	500,000
	October 26, 2022	September 30, 2030	0.620%	600,000
	October 31, 2022	October 31, 2025	0.481%	500,000
	October 31, 2022	April 30, 2026	0.373%	500,000
	December 13, 2022	November 30, 2026	0.556%	1,300,000
	January 13, 2023	January 31, 2027	0.666%	800,000
	January 13, 2023	January 31, 2027	0.666%	500,000
	January 31, 2023	January 31, 2028	0.790%	500,000
	February 28, 2023	August 31, 2025	0.306%	1,500,000
	February 28, 2023	August 31, 2025	0.306%	1,500,000
	February 28, 2023	February 29, 2028	1.008%	1,000,000
	February 28, 2023	February 29, 2028	1.008%	1,000,000
	February 28, 2023	February 29, 2028	0.841%	1,700,000
	February 28, 2023	February 29, 2028	0.793%	1,000,000
	February 28, 2023	February 28, 2029	0.888%	500,000
	February 28, 2023	February 28, 2029	0.888%	400,000
	February 28, 2023	February 28, 2029	0.888%	400,000
	February 28, 2023	February 28, 2029	0.888%	400,000
	February 28, 2023	February 28, 2029	0.888%	400,000
	February 28, 2023	February 28, 2029	0.888%	400,000
	February 28, 2023	February 28, 2029	0.888%	400,000
	February 28, 2023	February 28, 2029	0.888%	400,000
	February 28, 2023	February 28, 2029	0.888%	350,000
	March 13, 2023	March 31, 2030	1.050%	2,000,000
	March 13, 2023	March 31, 2031	1.186%	1,800,000
	March 31, 2023	March 31, 2026	0.430%	500,000
	March 31, 2023	March 31, 2027	0.549%	1,350,000
	March 31, 2023	September 30, 2028	0.717%	1,500,000
	March 31, 2023	September 30, 2029	0.840%	1,500,000
	March 31, 2023	September 30, 2029	0.840%	600,000
	March 31, 2023	March 31, 2030	0.703%	150,000
	April 28, 2023	October 31, 2028	0.798%	500,000
	June 30, 2023	June 30, 2026	0.281%	500,000
	July 31, 2023	July 31, 2025	0.282%	800,000
	July 31, 2023	July 31, 2025	0.207%	1,000,000
July 31, 2023	July 31, 2026	0.282%	200,000	
July 31, 2023	July 31, 2026	0.282%	300,000	
July 31, 2023	July 31, 2026	0.282%	300,000	
July 31, 2023	July 31, 2026	0.232%	200,000	
July 31, 2023	January 31, 2028	0.538%	600,000	
July 31, 2023	July 31, 2028	0.645%	400,000	
July 31, 2023	July 31, 2028	0.645%	500,000	
July 31, 2023	July 31, 2029	0.720%	500,000	
July 31, 2023	July 31, 2029	0.645%	500,000	

Classification	Drawdown date	Last repayment date	Weighted-average	Balance
			interest rate	(In thousands of yen)
Long-term loans payable	August 7, 2023	July 31, 2026	0.282%	¥ 200,000
	August 7, 2023	July 31, 2027	0.711%	200,000
	August 7, 2023	January 31, 2028	0.726%	550,000
	August 7, 2023	January 31, 2028	0.833%	300,000
	August 7, 2023	July 31, 2030	1.184%	400,000
	August 7, 2023	July 31, 2030	1.021%	500,000
	August 31, 2023	February 28, 2026	0.257%	700,000
	August 31, 2023	August 31, 2026	0.332%	1,200,000
	August 31, 2023	August 31, 2026	0.282%	500,000
	August 31, 2023	August 31, 2026	0.499%	2,000,000
	August 31, 2023	August 31, 2026	0.257%	300,000
	August 31, 2023	August 31, 2028	0.803%	900,000
	August 31, 2023	August 31, 2028	0.753%	650,000
	August 31, 2023	August 31, 2030	1.186%	1,000,000
	September 29, 2023	September 30, 2028	0.331%	500,000
	October 31, 2023	October 31, 2026	0.559%	1,000,000
	October 31, 2023	October 31, 2028	0.257%	1,000,000
	October 31, 2023	October 31, 2028	0.889%	1,000,000
	October 31, 2023	October 31, 2028	0.839%	1,000,000
	October 31, 2023	March 31, 2030	1.115%	1,500,000
	November 1, 2023	October 31, 2026	0.578%	1,000,000
	November 1, 2023	October 31, 2026	0.578%	900,000
	November 1, 2023	October 31, 2026	0.207%	1,000,000
	November 1, 2023	October 31, 2027	0.718%	1,000,000
	November 1, 2023	October 31, 2027	0.718%	1,000,000
	November 1, 2023	April 30, 2028	0.822%	1,000,000
	November 1, 2023	April 30, 2028	0.822%	1,000,000
	November 1, 2023	April 30, 2028	0.822%	1,000,000
	November 1, 2023	October 31, 2028	0.854%	1,000,000
	November 1, 2023	October 31, 2028	0.854%	500,000
	November 1, 2023	October 31, 2028	0.904%	1,200,000
	November 1, 2023	October 31, 2028	0.307%	1,000,000
	November 1, 2023	October 31, 2028	0.257%	1,000,000
	November 30, 2023	October 31, 2026	0.511%	300,000
	November 30, 2023	October 31, 2030	0.432%	1,800,000
	January 31, 2024	October 31, 2027	0.610%	1,200,000
	January 31, 2024	October 31, 2027	0.610%	900,000
	January 31, 2024	October 31, 2028	0.804%	750,000
	January 31, 2024	January 31, 2029	0.839%	1,000,000
	January 31, 2024	January 31, 2029	0.839%	600,000
	January 31, 2024	January 31, 2029	0.839%	500,000
	January 31, 2024	April 30, 2029	0.873%	1,000,000
	January 31, 2024	January 31, 2031	1.021%	1,000,000
	January 31, 2024	January 31, 2031	1.021%	500,000
	February 1, 2024	April 30, 2028	0.721%	4,000,000
	February 1, 2024	April 30, 2028	0.721%	2,000,000
	February 1, 2024	October 31, 2029	0.882%	5,000,000
	February 1, 2024	January 31, 2031	1.013%	5,000,000
	February 1, 2024	January 31, 2031	1.013%	1,000,000
	February 15, 2024	October 31, 2029	0.868%	2,000,000
February 29, 2024	April 30, 2027	0.544%	2,500,000	
February 29, 2024	April 30, 2029	0.874%	2,700,000	
February 29, 2024	April 30, 2029	0.874%	1,000,000	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance	
				(In thousands of yen)	
Long-term loans payable	February 29, 2024	October 31, 2029	0.863%	¥	1,500,000
	February 29, 2024	October 31, 2029	0.863%		600,000
	March 25, 2024	October 31, 2029	0.866%		2,000,000
	March 25, 2024	April 30, 2030	0.380%		3,000,000
	March 29, 2024	April 30, 2029	0.934%		1,000,000
	March 29, 2024	October 31, 2030	0.970%		1,400,000
	April 30, 2024	October 31, 2026	0.293%		500,000
	April 30, 2024	October 31, 2026	0.293%		450,000
	April 30, 2024	April 30, 2028	0.368%		1,000,000
	April 30, 2024	April 30, 2029	0.418%		2,000,000
	April 30, 2024	April 30, 2029	0.853%		1,000,000
	April 30, 2024	October 31, 2030	0.350%		1,100,000
	April 30, 2024	April 30, 2031	1.136%		4,600,000
	April 30, 2024	April 30, 2031	1.136%		2,000,000
	April 30, 2024	April 30, 2031	1.136%		1,000,000
	Subtotal				
Current portion of investment corporation bonds	July 25, 2014	July 25, 2024	1.180%	¥	2,000,000
	January 30, 2020	January 30, 2025	0.250%		2,000,000
	April 30, 2020	April 30, 2025	0.400%		1,000,000
Subtotal					5,000,000
Investment corporation bonds	April 28, 2016	April 28, 2028	0.900%	¥	1,000,000
	August 30, 2016	August 28, 2026	0.540%		1,000,000
	August 30, 2016	August 30, 2028	0.800%		1,000,000
	October 31, 2016	October 30, 2026	0.600%		1,000,000
	July 19, 2017	July 16, 2027	0.640%		2,000,000
	August 31, 2017	August 31, 2027	0.700%		2,000,000
	April 26, 2018	April 26, 2028	0.700%		2,000,000
	November 30, 2018	November 30, 2028	0.850%		1,000,000
	December 20, 2019	December 20, 2029	0.750%		2,000,000
	October 20, 2020	October 18, 2030	0.610%		1,000,000
	May 31, 2021	May 30, 2031	0.720%		1,700,000
	July 28, 2021	July 31, 2026	0.180%		2,000,000
	January 28, 2022	January 28, 2032	0.460%		2,000,000
	June 22, 2022	October 29, 2027	0.500%		2,000,000
July 11, 2022	July 9, 2027	0.400%		1,000,000	
Subtotal					22,700,000
Total				¥	543,070,000

