COMFORIA
RESIDENTIAL REIT

COMFORIA RESIDENTIAL REIT, INC

Semi-Annual Report for the 16th Fiscal Period

From February 1, 2018 to July 31, 2018

COMFORIA
RESIDENTIAL REIT

1-1 Minami-Aoyama 1-chome, Minato-ku, Tokyo https://www.comforia-reit.co.jp/en/

For a Superior Level of Living Comfort

COMFORIA is the name we have given to the urban rental residences produced by the Tokyu Land Corporation. The word COMFORIA is a compound that we coined from "comfort," and "ia," a Latin suffix meaning "place."

The idea that residences are not just containers has given birth to our COMFORIA series of rental residences made specifically for people who wish to live freely and affluently in urban communities.

We invest in and manage the urban exclusive rental residence COMFORIA series, which Tokyu Land Corporation has produced, to maximize our unitholders' value.

I Overview of the Investment Corporation

Greetings

Comforia Residential REIT, Inc
Takehiro Izawa
Executive Director (center)
Yoshihiro Kataoka
Supervisory Director (left)
Koji Yamamoto
Supervisory Director (right)

We are pleased to inform you that Comforia Residential REIT, Inc (the "Investment Corporation") successfully closed all accounts for the 16th Fiscal Period (from February 1, 2018 to July 31, 2018). We would like to thank all of our unitholders and stakeholders for their continued support and cooperation.

We extend our deepest sympathies to the victims of the heavy rain, typhoons, and earthquakes that occurred over the summer and early autumn, and hope for a rapid recovery of the areas affected.

We hereby report on the asset management overview and results for the 16th Fiscal Period.

During the 16th Fiscal Period, we acquired four properties including COMFORIA SETAGAYAKAMIUMA in February 2018 through a public offering for the fifth consecutive year since listing, as well as borrowings. Subsequently, we acquired three properties, including COMFORIA SHINJUKU, and sold one property (COMFORIA YOKOHAMAKANNAI) in March 2018. Furthermore, we acquired COLLEGE SQUARE HACHIMANYAMA in May 2018 and sold COMFORIA KOMAE in June 2018 in an effort to improve the quality of our portfolio.

As a result, our portfolio as of the end of the 16th Fiscal Period stood at 117 properties, with a total acquisition price of ¥202.1 billion, achieving our target asset size of ¥200 billion. The average occupancy rate for the 16th Fiscal Period remained high at 96.4%. The Investment Corporation had ¥8,147 million in operating revenue, ¥3,703 million in operating profit, and ¥3,191 million in profit, all of which exceeded our forecasts, resulting in a distribution per unit (DPU) of ¥4,985.

Furthermore, after the end of the 16th Fiscal Period, we also acquired GRANCREER CENTER-MINAMI, the first home for the elderly to be acquired by the Investment Corporation, in September 2018 with borrowings. The result is an asset size of 118 properties with a total acquisition price of ¥206.3 billion (as of September 30, 2018). We intend to continue to make selective investments in high-quality properties mainly in Tokyo 23 wards.

Under our basic policies of "investments in residential properties with stable earnings and high growth potential" and "utilization of the Tokyu Fudosan Holdings Group," we are carrying out investment in and management of rental residences, mainly in the Tokyo metropolitan area, targeting singles and small families, based on the concept and know-how of the urban rental residence Comforia series, which the Tokyu Land Corporation has produced. In the next fiscal period onward, we will continue to aim to achieve stable earnings and ensure the steady growth of our managed assets based on medium- and long-term perspectives to maximize unitholders' value. Your continued support and cooperation are highly appreciated.

Financial Highlights

Operating revenue	¥**8,147** million	Number of properties	**117** properties
Operating profit	¥**3,703** million	Acquisition price	¥**202.1** billion
Profit	¥**3,191** million	Appraisal value	¥**236.8** billion
Distribution per unit (DPU)	¥**4,985**	Occupancy rate at the 16th Fiscal Period-end	**96.6**%
Total loan to value (LTV)	**51.0**%	Average occupancy rate	**96.4**%

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Interview with Executive Director

Toward an Asset Size of ¥300 Billion

The Investment Corporation was listed in February 2013 with an asset size of ¥71.2 billion, which has steadily grown through selective investments in high-quality properties mainly in Tokyo 23 wards [where stable earnings and high growth potential can be expected, based on a policy of aiming for continual growth while pursuing the improvement of unitholders' value].

As a result, in March 2018 we were able to achieve an asset size of ¥200 billion, which had been our target since we were first listed. We interviewed Takehiro Izawa, Executive Director, about the Investment Corporation's history and growth strategy.

Takehiro Izawa
Executive Director
Comforia Residential REIT, Inc

Q. First, please give us your reflections on the previous goal of ¥200 billion in assets.

I was appointed general manager of the Asset Management Department of TLC Comforia Investment Management Inc. (now TLC REIT Management Inc.) in September 2013, shortly after the company was listed. Since that time I have been primarily engaged in property acquisitions and property management. When performing these functions, I have paid particular attention to the quality of properties, the Investment Corporation's most distinctive characteristic.

With "in Tokyo 23 wards" and "near stations" as the focus, the Investment Corporation continued to acquire rental properties developed by sponsors and to use its asset management company's own property acquisition channels to selectively invest in high-quality properties. Because residences require smaller investments (per property) than offices, commercial properties, logistics facilities, and similar, even more properties must be acquired to expand an asset portfolio, requiring a commensurate amount of work in the process. However, the Investment Corporation was able to steadily expand asset holdings by consistently scrutinizing the properties under consideration. As a result, assets grew to ¥202.1 billion at the end of the 16th Fiscal Period. With properties within Tokyo 23 wards accounting for more than 90% of properties held, the Investment Corporation has been able to build an excellent portfolio of properties that are less than a five minute walk on average to the nearest station.

◆ A Portfolio that Focuses on Tokyo 23 Wards × Properties near Stations

<Areas of investment (rental residences)>

<Minutes to nearest station (on foot) (rental residences)>

(As of July 31, 2018)

Q. What did you do for managing the properties?

The Investment Corporation's property management continued to focus on the COMFORIA brand, a brand name for rental condominiums. In the belief that branding is a key element in ensuring market competitiveness, in 2015 the Investment Corporation developed the brand concept of "For a Superior Level of Living Comfort" in collaboration with the sponsor, TLC. By rebuilding the brand and improving various service menu options, such as providing an Internet-based discount service for tenants known as COMFORIA WELBOX, we sought to strengthen market competitiveness by boosting brand value and to extend tenancy periods (and so reduce vacancy periods) by improving tenant satisfaction. As a result, the Investment Corporation has consistently been able to maintain an occupancy rate for properties of 95% or higher.

◆ COMFORIA WELBOX
An Internet-based service offering various discounts (approximately 4,000 menu items)

Q. What about improving investor value?

The Investment Corporation has been able, since listing, to operate with a focus on the quality of properties, but of course has also sought to ensure sound growth by paying attention to improving investor value for distribution levels and other items. The distribution per unit (DPU) was set at ¥4,051(Note 1) when the Investment Corporation was first listed (the fiscal period ended July 2013), and this was increased by approximately 23% over five years to ¥4,985 for the current fiscal period (the fiscal period ended July 2018). In addition, the NAV (net asset value) per unit, an important measure of investor value, has also improved by about 52% from the fiscal period in which the Investment Corporation was listed, and I believe that these management successes are reflected in investor value.

The Investment Corporation's external rating of A+ at the time it was listed was upgraded to AA- in March 2016, showing that our initiatives were regarded favorably by outside institutions.

Through these approaches, the Investment Corporation was able to reach the target—¥200 billion in assets within six to seven years of listing—a year earlier than initially envisioned. When increasing assets, the Investment Corporation has raised capital through public offerings five times in five consecutive years since being listed, becoming the only residence-related investment corporation to increase capital through annual public offerings. The continued support of investors is very much appreciated.

◆ Comparison of Indicators (Listing FP—Latest FP)

	Listed	Latest
	Ended July 2013	Ended July 2018
Asset size	¥71.2 billion	¥202.1 billion
Distribution per unit (DPU)	¥4,051	¥4,985 (+23.1%)
Net asset value (NAV) per unit	¥150 thousand	¥228 thousand (+51.6%)
Credit rating (JCR)	A+ (Stable)	AA– (Stable)

(Note 1) Since a four-for-one split of investment units was carried out effective August 1, 2014, the distribution per unit (DPU) figure for the fiscal period when the Investment Corporation was listed is divided by four and rounded off to the nearest whole number.

Q. Please describe your growth targets for the future.

Upon reaching ¥200 billion in assets in March 2018, the Investment Corporation announced new targets of ¥300 billion in assets and a distribution per unit (DPU) (on-going basis) of ¥5,000 as growth targets in the materials used for the 15th Fiscal Period investor presentation and posted on our website. The Investment Corporation will be aiming for steady growth, while continuing to pay close attention to the quality of properties.

Given recent real estate market conditions and the increasingly fierce competition to acquire outstanding properties, such as rental residences within Tokyo 23 wards, the Investment Corporation intends to pursue consistent growth in assets without setting deadlines for meeting asset targets in order to avoid feeling compelled to buy at high prices. With respect to distribution per unit (DPU) targets, the Investment Corporation will strive to raise the current DPU (on-going basis) of about ¥4,700 to ¥5,000 (after excluding factors prompting one-off dividend increases(Note 2) and duly considering the impact of the consumption tax hike scheduled for October 2019). A deadline has yet been set for achieving this DPU target (on-going basis), but the intent is to achieve it as soon as possible.

(Note 2) Factors that lead to one-off increases in distribution amounts, such as the capitalization of gains from property sales and of fixed asset taxes for the year of acquisition.

Asset size target: ¥300 billion
DPU target (on-going basis): ¥5,000

Q. You have stipulated an asset size of ¥300 billion and a DPU (on-going basis) of ¥5,000 as growth targets, but how will you go about achieving these?

To achieve these new targets, the Investment Corporation will be supplementing existing initiatives with new approaches.

First, with respect to the asset size target, the Investment Corporation will continue increasing assets primarily by acquiring rental residences within Tokyo 23 wards and by maintaining a ratio of rental residences within the 23 wards of around 90% (with a minimum of 85%) of all rental residence holdings. In addition, the Investment Corporation hopes to invest in operational rental residences where a reliable cash flow can be expected through long-term fixed contracts for student dormitories, senior residences, and so on.

In September 2018, the Investment Corporation acquired the first housing for seniors (GRANCREER CENTER-MINAMI). This property was developed and owned by the sponsor, and the steady cash flow anticipated over the medium to long term will help stabilize distribution amount. As competition intensifies for acquiring rental properties in Tokyo 23 wards, the Investment Corporation plans to consider including other outstanding properties in the portfolio as a new means of asset growth.

Response from Our Asset Manager

Q Why do distributions of residential REITs decrease when the consumption tax is raised?

A While housing rent, which accounts for most of the Investment Corporation's income, is tax free, except in certain cases, expenses such as property management entrustment costs and repair costs are taxed. This means that expenses increase when the consumption tax is raised, resulting in a decline in distributions. Assuming that the consumption tax will be raised to 10%, the Investment Corporation will monitor distribution per unit (DPU) on an ongoing basis and aim to improve this level.

Saeka Kinoshita
Assistant Manager
Comforia Management Division
Asset Management Department
TLC REIT Management Inc.
Hobby: Zumba

122 GRANCREER CENTER-MINAMI Tokyo metropolitan area

Address	40-3 Chigasaki Chuo, Tsuzuki-ku, Yokohama-shi, Kanagawa
Nearest station/ Distance (on foot)	3-minute walk from Center-Minami Station on the Yokohama Municipal Subway Blue Line and 1 other line
Ownership	Ownership
Completion date	August 2009
Facility type	Residential-type fee-based home for the elderly
Rentable units	124 units
Acquisition date	September 25, 2018
Acquisition price	¥4,150 million
Appraisal NOI yield	4.8%

Next, with regard to the distribution per unit (DPU) target (on-going basis), the Investment Corporation is looking to improve earnings by continuing to acquire new properties while boosting earnings from properties through higher rent. Rents have been increased recently, particularly in properties located in Tokyo 23 wards, with an all-time high rent increase of 4.6% on tenant turnover achieved during this period (16th Fiscal Period). With rising wages for younger workers in particular and rebounding corporate performance driving demand for company housing, the uptrend in rents seems likely to continue for the time being, especially for properties in Tokyo.

Revenues are therefore expected to improve but, in light of higher maintenance costs as properties age, the Investment Corporation is considering replacing assets in the portfolio. By selling off properties outside of Tokyo 23 wards and older properties and obtaining relatively new properties within Tokyo, replacement would improve the quality of properties held, in addition to which any profits made from property sales could be allocated to internal reserves to deal with future cost increases. During the current fiscal period, COMFORIA SHINJUKU and three other properties were acquired while COMFORIA YOKOHAMAKANNAI and another property were sold off between March and June 2018, with some of the gains from these sales (¥285 million) allocated to internal reserves. The Investment Corporation is seeking to steadily increase distribution per unit (DPU) while keeping a close eye on earnings stability.

Q. Do you have any other plans at the moment?

The Investment Corporation has been able to enjoy steady growth with the support of investors, and I would like, as always, to express my gratitude.

Thanks to their support, the Investment Corporation has been able to consistently reach asset size targets since being listed, and as of June 2018 has been included in the FTSE EPRA/NAREIT Global Real Estate Index Series, a major benchmark for international real estate investment, bringing us attention from overseas investors as well. The Investment Corporation is committed to achieving constant growth while building a good-quality portfolio so that we continue enjoying the high regard of a variety of investors.

Thank you very much.

Properties Acquired in the 16th Fiscal Period

During the 16th Fiscal Period, the Investment Corporation acquired four properties at the time of the public offering, as well as acquiring three properties and selling one property in March, and acquiring and selling one property each during May and June.

These transactions have led to an improvement in the quality of the portfolio, including a reduction in the average distance to the nearest station and an increase in the ratio of those located in Tokyo 23 wards.

End of 15th FP	End of 16th FP
111 properties / ¥188.5 billion	117 properties / ¥202.1 billion

Properties Acquired through Public Offering (Acquired on February 2, 2018)

Sponsor-developed — Sponsor-developed properties
Warehousing — Warehousing properties by sponsors

114 COMFORIA UENOIRIYA — Sub-central Tokyo

Sponsor-developed

Address	2-6-8 Ryusen, Taito-ku, Tokyo
Nearest station/ Distance (on foot)	6-minute walk from Iriya Station on the Tokyo Metro Hibiya Line
Ownership	Ownership
Completion date	Jan. 2016
Rentable units	88 units
Acquisition date	Feb. 2, 2018
Acquisition price	¥2,173 million
Appraisal NOI yield	4.6% (as of Oct. 31, 2017)

115 COMFORIA IKEJIRI — Sub-central Tokyo

Warehousing

Address	2-31-18 Ikejiri, Setagaya-ku, Tokyo
Nearest station/ Distance (on foot)	2-minute walk from Ikejiri-ohashi Station on the Tokyu Den-en-toshi Line
Ownership	Ownership
Completion date	Mar. 2008
Rentable units	36 units
Acquisition date	Feb. 2, 2018
Acquisition price	¥1,313 million
Appraisal NOI yield	4.5% (as of Oct. 31, 2017)

116 COMFORIA SETAGAYAKAMIUMA — Sub-central Tokyo

Sponsor-developed

Address	3-6-11 Kamiuma, Setagaya-ku, Tokyo
Nearest station/ Distance (on foot)	4-minute walk from Komazawa-daigaku Station on the Tokyu Den-en-toshi Line
Ownership	Ownership
Completion date	Feb. 2017
Rentable units	68 units
Acquisition date	Feb. 2, 2018
Acquisition price	¥2,622 million
Appraisal NOI yield	4.5% (as of Oct. 31, 2017)

117 COMFORIA KITAHAMA — Other major cities

Sponsor-developed

Address	2-1-14 Imabashi, Chuo-ku, Osaka-shi, Osaka
Nearest station/ Distance (on foot)	2-minute walk from Kitahama Station on the Osaka Municipal Subway Sakaisuji Line and 1 other line 6-minute walk from Yodoyabashi Station on the Osaka Municipal Subway Midosuji Line and 1 other line
Ownership	Ownership
Completion date	Feb. 2016
Rentable units	84 units
Acquisition date	Feb. 2, 2018
Acquisition price	¥1,719 million
Appraisal NOI yield	4.8% (as of Oct. 31, 2017)

Properties Acquired in the 16th Fiscal Period

118 COMFORIA AKABANEIWABUCHI — Sub-central Tokyo

Address	26-11 Iwabuchimachi, Kita-ku, Tokyo
Nearest station/ Distance (on foot)	4-minute walk from Akabane-iwabuchi Station on the Tokyo Metro Namboku Line
Ownership	Ownership (sectional ownership interest 100%)
Completion date	Mar. 2003
Rentable units	84 units
Acquisition date	Mar. 30, 2018
Acquisition price	¥2,500 million
Appraisal NOI yield	4.7% (as of Feb. 28, 2018)

119 COMFORIA RYOGOKU TROIS — Sub-central Tokyo

Address	1-5-15 Kamezawa, Sumida-ku, Tokyo
Nearest station/ Distance (on foot)	2-minute walk from Ryogoku Station on the Toei Oedo Line
Ownership	Ownership
Completion date	Jul. 2013
Rentable units	57 units
Acquisition date	Mar. 30, 2018
Acquisition price	¥1,660 million
Appraisal NOI yield	4.5% (as of Feb. 28, 2018)

Asset Replacement

Properties acquired

120 COMFORIA SHINJUKU — Central Tokyo

Address	5-8-20 Shinjuku, Shinjuku-ku, Tokyo
Nearest station/ Distance (on foot)	5-minute walk from Shinjuku-sanchome Station on the Tokyo Metro Marunouchi Line and Fukutoshin Line, and Toei Shinjuku Line
Ownership	Ownership
Completion date	Mar. 2018
Rentable units	65 units
Acquisition date	Mar. 30, 2018
Acquisition price	¥2,150 million
Appraisal NOI yield	4.4% (as of Feb. 28, 2018)

121 COLLEGE SQUARE HACHIMANYAMA — Sub-central Tokyo

Address	1-15-2 Kamitakaido, Suginami-ku, Tokyo
Nearest station/ Distance (on foot)	5-minute walk from Hachimanyama Station on Keio Line
Ownership	Ownership
Completion date	Mar. 2015
Rentable units	46 units
Acquisition date	May 25, 2018
Acquisition price	¥880 million
Appraisal NOI yield	4.4%

Properties sold

42 COMFORIA YOKOHAMAKANNAI — Tokyo metropolitan area

Address	2-8-15 Okinacho, Naka-ku, Yokohama-shi, Kanagawa
Sale price	¥1,200 million
Book value	¥929 million (as of Jan. 31, 2018)
Completion date	Jul. 2009
Rentable units	60 units

28 COMFORIA KOMAE — Tokyo metropolitan area

Address	3-9-5 Iwado Kita, Komae-shi, Tokyo
Sale price	¥605 million
Book value	¥422 million (as of Jan. 31, 2018)
Completion date	Mar. 1990
Rentable units	24 units

Improvement in Portfolio Quality through Property Acquisitions and Sales

	End of 15th FP (A)	Acquisitions	Sales	End of 16th FP (B)	Difference (B–A)
Properties	111	8	2	117	6
Asset size (millions of yen)	188,536	15,017	1,371	202,182	13,646
Ratio of Tokyo 23 wards	90.5%	88.6%	—	91.0%	+0.5 ppt
Avg. distance	4.9 minutes	3.9 minutes	5.6 minutes	4.8 minutes	–0.1 minutes

Investment Ratio by Area

	End of 15th FP (End of Jan. 2018)	End of 16th FP (End of Jul. 2018)	Difference
Central Tokyo	44.9%	42.9%	–2.0 ppt
Sub-central Tokyo	45.6%	48.1%	+2.5 ppt
Tokyo metropolitan area	2.5%	1.6%	–0.9 ppt
Other major cities	7.0%	7.4%	+0.4 ppt
(Ratio of Tokyo 23 wards)	90.5%	91.0%	+0.5 ppt

Selective Investments through Diversified Property Acquisition Channels

During the 16th Fiscal Period, the Investment Corporation acquired four properties centering on sponsor-developed properties with funds procured through a public offering conducted in February 2018 for the fifth consecutive year since listing, as well as borrowings. The Investment Corporation also acquired four properties located in Tokyo 23 wards and sold two properties located in other areas in Tokyo between March and June, resulting in an improvement in the portfolio quality, and achieving the asset size target of ¥200 billion.

The Investment Corporation will keep promoting external growth by continuing to invest selectively in high-quality properties mainly in Tokyo 23 wards, focusing on the collaboration with our sponsor group, as well as original sourcing by TLC REIT Management Inc., while seeking expansion of the asset size and stable distribution levels.

Selective Investments Mainly in Tokyo 23 Wards (As of September 30, 2018)

Historical Asset Size

	Listed (Feb. 6, 2013)	"End of 6th Fiscal Period" Ended Jul. 2013	"End of 7th Fiscal Period" Ended Jan. 2014	"End of 8th Fiscal Period" Ended Jul. 2014	"End of 9th Fiscal Period" Ended Jan. 2015	"End of 10th Fiscal Period" Ended Jul. 2015	"End of 11th Fiscal Period" Ended Jan. 2016	"End of 12th Fiscal Period" Ended Jul. 2016	"End of 13th Fiscal Period" Ended Jan. 2017	"End of 14th Fiscal Period" Ended Jul. 2017	"End of 15th Fiscal Period" Ended Jan. 2018	"End of 16th Fiscal Period" Ended Jul. 2018	Sep. 2018	Future strategy
Distribution per unit (DPU)(Note)	—	¥4,051	¥4,203	¥4,268	¥4,296	¥4,403	¥4,339	¥4,487	¥4,549	¥4,681	¥4,788	¥4,985	Aim to improve DPU (ongoing basis)	
Occupancy rate at end of period	—	95.9%	96.2%	94.8%	95.2%	95.5%	96.2%	96.3%	96.5%	96.1%	96.7%	96.6%	Consistently stable occupancy rate	

Note: Since a four-for-one split of investment units was carried out effective August 1, 2014, the figures for DPU prior to the split are divided by four and rounded off to the nearest whole number.

Diversified Property Acquisition Channels Centering on Sponsor Groups

The Investment Corporation promotes steady growth of asset size centered on the acquisition of assets from sponsor groups, in particular Tokyu Land Corporation. In addition, we strive to reinforce our property acquisition channels through the Asset Management Company's original information routes.

16th FP		17th FP (up to September 30, 2018)
Acquisition from sponsor group	Acquisition through original route of the Asset Management Company	Acquisition from sponsor group
4 properties	4 properties	1 property
¥7,827 million	¥7,190 million	¥4,150 million

Ratio of Acquired Assets by Seller

(As of September 30, 2018)

Property Development by Tokyu Land Corporation (As of September 14, 2018)

There is a pipeline of 21 properties containing 2,136 units located primarily within Tokyo 23 wards.

Properties developed by TLC ● Rental residence ● Operational rental residence (no specific plans for acquisition by the Investment Corporation)

The Investment Corporation manages assets with superb accessibility located mainly in the Tokyo 23 wards.

Central Tokyo 44 properties

1	COMFORIA NIHONBASHI NINGYOCHO	26	COMFORIA HARAJYUKU	61	COMFORIA SHIBAURA CANAL	85	COMFORIA TAMACHI
2	COMFORIA WASEDA	30	COMFORIA MITA NORTH	69	COMFORIA KITASANDO	86	COMFORIA AZABUJUBAN
3	COMFORIA SHIMOOCHIAI	31	COMFORIA SHIBAURA BOWHOUSE	70	COMFORIA YOYOGIUEHARA	92	COMFORIA SHINJUKUGYOEN I
4	COMFORIA HIGASHINAKANO	48	COMFORIA SHIROKANETAKANAWA	71	COMFORIA SASAZUKA	93	COMFORIA KAGURAZAKA DEUX
14	COMFORIA GINZA EAST	49	COMFORIA NIHONBASHI NINGYOCHO EAST	72	COMFORIA SHINJUKUGYOEN II	96	COMFORIA AZABU EAST
15	COMFORIA AZABUDAI	50	COMFORIA ATAGO	73	COMFORIA ICHIGAYAYANAGICHO	98	COMFORIA SHINJUKU EASTSIDE TOWER
16	COMFORIA SHIBAKOEN	56	COMFORIA KUDAN	74	COMFORIA KAGURAZAKA	103	COMFORIA ICHIGAYAYAKUOJI
17	COMFORIA NISHIAZABU	57	COMFORIA NIHONBASHI NINGYOCHO NORTH	80	COMFORIA NIBANCHO	104	COMFORIA AKIHABARA EAST
18	COMFORIA MINAMIAOYAMA	58	COMFORIA SHINKAWA	81	COMFORIA NISHISHINJUKU	105	COMFORIA MITA TROIS
19	COMFORIA MINAMIAOYAMA DEUX	59	COMFORIA AKASAKA	83	COMFORIA KANDAJINBOCHO	113	COMFORIA SHIBAURA
20	COMFORIA NISHIWASEDA	60	COMFORIA MITA EAST	84	COMFORIA NIHONBASHI	120	COMFORIA SHINJUKU

Sub-central Tokyo 59 properties

5	COMFORIA BUNKYOKASUGA	37	COMFORIA HIMONYA	75	COMFORIA HIGASHIIKEBUKURO EAST	119	COMFORIA RYOGOKU TROIS
6	COMFORIA ASAKUSAMATSUGAYA	38	COMFORIA MISYUKU	76	COMFORIA HIGASHIIKEBUKURO	121	COLLEGE SQUARE HACHIMANYAMA
7	COMFORIA NISHIOI	39	COMFORIA GAKUGEIDAIGAKU	82	COMFORIA KOMABA		
8	COMFORIA NAKANO	40	COMFORIA HIGASHINAKANO DEUX	87	COMFORIA KINSHICHO		
9	COMFORIA SHIMOKITAZAWA	41	COMFORIA HIGASHIIKEBUKURO WEST	88	COMFORIA MINAMISUNAMACHI		
10	COMFORIA NISHIKAMATA	43	COMFORIA RYOGOKU DEUX	89	COMFORIA HIGASHISHINAGAWA		
11	COMFORIA OYAMA	44	COMFORIA OMORI DEUX	90	COMFORIA MEGUROYAKUMO		
12	COMFORIA KIYOSUMISHIRAKAWA SOUTH	45	COMFORIA MACHIYA	91	COMFORIA YOGA		
13	COMFORIA KOMAZAWA	51	COMFORIA ASAKUSABASHI	94	COMFORIA ITABASHINAKAJUKU		
21	COMFORIA KOISHIKAWA	52	COMFORIA RYOGOKU SOUTH	97	COMFORIA SHINAGAWA EAST		
22	COMFORIA SENGOKU	53	COMFORIA TOYOSU	99	COMFORIA OJIMA		
23	COMFORIA DAIKANYAMAAOBADAI	55	COMFORIA SUMIDA-TACHIBANA	100	COMFORIA OMORI TROIS		
27	COMFORIA IKEBUKURO	62	COMFORIA UENOHIROKOJI	106	COMFORIA BUNKYOHAKUSAN		
29	COMFORIA RYOGOKUISHIWARA	63	COMFORIA KASUGATOMISAKA	107	COMFORIA KAMATA		
32	COMFORIA ASAKUSABASHI DEUX	64	COMFORIA HONKOMAGOME	108	COLLEGE COURT HACHIMANYAMA		
33	COMFORIA OSHIAGE	65	COMFORIA MORISHITA	114	COMFORIA UENOIRIYA		
34	COMFORIA HONJOAZUMABASHI	66	COMFORIA KIBAKOEN	115	COMFORIA IKEJIRI		
35	COMFORIA KIYOSUMISHIRAKAWA TROIS	67	COMFORIA MEGURO CHOJAMARU	116	COMFORIA SETAGAYAKAMIUMA		
36	COMFORIA MONZENNAKACHO	68	COMFORIA NISHIMAGOME	118	COMFORIA AKABANEIWABUCHI		

Tokyo metropolitan area 5 properties

46	COMFORIA ICHIKAWAMYODEN	77	COMFORIA SHINKOYASU	122	GRANCREER CENTER-MINAMI
47	COMFORIA YATSUKA	112	COMFORIA GYOTOKU		

Other major cities 10 properties

54	COMFORIA SHIN-OSAKA	111	COMFORIA AWAZA
78	COMFORIA SHINSAKAE	117	COMFORIA KITAHAMA
79	COMFORIA KITAHORIE		
95	COMFORIA KITASANJO		
101	COMFORIA SAPPORO SHOKUBUTSUEN		
102	COMFORIA OGIMACHI		
109	COMFORIA SHINSAIBASHI EAST		
110	COMFORIA KYOMACHIBORI		

Total 118 properties

With our portfolio strategy of investing in properties mainly in Tokyo 23 wards, steady rent increases have been realized recently, while maintaining high occupancy rates.

Continuous Inflow of Younger Generation and Limited Supply of Rental Residences in Tokyo 23 Wards

While net migration of younger generation (ages 15 to under 39) to Tokyo 23 wards is far larger than that of other cities, the number of construction starts of rental residences remains at around 50% of the peak year.

Net Migration (Ages 15 to 19)

(Source) Statistics Bureau, Ministry of Internal Affairs and Communications, *Report on Internal Migration in Japan*

Rental Residence Starts in Tokyo 23 Wards

(Source) Policy Bureau, Ministry of Land, Infrastructure, Transportation and Tourism, Construction Statistics: Housing Starts

Occupancy Rates

The average occupancy rate for the 16th Fiscal Period remained high at 96.4%.

Impact of Rent Increases on Tenant Turnover/Lease Renewals

The rate of rent increase in the 16th Fiscal Period remained high given tenant turnover on the back of high occupancy rates.

Tenant Turnover

Lease Renewals

Impact of Rent Fluctuations on Tenant Turnover (Total Portfolio)

The rate of rent fluctuations on tenant turnover for the 16th Fiscal Period marked a record high of + 4.6%.

Rates of Rent Fluctuation on Tenant Turnover (Total Portfolio)

Rent and Occupancy Rates of Flagship Property COMFORIA SHINJUKU EASTSIDE TOWER

COMFORIA SHINJUKU EASTSIDE TOWER

DBJ Green Building 2018

The occupancy rate remains at a high level and rent rate continues to rise.

Rent and Occupancy Rates

	February 2016 (Upon Acquisition)	End of 16th FP (July 2018)
Rent rate (per tsubo)	¥15,780	¥**16,501**
Average occupancy rate	94.6%	**96.4%**

Active Leasing Initiatives for Newly Acquired COMFORIA SHINJUKU

This property, acquired after completion in March 2018 and then vacant, had an occupancy rate of 91.6% four months later due to our leasing initiatives.

COMFORIA SHINJUKU

Financial Strategy

The Investment Corporation will carry out equity financing (additional issuance of investment units) and debt financing (borrowings of funds and issuance of investment corporation bonds) while paying attention to financial soundness and earnings stability. Furthermore, the Investment Corporation will control its balance sheets by maintaining an LTV (interest-beaing debt) (%) level to secure funds.

Interest-Bearing Debt

LTV (loan to value ratio) (%)

Average maturity (Bar chart; years)/Weighted avg. interest rate (Line chart; %)

Ratio of long-term debt to total debt (%)

Ratio of fixed interest debt to total debt (%)

Diversification of Repayment Dates

The expected repayments of debt and investment corporation bonds as of July 31, 2018 are as follows:

Loan Balances

The Investment Corporation's loan balances as of July 31, 2018 are as follows:

Lender	Loan balance (millions of yen)
MUFG Bank, Ltd.	34,480
Sumitomo Mitsui Trust Bank, Limited	16,775
Mizuho Bank, Ltd.	16,240
Development Bank of Japan Inc.	16,240
Sumitomo Mitsui Banking Corporation	8,095
Mizuho Trust & Banking Co., Ltd.	3,000
The Norinchukin Bank	2,800
The Bank of Fukuoka, Ltd.	2,300
Shinkin Central Bank	1,300
Kiraboshi Bank, Ltd.	1,000
The 77 Bank, Ltd.	500
The Daishi Bank, Ltd.	500
Total	103,230

Credit Rating (As of July 31, 2018)

Rating agency	Rating category	Rating	Outlook
Japan Credit Rating Agency, Ltd.	Long-term issuer rating	AA-	Stable

Inclusion of our investment units in the FTSE EPRA/NAREIT Global Real Estate Index Series

The investment units of the Investment Corporation have been incorporated into FTSE Russell's FTSE EPRA/NAREIT Global Real Estate Index Series ("the Index") as of June 18, 2018.

FTSE Russell is a wholly owned subsidiary of the London Stock Exchange, developing and managing indexes (investment indexes) as a major global index provider. The Index is an international real estate investment index developed by the FTSE Group in cooperation with the European Public Real Estate Association (EPRA) and the National Association of Real Estate Investment Trusts (NAREIT). The Index has been adopted by numerous institutional investors and others worldwide as a benchmark for international real estate investment.

Inclusion of the Investment Corporation in the Index will help further expand the investor base and improve the liquidity of investment units.

Sustainability Initiatives

Our Approach to Sustainability

The Investment Corporation shares the CSR vision of the Tokyu Fudosan Holdings Group, to which TLC REIT Management, the Asset Management Company, belongs. The vision is "to work on creating solutions for social issues through our business activities and in the process enhance the satisfaction of stakeholders."

We believe that our efforts to make progress concerning various problems and issues that exist in modern society, including environmental issues such as global warming and ecosystem protection, social issues such as an aging and shrinking population, and the strengthening of companies' compliance and risk management systems will lead to greater satisfaction among our stakeholders as well as enhancement of medium- to long-term unitholder value.

The Investment Corporation and the Asset Management Company are engaged in a wide range of initiatives that take the environment and society into account by placing emphasis on the ESG (environment, society, and governance) perspective and positioning sustainability as a priority strategy.

Environment Certification Assessments

GRESB Real Estate Assessment

GRESB is an annual benchmark survey measuring the environmental, social, and governance (ESG) performance of companies in the real estate sector, and was founded in 2009 primarily by a group of major European pension funds. The GRESB Real Estate Assessment does not assess individual properties, but instead comprehensively evaluates the sustainability initiatives of real estate companies and REITs.

In the 2018 assessment, the Investment Corporation received high marks for excellence in both the Management & Policy and Implementation & Measurement categories for eco-friendliness and sustainability, earning a Green Star rating.

The Investment Corporation will use participation in the GRESB Real Estate Assessment as an opportunity to improve sustainability initiatives.

COMFORIA SHINJUKU EASTSIDE TOWER

Basic Policies

We invest intensively in rental residences for singles and small families, mainly in the Tokyo metropolitan area, based on our basic policies of "investments in residential properties with stable earnings and high growth potential" and "utilization of the Tokyu Fudosan Holdings Group," with the aim of ensuring stable earnings over the medium and long term and maximizing our unitholders' value.

COMFORIA Series

We will invest in and manage rental residences, fully utilizing the concept and expertise of the urban rental residence Comforia series, which Tokyu Land Corporation has produced.

For a Superior Level of Living Comfort

COMFORIA is the name we have given to the urban rental residences produced by the Tokyu Land Corporation.
The word COMFORIA is a compound that we coined from "comfort," and "ia," a Latin suffix meaning "place."
The idea that residences are not just containers has given birth to our COMFORIA series of rental residences made specifically for people who wish to live freely and affluently in urban communities.
COMFORIA offers living comfort beyond expectation and surpasses the level of mere convenience in many ways.

Four Advantages COMFORIA Offers

Location
COMFORIA knows how valuable time is.

Quality
COMFORIA knows what high quality feels like.

Safety
COMFORIA knows where peace of mind comes from.

Service
COMFORIA knows how residents feel.

Value Chain of the Tokyu Fudosan Holdings Group

We have concluded sponsor support agreements, support agreements and property management agreements for managed assets with the Asset Management Company and the Tokyu Fudosan Holdings Group companies to fully utilize the value chain and expertise of the Tokyu Fudosan Holdings Group. With the support of the Tokyu Fudosan Holdings Group companies through such agreements, we aim to expand our asset size (external growth), and maintain and increase asset value (internal growth).

Sponsor support
- Sponsor support agreement: 東急不動産 TOKYU LAND CORPORATION

Property information
- Support agreement: LIVABLE 東急リバブル TOKYU LIVABLE, INC.

COMFORIA RESIDENTIAL REIT
東急不動産リート・マネジメント TLC REIT Management Inc.

Rental residence management
- Support agreement/ PM contract: 東急住宅リース Tokyu Housing Lease Corporation
- Support agreement: 東急コミュニティー TOKYU COMMUNITY CORP.

Services for residents
- Support agreement: 株式会社 イーウェル EWEL, Inc.
- Support agreement: TOKYU SPORTS OASIS, Inc.

Management of operational rental residences
- Support agreement (condominiums for students): Nasic ナジック 学生情報センター National Students Information Center Co., Ltd.
- Support agreement (housing for the elderly): 東急イーライフデザイン TOKYU E-LIFE DESIGN Inc.

Overview of the Investment Corporation and Asset Management Company

Overview of the Investment Corporation

Name of the investment corporation	Comforia Residential REIT, Inc
Representative	Takehiro Izawa, Executive Director
Address	1- 1 Minami-Aoyama 1-chome, Minato-ku, Tokyo 107- 0062, Japan

Inquiries	TLC REIT Management Inc. Tel: + 81- 3- 3401- 1090
Fiscal period-end	January 31 and July 31 each year

History

June 8, 2010	Registration of incorporation, and foundation under Article 166 of the Act on Investment Trusts and Investment Corporations
June 30, 2010	Implementation of registration by the prime minister under Article 187 of the Act on Investment Trusts and Investment Corporations (registration number: Director of Kanto Finance Bureau No. 71)
February 6, 2013	Listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange

Structure

Overview of the Asset Management Company (As of July 31, 2018)

Trade name	TLC REIT Management Inc.
Representative	Hiroyuki Tohmata, President & CEO
Address	1- 1 Minami-Aoyama 1-chome, Minato-ku, Tokyo 107-0062, Japan
Established	October 2009
Capital	¥200 million

Shareholder	Tokyu Land Corporation 100%
Registrations/ Licenses	Financial Instruments Business Firm, granted by the Director of the Kanto Regional Finance Bureau (Financial Instruments) Registration No. 2370 Discretionary Transaction Agent granted by the Minister of Land, Infrastructure, Transport and Tourism, Registration No. 65 Building Lots and Building Transactions Business License, granted by the Governor of Tokyo (2) No. 91139

Overview of Organization

COMFORIA RESIDENTIAL REIT

Asset Management Report for the 16th Fiscal Period (Semi-Annual Report)

From February 1, 2018 to July 31, 2018

II. Asset Management Report
III. Financial Section
Balance Sheets
Statements of Income
Statements of Changes in Unitholders' Equity
Statements of Cash Distributions
Statements of Cash Flows
Notes
Supplementary Schedules
Independent Auditor's Report

Comforia Residential REIT, Inc
1-1 Minami-Aoyama 1-chome, Minato-ku,
Tokyo 107-0062, Japan

Overview of Asset Management

1. Performance of the Investment Corporation

Fiscal period		12th Fiscal Period	13th Fiscal Period	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period
Business period		From Feb. 1, 2016 to Jul. 31, 2016	From Aug. 1, 2016 to Jan. 31, 2017	From Feb. 1, 2017 to Jul. 31, 2017	From Aug. 1, 2017 to Jan. 31, 2018	From Feb. 1, 2018 to Jul. 31, 2018
Operating revenue	(millions of yen)	6,531	6,674	7,276	7,357	8,147
[Rent revenue - real estate]	(millions of yen)	[6,531]	[6,674]	[7,276]	[7,357]	[7,771]
Operating expenses	(millions of yen)	3,785	3,885	4,178	4,188	4,444
[Expenses related to rent business]	(millions of yen)	[3,196]	[3,249]	[3,518]	[3,496]	[3,745]
Operating profit	(millions of yen)	2,746	2,788	3,098	3,168	3,703
Ordinary profit	(millions of yen)	2,312	2,341	2,613	2,680	3,204
Profit	(millions of yen)	2,304	2,335	2,608	2,674	3,191
Total assets	(millions of yen)	179,944	183,902	205,121	206,171	219,211
[Period-on-period change]	(%)	[13.0]	[2.2]	[11.5]	[0.5]	[6.3]
Net assets	(millions of yen)	85,139	85,171	97,258	97,294	103,043
[Period-on-period change]	(%)	[10.0]	[0.0]	[14.2]	[0.0]	[5.9]
Unitholders' capital	(millions of yen)	82,743	82,743	94,557	94,557	99,814
Number of investment units issued	(units)	513,504	513,504	563,694	563,694	586,994
Net assets per unit	(yen)	165,801	165,863	172,537	172,601	175,544
Total distributions	(millions of yen)	2,304	2,335	2,638	2,698	2,926
Distribution per unit (DPU)	(yen)	4,487	4,549	4,681	4,788	4,985
[Earnings distribution per unit]	(yen)	[4,487]	[4,549]	[4,681]	[4,788]	[4,985]
[Distribution in excess of earnings per unit]	(yen)	[－]	[－]	[－]	[－]	[－]
Return on assets (Note 1)	(%)	1.4	1.3	1.3	1.3	1.5
Return on unitholders' equity (Note 2)	(%)	2.8	2.7	2.9	2.7	3.2
Unitholders' equity ratio (Note 3)	(%)	47.3	46.3	47.4	47.2	47.0
[Period-on-period change]	(%)	[-1.3]	[-1.0]	[1.1]	[-0.2]	[-0.2]
Interest-bearing debt	(millions of yen)	91,060	94,970	103,620	104,750	111,730
Interest-bearing debt ratio (LTV) (Note 4)	(%)	50.6	51.6	50.5	50.8	51.0
Payout ratio (Note 5)	(%)	99.9	100.0	101.1	100.9	91.6
Number of properties	(properties)	98	101	110	111	117
Total leasable area	(m^2)	272,172.73	278,745.27	303,025.09	304,126.02	318,999.87
Occupancy rate at end of period	(%)	96.3	96.5	96.1	96.7	96.6
Depreciation	(millions of yen)	1,017	1,049	1,137	1,152	1,200
Capital expenditure	(millions of yen)	131	112	386	274	281
NOI (Note 6)	(millions of yen)	4,352	4,474	4,896	5,013	5,227

(Note 1) Ordinary profit ÷ [(Total assets at beginning of period + Total assets at end of period) ÷ 2] × 100
(Note 2) Profit ÷ [(Net assets at beginning of period + Net assets at end of period) ÷ 2] × 100
(Note 3) Net assets at end of period ÷ Total assets at end of period × 100
(Note 4) Interest-bearing debt at end of period ÷ Total assets at end of period × 100
(Note 5) Total distributions ÷ Profit × 100
Payout ratio is rounded down to the first decimal place.
(Note 6) Income from real estate rental business + Depreciation

2. Asset Management Status for the 16th Fiscal Period

(1) History of the Investment Corporation

Comforia Residential REIT, Inc (the "Investment Corporation") was established on June 8, 2010 as an investment corporation that invests mainly in residential properties in accordance with the "Act on Investment Trusts and Investment Corporations" of Japan (Act No. 198 of 1951, as revised; hereinafter referred to as the "Investment Trusts Act"), with registration by the prime minister completed as of June 30, 2010 under Article 187 of the Investment Trusts Act (registration number: Director of Kanto Finance Bureau No. 71). Investments by the Investment Corporation commenced in August 2010. The Investment Corporation issued new investment units (18,691 units) through a public offering on February 6, 2013 and was listed on the real estate investment trust market of the Tokyo Stock Exchange, Inc. (securities code: 3282).

Managed assets of the Investment Corporation at the commencement of operations totaled 11 properties, acquired for a total of ¥15,508 million. As a result of additional acquisition and sale of properties under the basic policy of asset management (to manage assets with the aim of achieving stable earnings and ensuring the steady growth of our managed assets based on medium- to long-term perspectives to maximize our unitholders' value) stipulated in the regulations of the Investment Corporation, the portfolio (the "Acquired Assets") owned as of the end of the 16th Fiscal Period includes 117 properties, acquired for a total of ¥202,182 million.

(2) Investment performance

(i) Investment environment

During the 16th Fiscal Period, the Japanese economy remained on a modest recovery trend amid improvements in the employment and income environment. Under these circumstances, in the residential rental market, unit rent has shown an upward trend centering on central Tokyo while occupancy rate remained high. In the real estate investment market, the level of transaction prices remains stable at a high price range amid an ongoing low interest rate environment resulting from the fiscal policies of the government and monetary policies of the Bank of Japan (BOJ).

(ii) Acquisition and sale of assets

During the 16th Fiscal Period, the Investment Corporation acquired four properties including COMFORIA UENOIRIYA and three other properties in February 2018. Subsequently, three other properties were acquired including COMFORIA AKABANEIWABUCHI, and COMFORIA YOKOHAMAKANNAI was sold in March 2018. Furthermore, COLLEGE SQUARE HACHIMANYAMA was acquired in May 2018 and COMFORIA KOMAE was sold in June 2018. As a result, assets owned by the Investment Corporation as of the end of the 16th Fiscal Period totaled 117 properties with a total acquisition price of ¥202,182 million.