The following summarizes short-term loans payable, long-term loans payable and investment corporation bonds outstanding as of October 31, 2023:

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance (In thousands of yen)
Short-term loans payable	August 31, 2023	November 1, 2023	0.231%	¥ 1,000,000
	October 31, 2023	October 31, 2024	0.181%	1,000,000
Subtotal				2,000,000
Current portion of long-term loans payable	January 29, 2021	January 31, 2024	0.287%	¥ 1,000,000
	February 18, 2015	February 29, 2024	1.157%	1,700,000
	September 21, 2021	February 29, 2024	0.300%	1,000,000
	September 21, 2017	March 31, 2024	0.555%	1,000,000
	April 28, 2016	April 30, 2024	0.654%	2,000,000
	April 28, 2022	April 30, 2024	0.272%	1,000,000
	April 28, 2022	April 30, 2024	0.230%	2,500,000
	June 30, 2022	June 30, 2024	0.274%	2,000,000
	June 30, 2022	June 30, 2024	0.274%	1,000,000
	August 31, 2022	August 31, 2024	0.350%	1,600,000
	September 30, 2015	September 30, 2024	1.065%	2,000,000
	October 31, 2014	October 31, 2024	1.257%	2,000,000
	October 31, 2014	October 31, 2024	1.259%	1,000,000
	October 30, 2015	October 31, 2024	0.989%	1,000,000
	October 31, 2016	October 31, 2024	0.668%	1,000,000
	November 30, 2021	October 31, 2024	0.289%	500,000
	November 30, 2021	October 31, 2024	0.289%	500,000
	November 30, 2021	October 31, 2024	0.289%	300,000
	November 30, 2021	October 31, 2024	0.250%	2,500,000
	Subtotal			
Long-term loans payable	January 30, 2015	January 31, 2025	1.161%	¥ 1,500,000
	February 18, 2015	February 28, 2025	1.314%	1,250,000
	February 27, 2015	February 28, 2025	1.153%	2,100,000
	March 12, 2015	February 28, 2025	1.218%	1,000,000
	March 31, 2015	March 31, 2025	1.266%	2,500,000
	October 30, 2015	October 30, 2025	1.114%	1,500,000
	October 30, 2015	October 30, 2025	1.114%	2,000,000
	October 30, 2015	October 30, 2025	1.114%	2,500,000
	October 30, 2015	October 30, 2025	1.121%	2,500,000
	November 12, 2015	November 30, 2025	1.173%	1,000,000
	January 29, 2016	January 29, 2026	1.074%	2,000,000
	January 29, 2016	January 29, 2026	1.024%	1,800,000
	February 18, 2016	February 18, 2026	0.998%	1,000,000
	February 18, 2016	February 18, 2026	0.998%	500,000
	March 31, 2016	March 31, 2026	0.898%	1,000,000
	April 28, 2016	April 30, 2026	0.835%	2,000,000
	April 28, 2016	April 30, 2026	0.865%	1,000,000
	July 29, 2016	July 31, 2026	0.613%	1,500,000
	August 2, 2016	July 31, 2026	0.544%	1,000,000
	October 31, 2016	October 31, 2026	0.876%	2,500,000
	October 31, 2016	October 31, 2026	0.760%	1,000,000
	October 31, 2016	October 31, 2026	0.734%	4,000,000
	October 31, 2016	October 31, 2026	0.826%	1,500,000
	December 12, 2016	November 30, 2026	0.982%	500,000
	December 28, 2016	December 28, 2026	0.950%	1,500,000