(iii) Operation management of assets owned by the Investment Corporation

The Investment Corporation consigns property management operations mainly to Tokyu Housing Lease Corporation, which has an extensive track record in managing the Comforia series of properties. Under the Comforia series, the Investment Corporation promotes unified management and strives to improve operational efficiency and shorten periods of vacancy.

(3) Overview of funding

During the 16th Fiscal Period, the Investment Corporation undertook additional issuance of investment units (23,300 units) and borrowing of funds (¥2,960 million) for the acquisition of four properties including COMFORIA UENOIRIYA in February 2018 and for the repayment of borrowings (¥1,130 million) made in August 2017. Subsequently, the Investment Corporation borrowed funds (¥12,340 million) in March 2018 for the acquisition of three properties including COMFORIA AKABANEIWABUCHI and for the repayment of borrowings (¥6,900 million) made in September 2013 and February 2015. Furthermore, investment corporation bonds (¥2,500 million) were issued in June 2018 to be appropriated for part of the repayment funds (¥2,790 million) for borrowings made in March 2018. Consequently, as of the end of the 16th Fiscal Period (July 31, 2018), unitholders' capital was ¥99,814 million, interest-bearing debt was ¥111,730 million, the ratio of interest-bearing debt to total assets (LTV) was 51.0%, the average maturity of interest-bearing debt was 4.4 years, the ratio of long-term debt was 82.0%, and the fixed rate ratio was 88.7%. Moreover, the Investment Corporation executed a Line of Credit Loan Master Agreement (on an uncommitted basis) as of February 9, 2018, in case the need arises to raise funds to purchase assets for future investments or other purposes.

The Investment Corporation obtained the following rating as of the end of the 16th Fiscal Period.

Name of credit rating agency	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	AA–	Stable

(4) Overview of performance and distributions

As a result of investment during the 16th Fiscal Period, the Investment Corporation posted operating revenue of ¥8,147 million, operating profit of ¥3,703 million, ordinary profit of ¥3,204 million, and profit of ¥3,191 million.

The Investment Corporation carries out distributions so that the Special Provisions for Taxation on Investment Corporations (Article 67-15 of the Act on Special Measures Concerning Taxation [Act No. 26 of 1957, as revised; hereinafter referred to as the "Act on Special Measures Concerning Taxation"]) would be applied. For the 16th Fiscal Period, the Investment Corporation retained part (¥285 million) of gain on sales by applying the Special Provisions on Taxation in the case of advance acquisition of land and such in 2009 and 2010 (Article 66-2 of the Act on Special Measures Concerning Taxation), after adding the reversal of reserve for reduction entry to unappropriated retained earnings. As a result, the distribution per unit (DPU) was ¥4,985 for the period.

3. Capital Increases

Date	Type	Number of investment units issued (units)		Unitholders' capital (millions of yen)		Remarks
		Change	Balance	Change	Balance	
June 8, 2010	Establishment through private placement	200	200	100	100	(Note 1)
August 30, 2010	Capital increase through private placement	7,800	8,000	3,900	4,000	(Note 2)
March 18, 2011	Capital increase through private placement	24,270	32,270	11,840	15,840	(Note 3)
February 2, 2012	Capital increase through private placement	16,400	48,670	8,200	24,040	(Note 4)
February 5, 2013	Capital increase through public offering	18,691	67,361	9,935	33,975	(Note 5)
February 3, 2014	Capital increase through public offering	31,900	99,261	21,960	55,936	(Note 6)
February 26, 2014	Capital increase through third-party allotment	1,401	100,662	964	56,900	(Note 7)
August 1, 2014	Investment unit split	301,986	402,648	–	56,900	(Note 8)
February 2, 2015	Capital increase through public offering	70,000	472,648	18,025	74,926	(Note 9)
February 27, 2015	Capital increase through third-party allotment	1,156	473,804	297	75,224	(Note 10)
February 1, 2016	Capital increase through public offering	37,800	511,604	7,159	82,383	(Note 11)
February 26, 2016	Capital increase through third-party allotment	1,900	513,504	359	82,743	(Note 12)
February 1, 2017	Capital increase through public offering	47,800	561,304	11,251	93,995	(Note 13)
February 22, 2017	Capital increase through third-party allotment	2,390	563,694	562	94,557	(Note 14)
February 1, 2018	Capital increase through public offering	22,190	585,884	5,006	99,563	(Note 15)
February 15, 2018	Capital increase through third-party allotment	1,110	586,994	250	99,814	(Note 16)

(Note 1) Established at an issue price of ¥500,000 per investment unit.
(Note 2) Issued privately placed investment units at an issue price of ¥500,000 per investment unit to fund the acquisition of new properties.
(Note 3) Issued privately placed investment units at an issue price of ¥500,000 (subscription price of ¥487,852) per investment unit to fund the acquisition of new properties and repay loans.
(Note 4) Issued privately placed investment units at an issue price of ¥500,000 per investment unit to fund the acquisition of new properties and repay loans.
(Note 5) Issued investment units at an issue price of ¥550,000 (subscription price of ¥531,575) per investment unit to fund the acquisition of new properties and repay loans.
(Note 6) Issued investment units at an issue price of ¥712,530 (subscription price of ¥688,413) per investment unit to fund the acquisition of new properties and repay loans.
(Note 7) Issued investment units with Mizuho Securities Co., Ltd. as alottee at an issue value of ¥688,413 per investment unit.
(Note 8) Carried out a four-for-one-split of investment units effective as of August 1, 2014, with July 31, 2014 as the record date.
(Note 9) Issued investment units at an issue price of ¥266,253 (subscription price of ¥257,514) per investment unit to fund the acquisition of new properties and repay loans.
(Note 10) Issued investment units with Mizuho Securities Co., Ltd. as alottee at an issue value of ¥257,514 per investment unit.
(Note 11) Issued investment units at an issue price of ¥195,828 (subscription price of ¥189,400) per investment unit to fund the acquisition of new properties and repay loans.
(Note 12) Issued investment units with Mizuho Securities Co., Ltd. as alottee at an issue value of ¥189,400 per investment unit.
(Note 13) Issued investment units at an issue price of ¥243,252 (subscription price of ¥235,393) per investment unit to fund the acquisition of new properties and repay loans.
(Note 14) Issued investment units with Mizuho Securities Co., Ltd. as alottee at an issue value of ¥235,393 per investment unit.
(Note 15) Issued investment units at an issue price of ¥233,132 (subscription price of ¥225,600) per investment unit to fund the acquisition of new properties and to repay loans.
(Note 16) Issued investment units with Mizuho Securities Co., Ltd. as alottee at an issue value of ¥225,600 per investment unit.

[Fluctuation in market price of the investment securities]
The highest and lowest prices (closing price) in the real estate investment trust market of the Tokyo Stock Exchange, Inc., where the Investment Corporation is listed, by fiscal period are as follows.

Fiscal period	12th Fiscal Period	13th Fiscal Period	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period
Closing month/year	Jul. 2016	Jan. 2017	Jul. 2017	Jan. 2018	Jul. 2018
Highest	¥250,900	¥262,500	¥261,600	¥250,500	¥267,300
Lowest	¥206,900	¥231,600	¥219,400	¥228,100	¥228,000

4. Performance of Distributions

The Investment Corporation pays out distributions per unit (DPUs) with the intent of including the maximum amount of earnings distributions in deductible expenses by applying special measures concerning taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). For the 16th Fiscal Period, the Investment Corporation decided to retain part of the gain on sales by applying the Special Provisions on Taxation in the case of advance acquisition of land and such in 2009 and 2010 (Article 66-2 of the Act on Special Measures Concerning Taxation), after adding the reversal of reserve for reduction entry to unappropriated retained earnings. Based on this policy, the Investment Corporation has decided to distribute the amount of unappropriated retained earnings after deducting ¥285 million, which is within the scope where the provisions of Article 67-15 of the Act on Special Measures Concerning Taxation are applied, as well as within the limit of reserve for reduction entry stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation, as provision of reserve for reduction entry. As a result, the DPU for the 16th Fiscal Period was ¥4,985.

Fiscal period	12th Fiscal Period	13th Fiscal Period	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period
Business period	From Feb. 1, 2016 to Jul. 31, 2016	From Aug. 1, 2016 to Jan. 31, 2017	From Feb. 1, 2017 to Jul. 31, 2017	From Aug. 1, 2017 to Jan. 31, 2018	From Feb. 1, 2018 to Jul. 31, 2018
Unappropriated retained earnings	¥2,304,285 thousand	¥2,336,057 thousand	¥2,608,344 thousand	¥2,674,584 thousand	¥3,191,695 thousand
Retained earnings	¥193 thousand	¥127 thousand	¥17 thousand	¥186 thousand	¥285,330 thousand
Total distributions	¥2,304,092 thousand	¥2,335,929 thousand	¥2,638,651 thousand	¥2,698,966 thousand	¥2,926,165 thousand
[Distribution per unit (DPU)]	[¥4,487]	[¥4,549]	[¥4,681]	[¥4,788]	[¥4,985]
Of which, total earnings distributions	¥2,304,092 thousand	¥2,335,929 thousand	¥2,638,651 thousand	¥2,698,966 thousand	¥2,926,165 thousand
[Earnings distribution per unit]	[¥4,487]	[¥4,549]	[¥4,681]	[¥4,788]	[¥4,985]
Of which, total return on unitholders' capital	¥– thousand	¥– thousand	¥– thousand	¥– thousand	¥– thousand
[Return on unitholders' capital per unit]	[¥–]	[¥–]	[¥–]	[¥–]	[¥–]
Of the total return on unitholders' capital, the total distribution payments from the allowance for temporary difference adjustment	¥– thousand	¥– thousand	¥– thousand	¥– thousand	¥– thousand
[Of the return on unitholders' capital per unit, the distribution payment from the allowance for temporary difference adjustment per unit]	[¥–]	[¥–]	[¥–]	[¥–]	[¥–]
Of the total return on unitholders' capital, the total distribution payments from investments and other decreased distribution under tax laws	¥– thousand	¥– thousand	¥– thousand	¥– thousand	¥– thousand
[Of the total return on unitholders' capital per unit, the distribution payments from investments and other decreased distribution under tax laws]	[¥–]	[¥–]	[¥–]	[¥–]	[¥–]

(Note) Figures above are rounded down to the nearest unit.

5. Future Investment Policy and Issues to Address

Founded on our basic policies of investment management, the Investment Corporation acquired eight properties and sold two properties during the 16th Fiscal Period, and has carried out investment and management based on the concept and expertise incorporated into the urban rental residence Comforia series, which Tokyu Land Corporation (hereinafter referred to as "Tokyu Land") has been producing. Going forward, we aim to achieve medium- to long-term growth by continuing to carry out investment and management based on our basic policies.

(1) External growth strategy
The Investment Corporation aims to acquire higher quality assets and expand the asset size, fully utilizing the support of the Tokyu Fudosan Holdings Group, primarily the sponsor support of Tokyu Land, and original information from TLC REIT Management Inc., its asset management company (hereinafter referred to as the "Asset Management Company").

Specifically, we will acquire properties developed by our sponsor, Tokyu Land, using the sponsor support agreement the Asset Management Company entered into with Tokyu Land, and continually and steadily acquire quality residential properties that are under stable operation. In addition, we intend to utilize real estate brokerage capabilities through the vast information network of Tokyu Fudosan Holdings Group companies, who are not our sponsors, to acquire quality residential properties, achieve stable operation and enhance profitability. Based on this perspective, the Asset Management Company has entered into a support agreement with each of the seven support companies of the Tokyu Fudosan Holdings Group companies (Tokyu Livable, Inc., Tokyu Community Corp., Tokyu Housing Lease Corporation, Tokyu E-Life Design Inc., Ewel Inc., Tokyu Sports Oasis, Inc., and National Students Information Center Co., Ltd.) for managed assets of the Investment Corporation.

(2) Internal growth strategy

With the aim of maximizing portfolio value and cash flows from individual properties from a medium- to long-term perspective and to make the most of the experience and comprehensive strength of the Tokyu Fudosan Holdings Group in property management, we will consign property management operations mainly to Tokyu Fudosan Holdings Group companies, which have extensive experience in the management of J-REITs and the Comforia series. In addition, we will strive for efficient management by examining the adequacy of building management specifications and costs.

Furthermore, we will actively utilize the expertise of Tokyu Fudosan Holdings Group in asset and fund management to achieve higher-quality overall management of the Investment Corporation.

In the 17th Fiscal Period and onwards, we will continue to aim to maintain and improve occupancy rates by closely monitoring the property management situation, as we did in the 16th Fiscal Period.

(3) Financial strategy

In consideration of addressing future interest rate risk and refinance risk, we will carry out funding activities by paying attention to financial soundness and earnings stability. With regard to debt, we will efficiently combine short-term funding that focuses on agility with long-term stable funding. Furthermore, we will consider the issuance of new investment units in accordance with financing needs for property acquisition and the financial situation of the Investment Corporation, while paying attention to the market development and distribution level, with the upper limit of the ratio of interest-bearing debt to total assets (LTV) at around 60%.

6. Significant Scheduled Events

Not applicable

(Reference Information)

Property Acquisition

The Investment Corporation acquired the following property:

Property name	Type of specified asset	Location	Acquisition price (thousands of yen) (Note)	Main usage	Acquisition date
GRANCREER CENTER-MINAMI	Property in trust	Yokohama-shi, Kanagawa	4,150,000	Homes for the elderly	September 25, 2018

(Note) The acquisition price does not include miscellaneous expenses required for the acquisition of each property, fixed property tax, city planning tax, consumption tax and local consumption tax.

Overview of the Investment Corporation

1. Unitholders' Capital

		12th Fiscal Period	13th Fiscal Period	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period
		As of Jul. 31, 2016	As of Jan. 31, 2017	As of Jul. 31, 2017	As of Jan. 31, 2018	As of Jul. 31, 2018
Total number of authorized investment units	(units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Total number of investment units issued	(units)	513,504	513,504	563,694	563,694	586,994
Unitholders' capital	(millions of yen)	82,743	82,743	94,557	94,557	99,814
Number of unitholders	(people)	7,749	6,834	7,897	7,269	6,847

2. Matters concerning Investment Units

Major unitholders as of July 31, 2018 are as follows.

Name	Number of investment units owned (units)	Ratio to the total number of investment units issued (%) (Note)
Japan Trustee Services Bank, Ltd. (trust account)	169,846	28.93
The Master Trust Bank of Japan, Ltd. (trust account)	78,228	13.32
Tokyu Land Corporation	51,664	8.80
The Nomura Trust & Banking Co., Ltd. (trust account)	22,330	3.80
Trust & Custody Services Bank, Ltd. (securities trust investment account)	14,835	2.52
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	10,982	1.87
Trust & Custody Services Bank, Ltd. (taxable trust money account)	9,430	1.60
The Asahi Fire And Marine Insurance Company Limited	8,600	1.46
The State Street Bank West Client—Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	8,356	1.42
The Gunma Bank, Ltd.	7,339	1.25
Total	381,610	65.01

(Note) The ratio of investment units owned to the total number of investment units issued is rounded down to the second decimal place.

3. Matters concerning Directors, etc.

(1) Name of directors, etc.

The names of directors, etc. during the 16th Fiscal Period are as follows.

Position	Name of director, etc.	Main concurrent posts	Total amount of remuneration paid during the period (thousands of yen)
Executive Director (Note 1)	Takehiro Izawa	Executive Director, Chief Division Officer of Comforia Management Division, TLC REIT Management Inc.	–
Supervisory Director (Note 1)	Yoshihiro Kataoka	Head of Kataoka & Kobayashi Outside Audit & Supervisory Board Member, The Higo Bank, Ltd.	1,800
Supervisory Director (Note 1)	Koji Yamamoto	Partner, WAKABA PARTNERS Law and Accounting Office Supervisory Officer, Toshi Saisei Fund Investment Corporation	1,800
Independent Auditor	Ernst & Young ShinNihon LLC (Note 2)	–	15,842

(Note 1) None of the Executive Director or Supervisory Directors own investment units in the Investment Corporation, either in their own name or in someone else's name. Furthermore, although Supervisory Directors may be officers of a corporation other than those mentioned above, neither one has an interest in the Investment Corporation.

(Note 2) The amount includes the fees pertaining to the production of an "Auditor's Comfort Letter to Lead Underwriting Firm" related to the issuance of investment corporation bonds in June 2018.

(2) Policy for decisions on dismissal or non-reappointment of Independent Auditor

The Board of Directors shall, with the consent of all its members, dismiss the Independent Auditor if it is deemed that it falls under any of the grounds set forth in each item of Paragraph 1 of Article 105 of the Investment Trusts Act, and when it is determined that there is no hope for improvement.

In addition, when it is determined that an Independent Auditor is not fit for his or her role, upon comprehensive examination of their execution of duties as the Independent Auditor and other circumstances, the Board of Directors shall dismiss or not reappoint said Independent Auditor with the consent of all of its members, and forward a proposal for the appointment of a new Independent Auditor to the unitholders' meeting.

4. Asset Management Company, Asset Custodian and General Administration

The asset management company, asset custodian and general administration as of July 31, 2018 are as follows.

Consignment segment	Name
Asset management company	TLC REIT Management Inc.
Asset custodian	Mitsubishi UFJ Trust and Banking Corporation
General administration (unitholder registry administration)	Mitsubishi UFJ Trust and Banking Corporation
General administration (accounting service)	Heiseikaikeisha Tax Corporation
General administration (administrative service)	Mitsubishi UFJ Trust and Banking Corporation
General administration (corporation bond service)	Sumitomo Mitsui Trust Bank, Limited, MUFG Bank, Ltd.

Status of Managed Assets of the Investment Corporation

1. Composition of Assets of the Investment Corporation

Type of asset	Area	15th Fiscal Period (as of January 31, 2018)		16th Fiscal Period (as of July 31, 2018)	
		Total amount owned (millions of yen) (Note 1)	Percentage of total assets (%) (Note 2)	Total amount owned (millions of yen) (Note 1)	Percentage of total assets (%) (Note 2)
Real estate	Central Tokyo	1,139	0.6	1,136	0.5
	Sub-central Tokyo	3,188	1.5	4,953	2.3
	Other major cities	1,042	0.5	1,034	0.5
Properties in trust	Central Tokyo	83,977	40.7	85,863	39.2
	Sub-central Tokyo	82,700	40.1	92,248	42.1
	Tokyo metropolitan area	4,685	2.3	3,319	1.5
	Other major cities	12,590	6.1	14,286	6.5
Subtotal		189,323	91.8	202,842	92.5
Deposits and other assets		16,847	8.2	16,368	7.5
Total assets		206,171	100.0	219,211	100.0

(Note 1) "Total amount owned" shows the amount posted on the balance sheets as of the closing of accounts (the book value after depreciation for real estate and properties in trust).

(Note 2) The sum may not total 100.0% since figures are rounded to the first decimal place.

2. Major Assets Owned

The overview of major assets owned by the Investment Corporation (top 10 properties in terms of period-end book value) is as follows.

Property name	Book value (millions of yen)	Rentable area (m^2)	Rented area (m^2)	Occupancy rate (%)	Ratio to total rental revenues (%)	Main usage
COMFORIA SHINJUKU EASTSIDE TOWER	13,552	48,267.60	46,523.02	96.4	19.5	Apartment building
COMFORIA KAMATA	5,851	6,027.98	5,783.57	95.9	2.1	Apartment building
COMFORIA KOMABA	5,187	5,342.38	5,133.22	96.1	1.7	Apartment building
COMFORIA MINAMISUNAMACHI	4,660	6,141.98	5,845.70	95.2	1.7	Apartment building
COMFORIA AKIHABARA EAST	4,515	4,582.07	4,453.47	97.2	1.6	Apartment building
COMFORIA KITASANDO	4,236	4,967.84	4,779.62	96.2	1.7	Residence
COMFORIA ITABASHINAKAJUKU	3,971	6,966.04	6,829.24	98.0	1.6	Apartment building
COMFORIA HIGASHIIKEBUKURO WEST	3,750	6,436.14	6,180.86	96.0	2.1	Apartment building
COMFORIA HARAJYUKU	3,581	4,528.51	4,442.10	98.1	1.6	Apartment building
COMFORIA TAMACHI	3,395	4,250.35	4,194.50	98.7	1.3	Apartment building
Total	52,704	97,510.89	94,165.30	96.6	35.0	

3. Statement of Properties Incorporated in the Portfolio

The overview of assets under management of the Investment Corporation as of July 31, 2018 is as follows.

Area	Property name	Address	Ownership form	Appraisal value at end of period (millions of yen) (Note 1)	Book value (millions of yen) (Note 2)
Central Tokyo	COMFORIA NIHONBASHI NINGYOCHO	3-5-10 Nihonbashi Ningyocho, Chuo-ku, Tokyo	Beneficial interest in real estate trust	2,140	1,536
	COMFORIA WASEDA	147 Bentencho, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	2,470	1,876
	COMFORIA SHIMOOCHIAI	2-7-10 Nakaochiai, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	1,570	1,107
	COMFORIA HIGASHINAKANO	4-34-2 Kita-Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	687	550
	COMFORIA GINZA EAST	1-3-1 Irifune, Chuo-ku, Tokyo	Beneficial interest in real estate trust	3,980	2,994
	COMFORIA AZABUDAI	3-4-4 Azabudai, Minato-ku, Tokyo	Beneficial interest in real estate trust	770	557
	COMFORIA SHIBAKOEN	2-2-15 Shibakoen, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,770	1,330
	COMFORIA NISHIAZABU	4-1-10 Nishiazabu, Minato-ku, Tokyo	Beneficial interest in real estate trust	938	730
	COMFORIA MINAMIAOYAMA	4-1-12 Minami-Aoyama, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,550	1,065
	COMFORIA MINAMIAOYAMA DEUX	4-2-1 Minami-Aoyama, Minato-ku, Tokyo	Beneficial interest in real estate trust	411	255
	COMFORIA NISHIWASEDA	1-5-19 Takadanobaba, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	2,130	1,608
	COMFORIA HARAJYUKU	3-61-3 Sendagaya, Shibuya-ku, Tokyo	Beneficial interest in real estate trust	4,700	3,581
	COMFORIA MITA NORTH	2-7-16 Mita, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,050	863
	COMFORIA SHIBAURA BOWHOUSE	3-13-12 Kaigan, Minato-ku, Tokyo	Beneficial interest in real estate trust	3,340	2,567
	COMFORIA SHIROKANETAKANAWA	5-1-21 Mita, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,590	1,316
	COMFORIA NIHONBASHI NINGYOCHO EAST	3-6-3 Nihonbashi Ningyocho, Chuo-ku, Tokyo	Beneficial interest in real estate trust	2,520	2,081
	COMFORIA ATAGO	3-23-7 Toranomon, Minato-ku, Tokyo	Beneficial interest in real estate trust	958	816
	COMFORIA KUDAN	2-6-12 Kudan Minami, Chiyoda-ku, Tokyo	Beneficial interest in real estate trust	1,520	1,266
	COMFORIA NIHONBASHI NINGYOCHO NORTH	1-1-6 Nihonbashi Horidomecho, Chuo-ku, Tokyo	Beneficial interest in real estate trust	1,310	1,084
	COMFORIA SHINKAWA	2-15-5 Shinkawa, Chuo-ku, Tokyo	Beneficial interest in real estate trust	2,110	1,809
	COMFORIA AKASAKA	2-17-63 Akasaka, Minato-ku, Tokyo	Beneficial interest in real estate trust	2,540	1,928
	COMFORIA MITA EAST	4-18-1 Shiba, Minato-ku, Tokyo	Beneficial interest in real estate trust	3,720	3,118
Central Tokyo	COMFORIA SHIBAURA CANAL	3-1-9 Kaigan, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,860	1,535
	COMFORIA KITASANDO	4-5-10 Sendagaya, Shibuya-ku, Tokyo	Beneficial interest in real estate trust	5,000	4,236
	COMFORIA YOYOGIUEHARA	2-31-5 Uehara, Shibuya-ku, Tokyo	Beneficial interest in real estate trust	1,850	1,600
	COMFORIA SASAZUKA	1-59-10 Sasazuka, Shibuya-ku, Tokyo	Beneficial interest in real estate trust	2,200	1,772
	COMFORIA SHINJUKUGYOEN II	1-13-3 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	2,200	1,778
	COMFORIA ICHIGAYAYANAGICHO	18-2 Ichigaya Yanagicho, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	1,970	1,602
	COMFORIA KAGURAZAKA	26-1 Iwatocho, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	883	724
	COMFORIA NIBANCHO	4-8 Nibancho, Chiyoda-ku, Tokyo	Beneficial interest in real estate trust	1,910	1,631
	COMFORIA NISHISHINJUKU	1-20-12 Kita-Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	1,750	1,707
	COMFORIA KANDAJINBOCHO	1-42-2 Kanda Jinbocho, Chiyoda-ku, Tokyo	Beneficial interest in real estate trust	1,630	1,491
	COMFORIA NIHONBASHI	1-2-2 Nihonbashi Bakurocho, Chuo-ku, Tokyo	Beneficial interest in real estate trust	2,160	1,970
	COMFORIA TAMACHI	4-5-13 Shibaura, Minato-ku, Tokyo	Beneficial interest in real estate trust	3,680	3,395
	COMFORIA AZABUJUBAN	1-2-15 Mita, Minato-ku, Tokyo	Beneficial interest in real estate trust	1,620	1,480
	COMFORIA SHINJUKUGYOEN I	1-10-4 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	1,500	1,417
	COMFORIA KAGURAZAKA DEUX	7-3 Iwatocho, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	1,400	1,256
	COMFORIA AZABU EAST	2-29-1 Higashi-Azabu, Minato-ku, Tokyo	Beneficial interest in real estate trust	2,870	1,926
	COMFORIA SHINJUKU EASTSIDE TOWER	(Tower Building) 6-27-29 Shinjuku, Shinjuku-ku, Tokyo (Annex Building) 6-27-28 Shinjuku, Shinjuku-ku, Tokyo (Gate Building) 6-27-14 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	15,200	13,552
	COMFORIA ICHIGAYAYAKUOJI	74-23 Ichigayayakuojimachi, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	970	991
	COMFORIA AKIHABARA EAST	2-9-19 Higashikanda, Chiyoda-ku, Tokyo	Beneficial interest in real estate trust	4,710	4,515
	COMFORIA MITA TROIS	3-43-6 Shiba, Minato-ku, Tokyo	Beneficial interest in real estate trust	901	939
	COMFORIA SHIBAURA	2-3-33 Shibaura, Minato-ku, Tokyo	Real estate	1,150	1,136
	COMFORIA SHINJUKU	5-8-20 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interest in real estate trust	2,300	2,290
Subtotal				103,488	87,000

Area	Property name	Address	Ownership form	Appraisal value at end of period (millions of yen) (Note 1)	Book value (millions of yen) (Note 2)
Sub-central Tokyo	COMFORIA BUNKYOKASUGA	1-15-12 Nishikata, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	2,000	1,386
	COMFORIA ASAKUSAMATSUGAYA	1-11-5 Matsugaya, Taito-ku, Tokyo	Beneficial interest in real estate trust	1,230	840
	COMFORIA NISHIOI	6-6-1 Nishi-Oi, Shinagawa-ku, Tokyo	Beneficial interest in real estate trust	1,040	877
	COMFORIA NAKANO	2-40-12 Kamitakada, Nakano-ku, Tokyo	Beneficial interest in real estate trust	1,010	868
	COMFORIA SHIMOKITAZAWA	1-9-14 Hanegi, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	3,340	2,418
	COMFORIA NISHIKAMATA	6-37-3 Nishi-Kamata, Ota-ku, Tokyo	Beneficial interest in real estate trust	2,100	1,456
	COMFORIA OYAMA	4-4 Oyamacho, Itabashi-ku, Tokyo	Beneficial interest in real estate trust	2,360	1,944
	COMFORIA KIYOSUMISHIRAKAWA SOUTH	3-2-13 Miyoshi, Koto-ku, Tokyo	Beneficial interest in real estate trust	923	694
	COMFORIA KOMAZAWA	2-1-5 Komazawa, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	1,670	1,231
	COMFORIA KOISHIKAWA	2-17-27 Koishikawa, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	666	526
	COMFORIA SENGOKU	4-3-20 Sengoku, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	1,690	1,249
	COMFORIA DAIKANYAMAAOBADAI	2-1-7 Aobadai, Meguro-ku, Tokyo	Beneficial interest in real estate trust	1,370	921
	COMFORIA IKEBUKURO	2-57-1 Ikebukuro, Toshima-ku, Tokyo	Beneficial interest in real estate trust	672	572
	COMFORIA RYOGOKUISHIWARA	1-36-1 Ishiwara, Sumida-ku, Tokyo	Beneficial interest in real estate trust	812	619
	COMFORIA ASAKUSABASHI DEUX	5-24-10 Asakusabashi, Taito-ku, Tokyo	Beneficial interest in real estate trust	1,020	852
	COMFORIA OSHIAGE	4-7-2 Narihira, Sumida-ku, Tokyo	Beneficial interest in real estate trust	846	698
	COMFORIA HONJOAZUMABASHI	2-11-12 Honjo, Sumida-ku, Tokyo	Beneficial interest in real estate trust	893	745
	COMFORIA KIYOSUMISHIRAKAWA TROIS	3-5-14 Shirakawa, Koto-ku, Tokyo	Beneficial interest in real estate trust	1,010	839
	COMFORIA MONZENNAKACHO	16-8 Fuyuki, Koto-ku, Tokyo	Beneficial interest in real estate trust	3,020	2,545
	COMFORIA HIMONYA	2-3-3 Himonya, Meguro-ku, Tokyo	Beneficial interest in real estate trust	1,590	1,181
	COMFORIA MISYUKU	3-23-2 Ikejiri, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	2,480	1,808
	COMFORIA GAKUGEIDAIGAKU	6-46-6 Shimouma, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	1,510	1,120
	COMFORIA HIGASHINAKANO DEUX	4-2-19 Higashi-Nakano, Nakano-ku, Tokyo	Beneficial interest in real estate trust	1,100	806

Area	Property name	Address	Ownership form	Appraisal value at end of period (millions of yen) (Note 1)	Book value (millions of yen) (Note 2)
Sub-central Tokyo	COMFORIA HIGASHIIKEBUKURO WEST	3-22-21 Higashi-Ikebukuro, Toshima-ku, Tokyo	Beneficial interest in real estate trust	5,210	3,750
	COMFORIA RYOGOKU DEUX	1-2-10 Chitose, Sumida-ku, Tokyo	Beneficial interest in real estate trust	1,280	1,014
	COMFORIA OMORI DEUX	3-4-2 Omori Kita, Ota-ku, Tokyo	Beneficial interest in real estate trust	1,390	1,186
	COMFORIA MACHIYA	5-51-7 Arakawa, Arakawa-ku, Tokyo	Beneficial interest in real estate trust	865	595
	COMFORIA ASAKUSABASHI	2-20-10 Yanagibashi, Taito-ku, Tokyo	Beneficial interest in real estate trust	3,380	2,589
	COMFORIA RYOGOKU SOUTH	2-14-8 Chitose, Sumida-ku, Tokyo	Beneficial interest in real estate trust	1,560	1,200
	COMFORIA TOYOSU	1-4-12 Edagawa, Koto-ku, Tokyo	Beneficial interest in real estate trust	3,610	2,991
	COMFORIA SUMIDA-TACHIBANA	5-18-5 Tachibana, Sumida-ku, Tokyo	Beneficial interest in real estate trust	982	944
	COMFORIA UENOHIROKOJI	3-17-4 Ueno, Taito-ku, Tokyo	Beneficial interest in real estate trust	1,240	1,086
	COMFORIA KASUGATOMISAKA	1-11-18 Kasuga, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	3,500	2,860
	COMFORIA HONKOMAGOME	2-29-24 Honkomagome, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	1,690	1,314
	COMFORIA MORISHITA	3-6-8 Shin-Ohashi, Koto-ku, Tokyo	Beneficial interest in real estate trust	1,810	1,487
	COMFORIA KIBAKOEN	2-17-7 Kiba, Koto-ku, Tokyo	Beneficial interest in real estate trust	1,130	931
	COMFORIA MEGURO CHOJAMARU	2-6-25 Kami-Osaki, Shinagawa-ku, Tokyo	Beneficial interest in real estate trust	2,430	1,976
	COMFORIA NISHIMAGOME	2-35-8 Nishi-Magome, Ota-ku, Tokyo	Beneficial interest in real estate trust	1,130	977
	COMFORIA HIGASHIIKEBUKURO EAST	2-8-1 Higashi-Ikebukuro, Toshima-ku, Tokyo	Beneficial interest in real estate trust	2,380	1,677
	COMFORIA HIGASHIIKEBUKURO	4-3-5 Higashi-Ikebukuro, Toshima-ku, Tokyo	Beneficial interest in real estate trust	1,370	1,149
	COMFORIA KOMABA	4-8-25 Ikejiri, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	5,340	5,187
	COMFORIA KINSHICHO	3-8-6 Taihei, Sumida-ku, Tokyo	Beneficial interest in real estate trust	1,210	1,053
	COMFORIA MINAMISUNAMACHI	4-4-20 Minamisuna, Koto-ku, Tokyo	Beneficial interest in real estate trust	4,880	4,660

Area	Property name	Address	Ownership form	Appraisal value at end of period (millions of yen) (Note 1)	Book value (millions of yen) (Note 2)
Sub-central Tokyo	COMFORIA HIGASHISHINAGAWA	3-22-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Beneficial interest in real estate trust	1,680	1,544
	COMFORIA MEGUROYAKUMO	1-12-10 Yakumo, Meguro-ku, Tokyo	Beneficial interest in real estate trust	879	854
	COMFORIA YOGA	3-24-3 Yoga, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	1,100	1,076
	COMFORIA ITABASHINAKAJUKU	62-2 Nakajuku, Itabashi-ku, Tokyo	Beneficial interest in real estate trust	4,200	3,971
	COMFORIA SHINAGAWA EAST	1-20-8 Kitashinagawa, Shinagawa-ku, Tokyo	Beneficial interest in real estate trust	1,570	1,524
	COMFORIA OJIMA	4-8-10 Ojima, Koto-ku, Tokyo	Real estate	2,250	2,250
	COMFORIA OMORI TROIS	3-36-7 Omorikita, Ota-ku, Tokyo	Real estate	920	925
	COMFORIA BUNKYO HAKUSAN	1-3-2 Honkomagome, Bunkyo-ku, Tokyo	Beneficial interest in real estate trust	1,410	1,403
	COMFORIA KAMATA	4-21-2 Kamata, Ota-ku, Tokyo	Beneficial interest in real estate trust	6,070	5,851
	COLLEGE COURT HACHIMANYAMA	1-15-1 Kamitakaido, Suginami-ku, Tokyo	Beneficial interest in real estate trust	1,250	1,280
	COMFORIA UENOIRIYA	2-6-8 Ryusen, Taito-ku, Tokyo	Beneficial interest in real estate trust	2,230	2,246
	COMFORIA IKEJIRI	2-31-18 Ikejiri, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	1,400	1,391
	COMFORIA SETAGAYAKAMIUMA	3-6-11 Kamiuma, Setagaya-ku, Tokyo	Beneficial interest in real estate trust	2,690	2,696
	COMFORIA AKABANEIWABUCHI	26-11 Iwabuchimachi, Kita-ku, Tokyo	Beneficial interest in real estate trust	2,520	2,646
	COMFORIA RYOGOKU TROIS	1-5-15 Kamezawa, Sumida-ku, Tokyo	Real estate	1,680	1,777
	COLLEGE SQUARE HACHIMANYAMA	1-15-2 Kamitakaido, Suginami-ku, Tokyo	Beneficial interest in real estate trust	890	914
Subtotal				113,478	97,201
Tokyo metropolitan area	COMFORIA ICHIKAWAMYODEN	1-9-10 Shioyaki, Ichikawa-shi, Chiba	Beneficial interest in real estate trust	740	603
	COMFORIA YATSUKA	3-38-3 Sezaki, Soka-shi, Saitama	Beneficial interest in real estate trust	698	616
	COMFORIA SHINKOYASU	2-216-2 Koyasudori, Kanagawa-ku, Yokohama-shi, Kanagawa	Beneficial interest in real estate trust	1,260	1,051
	COMFORIA GYOTOKU	2-1-13 Gyotokuekimae, Ichikawa-shi, Chiba	Beneficial interest in real estate trust	994	1,047
Subtotal				3,692	3,319
Other major cities	COMFORIA SHIN-OSAKA	1-21-24 Higashi-Nakajima, Higashiyodogawa-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	2,790	2,317
	COMFORIA SHINSAKAE	2-28-18 Shinsakae, Naka-ku, Nagoya-shi, Aichi	Beneficial interest in real estate trust	1,810	1,672
	COMFORIA KITAHORIE	3-12-2 Kita-Horie, Nishi-ku, Osaka-shi, Osaka	Real estate	1,080	1,034
	COMFORIA KITASANJO	2-2-51 Kita-Sanjo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Beneficial interest in real estate trust	981	675
	COMFORIA SAPPORO SHOKUBUTSUEN	10-1-6 KitaNijo-Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Beneficial interest in real estate trust	1,290	1,326
	COMFORIA OGIMACHI	3-7-15 Tenjinbashi, Kita-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	1,540	1,521
	COMFORIA SHINSAIBASHI EAST	2-6-8 Bakuromachi, Chuo-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	2,010	2,047
	COMFORIA KYOMACHIBORI	1-16-14 Kyomachibori, Nishi-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	1,620	1,613
	COMFORIA AWAZA	1-5-5 Enokojima, Nishi-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	1,340	1,334
	COMFORIA KITAHAMA	2-1-14 Imabashi, Chuo-ku, Osaka-shi, Osaka	Beneficial interest in real estate trust	1,780	1,778
Subtotal				16,241	15,320
Total				236,899	202,842

(Note 1) "Appraisal value at end of period" indicates the appraisal value by a real estate appraiser (based on real estate appraisal reports or research reports prepared by the Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. and Japan Valuers Co., Ltd., with the account closing date as the date of value estimate), pursuant to the method of asset appraisal stipulated in the Articles of Incorporation of the Investment Corporation as well as the "Ordinance on Accountings of Investment Corporations" (Cabinet Office Ordinance No. 47 of 2006).

(Note 2) "Book value" indicates the acquisition price (including miscellaneous expenses related to the acquisition) as of the end of the 16th Fiscal Period (July 31, 2018) minus accumulated depreciation, and does not include construction in progress or construction in progress in trust.

The overview of the rental business by assets under management of the Investment Corporation is as follows.

Area	Property name	15th Fiscal Period (from August 1, 2017 to January 31, 2018)				16th Fiscal Period (from February 1, 2018 to July 31, 2018)			
		Total number of tenants (at end of period) (Note 1)	Occupancy rate (at end of period) (%) (Note 2)	Rental revenue (during period) (thousands of yen)	Ratio to total rental revenues (%)	Total number of tenants (at end of period) (Note 1)	Occupancy rate (at end of period) (%) (Note 2)	Rental revenue (during period) (thousands of yen)	Ratio to total rental revenues (%)
Central Tokyo	COMFORIA NIHONBASHI NINGYOCHO	1	97.5	58,142	0.8	1	97.7	59,298	0.8
	COMFORIA WASEDA	1	97.2	64,771	0.9	1	97.9	66,810	0.9
	COMFORIA SHIMOOCHIAI	1	100.0	46,585	0.6	1	98.3	48,590	0.6
	COMFORIA HIGASHINAKANO	1	97.6	20,255	0.3	1	92.7	21,634	0.3
	COMFORIA GINZA EAST	1	98.7	116,308	1.6	1	97.5	113,665	1.5
	COMFORIA AZABUDAI	1	90.3	21,575	0.3	1	100.0	20,213	0.3
	COMFORIA SHIBAKOEN	1	100.0	49,000	0.7	1	97.9	50,678	0.7
	COMFORIA NISHIAZABU	1	100.0	26,016	0.4	1	95.7	26,694	0.3
	COMFORIA MINAMIAOYAMA	1	100.0	39,723	0.5	1	95.2	42,856	0.6
	COMFORIA MINAMIAOYAMA DEUX	1	84.1	7,952	0.1	1	63.5	9,806	0.1
	COMFORIA NISHIWASEDA	1	96.4	57,769	0.8	1	100.0	60,746	0.8
	COMFORIA HARAJYUKU	1	92.2	124,943	1.7	1	98.1	126,607	1.6
	COMFORIA MITA NORTH	1	96.2	29,680	0.4	1	97.1	30,125	0.4
	COMFORIA SHIBAURA BOWHOUSE	1	97.5	98,174	1.3	1	96.3	97,586	1.3
	COMFORIA SHIROKANETAKANAWA	1	100.0	45,662	0.6	1	97.5	45,013	0.6
	COMFORIA NIHONBASHI NINGYOCHO EAST	1	99.0	68,695	0.9	1	98.0	67,962	0.9
	COMFORIA ATAGO	1	100.0	28,839	0.4	1	97.5	28,648	0.4
	COMFORIA KUDAN	1	97.2	42,167	0.6	1	94.3	40,446	0.5
	COMFORIA NIHONBASHI NINGYOCHO NORTH	1	100.0	36,616	0.5	1	100.0	35,615	0.5
	COMFORIA SHINKAWA	1	98.3	58,657	0.8	1	98.3	59,268	0.8
	COMFORIA AKASAKA	1	100.0	65,667	0.9	1	97.5	63,423	0.8
	COMFORIA MITA EAST	1	94.6	101,257	1.4	1	97.2	104,553	1.3
	COMFORIA SHIBAURA CANAL	1	94.7	54,010	0.7	1	97.9	54,495	0.7
	COMFORIA KITASANDO	1	97.0	134,414	1.8	1	96.2	135,576	1.7
	COMFORIA YOYOGIUEHARA	1	100.0	48,371	0.7	1	100.0	51,207	0.7
	COMFORIA SASAZUKA	1	98.5	67,192	0.9	1	97.4	66,891	0.9
	COMFORIA SHINJUKUGYOEN II	1	97.4	56,118	0.8	1	92.3	55,908	0.7
	COMFORIA ICHIGAYAYANAGICHO	1	100.0	51,293	0.7	1	98.6	52,205	0.7
	COMFORIA KAGURAZAKA	1	87.0	23,385	0.3	1	97.1	24,540	0.3
	COMFORIA NIBANCHO	1	95.2	50,001	0.7	1	100.0	51,822	0.7
	COMFORIA NISHISHINJUKU	1	97.8	45,413	0.6	1	95.8	45,918	0.6
	COMFORIA KANDAJINBOCHO	1	98.4	42,863	0.6	1	95.2	44,183	0.6
	COMFORIA NIHONBASHI	1	97.1	63,959	0.9	1	98.6	61,425	0.8
	COMFORIA TAMACHI	1	95.5	97,132	1.3	1	98.7	100,385	1.3
	COMFORIA AZABUJUBAN	1	94.6	42,968	0.6	1	98.2	44,885	0.6
	COMFORIA SHINJUKUGYOEN I	1	93.1	42,391	0.6	1	94.8	42,191	0.5
	COMFORIA KAGURAZAKA DEUX	1	92.1	42,185	0.6	1	88.9	41,234	0.5
	COMFORIA AZABU EAST	1	99.0	74,104	1.0	1	98.7	74,789	1.0
	COMFORIA SHINJUKU EASTSIDE TOWER (Note 5)	1	95.4	1,454,491	19.8	1	96.4	1,513,295	19.5
	COMFORIA ICHIGAYAYAKUOJI	1	94.3	24,438	0.3	1	96.0	26,451	0.3
	COMFORIA AKIHABARA EAST	1	96.8	117,662	1.6	1	97.2	125,829	1.6
	COMFORIA MITA TROIS	1	100.0	23,520	0.3	1	100.0	24,869	0.3
	COMFORIA SHIBAURA	1	92.8	21,290	0.3	1	90.8	24,314	0.3
	COMFORIA SHINJUKU	–	–	–	–	1	91.6	10,863	0.1
Subtotal		2	96.4	3,785,673	51.5	2	96.8	3,893,537	50.1
Sub-central Tokyo	COMFORIA BUNKYOKASUGA	1	99.0	60,059	0.8	1	97.0	61,093	0.8
	COMFORIA ASAKUSAMATSUGAYA	1	97.2	44,631	0.6	1	100.0	45,494	0.6
	COMFORIA NISHIOI	1	100.0	32,720	0.4	1	100.0	32,350	0.4
	COMFORIA NAKANO	1	93.9	31,862	0.4	1	95.0	32,199	0.4
	COMFORIA SHIMOKITAZAWA	1	94.2	94,765	1.3	1	97.1	94,922	1.2
	COMFORIA NISHIKAMATA	1	97.5	64,533	0.9	1	97.2	67,524	0.9