Classification	Drawdown date	Last repayment date	Weighted-average	Balance
			interest rate	(In thousands of yen)
Long-term loans payable	January 16, 2017	January 31, 2027	0.860%	¥ 500,000
	January 31, 2017	January 31, 2027	0.853%	700,000
	March 28, 2017	March 31, 2027	0.850%	500,000
	June 30, 2017	June 30, 2027	0.849%	1,500,000
	August 10, 2017	July 28, 2027	0.800%	3,500,000
	September 21, 2017	September 30, 2025	0.680%	1,500,000
	September 21, 2017	March 31, 2027	0.732%	1,000,000
	September 21, 2017	September 21, 2027	0.873%	1,000,000
	September 21, 2017	September 30, 2027	0.851%	2,500,000
	October 31, 2017	October 31, 2027	0.810%	2,500,000
	November 13, 2017	November 13, 2027	0.931%	3,000,000
	December 7, 2017	November 30, 2027	0.899%	1,400,000
	December 7, 2017	November 30, 2027	0.820%	1,200,000
	December 7, 2017	November 30, 2027	0.969%	1,000,000
	December 7, 2017	November 30, 2027	0.939%	1,000,000
	December 7, 2017	November 30, 2027	0.869%	1,000,000
	December 7, 2017	November 30, 2027	0.899%	800,000
	December 7, 2017	November 30, 2027	0.869%	600,000
	December 28, 2017	December 28, 2025	0.744%	500,000
	December 28, 2017	December 28, 2026	0.878%	500,000
	December 28, 2017	December 28, 2027	0.864%	500,000
	March 12, 2018	March 31, 2028	0.914%	1,500,000
	March 26, 2018	March 31, 2027	0.808%	1,000,000
	March 26, 2018	March 31, 2028	0.902%	1,000,000
	July 31, 2018	July 31, 2028	0.988%	500,000
	August 20, 2018	August 31, 2025	0.696%	500,000
	August 20, 2018	August 31, 2028	1.003%	1,000,000
	August 20, 2018	August 31, 2028	1.003%	1,000,000
	August 20, 2018	August 31, 2028	1.003%	500,000
	August 20, 2018	August 31, 2028	0.966%	500,000
	August 31, 2018	August 31, 2025	0.700%	500,000
	August 31, 2018	August 31, 2025	0.723%	300,000
	August 31, 2018	August 31, 2028	1.012%	700,000
	October 31, 2018	October 31, 2028	1.013%	1,500,000
	October 31, 2018	October 31, 2028	0.910%	1,000,000
	October 31, 2018	October 31, 2028	1.013%	500,000
	March 28, 2019	March 31, 2029	0.838%	1,400,000
	March 29, 2019	March 31, 2029	0.839%	2,950,000
	June 14, 2019	December 28, 2026	0.517%	500,000
	June 14, 2019	April 30, 2027	0.605%	1,000,000
	June 14, 2019	March 31, 2029	0.725%	1,000,000
	July 31, 2019	April 30, 2027	0.554%	1,000,000
	July 31, 2019	April 30, 2027	0.554%	1,000,000
	September 30, 2019	September 30, 2026	0.489%	1,000,000
	September 30, 2019	March 31, 2027	0.531%	900,000
	September 30, 2019	March 31, 2027	0.425%	800,000
	January 31, 2020	January 31, 2025	0.406%	700,000
	January 31, 2020	January 31, 2027	0.526%	1,500,000
	January 31, 2020	January 31, 2029	0.675%	1,500,000
	March 12, 2020	February 28, 2026	0.361%	1,800,000
March 31, 2020	March 31, 2028	0.642%	1,000,000	

Classification	Drawdown date	Last repayment date	Weighted-average	Balance
			interest rate	(In thousands of yen)
Long-term loans payable	June 30, 2020	June 30, 2028	0.646%	¥ 2,000,000
	June 30, 2020	June 30, 2028	0.646%	2,000,000
	June 30, 2020	June 30, 2028	0.646%	700,000
	June 30, 2020	June 30, 2028	0.510%	2,000,000
	July 31, 2020	July 31, 2028	0.636%	2,700,000
	August 31, 2020	August 31, 2030	0.705%	1,500,000
	September 30, 2020	September 30, 2025	0.396%	1,000,000
	September 30, 2020	September 30, 2027	0.511%	1,000,000
	September 30, 2020	September 30, 2030	0.738%	700,000
	October 30, 2020	April 30, 2027	0.542%	1,400,000
	October 30, 2020	October 31, 2030	0.803%	1,500,000
	October 30, 2020	October 31, 2030	0.803%	300,000
	November 12, 2020	April 30, 2027	0.552%	1,300,000
	November 12, 2020	November 12, 2030	0.808%	700,000
	November 12, 2020	November 12, 2030	0.808%	500,000
	November 30, 2020	May 31, 2027	0.516%	200,000
	November 30, 2020	November 30, 2030	0.763%	900,000
	November 30, 2020	November 30, 2030	0.763%	800,000
	November 30, 2020	November 30, 2030	0.763%	200,000
	January 29, 2021	January 31, 2028	0.527%	1,200,000
	January 29, 2021	January 31, 2030	0.678%	2,300,000
	January 29, 2021	January 31, 2030	0.678%	2,000,000
	January 29, 2021	January 31, 2030	0.678%	2,000,000
	January 29, 2021	November 30, 2030	0.755%	800,000
	July 12, 2021	June 30, 2028	0.484%	500,000
	July 30, 2021	July 31, 2026	0.350%	1,000,000
	November 30, 2021	April 30, 2026	0.300%	500,000
	November 30, 2021	April 30, 2026	0.300%	500,000
	November 30, 2021	April 30, 2026	0.300%	500,000
	November 30, 2021	November 30, 2026	0.412%	500,000
	November 30, 2021	November 30, 2026	0.412%	500,000
	November 30, 2021	November 30, 2026	0.350%	500,000
	November 30, 2021	November 30, 2026	0.384%	1,000,000
	November 30, 2021	November 30, 2026	0.384%	500,000
	November 30, 2021	November 30, 2026	0.384%	500,000
	November 30, 2021	November 30, 2026	0.384%	500,000
	November 30, 2021	November 30, 2026	0.325%	1,000,000
	November 30, 2021	November 30, 2026	0.350%	1,000,000
	November 30, 2021	November 30, 2028	0.511%	1,000,000
	November 30, 2021	November 30, 2029	0.450%	500,000
	April 28, 2022	April 30, 2025	0.302%	1,000,000
	April 28, 2022	May 31, 2027	0.350%	1,000,000
	June 30, 2022	June 30, 2025	0.200%	2,000,000
	June 30, 2022	June 30, 2025	0.200%	1,000,000
	June 30, 2022	June 30, 2025	0.200%	500,000
	August 31, 2022	February 28, 2025	0.374%	1,600,000
	August 31, 2022	August 31, 2025	0.395%	500,000
	August 31, 2022	August 31, 2025	0.395%	1,000,000
	August 31, 2022	August 31, 2025	0.395%	500,000
	August 31, 2022	August 31, 2026	0.430%	2,700,000
August 31, 2022	August 31, 2027	0.501%	2,400,000	
August 31, 2022	August 31, 2027	0.420%	1,000,000	
August 31, 2022	August 31, 2027	0.350%	300,000	