Area	Property name	15th Fiscal Period (from August 1, 2017 to January 31, 2018)				16th Fiscal Period (from February 1, 2018 to July 31, 2018)			
		Total number of tenants (at end of period) (Note 1)	Occupancy rate (at end of period) (%) (Note 2)	Rental revenue (during period) (thousands of yen)	Ratio to total rental revenues (%)	Total number of tenants (at end of period) (Note 1)	Occupancy rate (at end of period) (%) (Note 2)	Rental revenue (during period) (thousands of yen)	Ratio to total rental revenues (%)
Sub-central Tokyo	COMFORIA OYAMA	1	97.0	79,052	1.1	1	95.2	78,675	1.0
	COMFORIA KIYOSUMISHIRAKAWA SOUTH	1	95.6	27,298	0.4	1	95.6	28,794	0.4
	COMFORIA KOMAZAWA	1	94.6	42,808	0.6	1	91.9	42,415	0.5
	COMFORIA KOISHIKAWA	1	97.5	21,860	0.3	1	95.0	21,268	0.3
	COMFORIA SENGOKU	1	97.8	54,107	0.7	1	95.1	55,687	0.7
	COMFORIA DAIKANYAMAAOBADAI	1	100.0	38,433	0.5	1	93.4	37,693	0.5
	COMFORIA IKEBUKURO	1	92.8	21,352	0.3	1	93.5	22,841	0.3
	COMFORIA RYOGOKUISHIWARA	1	100.0	25,590	0.3	1	100.0	25,599	0.3
	COMFORIA ASAKUSABASHI DEUX	1	100.0	30,846	0.4	1	96.3	30,027	0.4
	COMFORIA OSHIAGE	1	95.3	25,440	0.3	1	97.4	25,685	0.3
	COMFORIA HONJOAZUMABASHI	1	100.0	28,095	0.4	1	100.0	28,698	0.4
	COMFORIA KIYOSUMISHIRAKAWA TROIS	1	100.0	31,434	0.4	1	100.0	32,330	0.4
	COMFORIA MONZENNAKACHO	1	97.9	91,811	1.2	1	97.2	92,922	1.2
	COMFORIA HIMONYA	1	91.6	42,839	0.6	1	95.6	42,820	0.6
	COMFORIA MISYUKU	1	96.5	63,222	0.9	1	98.3	68,226	0.9
	COMFORIA GAKUGEIDAIGAKU	1	98.0	39,489	0.5	1	92.4	39,750	0.5
	COMFORIA HIGASHINAKANO DEUX	1	89.9	29,380	0.4	1	98.1	30,739	0.4
	COMFORIA HIGASHIIKEBUKURO WEST	1	96.4	158,737	2.2	1	96.0	163,345	2.1
	COMFORIA RYOGOKU DEUX	1	92.8	36,262	0.5	1	100.0	35,213	0.5
	COMFORIA OMORI DEUX	1	97.1	39,607	0.5	1	94.6	37,767	0.5
	COMFORIA MACHIYA	1	97.0	26,018	0.4	1	90.9	25,586	0.3
	COMFORIA ASAKUSABASHI	1	98.8	102,564	1.4	1	98.5	103,463	1.3
	COMFORIA RYOGOKU SOUTH	1	96.0	48,196	0.7	1	97.4	48,640	0.6
	COMFORIA TOYOSU	1	98.3	103,700	1.4	1	97.1	105,919	1.4
	COMFORIA SUMIDA-TACHIBANA	1	100.0	32,386	0.4	1	93.9	32,109	0.4
	COMFORIA UENOHIROKOJI	1	100.0	35,597	0.5	1	94.7	35,238	0.5
	COMFORIA KASUGATOMISAKA	1	99.4	91,406	1.2	1	98.0	90,363	1.2
	COMFORIA HONKOMAGOME	1	94.5	44,919	0.6	1	97.3	46,447	0.6
	COMFORIA MORISHITA	1	98.7	50,275	0.7	1	100.0	49,406	0.6
	COMFORIA KIBAKOEN	1	98.3	32,250	0.4	1	95.0	33,998	0.4
	COMFORIA MEGURO CHOJAMARU	1	98.9	72,077	1.0	1	95.5	71,311	0.9
	COMFORIA NISHIMAGOME	1	100.0	34,293	0.5	1	98.1	33,403	0.4
	COMFORIA HIGASHIIKEBUKURO EAST	1	95.4	66,305	0.9	1	97.9	70,150	0.9
	COMFORIA HIGASHIIKEBUKURO	1	100.0	37,600	0.5	1	100.0	37,030	0.5
	COMFORIA KOMABA	1	95.3	136,023	1.8	1	96.1	134,322	1.7
	COMFORIA KINSHICHO	1	98.1	33,595	0.5	1	98.2	34,356	0.4
	COMFORIA MINAMISUNAMACHI	1	95.8	130,124	1.8	1	95.2	133,750	1.7
	COMFORIA HIGASHISHINAGAWA	1	98.2	52,644	0.7	1	100.0	53,250	0.7
	COMFORIA MEGUROYAKUMO	1	97.3	24,513	0.3	1	97.6	26,211	0.3
	COMFORIA YOGA	1	95.6	31,292	0.4	1	94.5	31,763	0.4
	COMFORIA ITABASHINAKAJUKU	1	99.0	122,141	1.7	1	98.0	124,618	1.6
	COMFORIA SHINAGAWA EAST	1	99.0	73,970	1.0	1	95.4	73,324	0.9
	COMFORIA OJIMA	1	98.0	59,414	0.8	1	99.0	61,624	0.8
	COMFORIA OMORI TROIS	1	96.0	24,573	0.3	1	98.0	26,159	0.3

Area	Property name	15th Fiscal Period (from August 1, 2017 to January 31, 2018)				16th Fiscal Period (from February 1, 2018 to July 31, 2018)			
		Total number of tenants (at end of period) (Note 1)	Occupancy rate (at end of period) (%) (Note 2)	Rental revenue (during period) (thousands of yen)	Ratio to total rental revenues (%)	Total number of tenants (at end of period) (Note 1)	Occupancy rate (at end of period) (%) (Note 2)	Rental revenue (during period) (thousands of yen)	Ratio to total rental revenues (%)
Sub-central Tokyo	COMFORIA BUNKYOHAKUSAN	1	95.8	36,992	0.5	1	94.0	36,528	0.5
	COMFORIA KAMATA	1	97.7	162,406	2.2	1	95.9	159,655	2.1
	COLLEGE COURT HACHIMANYAMA	1	100.0	30,222	0.4	1	100.0	30,222	0.4
	COMFORIA UENOIRIYA	–	–	–	–	1	92.6	64,233	0.8
	COMFORIA IKEJIRI	–	–	–	–	1	92.8	30,081	0.4
	COMFORIA SETAGAYAKAMIUMA	–	–	–	–	1	100.0	72,601	0.9
	COMFORIA AKABANEIWABUCHI	–	–	–	–	1	93.3	43,116	0.6
	COMFORIA RYOGOKU TROIS	–	–	–	–	1	97.3	27,023	0.3
	COLLEGE SQUARE HACHIMANYAMA	–	–	–	–	1	100.0	7,785	0.1
Subtotal		2	97.2	2,951,752	40.1	2	96.7	3,227,789	41.5
Tokyo metropolitan area	COMFORIA KOMAE (Note 3)	1	95.3	18,852	0.3	–	–	15,411	0.2
	COMFORIA YOKOHAMAKANNAI (Note 4)	1	96.4	41,654	0.6	–	–	13,980	0.2
	COMFORIA ICHIKAWAMYODEN	1	91.6	23,708	0.3	1	96.2	24,452	0.3
	COMFORIA YATSUKA	1	95.2	27,402	0.4	1	95.2	27,495	0.4
	COMFORIA SHINKOYASU	1	100.0	37,737	0.5	1	94.0	39,933	0.5
	COMFORIA GYOTOKU	1	91.4	26,049	0.4	1	98.3	27,983	0.4
Subtotal		1	95.6	175,404	2.4	1	95.6	149,256	1.9
Other major cities	COMFORIA SHIN-OSAKA	1	98.3	88,783	1.2	1	98.8	91,162	1.2
	COMFORIA SHINSAKAE	1	95.1	56,568	0.8	1	95.9	58,545	0.8
	COMFORIA KITAHORIE	1	93.5	32,023	0.4	1	93.5	31,459	0.4
	COMFORIA KITASANJO	1	98.9	35,347	0.5	1	87.6	34,153	0.4
	COMFORIA SAPPORO SHOKUBUTSUEN	1	97.6	42,513	0.6	1	95.3	42,563	0.5
	COMFORIA OGIMACHI	1	94.5	40,158	0.5	1	100.0	41,323	0.5
	COMFORIA SHINSAIBASHI EAST	1	91.6	60,002	0.8	1	92.4	59,711	0.8
	COMFORIA KYOMACHIBORI	1	91.6	46,951	0.6	1	97.6	45,562	0.6
	COMFORIA AWAZA	1	95.4	42,549	0.6	1	98.9	42,902	0.6
	COMFORIA KITAHAMA	–	–	–	–	1	98.6	53,946	0.7
Subtotal		1	95.7	444,897	6.0	1	95.9	501,331	6.5
Total		3	96.7	7,357,728	100.0	3	96.6	7,771,914	100.0

(Note 1) "Total number of tenants" indicates the total number of tenants under a direct lease relationship with the Investment Corporation or the trustee (including tenants planned to have lease relationships). Therefore, in cases where the Investment Corporation or trustee comprehensively leases all of the apartments for rent from each managed property to the master lease company (hereinafter referred to as the "introduction of a master lease"), and said master lease company subleases each room for rent to end tenants, the total number of tenants will be shown as "1," and will not include the number of end tenants related to the said sublease. Tokyu Housing Lease Corporation, Mitsubishi Real Estate Services Co., Ltd. and MAINICHICOMNET Co., Ltd. are the three master lease companies hired by the Investment Corporation for its assets under management; therefore, the sum of the total number of tenants and subtotal of the total number of tenants in Central Tokyo is set as "3." Even for managed assets where a master lease is introduced, end tenants who do not accept the introduction of a master lease will be under a direct lease relationship with the Investment Corporation or trustee. However, the number of said end tenants is not included in the total number of tenants.

(Note 2) "Occupancy rate" is the percentage of rented area vs. the rentable area of each managed asset.

(Note 3) This property was sold to a third party as of June 20, 2018.

(Note 4) This property was sold to a third party as of March 30, 2018.

(Note 5) The master lease company has been changed from Mitsubishi Real Estate Services Co., Ltd. to Tokyu Housing Lease Corporation as of August 1, 2018.

4. Statement of Renewable Energy Power Generation Facilities

Not applicable

5. Statement of Operational License of Public Facilities

Not applicable

6. Statement of Securities Incorporated in the Portfolio

Not applicable

7. Details of Specified Transactions

The amount of specified derivative transactions entered into by the Investment Corporation and fair value as of July 31, 2018 are as follows.

Segment	Type	Contract amount (millions of yen) (Note 1)		Fair value (millions of yen) (Note 2)
			Over 1 year	
Over-the-counter transactions	Receive floating, pay fixed interest-rate swap transactions	48,745	41,245	–
Total		48,745	41,245	–

(Note 1) The contract amount of the interest-rate swap transactions is based on the notional principal.

(Note 2) The fair value was calculated by the counterparty of the relevant transaction based on the actual market interest rate. The fair value is omitted for transactions that meet the requirements for special treatment pursuant to the Accounting Standard for Financial Instruments.

8. Other Assets

Trust beneficial interests in properties owned by the Investment Corporation are listed on the aforementioned "3. Statement of Properties Incorporated in the Portfolio." As of the end of the 16th Fiscal Period, there is no incorporation in particular of specified assets as principal investment targets by the Investment Corporation, other than assets in the aforementioned "3. Statement of Properties Incorporated in the Portfolio," "4. Statement of Renewable Energy Power Generation Facilities," "5. Statement of Operational License of Public Facilities" and "6. Statement of Securities Incorporated in the Portfolio."

9. Ownership of Assets by Country and Region

Not applicable for countries and regions other than Japan.

Capital Expenditure for Properties Owned

1. Expected Capital Expenditure

Major capital expenditure that accompanies repair work currently planned for assets already acquired (includes assets under management that were acquired after the account closing date) is as follows. The following expected amount of construction work includes portions that are separately accounted for under expenses.

Property name (location)	Purpose	Scheduled period	Expected amount of construction work (thousands of yen)		
			Total amount	Payment for the period	Total amount already paid
COMFORIA AKABANEIWABUCHI (Kita-ku, Tokyo)	Subdivision work	From Aug. 2018 to Jul. 2019	148,000	–	–
COMFORIA MINAMISUNAMACHI (Koto-ku, Tokyo)	Large-scale repair work	From Apr. 2018 to Nov. 2018	110,000	–	–
COMFORIA NAKANO (Nakano-ku, Tokyo)	Large-scale repair work	From Feb. 2019 to Jul. 2019	53,000	–	–
COMFORIA SHIBAURA CANAL (Minato-ku, Tokyo)	Large-scale repair work	From Aug. 2018 to Dec. 2018	51,000	–	–
COMFORIA SHIBAKOEN (Minato-ku, Tokyo)	Large-scale repair work	From Feb. 2019 to Jul. 2019	49,000	–	–

2. Capital Expenditure during the Period

The overview of main construction work corresponding to capital expenditure that took place in the 16th Fiscal Period for the managed assets owned as of the end of the period is as follows. Capital expenditure during the 16th Fiscal Period was ¥281,158 thousand. Together with repair expenses of ¥277,912 thousand that were classified as expenses for the 16th Fiscal Period, construction work totaling ¥559,070 thousand was carried out.

Property name (location)	Purpose	Period	Construction cost (thousands of yen)
COMFORIA NISHISHINJUKU (Shinjuku-ku, Tokyo)	Large-scale repair work	From Feb. 2018 to Jul. 2018	64,941
COMFORIA UENOHIROKOJI (Taito-ku, Tokyo)	Large-scale repair work	From Feb. 2018 to Jul. 2018	48,892
COMFORIA HIGASHIIKEBUKURO (Toshima-ku, Tokyo)	Large-scale repair work	From Feb. 2018 to Jul. 2018	37,054
COMFORIA MEGUROYAKUMO (Meguro-ku, Tokyo)	Large-scale repair work	From Feb. 2018 to Jun. 2018	27,034
COMFORIA GYOTOKU (Ichikawa-shi, Chiba)	Renovation of common areas	From Apr. 2018 to Jun. 2018	7,214
Other properties, etc.	Replacement of air conditioners, etc.	From Feb. 2018 to Jul. 2018	96,020
Total			281,158

3. Funding Reserved for Long-Term Repair Plans

From the cash flows during the fiscal period, the Investment Corporation sets aside reserves for repairs, which are to be appropriated for repairs in the medium to long term.

(Thousands of yen)

Fiscal period	12th Fiscal Period	13th Fiscal Period	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period
	From Feb. 1, 2016 to Jul. 31, 2016	From Aug. 1, 2016 to Jan. 31, 2017	From Feb. 1, 2017 to Jul. 31, 2017	From Aug. 1, 2017 to Jan. 31, 2018	From Feb. 1, 2018 to Jul. 31, 2018
Balance of reserves at the beginning of period	327,081	378,887	377,947	349,367	328,884
Amount of reserves during period	232,577	304,044	311,155	523,929	508,774
Reversal of reserves during period	180,771	304,984	339,736	544,411	480,415
Amount carried forward to next period	378,887	377,947	349,367	328,884	357,243

Status of Expenses and Liabilities

1. Statement of Expenses Related to Investments

(Thousands of yen)

Item	15th Fiscal Period From Aug. 1, 2017 to Jan. 31, 2018	16th Fiscal Period From Feb. 1, 2018 to Jul. 31, 2018
Asset management fee (Note)	433,472	436,079
Asset custody fee	7,309	7,336
Administrative service fees	26,275	27,843
Directors' compensation	3,600	3,600
Other expenses	221,735	223,700
Total	692,392	698,560

(Note) In addition to the amount stated above, asset management fees came to ¥10,656 thousand and ¥111,035 thousand in the 15th Fiscal Period and 16th Fiscal Period, respectively, related to the acquisition of property and ¥18,050 thousand in the 16th Fiscal Period related to the sale of property are incorporated in the book value of each property.

2. Loan Status

The status of loans as of July 31, 2018 is as follows.

Type	Lender	Drawdown date	Balance at the beginning of current period (millions of yen)	Balance at the end of current period (millions of yen)	Average interest rate (%) (Note 2)	Maturity date	Repayment method	Use of funds	Remarks
Short-term loans	MUFG Bank, Ltd. (Note 4) (Note 5)	Aug. 1, 2017	500	–	0.25545	Jul. 31, 2018	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		250	–	0.25545				
	Sumitomo Mitsui Trust Bank, Limited		250	–	0.25545				
	Sumitomo Mitsui Banking Corporation		130	–	0.25545				
Long-term loans (Note 1)	Mizuho Bank, Ltd.	Mar. 23, 2011	3,570	3,570	0.55450	Mar. 23, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		3,570	3,570	0.55450				
	MUFG Bank, Ltd. (Note 4) (Note 5)		3,570	3,570	0.55450				
	Sumitomo Mitsui Banking Corporation		1,785	1,785	0.55450				
	MUFG Bank, Ltd. (Note 5)	Sep. 4, 2013	2,000	2,000	0.79500	Aug. 31, 2018	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (Note 4) (Note 5)	Sep. 30, 2013	2,700	–	0.67075	Mar. 30, 2018	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		1,350	–	0.67075				
	Sumitomo Mitsui Banking Corporation		600	–	0.67075				
	Development Bank of Japan Inc.	Sep. 30, 2013	1,350	1,350	0.90487	Sep. 30, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 4, 2014	2,000	2,000	0.60700	Jan. 31, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		1,000	1,000	0.60700				
	Mizuho Bank, Ltd.		1,000	1,000	0.60700				
	Sumitomo Mitsui Trust Bank, Limited		1,000	1,000	0.60700				
	Sumitomo Mitsui Banking Corporation		500	500	0.60700				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 4, 2014	2,000	2,000	0.88240	Jan. 31, 2021	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		1,000	1,000	0.88240				
	Mizuho Bank, Ltd.		1,000	1,000	0.88240				
	Sumitomo Mitsui Trust Bank, Limited		1,000	1,000	0.88240				
	Sumitomo Mitsui Banking Corporation		500	500	0.88240				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Jun. 30, 2014	1,340	1,340	0.60150	Jun. 30, 2020	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		670	670	0.60150				
	Mizuho Bank, Ltd.		670	670	0.60150				
	Sumitomo Mitsui Trust Bank, Limited		670	670	0.60150				
	Sumitomo Mitsui Banking Corporation		350	350	0.60150				

Type	Lender	Drawdown date	Balance at the beginning of current period (millions of yen)	Balance at the end of current period (millions of yen)	Average interest rate (%) (Note 2)	Maturity date	Repayment method	Use of funds	Remarks
Long-term loans (Note 1)	MUFG Bank, Ltd. (Note 4) (Note 5)	Jun. 30, 2014	1,820	1,820	0.90100	Jun. 30, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		910	910	0.90100				
	Mizuho Bank, Ltd.		910	910	0.90100				
	Sumitomo Mitsui Trust Bank, Limited		910	910	0.90100				
	Sumitomo Mitsui Banking Corporation		450	450	0.90100				
	Shinkin Central Bank	Feb. 3, 2015	750	–	0.30820	Mar. 30, 2018	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	The Norinchukin Bank		750	–	0.30820				
	The Bank of Fukuoka, Ltd.		750	–	0.30820				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 3, 2015	1,200	1,200	0.69250	Jan. 31, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		600	600	0.69250				
	Mizuho Bank, Ltd.		600	600	0.69250				
	Sumitomo Mitsui Trust Bank, Limited		600	600	0.69250				
	Sumitomo Mitsui Banking Corporation		300	300	0.69250				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 3, 2015	1,240	1,240	0.79875	Jan. 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		620	620	0.79875				
	Mizuho Bank, Ltd.		620	620	0.79875				
	Sumitomo Mitsui Trust Bank, Limited		620	620	0.79875				
	Sumitomo Mitsui Banking Corporation		310	310	0.79875				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 3, 2015	1,240	1,240	1.04200	Jan. 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		620	620	1.04200				
	Mizuho Bank, Ltd.		620	620	1.04200				
	Sumitomo Mitsui Trust Bank, Limited		620	620	1.04200				
	Sumitomo Mitsui Banking Corporation		310	310	1.04200				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 2, 2016	720	720	0.58430	Mar. 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		360	360	0.58430				
	Mizuho Bank, Ltd.		360	360	0.58430				
	Sumitomo Mitsui Trust Bank, Limited		360	360	0.58430				
	Sumitomo Mitsui Banking Corporation		200	200	0.58430				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 2, 2016	840	840	0.62460	Aug. 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		420	420	0.62460				
	Mizuho Bank, Ltd.		420	420	0.62460				
	Sumitomo Mitsui Trust Bank, Limited		420	420	0.62460				
	Sumitomo Mitsui Banking Corporation		230	230	0.62460				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 2, 2016	980	980	0.67745	Feb. 29, 2024	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		490	490	0.67745				
	Mizuho Bank, Ltd.		490	490	0.67745				
	Sumitomo Mitsui Trust Bank, Limited		490	490	0.67745				
	Sumitomo Mitsui Banking Corporation		220	220	0.67745				
	Development Bank of Japan Inc.	Mar. 23, 2016	1,570	1,570	0.27125	Mar. 31, 2021	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (Note 5)		1,570	1,570	0.27125				
	Kiraboshi Bank, Ltd. (Note 6)		1,000	1,000	0.27125				
	Sumitomo Mitsui Trust Bank, Limited		785	785	0.27125				

Type	Lender	Drawdown date	Balance at the beginning of current period (millions of yen)	Balance at the end of current period (millions of yen)	Average interest rate (%) (Note 2)	Maturity date	Repayment method	Use of funds	Remarks
Long-term loans (Note 1)	Development Bank of Japan Inc.	Mar. 23, 2016	2,000	2,000	0.61950	Mar. 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (Note 5)		2,000	2,000	0.61950				
	Sumitomo Mitsui Trust Bank, Limited		1,000	1,000	0.61950				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Aug. 1, 2016	1,160	1,160	0.46655	Jul. 31, 2024	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		580	580	0.46655				
	Mizuho Bank, Ltd.		580	580	0.46655				
	Sumitomo Mitsui Trust Bank, Limited		580	580	0.46655				
	Sumitomo Mitsui Banking Corporation		290	290	0.46655				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Aug. 1, 2016	1,800	1,800	0.65518	Jul. 31, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		900	900	0.65518				
	Mizuho Bank, Ltd.		900	900	0.65518				
	Sumitomo Mitsui Trust Bank, Limited		900	900	0.65518				
	Sumitomo Mitsui Banking Corporation		450	450	0.65518				
	Mizuho Trust & Banking, Co., Ltd.	Jan. 31, 2017	2,000	2,000	0.46691	Jan. 31, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	The Norinchukin Bank		1,500	1,500	0.46691				
	The Bank of Fukuoka, Ltd.		1,000	1,000	0.46691				
	The 77 Bank, Ltd.		500	500	0.46691				
	The Daishi Bank, Ltd.		500	500	0.46691				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 2, 2017	1,160	1,160	0.62938	Jan. 31, 2024	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		580	580	0.62938				
	Mizuho Bank, Ltd.		580	580	0.62938				
	Sumitomo Mitsui Trust Bank, Limited		580	580	0.62938				
	Sumitomo Mitsui Banking Corporation		290	290	0.62938				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 2, 2017	1,820	1,820	0.79571	Jan. 30, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		910	910	0.79571				
	Mizuho Bank, Ltd.		910	910	0.79571				
	Sumitomo Mitsui Trust Bank, Limited		910	910	0.79571				
	Sumitomo Mitsui Banking Corporation		450	450	0.79571				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Sep. 29, 2017	1,140	1,140	0.49054	Sep. 30, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		570	570	0.49054				
	Mizuho Bank, Ltd.		570	570	0.49054				
	Sumitomo Mitsui Trust Bank, Limited		570	570	0.49054				
	Sumitomo Mitsui Banking Corporation		300	300	0.49054				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Sep. 29, 2017	1,140	1,140	0.77571	Sep. 30, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		570	570	0.77571				
	Mizuho Bank, Ltd.		570	570	0.77571				
	Sumitomo Mitsui Trust Bank, Limited		570	570	0.77571				
	Sumitomo Mitsui Banking Corporation		300	300	0.77571				
	Sumitomo Mitsui Trust Bank, Limited	Feb. 2, 2018	–	100	0.25376	Feb. 28, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (Note 4) (Note 5)	Feb. 2, 2018	–	1,040	0.65428	Jan. 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.		–	520	0.65428				
	Mizuho Bank, Ltd.		–	520	0.65428				
	Sumitomo Mitsui Trust Bank, Limited		–	520	0.65428				
	Sumitomo Mitsui Banking Corporation		–	260	0.65428				
	Shinkin Central Bank	Mar. 30, 2018	–	1,300	0.45804	Mar. 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	The Norinchukin Bank		–	1,300	0.45804				
	The Bank of Fukuoka, Ltd.		–	1,300	0.45804				
	Mizuho Trust & Banking, Co., Ltd.		–	1,000	0.45804				
	MUFG Bank, Ltd. (Note 4) (Note 5)	Mar. 30, 2018	–	2,700	0.62188	Mar. 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		–	1,350	0.62188				
	Sumitomo Mitsui Banking Corporation		–	600	0.62188				
	Total		98,750	103,230					

(Note 1) Long-term loans include the current portion of long-term loans payable.
(Note 2) Average interest rates consist of the borrowing rates for each loan agreement rounded to the fifth decimal place. Furthermore, the stated rate for loans for which interest-rate swap transactions were carried out to avoid interest rate risk takes into account the effect of the interest-rate swap.
(Note 3) The use of funds includes purchasing properties in trust and the repayment of existing borrowings.
(Note 4) The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. as of April 1, 2018.
(Note 5) Mitsubishi UFJ Trust and Banking Corporation transferred its corporate lending operations to MUFG Bank, Ltd. on April 16, 2018.
(Note 6) The Tokyo Tomin Bank, Ltd. merged with The Yachiyo Bank, Ltd. and ShinGinko Tokyo, Ltd. on May 1, 2018, and was renamed Kiraboshi Bank, Ltd.