Classification	Drawdown date	Last repayment date	Weighted-average interest rate	Balance	
				(In thousands of yen)	
Long-term loans payable	August 31, 2022	August 31, 2029	0.685%	¥	1,950,000
	August 31, 2022	August 31, 2029	0.685%		1,000,000
	August 31, 2022	August 31, 2029	0.685%		500,000
	August 31, 2022	August 31, 2029	0.685%		500,000
	August 31, 2022	August 31, 2029	0.685%		500,000
	August 31, 2022	August 31, 2029	0.685%		200,000
	August 31, 2022	August 31, 2029	0.525%		1,000,000
	August 31, 2022	August 31, 2029	0.525%		500,000
	August 31, 2022	August 31, 2029	0.525%		1,000,000
	August 31, 2022	August 31, 2029	0.525%		500,000
	October 31, 2022	October 31, 2025	0.481%		500,000
	October 31, 2022	April 30, 2026	0.373%		500,000
	February 28, 2023	February 29, 2028	0.793%		1,000,000
	March 13, 2023	March 31, 2030	1.050%		2,000,000
	March 13, 2023	March 31, 2031	1.186%		1,800,000
	June 30, 2023	June 30, 2026	0.248%		500,000
	July 31, 2023	July 31, 2025	0.177%		1,000,000
	July 31, 2023	July 31, 2029	0.645%		500,000
	August 31, 2023	August 31, 2026	0.499%		2,000,000
	August 31, 2023	August 31, 2026	0.231%		300,000
October 31, 2023	October 31, 2028	0.889%		1,000,000	
October 31, 2023	October 31, 2028	0.839%		1,000,000	
October 31, 2023	March 31, 2030	1.115%		1,500,000	
Subtotal					174,350,000
Current portion of investment corporation bonds	February 15, 2019	February 15, 2024	0.390%	¥	2,000,000
	July 25, 2014	July 25, 2024	1.180%		2,000,000
Subtotal					4,000,000
Investment corporation bonds	April 28, 2016	April 28, 2028	0.900%	¥	1,000,000
	July 19, 2017	July 16, 2027	0.640%		2,000,000
	January 30, 2020	January 30, 2025	0.250%		2,000,000
	October 20, 2020	October 18, 2030	0.610%		1,000,000
	July 28, 2021	July 31, 2026	0.180%		2,000,000
	July 11, 2022	July 9, 2027	0.400%		1,000,000
Subtotal					9,000,000
Total				¥	214,950,000

7. REDUCTION ENTRY

The amount of reduction entry of property, plant and equipment acquired by government subsidy is as follows:

	As of April 30, 2024	As of October 31, 2023
	In thousands of yen	
Buildings in trust	¥ 26,230	¥ 26,230

8. COMMITMENT LINE AGREEMENT

KDXR has concluded a commitment line agreement with bank of account, etc.

	As of April 30, 2024	As of October 31, 2023
	In thousands of yen	
Maximum amount	¥ 9,000,000	¥ 9,000,000

Drawn credit facility	—	—
Balance	¥ 9,000,000	¥ 9,000,000

9. PER UNIT INFORMATION

	From November 1, 2023 to April 30, 2024		From May 1, 2023 to October 31, 2023	
	Yen			
Net asset value per unit	¥	155,560	¥	136,442
Net income per unit	¥	7,834	¥	3,872
Weighted-average number of units (units)		4,134,040		1,696,860

*1: Net income per unit is calculated by dividing net income by the weighted average (based on number of days) number of units. Net income per unit after adjusting for diluted investment units is not included because there were no dilutive investment units.

*2: KDXR implemented a 2-on-1 of split of investment units with October 31, 2023, as the record date of the split and November 1, 2023, as the effective date. Net assets per unit and net income per unit are calculated based on the assumption that the split was implemented at the beginning of the prior fiscal period.

10. INCOME TAXES

KDXR is subject to corporate income taxes at a regular statutory rate of approximately 31%. However, KDXR may deduct from its taxable income amounts distributed to its unitholders, provided the requirements are met under the Special Taxation Measures Law of Japan. Under this law, KDXR must meet a number of tax requirements, including a requirement that it currently distribute in excess of 90% of its net income for the fiscal period in order to be able to deduct such amounts. If KDXR does not satisfy all of the requirements, the entire taxable income of KDXR will be subject to regular corporate income taxes. KDXR distributed in excess of 90% of its distributable income in the form of cash distributions totaling 16,019 million yen and 6,571 million yen for the periods ended April 30, 2024, and October 31, 2023, respectively. Therefore, such distributions were treated as deductible distributions for purposes of corporate income taxes. The effective tax rate on KDXR's income was 0.00% and 0.02% for the fiscal periods ended April 30, 2024, and October 31, 2023, respectively. The following table summarizes the significant differences between the statutory tax rate and the effective tax rate.

	From November 1, 2023 to April 30, 2024	From May 1, 2023 to October 31, 2023
Statutory tax rate	31.46%	31.46%
Deductible cash distributions	(15.56)	(31.45)
Gain on negative goodwill	(16.84)	—
Reversal of reserve for reduction entry	1.07	—
Others	(0.12)	0.01
Effective tax rate	0.00%	0.02%

The significant components of deferred tax assets and liabilities as of April 30, 2024, and October 31, 2023, are as follows:

	As of April 30, 2024	As of October 31, 2023
	In thousands of yen	
Deferred tax assets		
Enterprise tax payable	¥ —	¥ 28
Amortization of leasehold right	6,536	6,293
Deferred gains or losses on hedges	1,796	192
Asset retirement obligations	29,764	—
Depreciation	3,038	—
Others	20	—
Subtotal	41,156	6,514
Valuation allowance	(41,156)	(6,485)
Total deferred tax assets	¥ —	¥ 28

11. NET ASSETS

KDXR 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. KDXR is required to maintain net assets of at least 50 million yen as required by the Investment Trust Act.

Information on the cancellation of treasury investment units during the six-month period ended April 30, 2024, and October 31, 2023, is as follows:

	As of April 30, 2024	As of October 31, 2023
Total number of units cancelled (Number of units)	67,883	4,295
Total amount of cancellation (Thousands of yen)	¥ 12,999,432	¥ 2,999,551

12. RELATED-PARTY TRANSACTIONS

(1) Parent Company, Major Corporate Unitholders and Other

Thirty-eighth fiscal period (From November 1, 2023 to April 30, 2024) and Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)

Not applicable

(2) Affiliated Companies and Other

Thirty-eighth fiscal period (From November 1, 2023 to April 30, 2024) and Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)

Not applicable

(3) Fellow Subsidiary Companies and Other

Thirty-eighth fiscal period (From November 1, 2023 to April 30, 2024) and Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)

Not applicable

(4) Directors, Major Individual Unitholders and Other

Thirty-eighth fiscal period (From November 1, 2023 to April 30, 2024) and Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)

Not applicable

13. BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES, AND GAIN AND LOSS ON SALE OF REAL ESTATE PROPERTY

Rent revenue - real estate, expenses related to rent business, and gain and loss on sale of real estate property for the fiscal periods from November 1, 2023 to April 30, 2024 and from May 1, 2023 to October 31, 2023 consist of the following:

	From November 1, 2023 to April 30, 2024	From May 1, 2023 to October 31, 2023
In thousands of yen		
Rental and other operating revenues		
Rent revenue - real estate		
Rental revenues	¥ 30,528,637	¥ 12,526,016
Common area charges	2,054,581	1,416,057
Subtotal	32,583,219	13,942,073
Others:		
Parking space rental revenues	953,613	522,316
Utility charge reimbursement	1,938,894	1,315,987
Miscellaneous	1,120,539	280,554
Subtotal	4,013,047	2,118,858
Total rental and other operating revenues	¥ 36,596,267	¥ 16,060,932
Property-related expenses		
Expenses related to rent business		
Property management fees and facility management fees	¥ 2,863,812	¥ 1,494,166
Utilities	2,157,928	1,454,250
Taxes	2,951,506	1,478,415

Repairs and maintenance	918,379	491,706
Insurance	75,650	21,057
Trust fees	118,389	30,127
Others	859,642	334,964
Depreciation	4,851,057	2,574,098
Total expenses related to rent business	¥ 14,796,366	¥ 7,878,787

Gain and loss on sale of real estate properties

Harajuku FF Building

Revenue from sale of investment properties	¥ 3,880,000	¥ —
Cost of investment properties	2,337,383	—
Other sales expenses	159,976	—
Gain on sale of real estate properties	¥ 1,382,639	¥ —

KDX Nagoya Sakae Building

Revenue from sale of investment properties	¥ 6,050,000	¥ —
Cost of investment properties	5,919,374	—
Other sales expenses	18,640	—
Gain on sale of real estate properties	¥ 111,985	¥ —

14. LEASES

KDXR, 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 April 30, 2024, and October 31, 2023, are as follows:

	As of April 30, 2024	As of October 31, 2023
	In thousands of yen	
Due within one year	¥ 22,500	¥ —
Due after one year	619,673	—
Total	¥ 642,173	¥ —

KDXR, as lessor, has entered into leases whose fixed monthly rents are due in advance with lease terms of generally two years for office buildings. The future minimum rental revenues under existing non-cancelable operating leases as of April 30, 2024, and October 31, 2023, are as follows:

	As of April 30, 2024	As of October 31, 2023
	In thousands of yen	
Due within one year	¥ 19,296,514	¥ 3,246,442
Due after one year	78,588,110	5,936,156
Total	¥ 97,884,624	¥ 9,182,599

15. FINANCIAL INSTRUMENTS

Thirty-eighth fiscal period (From November 1, 2023 to April 30, 2024)

(A) Overview

(1) Policy for Financial Instruments

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

(2) Types of Financial Instruments and Related Risk

Investment securities, which are Japanese silent partnership (*tokumei kumiai*, “TK”) interests, are exposed to credit risk of the issuer and risk of fluctuation of value of its property.

Loans payable and investment corporation bonds are used primarily for procuring funds necessary for the acquisition of properties and have a redemption date of a maximum of approximately 7 years and 9 months following the accounting date. Although a certain portion of said liabilities are subject to interest-rate fluctuation risk, KDXR utilizes derivatives (interest-rate swap transactions) in order to reduce such risk.

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

(3) Risk Management for Financial Instruments

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

KDXR uses interest-rate swap transactions in order to minimize risk arising from fluctuations in interest rates on funds procured. KDXR periodically reviews the value of the property and financial condition of the issuer with regard to investment securities.

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

Although loans and other liabilities are subject to liquidity risk, KDXR reduces such risk by spreading out payment due dates and by using diversified fund procurement methods. Liquidity risk is also managed by such means as regularly checking the balance of cash reserves.

(4) Supplementary Explanation of the Estimated Fair Value of Financial Instruments

Because the factors incorporated into the calculation of fair value of financial instruments are subject to change, differing assumptions are adopted which may alter fair value. Moreover, the contract amounts, etc. of derivative transactions in “(B) Estimated Fair Value

of Financial Instruments” do not indicate the market risk of derivative transactions.

(B) Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the balance sheet as of April 30, 2024 and estimated fair value are shown in the following table. Moreover, because “Cash and deposits,” “Cash and deposits in trust” and “Short-term loans payable” are settled with cash in the short term, the fair value can be considered as equivalent to the book value. Therefore, the notes for these accounts have been omitted.

	Carrying value	Estimated fair value	Difference
In thousands of yen			
(1) Current portion of investment corporation bonds	5,000,000	4,997,100	(2,900)
(2) Current portion of long-term loans payable	59,010,000	59,010,559	559
(3) Investment corporation bonds	22,700,000	22,179,030	(520,970)
(4) Long-term loans payable	447,460,000	442,089,595	(5,370,404)
Subtotal	¥534,170,000	¥528,276,284	¥ (5,893,715)
Derivative transactions(*)	3,376,722	3,376,722	—

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

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

Liabilities

(1) Current portion of investment corporation bonds and (3) Investment corporation bonds

The fair value of investment corporation bonds is based on quoted market prices. The fair value of those for which no market price is available is based on the quoted price obtained from counterparty financial institutions, etc.

(2) Current portion of long-term loans payable and (4) Long-term loans payable

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

Derivative Transactions

Please refer to Note 16 “DERIVATIVE TRANSACTIONS.”

*2 Redemption schedule for loans payable and investment corporation bonds

	Due within 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
In thousands of yen						
Investment corporation bonds	¥ 5,000,000	¥ —	¥ 4,000,000	¥ 10,000,000	¥ 2,000,000	¥ 6,700,000
Long-term loans payable	59,010,000	80,660,000	95,890,000	93,290,000	83,320,000	94,300,000
Total	¥ 64,010,000	¥ 80,660,000	¥ 99,890,000	¥ 103,290,000	¥ 85,320,000	¥ 101,000,000

Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)

(A) Overview

(1) Policy for Financial Instruments

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

(2) Types of Financial Instruments and Related Risk

Investment securities, which are Japanese silent partnership (*tokumei kumiai*, “TK”) interests, are exposed to credit risk of the issuer and risk of fluctuation of value of its property.