3. Investment Corporation Bonds

The status of investment corporation bonds as of July 31, 2018 is as follows.

Issue	Issue date	Balance at the beginning of current period (millions of yen)	Amount increased in current period (millions of yen)	Amount decreased in current period (millions of yen)	Balance at the end of current period (millions of yen)	Coupon rate (%)	Maturity date	Repayment method	Use of funds	Security
1st Unsecured Bond (Note 1)	Jul. 30, 2014	3,000	–	–	3,000	0.64000	Jul. 30, 2021	Lump-sum repayment	(Note 2)	Unsecured
2nd Unsecured Bond (Note 1)	Jul. 18, 2017	1,000	–	–	1,000	0.23000	Jul. 15, 2022	Lump-sum repayment	(Note 2)	Unsecured
3rd Unsecured Bond (Note 1)	Jul. 18, 2017	2,000	–	–	2,000	0.52000	Jul. 16, 2027	Lump-sum repayment	(Note 2)	Unsecured
4th Unsecured Bond (Note 1)	Jun. 14, 2018	–	1,000	–	1,000	0.23000	Dec. 14, 2023	Lump-sum repayment	(Note 2)	Unsecured
5th Unsecured Bond (Note 1)	Jun. 14, 2018	–	1,500	–	1,500	0.95000	Jun. 14, 2033	Lump-sum repayment	(Note 2)	Unsecured
Total		6,000	2,500	–	8,500					

(Note 1) The bonds are subject to the *pari passu* clause among specified investment corporation bonds.
(Note 2) The funds are appropriated to the acquisition of real estate in trust and the repayment of some of the existing borrowings.

4. Short-Term Investment Corporation Bonds

Not applicable

5. Investment Unit Acquisition Rights

Not applicable

Purchase and Sale during the Period

1. Purchase and Sale of Properties and Asset Backed Securities

Property name	Acquisition		Sale			
	Acquisition date	Acquisition price (millions of yen)	Sale date	Sale price (millions of yen)	Book value (millions of yen)	Gain on sale (millions of yen)
COMFORIA UENOIRIYA	Feb. 2, 2018	2,173	–	–	–	–
COMFORIA IKEJIRI	Feb. 2, 2018	1,313	–	–	–	–
COMFORIA SETAGAYAKAMIUMA	Feb. 2, 2018	2,622	–	–	–	–
COMFORIA KITAHAMA	Feb. 2, 2018	1,719	–	–	–	–
COMFORIA AKABANEIWABUCHI	Mar. 30, 2018	2,500	–	–	–	–
COMFORIA RYOGOKU TROIS	Mar. 30, 2018	1,660	–	–	–	–
COMFORIA SHINJUKU	Mar. 30, 2018	2,150	–	–	–	–
COLLEGE SQUARE HACHIMANYAMA	May 25, 2018	880	–	–	–	–
COMFORIA YOKOHAMAKANNAI	–	–	Mar. 30, 2018	1,200	927	218
COMFORIA KOMAE	–	–	Jun. 20, 2018	605	419	156
Total	–	15,017	–	1,805	1,347	375

(Note) The acquisition price and sale price do not include miscellaneous expenses required for the acquisition or sale of said property, fixed property tax, city planning tax, consumption tax and local consumption tax.

2. Purchase and Sale of Other Assets

Main assets other than the above properties and asset backed securities are bank deposits or bank deposits within trust assets.

3. Appraisals of Specified Assets

(1) Real estate, etc.

Acquisition or sale	Type of asset	Property name	Acquisition or sale date	Acquisition price or sale price (millions of yen) (Note 1)	Real estate appraisal		
					Appraisal value (millions of yen) (Note 2)	Appraisal company (Note 3)	Date of valuation
Acquisition	Beneficial interest in real estate trust	COMFORIA UENOIRIYA	Feb. 2, 2018	2,173	2,220	(4)	Oct. 31, 2017
Acquisition	Beneficial interest in real estate trust	COMFORIA IKEJIRI	Feb. 2, 2018	1,313	1,400	(1)	Oct. 31, 2017
Acquisition	Beneficial interest in real estate trust	COMFORIA SETAGAYAKAMIUMA	Feb. 2, 2018	2,622	2,650	(3)	Oct. 31, 2017
Acquisition	Beneficial interest in real estate trust	COMFORIA KITAHAMA	Feb. 2, 2018	1,719	1,760	(2)	Oct. 31, 2017
Acquisition	Beneficial interest in real estate trust	COMFORIA AKABANEIWABUCHI	Mar. 30, 2018	2,500	2,520	(1)	Feb. 28, 2018
Acquisition	Real estate	COMFORIA RYOGOKU TROIS	Mar. 30, 2018	1,660	1,680	(1)	Feb. 28, 2018
Acquisition	Beneficial interest in real estate trust	COMFORIA SHINJUKU	Mar. 30, 2018	2,150	2,300	(4)	Feb. 28, 2018
Acquisition	Beneficial interest in real estate trust	COLLEGE SQUARE HACHIMANYAMA	May 25, 2018	880	890	(3)	Apr. 30, 2018
Sale	Beneficial interest in real estate trust	COMFORIA YOKOHAMAKANNAI	Mar. 30, 2018	1,200	1,270	(1)	Jan. 31, 2018
Sale	Beneficial interest in real estate trust	COMFORIA KOMAE	Jun. 20, 2018	605	559	(1)	Jan. 31, 2018

(Note 1) The acquisition price and sale price do not include miscellaneous expenses required for the acquisition or sale of said property, fixed property tax, city planning tax, consumption tax and local consumption tax.
(Note 2) Appraisal value indicates appraisal value or investigated value.
(Note 3) The real estate appraisers handling the real estate appraisal or research reports of each property are: (1) Japan Real Estate Institute; (2) JLL Morii Valuation & Advisory K.K.; (3) The Tanizawa Sōgō Appraisal Co., Ltd.; and (4) Daiwa Real Estate Appraisal Co., Ltd.

(2) Other

Of the transactions carried out by the Investment Corporation, there were no other transactions than those shown in the aforementioned "(1) Real estate, etc." that were deemed to require an appraisal pursuant to the provisions of Article 201 of the Investment Trust Act.

4. Transactions with Related Parties

(1) Information on transaction

Category	Purchase and sales amount	
	Purchase amount	Sales amount
Total amount	¥15,017,000 thousand	¥1,805,000 thousand
Breakdown of transactions between related parties		
Tokyu Land Corporation	¥7,827,000 thousand (52.1%)	¥－ thousand (－%)
Total	¥7,827,000 thousand (52.1%)	¥－ thousand (－%)

(Note) The term "Related parties" refers to related parties defined in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations as well as related parties of the Investment Corporation prescribed in Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations issued by the Investment Trusts Association, Japan. Descriptions are included with regard to related parties that fall under any of these and that had transactions or paid commissions, etc. during the 16th Fiscal Period. (The same shall apply in "(2) Amount of commission paid" and "(3) Major payments to other related parties" below.)

(2) Amount of commission paid

Category	Total amount of commission paid (A) (thousands of yen)	Breakdown of transaction with related parties		Percentage of total amount (B/A) (%)
		Payee	Amount of payment (B) (thousands of yen)	
Property management entrustment costs	684,012	Tokyu Housing Lease Corporation	397,039	58.0
		Community One Co., Ltd.	18,655	2.7
		TS Community Co., Ltd. (Note 2)	8,654	1.3
		Tokyu Community Corp.	4,515	0.7
Marketing-related expenses	196,721	Tokyu Livable, Inc.	892	0.5
Other expenses related to rent business	163,768	Tokyu Sports Oasis, Inc.	9,974	6.1
		Tokyu Re·design Corporation	2,485	1.5
		Community One Co., Ltd.	1,290	0.8
Warehousing expenses (Note 1)	45,905	Tokyu Land Corporation	45,905	100.0

(Note 1) "Warehousing expenses" are expenses other than the acquisition price such as due diligence expenses and brokerage fees that are determined by the Investment Corporation upon agreement with Tokyu Land Corporation for the purchase of the property in question.
(Note 2) TS Community Co., Ltd. was absorbed by Community One Co., Ltd. in an absorption-type merger as of April 1, 2018.

(3) Major payments to other related parties

Tokyu Re·design Corporation	¥28,673 thousand (repair work, etc.)
Tokyu Livable, Inc.	¥18,150 thousand (brokerage fees)
Ewel Inc.	¥2,548 thousand (system usage, etc.)
Tokyu Community Corp.	¥1,039 thousand (repair work)

5. Transactions with Asset Management Company related to Concurrent Operations Carried Out by the Asset Management Company

The Asset Management Company is not concurrently engaged in type I financial instruments business, type II financial instruments business, realty business or specified real estate cooperative business.

Accounting Status

1. Assets, Liabilities, Principal and Profit/Loss

Please refer to "1. Balance Sheets," "2. Statements of Income," "3. Statements of Changes in Unitholders' Equity," "4. Statements of Cash Distributions," "5. Statements of Cash Flows," and "6. Notes."

2. Changes in the Calculation Method of Depreciation

Not applicable

3. Changes in the Appraisal Method of Real Estate, etc.

Not applicable

Other

1. Beneficiary Certificates of Investment Trusts Established by the Investment Corporation

Not applicable

2. Notices

(1) Unitholders' Meeting
The 5th Unitholders' Meeting of the Investment Corporation was held on April 24, 2018. The overview of matters approved at the Unitholders' Meeting are as follows.

Proposal	Overview
Proposal 1: Changes to Part of the Articles of Incorporation	Unnecessary supplementary provisions were deleted (related to Article 42 of the Articles of Incorporation).
Proposal 2: Appointment of One (1) Executive Director	Takehiro Izawa was appointed Executive Director.
Proposal 3: Appointment of One (1) Alternate Executive Director	Kentaro Yoshikawa was appointed Alternate Executive Director.
Proposal 4: Appointment of Two (2) Supervisory Directors	Yoshihiro Kataoka and Koji Yamamoto were appointed Supervisory Directors.
Proposal 5: Appointment of One (1) Alternate Supervisory Director	Masamichi Oshima was appointed Alternate Supervisory Director.

(2) Board of Directors of the Investment Corporation
The main overviews of the major conclusion and change of contracts that were approved by the Board of Directors of the Investment Corporation during current period are as follows.

Approval date	Matter	Overview
April 27, 2018	Comprehensive resolution for issuance of investment corporation bonds and entrustment of general administrative duties	A comprehensive resolution for the issuance of investment corporation bonds with an aggregate maximum amount of issuance of ¥25 billion and a period of issuance from May 9, 2018 to May 8, 2019 was resolved. To entrust the administrative duties concerned in offering investment corporation bonds and general administrative duties, including issuing, financial and paying agent, a candidate company was approved and other necessary matters to be decided were left to the discretion of the Executive Director.

3. Disclosure on Overseas Property-Owning Corporations

Not applicable

4. Disclosure on Real Estate Owned by Overseas Property-Owning Corporations

Not applicable

5. Other

Figures in this document are rounded down (values) and rounded to the nearest decimal place (percentages) unless otherwise indicated.

1. Balance Sheets

(Thousands of yen)

	15th Fiscal Period (As of January 31, 2018)	16th Fiscal Period (As of July 31, 2018)
Assets		
Current assets		
Cash and deposits	7,558,727	6,673,896
Cash and deposits in trust	6,485,103	6,814,124
Operating accounts receivable	5,583	6,296
Prepaid expenses	362,231	389,506
Other	460	845
Total current assets	14,412,107	13,884,670
Non-current assets		
Property, plant and equipment		
Buildings	2,102,140	2,546,503
Accumulated depreciation	(111,718)	(139,824)
Buildings, net	1,990,421	2,406,679
Structures	23,641	28,301
Accumulated depreciation	(3,146)	(4,013)
Structures, net	20,495	24,288
Machinery and equipment	17,687	17,687
Accumulated depreciation	(913)	(1,188)
Machinery and equipment, net	16,773	16,499
Tools, furniture and fixtures	2,505	3,062
Accumulated depreciation	(381)	(623)
Tools, furniture and fixtures, net	2,123	2,438
Land	3,340,008	4,674,303
Buildings in trust	88,659,442	92,110,382
Accumulated depreciation	(8,520,430)	(9,484,725)
Buildings in trust, net	80,139,011	82,625,656
Structures in trust	1,147,865	1,183,712
Accumulated depreciation	(257,757)	(285,120)
Structures in trust, net	890,107	898,592
Machinery and equipment in trust	1,557,509	1,557,003
Accumulated depreciation	(226,048)	(248,426)
Machinery and equipment in trust, net	1,331,461	1,308,576
Tools, furniture and fixtures in trust	247,203	291,661
Accumulated depreciation	(70,450)	(88,080)
Tools, furniture and fixtures in trust, net	176,752	203,581
Land in trust	100,224,324	109,498,297
Total property, plant and equipment	188,131,480	201,658,914
Intangible assets		
Leasehold rights in trust	1,192,006	1,183,441
Other	13,249	11,739
Total intangible assets	1,205,256	1,195,181
Investments and other assets		
Lease and guarantee deposits	1,507,223	1,525,188
Long-term prepaid expenses	844,322	858,156
Total investments and other assets	2,351,545	2,383,344
Total non-current assets	191,688,282	205,237,439
Deferred assets		
Investment unit issuance expenses	39,594	39,426
Investment corporation bond issuance costs	31,327	49,480
Total deferred assets	70,922	88,907
Total assets	206,171,312	219,211,018

(Thousands of yen)

	15th Fiscal Period (As of January 31, 2018)	16th Fiscal Period (As of July 31, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	574,283	657,356
Short-term loans payable	1,130,000	—
Current portion of long-term loans payable	14,400,000	20,095,000
Accounts payable－other	28,185	63,919
Accrued expenses	145,374	157,188
Income taxes payable	6,038	8,741
Accrued consumption taxes	21,405	12,063
Advances received	1,177,208	1,241,403
Other	1,983	2,201
Total current liabilities	17,484,478	22,237,872
Non-current liabilities		
Investment corporation bonds	6,000,000	8,500,000
Long-term loans payable	83,220,000	83,135,000
Tenant leasehold and security deposits	24,659	32,740
Tenant leasehold and security deposits in trust	2,051,681	2,160,708
Asset retirement obligations	95,775	96,372
Other	388	4,973
Total non-current liabilities	91,392,504	93,929,794
Total liabilities	108,876,983	116,167,666
Net assets		
Unitholders' equity		
Unitholders' capital	94,557,898	99,814,378
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	61,846	37,277
Total voluntary retained earnings	61,846	37,277
Unappropriated retained earnings (undisposed loss)	2,674,584	3,191,695
Total surplus	2,736,430	3,228,972
Total unitholders' equity	97,294,329	103,043,351
Total net assets	*1 97,294,329	*1 103,043,351
Total liabilities and net assets	206,171,312	219,211,018

2. Statements of Income

(Thousands of yen)

	15th Fiscal Period (From August 1, 2017 to January 31, 2018)	16th Fiscal Period (From February 1, 2018 to July 31, 2018)
Operating revenue		
Lease business revenue	*1 7,103,412	*1 7,417,674
Other lease business revenue	*1 254,315	*1 354,240
Gain on sales of real estate properties	—	*2 375,576
Total operating revenue	7,357,728	8,147,490
Operating expenses		
Expenses related to rent business	*1 3,496,351	*1 3,745,525
Asset management fee	433,472	436,079
Directors' compensations	3,600	3,600
Audit fee	13,842	13,842
Asset custody fee	7,309	7,336
Administrative service fees	26,275	27,843
Other operating expenses	207,893	209,858
Total operating expenses	4,188,744	4,444,086
Operating profit	3,168,984	3,703,404
Non-operating income		
Interest income	60	65
Gain on forfeiture of unclaimed dividends	1,292	797
Reimbursement of property tax	678	—
Other	62	—
Total non-operating income	2,094	863
Non-operating expenses		
Interest expenses	326,980	328,912
Borrowing related expenses	128,011	135,666
Interest expenses on investment corporation bonds	15,958	18,112
Amortization of investment corporation bond issuance costs	3,002	3,385
Amortization of investment unit issuance expenses	16,894	13,589
Other	19	—
Total non-operating expenses	490,867	499,666
Ordinary profit	2,680,212	3,204,601
Profit before income taxes	2,680,212	3,204,601
Income taxes－current	6,047	8,751
Income taxes－deferred	(402)	4,341
Total income taxes	5,645	13,092
Profit	2,674,567	3,191,509
Retained earnings brought forward	17	186
Unappropriated retained earnings (undisposed loss)	2,674,584	3,191,695

3. Statements of Changes in Unitholders' Equity

15th Fiscal Period (From August 1, 2017 to January 31, 2018)

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	94,557,898	92,170	92,170	2,608,344	2,700,515	97,258,413	97,258,413
Changes of items during period							
Reversal of reserve for reduction entry		(30,323)	(30,323)	30,323	—	—	—
Dividends of surplus				(2,638,651)	(2,638,651)	(2,638,651)	(2,638,651)
Profit				2,674,567	2,674,567	2,674,567	2,674,567
Total changes of items during period	—	(30,323)	(30,323)	66,239	35,915	35,915	35,915
Balance at end of current period	*1 94,557,898	61,846	61,846	2,674,584	2,736,430	97,294,329	97,294,329

16th Fiscal Period (From February 1, 2018 to July 31, 2018)

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	94,557,898	61,846	61,846	2,674,584	2,736,430	97,294,329	97,294,329
Changes of items during period							
Issuance of new investment units	5,256,480					5,256,480	5,256,480
Reversal of reserve for reduction entry		(24,568)	(24,568)	24,568	—	—	—
Dividends of surplus				(2,698,966)	(2,698,966)	(2,698,966)	(2,698,966)
Profit				3,191,509	3,191,509	3,191,509	3,191,509
Total changes of items during period	5,256,480	(24,568)	(24,568)	517,111	492,542	5,749,022	5,749,022
Balance at end of current period	*1 99,814,378	37,277	37,277	3,191,695	3,228,972	103,043,351	103,043,351

4. Statements of Cash Distributions

Category	15th Fiscal Period (From August 1, 2017 to January 31, 2018)	16th Fiscal Period (From February 1, 2018 to July 31, 2018)
I. Unappropriated retained earnings	¥2,674,584,344	¥3,191,695,429
II. Reversal of Voluntary retained earnings		
Reversal of reserve for reduction entry	¥24,568,879	¥19,800,000
III. Distributions	¥2,698,966,872	¥2,926,165,090
[Distribution per unit]	[¥4,788]	[¥4,985]
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	¥–	¥285,330,339
V. Retained earnings carried forward	¥186,351	¥0
Method for calculating distributions	The Investment Corporation will make cash distributions using accounting profits up to the amount of total surplus based on the distribution policy outlined in Article 35-1 of the Investment Corporation's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" of the Investment Corporation as set forth in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, the Investment Corporation has determined to pay out ¥2,698,966,872 as the total amount of dividends for the period under review, which is nearly equivalent to the entire amount of unappropriated retained earnings after adding reversal of reserve for reduction entry. Furthermore, the Investment Corporation does not pay out dividends that exceed accounting profits as outlined in Article 35-2 of the Investment Corporation's Articles of Incorporation.	The Investment Corporation will make cash distributions using accounting profits up to the amount of total surplus based on the distribution policy outlined in Article 35-1 of the Investment Corporation's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" of the Investment Corporation as set forth in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, the Investment Corporation has determined to pay out ¥2,926,165,090 as the total amount of dividends for the period under review, which is equivalent to the entire amount of unappropriated retained earnings after adding reversal of reserve for reduction entry and deducting the provision of reserve for reduction entry pursuant to Article 66-2 of the Act on Special Measures Concerning Taxation. Furthermore, the Investment Corporation does not pay out dividends that exceed accounting profits as outlined in Article 35-2 of the Investment Corporation's Articles of Incorporation.