Loans payable and investment corporation bonds are used primarily for procuring funds necessary for the acquisition of properties and have a redemption date of a maximum of approximately 7 years and 5 months following the accounting date. Although a certain portion of said liabilities are subject to interest-rate fluctuation risk, KDXR utilizes derivatives (interest-rate swap transactions) in order to reduce such risk.

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

(3) Risk Management for Financial Instruments

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

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

KDXR periodically reviews the value of the property and financial condition of the issuer with regard to investment securities.

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

Although loans and other liabilities are subject to liquidity risk, KDXR reduces such risk by spreading out payment due dates and by using diversified fund procurement methods. Liquidity risk is also managed by such means as regularly checking the balance of cash reserves.

(4) Supplementary Explanation of the Estimated Fair Value of Financial Instruments

Because the factors incorporated into the calculation of fair value of financial instruments are subject to change, differing assumptions are adopted which may alter fair value. Moreover, the contract amounts, etc. of derivative transactions in “(B) Estimated Fair Value of Financial Instruments” do not indicate the market risk of derivative transactions.

(B) Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the balance sheet as of October 31, 2023 and estimated fair value are shown in the following table. Moreover, because “Cash and deposits,” “Cash and deposits in trust” and “Short-term loans payable” are settled with cash in the short term, the fair value can be considered as equivalent to the book value. Therefore, the notes for these accounts have been omitted.

	Carrying value	Estimated fair value	Difference
	In thousands of yen		
(1) Current portion of investment corporation bonds	4,000,000	4,010,000	10,000
(2) Current portion of long-term loans payable	25,600,000	25,628,808	28,808
(3) Investment corporation bonds	9,000,000	8,853,200	(146,800)
(4) Long-term loans payable	174,350,000	171,630,090	(2,719,909)
Subtotal	¥ 212,950,000	¥ 210,122,098	¥ (2,827,901)
Derivative transactions(*)	1,632,131	1,632,131	-

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

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

Liabilities

(1) Current portion of investment corporation bonds and (3) Investment corporation bonds

The fair value of investment corporation bonds is based on quoted market prices. The fair value of those for which no market price is available is based on the quoted price obtained from counterparty financial institutions, etc.

(2) Current portion of long-term loans payable and (4) Long-term loans payable

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

Derivative Transactions

Please refer to Note 16 “DERIVATIVE TRANSACTIONS.”

*2 Redemption schedule for loans payable and investment corporation bonds

	Due within 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
In thousands of yen						
Investment corporation bonds	4,000,000	2,000,000	2,000,000	3,000,000	1,000,000	1,000,000
Long-term loans payable	25,600,000	30,950,000	33,600,000	38,500,000	35,300,000	36,000,000
Total	¥ 29,600,000	¥ 32,950,000	¥ 35,600,000	¥ 41,500,000	¥ 36,300,000	¥ 37,000,000

16. DERIVATIVE TRANSACTIONS

The following summarizes the contracted amount and the fair value of interest-rate swap contracts as of April 30, 2024:

(1) Hedge accounting not applied

Not applicable

(2) Hedge accounting applied

Hedge accounting method	Type of derivative transactions	Hedged items	Contracted amount (In thousands of yen) Maturing after 1 year		Fair value (In thousands of yen)	Calculation method for applicable fair value
Principle method	Interest-rate swaps: Receive/floating and pay/fixed	Long-term loans payable	¥ 243,930,000	¥ 218,410,000	¥ 3,376,722	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest-rate swaps: Receive/floating and pay/fixed	Long-term loans payable	25,400,000	13,300,000	*	
Total			¥ 269,330,000	¥ 231,710,000	¥ 3,376,722	

(*) 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 following summarizes the contracted amount and the fair value of interest-rate swap contracts as of October 31, 2023:

(1) Hedge accounting not applied

Not applicable

(2) Hedge accounting applied

Hedge accounting method	Type of derivative transactions	Hedged items	Contracted amount (In thousands of yen) Maturing after 1 year		Fair value (In thousands of yen)	Calculation method for applicable fair value
Principle method	Interest-rate swaps: Receive/floating and pay/fixed	Long-term loans payable	¥ 79,950,000	¥ 75,050,000	¥ 1,632,131	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest-rate swaps: Receive/floating and pay/fixed	Long-term loans payable	27,100,000	20,400,000	*	
Total			¥ 107,050,000	¥ 95,450,000	¥ 1,632,131	

(*) 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.

17. REVENUE RECOGNITION

Thirty-eighth fiscal period (From November 1, 2023 to April 30, 2024)

(1) Information on the Breakdown of Revenue from Contracts with Customers

Thirty-eighth Fiscal Period (From November 1, 2023 to April 30, 2024)

	Revenues generated from contracts with customers*	Sales to external customers
	(In thousands of yen)	
Revenue from sale of real estate property	¥ 9,930,000	¥ 1,494,624
Utility charge reimbursements	1,938,894	1,938,894
Other	-	35,221,363
Total	¥11,868,894	¥38,654,882

(*) Rental revenues, etc. which are subject to Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and the transfer of real estate properties which is 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. Furthermore, revenue generated from contracts with major customers include of revenue from sale of real estate properties and utility charge reimbursements.

(*) 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

Thirty-seventh Fiscal Period (From May 1, 2023 to October 31, 2023)

The information is as described in the notes on Summary of Significant Accounting Policies.

(3) Information on relationship of Fulfillment of performance Obligations based 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 existing at the end of the current calculation period.

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

	From November 1, 2023 to April 30, 2024
	(in thousands of yen)
Receivables generated from contracts with customers (balance at beginning of fiscal period)	¥329,871
Receivables generated from contracts with customers (balance at end of fiscal period)	487,458
Contract assets (balance at beginning of fiscal period)	-
Contract assets (balance at end of fiscal period)	-
Contract liabilities (balance at beginning of fiscal period)	-
Contract liabilities (balance at end of fiscal period)	-

(b) Transaction value allocated to remaining performance obligations

With regard to utility charge reimbursements, as KDXR 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.

Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)

(1) Information on the Breakdown of Revenue from Contracts with Customers

Thirty-seventh Fiscal Period (From May 1, 2023 to October 31, 2023)

	Revenues generated from contracts with customers*	Sales to external customers
	(In thousands of yen)	
Revenue from sale of real estate property	¥ –	¥ –
Utility charge reimbursements	1,315,987	1,315,987
Other	–	15,339,616
Total	¥1,315,987	¥16,655,603

(*)Rental revenues, etc. which are subject to Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and the transfer of real estate properties which is 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. Furthermore, revenue generated from contracts with major customers include of revenue from sale of real estate properties and utility charge reimbursements.

(2) Information Utilized as the Base for Understanding Revenue from Contracts with Customers

Thirty-seventh Fiscal Period (From May 1, 2023 to October 31, 2023)

The information is as described in the notes on Summary of Significant Accounting Policies.