5. Statements of Cash Flows

(Thousands of yen)

	15th Fiscal Period (From August 1, 2017 to January 31, 2018)	16th Fiscal Period (From February 1, 2018 to July 31, 2018)
Cash flows from operating activities		
Profit before income taxes	2,680,212	3,204,601
Depreciation	1,155,394	1,203,424
Borrowing related expenses	128,011	135,666
Amortization of investment corporation bond issuance costs	3,002	3,385
Amortization of investment unit issuance expenses	16,894	13,589
Interest income	(60)	(65)
Gain on forfeiture of unclaimed dividends	(1,292)	(797)
Interest expenses	342,938	347,025
Decrease (increase) in operating accounts receivable	2,085	(712)
Decrease (increase) in prepaid expenses	25,686	(23,060)
Decrease (increase) in consumption taxes refund receivable	17,604	—
Increase (decrease) in accrued consumption taxes	21,405	(9,341)
Increase (decrease) in operating accounts payable	(54,526)	91,626
Increase (decrease) in accounts payable－other	(5,542)	2,318
Increase (decrease) in accrued expenses	3,243	6,582
Increase (decrease) in advances received	15,057	64,194
Decrease (increase) in long-term prepaid expenses	6,167	4,598
Decrease due to sales of property, plant and equipment in trust	—	1,347,161
Other, net	(10,154)	(495)
Subtotal	4,346,127	6,389,702
Interest income received	60	65
Interest expenses paid	(342,930)	(344,862)
Income taxes paid	(5,897)	(6,048)
Net cash provided by (used in) operating activities	3,997,359	6,038,856
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,142,038)	(1,774,048)
Purchase of property, plant and equipment in trust	(358,268)	(14,265,028)
Purchase of intangible assets	(360)	(358)
Payments for lease and guarantee deposits	—	(17,965)
Proceeds from tenant leasehold and security deposits	3,890	10,621
Repayments of tenant leasehold and security deposits	(1,782)	(2,311)
Proceeds from tenant leasehold and security deposits in trust	203,508	359,620
Repayments of tenant leasehold and security deposits in trust	(219,531)	(244,613)
Net cash provided by (used in) investing activities	(1,514,583)	(15,934,084)
Cash flows from financing activities		
Increase in short-term loans payable	1,130,000	—
Decrease in short-term loans payable	—	(1,130,000)
Proceeds from long-term loans payable	6,200,192	15,153,173
Repayments of long-term loans payable	(6,300,000)	(9,690,000)
Proceeds from issuance of investment corporation bonds	—	2,479,210
Payments for investment corporation bond issuance costs	(3,210)	—
Proceeds from issuance of investment units	—	5,233,574
Dividends paid	(2,637,568)	(2,698,430)
Other, net	(8,359)	(8,110)
Net cash provided by (used in) financing activities	(1,618,947)	9,339,416
Net increase (decrease) in cash and cash equivalents	863,829	(555,810)
Cash and cash equivalents at beginning of period	13,180,002	14,043,831
Cash and cash equivalents at end of period	*1 14,043,831	*1 13,488,021

6. Notes

<Summary of Significant Accounting Policies>

1. Method of depreciation and amortization of non-current assets	(1) Property, plant and equipment (including trust assets) Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives as follows: Buildings 2–70 years Structures 2–69 years Machinery and equipment 10–34 years Tools, furniture and fixtures 2–15 years (2) Intangible assets (including assets in trust) Intangible assets are amortized by the straight-line method. (3) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.
2. Accounting policies for deferred assets	(1) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized using the straight-line method over the redemption periods. (2) Investment unit issuance expenses Investment unit issuance expenses are amortized in averaged amount on a monthly basis using the straight-line method over three years.
3. Accounting standards for revenues and expenses	Accounting treatment of property tax, city planning tax, and depreciable asset tax For property tax, city planning tax, and depreciable asset tax ("property tax") for real estate properties held, the amounts to be paid for the fiscal periods are calculated out of the tax amounts decided to be levied and are recorded as expenses related to rent business. Of the amounts paid for the acquisition of real estate property or beneficial interests in real estate trust, the amounts equivalent to property tax settled with the seller of the property are capitalized as part of the acquisition cost of the relevant property rather than being charged as expenses.
4. Method of hedge accounting	(1) Method of hedge accounting The deferred hedge method is applied. However, the special accounting treatment is applied for interest-rate swap transactions that meet certain criteria. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest expenses on loans payable (3) Hedging policy The Investment Corporation enters into derivative transactions based on its investment management guidelines with the objective of hedging interest rate fluctuation risks and other risks pertaining to borrowings, etc. (4) Method of evaluating the effectiveness of hedging As for the method of assessing the effectiveness of the hedge, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made by verifying the ratio of the changed amount. However, an assessment of the effectiveness of hedging activities is omitted in the case of interest-rate swap transactions that meet the requirements for the special treatment.
5. Scope of funds (cash and cash equivalents) on the Statements of Cash Flows	The funds (cash and cash equivalents) on the Statements of Cash Flows consist of cash on hand and cash in trust, deposits and deposits in trust that are readily available, and short-term investments with maturities of three months or less from the date of purchase which are readily convertible to cash and with insignificant risk of market value fluctuation.
6. Other significant accounting policies utilized in the preparation of financial statements	(1) Accounting method for beneficial interests in real estate trust and other assets Regarding trust beneficiary interests in real estate, all assets and liability accounts of entrusted properties as well as revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the Balance Sheets and Statements of Income. Important line items included in accounting for financial assets and liabilities in the Investment Corporation's Balance Sheets are as follows: (i) Cash and deposits in trust (ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and leasehold rights in trust (iii) Tenant leasehold and security deposits in trust (2) Accounting method for consumption taxes Revenues and expenses in the Statements of Income do not include consumption taxes. Non-deductible consumption taxes applicable to the acquisition of non-current assets, etc. are included in the cost of acquisition for each asset.

<Notes to the Balance Sheets>

*1. Minimum net assets pursuant to Article 67-4 of the Act on Investment Trusts and Investment Corporations

(Thousands of yen)

15th Fiscal Period (As of January 31, 2018)	16th Fiscal Period (As of July 31, 2018)
50,000	50,000

2. Commitment line agreement

The Investment Corporation has commitment line contracts with four of the banks (as of January 31, 2018) and three of the banks (as of July 31, 2018), respectively.

(Thousands of yen)

	15th Fiscal Period (As of January 31, 2018)	16th Fiscal Period (As of July 31, 2018)
Credit limit	10,000,000	10,000,000
Outstanding debt	—	—
Unused commitment line	10,000,000	10,000,000

<Notes to the Statements of Income>

*1. Breakdown of real estate rental revenues and expenses

(Thousands of yen)

	15th Fiscal Period (From August 1, 2017 to January 31, 2018)		16th Fiscal Period (From February 1, 2018 to July 31, 2018)	
A. Real estate rental revenue				
Lease business revenue				
(Rental revenues and common service charges)	6,952,089		7,262,560	
(Parking revenues)	151,323	7,103,412	155,113	7,417,674
Other lease business revenue				
(Key money and contract renewal fees)	144,703		205,098	
(Other revenues)	109,612	254,315	149,141	354,240
Total real estate rental revenues		7,357,728		7,771,914
B. Real estate rental expenses				
Expenses related to rent business				
(Property management fees and facility management fees)	589,753		684,012	
(Repairs and maintenance)	261,422		277,912	
(Land rent)	698,339		703,795	
(Tax and public dues)	326,580		355,794	
(Insurance)	5,739		5,885	
(Utilities)	109,217		109,740	
(Marketing-related expenses)	148,556		196,721	
(Trust fees)	44,880		46,052	
(Depreciation)	1,152,256		1,200,838	
(Other expenses related to rent business)	159,605		164,772	
Total real estate rental expenses		3,496,351		3,745,525
C. Income from real estate rental business (A - B)		3,861,377		4,026,388

*2 Breakdown of gain on sales of real estate properties
15th Fiscal Period (From August 1, 2017 to January 31, 2018)
Not applicable.
16th Fiscal Period (From February 1, 2018 to July 31, 2018)

(Thousands of yen)

(1) COMFORIA KOMAE		
Revenue from sales of real estate properties		605,000
Cost of sales of real estate properties	419,886	
Other sales expenses	28,427	
Gain on sales of real estate properties		156,685
(2) COMFORIA YOKOHAMAKANNAI		
Revenue from sales of real estate properties		1,200,000
Cost of sales of real estate properties	927,275	
Other sales expenses	53,833	
Gain on sales of real estate properties		218,891

<Notes to the Statements of Changes in Unitholders' Equity>

	15th Fiscal Period (From August 1, 2017 to January 31, 2018)	16th Fiscal Period (From February 1, 2018 to July 31, 2018)
*1. Total number of authorized investment units and total number of investment units issued and outstanding		
Total number of authorized investment units	8,000,000 units	8,000,000 units
Total number of investment units issued and outstanding	563,694 units	586,994 units

<Notes to the Statements of Cash Flows>
*1. Reconciliation of balance sheets items to cash and cash equivalents at end of period in the Statements of Cash Flows

(Thousands of yen)

	15th Fiscal Period (From August 1, 2017 to January 31, 2018)	16th Fiscal Period (From February 1, 2018 to July 31, 2018)
Cash and deposits	7,558,727	6,673,896
Cash and deposits in trust	6,485,103	6,814,124
Cash and cash equivalents	14,043,831	13,488,021

<Notes to lease transactions>
1. Operating lease transactions (Lessee)
Future minimum lease payments under non-cancelable operating lease transactions

(Thousands of yen)

	15th Fiscal Period (As of January 31, 2018)	16th Fiscal Period (As of July 31, 2018)
Due within 1 year	1,364,328	1,381,584
Due after 1 year	80,358,919	80,684,505
Total	81,723,247	82,066,089

2. Operating lease transactions (Lessor)
Future minimum lease payments receivable under non-cancelable operating lease transactions

(Thousands of yen)

	15th Fiscal Period (As of January 31, 2018)	16th Fiscal Period (As of July 31, 2018)
Due within 1 year	242,650	275,991
Due after 1 year	430,617	475,927
Total	673,268	751,919

<Notes to financial instruments>
1. Status of financial instruments
(1) Policies for financial instruments
With a focus on stability, flexibility and efficiency as the basis of its financial policy, the Investment Corporation procures funds through borrowings as well as the issuance of investment corporation bonds (including short-term investment corporation bonds; the same shall apply hereinafter) and investment units among other means with the aim of growing its investment assets through their acquisition.
The Investment Corporation may enter into derivatives transactions, which shall be executed solely for the purpose of hedging against interest-rate fluctuations and other risks pertaining to borrowings, etc.

(2) Characteristics and risk profile of each financial instrument and risk management system
The funds for borrowings and investment corporation bonds are mainly appropriated for the acquisition of investment assets and repayment of borrowings, etc. With regard to liquidity and interest rate fluctuation risks associated with these financing activities, the Investment Corporation endeavors to manage and limit them by considering and implementing multifaceted funding methods including the utilization of surplus funds and raising funds, etc. from capital markets through issuance of investment units, etc. while diversifying funding sources. Although loans with floating interest rates are exposed to a risk of fluctuation in interest payable, the Investment Corporation employs derivative transactions (interest-rate swap transactions) as hedging instruments in order to avoid interest rate fluctuation risks and fix payment of interest expenses. For more detailed information on the method of hedge accounting, hedging instruments, hedged items, hedging policy and the evaluation method for hedge effectiveness, please refer to the previous section "6. Notes: Summary of significant accounting policies, 4. Method of hedge accounting."

(3) Supplementary note regarding fair value of financial instruments
The fair values of financial instruments presented in this report is based on their market value, and in cases where market value is not available, reasonably estimated values are presented. Since the estimation of fair value is based on certain assumptions, fair value could differ depending on the assumptions used.

2. Fair value of financial instruments
The carrying value of financial instruments on the balance sheet, their fair value and the differences between them as of January 31, 2018 are as follows.

(Thousands of yen)

	Carrying value (Note 1)	Fair value (Note 1)	Difference
(1) Cash and deposits	7,558,727	7,558,727	—
(2) Cash and deposits in trust	6,485,103	6,485,103	—
(3) Short-term loans payable	(1,130,000)	(1,130,000)	—
(4) Current portion of long-term loans payable	(14,400,000)	(14,425,683)	25,683
(5) Investment corporation bonds	(6,000,000)	(6,049,591)	49,591
(6) Long-term loans payable	(83,220,000)	(83,694,376)	474,376
(7) Derivative transactions	—	—	—

The carrying value of financial instruments on the balance sheet, their fair value and the differences between them as of July 31, 2018 are as follows.

(Thousands of yen)

	Carrying value (Note 1)	Fair value (Note 1)	Difference
(1) Cash and deposits	6,673,896	6,673,896	—
(2) Cash and deposits in trust	6,814,124	6,814,124	—
(4) Current portion of long-term loans payable	(20,095,000)	(20,105,449)	10,449
(5) Investment corporation bonds	(8,500,000)	(8,539,553)	39,553
(6) Long-term loans payable	(83,135,000)	(83,578,428)	443,428
(7) Derivative transactions	—	—	—

(Note 1) Figures in parentheses indicate liabilities.
(Note 2) Methods to determine the fair value of financial instruments:
(1) Cash and deposits and (2) Cash and deposits in trust
Due to their short tenors, the carrying values of these assets are reasonable approximations of their present value and hence are used as their fair value.
(3) Short-term loans payable
Due to their short tenors, the carrying values of these assets are reasonable approximations of their present value and hence are used as their fair value.
(4) Current portion of long-term loans payable and (6) Long-term loans payable
For loans with floating interest rates, since the interest rates on such loans reflect market rates reasonably well over the short term and their carrying values are good approximations of their fair value, the carrying values are presented as their fair value. However, the fair value of floating-rate long-term loans payable and current portion of long-term loans payable hedged by interest-rate swap transactions subject to special accounting treatment (refer to the following section entitled "Notes to derivative transactions") are calculated by discounting the aggregated principal and interest on such loans, after taking into account the effect of said interest-rate swap transactions, using reasonable estimates of the rates that would be applicable in a similar borrowing.
(5) Investment corporation bonds
The fair value of investment corporation bonds is measured based upon the present value obtained by discounting the total amount of principal and interest at a rate that takes into account the term to maturity and credit risk.
(7) Derivative transactions
Please refer to the following section entitled "Notes to derivative transactions."
(Note 3) Carrying value of financial instruments whose fair value cannot be reliably measured (Thousands of yen)

	15th Fiscal Period (As of January 31, 2018)	16th Fiscal Period (As of July 31, 2018)
(1) Tenant leasehold and security deposits	(24,659)	(32,740)
(2) Tenant leasehold and security deposits in trust	(2,051,681)	(2,160,708)

(1)(2) Fair values of tenant leasehold and security deposits and leasehold and security deposits in trust are not subject to disclosure of fair value, as these items have no market value and their future cash flows are difficult to reasonably estimate given the fact that although a predetermined period for each lease contract exists, the actual deposit period cannot be calculated due to possible contract termination, renewal or extension.
(3) Figures in parentheses indicate liabilities.

(Note 4) Redemption schedule for monetary claims (Thousands of yen)

15th Fiscal Period (As of January 31, 2018)

	Due within 1 year or less
Deposits	7,558,727
Deposits in trust	6,485,103
Total	14,043,831

16th Fiscal Period (As of July 31, 2018)

	Due within 1 year or less
Deposits	6,673,896
Deposits in trust	6,814,124
Total	13,488,021

(Note 5) Repayment and redemption schedule for loans payable and investment corporation bonds (Thousands of yen)

15th Fiscal Period (As of January 31, 2018)

	Due within 1 year or less	Due after 1 year to 2 years	Due after 2 years to 3 years	Due after 3 years to 4 years	Due after 4 years to 5 years	Due after 5 years
Short-term loans payable	1,130,000	—	—	—	—	—
Current portion of long-term loans payable	14,400,000	—	—	—	—	—
Long-term loans payable	—	13,845,000	9,200,000	13,725,000	11,560,000	34,890,000
Investment corporation bonds	—	—	—	3,000,000	1,000,000	2,000,000
Total	15,530,000	13,845,000	9,200,000	16,725,000	12,560,000	36,890,000

16th Fiscal Period (As of July 31, 2018)

	Due within 1 year or less	Due after 1 year to 2 years	Due after 2 years to 3 years	Due after 3 years to 4 years	Due after 4 years to 5 years	Due after 5 years
Current portion of long-term loans payable	20,095,000	—	—	—	—	—
Long-term loans payable	—	5,050,000	10,425,000	13,800,000	13,460,000	40,400,000
Investment corporation bonds	—	—	3,000,000	1,000,000	—	4,500,000
Total	20,095,000	5,050,000	13,425,000	14,800,000	13,460,000	44,900,000

<Notes to investment securities>
15th Fiscal Period (As of January 31, 2018)
Not applicable
16th Fiscal Period (As of July 31, 2018)
Not applicable

<Notes to derivative transactions>
1. Transactions not subject to hedge accounting
15th Fiscal Period (As of January 31, 2018)
Not applicable
16th Fiscal Period (As of July 31, 2018)
Not applicable

2. Transactions subject to hedge accounting

15th Fiscal Period (As of January 31, 2018)

(Thousands of yen)

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount		Fair value	Calculation method for applicable fair value
				Maturing after 1 year		
Special treatment of interest-rate swap transactions	Receive floating, pay fixed interest-rate swap transactions	Long-term loans payable (*1)	55,645,000	41,245,000	(*2)	–
Total			55,645,000	41,245,000	–	–

16th Fiscal Period (As of July 31, 2018)

(Thousands of yen)

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount		Fair value	Calculation method for applicable fair value
				Maturing after 1 year		
Special treatment of interest-rate swap transactions	Receive floating, pay fixed interest-rate swap transactions	Long-term loans payable (*1)	48,745,000	41,245,000	(*2)	–
Total			48,745,000	41,245,000	–	–

*1 Long-term loans payable include the current portion of long-term loans payable.
*2 Interest-rate swap transactions for which the special treatment is applied are accounted for together with long-term loans payable and the underlying hedged items. As a result, their fair value is included in the fair value of items listed under "(4) Current portion of long-term loans payable" and "(6) Long-term loans payable" in the section entitled "2. Fair value of financial instruments" under the "Notes to financial instruments."

<Notes to retirement benefits>

15th Fiscal Period (As of January 31, 2018)

The disclosure of relevant information is omitted since the Investment Corporation does not have a retirement benefit program.

16th Fiscal Period (As of July 31, 2018)

The disclosure of relevant information is omitted since the Investment Corporation does not have a retirement benefit program.

<Notes to deferred tax accounting>

1. Components of deferred tax assets and liabilities

(Thousands of yen)

	15th Fiscal Period (As of January 31, 2018)	16th Fiscal Period (As of July 31, 2018)
Deferred tax assets		
Nondeductible enterprise tax payable	460	703
Amortization of leasehold rights	11,854	14,818
Asset retirement obligations	33,138	33,344
Subtotal of deferred tax assets	45,453	48,866
Valuation allowance	(44,992)	(48,163)
Total deferred tax assets	460	703
Deferred tax liabilities		
Property, plant and equipment corresponding to asset retirement obligations	(388)	(4,973)
Total deferred tax liabilities	(388)	(4,973)
Deferred tax assets (liabilities), net	71	(4,269)

2. Significant differences between the statutory tax rate and the effective tax rate

(%)

	15th Fiscal Period (As of January 31, 2018)	16th Fiscal Period (As of July 31, 2018)
Statutory tax rate	34.81	34.81
(Adjustments)		
Deductible cash distributions	(35.05)	(31.79)
Provision of reserve for reduction entry	–	(3.10)
Other	0.45	0.48
Effective tax rate	0.21	0.41

<Notes to equity in net earnings (losses) of affiliated companies>

15th Fiscal Period (As of January 31, 2018)

The disclosure of relevant information is omitted since the Investment Corporation does not have affiliated companies.

16th Fiscal Period (As of July 31, 2018)

The disclosure of relevant information is omitted since the Investment Corporation does not have affiliated companies.

<Notes to related-party transactions>

1. Parent company, major corporate unitholders and other

15th Fiscal Period (As of January 31, 2018)

Not applicable

16th Fiscal Period (As of July 31, 2018)

Not applicable

2. Affiliated companies and other

15th Fiscal Period (As of January 31, 2018)

Not applicable

16th Fiscal Period (As of July 31, 2018)

Not applicable

3. Fellow subsidiary companies and other

15th Fiscal Period (As of January 31, 2018)

Not applicable

16th Fiscal Period (As of July 31, 2018)

Not applicable

4. Directors, major individual unitholders and other

15th Fiscal Period (As of January 31, 2018)

Not applicable

16th Fiscal Period (As of July 31, 2018)

Not applicable

<Notes to asset retirement obligations>

1. Overview of asset retirement obligations

The Investment Corporation has concluded fixed-term lease contracts with certain landlords, and recognizes asset retirement obligations concerning the duty of restoration upon the expiry of the lease period with regard to some of these assets.

2. Calculation of the amount of asset retirement obligations

Asset retirement obligations are calculated based on the remaining period of the fixed-term lease (52 years) as the expected period of use and 1.2% as the discount rate.

3. Changes in the total amount of asset retirement obligations

(Thousands of yen)

	15th Fiscal Period (From August 1, 2017 to January 31, 2018)	16th Fiscal Period (From February 1, 2018 to July 31, 2018)
Balance at beginning of period	95,182	95,775
Increase due to purchase of property, plant and equipment	—	—
Adjustment due to passage of time	593	596
Balance at end of period	95,775	96,372

<Notes to investment and rental properties>

The Investment Corporation owns real estate for rental purposes (including land) in the Tokyo metropolitan area and other regional areas. The book value, changes during the period and fair value regarding the above real estate for rental purposes are as follows.

(Thousands of yen)

	15th Fiscal Period (From August 1, 2017 to January 31, 2018)	16th Fiscal Period (From February 1, 2018 to July 31, 2018)
Book value		
Balance at beginning of period	189,060,457	189,323,487
Changes during period	263,030	13,518,868
Balance at end of period	189,323,487	202,842,355
Fair value at end of period	220,729,000	236,899,000

(Note 1) The book value excludes accumulated depreciation from acquisition cost. The book value does not include construction in progress and construction in progress in trust.

(Note 2) Among changes in the book value of real estate for rental purposes that occurred during the 15th Fiscal Period, the principal increase consisted of the acquisition of a property (COMFORIA SHIBAURA, ¥1,140,640 thousand) during the 15th Fiscal Period, while the principal decrease consisted of depreciation of ¥1,151,663 thousand. During the 16th Fiscal Period, the principal increase consisted of the acquisition of eight properties including COMFORIA UENOIRIYA and seven other properties during the 16th Fiscal Period totaling ¥15,785,113 thousand, while the principal decrease consisted of the disposition of two properties including COMFORIA YOKOHAMAKANNAI and one other property during the 16th Fiscal Period totaling ¥1,347,161 thousand and depreciation of ¥1,200,242 thousand.

(Note 3) The fair value at end of period is the appraisal value or the survey value determined by outside appraisers.

Income and loss related to real estate for rental purposes, etc. for the 15th Fiscal Period (From August 1, 2017 to January 31, 2018) and 16th Fiscal Period (From February 1, 2018 to July 31, 2018) are listed in "Notes to the Statements of Income."

<Notes to segment information>

(Segment information)

Disclosure is omitted because the property leasing business is the Investment Corporation's sole business, with no reportable segment subject to disclosure.

(Related information)

15th Fiscal Period (From August 1, 2017 to January 31, 2018)

1. Information about each product and service
   Disclosure is omitted because net sales to external customers of a single product/service category account for over 90% of the operating revenues on the Statements of Income.
2. Information about each geographic area
   (1) 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.
   (2) 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 there is no single external customer whose net sales accounts for 10% or more of operating revenues on the Statements of Income.

16th Fiscal Period (From February 1, 2018 to July 31, 2018)

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 Statements of Income.
2. Information about each geographic area
   (1) Net sales
   Disclosure is omitted because net sales to external customers in Japan account for over 90% of the operating revenues on the Statements of Income.
   (2) 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 there is no single external customer whose net sales accounts for 10% or more of operating revenues on the Statements of Income.

<Notes to per unit information>

	15th Fiscal Period (From August 1, 2017 to January 31, 2018)	16th Fiscal Period (From February 1, 2018 to July 31, 2018)
Net assets per unit	¥172,601	¥175,544
Profit per unit	¥4,744	¥5,437

(Note 1) Profit per unit was calculated by dividing profit for the period by the daily weighted average number of investment units issued and outstanding. Profit per unit after adjusting for diluted units is not included because there were no diluted investment units.

(Note 2) The basis for calculating profit per unit is as follows:

	15th Fiscal Period (From August 1, 2017 to January 31, 2018)	16th Fiscal Period (From February 1, 2018 to July 31, 2018)
Profit (thousands of yen)	2,674,567	3,191,509
Amount not attributable to common unitholders (thousands of yen)	—	—
Profit attributable to common investment units (thousands of yen)	2,674,567	3,191,509
Average number of investment units for the period (units)	563,694	586,908

<Note to significant subsequent events>

Not applicable

7. Supplementary schedules

(i) Supplementary schedule of investment securities
Not applicable

(ii) Information on contract amount and fair value of derivative transactions and forward exchange contracts
Information on derivative transactions and forward exchange contracts entered into by the Investment Corporation as of July 31, 2018 is as follows.

(Thousands of yen)

Classification	Type	Contract amount (Note 1)		Fair value (Note 2)
			Maturing after 1 year	
Over-the-counter transactions	Receive floating, pay fixed interest-rate swap transactions	48,745,000	41,245,000	–
Total		48,745,000	41,245,000	–

(Note 1) The contract amount of interest-rate swap transactions is based on the notional principal.
(Note 2) Fair value is evaluated based on the value calculated by the counterparty of the contract using market interest rate, etc. Disclosure of fair value is omitted for the transactions that meet the requirements for special treatment pursuant to the Accounting Standard for Financial Instruments.

(iii) Condensed supplementary schedule of real estate properties

(Thousands of yen)

Asset type		Balance at beginning of current period	Increase during period	Decrease during period	Balance at end of current period	Accumulated depreciation or accumulated amortization at end of current period	Depreciation or amortization during period	Net balance at end of current period	Remarks
Property, plant and equipment	Buildings	2,102,140	444,363	–	2,546,503	139,824	28,106	2,406,679	(Note)
	Structures	23,641	4,659	–	28,301	4,013	866	24,288	
	Machinery and equipment	17,687	–	–	17,687	1,188	274	16,499	
	Tools, furniture and fixtures	2,505	557	–	3,062	623	242	2,438	
	Land	3,340,008	1,334,294	–	4,674,303	–	–	4,674,303	(Note)
	Buildings in trust	88,659,442	4,263,566	812,625	92,110,382	9,484,725	1,082,403	82,625,656	(Note)
	Structures in trust	1,147,865	40,624	4,776	1,183,712	285,120	29,749	898,592	(Note)
	Machinery and equipment in trust	1,557,509	25,878	26,384	1,557,003	248,426	27,585	1,308,576	(Note)
	Tools, furniture and fixtures in trust	247,203	53,972	9,514	291,661	88,080	22,449	203,581	(Note)
	Land in trust	100,224,324	9,898,355	624,382	109,498,297	–	–	109,498,297	(Note)
	Total	197,322,328	16,066,272	1,477,684	211,910,916	10,252,002	1,191,676	201,658,914	
Intangible assets	Leasehold rights in trust	1,226,269	–	–	1,226,269	42,827	8,565	1,183,441	
	Other	31,504	1,075	–	32,580	20,840	2,585	11,739	
	Total	1,257,773	1,075	–	1,258,849	63,668	11,150	1,195,181	

(Note) Increases during the 16th Fiscal Period are due primarily to the acquisition of real estate for rental purposes. The details are as follows.

(Thousands of yen)

Property name	Increase during period	Decrease during period
COMFORIA UENOIRIYA	2,256,280	–
COMFORIA IKEJIRI	1,393,556	–
COMFORIA SETAGAYAKAMIUMA	2,705,622	–
COMFORIA KITAHAMA	1,786,614	–
COMFORIA AKABANEIWABUCHI	2,652,185	–
COMFORIA RYOGOKU TROIS	1,780,982	–
COMFORIA SHINJUKU	2,294,105	–
COLLEGE SQUARE HACHIMANYAMA	915,765	–
COMFORIA KOMAE	–	419,886
COMFORIA YOKOHAMAKANNAI	–	927,275

(iv) Supplementary schedule of other specified assets
Not applicable

(v) Supplementary schedule of investment corporation bonds

(Thousands of yen)

Bond name	Issuance date	Balance at beginning of current period	Increase during period	Decrease during period	Balance at end of current period	Coupon rate (%)	Redemption date	Redemption method	Use of funds	Security
The Investment Corporation 1st unsecured bonds (Note 1)	July 30, 2014	3,000,000	–	–	3,000,000	0.64000	July 30, 2021	Lump-sum repayment	(Note 2)	Unsecured
The Investment Corporation 2nd unsecured bonds (Note 1)	July 18, 2017	1,000,000	–	–	1,000,000	0.23000	July 15, 2022	Lump-sum repayment	(Note 2)	Unsecured
The Investment Corporation 3rd unsecured bonds (Note 1)	July 18, 2017	2,000,000	–	–	2,000,000	0.52000	July 16, 2027	Lump-sum repayment	(Note 2)	Unsecured
The Investment Corporation 4th unsecured bonds (Note 1)	June 14, 2018	–	1,000,000	–	1,000,000	0.23000	December 14, 2023	Lump-sum repayment	(Note 2)	Unsecured
The Investment Corporation 5th unsecured bonds (Note 1)	June 14, 2018	–	1,500,000	–	1,500,000	0.95000	June 14, 2033	Lump-sum repayment	(Note 2)	Unsecured
Total		6,000,000	2,500,000	–	8,500,000					

(Note 1) The bonds are subject to the *pari passu* clause among specified investment corporation bonds.
(Note 2) The funds are appropriated to acquire of real estate in trust and repayment of certain existing borrowings.
(Note 3) The total amount of redemption of investment corporation bonds for each year during the five years following the balance sheet date is as shown below.

(Thousands of yen)

Due within 1 year or less	Due after 1 year to 2 years	Due after 2 years to 3 years	Due after 3 years to 4 years	Due after 4 years to 5 years	Due after 5 years
–	–	3,000,000	1,000,000	–	4,500,000

(vi) Supplementary schedule of borrowings
Information on the Investment Corporation's borrowings as of July 31, 2018 is as follows:

Classification	Lender	Balance at beginning of current period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (thousands of yen)	Balance at end of current period (thousands of yen)	Average interest rate (%) (Note 2)	Maturity date	Repayment method	Use of funds	Remarks
Short-term loans payable	MUFG Bank, Ltd. (Note 4) (Note 5)	500,000	–	500,000	–	0.25545	July 31, 2018	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	250,000	–	250,000	–	0.25545				
	Sumitomo Mitsui Trust Bank, Limited	250,000	–	250,000	–	0.25545				
	Sumitomo Mitsui Banking Corporation	130,000	–	130,000	–	0.25545				
	Subtotal	1,130,000	–	1,130,000	–	–	–	–	–	–
Long-term loans payable (Note 1)	Mizuho Bank, Ltd.	3,570,000	–	–	3,570,000	0.55450	March 23, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,570,000	–	–	3,570,000	0.55450				
	MUFG Bank, Ltd. (Note 4) (Note 5)	3,570,000	–	–	3,570,000	0.55450				
	Sumitomo Mitsui Banking Corporation	1,785,000	–	–	1,785,000	0.55450				
	MUFG Bank, Ltd. (Note 5)	2,000,000	–	–	2,000,000	0.79500	August 31, 2018	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (Note 4) (Note 5)	2,700,000	–	2,700,000	–	0.67075	March 30, 2018	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,350,000	–	1,350,000	–	0.67075				
	Sumitomo Mitsui Banking Corporation	600,000	–	600,000	–	0.67075				
	Development Bank of Japan Inc.	1,350,000	–	–	1,350,000	0.90487	September 30, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (Note 4) (Note 5)	2,000,000	–	–	2,000,000	0.60700	January 31, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	1,000,000	–	–	1,000,000	0.60700				
	Mizuho Bank, Ltd.	1,000,000	–	–	1,000,000	0.60700				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	–	–	1,000,000	0.60700				
	Sumitomo Mitsui Banking Corporation	500,000	–	–	500,000	0.60700				
	MUFG Bank, Ltd. (Note 4) (Note 5)	2,000,000	–	–	2,000,000	0.88240	January 31, 2021	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	1,000,000	–	–	1,000,000	0.88240				
	Mizuho Bank, Ltd.	1,000,000	–	–	1,000,000	0.88240				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	–	–	1,000,000	0.88240				
	Sumitomo Mitsui Banking Corporation	500,000	–	–	500,000	0.88240				
	MUFG Bank, Ltd. (Note 4) (Note 5)	1,340,000	–	–	1,340,000	0.60150	June 30, 2020	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	670,000	–	–	670,000	0.60150				
	Mizuho Bank, Ltd.	670,000	–	–	670,000	0.60150				
	Sumitomo Mitsui Trust Bank, Limited	670,000	–	–	670,000	0.60150				
	Sumitomo Mitsui Banking Corporation	350,000	–	–	350,000	0.60150				

Classification	Lender	Balance at beginning of current period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (thousands of yen)	Balance at end of current period (thousands of yen)	Average interest rate (%) (Note 2)	Maturity date	Repayment method	Use of funds	Remarks
Long-term loans payable (Note 1)	MUFG Bank, Ltd. (Note 4) (Note 5)	1,820,000	–	–	1,820,000	0.90100	June 30, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	910,000	–	–	910,000	0.90100				
	Mizuho Bank, Ltd.	910,000	–	–	910,000	0.90100				
	Sumitomo Mitsui Trust Bank, Limited	910,000	–	–	910,000	0.90100				
	Sumitomo Mitsui Banking Corporation	450,000	–	–	450,000	0.90100				
	Shinkin Central Bank	750,000	–	750,000	–	0.30820	March 30, 2018	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	The Norinchukin Bank	750,000	–	750,000	–	0.30820				
	The Bank of Fukuoka, Ltd.	750,000	–	750,000	–	0.30820				
	MUFG Bank, Ltd. (Note 4) (Note 5)	1,200,000	–	–	1,200,000	0.69250	January 31, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	600,000	–	–	600,000	0.69250				
	Mizuho Bank, Ltd.	600,000	–	–	600,000	0.69250				
	Sumitomo Mitsui Trust Bank, Limited	600,000	–	–	600,000	0.69250				
	Sumitomo Mitsui Banking Corporation	300,000	–	–	300,000	0.69250				
	MUFG Bank, Ltd. (Note 4) (Note 5)	1,240,000	–	–	1,240,000	0.79875	January 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	620,000	–	–	620,000	0.79875				
	Mizuho Bank, Ltd.	620,000	–	–	620,000	0.79875				
	Sumitomo Mitsui Trust Bank, Limited	620,000	–	–	620,000	0.79875				
	Sumitomo Mitsui Banking Corporation	310,000	–	–	310,000	0.79875				
	MUFG Bank, Ltd.. (Note 4) (Note 5)	1,240,000	–	–	1,240,000	1.04200	January 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	620,000	–	–	620,000	1.04200				
	Mizuho Bank, Ltd.	620,000	–	–	620,000	1.04200				
	Sumitomo Mitsui Trust Bank, Limited	620,000	–	–	620,000	1.04200				
	Sumitomo Mitsui Banking Corporation	310,000	–	–	310,000	1.04200				
	MUFG Bank, Ltd. (Note 4) (Note 5)	720,000	–	–	720,000	0.58430	March 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	360,000	–	–	360,000	0.58430				
	Mizuho Bank, Ltd.	360,000	–	–	360,000	0.58430				
	Sumitomo Mitsui Trust Bank, Limited	360,000	–	–	360,000	0.58430				
	Sumitomo Mitsui Banking Corporation	200,000	–	–	200,000	0.58430				
	MUFG Bank, Ltd. (Note 4) (Note 5)	840,000	–	–	840,000	0.62460	August 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	420,000	–	–	420,000	0.62460				
	Mizuho Bank, Ltd.	420,000	–	–	420,000	0.62460				
	Sumitomo Mitsui Trust Bank, Limited	420,000	–	–	420,000	0.62460				
	Sumitomo Mitsui Banking Corporation	230,000	–	–	230,000	0.62460				

Classification	Lender	Balance at beginning of current period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (thousands of yen)	Balance at end of current period (thousands of yen)	Average interest rate (%) (Note 2)	Maturity date	Repayment method	Use of funds	Remarks
Long-term loans payable (Note 1)	MUFG Bank, Ltd. (Note 4) (Note 5)	980,000	–	–	980,000	0.67745	February 29, 2024	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	490,000	–	–	490,000	0.67745				
	Mizuho Bank, Ltd.	490,000	–	–	490,000	0.67745				
	Sumitomo Mitsui Trust Bank, Limited	490,000	–	–	490,000	0.67745				
	Sumitomo Mitsui Banking Corporation	220,000	–	–	220,000	0.67745				
	Development Bank of Japan Inc.	1,570,000	–	–	1,570,000	0.27125	March 31, 2021	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (Note 5)	1,570,000	–	–	1,570,000	0.27125				
	Kiraboshi Bank, Ltd. (Note 6)	1,000,000	–	–	1,000,000	0.27125				
	Sumitomo Mitsui Trust Bank, Limited	785,000	–	–	785,000	0.27125				
	Development Bank of Japan Inc.	2,000,000	–	–	2,000,000	0.61950	March 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	MUFG Bank, Ltd. (Note 5)	2,000,000	–	–	2,000,000	0.61950				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	–	–	1,000,000	0.61950				
	MUFG Bank, Ltd. (Note 4) (Note 5)	1,160,000	–	–	1,160,000	0.46655	July 31, 2024	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	580,000	–	–	580,000	0.46655				
	Mizuho Bank, Ltd.	580,000	–	–	580,000	0.46655				
	Sumitomo Mitsui Trust Bank, Limited	580,000	–	–	580,000	0.46655				
	Sumitomo Mitsui Banking Corporation	290,000	–	–	290,000	0.46655				
	MUFG Bank, Ltd. (Note 4) (Note 5)	1,800,000	–	–	1,800,000	0.65518	July 31, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	900,000	–	–	900,000	0.65518				
	Mizuho Bank, Ltd.	900,000	–	–	900,000	0.65518				
	Sumitomo Mitsui Trust Bank, Limited	900,000	–	–	900,000	0.65518				
	Sumitomo Mitsui Banking Corporation	450,000	–	–	450,000	0.65518				
	Mizuho Trust & Banking Co., Ltd.	2,000,000	–	–	2,000,000	0.46691	January 31, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	The Norinchukin Bank	1,500,000	–	–	1,500,000	0.46691				
	The Bank of Fukuoka, Ltd.	1,000,000	–	–	1,000,000	0.46691				
	The 77 Bank, Ltd.	500,000	–	–	500,000	0.46691				
	The Daishi Bank, Ltd.	500,000	–	–	500,000	0.46691				
	MUFG Bank, Ltd. (Note 4) (Note 5)	1,160,000	–	–	1,160,000	0.62938	January 31, 2024	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
	Development Bank of Japan Inc.	580,000	–	–	580,000	0.62938				
	Mizuho Bank, Ltd.	580,000	–	–	580,000	0.62938				
	Sumitomo Mitsui Trust Bank, Limited	580,000	–	–	580,000	0.62938				
	Sumitomo Mitsui Banking Corporation	290,000	–	–	290,000	0.62938				

Classification / Lender	Balance at beginning of current period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (thousands of yen)	Balance at end of current period (thousands of yen)	Average interest rate (%) (Note 2)	Maturity date	Repayment method	Use of funds	Remarks
MUFG Bank, Ltd. (Note 4) (Note 5)	1,820,000	–	–	1,820,000	0.79571	January 30, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
Development Bank of Japan Inc.	910,000	–	–	910,000	0.79571				
Mizuho Bank, Ltd.	910,000	–	–	910,000	0.79571				
Sumitomo Mitsui Trust Bank, Limited	910,000	–	–	910,000	0.79571				
Sumitomo Mitsui Banking Corporation	450,000	–	–	450,000	0.79571				
MUFG Bank, Ltd. (Note 4) (Note 5)	1,140,000	–	–	1,140,000	0.49054	September 30, 2022	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
Development Bank of Japan Inc.	570,000	–	–	570,000	0.49054				
Mizuho Bank, Ltd.	570,000	–	–	570,000	0.49054				
Sumitomo Mitsui Trust Bank, Limited	570,000	–	–	570,000	0.49054				
Sumitomo Mitsui Banking Corporation	300,000	–	–	300,000	0.49054				
MUFG Bank, Ltd. (Note 4) (Note 5)	1,140,000	–	–	1,140,000	0.77571	September 30, 2026	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
Development Bank of Japan Inc.	570,000	–	–	570,000	0.77571				
Mizuho Bank, Ltd.	570,000	–	–	570,000	0.77571				
Sumitomo Mitsui Trust Bank, Limited	570,000	–	–	570,000	0.77571				
Sumitomo Mitsui Banking Corporation	300,000	–	–	300,000	0.77571				
Sumitomo Mitsui Trust Bank, Limited	–	100,000	–	100,000	0.25376	February 28, 2019	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
MUFG Bank, Ltd. (Note 4) (Note 5)	–	1,040,000	–	1,040,000	0.65428	January 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
Development Bank of Japan Inc.	–	520,000	–	520,000	0.65428				
Mizuho Bank, Ltd.	–	520,000	–	520,000	0.65428				
Sumitomo Mitsui Trust Bank, Limited	–	520,000	–	520,000	0.65428				
Sumitomo Mitsui Banking Corporation	–	260,000	–	260,000	0.65428				
MUFG Bank, Ltd. (Note 4) (Note 5)	–	1,240,000	1,240,000	–	0.25426	April 30, 2019 (Note 7)	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
Mizuho Bank, Ltd.	–	620,000	620,000	–	0.25426				
Sumitomo Mitsui Trust Bank, Limited	–	620,000	620,000	–	0.25426				
Sumitomo Mitsui Banking Corporation	–	310,000	310,000	–	0.25426				
Shinkin Central Bank	–	1,300,000	–	1,300,000	0.45804	March 31, 2023	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
The Norinchukin Bank	–	1,300,000	–	1,300,000	0.45804				
The Bank of Fukuoka, Ltd.	–	1,300,000	–	1,300,000	0.45804				
Mizuho Trust & Banking Co., Ltd.	–	1,000,000	–	1,000,000	0.45804				
MUFG Bank, Ltd. (Note 4) (Note 5)	–	2,700,000	–	2,700,000	0.62188	March 31, 2025	Lump-sum repayment	(Note 3)	Unsecured Unguaranteed
Mizuho Bank, Ltd.	–	1,350,000	–	1,350,000	0.62188				
Sumitomo Mitsui Banking Corporation	–	600,000	–	600,000	0.62188				
Subtotal	97,620,000	15,300,000	9,690,000	103,230,000	–	–	–	–	–
Total	98,750,000	15,300,000	10,820,000	103,230,000					

(Note 1) Long-term loans payable include the current portion of long-term loans payable.
(Note 2) The average interest rate is the interest rate for each loan contract rounded to the fifth decimal place. As for the borrowings hedged by interest-rate swap transactions in order to avoid interest rate fluctuation risk, the interest rates reflect the effect of interest-rate swap transactions.
(Note 3) The use of funds is mainly for the acquisition of real estate in trust and repayment of existing borrowings, etc.
(Note 4) The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. as of April 1, 2018.
(Note 5) Mitsubishi UFJ Trust and Banking Corporation transferred its corporate lending operations to MUFG Bank, Ltd. on April 16, 2018.
(Note 6) The Tokyo Tomin Bank, Ltd. merged with The Yachiyo Bank, Ltd. and ShinGinko Tokyo, Ltd. on May 1, 2018, and was renamed Kiraboshi Bank, Ltd.
(Note 7) The amount was repaid in full ahead of schedule on June 22, 2018.
(Note 8) The total amount of repayment of long-term loans payable for each year during the five years following the balance sheet date is as shown below.

(Thousands of yen)

Due within 1 year or less	Due after 1 year to 2 years	Due after 2 years to 3 years	Due after 3 years to 4 years	Due after 4 years to 5 years	Due after 5 years
20,095,000	5,050,000	10,425,000	13,800,000	13,460,000	40,400,000

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Independent Auditor's Report

The Board of Directors
Comforia Residential REIT, Inc

We have audited the accompanying financial statements of Comforia Residential REIT, Inc which comprise the balance sheet as at July 31, 2018, and the statements of income, changes in unitholders' equity, cash distributions and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comforia Residential REIT, Inc as at July 31, 2018, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

October 24, 2018
Tokyo, Japan

A member firm of Ernst & Young Global Limited