(3) Information on relationship of Fulfillment of performance Obligations based 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 existing at the end of the current calculation period.

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

	From May 1, 2023 to October 31, 2023
	(In thousands of yen)
Receivables generated from contracts with customers (balance at beginning of fiscal period)	¥309,606
Receivables generated from contracts with customers (balance at end of fiscal period)	329,871
Contract assets (balance at beginning of fiscal period)	–
Contract assets (balance at end of fiscal period)	–
Contract liabilities (balance at beginning of fiscal period)	–
Contract liabilities (balance at end of fiscal period)	–

(b)Transaction value allocated to remaining performance obligations

As of October 31, 2023, the total transaction price allocated to remaining performance obligations for the sale of real estate is 9,930,000 thousand yen for the real estate for which a sale agreement was executed on June 13, 2023. KDXR expects to recognize revenue on the remaining performance obligation upon the sale on November 1, 2023.

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.

18. INVESTMENT AND RENTAL PROPERTIES

Thirty-eighth fiscal period (From November 1, 2023 to April 30, 2024)

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

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

Carrying value (In thousands of yen)			Fair value
As of October 30, 2023	Net change	As of April 30, 2024	As of April 30, 2024 (In thousands of yen)
¥ 430,989,387	¥730,072,984	¥ 1,161,062,372	¥ 1,287,305,000

*1: The carrying value represents the acquisition cost less accumulated depreciation.

*2: Fair value at the end of the fiscal period is the appraisal value determined by outside appraisers. Fair value at the end of the fiscal period under review of KDX Nihonbashi 313 Building that was sold on June 28, 2024 is calculated based on the sale price (7,110 million yen) in the transaction agreements on June 18, 2024.

*3: Among changes in the amount of real estate for rental purposes that occurred during the fiscal period under review, principal increase/decrease factor was the acquisitions of 1 real estate property and trust beneficiary interest in real estate of 6 properties totaling 46,268,043 thousand yen, sale of 1 real estate property and trust beneficiary interest in real estate of 1 property totaling 8,256,758 thousand yen and depreciation amounting to 4,850,709 thousand yen..

Income and loss in the fiscal period ended April 30, 2024, for real estate for rental purposes is listed in Note 13 “BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES, AND GAIN AND LOSS ON SALE OF REAL ESTATE PROPERTY.”

Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)

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

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

Carrying value (In thousands of yen)			Fair value
As of April 30, 2023	Net change	As of October 31, 2023	As of October 31, 2023 (In thousands of yen)
¥ 432,404,110	¥(1,414,723)	¥ 430,989,387	¥ 551,696,000

*1: The carrying value represents the acquisition cost less accumulated depreciation.

*2: Fair value at the end of the fiscal period is the appraisal value determined by outside appraisers. Fair value at the end of the fiscal period under review of Harajuku F.F. Building and KDX Nagoya Sakae Building that were sold on November 1, 2023, respectively are calculated based on the sale price (Harajuku F.F. Building: 3,880 million yen; KDX Nagoya Sakae Building: 6,050 million yen) in the transaction agreements on June 13, 2023.

*3: Among changes in the amount of real estate for rental purposes that occurred during the fiscal period under review, principal increase/decrease factor was the depreciation amounting to 2,574,098 thousand yen.

Income and loss in the fiscal period ended October 31, 2023, for real estate for rental purposes is listed in Note 13 “BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES, AND GAIN AND LOSS ON SALE OF REAL ESTATE PROPERTY.”

19. SEGMENT AND RELATED INFORMATION

Thirty-eighth fiscal period (From November 1, 2023 to April 30, 2024)

(A) Segment Information

Disclosure is omitted because the real estate leasing business is KDXR’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 revenues 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 revenues 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 revenues on the statement of income and retained earnings.

Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)

(A) Segment Information

Disclosure is omitted because the real estate leasing business is KDXR'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 revenues 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 revenues 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 revenues on the statement of income and retained earnings.

20. Business Combination

Thirty-eighth fiscal period (From November 1, 2023 to April 30, 2024)

Business Combination through Acquisition

1. Overview of Business Combination

(1) Name and Line of Business of Acquirees

Name of acquiree	Line of business
KDR	Real estate investment trust
KRR	Real estate investment trust

(2) Main Reasons for Business Combination

KDXR, KDR and KRR entered into the merger agreement on June 13, 2023, aiming for the following advantages,

- The improvement of liquidity by expanding asset size and increasing market capitalization leads to growth

opportunities.

- Diversified portfolio makes the profitability stabilized and leads to more opportunities for external growth.
- The improvement of asset management efficiency and financial stability.

- (3) Date of Business Combination
November 1, 2023

- (4) Legal Framework of Business Combination

The business combination was an absorption-type merger with KDO as the surviving corporation and KDR/KRR were dissolved.

- (5) Name of the Investment Corporation after Merger
KDX Realty Investment Corporation

- (6) Main Reasons for Decision to Acquire the Companies

KDXR was decided as the acquiring corporation after a comprehensive consideration of the size of the corporations (total assets, profit, etc.), the unitholders' relative ratio of voting rights, the composition of the Board of Directors, etc., and other factors based on the Accounting Standard for Business Combinations, etc.

2. Performance Period of Acquirees Included in the Statement of Income and Retained Earnings

Name of acquiree	Performance period
KDR	From November 1, 2023 to April 30, 2024
KRR	From November 1, 2023 to April 30, 2024

3. Acquisition Cost of Acquirees and the Breakdown

Name of acquiree	Acquisition cost
KDR	¥226,058,322 thousand
KRR	¥159,437,199 thousand
Total	¥385,495,522 thousand

4. Exchange Ratio, Method of Calculation and Number of Investment Units Delivered as Consideration for the Acquisition

- (1) Exchange Ratio of Investment Units

Name of acquiree	Exchange ratio
KDR	1.34
KRR	1.68

KDXR implemented a 2-to-1 split of investment units ("the Split of Investment Units") on November 1, 2023 as the effective date, for the purpose of providing at least one KDXR's investment unit to all unitholders of KDR and KRR as of October 31, 2023 as the record date.

- (2) Method of Calculation

KDXR appointed SMBC Nikko Securities Inc., KDR appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and KRR appointed Nomura Securities Co., Ltd. as financial advisors (hereinafter "FA") respectively, and requested them to calculate the merger ratio. Each calculated the merger ratio based on the market investment unit price analysis, comparable investment corporation analysis and other valuation methods. As a result of a series of discussions and negotiations in comprehensive consideration of the calculation results and other factors, the exchange ratio above was deemed appropriate.

(3) Number of Investment Units Granted

Name of acquiree	Performance period
KDR	1,434,380 units
KRR	1,011,657 units

5. Item and Amount of Major Acquisition-Related Expenses

Asset management fee for the merger 2,900,000 thousand yen

6. Purchase Price Allocation

(1) Amounts and Main Breakdown of Assets Accepted and Liabilities Taken from the Business Combination

	(In thousands of yen)
Current assets	39,952,935
Non-current assets	696,962,014
Total assets	736,914,950
Current liabilities	57,700,081
Non-current liabilities	276,380,738
Total Liabilities	334,080,819

(2) Amount and Reason for Gain on Negative Goodwill

Amount of gain on negative goodwill

17,338,607 thousand yen

Reason

Negative goodwill represents the fair value for net assets of KDR and KRR acquired as of the business combination date which exceeds the acquisition cost. The difference was recognized as the gain on negative goodwill.

Accounting treatment

Booked as extraordinary gain for the fiscal period ended April 30, 2024.

7. Estimated Impact on the Statement of Income and Retained Earnings for the Fiscal Period Under Review Assuming the Business Combination is Completed on the Start Date of the Operating Period

There is no impact since the business combination date matches the start date of the operating period

Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)

Not applicable

21. SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

22. DISTRIBUTIONS

	Thirty-eight fiscal period (From November 1, 2023 to April 30, 2024)	Thirty-seventh fiscal period (From May 1, 2023 to October 31, 2023)
	(Yen)	(Yen)
I. Retained earnings at the end of period	¥ 32,387,814,858	¥ 6,571,336,746
II. Voluntary reserve (reversal)		
Reversal of reserve for reduction entry	¥ 1,100,141,923	
III. Total distributions	¥ 16,019,446,443	¥ 6,571,090,350
Distributions per unit	¥ 3,927	¥ 7,745
IV. Voluntary reserve (provision)		
Provision of reserve for reduction entry	¥ 14,589,000,000	¥ —
V. Retained earnings brought forward to the next period	¥ 2,879,510,338	¥ 246,396

Method of calculating distribution amount

In accordance with the policy stipulated in Article 35 (1) of its Articles of Incorporation, KDXR 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 Act and shall be up to the amount of its profits as the ceiling. Following this policy, KDXR has decided to distribute 16,019,446,443 yen, which is the amount deducted the provision of reserve for temporary difference adjustments (14,589,000,000yen) and added reversal of reserve for reduction entry (1,100,141,923yen). In addition, KDXR decided not to distribute cash in excess of distributable profit, stipulated in Article 35 (2) of its Articles of Incorporation.

In accordance with the policy stipulated in Article 35 (1) of its Articles of Incorporation, KDXR 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 Act on Special Measures Concerning Taxation, and shall be up to the amount of its profits as the ceiling. Following this policy, KDXR has decided to distribute ¥6,571,090,350 the maximum integral multiple amount of investment units issued and outstanding of 848,430 units, up to the amount of unappropriated retained earnings for the fiscal period under review. In addition, KDXR decided not to distribute cash in excess of distributable profit, stipulated in Article 35 (2) of its Articles of Incorporation.

Independent Auditor's Report

The Board of Directors
KDX Realty Investment Corporation

The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KDX Realty Investment Corporation (the Company), which comprise the balance sheet as at April 30, 2024, and the statements of income and retained earnings, changes in net assets, cash distribution 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 April 30, 2024, 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 Report 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Fee-related Information

The fees for the audits of the financial statements of the Company and other services provided by us and other EY member firms for the year ended April 30, 2024, are 29 million yen and 15 million yen, respectively.

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

July 25, 2024

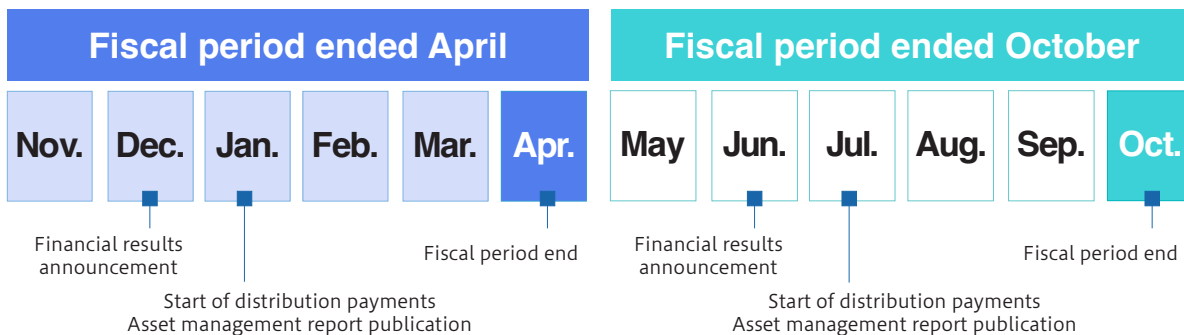
櫻井 均

Hitoshi Sakurai
Designated Engagement Partner
Certified Public Accountant

齋木 夏生

Natsuki Saiki
Designated Engagement Partner
Certified Public Accountant

IR Schedule



Unitholder Memorandum

Fiscal Period End	April 30 and October 31 of each year
General Meeting of Unitholders	Convened at least once every two years, in principle
Record Date for Establishment of Unitholder Voting Rights	Prescribed in Article 16 of the Articles of Incorporation
Record Dates for Distribution Payments	April 30 and October 31 (within three months from payment record dates)
Listing	Tokyo Stock Exchange (Securities code: 8972)
Newspaper for Public Announcements	Nihon Keizai Shimbun (Nikkei)
Unitholder Registry and Special Account Administrator	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Postal Address and Telephone Inquiries	Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 8-4 Izumi 2-chome, Suginami-ku, Tokyo Toll-free tel: 0120 782 031

Receipt of Distributions

During Receipt Period	Take your distribution receipt to the head or branch offices of Japan Post Bank Co., Ltd. or post offices (bank agents).
After Receipt Period	Specify the receipt method on the back of the distribution receipt and mail it to the Stock Transfer Agency Division of Sumitomo Mitsui Trust Bank, Limited, or receive distributions at a branch of the bank.
Receiving Future Distributions	Distributions can be paid by remittances to bank or ordinary postal savings accounts. If transfer designations or other procedures are preferred, you should contact the brokerage with which you have an account, in principle. If you do not have a brokerage account and have a special account, contact Sumitomo Mitsui Trust Bank, Limited, the institution for managing special accounts.
Exclusion	Under the Articles of Incorporation of Kenedix Realty Investment Corporation, you cannot receive distributions after three years have elapsed from the commencement of distribution payments, so please receive them as soon as possible.